

**NOTE 12 - JOINT POWERS AGREEMENT**

We are a member of the California Housing Workers Compensation Authority (CHWCA), an intergovernmental risk sharing joint powers authority, created pursuant to California Government Code Sections 6500, et seq. Each Authority has an equal voice in the selection of a Board, which oversees CHWCA.

The CHWCA’s current financial statement at December 31, 2020, is summarized below:

Total assets	<u>\$ 31,671,492</u>
Total liabilities	\$ 16,383,326
Net position	<u>15,288,166</u>
Total liabilities and net position	<u>\$ 31,671,492</u>
Operating revenues	\$ 5,812,930
Operating expenses	<u>5,266,915</u>
Operating income (loss)	<u>\$ 546,015</u>

**NOTE 13 - COMMITMENTS AND CONTINGENCIES**

Government Examinations

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

Construction Contracts

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

**NOTE 14 - BUSINESS RISK AND CONCENTRATIONS**

Risk Management

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

HARRP is an unincorporated association organized under the intergovernmental cooperation laws of the states of Washington, Oregon, California, and Nevada, to manage the self-insurance program of housing authorities and community development cooperatives. Through HARRP, the Housing Authority currently maintains general liability coverage for claims up to \$2 million and property insurance for claims up to \$2 million.

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

Business Disruption

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

Concentration – Major Contributor

For the year ended December 31, 2020, approximately 47% of operating revenues reflected in the financial statements are from HUD. The Authority operates in a heavily regulated environment. The operations of the Authority are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to HUD. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related costs and the additional administrative burden to comply with the changes.

**NOTE 15 - RELATED-PARTY TRANSACTIONS**

Note Receivable and Interest

Marine View Terrace (MVT) made a loan in the amount of \$470,000 to Eureka Housing Associates, LP. The term of the loan started on June 18, 1998 and ends on the later of (a) 30 years after the closing date or (b) repayment in full of the loan and all interest due thereon. The loan is secured by a deed of trust and bears interest at a rate of 5.5% per annum. As of December 31, 2020 the outstanding principal balance of the loan was \$470,000. Interest of \$473,439 was outstanding as of year-end on this loan.

Management Fee

Eureka Housing Development Corporation (EHDC) receives administrative expenses and an annual partnership management fee of approximately \$7,500 to the extent there is any excess cash flow from Eureka Housing Associates, LP.

Note Receivable and Interest

MVT made a loan in the amount of \$1,900,000 to Eureka Family Housing, LP. Interest is to be accrued at a rate of 4.3% per annum. As of December 31, 2020 the outstanding principal balance of the loan was \$1,900,000. Interest of \$1,395,959 was outstanding as of year-end on this loan.

Due from Partner

EHDC has a receivable in the amount of \$20,000 due from Merritt Community Capital Fund X, LP, the limited partner in Eureka Family Housing, LP. The amount is expected to be collected at the time of the dissolution/disposition of Eureka Family Housing, LP.

Shared Administration

We share management and a majority of our resources with the Housing Authority of the County of Humboldt, including personnel and facilities. However, we maintain a separate governing body and therefore are considered separate and unique organizations for reporting purposes.

Receivable for Facility Rent

We charge the Housing Authority of the County of Humboldt (County) a rental expense for its usage of our office facilities. For the year ended December 31, 2020 we recorded office rental revenue of \$7,200, which was paid in full as of year-end. Additionally, we have accrued a receivable of \$71,820 as of year end in unpaid office rental fees for prior years from the County.

Receivable for Pension Plan

We are fully liable for the pension obligation due to our employees. During FY 2015, we recognized our unfunded pension liability administered by the California Public Employees Retirements System. Due to our employees being utilized by the County, we have established a long-term note receivable from the County which is allocated based on the same methodology we allocate salary and benefits expense to the County. The balance of this receivable was \$474,755 for the year ended December 31, 2020.

Receivable for OPEB Plan

We are fully liable for the OPEB obligation due to our employees. During FY 2018, we recognized our unfunded OPEB liability administered by the California Public Employees Retirements System. Due to our employees being utilized by the County, we have established a long-term note receivable from the County which is allocated based on the same methodology we allocate salary and benefits expense to the County. The balance of this receivable was \$201,078 for the year ended December 31, 2020.

**NOTE 16 - CONDENSED COMBINING FINANCIAL STATEMENTS**

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

Abbrev.	Name	Fiscal Period	Year
Authority	Housing Authority of the City of Eureka	31-Dec	2020
BCU1	Eureka Housing Development Corporation	31-Dec	2020
DCU1	Eureka Family Housing LP	31-Dec	2020
DCU2	Eureka Housing Associates LP	31-Dec	2020

Assets and Deferred Outflows of Resources	Authority	BCU1	Eliminations	Total
Intercompany receivables	\$ 69,000	\$ -	\$ (69,000)	\$ -
Cash and equivalents	751,829	14,040	-	765,869
Other current assets	56,842	-	-	56,842
Net capital assets	1,960,981	-	-	1,960,981
Other assets	4,996,994	571,700	-	5,568,694
<b>Total assets</b>	<b>7,835,646</b>	<b>585,740</b>	<b>(69,000)</b>	<b>8,352,386</b>
Deferred outflows of resources	472,854	-	-	472,854
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 8,308,500</b>	<b>\$ 585,740</b>	<b>\$ (69,000)</b>	<b>\$ 8,825,240</b>

Liabilities, Deferred Inflows of Resources, and Net Position	Authority	BCU1	Eliminations	Total
Intercompany payables	\$ -	\$ 69,000	\$ (69,000)	\$ -
Other current liabilities	206,663	1,300	-	207,963
Non-current liabilities	2,319,156	-	-	2,319,156
<b>Total liabilities</b>	<b>2,525,819</b>	<b>70,300</b>	<b>(69,000)</b>	<b>2,527,119</b>
Deferred inflows of resources	257,185	-	-	257,185
Net investment in capital assets	1,947,181	-	-	1,947,181
Restricted	-	-	-	-
Unrestricted	3,578,315	515,440	-	4,093,755
<b>Total net position</b>	<b>5,525,496</b>	<b>515,440</b>	<b>-</b>	<b>6,040,936</b>
<b>Total liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 8,308,500</b>	<b>\$ 585,740</b>	<b>\$ (69,000)</b>	<b>\$ 8,825,240</b>

**Housing Authority of the City of Eureka**

Notes to Financial Statements

	Authority	BCU1	Eliminations	Total
Operating revenues	\$ 1,057,607	\$ 7,500	\$ -	\$ 1,065,107
Operating grants and subsidies	942,382	-	-	942,382
Depreciation expense	(220,477)	-	-	(220,477)
Housing Assistance Payments	-	-	-	-
Other operating expenses	(1,976,106)	(4,458)	-	(1,980,564)
<b>Operating Income (Loss)</b>	<b>(196,594)</b>	<b>3,042</b>	<b>-</b>	<b>(193,552)</b>
Investment income	166,139	-	-	166,139
Interest expense	-	-	-	-
Other non-routine revenues (expenses)	-	-	-	-
<b>Income (Loss) Before Contributions and Other Items</b>	<b>(30,455)</b>	<b>3,042</b>	<b>-</b>	<b>(27,413)</b>
Special items	-	-	-	-
Net operating transfers in (out)	-	-	-	-
Capital contributions	-	-	-	-
<b>Change in Net Position</b>	<b>\$ (30,455)</b>	<b>\$ 3,042</b>	<b>\$ -</b>	<b>\$ (27,413)</b>
Net position, beginning	\$ 5,555,951	\$ 512,398	\$ -	\$ 6,068,349
Change in net position	(30,455)	3,042	-	(27,413)
Prior-period adjustments	-	-	-	-
Net equity transfers in (out)	-	-	-	-
<b>Net Position, End of Year</b>	<b>\$ 5,525,496</b>	<b>\$ 515,440</b>	<b>\$ -</b>	<b>\$ 6,040,936</b>
	<b>Authority</b>	<b>BCU1</b>	<b>Eliminations</b>	<b>Total</b>
Net cash provided (used) by:				
Operating activities	\$ (22,120)	\$ 3,003	\$ -	\$ (19,117)
Capital and related financing activities	(169,227)	-	-	(169,227)
Non-capital financing activities	-	-	-	-
Investing activities	174,944	(7,500)	-	167,444
Net change in cash and equivalents	(16,403)	(4,497)	-	(20,900)
Cash at beginning of period	768,232	18,537	-	786,769
<b>Cash at End of Period</b>	<b>\$ 751,829</b>	<b>\$ 14,040</b>	<b>\$ -</b>	<b>\$ 765,869</b>

**Housing Authority of the City of Eureka**

Notes to Financial Statements

<b>Assets and Deferred Outflows of Resources</b>	<b>DCU1</b>	<b>DCU2</b>	<b>Total</b>
Cash and equivalents	\$ 398,426	\$ 163,496	\$ 561,922
Other current assets	27,981	3,427	31,408
Net capital assets	5,770,028	907,718	6,677,746
Other assets	-	-	-
<b>Total assets</b>	<b>6,196,435</b>	<b>1,074,641</b>	<b>7,271,076</b>
Deferred outflows of resources	-	-	-
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 6,196,435</b>	<b>\$ 1,074,641</b>	<b>\$ 7,271,076</b>

<b>Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>DCU1</b>	<b>DCU2</b>	<b>Total</b>
Other current liabilities	\$ 221,687	\$ 40,505	\$ 262,192
Non-current liabilities	5,736,808	1,689,481	7,426,289
<b>Total liabilities</b>	<b>5,958,495</b>	<b>1,729,986</b>	<b>7,688,481</b>
Deferred inflows of resources	-	-	-
Net investment in capital assets	1,203,035	-	1,203,035
Restricted	-	-	-
Unrestricted	(965,095)	(655,345)	(1,620,440)
<b>Total net position</b>	<b>237,940</b>	<b>(655,345)</b>	<b>(417,405)</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 6,196,435</b>	<b>\$ 1,074,641</b>	<b>\$ 7,271,076</b>

**Housing Authority of the City of Eureka**

Notes to Financial Statements

	DCU1	DCU2	Total
Operating revenues	\$ 556,950	\$ 192,780	\$ 749,730
Operating grants and subsidies	-	-	-
Depreciation expense	(218,890)	(33,454)	(252,344)
Housing Assistance Payments	-	-	-
Other operating expenses	(323,496)	(132,125)	(455,621)
<b>Operating Income (Loss)</b>	<b>14,564</b>	<b>27,201</b>	<b>41,765</b>
Investment income	6,085	55	6,140
Interest expense	(228,813)	(46,998)	(275,811)
Other non-routine revenues (expenses)	(53,123)	-	(53,123)
<b>Income (Loss) Before Contributions and Other Items</b>	<b>(261,287)</b>	<b>(19,742)</b>	<b>(281,029)</b>
Special items	-	-	-
Net operating transfers in (out)	-	-	-
Capital contributions	-	-	-
<b>Change in Net Position</b>	<b>\$ (261,287)</b>	<b>\$ (19,742)</b>	<b>\$ (281,029)</b>
Net position, beginning	\$ 499,227	\$ (635,603)	\$ (136,376)
Change in net position	(261,287)	(19,742)	(281,029)
Prior-period adjustments	-	-	-
Net equity transfers in (out)	-	-	-
<b>Net Position, End of Year</b>	<b>\$ 237,940</b>	<b>\$ (655,345)</b>	<b>\$ (417,405)</b>

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

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Plan Measurement Date under GASB 68 as of June 30	Proportion of Pension Liability	Proportionate Share of Net Pension Liability	Covered Employee Payroll**	Proportionate Share of the Net Pension Liability as a Percentage of Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability***
2015	0.03208%	\$ 873,676	\$ 1,029,046	84.90%	82.12%
2016	0.03308%	\$ 1,112,018	\$ 1,144,322	97.18%	80.03%
2017	0.03468%	\$ 1,320,012	\$ 1,138,020	115.99%	76.42%
2018	0.03548%	\$ 1,289,899	\$ 1,151,936	111.98%	78.48%
2019	0.03575%	\$ 1,431,717	\$ 1,150,942	124.40%	78.37%
2020	0.03752%	\$ 1,582,515	\$ 1,130,167	140.02%	78.05%

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

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

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





**Housing Authority of the City of Eureka**

Schedule of Changes in the Net OPEB Liability and Related Ratios

Measurement Period	2020	2019	2018
Total OPEB liability			
Service cost	\$ 33,969	\$ 22,880	\$ 22,268
Interest	16,436	12,699	18,153
Benefit payments	(13,769)	(12,672)	(13,172)
Expected minus actual benefits payments	-	(1,097)	-
Experience (gains)/losses	(95,969)	-	-
Changes in assumptions	130,950	111,067	-
Net change in total OPEB liability	71,617	132,877	27,249
Total OPEB liability - beginning	598,642	465,765	438,516
Total OPEB liability - ending	670,259	598,642	465,765
Plan fiduciary net position	-	-	-
Net OPEB liability	\$ 670,259	\$ 598,642	\$ 465,765
Plan fiduciary net position as a percentage of the total OPEB liability	0%	0%	0%
Covered-employee payroll	\$ 1,130,167	\$ 1,150,942	\$ 1,151,936
Total OPEB liability as a percentage of covered payroll	59%	52%	40%

**Housing Authority of the City of Eureka**

Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2020

Federal Grantor	Program Title	CFDA No.	Cluster Title	Pass-Through No.	Award Type	Expenditures	Amounts Passed Through to Sub-Recipients	
HUD	Public and Indian Housing	14.850	N/A		Direct	\$ 315,838	\$ -	
HUD	COVID-19 Public and Indian Housing	14.850	N/A		Direct	12,760	-	
	<i>Total Public and Indian Housing</i>					328,598	-	
HUD	Public Housing Capital Fund	14.872	N/A		Direct	613,784	-	
	<b>Total Federal Financial Assistance</b>					<b>\$ 942,382</b>	<b>\$ -</b>	
							<b>Total Expenditures</b>	
Award Type:								
Direct							\$ 942,382	
Indirect							-	
<b>Total Federal Financial Assistance</b>							<b>\$ 942,382</b>	
							<b>Total Expenditures</b>	
Federal Grantor:								
HUD	US Department of Housing and Urban Development					\$ 942,382		
	<b>Total Federal Financial Assistance</b>					<b>\$ 942,382</b>		

**NOTE 01 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal awards activity of the Authority under programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of our operations, it is not intended to and does not present our financial position, changes in net positions, or cash flows.

**NOTE 02 - INDIRECT COST RATE**

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

**Housing Authority of the City of Eureka**

Statement and Certification of Actual Costs  
December 31, 2020

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

<b>Grant</b>	<b>Funds Approved</b>	<b>Funds Disbursed</b>	<b>Funds Expended</b>	<b>Balance</b>
CA01P025501-20	\$ 613,784	\$ 613,784	\$ 613,784	\$ -

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

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



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

The Governing Body of  
Housing Authority of the City of Eureka

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Housing Authority of the City of Eureka (Authority), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 8, 2021. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

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

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

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

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## COMPLIANCE AND OTHER MATTERS

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

## PURPOSE OF THIS REPORT

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

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September 8, 2021  
Redlands, CA



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

The Governing Body of  
Housing Authority of the City of Eureka

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM**

We have audited Housing Authority of the City of Eureka's (Authority) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2020. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**MANAGEMENT'S RESPONSIBILITY**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs.

**AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the type of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

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## OPINION ON EACH MAJOR FEDERAL PROGRAM

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

## REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

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

A handwritten signature in blue ink that reads "Smith Marion &amp; Co." followed by a stylized circular logo containing the letters "SM&amp;Co".

September 8, 2021  
Redlands, CA

**SECTION I - SUMMARY OF AUDITORS' RESULTS**

**Financial Statements:**

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

**Federal Awards:**

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

7. Identification of Major Programs:

CFDA	Program(s) Name
14.872	Public Housing Capital Fund

- 8. The Dollar Threshold Used to Distinguish Between Type A and Type B Programs: \$ 750,000
  
- 9. Auditee qualified as a low-risk auditee?  Yes  No

**SECTION II – FINANCIAL STATEMENT FINDINGS**

None reported.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None reported.

**Financial Statement Findings:**

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

**Federal Award Findings and Question Costs:**

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