SAN JOAQUIN AREA
FLOOD CONTROL AGENCY

2800 W. March Lane, Suite 200 | Stockton, CA 95219 | (209) 299-4200 |www.sjafca.org

BOARD OF DIRECTORS

City of Stockton Michael Blower, Vice-Chair Brando Villapudua Alt. Mariela Ponce	**Public Member** Steve DeBrum	**San Joaquin County/SJCFCWCD*** Paul Canepa, Chair Sonny Dhaliwal* Alt. Robert Rickman
City of Manteca Gary Singh Charlie Halford Alt. Mike Morowit	**Executive Director** Darren Suen, PE	**City of Lathrop** Diane Lazard Steve Dresser Alt. Jennifer Torres-O'Callaghan
*San Joaquin County Flood Control and Water Conservation District		

BOARD MEETING
San Joaquin Council of Governments
Council Chambers
555 E Weber Ave. Stockton, CA
THURSDAY, MARCH 13, 2025, 1:00 P.M.

1. **CALL TO ORDER / ROLL CALL**

2. **PLEDGE TO FLAG**

3. **PUBLIC COMMENTS**

4. **CONSENT ITEMS**

   4.1) Approve Minutes from January 30, 2025, Board Meeting

5. **NEW BUSINESS**

   5.1) Adopt Resolution to accept Independent Auditor's Report and Financial Statements for the fiscal year ending June 30, 2024

6. **BRIEFINGS**

   6.1) Flood Risk in the San Joaquin River Basin
   a. SJAFCA staff and R&F Engineering will provide an overview of the flood risk in the San Joaquin River Basin

6.2) Smith Canal Gate Operations and Maintenance

a. SJAFCA staff and consultant team will provide an informational briefing about the operations and maintenance, covering interim and long-term plans and responsibilities

6.3) Paradise Cut Bypass Expansion and Multi-Benefit Project

a. SJAFCA staff and consultant team will present an overview of the Paradise Cut Bypass Expansion and Multi-Benefit Project

7. ORAL REPORT FROM EXECUTIVE DIRECTOR

8. BOARD QUESTIONS, COMMENTS, ACTIONS

9. COUNSEL REPORT

10. CLOSED SESSION

10.1) CONFERENCE WITH REAL PROPERTY NEGOTIATIORS (Government Code Section 54956.8). [(1) Charles Weber (Calaveras River): (a) APN 102-010-050-20.19 Acres; (b) APN 104-010-060 – 13.97 Acres; (c) APN 102-010-040 – 1.71 Acres. Total acreage is 35.87 Acres] Agency Negotiators: [Darren Suen, Executive Director; Omar Al-Hindi, Executive Project Manager; Rebekah Green, BRI, Scott Shapiro, General Counsel]. Under Negotiation: Price

11. ADJOURNMENT

In compliance with the Americans with Disabilities Act, the meeting room is wheelchair accessible and disabled parking is available. If you have a disability and need disability-related modifications or accommodations to participate in this meeting, please contact the Board's office at (209) 299-4200. Requests must be made one full business day before the start of the meeting.

Agenda Item 4.1

MINUTES
SAN JOAQUIN AREA FLOOD CONTROL AGENCY
BOARD MEETING OF JANUARY 30, 2025

STOCKTON, CALIFORNIA

1. CALL TO ORDER / ROLL CALL 10:00 AM

Present:
Director Akinjo
Director Blower
Director Canepa
Director DeBrum
Director Dhaliwal
Director Halford
Director Lazard
Director Singh
Director Villapudua

2. PLEDGE TO FLAG 10:01 AM

3. ELECTION OF OFFICERS 10:03 AM

3.1) Elect a Chair & Vice-Chair for the San Joaquin Area Flood Control Agency Board of Directors for 2025.

Elect Chair: Paul Canepa
Elect Vice-Chair: Michael Blower

Public Comments:
None.

Motion:	To elect a Chair and Vice-Chair for the San Joaquin Area Flood Control Agency Board of Directors for 2025
Moved by:	Director Blower, Seconded by Director Singh for Chair nomination Director DeBrum, Seconded by Director Villapudua for Vice-Chair nomination
Vote:	Motion carried 9-0
Yes:	Director Akinjo, Director Blower, Director Canepa, Director DeBrum, Director Dhaliwal, Director Halford, Director Lazard, Director Singh, Director Villapudua
Absent:	None

3.2) Recognition of outgoing Chair.

Recognition of Chair Akinjo's accomplishments.
All Board Members thanked Chair Akinjo for his leadership.
Former Chair Akinjo was presented with a memento from newly elected Chair Canepa.

Public Comments:
Dominick Gulli submitted written comments.

4. RECOGNITION OF FORMER EXECUTIVE DIRECTOR 10:23 AM

Recognition of former Executive Director Chris Elias' accomplishments.
Board Members and Staff gave congratulatory remarks to Mr. Elias.

Public Comments:
Dominick Gulli submitted written comments.

5. PUBLIC COMMENTS 10:40 AM

Dominick Gulli submitted written comments.

6. CONSENT ITEMS 10:51 AM

6.1) Approve Minutes from December 12, 2024, Board Meeting

Amending Resolution 24-33.

6.2) Amend San Joaquin Area Flood Control Agency's Regular Board Meeting Schedule for 2025

6.3) Receive Semi-Annual Report of Master Services Agreements Issued Under Delegated Authority for Fiscal Year 2024-2025

Public Comment: Dominick Gulli submitted comments in writing.

Motion:	To approve Consent Items 6.1, 6.2, and 6.3
Moved by:	Director Singh, Seconded by Director DeBrum
Vote:	Motion carried 8-0, 9-0, and 9-0
Yes:	Director Akinjo, Director Blower, Director Canepa, Director DeBrum, Director Halford, Director Lazard, Director Singh, Director Villapudua
Absent:	None
Abstain:	Director Dhaliwal abstained from 6.1, and voted yes for 6.2 and 6.3

7. NEW BUSINESS 10:55 AM

7.1) (a) Receive information on mid-year review of Fiscal Year 2024-2025 Budget of the San Joaquin Area Flood Control Agency

(b) Adopt Resolution Approving the Mid-Year Budget Report for Fiscal Year 2024-2025 and related budget adjustments for Fiscal Year 2024-2025 for the San Joaquin Area Flood Control Agency

Public Comment: Dominick Gulli submitted comments in writing.

Motion:	Adopt a Resolution approving the Mid-Year Budget Report for Fiscal Year 2024-2025 and related budget adjustments for Fiscal Year 2024-2025 for the San Joaquin Area Flood Control Agency
Moved by:	Director DeBrum, Seconded by Director Blower
Vote:	Motion carried 9-0

Yes: Director Akinjo, Director Blower, Director Canepa, Director DeBrum, Director Dhaliwal, Director Halford, Director Lazard, Director Singh, Director Villapudua
Absent: None

7.2) Selection of Public Board Member

Informational and request for direction by Board.
Director DeBrum recused himself.
Counsel reviewed the options for the Board and the Board decided to reappoint Director DeBrum.

Public Comment: Dominick Gulli submitted comments in writing.

7.3) Adequate Progress Report

Public Comment: Dominick Gulli submitted comments in writing.

Motion: Adopt a Resolution approving the Adequate Progress Report
Moved by: Director Akinjo, Seconded by Director Blower
Vote: Motion carried 9-0
Yes: Director Akinjo, Director Blower, Director Canepa, Director DeBrum, Director Dhaliwal, Director Halford, Director Lazard, Director Singh, Director Villapudua
Absent: None

8. BRIEFINGS

None.

Public Comment:

9. ORAL REPORT FROM EXECUTIVE DIRECTOR 11:45 AM

a. Groundbreaking for the TS30L segment will be on 4/18.
b. LOMR Submitted on 1/29/25 for the Smith Canal Gate
c. Emergency Operations to be performed by SJAFCA and the county and will assist us with O&M after final training plan is in place for the county.
d. Second Thursdays at 1pm for board meetings has been approved. The February Board Meeting will be cancelled and will resume in March. Director Dresser was on the PFA Board and will have to step down. The City of Manteca will conduct the selection process for the next Public Member.

10. BOARD QUESTIONS, COMMENTS, ACTIONS

None.

11. COUNSEL REPORT 11:47 AM

There will be a retirement celebration for Chris Elias today at 4pm and Board members were asked not to discuss SJAFCA's topics.

12. CLOSED SESSION 11:47 AM

12.1) CONFERENCE WITH LEGAL COUNSEL: Anticipated Litigation – Significant Exposure to Litigation Pursuant to Government Code Section 54956.9(e)(1)

12.2) CONFERENCE WITH REAL PROPERTY NEGOTIATIORS (Government Code Section 54956.8). [(1) Little Hog Island: APN 129-290-010 – 34.82 Acres; (2) Grayson Island – APN 158-003-008 – 20.54 Acres]. Agency Negotiators: [Darren Suen, Executive Director; Omar Al-Hindi, Executive Project Manager; Chris Elias, Senior Policy Advisor; Rebekah Green, BRI, Scott Shapiro, General Counsel]. Under Negotiation: Price

PUBLIC COMMENT: Dominick Gulli submitted comments in writing.

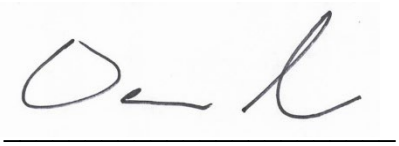
RECONVENED AT: n/a

REPORT OUT: None.

13. **ADJOURNMENT 12:13 PM**

Without further action, the meeting adjourned at 12:13 pm. The next meeting will be a Regular Board Meeting to be held on March 13 at 1pm.

In compliance with the Americans with Disabilities Act, the meeting room is wheelchair accessible and disabled parking is available. If you have a disability and need disability-related modifications or accommodations to participate in this meeting, please contact the Board's office at (209) 299-4200. Requests must be made one full business day before the start of the meeting.



DARREN SUEN
EXECUTIVE DIRECTOR
SAN JOAQUIN AREA FLOOD
CONTROL AGENCY

January 30, 2025, SJAFCA Meeting Minutes

Agenda Item 5.1

March 13, 2025

TO: San Joaquin Area Flood Control Agency Board of Directors

FROM: Darren Suen, Executive Director

SUBJECT: **INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDING JUNE 30, 2024**

RECOMMENDATION

Staff recommends the Board of Directors of the San Joaquin Area Flood Control Agency (Agency) adopt a resolution accepting the Independent Auditor's Report and Financial Statements for the fiscal year ending June 30, 2024.

DISCUSSION

Background

Each year an independent audit of SJAFCA's financial records is performed by a Certified Public Accounting firm. The agency received an unmodified audit opinion, also known as a "clean" opinion.

Agency audit results are presented to the Board of Directors, and a copy of the audit report is available on the Agency's web site for public view at https://www.sjafca.org/finances/annual-audits

Present Situation

The independent audit firm of Schwartz, Gianinni, Lantsberger and Adamson Accountancy Corporation completed its review of the Agency's financial statements for the fiscal year ended June 30, 2024, and issued an unmodified or "clean" audit opinion. There were no material weaknesses and no significant deficiencies to report.

The audit was conducted in accordance with generally accepted accounting principles in the United States of America (GAAP) and the standards for financial audits contained in Government Auditing Standards issued by the Comptroller of the United States. Those standards require that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The opinion contained in the Independent Auditor's Report validates the fair presentation of the Agency's financial statements as of June 30, 2024 and opines that the financial statements are presented fairly in all material respects and are in conformity with GAAP.

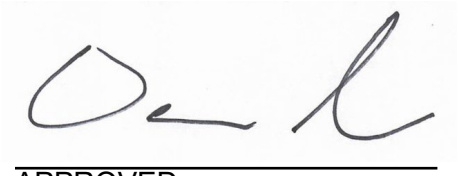
The Audited Financial Report will be incorporated into SJACA's Continuing Disclosure report filed as part of the Agency's outstanding Assessment Bonds and posted on District's website.

Staff recommends the Board adopt a resolution accepting the Independent Auditor's Report and the Annual Financial Statements for the fiscal year ending June 30, 2024.

FISCAL IMPACT

This is an informational item only. There is no net budgetary impact from the Board's approval of staff's recommendation.

PREPARED BY: Sylvia Razniak, Director of Finance and Human Resources



APPROVED:
DARREN SUEN
EXECUTIVE DIRECTOR

SR:ler

Attachment – Annual Audited Financial Statements FY 2023-2024

Schwartz Giannini Lantsberger & Adamson
ACCOUNTANCY CORPORATION

February 21, 2025

To the Board of Directors
San Joaquin Area Flood Control Agency
Stockton, California

We have audited the financial statements of the governmental activities and each major fund, and the aggregate remaining fund information of San Joaquin Area Flood Control Agency (the Agency) for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 18, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Agency are described in the notes to the financial statements. There were no significant changes to accounting policies during the year ended June 30, 2024. We noted no transactions entered into by the Agency during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Management's estimate of depreciation and amortization, which is based on useful lives.

We evaluated the key factors and assumptions used to develop these estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

Philip Lantsberger, CPA
Robert Gross, CPA
Nikolas A. Torres, CPA

3461 Brookside Road
Suite E
Stockton, California 95219
Ph: 209.474.1084
Fx: 209.474.0301
www.sglacpas.com

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The total impact of uncorrected misstatements was an understatement of net position of $2,135. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the financial statements under audit.

In addition, corrected misstatements that were made as a result of our audit procedures resulted in $4,884,318 decrease in net assets.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 21, 2025.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Agency's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to management's discussion and analysis and budgetary comparison information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the use of the board of directors and management of the Agency and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Schwartz, Giannini, Santoberger & Adamson

Stockton, California

SAN JOAQUIN AREA
FLOOD CONTROL AGENCY

FINANCIAL STATEMENTS

JUNE 30, 2024

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INDEPENDENT AUDITOR'S REPORT

Schwartz Giannini Lantsberger & Adamson
ACCOUNTANCY CORPORATION

To the Board of Directors
San Joaquin Area Flood Control Agency
Stockton, California

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the San Joaquin Area Flood Control Agency (the "Agency"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Agency, as of June 30, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with 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. 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 Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Philip Lantsberger, CPA
Robert Gross, CPA
Nikolas A. Torres, CPA

3461 Brookside Road
Suite E
Stockton, California 95219
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www.sglacpas.com

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 opinions. 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 generally accepted auditing standards 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 generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-16 and 37-44, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2025, on our consideration of the Agency's internal control over financial reporting and on 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 Agency'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 Agency's internal control over financial reporting and compliance.

Schwartz, Giannini, Lantsberger & Adamson

Stockton, California
February 21, 2025

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024

This section of the San Joaquin Area Flood Control Agency's (the Agency) annual financial report represents a discussion and analysis of the Agency's financial performance during the fiscal year ended June 30, 2024. It should be read in conjunction with the Agency's basic financial statements following this section.

FINANCIAL HIGHLIGHTS

Notable accomplishments during the past year as the Agency strives to accomplish its mission include:

- On August 2, 2023, the sale of two series of bonds resulted in the aggregate principal amount of $27,730,000. The revenue bonds generated resulted from the successful Prop 218 Ballot. The Board of Directors also authorized the issuance and sale of Assessment Revenue Bonds to finance flood control improvements for the LCMA District. Details of the revenue bonds are subject to the fiscal year 2024 financial statement audit.
- Fiscal year 2024 was the first year of collecting assessments for cost sharing of a 23-mile levee improvement with the non-federal sponsors for protecting north and central Stockton. During the fiscal year 2024, the Agency received $7,484,064 or 100% of budgeted revenue.
- The Agency's total net position was $35,201,427 as of June 30, 2024, which represents a decrease from the prior year.
- The Agency's governmental fund ending balance increased by $1,562,023 during fiscal year 2024.
- The Smith Canal Gate ribbon cutting was on October 23, 2024, which was the culmination of 15 years of planning and work to provide up to 200-year flood protection for approximately 8,500 property owners in the Smith and Weber Tracts.
- Vegetation and tree clearing as a preparatory step in advance of the anticipated groundbreaking of the Lower San Joaquin River Project (LSJRP) at TS30L (Tenmile Slough levee is along the Brookside community on the delta front and protects central Stockton), representing the first increment of flood protection construction work to be led by the U.S. Army Corps of Engineers (USACE).
- The USACE awarded a contract for $17.9 million to Ahtna-Forgen JV for the construction of TS30L.
- Purchase of and construction advancement at San Joaquin River West Mitigation site, which supports construction of the Lower San Joaquin River (California) Project at TS30L by mitigating for fish and wildlife impacts of the construction project.
- Partnership with USACE to craft the LSJRP's compensatory mitigation plan (CMP), allowing for the planning, design and implementation of critical fish and wildlife mitigation ahead of substantial flood protection work over the next few years.
- Secured $75 million in state funding to kick-start design and construction of the Urban Flood Risk Reduction Project in Mossdale.
- Implemented the Mossdale Tract Overlay Assessment District to round out the portfolio of vital, local funding for the flood risk reduction work in Mossdale.

- Completion of the climate resiliency study in the San Joaquin River basin, which was funded by a $300,000 grant from the Bay Area Council.
- The Agency's Flood Protection Restoration Project (FPRP) does not receive assessment district or other financial proceeds due to the retirement of the assessment district bonds on September 2, 2011. Only the Maintenance and Operations assessments are collected annually for the FPRP as these flood protection improvements require regular maintenance and upkeep for them to perform as designed.

Historical Background to Financial Highlights

Flood Protection Restoration Project (FPRP)
The FPRP was included in Federal legislation and a Memorandum of Agreement (MOA) with the U.S. USACE executed on March 2, 2002, which allows reimbursement for the Federal share of the Agency's project through the annual USACE budgeting process. Since the signing of the MOA with USACE, the Agency received $22,868,020 through fiscal year 2010. The remaining $10 million reimbursement was received during 2019 and as of June 30, 2024, the Agency has received $32,933,185 of Federal reimbursement. The reimbursement from 2019 has been the source of funding for local cost-share for design of the first few reaches of the Lower San Joaquin River Project Basin, Lower San Joaquin River, California Project. The State of California's share of the FPRP was received in 1998 and totaled $12,625,000.

Smith Canal Area Assessment District
On July 10, 2013, the Agency formed the Smith Canal Area Assessment District (SCAAD). SCAAD was created to provide the local cost share for constructing and maintaining improvements to remove designation of the Smith and Weber Tracts as a Special Flood Hazard Area by the Federal Emergency Management Agency (FEMA). Fiscal year 2024 is the tenth year of assessment collection for SCAAD.

Funding for Implementation of the Smith Canal Gate Project
Funding for the Smith Canal Gate Project has included grant revenues from the DWR, an allocation of agency reserves, assessments from the SCAAD and proceeds from the sale of bonds secured by assessments.

The Agency executed a funding agreement with the State of California for an Early Implementation Program grant in the amount of $2.4 million to cost share the design of the Smith Canal Gate project. The Agency also executed a funding agreement with the State for $22.3 million to cost-share construction expenses through the State's Urban Flood Risk Reduction Program.

SCAAD assessment levies began in fiscal year 2015 with the Sale of Assessment District Revenue Bonds, Authorizing the Sale of Bonds and Approving Related Documents and Actions. On May 20, 2020, the Agency sold the bonds that netted a $23,257,457 deposit into the Project Fund.

This amount of SJAFCA's debt represents bonds secured by the Smith Canal Area Assessment District. During fiscal year 2024, $826,928 was paid from the Assessment District to service the 2020 revenue bond used for construction of the Smith Canal Gate Project.

The SCAAD Assessment levies have now ceased with the passage of the LCMA District. The Agency has issued new bonds and redeemed the SCAAD bonds effectively replacing the SCAAD with the Levee Construction and Maintenance Assessment (LCMA) District. Fiscal year 2023 was the last year SJAFCA levied the SCAAD Assessments. Fiscal year 2024 was the first year the Agency levied LCMA Assessments. The total estimated expenditure to complete construction of the Smith Canal Gate Project is $96.97 million of which the Agency's local cost share is $39.03 million. Because the SCAAD Assessment is no longer levied, the annual capital budget for the Smith Canal Gate Project has been incorporated as part of the recommended omnibus capital improvement program approved by the Agency Board of Directors.

Mossdale Tract

Effective January 1, 2018, the Agency amended and restated its Joint Exercise of Powers Agreement which expanded its boundaries to include the cities of Lathrop and Manteca. Prior to this amendment, membership of the JPA consisted of elected representatives from the City of Stockton, County of San Joaquin, and the San Joaquin County Flood Control and Water Conservation District. This action was taken to implement a plan to provide improved flood protection for the Reclamation District 17 basin, also known as the Mossdale Tract. A funding stream was created to support the Mossdale Tract Program, with the goal of achieving 200-year flood protection for communities of south Stockton, Lathrop, Manteca, and some unincorporated areas of San Joaquin County. A key funding tool created to improve the Mossdale Tract levee system was the Regional Development Impact Fee. In fiscal year 2024, Development Impact Fee revenue collected through SJAFCA's member agencies was $3,953,741.

On July 21, 2022, the Board of Directors of the Mossdale Tract Enhanced Infrastructure Financing District Public Finance Authority (Authority) formed the Mossdale Tract Enhanced Infrastructure Financing District (District). The EIFD's purpose is to finance public flood risk reduction projects designed to comply with the Urban Levee Design Criteria promulgated by the California Department of Water Resources and SJAFCA's Adopted Policy for Adapting Design Standards for the Mossdale Tract Area of SJAFCA in light of Climate Change. When completed and operational, the EIFD, in conjunction with San Joaquin County, City of Lathrop, City of Manteca, and City of Stockton, will use incremental participating taxing entity property tax revenue attributed to properties within the EIFD boundaries to finance flood risk reduction facilities in Mossdale Tract.

Also, because the Authority received tax increment funds at the end of fiscal year 2023, and the sole purpose of the District is to provide funds for SJAFCA Mossdale Tract Program, SJAFCA and the Authority entered into a Memorandum of Understanding (MOU) on May 18, 2023, to move funds from the Authority to SJAFCA. With this MOU in place, the Authority will be able to budget expenses and fund the Mossdale Tract Program on an on-going basis. Through coordination with the San Joaquin County Auditor Controller, as part of a final tax apportionment for fiscal year 2024, these funds were budgeted as part of available fund balance in fiscal year 2024.

The fiscal year 2024 budget was adopted by SJAFCA Board of Directors on July 20, 2023. The budget supports SJAFCA's continuing efforts to address the region's flood control needs during the coming year and is consistent with the objectives of SJAFCA's current Strategic Plan. SJAFCA's Strategic Plan identifies the efforts which Agency will undertake to "reduce and manage the region's flood risk".

Agreements with United States Army Corps of Engineers

On December 17, 2020, the Board of Directors authorized the payment of $504,654 to USACE for the local cost contribution in fulfilment of the terms of the Design Agreement and Local Design Agreement for advancing the first few reaches of the Lower San Joaquin River Project Basin, Lower San Joaquin River, California Project. The design agreement specifically allowed USACE Sacramento District to begin the preconstruction, engineering, and design phase of the project.

In September 2022, the Agency executed a Feasibility Cost Share Agreement with USACE and the State of California to advance a Federal Feasibility Study of Federal Interest in flood risk reduction in the Mossdale Tract. This is the first step toward USACE constructing improvements at a 65% cost share, with the State and the Agency paying the remaining 35% of the project's construction. The Federal Feasibility is actively underway and advancing with the USACE. The Study's purpose is to investigate the Federal interest by evaluating the costs and benefits of a range of alternatives to address the flood risk and ecosystem restoration opportunities in the Mossdale Tract area.

Feasibility study costs are shared with USACE, the State, and the Corps. The Feasibility Cost Share Agreement describes the study cost share arrangement, feasibility study scope, schedule and study cost estimate. The cost-sharing for the study is based on a 50% contribution by the federal government, with the non-federal sponsors' (Board and SJAFCA) 50% contribution provided in cash and in-kind contributions. Currently, the Mossdale Tract Project is estimated to cost $7.1 million and last 4.5 years. In fiscal year 2023, SJAFCA made an initial payment of $425,000 to USACE to initiate the Study, including preparation of the Project Management Plan. In fiscal year 2024, SJAFCA made an additional payment of $874,500 to USACE for continuation on the Lathrop and Manteca Feasibility Study.

Levee Construction and Maintenance Assessment District

On March 16, 2023, the Agency Board of Directors formed the Levee Construction and Maintenance Assessment (LCMA) District. The purpose of the LCMA District is to fund the cost of constructing levee and flood control improvements incident to the Lower San Joaquin River Project and Federal Emergency Management Agency accredited levees either directly or in partnership with the United States Army Corps of Engineers and the State of California, as well as costs of the operation and maintenance of levees and flood control facilities (collectively, the "Services"). Following the successful outcome of the Prop 218 Ballot in June 2023, the Board of Directors authorized the issuance and sale of Assessment Revenue Bonds to finance flood control improvements for the LCMA District. On August 2, 2023, the sale of two series of bonds resulted in the aggregate principal amount of $27,730,000. Details of the revenue bonds are subject to the fiscal year 2024 financial statement audit.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Agency's basic financial statements include: 1) Government-Wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to Basic Financial Statements. Required Supplementary Information is included in addition to the basic financial statements.

Government-Wide Financial Statements: provide an overview of the Agency's financial position. Refer to Note 2 (Notes to Basic Financial Statements) for further information on significant accounting policies. The Statement of Net Position presents information on all the Agency's assets and liabilities with the difference between the two reported as net position. The Statement of Activities presents information showing how net position changed during the most recent fiscal year.

The Agency's assets are distributed among different fund types. The Agency's assets are capital assets acquired or constructed as part of flood risk reduction improvements. The Agency's noncapital assets are cash and cash equivalents. The County of San Joaquin (the County) maintains the cash pools for the Agency and serves as its Treasurer. Historically, the Agency's assets were mostly derived from the original assessment and the proceeds of the bonds issued in 1996, and interest income on the balances from these assets. Other sources of funds included Flood Control Equalization Fees, which were collected for the Agency by the County and the City of Stockton when building permits were issued to new development within the Agency's original assessment district boundaries and did not include Lathrop and Manteca.

As part of the Stockton Metropolitan watershed, the Agency acquired the rights-of-way needed for the project from property owners and these are classified under assets as land. In 2003, the Agency transferred to the State of California all real property associated with the project. However, the Central Valley Flood Protection Board (formerly the State of California Reclamation Board) has not accepted the federally authorized project alluding i) the project was not authorized by the State legislature, and ii) the need for more formal indemnification assurance. When the Central Valley Flood Protection Board agrees to designate the project as part of the State Plan of Flood Control, the Agency will no longer carry these assets.

Fund Financial Statements: are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The Agency, like other State and local governmental agencies, uses fund accounting, each fund having its own self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. The Agency funds are divided into three categories: General Fund, Special Revenue Fund, and Capital Project Funds.

The General Fund accounts for funds loaned to the Agency in 1995 by the City of Stockton and the county for the initial funding of the project activities, as well as federal reimbursement for the flood project completed in 1998. The City of Stockton and County loans were paid, and, after the bond money was received, additional funds were created.

The Special Revenue Funds account for assessment district proceeds for maintenance and operations (M&O) of flood control structures for the Flood Protection Restoration Assessment District, and the local cost for design, construction, and maintenance of flood control improvements for the Smith Canal Area Assessment District. Assessments are collected as a line item in property tax bills and are deposited into a fund solely designated for the purpose of the assessment district. Other proceeds are collected through special fees or loan agreements and their use is restricted for the Mossdale Tract area to achieve compliance with Senate Bill 5.

The Capital Project Funds support the Agency's capital programs and operating costs. Resources are from the original assessments, Flood Control Equalization Fees, proceeds from the initial FPRP bond issue and interest income. Both Federal and State reimbursements are included in these funds.

Notes to Basic Financial Statements: provided additional information essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information: In addition to the basic financial statements and accompanying notes, this report presents certain *required supplementary information.* This information includes a budgetary comparison schedule for the Agency's governmental funds.

GOVERNMENT-WIDE FINANCIAL STATEMENTS ANALYSIS

The Agency applies Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements- and Management's Discussion and Analysis-for State and Local Governments.* As noted earlier, net position provides an overview of the Agency's financial position.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024

The following table shows that the Agency's assets exceed liabilities by $35,201,427 ($74,339,313 - $39,137,886) as of June 30, 2024, and net position decreased by $4,954,523 ($35,201,427 - $40,155,950) compared with the prior year:

STATEMENTS OF NET POSITION

	2024	2023
ASSETS		
Current assets	$ 41,304,051	$ 29,461,686
Capital assets	33,035,262	33,936,380
TOTAL ASSETS	74,339,313	63,398,066
LIABILITIES		
Current liabilities	11,888,421	1,884,842
Noncurrent liabilities	27,249,465	21,357,274
TOTAL LIABILITIES	39,137,886	23,242,116
NET POSITION		
Net investment in capital assets	5,248,149	12,144,106
Restricted for maintenance and operations	6,626,380	5,900,129
Unrestricted	23,326,898	22,111,715
TOTAL NET POSITION	$ 35,201,427	$ 40,155,950

The Agency's capital net position for the year ended June 30, 2024: Land and Easements of $9,678,245, and Flood Control Infrastructure (net of depreciation) of $23,357,017, totaling $33,035,262, represent approximately 44% of the Agency's total assets (see Capital Assets table on page 15). These capital assets are the flood control improvements constructed by the Agency and are considered assets belonging temporarily to the Agency.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024

The following table identifies the changes in net position for the years ended June 30, 2024 and 2023:

STATEMENTS OF ACTIVITIES

	2024	2023
REVENUES		
Assessments	$ 8,589,311	$ 2,749,969
Aid from other government agencies	19,639,518	10,041,961
Investment earnings, net	1,497,240	875,603
Total revenue	29,726,069	13,667,533
EXPENSES		
Operation and maintenance	31,056,886	15,491,305
Agency management	2,406,433	1,689,704
Interest and other charges	1,217,273	977,482
Total expenses	34,680,592	18,158,491
Change in net position	(4,954,523)	(4,490,958)
NET POSITION		
Net position, beginning of year	40,155,950	44,646,908
Net position, end of year	$ 35,201,427	$ 40,155,950

The Agency receives revenues from sources which include M&O assessments, Smith Canal assessments, interest and investment income, and project reimbursements from the State and the Federal government. Other sources of revenue are received through partnership agreements with other local and government agencies to help fund flood studies or related flood control activities approved by the Board of Directors. The collection of M&O assessments can only be used to maintain and operate the FPRP flood control structures, and the collection of Smith Canal assessments can only be used to design, construct, and maintain the Smith Canal project improvements.

Revenues increased from $13,667,533 in fiscal year 2023 to $29,726,069 in fiscal year 2024. Expenses increased from $18,158,491 in fiscal year 2023 to $34,680,592 in fiscal year 2024. The increase is associated with program activities and construction on the Smith Canal Gate.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024

FINANCIAL ANALYSIS OF AGENCY FUNDS

The General Fund: accounts for those funds loaned to the Agency in 1995 by the City of Stockton and the County for the initial funding of the FPRP activities, and the 2019 federal reimbursement received from the U.S. Army Corps of Engineers. The City of Stockton and County loans have since been paid. The Agency General Fund is used to offset some of the general operating costs that are not allocated to projects.

Special Revenue Funds: Appropriate M&O assessments are collected annually through property taxes and are deposited in the Maintenance and Operations Fund. These monies are limited to M&O of the flood control structures built by the Agency. The annual budget for M&O is prepared in coordination with the San Joaquin County Public Works Department (representing the San Joaquin County Flood Control and Water Conservation District) and approved by the Agency's Board of Directors.

A budget of $1,352,900 which includes a $100,000 contingency allocation for emergencies, was considered appropriate for fiscal year 2024 for M&O. The budget is impacted by requirements to comply with stringent levee standards imposed by regulatory agencies and growing vandalism to flood control structures by persons who encamp on the levees. The Maintenance and Operations Fund had a balance of approximately $6.6 million on June 30, 2024.

Smith Canal Area Assessment District
Beginning fiscal year 2015, assessments for the SCAAD are collected annually through property taxes and are deposited into a separate fund for the design, construction, and maintenance of flood control improvements for the specially benefited parcels within SCAAD. The assessment complies with all laws pertaining to Proposition 218 including Article XIII-D of the California Constitution.

Lower San Joaquin River (California) Project
Since executing the Project Partnership Agreement in September 2020, the United States Congress has appropriated approximately $152 million toward the design and construction of the Lower San Joaquin River (California) Project. SJAFCA's cost share obligation for the project is 10.5%, which can come in the form of credit for in-kind work, credit for land, easements, rights-of-way, relocations and disposal areas (LERRD), and cash. SJAFCA's approach is to continue to fully leverage Smith Canal credit and in-kind work credit to minimize cash outlays. The project's priority remains the planned delivery of the first increment of construction at Ten Mile Slough in the Brookside neighborhood (TS_30_L) and working with USACE to advance other increments of the project, at Shima Tract, Calaveras, and San Joaquin River at Van Buskirk. Funding for SJAFCA fiscal year 2025 will support land acquisition requirements, project support and consulting services, and all cash contributions which may be requested by USACE. The augmentation to the previously approved fiscal year 2024 budget of $10.83 million, which includes additional authorizations made in mid-2024, for continued support of the LSJRP is $6.82 million, which brings the total authorization for the project up to $17.65 million.

Funding for the continued advancement of the LSJRP comes from several sources, including:

- Remaining fund balances from the previous federal reimbursement.
- Grant funding from the State of California DWR as the result of an amendment to the Smith Canal Gate Project UFRR Funding Agreement in the amount of $2,501,182, specifically for the purpose of supporting advancing of the LSJRP.
- A cash advance from the State of California in the amount of $900,000 under the Local Project Partnership Agreement for the LSJRP.
- Revenues from the LCMA District as well as proceeds from the sale Assessment Revenue Bonds secured by the assessments.

Levee Construction and Maintenance Assessment District

On June 15, 2023, after a successful Proposition 218 property owner protest ballot proceeding, the SJAFCA Board approved the formation of the LCMA District. The LCMA Assessment Revenues provides funding for levee improvement and maintenance services. Funding from assessments for fiscal year 2024 was utilized for the following:

- To provide funding directly to SJAFCA and Zone 9 of the San Joaquin Flood Control and Water Conservation District to support levee operations and maintenance, and flood control improvements within the Zone 9.
- To provide funding to SJAFCA to support the operations and maintenance of the Smith Canal Gate.
- To provide funding to SJAFCA to support the local sponsor obligations of the Lower San Joaquin River Phase 1 Project.
- To pay debt service on bonds issued by SJAFCA secured by LCMA assessment revenues.
- To fund the administrative costs of the Assessment District.

Mossdale Tract

To generate funding for the additional flood control improvement for the community, the Agency has approved and implemented the Mossdale Tract Area Regional Urban Level of Flood Protection Levee Impact Fee Program (Regional Levee Fee) in coordination with its member Land Use Agencies (San Joaquin County and the Cities of Lathrop, Manteca, and Stockton). In addition, the Agency coordinated with its member land use Agencies to form the Mossdale Tract Enhanced Infrastructure Financing District (EIFD). Finally, in July 2024, the Agency formed the Mossdale Tract Overlay Assessment District (OAD). With these three main local funding sources in place, the Agency can generate the funds needed to advance improvements and provide the local match to State and Federal funding.

Additionally, the Agency applied for and received a $5.0 million grant at 50% cost share from the State through its UFRR Grant Program. This grant funded the Mossdale UFRR Flood Risk Reduction Feasibility Study to evaluate options with State interest and advance Preliminary Design and Environmental Review of a preferred alternative. This partnership has led to a State Budget allocation and the execution of a 6th amendment to the reimbursement-based grant funding agreement providing an additional $75 million to advance a portion of the preferred alternative. With this funding in place, the Agency is currently advancing environmental review, design and right-of-way planning in support of the project's implementation.

On April 30, 2024, the Governor signed into law SB 586 which modified the timeline requirement for delivering the Mossdale Tract Project. Currently effective state law extends the deadline to 2040. The updated plan reflects a combined Local/State and USACE implementation plan where SJAFCA, with funding support from the State, constructs a portion of the project, and the USACE constructs the balance. The Project Funding and Financing Approach outlines key milestones for implementation of the various funding mechanisms identified to support the revenue and financing requirements for the Project implementation. The cost estimate for the flood risk management components of the project was updated in early 2023 to reflect design updates to the project based upon the completion of the UFRR Study and subsequent 35% preliminary design. More specifically, the cost estimate prepared in 2023 has been refined to reflect expected increased costs of mitigation as well as the requirements to incorporate multi-benefit eco-system restoration requirements needed to secure State cost sharing. The updated cost estimate, in 2023 dollars, is approximately $337.3 million.

Paradise Cut Expansion and South Delta Restoration

In December 2021, the Board directed and authorized staff to enter into a funding agreement with the DWR to fund the combined Paradise Cut Expansion and South Delta Restoration Project (Paradise Cut). The work would be funded by Proposition 68 under DWR's Systemwide Flood Risk Reduction program. The goal of the grant is to advance Phase 3 of the Paradise Cut Project. The scope of work entails establishment of a Technical Review Panel, Outreach and Engagement, the preparation of a Feasibility Study and the preparation of Preliminary Engineering and Landscapes Designs to facilitate the development of engineers cost estimate (10%) for the preferred alternative including landscape-scale plans for multiple-benefit ecosystem restoration in the Project footprint.

In April 2024, the Board authorized the execution of Master Services Agreements with various consultants obligating $2,997,536 of Task Orders. As a result of the delayed execution of agreements, minimal expenses have been incurred during fiscal year 2024. The overall budget for the program remains $3,000,000 and the budget for the Program was approved in fiscal year 2023.

Capital Projects Funds: These funds are available to meet the Agency's operating and capital program costs. Aside from Special Revenue Funds, and the General Fund, the Agency does not have long-term sustainable revenue sources in place to support Agency operations in the long-term.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024

INFRASTRUCTURE ASSETS

Capital Assets

The Agency's investment in capital assets as of June 30, 2024, is $33,035,262. These capital assets include land (right-of-way acquired for the project) and flood control infrastructures. The area protected by the Agency is about 38,700 gross acres of land with approximately 74,000 parcels in the County. The Agency completed the main construction of the flood control improvements project in November 1998, and since then, no major construction has been undertaken. However, authorized project studies and investigations may lead to new projects. Apart from normal depreciation, there were no changes in capital assets during fiscal year ended June 30, 2024.

CAPITAL ASSETS
(net of accumulated depreciation)

	2024	2023
Land and easements	$ 9,678,245	$ 9,678,245
Infrastructure assets, net	23,357,017	24,258,135
Total	$ 33,035,262	$ 33,936,380

Total accumulated depreciation as of June 30, 2024, is $21,701,587. Therefore, the net infrastructure assets are $23,357,017 ($45,058,604 - $21,701,587). The infrastructure assets are being depreciated over an estimated useful life of 50 years.

As noted earlier, these capital assets are the flood control improvements constructed by the Agency and are considered assets belonging temporarily to the Agency. Land acquired by the Agency for the right-of-way purposes was turned over to the Central Valley Flood Projection Board; however, the Central Valley Flood Projection Board has not yet accepted the federally authorized project. Therefore, when the Central Valley Flood Projection Board agrees to designate the project as part of the State Plan of Flood Control the Agency will no longer carry these assets.

AGENCY OPERATIONS

The Agency completed the main construction of its $70 million flood control improvements project in November 1998. In past years, due to the concern of levee decertification by FEMA, the Board of Directors held some Capital Projects Funds in reserve to remedy levee decertification. During fiscal year 2009-10, the Board of Directors authorized technical studies and investigation using these funds. These technical studies and investigations support future projects. Currently, the Agency participates in flood control studies and investigations which will provide or restore the required level of protection for parcels within the Agency's assessment district area.

During fiscal year 2020, the Board of Directors approved the award of a $49,487,976 contract for construction of the Smith Canal Gate Project to Shimmick Construction. In fiscal year 2021, the first construction season of the Smith Canal Gate Project was successfully completed with installation of the cofferdam, pipe piles and seepage cut off walls for the gate structure. Construction of the Smith Canal Gate project continued in 2024 and was substantially completed in late 2024. The total estimated expenditure to complete construction of the Smith Canal Gate Project is $96.97 million, of which the Agency's local cost share is $39.03 million. Because the SCAAD Assessment is no longer levied, the annual capital budget for the Smith Canal Gate Project has been incorporated as part of the recommended omnibus capital improvement program approved by the Board of Directors.

On September 30, 2020, representatives of USACE, California Central Valley Flood Protection Board and SJAFCA signed a multi-year Project Partnership Agreement that signals the next step in efforts to reduce the flood risk for the northern and central areas of the City of Stockton. The plan for the Lower San Joaquin River Project (California), authorized by Congress in the America's Water Infrastructure Act of 2018, will provide flood risk management benefits to over 71,000 acres of mixed-use land with a current population estimated at 160,000 residents and an estimated $21 billion in property. The recommended plan includes North and Central Stockton–Delta Front, Lower Calaveras River, and San Joaquin River levee improvements. The structural features of the plan include approximately 24 miles of levee improvements, and two closure structures (Fourteen-mile Slough and Smith Canal). The non-structural measures include a comprehensive flood warning system, emergency evacuation planning and floodplain management. The overall project is estimated to cost $1.4 billion with annual benefits of $255 million. The total project cost will be shared between the US government (65%), the State of California (24.5%) and SJAFCA (10.5%). The project would allow the Stockton metro community to continue to meet both FEMA certification requirements, and at least a portion of the State of California's criteria for funding of Flood Risk Management projects, allowing for potential reduction in National Flood Insurance Program costs to the community. Project construction is currently anticipated to start in the Spring of 2025, with completion in 2037.

REQUEST FOR INFORMATION

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the Agency's finances, and to demonstrate the Agency's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Agency's Executive Director, Darren Suen at 2800 West March Lane, Suite 200, Stockton, California, 95219.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

STATEMENT OF NET POSITION
JUNE 30, 2024

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	$ 25,913,317
Interest income receivable	311,463
Receivable - State of California	14,410,789
Prepaid expenses	668,482
Total current assets	41,304,051
Capital assets:	
Land and easements	9,678,245
Infrastructure assets, net	23,357,017
Total capital assets	33,035,262
Total assets	74,339,313
LIABILITIES AND NET POSITION	
Current liabilities:	
Accounts payable	10,938,984
Accrued payroll	101,789
Bonds payable, current maturity	215,000
Accrued bond interest	322,648
Member agency loans	310,000
Total current liabilities	11,888,421
Noncurrent liabilities:	
Bonds payable, net of current maturity	27,249,465
Total noncurrent liabilities	27,249,465
Net position:	
Net investment in capital assets	5,248,149
Restricted for maintenance and operations	6,626,380
Unrestricted	23,326,898
Total net position	35,201,427
Total liabilities and net position	$ 74,339,313

See accompanying notes to basic financial statements.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Functions / Programs	Program Expenses	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue
Governmental activities:				
Operations and maintenance	$ 31,056,886	$ 19,639,518	$ -	$ (11,417,368)
Agency management	2,406,433	-	-	(2,406,433)
Interest and other charges	1,217,273	-	-	(1,217,273)
Total governmental activities	$ 34,680,592	$ 19,639,518	$ -	$ (15,041,074)

General revenues:	
Assessments	$ 8,589,311
Investment earnings - interest	1,184,946
Investment earnings - unrealized gain	312,294
Total general revenues	10,086,551
Change in net position	(4,954,523)
Net position, beginning of year	40,155,950
Net position, end of year	$ 35,201,427

See accompanying notes to basic financial statements.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2024

	General Fund	Maintenance and Operations Fund	Smith Canal Assessment & Closure Funds	Mossdale Tract & Levee Impact Fees Funds	Lower SJ River Project Fund	Regional Flood Mgmt Program Fund	Paradise Cut Fund	LCMA District	Total Governmental Funds
ASSETS									
Cash and cash equivalents	$2,230,113	$ 6,658,344	$ 2,873,505	$ 6,185,124	$1,139,750	$ 150,017	$ 1,074,497	$5,601,967	$25,913,317
Interest income receivable	21,720	75,630	54,036	73,344	12,161	1,896	7,832	64,844	311,463
Receivable - State of California	-	-	11,841,413	2,392,135	-	177,241	-	-	14,410,789
TOTAL ASSETS	2,251,833	6,733,974	14,768,954	8,650,603	1,151,911	329,154	1,082,329	5,666,811	40,635,569
LIABILITIES									
Accounts payable	5,108	94,461	9,902,553	361,665	155,466	7,011	30,135	382,585	10,938,984
Accrued payroll	(21,843)	13,133	14,511	44,832	36,985	3,308	10,863	-	101,789
Member agency loans	-	-	-	310,000	-	-	-	-	310,000
Total liabilities	(16,735)	107,594	9,917,064	716,497	192,451	10,319	40,998	382,585	11,350,773
FUND BALANCES									
Restricted	-	6,626,380	-	-	-	-	-	-	6,626,380
Assigned	-	-	4,851,890	7,934,106	959,460	318,835	1,041,331	5,284,226	20,389,848
Unassigned	2,268,568	-	-	-	-	-	-	-	2,268,568
Total fund balances	2,268,568	6,626,380	4,851,890	7,934,106	959,460	318,835	1,041,331	5,284,226	29,284,796
TOTAL LIABILITIES AND FUND BALANCES	$2,251,833	$ 6,733,974	$ 14,768,954	$ 8,650,603	$1,151,911	$ 329,154	$ 1,082,329	$5,666,811	$40,635,569

See accompanying notes to basic financial statements.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2024

Total Fund Balances - Governmental Funds		$ 29,284,796
Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Funds because of the following:		
Capital assets used in Governmental Activities are not current resources and, therefore, are not reported in the Governmental Funds Balance Sheet.		
Infrastructure assets, land, and easements	54,736,849	
Less: accumulated depreciation	(21,701,587)	
		33,035,262
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This is the net effect of these differences in the treatment of long-term debt and related items.		(27,118,631)
Net Position of Governmental Activities		$ 35,201,427

See accompanying notes to basic financial statements.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN GOVERNMENTAL FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2024

	General Fund	Maintenance and Operations Fund	Smith Canal Assessment & Closure Funds	Mossdale Tract & Levee Impact Fees Funds	Lower SJ River Project Fund	Regional Flood Mgmt Program Fund	Paradise Cut Fund	LCMA District	Total Governmental Funds
Revenues:									
Assessments	$ -	$ 1,105,247	$ -	$ -	$ -	$ -	$ -	$ 7,484,064	$ 8,589,311
Investment earnings - interest	81,359	266,983	308,328	289,867	94,272	4,842	11,045	128,250	1,184,946
Investment earnings - unrealized gain (loss)	26,944	72,232	104,213	105,330	20,128	1,306	(1,514)	(16,045)	312,594
Other government agency aid	-	-	13,744,236	3,953,741	1,764,000	177,241	-	-	19,639,218
Total revenues, net	108,303	1,444,462	14,156,777	4,348,938	1,878,400	183,389	9,531	7,596,269	29,726,069
Expenditures:									
Current operating:									
Maintenance and operations	6,510	434,601	22,620,091	1,755,286	5,263,385	40,760	35,135	-	30,155,768
Agency management	170,374	273,196	397,977	674,086	292,058	90,733	52,777	455,232	2,406,433
Debt service:									
Principal	-	-	-	-	-	-	-	-	-
Interest and other charges	-	-	233,453	-	-	-	-	856,811	1,090,264
Total expenditures	176,884	707,797	23,251,521	2,429,372	5,555,443	131,493	87,912	1,312,043	33,652,465
Excess (deficiency) of revenues over expenditures	(68,581)	736,665	(9,094,744)	1,919,566	(3,677,043)	51,896	(78,381)	6,284,226	(3,926,396)
Other financing sources (uses):									
Retirement of bonds	-	-	(21,270,000)	-	-	-	-	-	(21,270,000)
Issuance of bonds	-	-	-	-	-	-	-	27,455,309	27,455,309
Bond issuance costs	-	-	-	-	-	-	-	(696,890)	(696,890)
Transfers in (out)	60,430	(10,414)	25,239,198	(927,043)	2,483,695	(104,330)	1,016,883	(27,758,419)	-
Total other financing sources (uses)	60,430	(10,414)	3,969,198	(927,043)	2,483,695	(104,330)	1,016,883	(1,000,000)	5,488,419
Net change in fund balances	(8,151)	726,251	(5,125,546)	992,523	(1,193,348)	(52,434)	938,502	5,284,226	1,562,023
Fund balances, beginning	2,276,719	5,900,129	9,977,436	6,941,583	2,152,808	371,269	102,829	-	27,722,773
Fund balances, ending	$ 2,268,568	$ 6,626,380	$ 4,851,890	$ 7,934,106	$ 959,460	$ 318,835	$ 1,041,331	$ 5,284,226	$ 29,284,796

See accompanying notes to basic financial statements.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN GOVERNMENTAL FUND BALANCES TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Net changes in Fund Balances - Governmental Funds		$ 1,562,023
Amounts reported for Governmental Activities in the Statement of Activities are different because of the following:		
When capital assets that are to be used in Governmental Activities are purchased or constructed, the resources expended for those assets are reported as expenditures in the Governmental Funds. This is the amount of capital assets additions and depreciation recorded in current year.		
Depreciation expense	(901,118)	
		(901,118)
The issuance of long-term debt provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This is the net effect of these differences in the treatment of long-term debt and related items.		(5,615,428)
Changes in Net Position of Governmental Activities		$ (4,954,523)

See accompanying notes to basic financial statements.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1. DESCRIPTION OF THE AGENCY

The San Joaquin Area Flood Control Agency (the Agency) is the result of a joint powers agreement (JPA) between the City of Stockton (the City), the County of San Joaquin (the County), and the San Joaquin County Flood Control and Water Conservation District (the District). The Agency was formed on May 25, 1995, for the purposes of undertaking the acquisition, construction, and/or installation of improvements to flood control channels in the City and the portion of unincorporated areas of the County adjacent thereto (the Project), in order to provide a 100-year flood protection to these areas. The Agency is a public entity pursuant to the provisions of Articles 1-4, Chapter 5, Division 7, Title 1 of the Government Code of the State of California.

The basic operations of the Agency are financed as a part of the Project operations and costs. An annual special assessment based on total costs of the Project was assessed during the year ended June 30, 1996. The assessment paid for Project costs and bond repayment. The Agency retired the bonds three years ahead of scheduled maturity on September 2, 2011. During the year ended June 30, 1997, an additional annual special assessment was approved for the continued maintenance of the flood project structures. Collections of the annual special assessment will continue to finance the maintenance of the flood project structure until adoption of a terminating resolution.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Financial Agency

The Agency's basic financial statements include the accounts of all Agency operations. The Agency's basic financial statements do not include operations of the associated governmental agencies involved in the joint powers agency, namely, the City, the County, and the District.

Basis of Presentation – Government-Wide Accounting

The government-wide financial statements include the Statement of Net Positon and the Statement of Activities and report financial information of the Agency as a whole.

The Statement of Activities presents a comparison between direct expenses and program revenues for functions of the Agency's governmental activities. Direct expenses are those that are clearly identifiable with specific function. Program revenues include 1) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and 2) fees, grants, and contributions that are restricted to financing the acquisition or construction of capital assets. Other items not properly included are reported instead as general revenues and expenses.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation – Fund Accounting
Fund financial statements provide information about the Agency's funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Agency resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The Agency does not have any proprietary or fiduciary funds.

Measurement focus, basis of accounting, and financial statement presentation
The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Assessments are recognized in the year for which they are levied.

The governmental fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or within 60 days after year-end. Expenditures are recorded when the related liability is incurred, except for general obligation on principal and interest which are reported as expenditures in the year they are due.

The major sources of revenues susceptible to accrual are assessments of property owners and investment income.

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, then unrestricted resources as needed.

Allocation of Indirect Expenses
The Agency allocates indirect expenses, primarily comprised of administrative services, to Agency management functions. Administrative services include accounting, financial reporting, payroll reimbursement, investing and cash management, personnel services, and other administrative services.

Fund Types and Major Funds
The Agency reported the following major governmental funds in the accompanying financial statements:

General fund – Accounts for general administrative expenses and acts as Agency reserves.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Maintenance and Operations Fund – Accounts for the collection of special assessments from property owners within the Agency's assessment district for the maintenance of the flood structures. Proceeds are restricted to the maintenance and operations (M&O) activities identified in the M&O budget.

Smith Canal Assessment Fund – Accounts for the collection of special assessments from property owners within the Smith Canal Area Assessment District. The collection of assessments are for design, construction, and maintenance of the Smith Canal flood control improvements to remove the area from a Federal Emergency Management Agency (FEMA) Special Hazard Area. Proceeds are restricted to activities identified in the Annual Engineer's Report for the Smith Canal Area Assessment District.

Smith Canal Closure Fund – This fund was initially created to collect Early Implementation Project (EIP) funding received by the State of California per a Funding Agreement for the design of the Smith Canal Gate project. The fund is now used to collect Urban Flood Risk Reduction funding received by the State for final design and construction of the project.

Mossdale Tract Fund and Mossdale Levee Impact Fees Fund – Accounts for the collection of proceeds from member agencies through a loan agreement and for the collection of proceeds from member agencies for development impact fee when building permits are issued for new development in the Mossdale Tract area. The proceeds will be used to fund flood control improvements needed to obtain 200-year level of flood protection for the Mossdale Tract area.

Lower San Joaquin River Project Fund – This fund was established in partnership with the US Army Corps of Engineers (Corps) and the California Central Valley Flood Protection Board (CVFPB) to study and evaluate ways to improve the region's level of flood protection. The partnership resulted in the Congressionally-authorized Lower San Joaquin River Feasibility Study. The fund will be used to track costs towards the federally-approved project.

Regional Flood Management Program Fund – Accounts for the collection of proceeds from the California Department of Water Resources (DWR) Regional Flood Management Program.

Paradise Cut – This fund was created for accounting in support of funding agreement with California DWR for the Paradise Cut Expansion and the South Delta Restoration Project. The project incorporates an expanded flood bypass, flood risk reduction, channel dredging to increase water supply reliability for in-Delta users, and floodplain, wetland, and riparian habitat enhancements to help restore the landscape-scale ecosystem functions necessary for climate change resilience.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Infrastructure Assets and Depreciation
The Agency's infrastructure assets with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The Agency generally capitalizes all assets as construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Infrastructure assets are depreciated using the straight-line method over a useful life of 50 years.

Reservation of Fund Balances
The Agency records reservations for portions of fund balance which are legally segregated for specific future use or which do not represent available expendable resources and, therefore, are not available for appropriations or expenditure in the governmental funds balance sheet.

Restriction of Net Position
Net positon is the excess of all the Agency's assets over all its liabilities, regardless of fund. Net position is divided into three captions under Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments.* If restricted and unrestricted net position are available for the same purpose, then restricted net position will be used before unrestricted net position. These captions apply only to net position, which is determined only at the government-wide level, and is described below:

Net Investment in Capital Assets – This amount consists of capital assets net of accumulated depreciation, less the outstanding balance of any debt issued to finance these assets.

Restricted – This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments, enabling legislation, and constitutional provisions.

Unrestricted – The amount is all the net position that does not meet the definition of "net investment in capital assets" or "restricted."

Assessment Tax
The County collects the Agency's assessment tax revenue as part of the County's property taxes. The County's secured property tax payments are levied in two equal installments: the first is generally due November 1st and delinquent with penalties after December 10th; the second is due February 1st and delinquent with penalties after April 10th. Secured property with unpaid taxes incurs a lien on January 1st preceding the fiscal year for which taxes are levied. Property taxes on the unsecured roll are due on the January 1st lien date and become delinquent if unpaid on August 31st.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents
The Agency maintains a large portion of its cash in the County Treasury. The County pools these funds with those of other agencies in the County and invests the cash.

Use of Estimates
Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from these estimates.

Fund Balance
In March 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. These classifications are described below:

Nonspendable Fund Balance – Amounts that are inherently nonspendable such as inventory or long-term receivables.

Restricted Fund Balance – Amounts that have externally enforceable limitations on use that are either imposed by law or constrained by grantors, contributors, or laws and regulations of other governments.

Committed Fund Balance – Amounts that can only be used for specific purposes determined by formal action of the Agency's highest level of decision-making authority, the Board of Directors. These committed amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use through the same type of formal action taken to establish the commitment. The formal action must occur prior to the end of the reporting period; however, the amount can be determined subsequently.

Assigned Fund Balance – Amounts that are constrained by the Agency's intent to be used for specific purposes, but are neither restricted nor committed, should be reported as assigned fund balance. The intent can be expressed by the Board of Directors itself or by an official to which the governing body has delegated the authority.

Unassigned Fund Balance – The residual positive net resources of the General Fund in excess of what can properly be classified in one of the other four categories. This amount is reported only in the General Fund except in cases of negative fund balance. Negative fund balances in other governmental funds are reported as Unassigned Fund Balance.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The accounting policies of the Agency consider restricted fund balance to have been spent first when an expenditure is incurred if both restricted and unrestricted fund balance are available. Similarly, when all expenditure is incurred for purposes for which amounts in any of the unrestricted classification of fund balance could be used, the Agency considers committed amounts to be reduced first, followed by assigned amounts, and then unassigned amounts.

Most non-general funds were designated for one purpose at the time of their creation. Therefore, expenditures made out of a fund will be allocated to the applicable fund balance classifications in the order of the spending policy above.

Bond Issue

On May 18, 2020, the Agency issued "San Joaquin Area Flood Control Agency, California Smith Canal Area Assessment District Assessment Revenue Bonds, Series 2020" (2020 Bonds). The principal amount was $23,435,000, plus a premium of $580,306.

On August 2, 2023, the Agency issued "Levee Construction and Maintenance Assessment District Assessment Revenue Bonds, Series 2023A", and "Levee Construction and Maintenance Assessment District Taxable Assessment Revenue Refunding Bonds, Series 2023B" (collectively, 2023 Bonds). The combined principal amount was $27,730,000, less a discount of $274,691. The purposes of the 2023 Bonds are to finance certain flood control improvements, pay the purchase price of certain of the 2020 Bonds, advance refund the 2020 Bonds that are not being purchased with the proceeds of the 2023A Bonds, pay a portion of the premiums for the insurance policies for the 2023 Bonds, and pay a portion of the costs of issuance of the 2023 Bonds.

In the government-wide financial statements, long-term debt is reported as a liability in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. See Note 9.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

Effective July 1, 2022, the Agency recognizes and measures its material leases in accordance with ASU 2016-02, *Leases*. The Agency determines if an arrangement is a lease, or contains a lease, at inception of a contract or when the terms of an existing contract are changed. The Agency recognizes a lease asset for its right to use (ROU) the underlying leased asset and a lease liability for the corresponding lease obligation. The right-of-use assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term.

In determining the present value of lease payments, the Agency uses as a discount rate the implicit rate if it is readily determinable, otherwise the Agency uses an estimate of its incremental borrowing rate. The incremental borrowing rate for a lease is the rate of interest the Agency would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment. The ROU asset is subsequently measured throughout the lease term at the amount of the re-measured lease liability (i.e., present value of the remaining lease payments), and, if any, the following: plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. The Agency considers the lease term to be the noncancelable period that it has to use the underlying asset. The Agency had no material leases as of June 30, 2024.

In accordance with ASU 2016-02, the Agency has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the Agency is reasonably certain to exercise. The Agency recognizes lease costs associated with short-term leases on a straight-line basis over the lease term.

NOTE 3. DETAILED NOTES ON FUNDS

The Agency maintains a large portion of its cash in the County Treasury as part of the common investment pool (the Pool), which had a carrying value of $28,508,968 as of June 30, 2024.

The Agency is considered to be an involuntary participant in the external investment Pool. The Pool has established a treasury oversight committee to monitor and review the management of public funds maintained in the Pool.

Participants' equity in the Pool is determined by the dollar amount of the participant's deposits, adjusted for withdrawals and distributed investment income. Investment income is prorated to individual funds based on their average daily cash balances.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 3. DETAILED NOTES ON FUNDS (CONTINUED)

The value of the Agency's shares in the Pool, which may be withdrawn, is determined on an amortized cost basis, which is different than the fair value of the Agency's position in the Pool. The Agency's investment in the Pool is unrated, stated at amortized cost which approximates fair value, available on demand, and considered cash equivalents.

Interest Rate Risk - Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of fair value to changes in market interest rate. As of year-end, the weighted average maturity of the investments contained in the Pool was approximately one year.

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. California statutes and the County's investment policy limit the County investments to obligations of the U.S. Treasury, certain Federal agencies, bankers' acceptances, "prime" commercial paper, certificates of deposit, swaps and trades, State Treasurer's Local Agency Investment Fund, and repurchase agreements.

Concentration of Credit Risk - Concentration of credit risk is the loss risk attributed to the magnitude of a government's investment in a single issuer. The County's investment policy places certain maximum percentage limitations of investments by investment type and the Treasurer has adhered to this policy with no exception.

Custodial Credit Risk - Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools. The County issues a financial report that includes custodial credit risk disclosures for the cash in the County Treasury. The report may be obtained by writing to the County Treasurer, 44 North San Joaquin Street, Stockton, California 95202.

Assessments Receivable

Assessments are collected and remitted to the County Tax Collector. The County Tax Collector's office transfers the assessment amount to the Agency's fund held by the County Treasury. In the governmental fund financial statements, assessments receivable is recorded in the Special Revenue Funds. In the government-wide financial statements, assessments receivable includes all amounts due to the Agency regardless of when the cash is received.

Accounts Payable

Accounts payables include amounts due to a related party. See Note 5 for information describing related parties. Other payable amounts are due to vendors for services rendered prior to the fiscal year end.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 3. DETAILED NOTES ON FUNDS (CONTINUED)

Capital Assets
The following table provides a summary of changes in capital assets:

	June 30, 2023	Additions	Deletions	June 30, 2024
Nondepreciable capital assets:				
Land and easements	$ 9,678,245	$ -	$ -	$ 9,678,245
Depreciable capital assets:				
Infrastructure assets	45,058,604	-	-	45,058,604
Less accumulated depreciation	(20,800,469)	(901,118)	-	(21,701,587)
Net depreciable capital assets	24,258,135	(901,118)	-	23,357,017
Net capital assets	$ 33,936,380	$ (901,118)	$ -	$ 33,035,262

NOTE 4. FUND BALANCES

Fund balances on the governmental funds balance sheet are presented in the following categories: restricted, assigned, and unassigned (See Note 2 for a description of these categories).

NOTE 5. RELATED PARTY TRANSACTIONS

During the year ended June 30, 2024, the Agency has approved payments to members of the JPA for services and personnel costs of the Agency. These costs are accumulated in the Agency administrative costs. Amounts paid to these related parties during the fiscal year ended June 30, 2024, were $1,202,422.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6. COMMITMENTS AND CONTINGENCIES

The Agency entered into a $10 million cost-share agreement with the USACE and the Central Valley Flood Protection Board for a feasibility study for the Lower San Joaquin River, of which, the local responsibility is $2.5 million. Information from this study will be used to develop a plan to reach a 200- year level of flood protection for urban and urbanizing areas as required by State Senate Bill 5.

Through June 30, 2024, the City of Stockton sent a monthly invoice to SJAFCA for the use of office space, equipment, materials and supplies, as well as personnel costs for an employee who works for SJAFCA, but is employed through the City of Stockton. The invoice was based on a "Cost Sharing Agreement", dated March 21, 1995. This agreement was terminated effective June 30, 2024.

The Agency's Board of Directors also authorized a $6.1 million contract to complete the design of the Smith Canal Gate project to restore flood protection to an area affected by levee decertification and FEMA re-mapping. The Agency secured an EIP grant through the State Department of Water Resources (DWR) in the amount of $2.4 million to cost-share half of the design and environmental work. The remaining half is being funded with assessment revenues that were passed under Proposition 218 on July 10, 2013. The Agency executed an Urban Flood Risk Reduction grant for $22.3 million, which was later increased to $35.8 million, to cover remaining design, permitting, and construction costs. The Agency anticipates the State to cost share in 63% of total project costs.

The Agency is periodically a party in matters of litigation and claims resulting from the normal course of business. The Agency believes that the settlement of any outstanding litigation or claims will not have a material effect on the Agency's financial position or results of operations.

NOTE 7. MEMBER AGENCY LOANS

Each member agency (City of Stockton, City of Lathrop, City of Manteca, and County of San Joaquin) signed a seed funding agreement that would loan the Agency an amount not to exceed $365,000 each. The loans are to be used for planning of the Mossdale Tract Phase IV levee improvements and to demonstrate progress toward compliance with Senate Bill 5 requirements. Each member agency advanced an amount of $65,000 with exception of the City of Lathrop which advanced an amount of $115,000. The term of repayment for the loan amounts do not include interest and can be repaid any time prior to June 30, 2029, at the Agency's discretion. It should also be noted that the loans may be forgiven if permanent funding sources for the entirety of the Mossdale Tract Phase IV levee improvement project is unable to be secured.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8. INTERFUND TRANSFERS

Transfers and payments within the Agency are for the purpose of subsidizing operating functions. Resources are accumulated in a fund to support and simplify the administration of various projects or programs. The government-wide Statement of Activities eliminates transfers as reported within the segregated governmental funds. Only transfers between funds appear in this statement. The following schedule reports net transfers and payments within the Agency:

	Transfers In	Transfers Out
General Fund	$ 60,430	$ -
Maintenance and Operations Fund	-	10,414
Smith Canal Assessment Fund	25,241,869	-
Smith Canal Closure Fund	-	2,671
Mossdale Tract Fund	972,957	-
Mossdale Levee Impact Fund	-	1,900,000
Lower SJ River Project Fund	2,483,695	-
Regional Flood Mgmt Program Fund	-	104,330
Paradise Cut Fund	1,016,883	-
LCMA District Fund	-	27,758,419
Total	$ 29,775,834	$ 29,775,834

NOTE 9. BONDS PAYABLE

On May 18, 2020, the Agency issued "San Joaquin Area Flood Control Agency, California Smith Canal Area Assessment District Assessment Revenue Bonds, Series 2020." The proceeds were to be used in the construction of improvements to provide protection from flood flows within the Smith Canal area of San Joaquin County, known generally as the Smith Canal Gate Project.

On August 2, 2023, the Agency issued "Levee Construction and Maintenance Assessment District Assessment Revenue Bonds, Series 2023A", and "Levee Construction and Maintenance Assessment District Taxable Assessment Revenue Refunding Bonds, Series 2023B" (collectively, 2023 Bonds). The combined principal amount was $27,730,000, less a discount of $274,691. The purposes of the 2023 Bonds are to finance certain flood control improvements incident to the Lower San Joaquin River Project, pay the purchase price of certain of the 2020 Bonds, advance refund the 2020 Bonds that are not being purchased with the proceeds of the 2023A Bonds, pay a portion of the premiums for the insurance policies for the 2023 Bonds, and pay a portion of the costs of issuance of the 2023 Bonds.

NOTE 9. BONDS PAYABLE (CONTINUED)

The 2023 Bonds bear interest from 4.000%-5.627%, with payments due semiannually on April 1 and October 1, commencing April 1, 2024. Source of payment for the bonds comes from assessments levied by the Agency and collected by San Joaquin County on behalf of the Agency. Bonds payable as of June 30, 2024, was $27,463,465.

The 2023B Bonds maturing on or after October 1, 2033, are subject to optional redemption prior to their stated maturities, on any date on or after October 1, 2032, in whole or in part, at a redemption price equal to the principal amount of the bonds to be redeemed together with accrued interest thereon to the date fixed for redemption, without premium.

Mandatory Sinking Payment Redemption

The 2023A Bonds maturing on October 1, 2043, are subject to mandatory sinking payment redemption in part by lot on October 1, 2042, and on October 1, 2043, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the redemption date, without premium, from sinking payments as follows:

Redemption Date (October 1)	Sinking Payments
2042	$ 375,000
2043 (maturity)	1,110,000

The 2023A Bonds maturing on October 1, 2048, are subject to mandatory sinking payment redemption in part by lot on October 1, 2044, and on each October 1 thereafter to maturity, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the redemption date, without premium, from sinking payments as follows:

Redemption Date (October 1)	Sinking Payments
2044	$ 1,155,000
2045	1,200,000
2046	1,245,000
2047	1,295,000
2048 (maturity)	1,350,000

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 9. BONDS PAYABLE (CONTINUED)

The bonds maturing on October 1, 2053, are subject to mandatory sinking payment redemption in part by lot on October 1, 2049, and on each October 1 thereafter to maturity, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the redemption date, without premium, from sinking payments as follows:

Redemption Date (October 1)	Sinking Payments
2049	$ 1,400,000
2050	1,460,000
2051	1,520,000
2052	1,580,000
2053 (maturity)	1,650,000

The 2023B Bonds maturing on October 1, 2032, are subject to mandatory sinking payment redemption in part by lot on October 1, 2024, and on each October 1 thereafter to maturity, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the redemption date, without premium, from sinking payments as follows:

Redemption Date (October 1)	Sinking Payments
2024	$ 215,000
2025	435,000
2026	460,000
2027	480,000
2028	505,000
2029	535,000
2030	560,000
2031	590,000
2032 (maturity)	620,000

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 9. BONDS PAYABLE (CONTINUED)

The 2023B Bonds maturing on October 1, 2042, are subject to mandatory sinking payment redemption in part by lot on October 1, 2039, and on each October 1 thereafter to maturity, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the redemption date, without premium, from sinking payments as follows:

Redemption Date (October 1)	Sinking Payments
2039	$ 895,000
2040	945,000
2041	1,000,000
2042 (maturity)	680,000

Future payments on bonds payable as of June 30, 2024, are as follows:

Year Ended June 30	Principal	Interest	Total Requirements
2025	$ 215,000	$ 1,285,066	$ 1,500,066
2026	435,000	1,268,351	1,703,351
2027	460,000	1,245,336	1,705,336
2028	480,000	1,221,164	1,701,164
2029	505,000	1,195,835	1,700,835
Thereafter	25,635,000	16,676,208	42,311,208
Subtotal	27,730,000	22,891,960	50,621,960
Less: bond discount	(265,535)	-	(265,535)
Total liability	$ 27,464,465	$ 22,891,960	$ 50,356,425

Accrued interest on the bonds as of June 30, 2024, was $322,648.

NOTE 10. SUBSEQUENT EVENTS

In preparing the financial statements, the Agency has evaluated events and transactions for potential recognition or disclosure through February 21, 2025, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

BUDGET TO ACTUAL COMPARISON SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2024

General Fund

	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment earnings - interest	$ -	$ -	$ 81,359	$ 81,359
Investment earnings - unrealized (loss)	-	-	26,944	26,944
Total revenues	-	-	108,303	108,303
Expenditures:				
Maintenance and operations	-	-	6,510	(6,510)
Agency management	268,034	268,034	170,374	97,660
Total expenditures	268,034	268,034	176,884	91,150
Other financing sources (uses):				
Transfers in (out)	-	-	60,430	60,430
Total other financing sources (uses)	-	-	60,430	60,430
Net change in fund balance	$ (268,034)	$ (268,034)	(8,151)	$ 259,883
Fund balance, beginning			2,276,719	
Fund balance, ending			$ 2,268,568	

See Notes to Required Supplementary Information

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

BUDGET TO ACTUAL COMPARISON SCHEDULES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2024

Maintenance and Operations Fund

	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Assessments	$ -	$ -	$ 1,105,247	$ 1,105,247
Investment earnings - interest	-	-	266,983	266,983
Investment earnings - unrealized gain	-	-	72,232	72,232
Total revenues	-	-	1,444,462	1,444,462
Expenditures:				
Maintenance and operations	1,452,900	1,452,900	434,601	1,018,299
Agency management	289,551	289,551	273,196	16,355
Total expenditures	1,742,451	1,742,451	707,797	1,034,654
Other financing sources (uses):				
Transfers in (out)	-	-	(10,414)	(10,414)
Total other financing sources (uses)	-	-	(10,414)	(10,414)
Net change in fund balance	$ (1,742,451)	$ (1,742,451)	726,251	$ 2,468,702
Fund balance, beginning			5,900,129	
Fund balance, ending			$ 6,626,380	

See Notes to Required Supplementary Information

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

BUDGET TO ACTUAL COMPARISON SCHEDULES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2024

Smith Canal Assessment & Closure Funds

	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment earnings - interest	$ -	$ -	$ 308,328	$ 308,328
Investment earnings - unrealized gain	-	-	104,213	104,213
Other government agency aid	-	-	13,744,236	13,744,236
Total revenues	-	-	14,156,777	14,156,777
Expenditures:				
Maintenance and operations	96,968,848	96,968,848	22,620,091	74,348,757
Agency management	386,069	386,069	397,977	(11,908)
Debt service:				
Interest and other charges	-	-	233,453	(233,453)
Total expenditures	97,354,917	97,354,917	23,251,521	74,103,396
Other financing sources (uses):				
Retirement of bonds	-	-	(21,270,000)	(21,270,000)
Transfers in (out)	-	-	25,239,198	25,239,198
Total other financing sources (uses)	-	-	3,969,198	3,969,198
Net change in fund balance	$ (97,354,917)	$ (97,354,917)	(5,125,546)	$ 92,229,371
Fund balance, beginning			9,977,436	
Fund balance, ending			$ 4,851,890	

See Notes to Required Supplementary Information

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

BUDGET TO ACTUAL COMPARISON SCHEDULES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2024

Mossdale Tract & Levee Impact Fees Funds

	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment earnings - interest	$ -	$ -	$ 289,867	$ 289,867
Investment earnings - unrealized gain	-	-	105,330	105,330
Other government agency aid	2,646,955	2,646,955	3,953,741	1,306,786
Total revenues	2,646,955	2,646,955	4,348,938	1,701,983
Expenditures:				
Maintenance and operations	5,616,944	5,616,944	1,755,286	3,861,658
Agency management	482,586	482,586	674,086	(191,500)
Total expenditures	6,099,530	6,099,530	2,429,372	3,670,158
Other financing sources (uses):				
Transfers in (out)	-	-	(927,043)	(927,043)
Total other financing sources (uses)	-	-	(927,043)	(927,043)
Net change in fund balance	$ (3,452,575)	$ (3,452,575)	992,523	$ 4,445,098
Fund balance, beginning			6,941,583	
Fund balance, ending			$ 7,934,106	

See Notes to Required Supplementary Information

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

BUDGET TO ACTUAL COMPARISON SCHEDULES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2024

Lower SJ River Project Fund

	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment earnings - interest	$ -	$ -	$ 94,272	$ 94,272
Investment earnings - unrealized gain	-	-	20,128	20,128
Other government agency aid	-	-	1,764,000	1,764,000
Total revenues	-	-	1,878,400	1,878,400
Expenditures:				
Maintenance and operations	5,514,158	5,514,158	5,263,385	250,773
Agency management	289,551	289,551	292,058	(2,507)
Total expenditures	5,803,709	5,803,709	5,555,443	248,266
Other financing sources (uses):				
Transfers in (out)	-	-	2,483,695	2,483,695
Total other financing sources (uses)	-	-	2,483,695	2,483,695
Net change in fund balance	$ (5,803,709)	$ (5,803,709)	(1,193,348)	$ 4,610,361
Fund balance, beginning			2,152,808	
Fund balance, ending			$ 959,460	

See Notes to Required Supplementary Information

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

BUDGET TO ACTUAL COMPARISON SCHEDULES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2024

Regional Flood Management Program Fund

	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment earnings - interest	$ -	$ -	$ 4,842	$ 4,842
Investment earnings - unrealized gain	-	-	1,306	1,306
Other government agency aid	-	-	177,241	177,241
Total revenues	-	-	183,389	183,389
Expenditures:				
Maintenance and operations	1,396,000	1,396,000	40,760	1,355,240
Agency management	96,517	96,517	90,733	5,784
Total expenditures	1,492,517	1,492,517	131,493	1,361,024
Other financing sources (uses):				
Transfers in (out)	-	-	(104,330)	(104,330)
Total other financing sources (uses)	-	-	(104,330)	(104,330)
Net change in fund balance	$ (1,492,517)	$ (1,492,517)	(52,434)	$ 1,440,083
Fund balance, beginning			371,269	
Fund balance, ending			$ 318,835	

See Notes to Required Supplementary Information

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

BUDGET TO ACTUAL COMPARISON SCHEDULES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2024

Paradise Cut Fund

	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment earnings - interest	$ -	$ -	$ 11,045	$ 11,045
Investment earnings - unrealized (loss)	-	-	(1,514)	(1,514)
Total revenues	-	-	9,531	9,531
Expenditures:				
Maintenance and operations	2,806,966	2,806,966	35,135	2,771,831
Agency management	193,034	193,034	52,777	140,257
Total expenditures	3,000,000	3,000,000	87,912	2,912,088
Other financing sources (uses):				
Transfers in (out)	-	-	1,016,883	1,016,883
Total other financing sources (uses)	-	-	1,016,883	1,016,883
Net change in fund balance	$ (3,000,000)	$ (3,000,000)	938,502	$ 3,938,502
Fund balance, beginning			102,829	
Fund balance, ending			$ 1,041,331	

See Notes to Required Supplementary Information

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

BUDGET TO ACTUAL COMPARISON SCHEDULES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2024

LCMA District

	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Assessments	$ 7,519,066	$ 7,519,066	$ 7,484,064	$ (35,002)
Investment earnings - interest	-	-	128,250	128,250
Investment earnings - unrealized (loss)	-	-	(16,045)	(16,045)
Total revenues	7,519,066	7,519,066	7,596,269	77,203
Expenditures:				
Maintenance and operations	9,244,000	9,244,000	-	9,244,000
Agency management	-	-	455,232	(455,232)
Debt service:				
Interest and other charges	-	-	856,811	(856,811)
Total expenditures	9,244,000	9,244,000	1,312,043	7,931,957
Other financing sources (uses):				
Issuance of bonds	5,000,000	5,000,000	27,455,309	22,455,309
Bond issuance costs	-	-	(696,890)	(696,890)
Transfers in (out)	-	-	(27,758,419)	(27,758,419)
Total other financing sources (uses)	5,000,000	5,000,000	(1,000,000)	(6,000,000)
Net change in fund balance	$ 3,275,066	$ 3,275,066	5,284,226	$ 2,009,160
Fund balance, beginning			-	
Fund balance, ending			$ 5,284,226	

See Notes to Required Supplementary Information

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2024

NOTE 1. BUDGETARY INFORMATION

A. Budget Policy and Practice

The San Joaquin Area Flood Control Agency (the Agency) submits an annual budget to the Board of Directors. The Board of Directors formally approves the annual budget in accordance with the bylaws established by the joint power agency agreement. The Board of Directors is to prepare and adopt a budget within the first 90 days of the fiscal year.

B. Basis of Budgeting

The budget is prepared under accounting principles generally accepted in the United States of America basis. Revenues are budgeted by source. Expenditures are budgeted by department and class as follows: maintenance and operations, administration costs, and real estate planning and acquisition costs. Expenditures may not exceed appropriations at this level.

NOTE 2. EXPENDITURES OVER APPROPRIATIONS

For the fiscal year ended June 30, 2024, the Agency has expenditures over appropriations as follows:

General Fund		
Maintenance and operations	$	(6,510)
Smith Canal Assessment & Closure Funds		
Agency management	$	(11,908)
Mossdale Tract & Levee Impact Fees Funds		
Agency management	$	(191,500)
Lower SJ River Project Fund		
Agency management	$	(2,507)
LCMA District		
Agency management	$	(455,232)

ADDITIONAL INFORMATION

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

Schwartz Giannini Lantsberger & Adamson
ACCOUNTANCY CORPORATION

To the Board of Directors
San Joaquin Area Flood Control Agency
Stockton, California

We have audited, in accordance with 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 governmental activities, each major fund, and the aggregate remaining fund information of San Joaquin Area Flood Control Agency (the Agency), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated February 21, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Philip Lantsberger, CPA
Robert Gross, CPA
Nikolas A. Torres, CPA

3461 Brookside Road
Suite E
Stockton, California 95219
Ph: 209.474.1084
Fx: 209.474.0301
www.sglacpas.com

Report on Compliance and Other Matters

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

Purpose of this Report

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

Schwartz, Giannini, Lantsberger & Adamson

Stockton, California
February 21, 2025

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2024

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weakness?	No
Noncompliance material to the financial statements noted?	No

Section II – Summary of Material Weaknesses

None

Section III – Summary of Significant Deficiencies

None

Section IV – Review of Prior Year Material Weaknesses and Significant Deficiencies

None

Schwartz Giannini Lantsberger & Adamson
ACCOUNTANCY CORPORATION

February 21, 2025

To the Board of Directors
San Joaquin Area Flood Control Agency
Stockton, California

We have audited the financial statements of the governmental activities and each major fund, and the aggregate remaining fund information of San Joaquin Area Flood Control Agency (the Agency) for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 18, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Agency are described in the notes to the financial statements. There were no significant changes to accounting policies during the year ended June 30, 2024. We noted no transactions entered into by the Agency during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Management's estimate of depreciation and amortization, which is based on useful lives.

We evaluated the key factors and assumptions used to develop these estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

Philip Lantsberger, CPA
Robert Gross, CPA
Nikolas A. Torres, CPA

3461 Brookside Road
Suite E
Stockton, California 95219
Ph: 209.474.1084
Fx: 209.474.0301
www.sglacpas.com

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The total impact of uncorrected misstatements was an understatement of net position of $2,135. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the financial statements under audit.

In addition, corrected misstatements that were made as a result of our audit procedures resulted in $4,884,318 decrease in net assets.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 21, 2025.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Agency's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to management's discussion and analysis and budgetary comparison information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the use of the board of directors and management of the Agency and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Schwartz, Giannini, Santoberger & Adamson

Stockton, California

RESOLUTION NO. SJAFCA 25-04

S A N J O A Q U I N A R E A
F L O O D C O N T R O L A G E N C Y

==========

RESOLUTION TO ACCEPT THE INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS OF THE SAN JOAQUIN AREA FLOOD CONTROL AGENCY FOR THE FISCAL YEAR ENDING JUNE 30, 2024

WHEREAS, Schwartz, Gianinni, Lantsberger and Adamson Accountancy Corporation Certified Public Accountants completed a review of the Agency's financial statements for the year ended June 30, 2024; and

WHEREAS, Schwartz, Gianinni, Lantsberger and Adamson Accountancy Corporation Certified Public Accountants opined that the basic financial statements present fairly in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the San Joaquin Area Flood Control Agency, as of June 30, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SAN JOAQUIN AREA FLOOD CONTROL AGENCY, AS FOLLOWS:

1. That the Board accepts the attached Independent Auditor's Report and Financial Statements of the San Joaquin Area Flood Control Agency for the fiscal year ended June 30, 2024.

PASSED, APPROVED AND ADOPTED this 13th day of MARCH, 2025.

_____
PAUL CANEPA, Chair
of the San Joaquin Area
Flood Control Agency

ATTEST:

_____
DARREN SUEN
Executive Director/Secretary
of the San Joaquin Area
Flood Control Agency

APPROVED AS TO FORM:

_____
SCOTT L. SHAPIRO, Legal Counsel
for the San Joaquin Area
Flood Control Agency

DRAFT

End of
Agenda Packet