

CITY OF EUREKA HOUSING AUTHORITY

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

DECEMBER 31, 2021



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**CITY OF EUREKA HOUSING AUTHORITY
LIST OF PRINCIPAL OFFICIALS
DECEMBER 31, 2021**

The following table lists the Board Members as of December 31, 2021:

	Position
Kali Serotta	Chairperson
Kay Escarda	Vice-Chairperson
Renee Byers	Commissioner
Mark Konkler	Commissioner
Kristen Raymond	Commissioner
Tabatha Pittman	Commissioner

In addition to the above Commissioners, the Administrator of the Authority is Cheryl Churchill, who serves as the Executive Director.

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
City of Eureka Housing Authority
Eureka, California

Report on the Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities, and the aggregate discretely presented component units of City of Eureka Housing Authority (the "Authority"), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, and the aggregate discretely presented component units of the Authority as of December 31, 2021, the respective changes in financial position and, where applicable cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

- Eureka Family Housing LP

This entity collectively represents 85%, (12)%, and 77%, respectively, of the assets, net position, and revenues of the discretely presented component units. Those financial statements, which were prepared in accordance with Accounting Standards Codification as issued by the Financial Accounting Standards Board, were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for discretely presented component units, is based solely on the report of the other auditors. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*.

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 Authority'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 Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary schedules, as listed in the table of contents, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements. In addition, the accompanying statement and certification of actual costs, required by the U.S. Department of Housing and Urban Development, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, that information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2022, on our consideration of the Authority'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 Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Harshmal & Company LLP

Oakland, California
August 24, 2022

MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)

**CITY OF EUREKA HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2021**

City of Eureka Housing Authority (the "Authority") primarily provides housing assistance to low income individuals and families. Its primary sources of funding are through grants received from the U.S. Department of Housing and Urban Development (HUD).

The Authority's Management's Discussion and Analysis is designed to:

- Assist the reader in focusing on significant financial issues,
- Provide an overview of the Authority's financial activity,
- Identify changes in the Authority's financial position and its resulting ability to address the next and subsequent year challenges, and
- Identify individual fund issues or concerns.

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

FINANCIAL HIGHLIGHTS

The Authority's net position increased by \$110,034 (2%) during the year 2021. Since the Authority engages only in business-type activities, the increase is all in the category of business-type net position. The net position was \$6,150,970 and \$6,040,936 for 2021 and 2020, respectively.

Total revenues increased by \$231,198 (11%) during 2021 and were \$2,404,826 and \$2,173,628 for 2021 and 2020, respectively.

Total expenses decreased by \$93,751 (4%) during 2021 and were \$2,294,792 and \$2,201,041 for 2021 and 2020, respectively.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

**CITY OF EUREKA HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2021**

FINANCIAL ANALYSIS OF THE AUTHORITY

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

Table 1 - Statement of Net Position

	December 31, 2021	December 31, 2020	Change
Cash and equivalents	\$ 916,384	\$ 765,869	\$ 150,515
Other current assets	125,832	56,842	68,990
Net capital assets	1,917,775	1,960,981	(43,206)
Other assets	<u>5,487,084</u>	<u>5,568,694</u>	<u>(81,610)</u>
Total assets	8,447,075	8,352,386	94,689
Deferred outflows of resources	<u>417,939</u>	<u>472,854</u>	<u>(54,915)</u>
Total assets and deferred outflows of resources	<u>8,865,014</u>	<u>8,825,240</u>	<u>39,774</u>
Current liabilities	247,260	207,963	39,297
Noncurrent liabilities	<u>1,538,832</u>	<u>2,319,156</u>	<u>(780,324)</u>
Total liabilities	1,786,092	2,527,119	(741,027)
Deferred inflows of resources	<u>927,952</u>	<u>257,185</u>	<u>670,767</u>
Total liabilities and deferred inflows of resources	<u>2,714,044</u>	<u>2,784,304</u>	<u>(70,260)</u>
Net position:			
Net investment in capital assets	1,911,175	1,947,181	(36,006)
Unrestricted	<u>4,239,795</u>	<u>4,093,755</u>	<u>146,040</u>
Total net position	<u>6,150,970</u>	<u>6,040,936</u>	<u>110,034</u>
Total liabilities, deferred inflows of resources, & net position	<u>\$ 8,865,014</u>	<u>\$ 8,825,240</u>	<u>\$ 39,774</u>

**CITY OF EUREKA HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2021**

Major factors affecting the Statement of Net Position (Table 1)

The net position increased by \$110,034 (2%) as a result of the following major factors:

Assets

- Cash and equivalents increased by \$150,515 (20%), mostly due to an increase in HUD PHA operating grant receipt.
- Other current assets increased by \$68,990 (121%) primarily as a result of prepaid insurance at year-end.
- Net capital assets decreased by \$43,206 (2%) due to regular depreciation, which was offset by an increase in capital assets due to unit renovations and planned maintenance projects.
- Other assets decreased by \$81,610 (1%) mostly due to a decrease in Pension and OPEB (Other Post-Employment Benefits) receivable of 235,578 (See Note 15) offset by an increase in interest receivable from several loans.
- Deferred outflows of resources decreased by \$54,915 (12%) due to a decrease in deferred outflows related to OPEB of \$19,214 (see Note 8) and a decrease in deferred outflows related to Pensions of \$35,701 (see Note 9).

Liabilities

- Noncurrent liabilities decreased by \$780,324 (34%) mostly due to an increase in OPEB liability of \$55,492 (see Note 8) and a decrease in Pension liability of \$840,750 (see Note 9).
- Deferred inflows of resources increased by \$670,767 (261%) due to a decrease in deferred inflows related to OPEB of \$8,922 (See Note 8) and an increase in deferred inflows related to Pensions of \$679,689 (see Note 9).

**CITY OF EUREKA HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2021**

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

Table 2 - Statement of Revenues, Expenses and Changes in Net Position

	December 31, <u>2021</u>	December 31, <u>2020</u>	<u>Change</u>
Operating revenues	\$ 1,109,415	\$ 1,065,107	\$ 44,308
Operating grants and subsidies	1,126,992	942,382	184,610
Depreciation expenses	(241,246)	(220,477)	(20,769)
Other operating expenses	<u>(2,053,546)</u>	<u>(1,980,564)</u>	<u>(72,982)</u>
Operating income (loss)	(58,385)	(193,552)	135,167
Investment Income	<u>168,419</u>	<u>166,139</u>	<u>2,280</u>
Net income (loss) - change in net position	<u>110,034</u>	<u>(27,413)</u>	<u>137,447</u>
Net position, beginning of year	<u>6,040,936</u>	<u>6,068,349</u>	<u>(27,413)</u>
Net position, end of year	<u><u>\$ 6,150,970</u></u>	<u><u>\$ 6,040,936</u></u>	<u><u>\$ 110,034</u></u>

Major factors affecting the Statement of Revenues, Expenses and Changes in Net Position (Table 2)

The Authority's change in net position increased by \$110,034 in 2021 compared to 2020's decrease of \$27,413 in net position due to the following factors:

Revenues

- Operating revenues increased by \$44,308 (4%) primarily due to an increase in tenant rent revenue and less bad debt expense due to the Emergency Rental Assistance Program, offset by less insurance proceeds from damage claims.
- Operating grants and subsidies increased by \$184,610 (20%) due to increases in operating subsidy, the capital fund grant, and receiving Coronavirus Aid, Relief, and Economic Security Act (CARES Act) funding.

Expenses

- Depreciation expense increased \$20,769 (9%) due to the completion of unit renovations and planned maintenance projects (See Note 6).
- Other operating expenses were similar to the prior year with an increase of \$72,982 (4%) that was primarily affected by increases related to inflation which were offset by more unit-turn costs being capitalized and converted into longer-term costs via depreciation.

**CITY OF EUREKA HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2021**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of the fiscal year ended December 31, 2021, the Authority had \$1,917,775 invested in various capital assets as reflected in the following schedule, representing a net decrease (additions, deductions, and depreciation) of \$43,206 from the end of last year.

Table 3 - Change in Capital Assets

	December 31, <u>2021</u>	December 31, <u>2020</u>	<u>Change</u>
Land	\$ 322,315	\$ 322,315	\$ -
Construction in progress	94,451	16,792	77,659
Buildings	8,652,346	8,531,965	120,381
Furniture and equipment-dwellings	-	-	-
Furniture and equipment-administration	333,190	333,190	-
Less: Accumulated depreciation	<u>(7,484,527)</u>	<u>(7,243,281)</u>	<u>(241,246)</u>
Capital Assets, net	<u>\$ 1,917,775</u>	<u>\$ 1,960,981</u>	<u>\$ (43,206)</u>

The change in capital assets is presented in detail in the notes to the financial statements.

Debt Outstanding

The Authority had the following amounts of debt outstanding:

	December 31, <u>2021</u>	December 31, <u>2020</u>	<u>Change</u>
Total debt	\$ <u>6,600</u>	\$ <u>13,800</u>	\$ <u>(7,200)</u>

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

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

FINANCIAL CONTACT

The individual to be contacted regarding this report is Cheryl Churchill, Executive Director for City of Eureka Housing Authority, at (707) 443-4583. Specific requests may be submitted to Dustin Wiesner, Director of Finance, City of Eureka Housing Authority, 735 West Everding, Eureka, CA 95503.

BASIC FINANCIAL STATEMENTS

CITY OF EUREKA HOUSING AUTHORITY
STATEMENT OF NET POSITION
DECEMBER 31, 2021

	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>
Assets		
Current assets:		
Cash and cash equivalents-operating	\$ 840,249	\$ 128,358
Accounts receivable, net	44,549	11,732
Accrued interest receivable	225	-
Prepaid expenses and other current assets	<u>81,058</u>	<u>19,579</u>
Total current assets	<u>966,081</u>	<u>159,669</u>
Restricted assets:		
Restricted cash and cash equivalents	<u>76,135</u>	<u>545,022</u>
Total restricted assets	<u>76,135</u>	<u>545,022</u>
Noncurrent assets:		
Investment in joint ventures	397,361	-
Notes receivable, net of current	2,866,115	-
Other long-term assets	2,223,608	2,782
Capital assets, net of accumulated depreciation	<u>1,917,775</u>	<u>6,442,630</u>
Total noncurrent assets	<u>7,404,859</u>	<u>6,445,412</u>
Total assets	<u>8,447,075</u>	<u>7,150,103</u>
Deferred outflows of resources		
Deferred outflows of resources - Pension	230,782	-
Deferred outflows of resources - OPEB	<u>187,157</u>	<u>-</u>
Total deferred outflows of resources	<u>417,939</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 8,865,014</u>	<u>\$ 7,150,103</u>

The accompanying notes are an integral part of these financial statements.

CITY OF EUREKA HOUSING AUTHORITY
STATEMENT OF NET POSITION
DECEMBER 31, 2021

	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>
Liabilities		
Current liabilities:		
Accounts payable	\$ 79,970	\$ 32,000
Unearned revenue	16,521	3,410
Deposits held in trust, contra	76,135	30,548
Other current liabilities	65,828	34,011
Accrued employee benefits payable	2,206	168
Debt, current portion	6,600	45,777
Total current liabilities	<u>247,260</u>	<u>145,914</u>
Noncurrent liabilities:		
Debt, net of current	-	4,657,361
Other long-term liabilities	-	2,961,407
Accrued employee benefits payable, net of current	1,538,832	5,434
Total noncurrent liabilities	<u>1,538,832</u>	<u>7,624,202</u>
Total liabilities	<u>1,786,092</u>	<u>7,770,116</u>
Deferred inflows of resources		
Deferred inflows of resources - Pension	848,847	-
Deferred inflows of resources - OPEB	79,105	-
Total deferred inflows of resources	<u>927,952</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>2,714,044</u>	<u>7,770,116</u>
Net position		
Net investment in capital assets	1,911,175	1,739,492
Unrestricted	4,239,795	(2,359,505)
Total net position	<u>6,150,970</u>	<u>(620,013)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 8,865,014</u>	<u>\$ 7,150,103</u>

The accompanying notes are an integral part of these financial statements.

CITY OF EUREKA HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>
Operating revenues		
Rental revenue - tenant, net of collection losses	\$ 961,769	\$ 706,236
Operating grants and subsidies	1,126,992	112,798
Other revenue	<u>147,646</u>	<u>621</u>
Total operating revenues	<u>2,236,407</u>	<u>819,655</u>
Operating expenses		
Administrative	875,409	157,296
Tenant services	56,884	6,095
Utilities	231,139	76,029
Ordinary maintenance and operations	663,420	183,989
Insurance premiums	101,460	41,994
Other general expenses	125,234	28,399
Depreciation	<u>241,246</u>	<u>257,669</u>
Total operating expenses	<u>2,294,792</u>	<u>751,471</u>
Operating income (loss)	<u>(58,385)</u>	<u>68,184</u>
Nonoperating revenues (expenses)		
Investment income	168,419	2,343
Interest expenses & amortization	<u>-</u>	<u>(273,134)</u>
Total nonoperating revenues (expenses)	<u>168,419</u>	<u>(270,791)</u>
Change in net position	110,034	(202,607)
Net position, beginning of year	<u>6,040,936</u>	<u>(417,406)</u>
Net position, end of year	<u><u>\$ 6,150,970</u></u>	<u><u>\$ (620,013)</u></u>

The accompanying notes are an integral part of these financial statements.

**CITY OF EUREKA HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Cash flows from operating activities:

Receipts from rents	\$ 964,726
Receipts from operating grants	1,127,321
Receipts from other miscellaneous sources	147,646
Payments for tenant services	(160,589)
Payments for utilities	(231,139)
Payment for general and administrative expenses	(1,799,471)
Payments for maintenance and other operation expenses	<u>62,262</u>
Net cash provided by operating activities	<u>110,756</u>

Cash flows from capital and related financing activities:

Acquisition and construction of capital assets	(198,040)
Principal payments on debt	<u>(7,200)</u>
Net cash used in capital and related financing activities	<u>(205,240)</u>

Cash flows from investing activities:

Proceeds from maturity of investments	243,558
Interest received on investments	<u>1,441</u>
Net cash provided by investing activities	<u>244,999</u>
Net change in cash and cash equivalents	150,515
Cash and cash equivalents, beginning of year	<u>765,869</u>
Cash and cash equivalents, end of year	<u><u>\$ 916,384</u></u>

Reconciliation of cash to the Statement of Net Position:

Cash and cash equivalents-operating	\$ 840,249
Restricted cash and cash equivalents	<u>76,135</u>
Total cash and cash equivalents	<u><u>\$ 916,384</u></u>

The accompanying notes are an integral part of these financial statements.

**CITY OF EUREKA HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Reconciliation of operating income (loss) to net cash provided by operating activities:

Operating income (loss)	\$ (58,385)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation expense	241,246
Change in operating assets and liabilities:	
Accounts receivable	2,956
Prepaid expenses and other assets	(66,918)
Accounts payable	26,568
Deposits held in trust, contra	(2,245)
Accrued employee benefits payable	(773,367)
Unearned revenue	329
Other current liabilities	14,890
Net pension and OPEB liabilities	<u>725,682</u>
Net cash provided by operating activities	<u><u>\$ 110,756</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF EUREKA HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 - NATURE OF BUSINESS AND ORGANIZATION

City of Eureka Housing Authority (the "Authority") was incorporated on August 6, 1946, under the California State Health and Safety Code, Section 34200. The Authority was established to provide clean, decent, safe, sanitary, and affordable housing to low-income families.

Commissioners are appointed by the mayor. Regular commissioners serve terms of four years, and tenant commissioners serve two years. The Board consists of seven commissioners.

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

The Authority's primary operations are comprised of the Low Rent Housing Program. This program is designed to provide very low-income families with decent, safe, and sanitary rental housing. The Low Rent Housing Program operates the Authority's own rental housing units subsidized by HUD through an Annual Contributions Contract (ACC). This program has 196 units owned at twelve different sites as of August 24, 2022, as well as a community center and police annex. This program is operated by the Authority under HUD contract SF-216. Funding is provided by tenant rent payments and subsidies provided by HUD based upon a formula that takes into consideration factors such as prior formula funding, population of the area, number of dwelling units, bedroom sizes, building height, and building age, utility costs, and rental income.

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

In addition, the Authority operates other non-federal housing programs. Marine View Terrace was formed for the purpose of investing excess funds of the Authority and to loan other programs operating funds throughout the year when their funds require operating capital. Marine View Terrace also acts as manager for the dwelling units owned by Eureka Family Housing, LP and Eureka Housing Associates, LP and receives a management fee for its services. Funds from this program can be used as "seed" money for developing low-income housing.

Reporting Entity

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

The Authority is an independent agency with operations separate from those of the City of Eureka (City). The Authority's obligations, including loans through direct borrowing or the sale of bonds, are not obligations of the City. The City provides no funding to the Authority. Additionally, the City does not hold title to any of the Authority's assets, nor does it have any right to Authority's surpluses. The City does not have the ability to exercise influence over the Authority's daily operations or approve the Authority's budgets.

CITY OF EUREKA HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 - NATURE OF BUSINESS AND ORGANIZATION - CONT'D

The Authority is a separate entity from the County of Humboldt Housing Authority. Each Housing Authority has an independent Board of Commissioners and individual by-laws to adhere to. One executive director administers both housing authorities; staff, office space, and equipment are shared. Costs associated with these shared resources are allocated based on actual time spent on programs, square footage, and other methods deemed appropriate by management.

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

Blended Component Units:

Eureka Housing Development Corporation - This is a legally separate entity that is a 501(c)(3) not-for-profit corporation. The board of the corporation is nearly identical to the board of the Authority. The purpose is to provide affordable housing for low-income persons and to serve as a general partner in Eureka Housing Associates, LP, and as a single member of the Eureka Family Housing, LP. Eureka Housing Development Corporation shares the December 31st year-end with the Authority. There are no separately issued audited financial statements for this entity, however, a copy of the most recent informational tax return (Form 990) can be obtained from staff at the Authority's office.

Discrete Component Units:

Eureka Family Housing, LP - This is a legally separate entity formed as a partnership between Eureka Housing Development Corporation and Merritt Community Capital Fund X, L.P. The purpose is to provide low-rent housing to qualifying residents of the City of Eureka in accordance with guidelines and requirements established by CalHFA. Funds to construct dwellings, subsidize rents, and use for operating expenses are obtained through contracts with the Department of Housing and Urban Development (HUD) and the California Housing Finance Agency (CalHFA). At December 31, 2021, 50 units were contracted through CalHFA. This entity shares the December 31st year-end with the Authority.

Eureka Housing Associates, LP - This is a legally separate entity formed as a partnership between Eureka Housing Development Corporation and an investment partner. The purpose is to own and operate a 22-unit scattered-site multi-family project for the benefit of elderly low-income persons who need affordable, decent, safe, and sanitary housing and related services. This entity shares the December 31st year-end with the Authority.

Reports for discrete component units are issued under separate cover. They may be obtained at the City of Eureka Housing Authority, 735 West Everding Street, Eureka, CA 95503.

CITY OF EUREKA HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accrual Basis of Accounting

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

The statement of net position presents the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Net position is reported in three categories:

Net investment in capital assets - This component of net position consists of capital assets, including restricted capital assets net of accumulated depreciation, and is reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments. It also pertains to constraints imposed by law or constitutional provisions or enabling legislation.

Unrestricted - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted."

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

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

Estimates

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

Cash and Cash Equivalents

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

Restricted Cash

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

CITY OF EUREKA HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

Accounts Receivable from Tenants

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

In accordance with Governmental Accounting Standards Board Statement No. 34, revenues in proprietary funds should be reported as net of all related allowances, which include amounts pertaining to uncollectible accounts. Therefore, the increase and decrease in the estimate of uncollectible accounts should be reported net of revenue instead of bad debt expense. The Authority's bad debt expense charged against revenue was \$31,527 for the year ended December 31, 2021.

Accounts Receivable from HUD and Other Governments

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

Capital Assets

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

Depreciation of exhaustible capital assets is charged as an expense against operations utilizing the straight-line method. Accumulated depreciation is reported on the Statement of Net Position. The estimated useful lives for each major class of depreciable fixed assets range from 3 - 40 years.

Impairment of Capital Assets

The Authority reviews its capital assets for impairment whenever events or changes in circumstances indicate that there has been a decline in service utility that is large in magnitude and outside of the normal life cycle of the capital asset being evaluated. As of December 31, 2021, there has been no impairment of the capital assets.

Provision for Uncollectible Notes

A note receivable is considered impaired when, based on current information, it is probable that all amounts of principal and interest due will not be collected according to the terms of the note agreement. Uncollectible notes are charged to the allowance account in the period such determination is made. Currently, management has deemed all notes receivable fully collectible and thus has not recorded any provision for uncollectible notes.

Tenant Security Deposits

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

CITY OF EUREKA HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

Compensated Absences

Compensated absences are absences for which employees will be paid, e.g., sick leave, vacation, and other approved leave. In accordance with GASB Statement No.16, *Accounting for Compensated Absences*, the Authority accrues the liability for those absences for which the employee has earned the rights to the benefits. Accrued amounts are based on the current salary rates. Full-time, permanent employees are granted vacation and sick leave benefits in varying amounts to specified maximums depending on tenure with the Authority. Vacation and sick pay are recorded as an expense and related liability in the year earned by employees. Authority's policy is that annual vacation leave is limited to 320 hours at year-end, and sick leave is limited to 1,000 hours.

Unearned Revenue

Unearned revenues consist of rental payments made by tenants in advance of their due date and/or rental subsidies received in advance of the period earned.

Deferred Outflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Authority reports deferred outflows of resources for pension and OPEB related items. See Notes 8 and 9 to the basic financial statements.

Deferred Inflows of Resources

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Authority reports deferred inflows of resources for pension and OPEB related items. See Notes 8 and 9 to the basic financial statements.

Leasing Activities

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

Pension Plan

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

CITY OF EUREKA HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

Other Post-Employment Benefits (OPEB)

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

Internal Activity and Balances

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

Income Taxes

The Authority is not subject to federal or state income taxes.

Subsequent Events

The management of the Authority has evaluated subsequent events through August 24, 2022, the date the consolidated financial statements were available to be issued.

**CITY OF EUREKA HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 - CASH AND INVESTMENTS

Investments Authorized by the US Department of Housing and Urban Development

All deposits of the Authority are made in board-designated official depositories and are secured in accordance with HUD regulations. The annual contribution contract authorizes the Authority to invest in the following types of securities:

- Obligations of the Federal Government which are backed by the full faith and credit of the Federal Government.
- Obligations of any agency or instrumentality of the Federal Government if the payment of interest and principal on such obligations is fully guaranteed by the Federal Government.
- Obligations of the Federal Intermediate Credit Banks, the Federal Home Loan Banks, the Federal National Mortgage Association, the Bank for Cooperatives, and the Federal Land Banks which mature no later than 18 months after the date of purchase.

Investments Authorized by California Government Code

The following table identifies the investment types that are authorized in accordance with Section 53601 of the California Government Code.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Percentage of Portfolio</u>	<u>Investment in One Issuer</u>
U.S Treasury Bill, Notes and Bonds	5 years	100%	None
Government Agency Securities	5 years	100%	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
California Local Agency Investment Fund	N/A	100%	\$6,500,000
Medium-Term Notes	5 years	30%	None
Money Market Mutual Funds	5 years	20%	None
Collateralized Bank Deposits	5 years	100%	None
Investment Pools	N/A	100%	None

In accordance with GASB Statement No. 40, the Authority's exposure to deposit and investment risk is disclosed as follows:

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority's policy is to manage this exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio. As of December 31, 2021, the Authority's risk of changes in interest rates is minimal since the investments primarily consist of state-sponsored investment pool funds that have stated interest rates.

CITY OF EUREKA HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 3 - CASH AND INVESTMENTS - CONT'D

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. It is the Authority's policy to follow the HUD regulations by only having direct investments and investments through mutual funds to direct obligations, guaranteed obligations, or obligations of the agencies of the United States of America. As of December 31, 2021, The Authority mitigated its exposure to credit risk by only investing in fully insured state investment pool funds.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. The Authority's policy for custodial credit risk requires collateral to be held in the Authority's name by its agent or by the bank's trust department. As of December 31, 2021, none of the Authority's total bank balances were exposed to custodial credit risk.

Investment Policy

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

Investment in State Investment Pool

The Authority is a voluntary participant in the Local Agency Investment Fund (LAIF), which is part of the Pooled Money Investment Account that is regulated by the California Government Code under the oversight of the State Treasurer, Director of Finance, and State Controller. The Authority may invest up to \$65 million in the LAIF fund. Investments in LAIF are highly liquid, as deposits can be converted to cash within 24 hours without loss of interest. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

All investments with LAIF are secured by the full faith and credit of the State of California. The State Treasurer's Office audits the fund annually. The fair value of the position in the investment pool is the same as the value of the pool shares. Separate LAIF financial statements are available from the California State Treasurer's Office at www.treasurer.ca.gov.

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

**CITY OF EUREKA HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 - RESTRICTED CASH

The following schedule presents the breakdown of restricted cash as of December 31, 2021:

Tenant security deposit	\$ 76,135
Restricted cash with offsetting liabilities	<u>76,135</u>
Total restricted cash and equivalents	<u>\$ 76,135</u>

NOTE 5 - ACCOUNTS RECEIVABLE

As of December 31, 2021, accounts receivable balance consisted of following:

Tenant receivable	\$ 101,406
Allowance for doubtful accounts - tenants	<u>(64,837)</u>
Net tenant receivable	36,569
Related party receivable	<u>7,980</u>
Receivables, net of allowances	<u>\$ 44,549</u>

NOTE 6 - CAPITAL ASSETS

A schedule of changes in capital asset activity for the year ended December 31, 2021, is summarized below:

	<u>December 31, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2021</u>
Nondepreciable assets				
Land	\$ 322,315	\$ -	\$ -	\$ 322,315
Construction in process	<u>16,792</u>	<u>200,490</u>	<u>(122,831)</u>	<u>94,451</u>
Total nondepreciable assets	<u>339,107</u>	<u>200,490</u>	<u>(122,831)</u>	<u>416,766</u>
Depreciable assets				
Buildings	8,531,965	120,381	-	8,652,346
Furniture & equipment	<u>333,190</u>	<u>-</u>	<u>-</u>	<u>333,190</u>
Total depreciable assets	<u>8,865,155</u>	<u>120,381</u>	<u>-</u>	<u>8,985,536</u>
Total capital assets	9,204,262	320,871	(122,831)	9,402,302
Less: accumulated depreciation	<u>(7,243,281)</u>	<u>(241,246)</u>	<u>-</u>	<u>(7,484,527)</u>
Capital assets, net	<u>\$ 1,960,981</u>	<u>\$ 79,625</u>	<u>\$ (122,831)</u>	<u>\$ 1,917,775</u>

**CITY OF EUREKA HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 6 - CAPITAL ASSETS- CONT'D

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

Construction-in-progress as of December 31, 2021, was comprised of various unit-turn around costs that the Authority deemed capitalizable in accordance with its capitalization policy.

NOTE 7 - LONG-TERM LIABILITIES

A schedule of changes in long-term liabilities for the year ended December 31, 2021, is summarized below:

	<u>December 31, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>December 31, 2021</u>	<u>Current Portion</u>
Notes from direct borrowings	\$ 13,800	\$ -	\$ (7,200)	\$ 6,600	\$ 6,600
Compensated absences	61,631	69,064	(57,173)	73,522	2,206
Net pension liability	1,582,515	-	(840,750)	741,765	-
Net OPEB liability	<u>670,259</u>	<u>55,492</u>	<u>-</u>	<u>725,751</u>	<u>-</u>
Accrued employee benefits	<u>\$ 2,314,405</u>	<u>\$ 124,556</u>	<u>\$ (897,923)</u>	<u>\$ 1,541,038</u>	<u>\$ 2,206</u>

Notes from direct borrowings:-

As of December 31, 2021, notes from direct borrowings were comprised of the following:

	<u>Principal</u>
In November 2017, the Authority utilized \$36,000 of funds from the County of Humboldt Housing Authority (an affiliate) to purchase a vehicle. The note with the County is a five-year loan that bears no interest rate and is payable in monthly installments of \$600, which commenced in December 2017. The note is unsecured, and there are no acceleration clauses.	<u>\$ 6,600</u>
Total	<u><u>\$ 6,600</u></u>

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

<u>Year Ended</u>	<u>Principal</u>
2022	<u>\$ 6,600</u>
Total	<u><u>\$ 6,600</u></u>

**CITY OF EUREKA HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

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

As of December 31, 2021, the Authority's net OPEB liability, OPEB expenses, and deferred inflows of resources and deferred outflows of resources for the above OPEB Plan are as follows:

	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expenses
OPEB Plan	\$ <u>725,751</u>	\$ <u>187,157</u>	\$ <u>79,105</u>	\$ <u>81,228</u>

Plan Description

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

Benefits Provided

The OPEB Plan provisions and benefits in effect as of December 31, 2021, are summarized as follows:

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

Contributions

The OPEB Plan and its contribution requirements are established by Board action and may be amended by Board action. The Authority contributes the statutory minimum per month per member of the cost of current-year premiums for eligible retired plan members and their dependents (pay-as-you-go). For the fiscal year ended December 31, 2021, the Authority's cash contributions were \$15,444 in payments to CalPERS.

**CITY OF EUREKA HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) - CONT'D

Changes in the OPEB Liability

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

	Measurement Date 12/31/2021		
	Financial Reporting Date 12/31/2021		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at January 01, 2021	\$ 670,259	\$ -	\$ 670,259
Change recognized for measurement period:			
Service Cost	51,400	-	51,400
Interest	14,453	-	14,453
Contributions-employer	-	15,444	(15,444)
Actual benefit payments	(15,444)	(15,444)	-
Changes in assumption	5,083	-	5,083
Net changes	55,492	-	55,492
Balance at December 31, 2021	\$ 725,751	\$ -	\$ 725,751

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

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

	Discount Rate 1% Lower	Current Discount Rate	Discount Rate 1% Higher
Net OPEB liability	\$ 865,508	\$ 725,751	\$ 615,296

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

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

	Trend 1% Lower	Current Healthcare Cost Trend Rates	Trend 1% Higher
Net OPEB liability	\$ 594,039	\$ 725,751	\$ 900,146

**CITY OF EUREKA HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) - CONT'D

Recognition of Deferred Outflows and Deferred Inflows of Resources

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

As of December 31, 2021, the Authority reported deferred outflows and inflows of resources related to the OPEB liability from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Change of assumptions or other inputs	\$ 187,517	\$ -
Differences between expected and actual experience in the total OPEB liability	<u>-</u>	<u>(79,105)</u>
Total	<u>\$ 187,517</u>	<u>\$ (79,105)</u>

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

<u>Year ended December 31,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2022	\$ 24,297	\$ 8,922
2023	24,297	8,922
2024	24,297	8,922
2025	24,297	8,922
2026	24,297	8,922
Thereafter	<u>65,672</u>	<u>34,495</u>
Total	<u>\$ 187,157</u>	<u>\$ 79,105</u>

**CITY OF EUREKA HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) - CONT'D

Actuarial Methods and Assumptions

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

Valuation Date	December 31, 2020
Measurement Date	December 31, 2021
Actuarial cost method	Entry age
Discount rate	2.06%
Inflation	2.50%
Salary increase	2.75%
Investment rate of return	2.06%
Mortality rate	2017 CalPERS Active Mortality for Miscellaneous and schools Employees
Retirement rates	Hired before 2012: 2017 CalPERS 2.7%@55 Rates for Miscellaneous Employees Hired after 2013: 2017 CalPERS 2%@62 Rates for Miscellaneous Employees
Service requirement	100% at 5 Years of Service
Healthcare trend rate	4.00%

Plan Participants

	<u>Number of Participants</u>
Inactive employees currently receiving benefit payments	9
Inactive employees entitled to but not yet receiving benefit payments	0
Participating active employees	<u>20</u>
Total number of participants	29

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

There was a change in the discount rate and investment rate of return assumptions from 2.10% to 2.06% for the measurement date of December 31, 2021.

NOTE 9 - PENSION PLAN

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

**CITY OF EUREKA HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 9 - PENSION PLAN - CONT'D

As of December 31, 2021, the Authority's proportionate share of the net pension liability, pension expense / (credit), deferred inflows of resources, and deferred outflows of resources for the above plan is as follows:

	<u>Proportionate Share of Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Proportionate Share of Pension Expense / (Credit)</u>
CalPERS	\$ <u>741,765</u>	\$ <u>230,782</u>	\$ <u>848,847</u>	\$ <u>65,305</u>

Plan Description

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

Benefits Provided

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

**CITY OF EUREKA HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 9 - PENSION PLAN - CONT'D

Benefits Provided - Cont'd

The Plan provisions and benefits in effect as of December 31, 2021, are summarized as follows:

<u>Provisions and benefits</u>	<u>Miscellaneous risk pool</u>	
	On or Before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2.7% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	2.0%-2.7%	1.0%-2.5%
Required employee contribution rate	8%	6.75%
Required employer contribution rate	14.194%	7.732%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are determined annually through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Authority is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended December 31, 2021, are presented above, and the total Authority contributions were \$117,305.

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

The net pension liability was measured as of December 31, 2021. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of December 31, 2021, the Authority's proportion was 0.013715%.

For the year ended December 31, 2021, the Authority recognized a pension expenses / (credit) of \$65,305.

**CITY OF EUREKA HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 9 - PENSION PLAN - CONT'D

As of December 31, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected & actual experience	\$ 83,181	\$ -
Differences between projected & actual investment earning	-	647,521
Differences between actual & proportionate share of contribution	-	201,326
Change in employer's proportion	87,546	-
Contributions subsequent to measurement date	60,055	-
	<u>\$ 230,782</u>	<u>\$ 848,847</u>

The deferred outflow of resources related to pensions resulting from the Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability next year.

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

<u>Year ended December 31,</u>	<u>Deferred Outflows/ (Inflows) of Resources</u>
2022	\$ (171,192)
2023	(166,469)
2024	(161,518)
2025	(178,941)
2026	-
Thereafter	-
Total	<u>\$ (678,120)</u>

Actuarial Methods and Assumptions

The collective total pension liability for the June 30, 2021, measurement period was determined by an actuarial valuation as of June 30, 2019, with updated procedures used to roll forward the total pension liability to June 30, 2021. The collective total pension liability was based on the following assumptions:

**CITY OF EUREKA HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 9 - PENSION PLAN - CONT'D

Actuarial Methods and Assumptions - Cont'd

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

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

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS considered both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of the fund's asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund.

The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1-10</u>	<u>Real Return Years 11+</u>
Global Equity	50%	5.98%	5.98%
Fixed Income	28%	2.62%	2.62%
Private Equity	8%	7.23%	7.23%
Real Estate	13%	4.93%	4.93%
Inflation Assets	0%	1.81%	1.81%
Liquidity	1%	-0.92%	-0.92%

**CITY OF EUREKA HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 9 - PENSION PLAN - CONT'D

Discount Rate and Changes of Assumptions

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease 6.15%	Current Rate 7.15%	1% Increase 8.15%
CalPERS	\$ 1,774,000	\$ 741,765	\$ (111,570)

Plan Fiduciary Net Position

Detailed information about CalPERS Miscellaneous Risk Plan fiduciary net position is available in a separate annual comprehensive financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 Q Street, Sacramento, CA 95811.

NOTE 10 - NET POSITION

As of December 31, 2021, net investment in capital assets was comprised of the following:

Net capital assets	\$ 1,917,775
Less: capital debt obligation	6,600
Net investment in capital assets	\$ 1,911,175

As of December 31, 2021, restricted net position was comprised of the following:

Restricted cash and equivalents	\$ 76,135
Less: Tenant security deposit, contra	76,135
Restricted net position	\$ -

**CITY OF EUREKA HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 11 - INVESTMENT IN DISCRETE COMPONENT UNITS AND JOINT VENTURES

The Authority has equity interests in legally separate entities. The interest in Eureka Housing Associates, LP is 0.01%, and in Eureka Family Housing, LP is 0.01%. As of December 31, 2021, the investment balance consisted of the following:

Eureka Housing Associates, LP	\$ 94,836
Eureka Family Housing, LP	<u>302,525</u>
Total investment in joint ventures	<u><u>\$ 397,361</u></u>

NOTE 12 - JOINT POWERS AGREEMENT

The Authority is 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 as of December 31, 2021, is summarized below:

Total assets	<u>\$ 31,854,836</u>
Total liabilities	16,175,772
Net position	<u>15,679,064</u>
Total liabilities and net position	<u>31,854,836</u>
Total revenues	5,194,475
Total expenses	<u>4,803,578</u>
Change in net position	390,897
Net position, beginning of year	<u>15,288,167</u>
Net position, end of year	<u><u>\$ 15,679,064</u></u>

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Government Examinations

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

Construction Contracts

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

**CITY OF EUREKA HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 14 - BUSINESS RISK AND CONCENTRATIONS

Risk Management

The Authority is 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 is 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 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.

Concentration - Major Contributor

For the year ended December 31, 2021, approximately 50% 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, 2021, the outstanding principal balance of the loan was \$470,000. The Interest of \$499,289 was outstanding as of year-end on this loan.

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, 2021, the outstanding principal balance of the loan was \$1,900,000. The Interest of \$1,537,685 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.

**CITY OF EUREKA HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 15 - RELATED-PARTY TRANSACTIONS - CONT'D

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

The Authority shares management and a majority of the Authority's resources with the County of Humboldt Housing Authority, including personnel and facilities. However, the Authority maintains a separate governing body and therefore is considered a separate and unique organization for reporting purposes.

Receivable for Facility Rent

The Authority charges the County of Humboldt Housing Authority (County) a rental expense for its usage of the Authority's office facilities. For the year ended December 31, 2021, the Authority recorded office rental revenue of \$7,200, which was paid in full as of year-end. Additionally, the Authority has accrued a receivable of \$63,840 as of year-end in unpaid office rental fees for prior years from the County.

Receivable for Pension Plan

The Authority is fully liable for the pension obligation due to its employees. During FY 2015, the Authority recognized its unfunded pension liability administered by the California Public Employees Retirements System. Due to the Authority's employees being utilized by the County, the Authority has established a long-term note receivable from the County, which is allocated based on the same methodology the Authority allocates salary and benefits expenses to the County. The balance of this receivable was \$222,530 for the year ended December 31, 2021.

Receivable for OPEB Plan

The Authority is fully liable for the OPEB obligation due to its employees. During FY 2018, the Authority recognized its unfunded OPEB liability administered by the California Public Employees Retirements System. Due to the Authority's employees being utilized by the County, the Authority has established a long-term note receivable from the County, which is allocated based on the same methodology the Authority allocates salary and benefits expenses to the County. The balance of this receivable was \$217,725 for the year ended December 31, 2021.

**CITY OF EUREKA HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 16 - CONDENSED COMBINING FINANCIAL STATEMENTS

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

<u>Abbrev.</u>	<u>Name</u>	<u>Fiscal Period</u>	<u>Year</u>
Authority	City of Eureka Housing Authority	31 December	2021
BCU1	Eureka Housing Development Corporation	31 December	2021
DCU1	Eureka Family Housing LP	31 December	2021
DCU2	Eureka Housing Associates LP	31 December	2021

	<u>Authority</u>	<u>BCU1</u>	<u>Eliminations</u>	<u>Total</u>
Assets and deferred outflows of resources				
Intercompany receivable	\$ 69,000	\$ -	\$ (69,000)	\$ -
Cash and equivalents	906,558	9,826	-	916,384
Other current assets	125,832	-	-	125,832
Net capital assets	1,917,775	-	-	1,917,775
Other assets	<u>4,907,884</u>	<u>579,200</u>	<u>-</u>	<u>5,487,084</u>
Total assets	<u>7,927,049</u>	<u>589,026</u>	<u>(69,000)</u>	<u>8,447,075</u>
Deferred outflows of resources	<u>417,939</u>	<u>-</u>	<u>-</u>	<u>417,939</u>
Total assets and deferred outflows of resources	<u>8,344,988</u>	<u>589,026</u>	<u>(69,000)</u>	<u>8,865,014</u>
Liabilities, deferred Inflows of resources, and net position				
Intercompany payables	-	69,000	(69,000)	-
Other current liabilities	245,294	1,966	-	247,260
Noncurrent liabilities	<u>1,538,832</u>	<u>-</u>	<u>-</u>	<u>1,538,832</u>
Total liabilities	<u>1,784,126</u>	<u>70,966</u>	<u>(69,000)</u>	<u>1,786,092</u>
Deferred inflows of resources	<u>927,952</u>	<u>-</u>	<u>-</u>	<u>927,952</u>
Net investment in capital assets	1,911,175	-	-	1,911,175
Unrestricted	<u>3,721,735</u>	<u>518,060</u>	<u>-</u>	<u>4,239,795</u>
Total net position	<u>5,632,910</u>	<u>518,060</u>	<u>-</u>	<u>6,150,970</u>
Total liabilities, deferred Inflows of resources, and net position	<u>\$ 8,344,988</u>	<u>\$ 589,026</u>	<u>\$ (69,000)</u>	<u>\$ 8,865,014</u>

CITY OF EUREKA HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 16 - CONDENSED COMBINING FINANCIAL STATEMENTS - CONT'D

	<u>Authority</u>	<u>BCU1</u>	<u>Eliminations</u>	<u>Total</u>
Operating revenue	\$ 1,101,915	\$ 7,500	\$ -	\$ 1,109,415
Operating grants and subsidies	1,126,992	-	-	1,126,992
Depreciation expense	(241,246)	-	-	(241,246)
Other operating expenses	<u>(2,048,666)</u>	<u>(4,880)</u>	<u>-</u>	<u>(2,053,546)</u>
Operating Income/ (Loss)	<u>(61,005)</u>	<u>2,620</u>	<u>-</u>	<u>(58,385)</u>
Investment income	<u>168,419</u>	<u>-</u>	<u>-</u>	<u>168,419</u>
Change in net position	107,414	2,620	-	110,034
Net position, beginning of year	<u>5,525,496</u>	<u>515,440</u>	<u>-</u>	<u>6,040,936</u>
Net position, end of year	<u>\$ 5,632,910</u>	<u>\$ 518,060</u>	<u>\$ -</u>	<u>\$ 6,150,970</u>

	<u>Authority</u>	<u>BCU1</u>	<u>Eliminations</u>	<u>Total</u>
Net cash provided (used) by:				
Operating activities	\$ 114,970	\$ (4,214)	\$ -	\$ 110,756
Capital and related financing activities	(205,240)	-	-	(205,240)
Investing activities	<u>244,999</u>	<u>-</u>	<u>-</u>	<u>244,999</u>
Net change in cash and equivalents	154,729	(4,214)	-	150,515
Cash and cash equivalents, beginning of year	<u>751,829</u>	<u>14,040</u>	<u>-</u>	<u>765,869</u>
Cash and cash equivalents, end of year	<u>\$ 906,558</u>	<u>\$ 9,826</u>	<u>\$ -</u>	<u>\$ 916,384</u>

**CITY OF EUREKA HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 16 - CONDENSED COMBINING FINANCIAL STATEMENTS - CONT'D

	<u>DCU1</u>	<u>DCU2</u>	<u>Total</u>
Assets and deferred outflows of resources			
Cash and equivalents	\$ 492,822	\$ 180,558	\$ 673,380
Other current assets	27,059	4,252	31,311
Net capital assets	5,567,604	875,026	6,442,630
Other long-term assets	<u>2,782</u>	<u>-</u>	<u>2,782</u>
Total assets	<u>6,090,267</u>	<u>1,059,836</u>	<u>7,150,103</u>
Total assets and deferred outflows of resources	<u>6,090,267</u>	<u>1,059,836</u>	<u>7,150,103</u>
Liabilities, deferred inflows of resources, and net position			
Other current liabilities	105,676	40,238	145,914
Noncurrent liabilities	<u>5,910,793</u>	<u>1,713,409</u>	<u>7,624,202</u>
Total liabilities	<u>6,016,469</u>	<u>1,753,647</u>	<u>7,770,116</u>
Net investment in capital assets	1,804,982	(65,490)	1,739,492
Unrestricted	<u>(1,731,184)</u>	<u>(628,321)</u>	<u>(2,359,505)</u>
Total net position	<u>73,798</u>	<u>(693,811)</u>	<u>(620,013)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 6,090,267</u>	<u>\$ 1,059,836</u>	<u>\$ 7,150,103</u>
	<u>DCU1</u>	<u>DCU2</u>	<u>Total</u>
Operating revenue	\$ 630,544	\$ 76,313	\$ 706,857
Operating grants and subsidies	-	112,798	112,798
Depreciation expense	(222,202)	(35,467)	(257,669)
Other operating expenses	<u>(347,286)</u>	<u>(146,516)</u>	<u>(493,802)</u>
Operating income/ (loss)	<u>61,056</u>	<u>7,128</u>	<u>68,184</u>
Investment income	2,319	24	2,343
Interest expenses	<u>(227,516)</u>	<u>(45,618)</u>	<u>(273,134)</u>
Change in net position	(164,141)	(38,466)	(202,607)
Net position, beginning of year	<u>237,939</u>	<u>(655,345)</u>	<u>(417,406)</u>
Net position, end of year	<u>\$ 73,798</u>	<u>\$ (693,811)</u>	<u>\$ (620,013)</u>

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

CITY OF EUREKA HOUSING AUTHORITY
SCHEDULE OF THE PENSION PLAN'S PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED DECEMBER 31, 2021
FOR THE LAST TEN FISCAL YEARS*

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 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%
2021	0.03906%	\$ 741,765	\$ 1,165,591	63.64%	90.51%

*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 has been maintained separately for each of those employers. The same is also the case for all Safety employers.

**CITY OF EUREKA HOUSING AUTHORITY
SCHEDULE OF THE PENSION PLAN'S CONTRIBUTIONS
AS OF DECEMBER 31, FOR THE LAST TEN FISCAL YEARS***

Plan Measurement Date under GASB 68 as of June 30	Actuarially Determined Contribution	Contribution in Relation to Actuarially Determined Distribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contribution as a Percentage Covered- Employees Payroll
2015	\$ 188,692	\$ 188,692	\$ -	\$ 1,029,046	18.34%
2016	\$ 174,605	\$ 174,605	\$ -	\$ 1,144,322	15.26%
2017	\$ 156,229	\$ 156,229	\$ -	\$ 1,138,020	13.73%
2018	\$ 122,190	\$ 122,190	\$ -	\$ 1,151,936	10.61%
2019	\$ 115,632	\$ 115,632	\$ -	\$ 1,150,942	10.05%
2020	\$ 118,619	\$ 118,619	\$ -	\$ 1,130,167	10.50%
2021	\$ 117,305	\$ 117,305	\$ -	\$ 1,165,591	10.06%

Notes to Required Supplementary Information Schedules:

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

Change in assumptions: There were no changes in assumptions.

*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.

CITY OF EUREKA HOUSING AUTHORITY
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
AS OF DECEMBER 31, FOR THE LAST TEN FISCAL YEARS*

Measurement Period	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 51,400	\$ 33,969	\$ 22,880	\$ 22,268
Interest	14,453	16,436	12,699	18,153
Benefit payments	(15,444)	(13,769)	(12,672)	(13,172)
Expected minus actual benefit payments	-	-	(1,097)	-
Experience (gain)/loss	-	(95,969)	-	-
Change in assumptions	<u>5,083</u>	<u>130,950</u>	<u>111,067</u>	<u>-</u>
Net change in total OPEB liability	55,492	71,617	132,877	27,249
Total OPEB liability - beginning	<u>670,259</u>	<u>598,642</u>	<u>465,765</u>	<u>438,516</u>
Total OPEB liability - ending	725,751	670,259	598,642	465,765
Plan fiduciary net position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net OPEB liability	<u>\$ 725,751</u>	<u>\$ 670,259</u>	<u>\$ 598,642</u>	<u>\$ 465,765</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0%	0%	0%	0%
Covered- employee payroll	\$ 1,165,591	\$ 1,130,167	\$ 1,150,942	\$ 1,151,936
Total OPEB liability as a percentage of covered payroll	62%	59%	52%	40%

*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.

SUPPLEMENTARY INFORMATION

**CITY OF EUREKA HOUSING AUTHORITY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2021**

<u>Federal Grantor/Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Expenditure</u>
<i>U.S.Department of Housing and Urban Development</i>		
<i>Direct Programs</i>		
Public and Indian Housing	14.850	\$ 444,369
COVID-19 Public and Indian Housing	14.850	<u>35,852</u>
Total Public and Indian Housing		<u>480,221</u>
Public Housing Capital Fund	14.872	<u>646,771</u>
Total Public Housing Capital Fund		<u>646,771</u>
Total U.S.Department of Housing and Urban Development		<u>1,126,992</u>
Total expenditures of federal awards		<u>\$ 1,126,992</u>

See the accompanying notes to schedule of expenditures of federal awards.

CITY OF EUREKA HOUSING AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2021

NOTE 1 - 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, 2021. 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 the Authority's operations, it is not intended to and does not present the Authority's financial position, changes in net positions, or cash flows.

The amounts presented in the Schedule agree to the amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Schedule is presented using the accrual basis of accounting, the method used to prepare the Authority's basic financial statements. Note 2 of the Authority's basic financial statements describes the significant accounting policies used by the Authority. Such expenses are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenses are not allowable or are limited as to reimbursement.

NOTE 3 - SUBRECIPIENTS

The Authority reported no subrecipient grant activity.

NOTE 4 - INDIRECT COST

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

**CITY OF EUREKA HOUSING AUTHORITY
STATEMENT AND CERTIFICATION OF ACTUAL COSTS
DECEMBER 31, 2021**

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

<u>Grant</u>	<u>Funds Approved</u>	<u>Funds Disbursed</u>	<u>Funds Expended</u>	<u>Balance</u>
CA01 P025501-21	\$ 646,771	\$ 646,771	\$ 646,771	\$ -

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.

COMPLIANCE SECTION

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*

To the Board of Commissioners
City of Eureka Housing Authority
Eureka, California

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, and the aggregate discretely presented component units of City of Eureka Housing Authority (the "Authority") as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated August 24, 2022.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free 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 Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Harshmal & Company LLP

Oakland, California
August 24, 2022

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

To the Board of Commissioners
City of Eureka Housing Authority
Eureka, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Eureka Housing Authority's (the "Authority") compliance with the types of compliance requirements described in the *Office of Management and Budget (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, 2021. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority, complied, in all material respects, with the 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, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as an item 2021-001. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as an item 2021-001 to be a significant deficiency.

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

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Authority's response were not subjected to the other auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on the response.

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

Harshmal & Company LLP

Oakland, California
August 24, 2022

**CITY OF EUREKA HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2021**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be weakness(es)?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	Yes
Type of auditor's report issued on compliance in accordance with major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with <i>Uniform Guidance 2 CFR 200.516(a)</i> ?	Yes
Instances where results of audit follow-up procedures disclosed that the summary schedule of prior audit findings materially misrepresents the status of any prior audit finding?	No

Identification of major programs:

<u>Federal Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>	
14.850	Public and Indian Housing	
Dollar threshold used to distinguish between type A and type B programs:		\$750,000
Auditee qualified as low-risk auditee?		Yes

**CITY OF EUREKA HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

SECTION II - FINANCIAL STATEMENT FINDINGS

There are no findings related to the financial statements.

**CITY OF EUREKA HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2021-001 Procurement, Suspension, and Debarment (Significant Deficiency)

Federal Program Information:

Funding Agency:	U.S. Department of Housing and Urban Development
Title:	Public and Indian Housing
Federal Assistance Listing Number:	14.850

Criteria or Specific Requirement:

According to 25 CFR 276.12, 45 CFR 1303.55, and 25 USC 450 et seq, federal awarding agency regulations, and terms of each award, local governments and Indian tribal governments may use their own procurement procedures provided they conform to applicable federal law and regulations and standards identified. These regulations also outline the requirements related to suspension and debarment.

Condition:

The Authority adopted a procurement policy, which includes suspension and debarment requirements; however, there were no effective internal controls to ensure compliance with the procedure. During our testwork over procurement, we tested six procurement transactions. We noted that the System for Award Management (SAM) documentation did not show the dates the checks were performed. Thus, we were unable to determine if any payments to vendors were made before the checks were performed.

Questioned Costs:

The calculation of questioned costs was not determinable for these deficiencies.

Cause:

The Authority did not follow its policies and procedures regarding procurement, suspension, and debarment.

Effect:

If vendors are retained and paid from federal funds that are later found to be suspended or debarred or if the required procurement procedures are not followed, the Authority could be subject to questioned costs or other sanctions from funding agencies.

Auditor's Recommendation:

We recommend that the Authority ensure that the dates are listed when the checks on the System for Award Management (SAM) are performed to ensure that no vendors who are suspended, debarred, or otherwise excluded from participating in transactions funded through federal grants are used.

**CITY OF EUREKA HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS- CONT'D

2021-001 Procurement, Suspension, and Debarment (Significant Deficiency) - Cont'd

Management Response:

City of Eureka Housing Authority understands the deficiency as identified that pertains to not having timestamped checks in the System for Award Management (SAM) for vendor suspension and/or disbarment. Going forward, the Authority will perform checks in SAM and retain records with proof of date.

Anticipated Completion Date:

We anticipate adopting this new process as of August 24, 2022 and anticipate to have all current vendors checked using the new process by December 31, 2022.

Responsible Party:

J. Dustin Wiesner, Director of Finance, Administration and Technology

**CITY OF EUREKA HOUSING AUTHORITY
STATUS OF PRIOR YEAR AUDIT FINDINGS AND RECOMMENDATIONS
DECEMBER 31, 2021**

The Authority had no finding or questioned cost noted in the prior year that requires a status.



HOUSING AUTHORITIES CITY OF EUREKA & COUNTY OF HUMBOLDT



735 WEST EVERDING STREET, EUREKA CA 95503
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8/24/2022

The City of Eureka Housing Authority respectfully submits the following corrective action plan for the fiscal year ending December 31, 2021.

Federal Award Findings and Questioned Costs

2021-001 Procurement, Suspension, and Debarment (Significant Deficiency)

Management Reponse:

The City of Eureka Housing Authority (CEHA) understands the deficiency as identified that pertains to not having timestamped verifications in the System for Award Management (SAM) for vendor suspension and/or disbarment. Going forward, CEHA will perform verifications in SAM and retain records with proof of date.

Anticipated Completion Date:

We anticipate adopting this new process as of August 24th, 2022 and anticipate to have all current vendors verified using the new process by December 31st, 2022.

Responsible Party:

J. Dustin Wiesner

Director of Finance, Administration and Technology

