REGIONAL HOUSING AUTHORITY

Financial Statements and Independent Auditors' Report

Year Ended March 31, 2022

Table of Contents

The following table lists the Board Members as of March 31, 2022:

Chairperson	Kent Boes
Vice-Chairperson	Randy Fletcher
Commissioner	John Loudon
Commissioner	Nicholas Micheli
Commissioner	Bob Woten
Commissioner	Dan Miller
Commissioner	Anthony Kurlan
Commissioner	Susan Hoek
Commissioner	Jeramy Chapdelaine
Commissioner	Manny Cardoza
Commissioner	Doug Lofton
Commissioner	Marc Boomgaarden
Commissioner	Denise Conrado
Tenant Commissioner	Suzanne Gallaty

In addition to the above Commissioners, the Administrator of Regional Housing Authority is Gustavo Becerra, who serves as the Executive Director.

INDEPENDENT AUDITORS' REPORT

To the Governing Body of
Regional Housing Authority

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of the business-type activities of Regional Housing Authority (Authority), as of and for the year ended March 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, based on our audit, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities of the Authority as of March 31, 2022, 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.

BASIS FOR OPINION

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

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 required schedules of the pension and OPEB plan (see table of contents for page locations), 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.

SM&Co

SUPPLEMENTARY INFORMATION

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

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

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

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

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2022, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Smith Marion & Co.

October 27, 2022
Redlands, CA

The Regional Housing Authority'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.

FINANCIAL HIGHLIGHTS

The Housing Authority ended the fiscal year of operations with assets of $54.4 million; deferred outflows of resources of $2.8 million; liabilities of $17.7 million; deferred inflows of resources of $1.5 million; and net position of $38.0 million, which consisted of $22.6 million invested in land, buildings, and equipment; $3.2 million in restricted assets; and $12.3 million in unrestricted assets.

The ending net position of $38 million represents an increase in assets of $3.4 million from the prior fiscal year, which resulted from operating revenues of $23.9 million, non-routine revenues of $0.3 million, operating expenses of $19.5 million, non-operating expenses of $0.4 million, and a $0.9 million prior period adjustment.

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.

FINANCIAL ANALYSIS OF THE AUTHORITY

Net Position

The following table reflects the condensed Statement of Net Position compared to prior year.

			Change	
	2022	**2021**	**Dollar**	**Percentage**
Cash and equivalents	$ 8,317,692	$ 5,870,039	$ 2,447,653	41.7%
Other current assets	996,897	1,117,640	(120,743)	(10.8%)
Total current assets	9,314,589	6,987,679	2,326,910	33.3%
Net capital assets	33,980,240	36,477,933	(2,497,693)	(6.8%)
Other non-current assets	11,136,096	8,112,608	3,023,488	37.3%
Total non-current assets	45,116,336	44,590,541	525,795	1.2%
Total assets	54,430,925	51,578,220	2,852,705	5.5%
Deferred outflows of resources	2,864,535	2,455,707	408,828	16.6%
Total	**$ 57,295,460**	**$ 54,033,927**	**$ 3,261,533**	**6.0%**
Current liabilities	$ 2,263,702	$ 1,434,430	$ 829,272	57.8%
Non-current liabilities	15,481,024	17,447,288	(1,966,264)	(11.3%)
Total liabilities	17,744,726	18,881,718	(1,136,992)	(6.0%)
Deferred inflows of resources	1,514,798	497,662	1,017,136	>100%
Net investment in capital assets	22,578,123	23,810,676	(1,232,553)	(5.2%)
Restricted net position	3,198,377	3,787,120	(588,743)	(15.5%)
Unrestricted net position	12,259,436	7,056,751	5,202,685	73.7%
Total net position	38,035,936	34,654,547	3,381,389	9.8%
Total	**$ 57,295,460**	**$ 54,033,927**	**$ 3,261,533**	**6.0%**

As previously illustrated by the Statement of Net Position, the Housing Authority ended the fiscal year of operations with assets of $54.4 million; deferred outflows of resources of $2.8 million; liabilities of $17.7 million; and deferred inflows of resources of $1.5 million resulting in a net position of $38.0 million. This net position consists of $22.6 million net investment in capital assets such as land, buildings and equipment, net of related debt; $3.2 million in restricted assets; and $12.3 million in unrestricted assets. The ending net position of $38 million represents an increase in net position of $3.4 million from the prior fiscal year's ending net position of $34.6 million.

Revenues, Expenses, and Changes in Net Position

The following schedule compares the revenues and expenses for the current and previous fiscal year.

			Change	
	2022	**2021**	**Dollar**	**Percentage**
Net rental revenue	$ 3,280,427	$ 3,108,327	$ 172,100	5.5%
Operating grants and subsidies	18,600,513	18,100,389	500,124	2.8%
Other operating revenues	2,062,517	1,334,165	728,352	54.6%
Total operating revenues	23,943,457	22,542,881	1,400,576	6.2%
Depreciation expense	(2,044,565)	(2,001,795)	(42,770)	2.1%
Housing assistance payments	(12,401,447)	(11,095,310)	(1,306,137)	11.8%
Other operating expenses	(5,081,191)	(5,969,334)	888,143	(14.9%)
Total operating expenses	(19,527,203)	(19,066,439)	(460,764)	2.4%
Operating income (loss)	**4,416,254**	**3,476,442**	**939,812**	**(27.0%)**
Investment income	294,078	209,635	84,443	40.3%
Interest expense	(447,671)	(401,134)	(46,537)	11.6%
Other non-operating items	(484)	-	(484)	(>100%)
Income (loss)	**4,262,177**	**3,284,943**	**977,234**	**(29.7%)**
Special items	-	-	-	0.0%
Net operating transfers	-	(142,122)	142,122	(100.0%)
Capital contributions	-	-	-	0.0%
Change in net position	**$ 4,262,177**	**$ 3,142,821**	**$ 1,119,356**	**(35.6%)**

As shown by the Statement of Revenues, Expenses and Changes in Fund Net Position, the Housing Authority's net position increased by $3.4 million from the prior fiscal year. This continues the Housing Authority's increase in net position over the last several years, derived from:

An overall increase in Operating revenues across all fund classes; Public Housing, U.S. Dept. of Agriculture Farmworker Housing, Office of Migrant Services, and Business Activities.

A lower rate of cost increases as compared to revenues in all areas, administrative, maintenance, and general operating.

An increase in pension assets translating to less annual pension expense.

A prior period adjustment of $0.9 million for an unrecognized loan.

CAPITAL ASSETS

As of year-end, we had $3,753,769 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (additions, deductions and depreciation) of $583,706 from the end of last year.

			Change	
	2022	2021	Dollar	Percentage
Land	$ 3,799,969	$ 3,799,969	$ -	0%
Construction in progress	769,116	407,580	361,536	89%
Buildings and improvements	55,413,996	56,550,804	(1,136,808)	(2%)
Euipment and furnishings	1,235,062	1,655,689	(420,627)	(25%)
Accumulated depreciation	(27,237,903)	(25,936,109)	(1,301,794)	5%
Net capital assets	**$ 33,980,240**	**$ 36,477,933**	**$ (2,497,693)**	**(7%)**

The change in Capital Assets is presented in detail in the Notes to the Financial Statements.

DEBT ADMINISTRATION

The Authority had the following amounts of debt outstanding:

			Change	
	2022	2021	Dollar	Percentage
Total Debt	$ 11,402,117	$ 10,990,112	$ 412,005	4%

ECONOMIC FACTORS

Significant economic factors affecting us are as follows:

Federal funding by the Department of Housing and Urban Development.
Local labor supply and demand, which can affect salary and wage rates.
Local inflation, recession, and employment trends, which can affect resident incomes and therefore the amount of rental income.

FINANCIAL CONTACT

The individual to be contacted regarding this report is Marco Cruz, Chief Financial Officer for the Regional Housing Authority. Specific requests may be submitted to the Finance Department at the Regional Housing Authority, 1455 Butte House Rd, Yuba City, CA, 95993.

Assets and Deferred Outflows of Resources

Operating cash	$ 5,029,453
Restricted cash	3,288,239
Total cash and equivalents	8,317,692
Net accounts receivable	531,574
Accrued interest receivable	1,233
Investments - operating	360,854
Prepaid expenses and other current assets	103,236
Total current assets	9,314,589
Capital assets, at cost	
Land	3,799,969
Construction-in-progress	769,116
Buildings and improvements	55,413,996
Equipment and furnishings	1,235,062
Total acquisition costs	61,218,143
Less: Accumulated depreciation	(27,237,903)
Net capital assets	33,980,240
Notes receivable, net of current	7,443,350
Long-term accrued interest receivable	603,654
Investment in joint ventures and partnerships	394,818
Other long-term assets	780,287
Net leased assets	1,913,987
Total non-current assets	45,116,336
Total assets	54,430,925
Deferred outflows related to pension	1,821,994
Deferred outflows related to other-post employment benefits	1,042,541
Total deferred outflows of resources	2,864,535
Total Assets and Deferred Outflows of Resources	**$ 57,295,460**

See accompanying notes.

Liabilities, Deferred Inflows of Resources, and Net Position

Accounts payable	$ 215,254
Unearned revenues	792,310
Deposits held in trust, contra	153,221
Other current liabilities	245,065
Accrued wages payable	107,935
Accrued vacations payable, current portion	193,064
Debt, current portion	365,825
Lease obligations, current portion	191,028
Total current liabilities	2,263,702
Accrued vacations payable, net of current	145,880
Net pension liabilty	29,397
Net other-post employment benefits liability	1,991,323
Long-term accrued interest payable	271,150
Debt, net of current	11,036,292
Lease obligations, net of current	1,467,788
Other long-term liabilities	539,194
Total non-current liabilities	15,481,024
Total liabilities	17,744,726
Deferred inflows related to pension	827,331
Deferred inflows related to other-post employment benefits	687,467
Total deferred inflows of resources	1,514,798
Net investment in capital assets	22,578,123
Restricted net position	3,198,377
Unrestricted net position	12,259,436
Total net position	38,035,936
Total Liabilities, Deferred Inflows of Resources, and Net Position	**$ 57,295,460**

See accompanying notes.

REGIONAL HOUSING AUTHORITY

Statement of Revenues, Expenses, and Changes in Fund Net Position
Year Ended March 31, 2022

Tenant rental revenue, net of collection losses	$ 3,280,427
Operating grants and subsidies	18,600,513
Fee revenue	54,756
Other revenue	2,007,761
Total operating revenues	23,943,457
Administrative	913,509
Tenant services	307,176
Utilities	696,722
Ordinary maintenance and operations	2,644,747
Insurance premiums	243,454
Other general expenses	275,583
Housing assistance payments	12,401,447
Depreciation and amortization	2,044,565
Total operating expenses	19,527,203
Operating income (loss)	4,416,254
Investment income	294,078
Gains (losses) on disposition of assets	(484)
Interest expense	(447,671)
Total non-operating revenues (expenses)	(154,077)
Change in net position	**$ 4,262,177**
Net position, beginning of year	$ 34,654,550
Change in net position	4,262,177
Prior-period restatements	(880,791)
Net position, end of year	**$ 38,035,936**

See accompanying notes.

Cash receipts from tenants	$ 3,280,742
Cash receipts from grants	19,373,688
Cash payments for Housing Assistance payments	(12,401,447)
Cash payments to suppliers for goods and services	(3,870,546)
Cash payments for wages and benefits	(3,706,338)
Other cash payments and receipts	2,502,859
Net cash from operating activities	5,178,958
Acquisition and construction of capital assets	(1,473,586)
Payments on leased assets	(89,039)
Payments of interest	(404,914)
Principal payments on debt	(435,830)
Net cash from capital and related financing activities	(2,403,369)
Cash provided for notes receivable lending	(50,000)
Receipts of interest on cash deposits	70,971
Receipts of interest on notes receivable	11,947
Net (purchases)/proceeds of investments	(360,854)
Net cash from investing activities	(327,936)
Net change in cash and equivalents	2,447,653
Cash at beginning of period	5,870,039
Cash at end of period	**$ 8,317,692**
Reconciliation of cash to the statement of net position:	
Cash and equivalents - operating	$ 5,029,453
Restricted cash and equivalents	3,288,239
Total cash and equivalents	**$ 8,317,692**

See accompanying notes.

Reconciliation of operating income (loss) to net cash from operating activities:	
Operating income (loss)	$ 4,416,254
Adjustments to reconcile operating income (loss) to net cash from operating activities:	
Depreciation and amortization	2,044,565
Bad debt	22,069
Pension and other post-employment benefits	(2,453,330)
Realized and unrealized gains/losses on investments	(69,286)
Changes in operating assets and liabilities:	
Accounts receivable	499,131
Prepaid expenses and other assets	(38,371)
Accounts payable	(305,778)
Accrued wages and benefits	17,277
Deposits held in trust, contra	6,852
Unearned revenues	755,066
Other liabilities	284,509
Net cash from operating activities	**$ 5,178,958**

See accompanying notes.

NOTE 01 - NATURE OF BUSINESS AND ORGANIZATION

The Consolidated Area Housing Authority of Sutter County was established in April 1946, by a resolution of the Sutter County Board of Supervisors and reorganized as the Consolidated Area Housing Authority of Sutter County, California in February 1994, by agreement between the City of Live Oak, the City of Yuba City, and the County of Sutter. In April 2011, the Consolidated Area Housing Authority of Sutter County combined with the Nevada County Housing Authority and was reorganized as the Regional Housing Authority of Sutter and Nevada Counties. In April 2017, the name was changed to Regional Housing Authority (Authority, we, us, our) to more adequately represent the areas served.

The Authority is governed by a 15-member Board of Commissioners. The Board of Commissioners is made up of 2 members appointed by the Sutter County Board of Supervisors, 2 members appointed by the City of Yuba City, 2 members appointed by the City of Live Oak, 2 members appointed by the Nevada County Board of Supervisors, 2 members appointed by the County of Yuba, 2 members appointed by the County of Colusa, and 2 members appointed by the City of Colusa. The remaining member is a resident of affordable housing selected by the members of the Authority's Board of Commissioners and approved by Sutter County, City of Live Oak, City of Yuba City, County of Nevada, County of Yuba, County of Colusa, and City of Colusa. Commissioners are appointed for 4-year terms.

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.

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

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

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 City of Yuba City, the City of Live Oak, Nevada County, the County of Yuba, the County of Colusa, the City of Colusa, and Sutter County. Our obligations, including loans through direct borrowing or the sale of bonds, are not obligations of these municipalities. Additionally, these municipalities do not hold title to any of our assets, nor do they have any right to our surpluses. These municipalities do 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:

Blended Component Units:

Building Better Partnerships, Inc. (BBP)

This is a legally separate Corporation that is a 501 (c) (3) not-for-profit corporation. The board of the corporation is comprised of the management of the Authority with one additional member from the Authority's Board. The purpose is to provide affordable housing for low-income persons. BBP shares the March 31st year-end with the Authority. There are no separately issued audited financial statements for this entity, however a copy of the most recent informational tax return (Form 990) can be obtained from staff at our office.

Financial statement data of this component unit as of March 31, 2022, has been blended through consolidation with the primary government's financial statement data.

BBP has created numerous sole member limited liability companies which are formed for various housing projects. These include Cedar Lane PSH-BBP LLC, Cedar Lane-BBP LLC, Healthy Housing LLC, Cashin's Field-BBP LLC, Brunswick-BBP LLC, Lone Oak I-BBP LLC, Devonshire-BBP LLC, Grass Valley Terrace-BBP LLC, Rancho Colus-BBP LLC, Bear Ridge-BBP LLC, and River Oaks-BBP LLC.

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 and investments that are held in trust, reserves and escrows, as well as other cash that are restricted for specific purposes.

Accounts Receivable from Tenants

Accounts receivable consists of all amounts earned at year end and not yet received. Allowances for uncollectible accounts are based upon historical trends and periodic aging of accounts receivable.

In accordance with Governmental Accounting Standards Board Statement No. 34, revenues in proprietary funds should be reported as net of all related allowances, which include amounts pertaining to uncollectible accounts. Therefore, the increase and decrease in the estimate of uncollectible accounts should be reported net of revenue instead of bad debt expense. The Authority's bad debt expense charged against revenue was $22,069 for the year ended March 31, 2022.

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.

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 capital assets are as follows:

Building and improvements	10 – 30 years
Equipment	2 – 10 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 March 31, 2022, there has been no impairment of the capital assets.

Leased Assets

Leased assets are amortized over periods that are in line with the same major class of capital asset.

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, management has deemed all notes receivable fully collectible and thus has not recorded any provision for uncollectible notes.

Tenant Security Deposits

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

Compensated Absences

Compensated absences are absences for which employees will be paid, e.g., sick leave, vacation, and other approved leave. In accordance with GASB Statement No.16, *Accounting for Compensated Absences*, we accrue the liability for those absences for which the employee has earned the rights to the benefits. 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 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, and/or rental subsidies received in advance of the period earned.

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 12 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 11 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 12 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 11 to the financial statements.

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 reported in the accompanying financial statements and related schedules within dwelling rent revenue.

Pension Plan

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.

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.

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.

Investment Policy

Our investment policy, 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 measures its operating investments at Level 1.

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.

Income Taxes

We are not subject to federal or state income taxes.

Subsequent Events

We have evaluated subsequent events through October 27, 2022, the date the consolidated financial statements were available to be issued.

NOTE 03 - RESTRICTED CASH

The following schedule presents the breakdown of restricted cash as of year-end:

Emergency Housing Voucher advance funding	$ 187,004
Fiduciary cash held in trust - Yuba City	389,842
Cash in the Family Self Sufficiency (FSS) escrow accounts	140,082
Tenant security deposits	153,221
Restricted cash with offsetting liabilities	**870,149**
Cash balances associated with the EHV HAP equity	274,422
Butte View Estates RD reserves	100,950
Centennial Arms RD reserves	128,733
Other USDA RD reserves	1,791,953
Other restricted	122,032
Restricted cash reflected in restricted net position	2,418,090
Total restricted cash and equivalents	**$ 3,288,239**

NOTE 04 - ACCOUNTS RECEIVABLE

Accounts receivable as of year-end were comprised of the following:

Receivables from HUD	$ 201,294
Receivables from other governments	195,846
Tenant receivables	99,438
Fraud recovery receivables	115,614
Allowance for doubtful accounts - fraud	(116,823)
Net fraud recovery receivables	(1,209)
Other receivables	36,205
Net other receivables	36,205
Net accounts receivable	**$ 531,574**

NOTE 05 - INVESTMENTS IN JOINT VENTURES AND PARTNERSHIPS

The Authority is a Limited Partner in Maple Park I, L.P., and Maple Park Phase 2, L.P. The Authority's partnership percentage is 0.001 percent and 0.001 percent, respectively.

Building Better Partnerships, Inc., is a General Partner in Maple Park Phase 2, L.P., and its partnership percentage is 0.003 percent.

At March 31, 2022, the Authority's investment in the partnerships was $394,818.

NOTE 06 - CAPITAL ASSETS

A summary of the land, structures, and equipment for the year is as follows:

	3/31/21	Additions	Deletions	3/31/22
Non-Depreciable				
Land	$ 3,799,969	$ -	$ -	$ 3,799,969
Construction in process	407,580	376,507	(14,971)	769,116
	4,207,549	376,507	(14,971)	4,569,085
Depreciable				
Buildings and improvements	54,334,996	1,096,601	(17,601)	55,413,996
Equipment and furnishings	1,385,689	-	(150,627)	1,235,062
	55,720,685	1,096,601	(168,228)	56,649,058
Total acquisition costs	59,928,234	1,473,108	(183,199)	61,218,143
Accumulated depreciation	(25,533,108)	(1,887,994)	183,199	(27,237,903)
Net capital assets	**$ 34,395,126**	**$ (414,886)**	**$ -**	**$ 33,980,240**

All land and buildings of the Public Housing Program 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.

Construction-in-progress as of March 31, 2022, was comprised of various unit-turnaround costs that we deemed capitalizable in accordance with our capitalization policy.

NOTE 07 - OTHER LONG-TERM ASSETS

Other long-term assets were comprised of the following:

Net pension asset	$ 768,473
Net OPEB asset	11,814
Other long-term assets	**$ 780,287**

NOTE 08 - NOTES RECIEVABLE

Notes receivable for the Authority and respective accrued interest receivable were comprised of the following:

	Principal	Interest Receivable
Loans provided to William Senior Associates in the total amount of $434,000, bears simple interest at 3%, required annual payments from surplus cash/residual receipts, and matures 2071. Interest revenue was $13,020 for 2022.	$ 434,000	$ 69,440
Loans provided to Live Oak Pacific Associates in the total amount of $1,160,143, bears simple interest at 3%, required annual payments from surplus cash/residual receipts, and matures 2070. Interest revenue was $34,804 for 2022.	1,160,143	197,603
Loan provided to Colusa Devonshire LP in the total amount of $401,090, bears simple interest at 3%, required annual payments from surplus cash/residual receipts, and matures 2075. Interest revenue was $12,033 for 2022.	401,090	24,494
Loans provided to Yuba City PSH Associates in the total amount of $3,616,117, bears simple interest at 3%, required annual payments from surplus cash/residual receipts, and matures 2075. Interest revenue was $108,484 for 2022.	3,616,117	217,137
Loan provided to Penn Valley Pacific Associates in the total amount of $1,082,000, bears simple interest at 3%, required annual payments from surplus cash/residual receipts, and matures 2075. Interest revenue was $32,460 for 2022.	1,082,000	66,076
Loans provided to Grass Valley PSH Associates in the total amount of $700,000, bears simple interest at 3%, required annual payments from surplus cash/residual receipts, and matures 2075. Interest revenue was $21,000 for 2022.	700,000	26,926
Loan provided to Nevada City Cashin's Field LP in the total amount of $50,000, bears simple interest at 3%, required annual payments from surplus cash/residual receipts, and matures 2076. Interest revenue was $1,307 for 2022.	50,000	1,978
Total	**$ 7,443,350**	**$ 603,654**

NOTE 09 - LONG-TERM LIABILITIES

Changes in long-term liabilities are summarized below:

	03/31/21	Additions	Reductions	03/31/22
Direct borrowings	$ 11,496,554	$ 665,600	$ (1,125,862)	$ 11,036,292
Total debt	**$ 11,496,554**	**$ 665,600**	**$ (1,125,862)**	**$ 11,036,292**
FSS escrow deposits, contra	$ 179,633	$ -	$ (39,551)	$ 140,082
Other long-term payables	318,652	80,460	-	399,112
Other long-term liabilities	**$ 498,285**	**$ 80,460**	**$ (39,551)**	**$ 539,194**
Accrued interest payable	$ 228,393	$ 42,757	$ -	$ 271,150
Compensated absences	$ 119,990	$ 25,890	$ -	$ 145,880
Net pension obligation	$ 1,897,659	$ -	$ (1,868,262)	$ 29,397
Net OPEB obligation	$ 2,404,412	$ -	$ (413,089)	$ 1,991,323
Lease obligations	$ 1,727,145	$ -	$ (259,357)	$ 1,467,788

SECTION INTENTIONALLY LEFT BLANK

Notes from Direct Borrowings:

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

	Principal	Interest Payable
Community Development Block Grant (CDBG) loan from the City of Yuba City, in the original amount of $847,383, bearing no interest, with no required monthly payments of principal or interest, maturing March 2062. The loan is secured by the Kingwood Commons apartments. The loan will be forgiven at maturity as long as the Authority complies with the loan's Regulatory Agreement.	$ 847,838	$ -
Agency loan from the City of Yuba City, in the original amount of $825,000, bears simple interest at 1% per annum, with required annual payments based on residual receipts, maturing March 2058 at which point all unpaid principal and interest are due. The loan is secured by the Kingwood Commons apartments.	825,000	156,750
Homeless Mentally Ill Outreach and Treatment Program (HMIOT) loan from the County of Nevada, in the original amount of $898,000, bears simple interest at 3% per annum, with required annual payments based on residual receipts received from Lone Oak Senior apartments, maturing May 2075 at which point all unpaid principal and interest are due. The loan is unsecured.	898,000	55,227
Homeless Mentally Ill Outreach and Treatment Program (HMIOT) loan from the County of Nevada, in the original amount of $50,000, bears simple interest at 3% per annum, with required annual payments based on residual receipts received from Cashin's Fields apartments, maturing May 2075 at which point all unpaid principal and interest are due. The loan is unsecured.	50,000	2,623
Umpqua Bank loan, in the original amount of $576,000, bears variable interest (currently 5.75% per annum), with required monthly payments of principal and interest of $3,392, maturing December 2040. The loan is secured by the Centennial Arms apartments.	461,002	-
River Valley Community Bank loan, in the original amount of $2,200,569, bears variable interest (currently 3.8% per annum), with required monthly payments of principal and interest of $10,306, maturing January 2037. The loan is secured by the Kingwood Commons apartments.	2,184,010	-
River Valley Community Bank loan, in the original amount of $665,600, bears interest at 3.5% per annum, with required monthly payments of principal and interest of $6,597, maturing January 2032. The loan is secured by the Authority's office building.	643,666	-

	Principal	Interest Payable
Rural Development (RD) loan from the USDA, in the original amount of \$311,897, bearing interest at 4%, with annual payments of principal or interest of \$14,444, maturing December 2043. The loan is secured by the Centennial Arms apartments.	\$ 310,401	\$ 56,550
Rural Development (RD) loan from the USDA, in the original amount of \$549,323, bearing interest at 6.25%, with annual payments of principal or interest of \$35,933, maturing November 2043. The loan is secured by the Butte View Estates apartments.	499,501	-
Rural Development (RD) loan from the USDA, in the original amount of \$633,688, bearing interest at 3.875%, with monthly payments of principal or interest of \$2,396, maturing November 2041. The loan is secured by the Centennial Arms apartments.	581,763	-
Rural Development (RD) loan from the USDA, in the original amount of \$290,000, bearing interest at 1%, with annual payments of principal or interest of \$10,361, maturing August 2033. The loan is secured by the Richland Housing apartments.	75,483	-
Rural Development (RD) loan from the USDA, in the original amount of \$22,670, bearing interest at 1%, with annual payments of principal or interest of \$810, maturing October 2032. The loan is secured by the Richland Housing apartments.	7,804	-
Rural Development (RD) loan from the USDA, in the original amount of \$7,466, bearing interest at 1%, with annual payments of principal or interest of \$267, maturing October 2032. The loan is secured by the Richland Housing apartments.	2,570	-
Rural Development (RD) loan from the USDA, in the original amount of \$47,378, bearing interest at 1%, with annual payments of principal or interest of \$1,693, maturing October 2032. The loan is secured by the Richland Housing apartments.	16,309	-
Rural Development (RD) loan from the USDA, in the original amount of \$2,902, bearing interest at 1%, with annual payments of principal or interest of \$104, maturing October 2032. The loan is secured by the Richland Housing apartments.	999	-

	Principal	Interest Payable
Rural Development (RD) loan from the USDA, in the original amount of $4,875, bearing interest at 1%, with annual payments of principal or interest of $174, maturing October 2032. The loan is secured by the Richland Housing apartments.	$ 1,678	$ -
Rural Development (RD) loan from the USDA, in the original amount of $1,412,827, bearing interest at 1%, with annual payments of principal or interest of $50,477, maturing October 2032. The loan is secured by the Richland Housing apartments.	486,406	-
Rural Development (RD) loan from the USDA, in the original amount of $139,624, bearing interest at 1%, with annual payments of principal or interest of $4,988, maturing October 2032. The loan is secured by the Richland Housing apartments.	48,073	-
Rural Development (RD) loan from the USDA, in the original amount of $1,500,000, bearing interest at 1%, with annual payments of principal or interest of $55,006, maturing March 2038. The loan is secured by the Richland Housing apartments.	893,744	-
Rural Development (RD) loan from the USDA, in the original amount of $3,000,000, bearing interest at 1%, with annual payments of principal or interest of $110,013, maturing March 2042. The loan is secured by the Richland Housing apartments.	1,991,495	-
Rural Development (RD) loan from the USDA, in the original amount of $127,817, bearing interest at 1%, with annual payments of principal or interest of $4,687, maturing February 2044. The loan is secured by the Richland Housing apartments.	83,589	-
Multifamily Housing Revenue bond with Chase Bank, in the original amount of $810,000, bearing interest at 5.14%, with annual payments of principal or interest of $4,687, maturing November 2034. The bond is secured by the Butte View Estates apartments.	492,786	-
Total	**$ 11,402,117**	**$ 271,150**

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

	Principal	Interest	Total
2023	$ 365,825	$ 254,578	$ 620,403
2024	367,261	247,003	614,264
2025	376,267	237,997	614,264
2026	385,606	228,658	614,264
2027	395,290	218,974	614,264
2028-2032	2,112,898	936,419	3,049,317
2033-2037	2,980,381	675,188	3,655,569
2038-2042	1,236,004	256,918	1,492,922
2043-2047	561,747	53,198	614,945
2048-2052	-	-	-
2053-2057	-	-	-
2058-2062	825,000	453,750	1,278,750
2063-2067	-	-	-
2068-2072	-	-	-
2073-2077	948,000	1,564,200	2,512,200
Subtotal	10,554,279	5,126,884	15,681,163
Forgivable	847,838	-	847,838
Total	**$ 11,402,117**	**$ 5,126,884**	**$ 16,529,001**

NOTE 10 - LEASES

Operating Leases

Rental expenses incurred under operating leases are not considered material.

Capital Leases

The Authority has entered into certain capital lease agreements under which the related solar improvements and vehicles that will become the property of the Authority when all terms of the lease agreements are met.

Activity for leased assets were as follows:

	3/31/21	Additions	Deletions	3/31/22
Buildings and improvements	$ 2,119,544	$ -	$ -	$ 2,119,544
Office furniture & equipment	270,000	20,710	-	290,710
Accumulated amortization	(339,696)	(156,571)	-	(496,267)
Net leased assets	**$ 2,049,848**	**$ (135,861)**	**$ -**	**$ 1,913,987**

Future minimum lease payments on capital leases are as follows:

	Total
2023	$ 191,028
2024	176,303
2025	159,657
2026	149,290
2027	148,021
2028-2032	741,894
2033-2037	455,279
Subtotal	2,021,472
Less: Interest	(362,656)
Total	**$ 1,658,816**

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

The Authority offers other post-employment benefits in the form of a health care plan (OPEB Plan) to qualified 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 March 31, 2022, 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)
OPEB Plan	$ 1,979,509 *	$ 1,042,541	$ 687,467	$ (2,087,688)

**The OPEB obligation is allocated to the various funds of the Authority. Based on certain additional contributions being made out of funds with additional surplus cash, some funds are reporting a liability while others are reporting an asset. The amount reported here and in the rest of this disclosure is the net balance of the OPEB asset and OPEB liability reported on the statement of net position.*

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 March 31, 2022, are summarized as follows:

	All Employees
Benefit types provided	Medical only
Duration of benefits	Lifetime
Required service	Pension eligibility
Minimum age	Pension eligibility
Dependent coverage	Surviving spouse only
Contribution	100% to cap
Contribution cap	Govt. Code Section 22892 Statutory minimum

Contributions

The OPEB Plan and its contribution requirements are established by Board action and may be amended by Board action. The Authority contributes the statutory minimum per month per member 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 March 31, 2020	$ 2,404,411	$ -	$ 2,404,411
Changes recognized for measurement period:			-
Service cost	160,217	-	160,217
Interest	57,938	-	57,938
Contributions – employer	-	24,682	(24,682)
Actual benefit payments	(24,682)	(24,682)	-
Expected minus actual benefit payments	(427,744)	-	(427,744)
Changes in assumption	(190,631)	-	(190,631)
			-
Measurement at March 31, 2021	**$ 1,979,509**	**$ -**	**$ 1,979,509**

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 1.40%	Discount Rate 2.40%	1% Increase 3.40%
OPEB Plan	$ 2,430,803	$ 1,979,509	$ 1,631,961

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	$ 1,566,765	$ 1,979,509	$ 2,542,308

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.

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	$ -	$ 418,041
Effect of changes in assumptions	632,885	269,426
Differences between projected & actual investment earnings	-	-
Contributions subsequent to measurement date	411,772	-
	$ 1,044,657	**$ 687,467**

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

2023	$	(8,114)
2024		(8,114)
2025		(8,114)
2026		(8,114)
2027		(8,114)
Thereafter		(14,012)
	$	**(54,582)**

Actuarial Methods and Assumptions

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

Valuation date	March 31, 2021
Measurement date	March 31, 2021
Actuarial cost method	Entry Age Normal
Experience study	2017 CalPERS Study
Discount rate	2.40%
Consumer price index	2.26%
Wage growth rate	3.25%

The average per capita claims cost was updated to reflect actual 2021 and 2022 premiums and the health care cost trend rate was updated to reflect 2022 industry survey data and use of the 2022 Getzen model. The Discount Rate changed from 2.27% as of March 31, 2020 to 2.40% as of March 31, 2021.

There have been no other assumption changes since the last measurement date.

NOTE 12 - 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 March 31, 2022, 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 (Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense (Credit)
CalPERS	$ (739,076) *	$ 1,821,994	$ 827,331	$ (2,087,688)

**The pension obligation is allocated to the various funds of the Authority. Based on certain additional contributions being made out of funds with additional surplus cash, some funds are reporting a liability while others are reporting an asset. The amount reported here and in the rest of this disclosure is the net balance of the pension asset and pension liability reported on the statement of net position.*

Plan Description

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

Benefits Provided

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

The Plan provisions and benefits in effect at March 31, 2022, are summarized as follows:

Provisions and Benefits	Tier I	Tier II	PEPRA
Hire date	Before April 1, 2011	On or After April 1, 2011	On or after January 1, 2013
Benefit formula	2% at 55	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	50 - 55	50 - 60	52 - 62
Monthly benefits as a percentage of eligible compensation	1.426% - 2.418%	1.092% - 2.418%	1%-2.5%
Required employee contribution rate	7.00%	7.00%	6.75%
Required employer contribution rate	10.88%	8.65%	7.59%

Contributions

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

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

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

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	$ -	$ 82,880
Effect of changes in assumptions	-	-
Differences between projected & actual investment earnings	645,175	-
Differences between projected & actual share of contributions	945,111	10,756
Adjustments due to differences in proportions	19,973	733,695
Contributions subsequent to measurement date	211,735	-
	$ 1,821,994	**$ 827,331**

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

All other deferred inflows or resources and deferred outflows of resources are amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for the Miscellaneous Plan is 3.8 years. The first year of amortization is recognized in pension expense for the year the gain or loss occurs. The remaining amounts are deferred and will be amortized over the remaining periods not to exceed 2.8 years.

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

2023	$ 207,541
2024	205,912
2025	189,066
2026	180,409
2027	-
Thereafter	-
	$ 782,928

Actuarial Methods and Assumptions

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

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

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

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

Discount Rate and Changes of Assumptions

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

	1% Decrease 6.15%	Current Rate 7.15%	1% Increase 8.15%
CalPERS	$ 747,858	$ (739,076)	$ (1,968,306)

Plan Fiduciary Net Position

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

NOTE 13 - NET POSITION

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

Land	$ 3,799,969
Construction in progress	769,116
Buildings and improvements	55,413,996
Euipment and furnishings	1,235,062
Less:	
Accumulated depreciation	(27,237,903)
Short term capital debt obligations	(365,825)
Long term capital debt obligations	(11,036,292)
Net investment in capital assets	**$ 22,578,123**

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

Restricted cash and equivalents	$ 3,288,239
Net pension asset	768,473
Net OPEB asset	11,814
Less:	
Tenant security deposit, contra	(153,221)
Family Self-Sufficiency escrow deposits, contra	(140,082)
CARES Housing Choice Voucher advance funding	-
Fiduciary cash held in trust, contra	(389,842)
Emergency Housing Voucher advance funding	(187,004)
Restricted net position	**$ 3,198,377**

NOTE 14 - COMMITMENTS AND CONTINGENCIES

Government Examinations

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 at this time, although we do not expect such disallowed amounts, if any, to materially affect the financial statements.

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 15 - BUSINESS RISK AND CONCENTRATIONS

Risk Management

We are exposed to all common perils associated with the ownership and rental of real estate properties. A risk management program has been established to minimize loss occurrence and to transfer risk through various levels of insurance. Property, casualty, employee dishonesty and public official's liability forms are used to cover the respective perils. Insurance for these perils are underwritten by a housing authority insurance pool: Housing Authority Risk Retention Pool (HARRP).

HARRP is an unincorporated association organized under the intergovernmental cooperation laws of the states of Washington, Oregon, California, and Nevada, to manage the self-insurance program of housing authorities and community development cooperatives.

The Authority has also joined together with other housing authorities to participate in the California Housing Worker's Compensation Authority (CHWCA). This joint venture is a public entity risk pool which serves as a common risk management and insurance program for workers' compensation coverage for 29 housing authority members.

Also, commercial carriers insure all other common perils such as business, auto, flood (where applicable), and other miscellaneous policies.

Concentration – Major Contributor

For the year ended March 31, 2022, approximately 62% of operating revenues reflected in the financial statements are from HUD. 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.

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 16 - PRIOR YEAR RESTATEMENT

Management communicated to the auditors' during the audit for the fiscal year ended March 31, 2022, that the Authority did not record a 55-year forgivable CDBG loan from the City of Yuba City attributable to the development of the Kingwood Commons apartments in 2007. The correction of this error resulted in a decrease of opening net position of $847,838, as reflected in the Statement of Revenues, Expenses, and Changes in Net Position.

Additionally, it was discovered that development costs of $96,258 associated with Maple Park Phase 2 L.P., were capitalized and being depreciated as site improvements of the Authority. These costs should have been expensed in 2014 and 2015. As a result of removing these assets there was a decrease to opening net position of $32,959, as reflected in the Statement of Revenues, Expenses, and Changes in Net Position.

NOTE 17 - CONDENSED COMBINING FINANCIAL STATEMENTS

Condensed combining financial statements are presented below:

	AUTHORITY	BUILDING BETTER PARTNERSHIPS	ELIM	TOTAL
Cash and equivalents	$ 8,142,638	$ 175,054	$ -	$ 8,317,692
Intercompany receivables	-	-	-	-
Other current assets	996,719	178	-	996,897
Total current assets	9,139,357	175,232	-	9,314,589
Net capital assets	33,694,384	285,856	-	33,980,240
Other non-current assets	11,136,113	(17)	-	11,136,096
Total assets	53,969,854	461,071	-	54,430,925
Deferred outflows of resources	2,857,089	7,446	-	2,864,535
Total Assets and Deferred Outflows of Resources	**$ 56,826,943**	**$ 468,517**	**$ -**	**$ 57,295,460**
Intercompany payables	$ -	$ -	$ -	$ -
Other current liabilities	2,245,076	18,626	-	2,263,702
Total current liabilities	2,245,076	18,626	-	2,263,702
Total non-current liabilities	15,469,442	11,582	-	15,481,024
Total liabilities	17,714,518	30,208	-	17,744,726
Deferred inflows of resources	1,508,443	6,355	-	1,514,798
Net investment in capital assets	22,292,267	285,856	-	22,578,123
Restricted	3,198,377	-	-	3,198,377
Unrestricted	12,113,338	146,098	-	12,259,436
Total net position	37,603,982	431,954	-	38,035,936
Total Liabilities, Deferred Inflows of Resources, and Net Position	**$ 56,826,943**	**$ 468,517**	**$ -**	**$ 57,295,460**

	AUTHORITY	BUILDING BETTER PARTNERSHIPS	ELIM	TOTAL
Operating revenues	$ 23,755,776	$ 187,681	$ -	$ 23,943,457
Operating expenses	19,467,963	59,240	-	19,527,203
Operating income (loss)	4,287,813	128,441	-	4,416,254
Non-operating revenues (expenses)	(154,515)	438	-	(154,077)
Income (loss) before contributions and other items	4,133,298	128,879	-	4,262,177
Contributions, transfers, and other items	-	-	-	-
Change in net position	**$ 4,133,298**	**$ 128,879**	**$ -**	**$ 4,262,177**
Net position, beginning of year	$ 34,351,475	$ 303,075	$ -	$ 34,654,550
Change in net position	4,133,298	128,879	-	4,262,177
Prior-period restatements	(880,791)	-	-	(880,791)
Equity transfers	-	-	-	-
Net position, end of year	**$ 37,603,982**	**$ 431,954**	**$ -**	**$ 38,035,936**

	AUTHORITY	BUILDING BETTER PARTNERSHIPS	ELIM	TOTAL
Net cash from operating activities	$ 5,053,568	$ 125,390	$ -	$ 5,178,958
Net cash from capital and related financing activities	(2,400,873)	(2,496)	-	(2,403,369)
Net cash from non-capital financing activities	-	-	-	-
Net cash from investing activities	(328,374)	438	-	(327,936)
Net change in cash	2,324,321	123,332	-	2,447,653
Cash at beginning of period	5,818,317	51,722	-	5,870,039
Cash at end of period	**$ 8,142,638**	**$ 175,054**	**$ -**	**$ 8,317,692**

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Plan Measurement Date under GASB 68 as of June 30	Proportion of Pension Liability	Proportionate share of Net Pension Liability (Asset)	Covered Employee Payroll**	Proportionate share of the Net Pension Liability as a percentage of covered-employee payroll	Plan Fiduciary Net Position as a percentage of the Total Pension Liability
2015	0.020760%	$ 1,424,797	$ 1,640,583	86.85%	81.54%
2016	0.021300%	$ 1,842,723	$ 2,073,870	88.85%	77.57%
2017	0.021400%	$ 2,123,094	$ 1,702,102	124.73%	76.70%
2018	0.021100%	$ 2,032,920	$ 1,836,905	110.67%	78.24%
2019	0.022080%	$ 2,262,231	$ 1,606,517	140.82%	77.30%
2020	0.017440%	$ 1,897,660	$ 1,582,806	119.89%	81.94%
2021	0.013670%	$ (739,077)	$ 1,046,379	-70.63%	106.56%

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

SCHEDULE OF CONTRIBUTIONS

Authority Year-End March 31	Actuarially determined contribution [A]	Contributions in relation to actuarially determined contribution [B]	Contribution deficiency (excess) [C]=[A]-[B]	Covered-employee payroll	Contribution as a percentage covered-employees payroll
2016	$ 313,684	$ 313,684	$ -	$ 2,073,870	15.13%
2017	$ 267,571	$ 267,571	$ -	$ 1,702,102	15.72%
2018	$ 175,370	$ 175,370	$ -	$ 1,836,905	9.55%
2019	$ 278,365	$ 229,403	$ 48,962	$ 1,606,517	14.28%
2020	$ 268,083	$ 268,083	$ -	$ 1,582,806	16.94%
2021	$ 302,228	$ 877,228	$ (575,000)	$ 1,046,379	83.83%
2022	$ 312,105	$ 1,447,535	$ (1,135,430)	$ 2,147,575	67.40%

Notes to Required Supplementary Information Schedules:

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

Change in assumptions: None reported.

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY, CONTRIBUTIONS, AND RELATED RATIOS

Measurement period:	2019	2020	2021	2022
Total OPEB liability (asset)				
Service cost	$ 82,572	$ 85,992	$ 98,738	$ 160,217
Interest	52,296	57,003	65,452	57,938
Experience (gains)/losses	-	(10,043)	(9,733)	(427,744)
Changes of assumptions	(19,825)	124,253	626,154	(190,631)
Benefit payments	(7,755)	(8,025)	(8,757)	(24,682)
Net change in total OPEB liability	107,288	249,180	771,854	(424,902)
Total OPEB liability - beginning	1,276,089	1,383,377	1,632,557	2,404,411
Total OPEB liability - ending	1,383,377	1,632,557	2,404,411	1,979,509
Plan fiduciary net position	-	-	-	-
Net OPEB liability (asset)	**$ 1,383,377**	**$ 1,632,557**	**$ 2,404,411**	**$ 1,979,509**
Plan fiduciary net position as a percentage of the total OPEB liability	0%	0%	0%	0%
Covered-employee payroll	$ 2,132,431	$ 1,954,667	$ 1,972,177	$ 2,147,575
Total OPEB liability as a percentage of covered payroll	64.9%	83.5%	121.9%	92.2%
Actuarially Determined Contribution (ADC)	$ 7,755	$ 8,025	$ 8,757	$ 24,682
Actual contributions	(7,755)	(8,025)	(8,757)	(24,682)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Contributions as a percentage of covered-employee payroll	0.4%	0.4%	0.4%	1.1%

Federal Grantor	Program Title	ALN	Cluster Title	Pass-Through No.	Award Type	Expenditures	Passed Through to Sub-Recipients
HUD	Section 8 Housing Choice Vouchers	14.871	HVC		Direct	$ 12,809,114	$ -
HUD	Emergency Housing Vouchers	14.871	HVC		Direct	489,710	-
	Subtotal					13,298,824	-
HUD	Mainstream Vouchers	14.879	HVC		Direct	658,417	-
HUD	Public and Indian Housing	14.850	N/A		Direct	555,741	-
HUD	Public Housing Capital Fund	14.872	N/A		Direct	553,683	-
HUD	Family Self-Sufficiency Program	14.896	N/A		Direct	143,569	-
USDA	Farm Labor Housing Loans and Grants	10.427	N/A		Direct	1,619,560	-
	Total Federal Financial Assistance					**$ 16,829,794**	**$ -**

	Award Type:	Expenditures
	Direct	$ 16,829,794
	Indirect	-
	Total Federal Financial Assistance	**$ 16,829,794**

	Federal Grantor:	Expenditures
HUD	US Department of Housing and Urban Development	$ 15,210,234
USDA	US Department of Agriculture	1,619,560
	Total Federal Financial Assistance	**$ 16,829,794**

	Cluster Title:	Expenditures
HVC	Housing Voucher Cluster	$ 13,957,241

NOTE 01 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal awards activity of the Authority under programs of the federal government for the year ended March 31, 2022. 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.

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

Grant	Funds Approved	Funds Disbursed	Funds Expended	Balance
CA01P048501-21	$ 553,683	$ 553,683	$ 553,683	$ -

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

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

Smith Marion & Co. · Certified Public Accountants
Redlands Office · 1940 Orange Tree Lane, Suite 100 · Redlands, CA 92374 · (909) 307-2323

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

The Governing Body of
Regional Housing Authority

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 Regional Housing Authority (Authority), as of and for the year ended March 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 27, 2022.

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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a significant deficiency.

SM&Co

COMPLIANCE AND OTHER MATTERS

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

RESPONSE TO FINDING

The Authority's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

PURPOSE OF THIS REPORT

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

Smith Marion & Co.

October 27, 2022
Redlands, CA

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

The Governing Body of
Regional Housing Authority

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

OPINION ON EACH MAJOR FEDERAL PROGRAM

We have audited Regional Housing Authority'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 March 31, 2022. 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 March 31, 2022.

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.

Smith Marion & Co.

October 27, 2022
Redlands, CA

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

1. Type of Auditor Report on the financial statements: Unmodified

2. Internal control over financial reporting:
   a. Material weakness(es) identified? [ ] Yes [x] No
   b. Significant deficiency(ies) identified that are not considered to be material weaknesses? [x] Yes [ ] None noted

3. Noncompliance material to financial statements? [ ] Yes [x] No

Federal Awards:

4. Type of auditors' report on compliance for major programs: Unmodified

5. Internal control over major programs:
   a. Material weakness(es) identified? [ ] Yes [x] No
   b. Significant deficiency(ies) identified that are not considered to be material weaknesses? [ ] Yes [x] None noted

6. Audit findings noted which are required to be reported in accordance with 2 CFR Section 200.516(a)? [ ] Yes [x] No

7. Identification of Major Programs:

CFDA	*Program(s) Name*
14.871	Section 8 Housing Choice Vouchers
14.879	Mainstream Vouchers

8. The Dollar Threshold Used to Distinguish Between Type A and Type B Programs: $ 750,000

9. Auditee qualified as a low-risk auditee? [x] Yes [ ] No

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2022-001

Significant Deficiency in Internal Controls over Financial Reporting– Unreported Debt

Criteria: Generally Accepted Accounting Principles of the United States (GAAP), the required financial reporting framework of the Authority, dictates that financials information reported by the Authority follow a set of GAAP rules. These rules are consistency, relevance, reliability, and comparability of financial information.

Condition and Context: During the audit for the year ended March 31, 2022, Management discovered and communicated to the auditors that the previous financial statements of the Authority were materially misstated, failing to report roughly $847k of debt that the Authority had with the City of Yuba City.

Effect or Potential Effect: Unrecorded debt of the Authority can have a significant impact on Management's and the Board's ability to plan and execute future strategies. Contracts and agreements with grantors and lenders may be canceled or require amendment, important deadlines may be missed, and significant unplanned cash outflows may result.

Cause: The loan was made in 2007 that significantly outdate all Authority personnel currently managing oversight of financing and accounting. There were no required routine payments required for this loan and therefore no indication of its existence.

Recommendation: Management and the Board should develop procedures that ensure they are evaluating the risk associated with unrecorded liabilities of the Authority. In response to the identified risks, consideration should be given to identifying and implementing controls that could help mitigate the risks associated with significant unrecorded liabilities, such as providing increased management oversight. For example, the Authority might consider soliciting their own confirmation of debt requests from lenders and running additional Title searches.

Views of Responsible Official(s): Management agrees with the finding.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

Financial Statement Findings:

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

Federal Award Findings and Question Costs:

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

REGIONAL HOUSING AUTHORITY
Serving the Cities of Live Oak, Yuba City and Colusa • Counties of Sutter, Nevada, Colusa and Yuba
1455 Butte House Road • Yuba City, CA 95993
Phone: (530) 671-0220 • Toll Free: (888) 671-0220 • TTY: (866) 735-2929 • Fax: (530) 673-0775
www.RegionalHA.org

CORRECTIVE ACTION PLAN

Name of auditee: Regional Housing Authority

Name of audit firm: Smith Marion and Co. Inc.

Period covered by the audit: Year Ended March 31, 2022

CAP Prepared by

Name: Marco Cruz

Position: Finance Director

Telephone Number: (530) 671-0220

Current Findings on the Schedule of Findings, Questioned Costs, and Recommendations.

1. Finding 2022-001

a. Comments on the Finding and Each Recommendation:

The Authority concurs with the finding. Additionally, we agree with the recommendations.

b. Action(s) Taken or Planned on the Finding:

In order to address this deficiency in internal control, the Authority is taking measures to ensure a risk assessment of potential unrecorded liabilities is done. Once completed, the Authority will then assess its options and take the necessary steps required to ensure the risk is at a reasonably low level, including but not limited to the action items recommended by the Auditor. These actions will be completed prior to the completion of our next fiscal year ending March 31, 2023.