



HOUSING AUTHORITIES CITY OF EUREKA & COUNTY OF HUMBOLDT



735 WEST EVERDING STREET, EUREKA CA 95503
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AGENDA REGULAR MEETING OF THE HOUSING AUTHORITY OF THE CITY OF EUREKA BOARD OF COMMISSIONERS

DATE AND TIME
Monday, December 16, 2024
5:45pm

LOCATION

Housing Authority of the City of Eureka
735 W. Everding St., Eureka CA

All or portions of this meeting may be conducted by teleconferencing in accordance with Government Code Section 54953(b). Teleconference locations are as follows: 735 W. Everding St., Eureka CA. This location is accessible to the public, and members of the public may address the Housing Authority of the City of Eureka Board of Commissioners from any teleconference location.

PUBLIC PARTICIPATION

Public access to this meeting is available at the location above.

Persons wishing to address the Board of Commissioners are asked to submit comments for the public speaking portion of the agenda as follows:

- Send an email with your comment(s) to heatherh@eurekahumboldtha.org prior to the Board of Commissioners meeting.
- Call and leave a message at (707) 443-4583 ext. 219.

When addressing the Board on agenda items or business introduced by Commissioners, members of the public may speak for a maximum of five minutes per agenda item when the subject is before the Board.

1. Roll Call

2. Public Comment (Non-Agenda):

This time is reserved for members of the public to address the Committee relative to matters of the Housing Authority of the City of Eureka not on the agenda. No action may be taken on non-agenda items unless authorized by law. Comments will be limited to five minutes per person and twenty minutes in total.

3. Approve minutes of the Board of Commissioners meetings:

3a. Regular meeting, October 21, 2024 (pages 3-6)

4. Bills and Communications:

4a. HUD letter dated October 15, 2024; Receipt and acknowledgement of FY 2023 audit performed by Harshwal & Company LLP with no findings. (page 7)



The Housing Authorities are Equal Housing Opportunity Organizations



5. Report of the Secretary:

The Report of the Secretary is intended to brief the Commission on items, issues, key dates, etc., that do not require specific action, and are not separate items on the Board of Commissioners Agenda.

5a. Occupancy and Leasing Report (page 8)

5b. HCV Utilization Reports (pages 9-11)

5c. Repositioning Updates (page 12)

6. Reports of the Commissioners:

This time is reserved for Commissioners to share any relevant news or Housing related endeavors undertaken by Commissioners.

7. Unfinished Business: None

8. New Business:

8a. Resolution 2012, HACE FY2023 Financial Audit Report (pages 13-56)

Recommended Board Action: *Accept and Adopt for Approval*

8b. Resolution 2013, Write Off of Uncollectible Accounts Receivable (pages 57-60)

Recommended Board Action: *Accept and Adopt for Approval*

8c. Update to Commissioners Ten Commandments resource document (pages 61-78)

Recommended Board Action: *Informational*

9. Closed Session – If needed.

10. Adjournment

* * * Note * * *

Documents related to this agenda are available on-line at:

<https://eurekahumboldtca.org/governance/>

Know Your Rights Under The Ralph M. Brown Act: Government's duty is to serve the public, reaching its decisions in full view of the public. The Board of Commissioners exists to conduct the business of its constituents. Deliberations are conducted before the people and are open for the people's review.

MINUTES

REGULAR MEETING OF THE HOUSING AUTHORITY OF THE CITY OF EUREKA BOARD OF COMMISSIONERS

Monday, October 21, 2024

Vice-Chairperson Konkler declared a quorum present and called the meeting to order at 5:51pm.

1. Roll Call

Present: Vice Chairperson Konkler, Commissioner Byers, Commissioner Escarda,
Commissioner Maschke
Absent: Chairperson Serotta, Commissioner Raymond
Staff: Churchill, Humphreys, Wiesner
Public: None

At the time of roll call, Commissioner Raymond was not present. However, Commissioner Raymond phoned into the meeting at 5:54pm during discussion of item 4a.

Motion made by Commissioner Byers and seconded by Commissioner Escarda to allow Commissioner Raymond to teleconference into the meeting.

2. Public Comment (Non-Agenda): None heard

3. Approve minutes of the board of commissioners meeting, held September 16, 2024.

Motion to approve the minutes of the September 16, 2024, regular meeting, made by Commissioner Escarda.

Second – Commissioner Maschke

Ayes: Konkler, Byers, Escarda, Maschke
Nays: None
Abstain: Raymond
Absent: Serotta

Vice-Chairperson Konkler declared the motion carried to approve the minutes of September 16, 2024.

4. Bills and Communication:

4a. Tenant Newsletter, Housing Insider – September 2024 issue

The commissioners comment that they appreciate HACE providing the tenants with helpful and informative information in the newsletter and staff is doing a good job.

5. Report of the Secretary:

5a. Occupancy and Leasing Report

Secretary Churchill updates the board on this report.

5b. HCV Utilization Reports

Secretary Churchill updates the board and goes over key points of the report.

5c. Repositioning Updates

Secretary Churchill goes over the most recent updates for Repositioning, noting that a \$7 million dollar application was sent to HUD for the Pro-Housing Grant. HACE is also working on two CDBG grants which would pay for redevelopment of the Boys and Girls Club building and the community center across the street from the office. The City of Eureka is applying on HACE's behalf as the jurisdictional requirement is that a local city or county government applies. Secretary Churchill goes on to note that our developers will be in town this week to view the sites of our repositioning projects which they have been working on.

6. Reports of the Commissioners: None heard.

7. Unfinished Business: None.

8. New Business:

8a. Resolution 2009, Annual Operating Budget for FY Ending December 31, 2025

Recommended Board Action: *Accept and Adopt for Approval*

RESOLUTION 2009

RESOLUTION TO APPROVE ANNUAL OPERATING BUDGET
FOR THE HOUSING AUTHORITY OF THE CITY OF EUREKA
FOR FISCAL YEAR ENDING DECEMBER 31, 2025

WHEREAS, The Housing Authority of the City of Eureka Board of Commissioners directed the Executive Director to prepare an Operating Budget for Housing Authority of the City of Eureka for fiscal year ending December 31, 2025; and

WHEREAS, The Operating Budget has been submitted for the Board's review and has been found to be substantially correct.

NOW, THEREFORE, BE IT RESOLVED, That the Commissioners of the Housing Authority of the City of Eureka do hereby approve and adopt the Operating Budget for FYE December 31, 2025.

Motion to approve Resolution 2009 made by Commissioner Raymond.

Second – Commissioner Byers

Ayes: Konkler, Byers, Escarda, Maschke, Raymond

Nays: None

Abstain: None

Absent: Serotta

Vice-Chairperson Konkler declared the motion carried to approve Resolution 2009.

8b. Resolution 2010, Proposed Utility Allowance Study Schedule for 2025
Recommended Board Action: *Accept and Adopt for Approval*

RESOLUTION 2010

ADOPT UPDATED UTILITY SCHEDULE
PUBLIC HOUSING – CITY OF EUREKA

WHEREAS, The U.S. Department of Housing and Urban Development requires a survey of utility usage and fees be done to ascertain a schedule of Public Housing allowances for resident furnished utilities; and

WHEREAS, The Housing Authorities have contracted with Zappling Company to complete a Resident Life Utility Allowance Survey and Study for Public Housing; and

WHEREAS, The survey demonstrates a need to adjust the present utility allowances to bring them in line with actual usage figures;

NOW, THEREFORE, BE IT RESOLVED, that the Commissioners of the Housing Authority of the City of Eureka approve and adopt the September 2024 schedule for Public Housing Utility Allowances for Resident Furnished Utilities and Other Services, effective January 1, 2025.

Motion to approve Resolution 2010 made by Commissioner Escarda.

Second – Commissioner Byers

Ayes: Konkler, Byers, Escarda, Maschke, Raymond
Nays: None
Abstain: None
Absent: Serotta

Vice-Chairperson Konkler declared the motion carried to approve Resolution 2010.

8c. Resolution 2011, Write Off of Uncollectible Accounts Receivable
Recommended Board Action: *Accept and Adopt for Approval*

RESOLUTION 2011
TO WRITE OFF CERTAIN UNCOLLECTIBLE ACCOUNTS RECEIVABLE

WHEREAS, All efforts to collect certain accounts from former tenants of the Conventional Public Housing program have been unsuccessful; and

WHEREAS, The U.S. Department of Housing and Urban Development has recommended that after all reasonable efforts have been made to collect vacated accounts, the Board of Commissioners, based on the recommendations of the Executive Director, should authorize the charging off such accounts; and

NOW, THEREFORE, BE IT RESOLVED, That the following accounts be transferred to Collection Loss;

<u>Housing Program</u>	<u>Amount</u>
Eureka Family Housing, Eviction	\$10,822.83

Motion to approve Resolution 2011 made by Commissioner Escarda.

Second – Commissioner Maschke

Ayes: Konkler, Byers, Escarda, Maschke, Raymond
Nays: None
Abstain: None
Absent: Serotta

Vice-Chairperson Konkler declared the motion carried to approve Resolution 2011.

9. Closed Session: None needed.

10. Adjournment

There being no further business to come before the Commissioners, the meeting was adjourned at 6:27pm.

Secretary

Chairperson



U.S. Department of Housing and Urban Development

San Francisco Regional Office - Region IX
One Sansome Street, Suite 1200
San Francisco, California 94104-4430
www.hud.gov
espanol.hud.gov

October 15, 2024

Cheryl Churchill, Executive Director
Housing Authority of the City of Eureka
735 W Everding Street
Eureka, CA 95503

SUBJECT: Closure of Federal Single Audit for CA025 Housing Authority of the City of Eureka for Fiscal Year Ended December 31, 2023

Dear Ms. Churchill:

This letter is to acknowledge receipt of the Housing Authority of the City of Eureka's audit prepared by Harshwal & Company LLP. The San Francisco PIH Office is pleased to note that the report contained no audit Findings, therefore, a response is not required. Should you have any questions or concerns, please contact Chandini Gaur, Financial Analyst, by email at Chandini.gaur@hud.gov.

Sincerely,

A handwritten signature in cursive script that reads "Gerard R. Windt".

Gerard R. Windt
Director
Office of Public Housing, San Francisco

**Occupancy and Leasing Report
January 2024 - October 2024**

**HOUSING AUTHORITY OF THE CITY OF EUREKA
HOUSING AUTHORITY OF THE COUNTY OF HUMBOLDT**

Program	Total Units											Wait List End of Month	
	Available	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24		
HACE													
Public Housing	195	184	186	190	191	190	192	194	194	194	193	869	1
Eureka Family Housing	51	48	49	49	48	48	48	49	49	48	48	866	
Eureka Senior Housing	22	21	21	21	21	21	21	20	19	19	19	314	
Total City Units	268	253	256	260	260	259	261	263	262	261	260		

HACH													
<u>Tenant Based Vouchers</u>													
Housing Choice Vouchers	1234	804	849	853	856	869	874	888	893	902	904	1155	
VASH Vouchers	95	76	75	79	79	80	80	84	81	81	81	N/A	
Mainstream vouchers	75	51	52	54	53	55	55	54	55	55	57	N/A	2
Emergency Housing Vouchers (EHV)	182	145	146	145	144	142	141	142	143	144	142	N/A	3
Total All Vouchers	1586	1076	1122	1131	1132	1146	1150	1168	1172	1182	1184		
<u>Project Based Vouchers (note that these are a subset of HCV & VASH voucher counts shown above)</u>													
PBV-VASH - Bayview Heights (Eureka)	22	22	22	22	22	22	22	22	22	22	22	N/A	4
PBV-HCV - Bayview Heights (Eureka)	3	3	3	3	3	3	3	2	2	3	3	1	4
PBV-HCV - Sorrell Place (Arcata)	5	5	5	5	5	5	4	5	5	5	5	216	5
PBV-HCV - Providence (Eureka)	42		41	41	41	41	42	42	41	41	39	N/A	6
PBV-HCV - Laurel Canyon	35	34	34	35	35	35	35	35	35	35	35	115	7
Total Project Based Vouchers	107	64	105	106	106	106	106	106	105	106	104		

Vouchers issued but not under contract, end of month (aka "Searching")	44
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Note: Occupancy / utilization numbers shown are as of the first day of the month.

- Total PH units is 198; 3 units are exempted for EPD use, Boys & Girls Club, and Maintenance use and are unavailable for tenant rental.
- Mainstream vouchers were awarded December 2020. Funding and voucher issuance began April 2021.
25 Mainstream vouchers will be allocated via waitlist pulls; 50 will be via referral from CoC partners.
Mainstream applicants share waitlist with HCV applicants.
- No PHA waitlist for EHV's; all are issued based on referral from HHC or HDVS. Referrals began Q4 2021.
- 25 Project Based Vouchers at Bayview Heights Veteran's housing at 4th & C Street, Eureka; contract signed 6/30/2020.
- 5 Project Based HCV vouchers at Sorrell Place, extremely low income units at 7th & I Street, Arcata; effective 6/1/2022.
- Providence Mother Bernard House PBV's - Occupancy based on referral from CoC; contract signed 01/08/2024.
- Laurel Canyon (7th & Myrtle Ave.) 35 senior PBV units; contracts signed 12/07/2023.

COUNTY OF HUMBOLDT HOUSING AUTHORITY
All Voucher Programs
For the month of October 2024

	January	February	March	April	May	June	July	August	September	October	Total
Traditional HCV & VASH (Includes PBVs)											
HAP income (budget authority)	\$ 568,483	\$ 568,483	\$ 564,144	\$ 600,362	\$ 575,368	\$ 629,691	\$ 629,691	\$ 629,691	\$ 595,740	\$ 595,740	\$ 5,957,394
HAP expenses	(615,142)	(634,449)	(633,181)	(647,334)	(659,572)	(675,338)	(699,377)	(708,622)	(718,192)	(720,009)	(6,711,216)
Surplus (Deficit)	<u>(46,659)</u>	<u>(65,966)</u>	<u>(69,037)</u>	<u>(46,972)</u>	<u>(84,204)</u>	<u>(45,647)</u>	<u>(69,686)</u>	<u>(78,931)</u>	<u>(122,452)</u>	<u>(124,269)</u>	<u>(753,822)</u>
* % Total income utilized	108.21%	111.60%	112.24%	107.82%	114.63%	107.25%	111.07%	112.53%	120.55%	120.86%	112.65%
Administrative/Other Income	78,651	87,003	78,760	79,318	79,226	80,155	92,138	112,674	79,526	79,791	847,240
Operating expenses	(76,645)	(71,139)	(66,541)	(71,151)	(67,103)	(72,009)	(123,428)	(76,953)	(92,876)	(66,452)	(784,297)
Surplus (Deficit)	<u>2,006</u>	<u>15,864</u>	<u>12,219</u>	<u>8,167</u>	<u>12,123</u>	<u>8,146</u>	<u>(31,290)</u>	<u>35,721</u>	<u>(13,350)</u>	<u>13,339</u>	<u>62,943</u>
B/D Remaining HAP Cash	49,460	(6,365)	665,581	10,319	(163)	15,964	20,058	44,458	11,929	137	
Remaining Non-HAP Cash	729,405	718,621	731,978	735,490	724,451	735,769	748,534	785,823	813,555	807,088	
Total HCV Cash	<u>778,865</u>	<u>712,256</u>	<u>1,397,559</u>	<u>745,808</u>	<u>724,288</u>	<u>751,733</u>	<u>768,592</u>	<u>830,281</u>	<u>825,484</u>	<u>807,225</u>	
Cash Increase/(Decrease)	5,035	(66,609)	685,303	(651,751)	(21,520)	27,445	16,859	61,688	(4,797)	(18,259)	
# of Households Assisted	877	926	934	934	948	954	973	976	984	985	9,491
Average HAP Payment	\$ 701	\$ 685	\$ 678	\$ 693	\$ 696	\$ 708	\$ 719	\$ 726	\$ 730	\$ 731	\$ 707
Mainstream (disabled & non-elderly)											
HAP income (budget authority)	\$ 34,358	\$ 34,358	\$ 34,358	\$ 34,358	\$ 37,726	\$ 37,726	\$ 37,726	\$ 37,726	\$ 37,726	\$ 37,725	\$ 363,787
HAP expenses	(35,636)	(37,891)	(38,486)	(38,680)	(38,684)	(40,388)	(39,961)	(40,413)	(42,275)	(43,474)	(395,888)
Surplus (Deficit)	<u>(1,278)</u>	<u>(3,533)</u>	<u>(4,128)</u>	<u>(4,322)</u>	<u>(958)</u>	<u>(2,662)</u>	<u>(2,235)</u>	<u>(2,687)</u>	<u>(4,549)</u>	<u>(5,749)</u>	<u>(32,101)</u>
A % Total income utilized	103.72%	110.28%	112.01%	112.58%	102.54%	107.06%	105.92%	107.12%	112.06%	115.24%	108.82%
Administrative/Other Income	5,845	12,139	5,845	5,845	7,043	7,121	10,155	10,067	4,183	7,121	75,364
Operating expenses	(4,779)	(4,390)	(3,966)	(4,475)	(5,862)	(4,674)	(8,188)	(4,720)	(9,973)	(4,623)	(55,650)
Surplus (Deficit)	<u>1,066</u>	<u>7,749</u>	<u>1,879</u>	<u>1,370</u>	<u>1,181</u>	<u>2,447</u>	<u>1,967</u>	<u>5,347</u>	<u>(5,790)</u>	<u>2,498</u>	<u>19,714</u>
B/D Remaining HAP Cash	1,690	719	37,917	(1,643)	1,005	(5,159)	(4,523)	(4,370)	(9,574)	(2,993)	
Remaining Non-HAP Cash	60,685	68,340	70,080	71,234	72,483	74,941	79,936	85,092	79,992	81,909	
Total MSV Cash	<u>62,375</u>	<u>69,059</u>	<u>107,997</u>	<u>69,591</u>	<u>73,488</u>	<u>69,782</u>	<u>75,413</u>	<u>80,723</u>	<u>70,419</u>	<u>78,916</u>	
Cash Increase/(Decrease)	(504)	6,684	38,939	(38,406)	3,897	(3,706)	5,631	5,310	(10,304)	8,498	
# of Households Assisted	51	53	54	54	55	55	54	55	55	57	543
Average HAP Payment	\$ 699	\$ 715	\$ 713	\$ 716	\$ 703	\$ 734	\$ 740	\$ 735	\$ 769	\$ 763	\$ 729
Emergency Housing Vouchers (EHVs)											
HAP income (budget authority)	\$ 100,228	\$ 100,228	\$ 100,228	\$ 100,228	\$ 100,228	\$ 100,228	\$ 215,277	\$ 215,277	\$ 215,277	\$ 215,277	\$ 1,462,476.00
HAP expenses	(120,280)	(122,235)	(121,013)	(118,866)	(118,809)	(119,805)	(118,373)	(123,027)	(122,600)	(122,280)	(1,207,288)
Surplus (Deficit)	<u>(20,052)</u>	<u>(22,007)</u>	<u>(20,785)</u>	<u>(18,638)</u>	<u>(18,581)</u>	<u>(19,577)</u>	<u>96,904</u>	<u>92,250</u>	<u>92,677</u>	<u>92,997</u>	<u>255,188</u>
A % Total income utilized	120.01%	121.96%	120.74%	118.60%	118.54%	119.53%	54.99%	57.15%	56.95%	56.80%	82.55%
Administrative/Other Income	31,114	27,214	34,763	27,236	24,793	23,058	19,316	21,907	19,624	19,158	248,183
Operating expenses	(24,159)	(24,401)	(18,641)	(13,927)	(17,910)	(13,111)	(24,724)	(20,248)	(14,738)	(13,249)	(185,108)
Surplus (Deficit)	<u>6,955</u>	<u>2,813</u>	<u>16,122</u>	<u>13,309</u>	<u>6,883</u>	<u>9,947</u>	<u>(5,408)</u>	<u>1,659</u>	<u>4,886</u>	<u>5,908</u>	<u>63,075</u>
B/D Remaining HAP Cash	27,402	19,245	164,139	19,725	24,139	32,940	38,116	37,828	30,079	16,977	
Remaining Non-HAP Cash	153,925	143,153	150,356	161,364	164,258	171,244	167,575	159,267	161,666	165,028	
Total EHV Cash	<u>181,327</u>	<u>162,398</u>	<u>314,495</u>	<u>181,089</u>	<u>188,397</u>	<u>204,184</u>	<u>205,691</u>	<u>197,095</u>	<u>191,744</u>	<u>182,005</u>	
C Cash Increase/(Decrease)	(7,592)	(18,929)	152,097	(133,406)	7,308	15,787	1,507	(8,596)	(5,351)	(9,739)	
# of Households Assisted	145	146	144	143	142	141	142	143	144	142	1,577

COUNTY OF HUMBOLDT HOUSING AUTHORITY
All Voucher Programs
For the month of October 2024

	January	February	March	April	May	June	July	August	September	October	Total
Average HAP Payment	\$ 830	\$ 837	\$ 840	\$ 831	\$ 837	\$ 850	\$ 834	\$ 860	\$ 851	\$ 861	\$ 766

COUNTY OF HUMBOLDT HOUSING AUTHORITY
All Voucher Programs
For the month of October 2024

	January	February	March	April	May	June	July	August	September	October	Total
Total All Voucher Programs											
HAP income (budget authority)	\$ 703,069	\$ 703,069	\$ 698,730	\$ 734,948	\$ 713,322	\$ 767,645	\$ 882,694	\$ 882,694	\$ 848,743	\$ 848,742	\$ 7,783,657
HAP expenses	(771,058)	(794,575)	(792,680)	(804,880)	(817,065)	(835,531)	(857,711)	(872,062)	(883,067)	(885,763)	(8,314,392)
Surplus (Deficit)	<u>(67,989)</u>	<u>(91,506)</u>	<u>(93,950)</u>	<u>(69,932)</u>	<u>(103,743)</u>	<u>(67,886)</u>	<u>24,983</u>	<u>10,632</u>	<u>(34,325)</u>	<u>(37,022)</u>	<u>(530,735)</u>
A % Total income utilized	109.67%	113.02%	113.45%	109.52%	114.54%	108.84%	97.17%	98.80%	104.04%	104.36%	106.82%
Administrative/Other Income	115,610	126,356	119,368	112,399	111,062	110,334	121,609	144,647	103,333	106,069	1,170,786
Operating expenses	(105,583)	(99,930)	(89,148)	(89,553)	(90,875)	(89,794)	(156,340)	(101,921)	(117,587)	(84,324)	(1,025,055)
Surplus (Deficit)	<u>10,027</u>	<u>26,426</u>	<u>30,220</u>	<u>22,846</u>	<u>20,187</u>	<u>20,540</u>	<u>(34,731)</u>	<u>42,726</u>	<u>(14,254)</u>	<u>21,745</u>	<u>145,731</u>
B/D Remaining HAP Cash	78,552	13,599	867,637	28,401	24,981	43,745	53,651	77,916	32,434	14,122	
Remaining Non-HAP Cash	944,014	930,114	952,414	968,088	961,193	981,955	996,046	1,030,182	1,055,213	1,054,024	
Total Program Cash	<u>1,022,566</u>	<u>943,712</u>	<u>1,820,051</u>	<u>996,488</u>	<u>986,173</u>	<u>1,025,699</u>	<u>1,049,696</u>	<u>1,108,098</u>	<u>1,087,647</u>	<u>1,068,146</u>	
Cash Increase/(Decrease)	(3,062)	(78,854)	876,339	(823,563)	(10,315)	39,526	23,997	58,402	(20,451)	(19,501)	
# of Households Assisted	1,073	1,125	1,132	1,131	1,145	1,150	1,169	1,174	1,183	1,184	11,611
Average HAP Payment	\$ 719	\$ 706	\$ 700	\$ 712	\$ 714	\$ 727	\$ 734	\$ 743	\$ 746	\$ 748	\$ 716

Notes

* Larger increase than expected to HCV budget authority for 2023. Expecting award to get reduced after federal budget finalization, or for excess funds to be placed in reserves.

A Spending above 100% indicates full utilization of monthly funding plus spending down of HUD-held reserves (which is encouraged/required by HUD).

B HAP cash on hand is minimal, but sufficient HAP reserves are held with HUD. HUD held reserve requests submitted as necessary. Restricted cash position may go "negative" while waiting for HUD held reserve deposits and is temporarily funded with excess unrestricted funds.

HUD Held Reserves estimated as of 10/31/2024

HCV - \$1,174,003
MSV - \$125,652
EHV - \$588,443

**Will be depleted by year-end due to HUD offset.*

C Cash decrease due to timing of HUD stopping EHV HAP and Admin Fee disbursements; expecting cash to continue to decrease as initial program funding is utilized per HUD program mandate. Once initial program funding gets below a certain level, HUD will initiate monthly funding again. Second installment of EHV Services Fees received in July of 2023 for \$159,250. Third and final installment of EHV Services Fees received in September of 2023 for \$159,250.

D Cash for April HAP received early in March.

Housing Authority of the City of Eureka (HACE)
Repositioning Updates

Date	Description
Accomplishments	
10/2024	<ul style="list-style-type: none"> • 3 applications for funding submitted <ul style="list-style-type: none"> ○ PROHousing - \$7M ○ CDBG City of Eureka - \$3.3M to redevelop Boys & Girls Club ○ CDBG County of Humboldt - \$3.3M for common areas of C & Clark • Applications submitted to HUD Special Applications Center (SAC) for Green Phase, Blue Phase, and Master Plan (8.6 acres around office, except Green Phase area)
Issues	
N/A	None noted.
Risks	
	None noted.
Next Steps	
	<ul style="list-style-type: none"> • Responding to HUD questions/comments on SAC applications • Updating TCAC application for Q1 resubmittal
Budget Status	
N/A	Cost of contract work is covered by developers; no HACE budget updates.

Key

Green Phase = 3230 Hiler Street

Blue Phase = C & Clark Street

Master Phase = Main site “25-1” & Prospect Street

Housing Authority of the City of Eureka

Board of Commissioners Meeting

December 16, 2024

Agenda Item 8a

Memorandum

To: Commissioners

From: Dustin Wiesner, Director of Finance, Administration, and Technology

Subject: Housing Authority of the City of Eureka's 2023 Financial Audit Report.

BACKGROUND AND HISTORY:

Presented is the Housing Authority of the City of Eureka's 2023 Financial Audit Report. We had zero findings. Below is a list of financial highlights and a reference to relevant discussion points.

**All comparative figures reference the change from the 2022 to 2023 audit*

- Net position decreased by \$840,104 (13%) (pg. 6-7 of audit report) primarily due to the following factors:
 - Acquisition of the Limited Partnership interest in Eureka Family Housing, L.P. (EFHL) made the Housing Authority the sole owner of the Eureka Family Housing (EFH) project. EFH is a relatively newer property and is more highly leveraged since it is still paying down mortgages. The resulting leverage results in an overall decrease in net position and an increase in expenses and revenues. Overall, the property is in good condition and has strong cash flow.
 - Pension and OPEB expenses and liabilities increased, as expected, primarily due to the natural volatility in stock market performance compared to the value of future employee benefits owed. These liabilities are long-term in nature and the agency has no concern in paying this liability down over time.
- Total revenues increased \$433,159 (16%) (pg. 7-8 of audit report) primarily due to the acquisition of EFL. The revenue increase was blunted due to our 2022 grant income being inflated by a one-time Emergency, Safety, and Security grant for \$250,000.
- Total expenses increased by \$1,299,184 (61%) (pg. 7-8 of audit report) primarily due to the acquisition of EFHL and the resulting expenses that come with a newer and more leveraged

property (namely, interest expense and depreciation), in addition to increasing pension expense.

FISCAL IMPACT:

HUD requires an annual audited financial report. Failure to submit an annual audited financial report may result in sanctions including, but not limited to, a permanent reduction or offset of funding.

STAFF RECOMMENDATION:

Staff recommends that the Board approve the Housing Authority of the City of Eureka's 2023 Financial Audit Report.

HOUSING AUTHORITY OF THE COUNTY OF HUMBOLDT
EUREKA, CALIFORNIA

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2023



**HOUSING AUTHORITY OF THE COUNTY OF HUMBOLDT
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DECEMBER 31, 2023**

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**HOUSING AUTHORITY OF THE COUNTY OF HUMBOLDT
LIST OF PRINCIPAL OFFICIALS
DECEMBER 31, 2023**

The following table lists the Board Members as of December 31, 2023:

<u>Board Members</u>	<u>Position</u>
Elizabeth Conner	Chairperson
Maureen Fitzgerald	Vice-Chairperson
Sylvia Derooy	Commissioner
Kaylen Escarda	Commissioner
Lisa Leon	Commissioner
Leslie Zondervan-Droz	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
Housing Authority of the County of Humboldt
Eureka, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of the Housing Authority of the County of Humboldt (the "Authority"), as of and for the year ended December 31, 2023, 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 of the Authority, as of December 31, 2023, and 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.

Basis for Opinion

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 opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 on pages 5 through 9 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*, is presented for purposes 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, the schedule of expenditures of federal awards 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 September 17, 2024, 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
September 17, 2024

**HOUSING AUTHORITY OF THE COUNTY OF HUMBOLDT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2023**

The Housing Authority of the County of Humboldt (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 (MD&A) is designed to:

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

Since the 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 attached financial statements (beginning on page 10).

FINANCIAL HIGHLIGHTS

Net position increased by \$91,097 in 2023. Since the Authority engages only in business-type activities, the increase is all in the category of business-type net position. Net position was \$336,034 and \$244,937 for 2023 and 2022, respectively.

Total revenues increased by \$2,127,962 during 2023 and were \$9,663,113 and \$7,535,151 for 2023 and 2022, respectively.

Total expenses increased by \$1,438,081 during 2023 and were \$9,572,016 and \$8,133,935 for 2023 and 2022, respectively.

Basic Financial Statements

This discussion and analysis are intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements are comprised of a statement of net position, statement of revenues, expenses, and changes in net position, statement of cash flows and notes to basic financial statements.

The Statement of Net Position presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating. Assets and liabilities are presented in order of liquidity, and are classified as "current" (convertible into cash or due within one year) and "non-current." The purpose of the Statement of Net Position is to present the net available liquid (non-capital) assets net of liabilities, for the Authority. Net Position is reported in three broad categories:

- Net investment in capital assets: This component of net position consists of all capital assets, leased assets, reduced by the outstanding balances of any bonds, mortgages, notes, lease liabilities, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position: This component of net position consists of restricted assets when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.
- Unrestricted net position: This consists of the net position that does not meet the definition of "Net Investment in Capital Assets" or "Restricted Net Position."

**HOUSING AUTHORITY OF THE COUNTY OF HUMBOLDT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2023**

Basic Financial Statements - Cont'd

The Statement of Revenues, Expenses, and Changes in Net Position presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. This statement includes operating revenues, such as operating subsidies and grants; operating expenses, such as administrative, utilities, depreciation, and maintenance; and nonoperating revenue and expenses, such as investment income and interest expense.

The Statement of Cash Flows presents the change in the Authority's cash and cash equivalents during the most recent fiscal year. The Notes to Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the fund financial statements.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Some funds are required to be established by the Department of Housing and Urban Development (HUD). However, the Housing Authority establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using grants and other moneys. All of the funds of the Authority are classified as one enterprise fund.

Enterprise funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful for sound financial administration. They are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The focus of enterprise funds is on income measurement, which, together with the maintenance of equity, is an important financial indication.

Authority's Fund

Housing Choice Voucher Program - Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides annual contributions funding to enable the Authority to structure a lease that sets the participants' rent at 30% of household income.

Other Programs - In addition to the program above, the Authority also maintains other state and local programs to help support the Authority's main objective of affordable housing for low-income individuals.

**HOUSING AUTHORITY OF THE COUNTY OF HUMBOLDT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2023**

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

**TABLE 1
Statement of Net Position**

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>Change</u>	<u>%</u>
Current and other assets	\$ 1,414,856	\$ 1,263,301	\$ 151,555	12
Capital assets, net	<u>69,594</u>	<u>90,071</u>	<u>(20,477)</u>	<u>(23)</u>
Total assets	<u>1,484,450</u>	<u>1,353,372</u>	<u>131,078</u>	<u>10</u>
Current liabilities	180,816	194,847	(14,031)	(7)
Noncurrent liabilities	<u>967,600</u>	<u>913,588</u>	<u>54,012</u>	<u>6</u>
Total liabilities	<u>1,148,416</u>	<u>1,108,435</u>	<u>39,981</u>	<u>4</u>
Net investment in capital assets	36,552	45,343	(8,791)	(19)
Restricted	35,064	127,803	(92,739)	(73)
Unrestricted	<u>264,418</u>	<u>71,791</u>	<u>192,627</u>	<u>268</u>
Total net position	<u>336,034</u>	<u>244,937</u>	<u>91,097</u>	<u>37</u>
Total liabilities and net position	<u>\$ 1,484,450</u>	<u>\$ 1,353,372</u>	<u>\$ 131,078</u>	<u>10</u>

Major Factors Affecting the Statement of Net Position (Table 1)

The Authority's total net position increased by \$91,097, largely as a result of the following items:

Current assets increased by \$151,555, mostly due to the following factors:

- Unrestricted cash increased by \$252,402 primarily due to an increase in Housing Choice Voucher (HCV) administrative fees, as well as an increase in administrative fees as a result of the growth of Emergency Housing Vouchers (EHV) and Mainstream Vouchers (MSV).
- Restricted cash decreased by \$87,119, mostly due to the consumption of cash used for EHV housing assistance payments (HAP) and services fees prefunded in the prior year.

Total liabilities increased by \$39,981 primarily due to the following:

- Current liabilities decreased by \$14,031, mostly due to a reduction in accounts payable.
- Noncurrent liabilities increased by \$54,012, mostly due to an increase in the Authority's pension plan liability and other post-employment benefits (OPEB) (see Note 11) of \$54,311 and \$27,582, respectively, and offset by a reduction in our accrued employee benefits, lease liability and related-party obligations of \$10,042, \$9,859, and \$7,980, respectively.

**HOUSING AUTHORITY OF THE COUNTY OF HUMBOLDT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2023**

**TABLE 2
Statement of Revenues, Expenses, and Changes in Net Position**

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>Change</u>	<u>%</u>
Operating grants and subsidies	\$ 9,621,156	\$ 7,478,730	\$ 2,142,426	29
Other operating revenues	34,722	55,235	(20,513)	(37)
Depreciation expense	(8,631)	(6,262)	(2,369)	38
Housing assistance payments	(8,170,786)	(6,739,757)	(1,431,029)	21
Other operating expenses	<u>(1,392,599)</u>	<u>(1,387,916)</u>	<u>(4,683)</u>	<u>-</u>
Operating Income (Loss)	83,862	(599,970)	683,832	(114)
Nonoperating revenues (expenses)	<u>7,235</u>	<u>1,186</u>	<u>6,049</u>	<u>510</u>
Change in net position	91,097	(598,784)	689,881	(115)
Net position, at the beginning of the year	<u>244,937</u>	<u>843,721</u>	<u>(598,784)</u>	<u>(71)</u>
Net position, at the end of the year	<u>\$ 336,034</u>	<u>\$ 244,937</u>	<u>\$ 91,097</u>	<u>\$ 37</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 \$689,881 in 2023 compared to 2022 due to the following factors:

Revenues

- Operating grants and subsidies increased by \$2,142,426, mostly due to an increase in HCV, EHV, and MSV administrative and HAP funding.
- Other operating revenue decreased by \$20,513, mostly due to a decrease in funding from portable vouchers coming into Humboldt County from other housing authorities.

Expenses

Expenses are subject to fluctuation based on the program's administrative needs as well as fair market rates for the local rental market, the number of vouchers issued, and the family compositions and incomes of voucher clients, as this determines the rental subsidy paid. The Authority's total expenses increased by \$1,438,081, mostly as a result of the following items:

- Housing assistance payment expenses increased by \$1,431,029, mostly due to a planned increase in payment standard as well as voucher growth due to the EHV and MSV programs.

**HOUSING AUTHORITY OF THE COUNTY OF HUMBOLDT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2023**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of the fiscal year ended December 31, 2023, the Authority had \$37,056 invested in an inspection vehicle, site improvements, and a shop building, in addition to \$32,538 in intangible capital assets for equipment leases. Assets are reflected in the following schedule, which represents a net decrease (additions, deductions, and depreciation) of \$20,477 from the end of last year.

**TABLE 3
Capital Assets**

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>Change</u>	<u>%</u>
Buildings	\$ 36,517	\$ 36,517	\$ -	-
Furniture and equipment - administration	69,417	69,417	-	-
Intangible capital assets	53,740	53,740	-	-
Less: accumulated depreciation	(68,878)	(60,247)	(8,631)	14
Less: accumulated amortization	<u>(21,202)</u>	<u>(9,356)</u>	<u>(11,846)</u>	<u>127</u>
Total	<u><u>\$ 69,594</u></u>	<u><u>\$ 90,071</u></u>	<u><u>\$ (20,477)</u></u>	<u><u>(23)</u></u>

Debt Outstanding

On December 31, 2023, the Authority had \$33,042 debt outstanding.

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding by the U.S. Department of Housing and Urban Development.
- Local labor supply and demand can affect salary and wage rates.
- Local inflation, recession, and employment trends can affect resident incomes and, therefore, the amount of Housing Assistance Payments made to landlords on behalf of clients.

FINANCIAL CONTACT

This financial report is designed to provide users of these financial statements with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. The individual to be contacted regarding this report is Cheryl Churchill, Executive Director for the Housing Authority of the County of Humboldt, at (707) 443-4583.

Specific requests may be submitted to:

Dustin Wiesner, Director of Finance,
Housing Authority of the County of Humboldt,
735 West Everding, Eureka, CA 95503.

BASIC FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE COUNTY OF HUMBOLDT
STATEMENT OF NET POSITION
DECEMBER 31, 2023

ASSETS

Current assets	
Cash and cash equivalents	\$ 1,230,380
Accounts receivable, net of allowances	2,555
Accrued interest receivable	2,605
Prepaid expenses	<u>28,370</u>
Total current assets	<u>1,263,910</u>
Restricted assets	
Cash and cash equivalents, restricted	<u>150,946</u>
Total restricted assets	<u>150,946</u>
Noncurrent assets	
Capital assets, net	37,056
Intangible capital assets - right to use leased assets, net	<u>32,538</u>
Total noncurrent assets	<u>69,594</u>
Total assets	<u>1,484,450</u>

LIABILITIES AND NET POSITION

LIABILITIES

Current liabilities	
Accounts payable	8,865
Unearned revenue	115,882
Other current liabilities	35,824
Related-party obligations	7,980
Lease liability	10,042
Accrued employee benefits	<u>2,223</u>
Total current liabilities	<u>180,816</u>
Noncurrent liabilities	
Accrued employee benefits, net of current portion	71,862
Lease liability, net of current portion	23,000
Related-party obligations, net of current portion	<u>872,738</u>
Total noncurrent liabilities	<u>967,600</u>
Total liabilities	<u>1,148,416</u>

NET POSITION

Net investment in capital assets	36,552
Restricted	35,064
Unrestricted	<u>264,418</u>
Total net position	<u>336,034</u>
Total liabilities and net position	<u>\$ 1,484,450</u>

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

HOUSING AUTHORITY OF THE COUNTY OF HUMBOLDT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2023

OPERATING REVENUES

Operating grants and subsidies	\$ 9,621,156
Other operating revenue	<u>34,722</u>
Total operating revenues	<u>9,655,878</u>

OPERATING EXPENSES

Administration	898,821
Tenant services	320,921
Utilities	13,783
Ordinary maintenance and operations	13,916
Insurance premiums	32,170
General expenses	101,142
Depreciation	8,631
Housing assistance payments	8,170,786
Amortization expenses	<u>11,846</u>
Total operating expenses	<u>9,572,016</u>

Operating income	<u>83,862</u>
------------------	---------------

NONOPERATING REVENUES (EXPENSES)

Interest expenses	(1,420)
Interest income	<u>8,655</u>
Total nonoperating revenues	<u>7,235</u>

Change in net position	91,097
------------------------	--------

Net position, beginning of year	<u>244,937</u>
---------------------------------	----------------

Net position, end of year	<u><u>\$ 336,034</u></u>
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The accompanying notes are an integral part of these financial statements.

HOUSING AUTHORITY OF THE COUNTY OF HUMBOLDT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash collected from	
Other operating revenue	\$ 32,884
Cash receipts from grants	9,626,776
Cash paid for	
Housing assistance payments	(8,170,786)
Tenant services	(320,921)
Payment for expenses	<u>(996,808)</u>
Net cash provided by operating activities	<u>171,145</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Principal paid on the right to use leased assets	(11,686)
Interest paid on the right to use leased assets	<u>(1,420)</u>
Net cash used in capital and related financing activities	<u>(13,106)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest received on investments	<u>7,244</u>
Net cash provided by investing activities	<u>7,244</u>
Net change in cash and cash equivalents	165,283
Cash and cash equivalents, beginning of year	<u>1,216,043</u>
Cash and cash equivalents, end of year	<u><u>\$ 1,381,326</u></u>

RECONCILIATION OF CASH TO THE STATEMENT OF NET POSITION:

Cash and equivalents - operating	\$ 1,230,380
Restricted cash and equivalents	<u>150,946</u>
Total cash and cash equivalents	<u><u>\$ 1,381,326</u></u>

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

HOUSING AUTHORITY OF THE COUNTY OF HUMBOLDT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

RECONCILIATION OF OPERATING INCOME TO NET CASH USED IN OPERATING ACTIVITIES:

Operating income	\$	83,862
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation		8,631
Amortization expense		11,846
Change in operating assets and liabilities		
Accounts receivable		(2,169)
Prepaid expenses		17,308
Accounts payable		(14,385)
Accrued employee benefits		(10,162)
Unearned revenue		5,595
Related party obligations		73,912
Other current liabilities		<u>(3,293)</u>
Net cash provided by operating activities	\$	<u><u>171,145</u></u>

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

HOUSING AUTHORITY OF THE COUNTY OF HUMBOLDT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 - NATURE OF BUSINESS AND ORGANIZATION

Organization

Housing Authority of the County of Humboldt (the "Authority") was incorporated on December 1, 1970, 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 Authority's board of supervisors. Regular commissioners serve terms of four years, and tenant commissioners serve two years. The board consists of six 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.

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 Supplemental 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 County of Humboldt (the "County"). The Authority's obligations, including loans through direct borrowing or the sale of bonds, are not obligations of the County. The County provides no funding to the Authority. Additionally, the County of Humboldt does not hold title to any of the Authority's assets, nor does it have any right to the Authority's surpluses. The County does not have the ability to exercise influence over the Authority's daily operations or approve the Authority's budgets.

The Authority is a separate entity from the Housing Authority of the City of Eureka (HACE). HACE and the Authority function together as a combined public housing authority while maintaining separate boards and by-laws. Although two distinct corporate entities, HACE and the Authority operate in a cooperative manner, efficiently sharing administrative functions to deliver housing resources and services. One executive director oversees both entities, with shared staff, office space, and equipment. Costs for shared resources are allocated based on actual usage and other appropriate methods.

The Authority's primary operations are comprised of the Housing Choice Voucher Program. This program is designed to aid very low-income families in obtaining decent, safe, and sanitary rental housing. The Authority administers contracts with independent landlords that own property and rent that property to families that have applied for housing assistance. The Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides annual contributions funding to enable the Authority to structure a lease that sets the participant's rent at 30% of household income.

HOUSING AUTHORITY OF THE COUNTY OF HUMBOLDT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

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 Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses are derived from providing services in connection with the Authority's ongoing operations. Operating revenues generally include housing assistance payments and fees from the Section 8 programs. Operating revenues also include other operating grants. Operating expenses generally include housing assistance payments, administrative expenses, tenant services, utilities, maintenance and operations, general expenses, insurance premiums, amortization of intangible capital assets, and depreciation on capital assets. All other revenues and expenses not meeting the definition of operating revenues and expenses are reported as nonoperating revenues and expenses or as capital contributions.

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 requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Equivalents

The Authority's cash includes certificates of deposit, money market funds, savings accounts, demand deposits, and other short-term securities; consequently, the cost, carrying value, and market value are equivalent.

Restricted Cash

Restricted cash consists of cash set aside by HUD for the Housing Choice Voucher Program.

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.

Allowance for Doubtful Accounts

The Authority uses the allowance for bad debts method of valuing doubtful receivables, which is based on historical experience coupled with a review of the status of existing receivables.

HOUSING AUTHORITY OF THE COUNTY OF HUMBOLDT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

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

Accrued Employee Benefits

Accumulated sick and vacation benefits are recorded as liabilities on the Authority's books. The Authority shares management and staff with the Housing Authority of the City of Eureka and, therefore, allocates costs associated with the accrued employee benefits based on actual time spent on programs by these personnel for the respective entity.

Capital Assets

Capital assets are stated at historical cost. Donated capital assets are stated at their fair value on the date donated. This includes site acquisition and improvement, structures, and equipment. Items with expected lives greater than one year and value in excess of \$5,000 are recorded as capital assets.

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 to 40 years.

Intangible capital assets: The Authority has recorded the right to use lease assets as a result of implementing GASB 87. The right-to-use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and ancillary charges necessary to place the lease into service. The right-to-use assets are amortized on a straight-line basis over the life of the related lease.

Deferred Inflows/Outflows of Resources

In accordance with GASB 63, in addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, 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 has no items that meet this criterion.

Also, in addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Authority has no items that meet this criterion.

Net Position

Net position comprises the various net earnings from operating and nonoperating revenues and expenses, and net position is classified into the following three components:

- Net investment in capital assets - This component of net position consists of capital assets net of accumulated depreciation, intangible capital assets - right to use leased assets net of accumulated amortization and reduced by the outstanding balances of any bonds, mortgages, notes, lease liabilities or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent-related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

HOUSING AUTHORITY OF THE COUNTY OF HUMBOLDT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

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

Net Position - Cont'd

- Restricted - This component of net position consists of constraints on assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation, reduced by liabilities related to those restricted assets.
- Unrestricted - This component of net position consists of amounts that do not meet the definition of “restricted” or “net investment in capital assets.”

Leases

Lessee - At the commencement of a lease, the Authority initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the leased asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Authority determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) the lease term, and (3) lease payments.

- The Authority uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Authority generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the Authority is reasonably certain to exercise.

The Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported as intangible capital assets, and lease liabilities are reported separately in the Statement of Net Position.

Lease Liabilities

Per GASB 87, leases, lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at the commencement date. The Authority has leases for office equipment. The lease liability is measured at the present value of the remaining lease payments, using a discount rate based on the rate implicit in the lease, if readily determinable. Otherwise, the Authority uses its incremental borrowing rate at the commencement date to determine the present value of future payments.

HOUSING AUTHORITY OF THE COUNTY OF HUMBOLDT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

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

Income Taxes

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

Future Accounting Pronouncement

The GASB has issued several new accounting pronouncements, which will be effective for the Authority in subsequent years. The following GASB pronouncements have been issued, but are not yet effective as of December 31, 2023:

GASB No.	Title	Required Implementation Date (Period Beginning Date)	Authority Fiscal Year
Statement No. 99	Omnibus 2022 (financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53)	June 15, 2023	2024
Statement No. 100	Accounting Changes and Error Corrections - an Amendment of GASBs No. 64	June 15, 2023	2024
Statement No. 101	Compensated Absences	December 15, 2023	2024
Statement No. 102	Certain Risk Disclosures	June 15, 2024	2025
Statement No. 103	Financial Reporting Model Improvements	June 15, 2025	2026

The Authority will implement the applicable new GASB pronouncements in the fiscal year no later than the required effective date. The Authority has not yet determined the financial impact from future implementation of these standards.

New Accounting Pronouncement

During the year ended December 31, 2023, the Authority implemented the provisions of GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs). This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines an SBITA; (2) establishes that an SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of an SBITA; and (4) requires note disclosures regarding an SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The Authority’s analysis of SBITAs in effect at the beginning of the year resulted in no changes to beginning balances reported in the financial statements due to the implementation of this standard.

Subsequent Events

Management has evaluated subsequent events through September 17, 2024, the date at which the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.

HOUSING AUTHORITY OF THE COUNTY OF HUMBOLDT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 - CASH AND INVESTMENTS

Investments Authorized by the U.S. 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>Maximum Percentage of Portfolio</u>	<u>Maximum 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%	5%
Commercial Paper	270 days	40%	5%
Negotiable Certificates of Deposit	5 years	30%	5%
California Local Agency Investment Fund	N/A	N/A	\$ 75,000,000
Medium-Term Notes	5 years	30%	5%
Money Market Mutual Funds	N/A	20%	None
Collateralized Bank Deposits	5 years	30%	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 the 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, 2023, 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.

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, 2023, the Authority mitigated this exposure to credit risk by only investing in fully insured state investment pool funds.

HOUSING AUTHORITY OF THE COUNTY OF HUMBOLDT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 - CASH AND INVESTMENTS - CONT'D

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, 2023, none of the Authority's total bank balances were exposed to custodial credit risk. All deposits held were either insured by the Federal Deposit Insurance Corporation (FDIC) or National Credit Union Share Insurance Fund (NCUSIF), ensuring the safeguarding of the Authority's assets.

Investment Policy

Per 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, which have 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. 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.

Cash and investments as of December 31, 2023, are presented in the accompanying financial statements as follows:

Cash and investments - unrestricted	\$ 1,230,380
Restricted cash	
Associated with Mainstream Vouchers	2,233
Associated with Housing Choice Vouchers	32,831
Associated with Emergency Housing Vouchers	<u>115,882</u>
Total restricted cash and cash equivalents	<u><u>\$ 1,381,326</u></u>

HOUSING AUTHORITY OF THE COUNTY OF HUMBOLDT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 - CASH AND INVESTMENTS - CONT'D

Cash and investments held by the Authority as of December 31, 2023, consisted of the following:

Cash and deposits	
Petty cash	\$ 300
Demand deposits	<u>1,121,804</u>
Total cash and deposits	<u>1,122,104</u>
Investments	
State of California Local Agency Investment Fund	<u>259,222</u>
Total investments	<u>259,222</u>
Total cash and investments	<u><u>\$ 1,381,326</u></u>

NOTE 4 - CAPITAL ASSETS

A summary of capital assets for the year ended December 31, 2023 is as follows:

	<u>January 01,</u> <u>2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>December</u> <u>31, 2023</u>
Capital assets being depreciated				
Buildings	\$ 36,517	\$ -	\$ -	\$ 36,517
Furniture & equipment-administration	<u>69,417</u>	<u>-</u>	<u>-</u>	<u>69,417</u>
Total capital assets being depreciated	105,934	-	-	105,934
Accumulated depreciation	<u>(60,247)</u>	<u>(8,631)</u>	<u>-</u>	<u>(68,878)</u>
Capital assets, net	<u><u>\$ 45,687</u></u>	<u><u>\$ (8,631)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 37,056</u></u>

Intangible capital assets activity for the year ended December 31, 2023, was as follows:

	<u>January 01,</u> <u>2023</u>	<u>Increase/ (Decrease)</u>	<u>December</u> <u>31, 2023</u>
Intangible capital asset - right-to-use leased assets			
Right-to-use leased equipment	\$ 53,740	\$ -	\$ 53,740
Total intangible capital asset right-to-use leased assets	<u>53,740</u>	<u>-</u>	<u>53,740</u>
Less: accumulated amortization			
Right-to-use leased equipment	<u>(9,356)</u>	<u>(11,846)</u>	<u>(21,202)</u>
Total accumulated amortization	<u>(9,356)</u>	<u>(11,846)</u>	<u>(21,202)</u>
Total intangible capital asset - right-to-use leased assets, net	<u><u>\$ 44,384</u></u>	<u><u>\$ (11,846)</u></u>	<u><u>\$ 32,538</u></u>

Depreciation expense for the year ended December 31, 2023, was \$8,631. The amortization expense for the year ended December 31, 2023, was \$11,846.

HOUSING AUTHORITY OF THE COUNTY OF HUMBOLDT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 - LONG-TERM LIABILITIES

A summary of activity for long-term liabilities is summarized as follows:

	<u>January 01, 2023</u>	<u>Addition</u>	<u>Reductions</u>	<u>December 31, 2023</u>	<u>Current Portion</u>
Accrued employee benefits					
Accrued employee benefits	\$ 84,247	\$ 55,168	\$ (65,330)	\$ 74,085	\$ 2,223
Total accrued employee benefits	<u>84,247</u>	<u>55,168</u>	<u>(65,330)</u>	<u>74,085</u>	<u>2,223</u>
Related-party obligations					
Rent	55,860	-	(7,980)	47,880	7,980
OPEB liability	168,317	27,582	-	195,899	-
Pension liability	<u>582,629</u>	<u>54,310</u>	<u>-</u>	<u>636,939</u>	<u>-</u>
Total related-party obligations	<u>806,806</u>	<u>81,892</u>	<u>(7,980)</u>	<u>880,718</u>	<u>7,980</u>
Total long-term liabilities	<u>\$ 891,053</u>	<u>\$ 137,060</u>	<u>\$ (73,310)</u>	<u>\$ 954,803</u>	<u>\$ 10,203</u>

NOTE 6 - LEASE LIABILITY

The Authority has entered into agreements to lease office equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

- 1) Copier Equipment: The Authority and Housing Authority of the City of Eureka have been leasing and sharing copier equipment (78.66% and 21.34%, respectively). The lease agreement includes a fixed and variable portion. The agreement was executed in April 2022 to lease equipment and requires 60 monthly payments of \$1,353.

The lease liability was measured at the Authority's incremental borrowing rate. Variable payments based on the future performance of the lessee or usage of the underlying asset are not included in the measurement of the lease liability. These variable payments include insurance, taxes, and other common area operating costs and are recognized as an expense in the period in which the obligation for those payments is incurred. Any components of those variable payments that are fixed in substance are included in the measurement of the lease liability.

- 2) Postage Equipment: The Authority and Housing Authority of the City of Eureka have been leasing and sharing postage equipment (78.66% and 21.34%, respectively). The agreement was executed in January 2019 to lease postage equipment and requires 20 quarterly payments of \$747. The lease liability is measured using the Authority's incremental borrowing rate at the commencement date.

	<u>January 01, 2023</u>	<u>Addition</u>	<u>Reductions</u>	<u>December 31, 2023</u>	<u>Current Portion</u>
Lease liability	\$ 44,728	\$ -	\$ (11,686)	\$ 33,042	\$ 10,042
Total lease liability	<u>\$ 44,728</u>	<u>\$ -</u>	<u>\$ (11,686)</u>	<u>\$ 33,042</u>	<u>\$ 10,042</u>

HOUSING AUTHORITY OF THE COUNTY OF HUMBOLDT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 6- LEASE LIABILITY - CONT'D

The future minimum payments schedule at year-end was as follows:

Year ending December 31,	Principal	Interest	Total
2024	\$ 10,042	\$ 1,030	\$ 11,072
2025	10,400	672	11,072
2026	10,770	301	11,071
2027	1,830	16	1,846
Total	<u>\$ 33,042</u>	<u>\$ 2,019</u>	<u>\$ 35,061</u>

NOTE 7 - 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 entity has an equal voice in the selection of a Board which oversees CHWCA.

The CHWCA's current available financial statement as of December 31, 2023, is summarized below:

Total assets	<u>\$ 31,433,505</u>
Total liabilities	16,846,171
Net position	<u>14,587,334</u>
Total liabilities and net position	<u>31,433,505</u>
Total revenues	5,665,132
Total expenses	<u>5,235,252</u>
Change in net position	429,880
Net position at the beginning of the year	<u>14,157,454</u>
Net position at the end of the year	<u>\$ 14,587,334</u>

NOTE 8 - NET POSITION

Net investment in capital assets was comprised of the following as of December 31, 2023:

Capital assets, net of accumulated depreciation	\$ 37,056
Intangible capital asset, net of accumulated amortization	32,538
Less: lease liability	<u>(33,042)</u>
Net investment in capital assets	<u>\$ 36,552</u>

Restricted net position was comprised of the following as of December 31, 2023:

Restricted cash and cash equivalents	\$ 150,946
Less: current liabilities covered by restricted assets	<u>(115,882)</u>
Restricted net position	<u>\$ 35,064</u>

HOUSING AUTHORITY OF THE COUNTY OF HUMBOLDT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Government Examination

The Authority has received funds from Federal and Local 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.

NOTE 10 - BUSINESS RISKS AND CONCENTRATIONS

Concentration - Major Contributor

For the year ended December 31, 2023, approximately 99% 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 11 - RELATED PARTY TRANSACTIONS

Shared Administration

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

Liability for Pension Plan

The Authority does not have a pension plan. However, all of the salaries and wages in the Authority's financial statements are allocated to staff members from the Housing Authority of the City of Eureka, which participates in a defined benefit plan with the State of California (PERS). The Housing Authority of the City of Eureka implemented GASB 68 *Accounting and Financial Reporting for Pensions* during the fiscal year 2015. This resulted in the Authority establishing a note payable to the Housing Authority of the City of Eureka for the Authority's agreed-upon allocable portion of the net pension liability. As of December 31, 2023, the balance of the note was \$636,939. This liability is reassessed annually based on 30% of the Net Pension Liability for the Housing Authority of the City of Eureka and adjusted as required.

Liability for OPEB Plan

The Authority does not have an OPEB plan. However, all of the salaries and wages in the Authority's financial statements are allocations of staff members from the Housing Authority of the City of Eureka, which does offer other post-employment benefits. The Housing Authority of the City of Eureka implemented GASB 75 during the fiscal year 2018. This resulted in the Authority establishing a note payable to the Housing Authority of the City of Eureka for the Authority's agreed-upon allocable portion of the net OPEB liability. As of December 31, 2023, the balance of the note was \$195,899. This liability is reassessed annually based on 30% of the OPEB Liability for the Housing Authority of the City of Eureka and adjusted as required.

HOUSING AUTHORITY OF THE COUNTY OF HUMBOLDT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 11- RELATED PARTY TRANSACTIONS - CONT'D

Liability for Rent

The Authority is charged rental expenses for the Authority's usage of the office facilities that are owned by the Housing Authority of the City of Eureka. In 2011, The Authority did not have adequate cash flow to pay the Housing Authority of the City of Eureka for rent charges during the year. A note payable was established as a zero percent non-interest bearing note payable. For the year ended December 31, 2023, the Authority has accrued \$47,880 in unpaid office rental fees from prior years. The Authority currently pays \$665 monthly on this liability.

SUPPLEMENTARY INFORMATION

**HOUSING AUTHORITY OF THE COUNTY OF HUMBOLDT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023**

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development (HUD)		
<u>Direct Programs:</u>		
Housing Voucher Cluster:		
Section 8 Housing Choice Vouchers	14.871	\$ 7,409,647
Emergency Housing Vouchers (EHV)	14.EHV	1,623,506
Mainstream Vouchers	14.879	<u>445,551</u>
Total U.S. Department of Housing and Urban Development (HUD)		<u>9,478,704</u>
Total expenditures of federal awards		<u><u>\$ 9,478,704</u></u>

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

HOUSING AUTHORITY OF THE COUNTY OF HUMBOLDT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2023

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal awards activity of the Housing Authority of the County of Humboldt (the "Authority") under programs of the federal government for the year ended December 31, 2023. 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, which is 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 the Uniform Guidance, wherein certain types of expenses are not allowable or are limited to reimbursement.

NOTE 3 - SUBRECIPIENTS

The Authority reported no subrecipient grant activity.

NOTE 4 - INDIRECT COST

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

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
Housing Authority of the County of Humboldt
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 of Housing Authority of the County of Humboldt (the "Authority") as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 17, 2024.

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 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Harshmal & Company LLP

Oakland, California
September 17, 2024

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

To the Board of Commissioners
Housing Authority of the County of Humboldt
Eureka, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Housing Authority of the County of Humboldt's (the "Authority") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2023. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Harshmal & Company LLP

Oakland, California
September 17, 2024

**HOUSING AUTHORITY OF THE COUNTY OF HUMBOLDT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

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)?	None reported
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> ?	No

Identification of major programs:

Federal Assistance Listing Number

14.871 and 14.879

Name of Federal Program or Cluster

U.S. Dept. of Housing and Urban Development
Housing Choice Voucher Cluster

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	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

HOUSING AUTHORITY OF THE COUNTY OF HUMBOLDT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

**HOUSING AUTHORITY OF THE COUNTY OF HUMBOLDT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no federal award findings or questioned costs noted during the year under audit.

**HOUSING AUTHORITY OF THE COUNTY OF HUMBOLDT
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

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

HOUSING AUTHORITY OF THE CITY OF EUREKA

RESOLUTION 2013

**TO ACCEPT AGENCY AUDIT REPORTS
FISCAL YEAR ENDING DECEMBER 31, 2023**

WHEREAS, It is a requirement of the United States Department of Housing and Urban Development that the Housing Authority have an independent audit of Compliance and Internal Control Over Financial Reporting based on Audit of Financial Statements Performed in Accordance with Government Audit Standards; and

WHEREAS, It is a requirement of the United States Department of Housing and Urban Development that the Housing Authority have an independent audit of Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance In Accordance With OMB Circular A-133; and

WHEREAS, The Housing Authority has contracted with Harshwal & Company LLP, Certified Public Accountants, to complete the audit; and

WHEREAS, Annual Audit has been completed and the Auditors Report has been submitted to the members of the Board of Commissioners for review and approval; and

WHEREAS, The Commissioners have reviewed the audit report and found it to be substantially correct.

NOW, THEREFORE, BE IT RESOLVED, that the Commissioners of the Housing Authority of the City of Eureka do hereby accept the Audited Financial Statements for the fiscal year ending December 31, 2023.

PASSED AND ADOPTED on the _____ day of _____ 2024 by the following vote:

AYES:
NAYS:
ABSENT
ABSTAIN:

Name

Name

Title

Title

Signature

Signature

Housing Authority of the City of Eureka

Board of Commissioners Meeting

December 16, 2024

Agenda Item 8b

Memorandum

To: Commissioners

From: Dustin Wiesner, Director of Finance, Administration and Technology

Subject: Write Off of Uncollectible Accounts Receivable

BACKGROUND:

The Housing Authority of the City of Eureka routinely writes off uncollectible accounts receivable after all reasonable efforts have been made to collect the debt. All write offs over \$5,000.00 require board approval with a resolution.

Impact to Personnel:

None.

Fiscal Impact:

Once a debt is deemed uncollectible, it is written off, or removed from the accounting books. Write-offs are reflected in financial statements as a decrease in Accounts Receivable (an asset), and an increase in expenses. This transaction is an accounting entry that does not affect cash flow. Additionally, the decrease in Accounts Receivable positively affects some of the HUD ratios that are used to evaluate our agency's operations.

Note that debts are still reported in HUD systems, and any person reported owing cannot be assisted by HUD-funded programs until debts are paid. Additionally, once a debt is written off internally, it is submitted to a collection agency for further follow-up. However, the resulting collections from this process are historically very low.

Alternatives:

Keeping uncollectible receivables on the books fails to properly account for bad debts and to comply with Generally Accepted Accounting Principles (GAAP). Additionally, it does not reflect a conservative approach to the collectability of past tenant debts. This option is not recommended.

STAFF RECOMMENDATION:

Staff recommends that the Board approve and adopt the resolution to write off uncollectible debts.

2024.11 Write Offs, Housing Authority of the City of Eureka

Ppty	Code	Name	Balance	Status	DL1	DL2	Move Out Date	Rent	Late	Work Orders	Misc Tenant Charge	Cleaning & Damages
251			16,458.06	past	10/10/2024	DL1 returned 10/16/2024	8/20/2024	5,771.58	340.00	260.00	-	10,086.48
			<u>\$ 16,458.06</u>					<u>\$ 5,771.58</u>	<u>\$ 340.00</u>	<u>\$ 260.00</u>	<u>\$ -</u>	<u>\$ 10,086.48</u>

PREPARED BY

Jhonny Wilson
Accounts Receivable Clerk

11/6/2024
Date

APPROVALS

J. Dustin Wiener
Director of Finance

11/7/2024
Date

Cheryl Chidill
Executive Director

11/7/2024
Date

2024.11 Write Offs, Housing Authority of the City of Eureka

Ppty	Code	Name	Balance	Status	DL1	DL2	Move Out Date	Rent	Late	Work Orders	Misc Tenant Charge	Cleaning & Damages
EFH			27,626.03	past	10/10/2024	10/25/2024	8/22/2024	-	-	-	-	27,626.03
			<u>\$ 27,626.03</u>					<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,626.03</u>

PREPARED BY

Johnny Wilson
Accounts Receivable Clerk

12/4/2024
Date

APPROVALS

Stephanie Gai
Accounting Manager

12/4/24
Date

Cheryl Churchill
Executive Director

12/4/2024
Date

HOUSING AUTHORITY OF THE CITY OF EUREKA

RESOLUTION 2014

TO WRITE OFF CERTAIN UNCOLLECTIBLE ACCOUNTS RECEIVABLE

WHEREAS, All efforts to collect certain accounts from former tenants of the Conventional Public Housing program have been unsuccessful; and

WHEREAS, The U.S. Department of Housing and Urban Development has recommended that after all reasonable efforts have been made to collect vacated accounts, the Board of Commissioners, based on the recommendations of the Executive Director, should authorize the charging off such accounts; and

NOW, THEREFORE, BE IT RESOLVED, That the following accounts be transferred to Collection Loss;

<u>Housing Program</u>	<u>Amount</u>
Public Housing, Eviction	\$16,458.06
Eureka Family Housing, Moveout	\$27,626.03

PASSED AND ADOPTED on the _____ day of _____ 2024 by the following vote:

AYES:
NAYS:
ABSENT:
ABSTAIN:

Name

Name

Title

Title

Signature

Signature

Housing Authority of the County of Humboldt

Board of Commissioners Meeting

December 16, 2024

Agenda Item 8c

Memorandum

To: Commissioners

From: Cheryl Churchill, Executive Director

Subject: Updated Commissioner Ten Commandments

BACKGROUND AND HISTORY:

We're pleased to provide Commissioners with a requested training document that outlines and expands upon the responsibilities and key functions associated with your roles as commissioners and detailed in your Commissioner Handbooks as the "10 Commandments". This Commissioner's Resource Guide was developed in response to your request for information that clarifies the foundational duties listed in the 10 Commandments summary.

This appendix is intended to provide program information, clarify roles between commissioners and staff, provide a best practices map for policymaking, provide additional information on how to get involved, and be a resource for staff contacts and other local contacts. This is intended to be a resource for training, discussion, and reference among commissioners, as we have limited local training opportunities. Note that this document includes current goals as well as staff and council member names and contact info at a point in time, so will periodically be updated to reflect changes.

Impact to Personnel:

None.

Fiscal Impact:

None.

STAFF RECOMMENDATION:

We encourage commissioners to review the document periodically and bring any related questions to meetings, your Board Chairperson, or your Executive Director for discussion.

HOUSING AUTHORITY OF THE CITY OF EUREKA

COMMISSIONER'S RESOURCE GUIDE



NOVEMBER 2024

TEN COMMANDMENTS FOR COMMISSIONERS

HOUSING AUTHORITY OF THE CITY OF EUREKA

1. KNOW HOUSING PROGRAMS. Don't let the jargon confuse you. Read Federal publications, Journal of Housing, etc. Attend NAHRO and other housing conferences if possible and take in online and in-person training sessions (local as well as national). BE INFORMED!
2. SEPARATE POLICY MAKING (YOUR JOB) FROM ADMINISTRATION (THE EXECUTIVE DIRECTOR AND STAFF'S JOB). The Commissioners are the policy makers and do not get involved with the administration of the programs. Policy sets the direction of the agency - the goals - and establishes and approves programs, reviews progress, but does not get involved in the implementation and the actual administration of these programs.
3. KNOW YOUR LOCAL OPERATIONS. Visit projects and offices besides the board room. Attend project functions and local outreach events. Get statistics on occupancy, rent collections, maintenance costs, etc. Know the financial status of your programs and the roles and operations of your staff. Be sure to request this information from the Executive Director.
4. SET GOALS AND OBJECTIVES. This should be done with your other Commissioners, using staff and client input. Monitor progress in achieving goals and hold someone responsible for failure as well as success. Know where your Housing Authority is going.
5. MAKE POLICY DECISIONS BASED ON FACTS AND INFORMATION. See that you have adequate written data well before board meetings; study it, discuss it with others as needed, and then vote accordingly. A well planned, advance agenda with detailed backup information is essential to making sound decisions on important PHA policies.
6. BE INNOVATIVE. You weren't appointed to be a rubber stamp. Bring your own talents and experience into your Housing Authority Commissioner's role.
7. LET HUD KNOW YOUR THOUGHTS ABOUT HOUSING MATTERS. HUD publishes proposed policies in the Federal Register. They want comments from local policy makers as well as paid staff.
8. KEEP IN TOUCH WITH LOCAL ELECTED OFFICIALS. They appointed you. They should be interested in your problems as well as your observations. Don't forget the City's or County's potential role in helping your Housing Authority, and Vice Versa.
9. LISTEN TO TENANTS. Remember that the tenants are your constituents.
10. SEE THAT YOUR PHA HAS AN ACTIVE PUBLIC RELATIONS PROGRAM. The taxpayers pay your bills. You need their support and confidence.

1. KNOW HOUSING PROGRAMS

The following is a brief description of housing programs offered by the Housing Authority of the City of Eureka.

- a. **Public Housing** – The Housing Authority of the City of Eureka owns and manages 196 units of public housing in the city of Eureka. Sites are scattered throughout Eureka, with approximately half of them near the vicinity of WinCo. There are 1-, 2-, 3-, and 4-bedroom units. Some units have accessible features. Rents are determined based on household income. Additionally, we provide space for the local Boys and Girls Club and a substation for the Eureka Police Department.
- b. **Eureka Family Housing** – Three sites make up this 50-unit property: 1112 E Street, 615 West Hawthorne Street and 735 P Street. These are 1-, 2-, and 3-bedroom units. Some units have accessible features. Rents are determined based on household income. These units are subsidized through a project-based subsidy under HUD’s Section 8 program and subject to California Tax Credit rent limits.
- c. **Eureka Senior Housing** – 22 senior units for residents 62 or older are owned and managed on scattered sites in Eureka on C Street, E Street, and I Street. Units are subject to California Tax Credit rental limits, and have an in-house subsidy. Housing Choice Voucher assistance may be utilized in these units.
- d. The Housing Authority of the City of Eureka is also undertaking “repositioning”, transitioning its Public Housing program to low-income housing tax credit financed units with Section-8 assistance for as many units as possible. This will be a multi-year effort that is largely dependent on available financing and HUD approvals to redevelop existing housing into new developments with increased unit supply.

2. POLICY MAKING VERSUS ADMINISTRATION

The Board of Commissioners consists of community representatives who hire an Executive Director to lead the Housing Authorities. The Executive Director hires staff members who have the expertise to implement board policy and fulfill the purposes of the agencies. The system works best when commissioners focus their efforts on representing community interests through establishing policies, in collaboration with the Executive Director and staff, which provide direction for the Authorities. The board is most effective when it leaves the day-to-day operations to the staff and concentrates on broad values and the big picture.

Public policy (Board of Commissioners)

- creates solutions to social problems
- informs how a government or nonprofit organization engages and responds to different social issues

Public administration (Executive Director and staff)

- brings solutions to fruition
- implements policies by identifying the most efficient methods to help organizations achieve policy directives

Commissioners should keep the following broad principles of the roles and responsibilities of boards and administration in mind at all times:

Board of Commissioners	Executive Director (and staff)
Governs	Administers
Decides: Why, What	Decides: Who, How
Makes policy	Implements policy
Sets goals	Plans to achieve goals
Reviews plans	Implements plans
Evaluates progress	Monitors progress

Example 1:

The state of California periodically sets a minimum wage rate. This is a policy. Employers within the state, through administration of their businesses, comply with the established policy by paying minimum wage or greater.

Example 2:

During the pandemic, HUD announced new vouchers, and commissioners approved participation of the Housing Authority of the County of Humboldt in the Emergency Housing Voucher program, updating local voucher program policy to include EHV's. Staff and management at the Housing Authority of the County of Humboldt worked to implement the approved program and assist eligible persons with the new vouchers while complying with all regulations and requirements associated with the EHV program.

3. KNOW YOUR LOCAL OPERATIONS

This of course starts with knowing Housing Authority staff. All housing authority staff are available via phone and email.

Cheryl Churchill, Executive Director
Phone: (707) 443-4583 ext. 224
Email: cherylc@eurekaumboldtha.org

Dustin Wiesner, Chief Financial Officer
Phone: (707) 443-4583 ext. 220
Email: dustinw@eurekaumboldtha.org

Heather Humphreys, Executive Assistant & Human Resources Manager
Phone: (707) 443-4583 ext. 219

Email: heatherh@eurekaumboldtha.org

Jennifer Toole, Housing Programs Supervisor

Phone: (707) 443-4583 ext. 215

Email: jtoole@eurekaumboldtha.org

Ryan Harvey, Maintenance Supervisor

Phone: (707) 443-4583 ext. 226

Email: ryanh@eurekaumboldtha.org

Ty Leschke, Community Liaison & Compliance Officer

Phone: (707) 443-4583 ext. 211

Email: tykeshial@eurekaumboldtha.org

Mandee McCullough, Housing Advocate

Phone: (707) 443-4583 ext. 222

Email: mandeem@eurekaumboldtha.org

Scott Gantt, Housing Inspector & Negotiator

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Shawlyn Banfill, Housing Specialist

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Nick Bartlett, Maintenance Specialist
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Devin Fielding, Maintenance Specialist
Email: devinf@eurekaumboldtha.org

Luis Pelayo-Nunez, Maintenance Specialist
Email: luisp@eurekaumboldtha.org

Ray Wattis, Maintenance Specialist
Email: rayw@eurekaumboldtha.org

Nancy Chance, Office Assistant
(707) 443-4583 ext. 228
Email: nancyc@eurekaumboldtha.org

Liz Boucher, Office Assistant
Phone: (707) 443-4583 ext. 210
Email: elizabethb@eurekaumboldtha.org

Beyond staff and the board room, consider visiting projects and other related offices, project functions, and local outreach events. Attending city council meetings to hear updates on local happenings around development, growth, economic, and housing trends is a good way to stay informed.

Humboldt County Board of Supervisors
Location: Courthouse Building
825 5th St., Room 111, Eureka CA
When: Every Tuesday at 9am
Info: <https://humboldt.legistar.com>

Eureka City Council
Location: Eureka City Hall, Council Chambers (2nd floor)
531 K St., Eureka CA
When: 1st and 3rd Tuesday of every month at 6pm
Info: <https://www.eurekaca.gov/317/View-Board-Commission-Meetings-Agendas>

Humboldt Housing & Homelessness Coalition (HHHC)
Phone: (707) 826-7312
Email: HHHC@co.humboldt.ca.us
General Membership Meeting

Location: Via Zoom
When: First Thursday, every other month at 9am-11am
Info: <https://humboldt.gov/AgendaCenter/Search/?term=&CIDs=43>

Arcata City Council meetings
Location: City Hall Council Chamber
736 F St., Arcata CA
When: First and third Wednesday at 6pm
Info: <https://www.cityofarcata.org/405/City-Council>

Fortuna City Council meetings
Location: Fortuna Council Chamber
621 11th St., Fortuna CA
When: First and third Monday at 6pm
Info: <https://www.accesshumboldt.net/watch>

4. SET GOALS AND OBJECTIVES

Goals are reviewed and set annually with input from program participants, staff, and Commissioners. Progress updates are provided mid-year to assist commissioners in knowing whether the established goals are being achieved, and to hold someone responsible for failure as well as success. It's important to know what your Housing Authority goals are. The following are the most recent goals and progress updates.

PHA 5 Year Plan Goals Housing Authority of the City of Eureka PHA Goals 5-Year Goals, 2021-2025

In addition to annual goals which are developed and/or updated with input from the Resident Advisory Board, Board of Commissioners, PHA staff, and any community input, the Housing Authority of the City of Eureka, with input from the aforementioned parties, has established these overarching long-term goals for our housing and related services.

Goal One: **Redevelopment**

Background:

Previously, the PHA agreed to explore repositioning of the entire 198-unit Public Housing portfolio through various HUD processes, such as demolition and disposition, streamlined voluntary conversion, etc. and that, considering input from the public, tenants, consultants, and other available information sources, and in alignment with the City of

Eureka Housing Element, staff would make a recommendation to the Board of Commissioners with whichever process is most advantageous and economically feasible to the agency.

During 2021-2022, PHA staff worked with consultants under a HUD-funded technical assistance contract (TAC) to explore and define repositioning options. A formal repositioning plan was created, which was approved by the board of commissioners June 21, 2022. This plan establishes policy for future repositioning action, and is included as an addendum to this PHA plan.

In January 2023, PHA issued an RFQ to seek a development partner. Submissions for the RFQ were reviewed and ranked, with the recommended development partner approved by the Board of Commissioners in June 2023.

The PHA will continue to work toward repositioning its Public Housing portfolio. This includes working with a development partner, obtaining financing, submitting applications to HUD's Special Application Center (SAC), doing community outreach, holding consultation meetings with tenants and establishing plans to rehouse tenants as needed, and communicating with the city at large.

Additionally, the PHA may need to remove units from inventory temporarily or permanently during the next five years. Units may be taken offline temporarily with approved vacant status from HUD while undergoing modernization, prior to a SAC application with HUD. They may also be removed from circulation and be designated non-dwelling units with approval from HUD in order to provide for Administrative Uses, such as additional maintenance storage and/or office space.

2024 Update: PHA, in collaboration with Brinshore and Operative Office (Development Partners) has begun the repositioning process with plans for "Green Phase" (3230 Hiler Street), Master Plan (7.4 acres south of Harris Street), and "Blue Phase" (12 units at C & Clark Streets). Development Partners are working on project designs, approvals with the City of Eureka, and obtaining Financing. A tax credit application was submitted to TCAC for Green Phase. Any phase is expected to take approximately 24 months from the point of tax-credit approval.

Goal Two:

Community Partners

The PHA will continue to work with community agencies to develop and strengthen partnerships with other service providers, to seek referrals for clients who are in danger of losing their housing or otherwise needing assistance. The PHA aims to house people and keep them housed; to that end, the support of service providers is

often necessary and helpful. The PHA will make every effort to connect residents with local agencies by providing relevant information.

The PHA will provide a list of community agencies and service providers to tenants with notices to correct to help them access relevant support to help them retain their housing.

2024 Update: Assistance has been obtained for several tenants from outside agencies in order to get needed housing supports or move to other housing that would be better long-term situations and prevent eviction filings. Additionally, tenants have received referrals to other outside agencies to help them retain their housing. Examples of local supportive agencies that worked with tenants include DHHS, IHSS, PACE, Senior Resource Center, APS, CWS, churches, schools, and EPD.

Goal Three: **Access to Services**

The PHA will work to improve the ease of access to our services. We will continue to review information format and delivery methods to achieve greater efficiency and effectiveness in program delivery, optimize ease of use and understanding by applicants and participants, and make program information more accessible, e.g. by simplifying forms and processes, increasing the use of our website and implementing other available technologies.

Annually, the PHA will do a review/assessment of our website as well as manual processes including most used forms/data and ensure that the most widely used resources are made available on the website.

We have been consistently adding new information as it is available and necessary to share with the public. Multiple staff are now trained in how to publish updates to the website. We regularly publish board agendas, plan updates, RFPs, and job advertisements, along with the ongoing availability of common forms and program information.

2024 Update: The website is updated on a regular basis to reflect the latest information available to the public. New information is included on the home page as well as in the relevant topic section of the website.

Goal Four: **Equal Opportunity & Fair Housing**

The PHA is always mindful of providing fair and equitable opportunities for current and future residents in accordance with state and federal law.

We will review/update processes as necessary and undertake

affirmative measures to ensure access to affordable housing regardless of any protected class status. We will work to ensure housing is accessible to persons with all varieties of disabilities. All staff will be trained annually on fair housing and equal opportunity. Additionally, we will get common/standard forms translated to meet the needs of groups identified in our Language Access Plan.

2024 Update: All staff completed fair housing and equal opportunity training in 2024. Additionally, over the course of several outreach meetings, we gained experience using interpretation services, and we have provided several translated documents and presentations. HACE will continue to work toward translating common documents into Spanish, consistent with our LEP, and provide interpretation services as needed.

Goal Five:

Sustainability

The PHA will constantly work to achieve and maintain financial and environmental sustainability.

Financially, this will be done through controlling expenditures, seeking greater efficiencies of internal operations, seeking additional revenue sources, and balancing the needs of tenants with the appropriate level of affordable housing amenities.

Environmentally, we will seek opportunities for savings, e.g. through water efficient landscape improvements and other energy efficiency measures.

As we take further steps toward repositioning Public Housing, we will maintain focus on both financial and environmental sustainability in our approach.

2024 Update: Key metrics are discussed at monthly management meetings to discuss/reveal potential improvements in financial and operational efficiency. With repositioning activity, we are working toward highly energy efficient units.

Goal Six:

Investment in PHA Team

Ongoing training of PHA staff has long been an annual requirement. With expected growth of PHA programs, training will become even more critical.

We will continue to use training programs, such as online training, as well as seek additional modes of training delivery, including offsite seminars, internal team training, and self-paced training options supported by management follow-up.

Staff will also be cross trained as available, to support staff career

goals, strengthen staff's capacity to move up through available positions, and support agency succession planning capability.

2024 Update: All departments have worked to actively cross-train staff so they may back each other up in the event of any staff absences. Additionally, staff have actively sought out and attended various training opportunities, both in person and online, to stay current with myriad changes at HUD.

Goal Seven: **Technology**

The PHA will continue to invest in technology upgrades and additions to ensure digital security, expand digital storage, and improve efficiency, flexibility, and customer service.

We will look for opportunities to expand our Tenant Portal, as possible, beyond work-order requests and payment submissions.

We will provide a computer kiosk at our PHA office for applicant and tenant self-service, such as making payments online, obtaining recertification paperwork, and completing other online forms.

The PHA will work to enhance our online presence and availability, through regular updates to our website and utilizing social media and other communication tools to disseminate current and critical information to our residents, community, and other partners.

2024 Update: One interview room connected to our office lobby has been converted for tenant use, to print paperwork needed for applications and recertification. Client response has been positive, so we will continue to offer this resource.

Goal Eight **Customer Feedback**

The PHA will use various methods to invite feedback from interested parties, including tenants, community members, and staff.

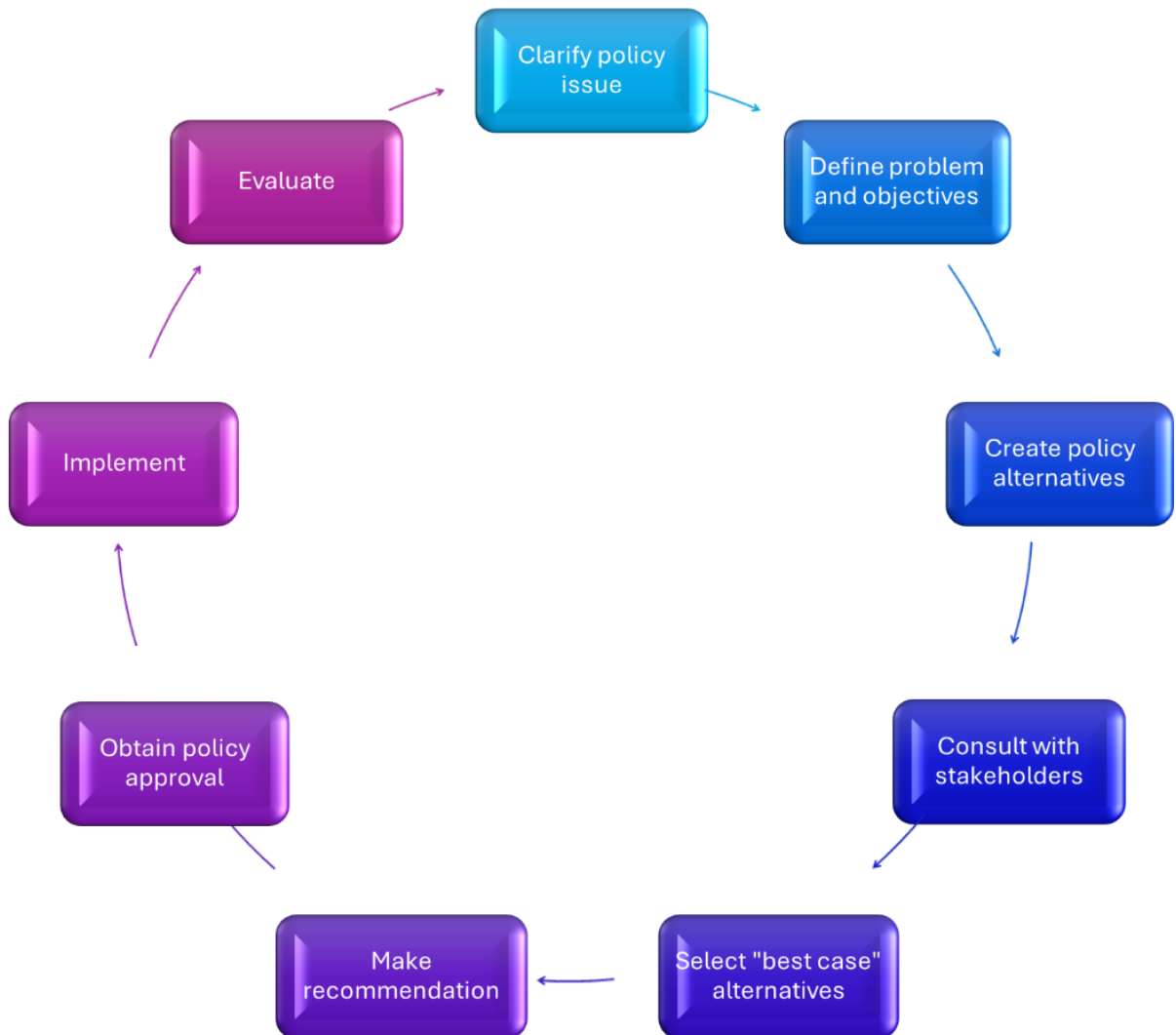
We will provide an annual survey to tenants to ask for their feedback and input on specific areas of focus.

We will implement a standard feedback process for any parties concerned for reporting issues, suggesting changes, and otherwise seeking answers.

2024 Update: A Customer Service Survey link has been added to our website home page as a standard feedback option. Additionally, an online survey was emailed to voucher clients. Responses are still being collected and will be shared at a future date.

5. POLICY MAKING

The Policy Development Process is really a cyclical and iterative process, as illustrated below.



Characteristics of Modern Policymaking

- Forward looking: takes the long view
- Outward looking: learns from elsewhere
- Innovative and creative: questions the status quo
- Evidence-based: uses best evidence available
- Inclusive: takes account of the interests of all
- Joined-up: works across institutional boundaries
- Reviews: keeps policy under periodic review
- Evaluates: builds evaluation into the policy process
- Learns lessons: learns from experience what works; adjusts

Elements to Consider in Policy Design

- Tools of the policy – what instruments will be used to implement the policy? Information, outreach, capacity-building, money, etc.
- Targets of the policy – What is supposed to change? Are there direct and indirect beneficiaries? What assumptions about the target population guide the choice of tools?
- Implementation of the policy – How will it be implemented? Who will define criteria for implementation? Who will enforce the implementation?

6. BE INNOVATIVE

Think of innovative policy making like creating a new recipe for solving a problem. Just like how chefs come up with unique combinations of ingredients to create delicious dishes, policymakers develop innovative policies by combining different ideas and strategies to tackle complex social issues.

There are some important questions for people involved in making policy to consider, to support an innovative approach:

- a. What is the challenge we're trying to solve? Is there consensus on this, or different opinions?
- b. What is assumed about this issue? How can these assumptions be tested?
- c. What don't we know - including not only about what is happening, but why it is happening? How can we understand this better?
- d. Who else might have insight, and how can we include them in the policymaking process? No individual can possibly have all the answers, but a policymaker is in a unique position to bring people and perspectives together so that a wider range of ideas can be generated and explored.

Encourage Innovation Amongst Each Other

Innovation in policy making is important, so we aren't just doing what we've always done, but are looking for new solutions to complex problems. Below are some ideas to encourage innovation in the policymaking process.

1. Educate on the importance of innovation: Start by emphasizing the value of innovation in policymaking. Highlight how innovative policies can lead to better outcomes, address emerging challenges, and capitalize on opportunities.
2. Create an innovation culture: Foster a culture within policymaking circles that encourages creativity, experimentation, and risk-taking. This may involve organizing workshops, seminars, or training sessions on innovation techniques and methodologies.
3. Promote collaboration and cross-pollination: Encourage policymakers to collaborate across departments, sectors, and disciplines. Interactions with diverse stakeholders can inspire fresh perspectives and ideas.
4. Provide resources and support: Ensure policymakers have access to the necessary resources, including funding, data, expertise, and technology, to support innovative initiatives. Establish innovation funds or grants to incentivize experimentation.
5. Set clear goals and metrics: Define clear objectives for innovation in policymaking and establish metrics to measure success. This helps focus efforts and evaluate the impact of innovative policies.
6. Embrace evidence-based decision making: Encourage policymakers to base their decisions on evidence and data-driven insights. This can help identify areas where innovation is most needed and ensure that innovative policies are grounded in reality.
7. Emphasize flexibility and adaptability: Recognize that innovation often involves uncertainty and iteration. Encourage policymakers to be flexible and adaptive, willing to adjust policies based on feedback and changing circumstances.
8. Celebrate success and learn from failure: Acknowledge and celebrate innovative policy successes to inspire others. Similarly, view failures as learning opportunities and encourage policymakers to share their experiences openly.
9. Engage with citizens and stakeholders: Involve citizens and stakeholders in the policymaking process to ensure that innovative solutions reflect their needs and priorities. Use participatory methods such as crowdsourcing, co-creation workshops, or citizen juries.
10. Lead by example: Demonstrate leadership in innovation by implementing innovative practices within government agencies or departments. Showcase successful examples of innovative policies to inspire others.

By following these considerations and steps, policymakers can be encouraged to embrace innovation and develop policies that address complex challenges effectively.

7. LET HUD KNOW YOUR THOUGHTS ABOUT HOUSING MATTERS

Subscribe to HUD Exchange mailing lists to receive email updates on new resources, training opportunities, HUD policies and more. To subscribe, enter the requested information, select the topics that interest you, and then select subscribe.

<https://www.hudexchange.info/mailinglist/subscribe/>

8. KEEP IN TOUCH WITH LOCAL ELECTED OFFICIALS

a. Contact information:

i. County Board of Supervisors

1st District - Rex Bohn

Phone: (707) 476-2391

Email: rbohn@co.humboldt.ca.us

2nd District - Michelle Bushnell

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3rd District - Mike Wilson

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Email: mike.wilson@co.humboldt.ca.us

4th District - Natalie Arroyo

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5th District - Steve Madrone

Phone: (707) 476-2395

Email: smadrone@co.humboldt.ca.us

ii. Eureka – City Council

Mayor, Kim Bergel

Phone: (707) 441-4200

Email: kbergel@ci.eureka.ca.gov

Councilmembers

Ward 1, Leslie Castellano

Phone: (707) 441-4169

Email: lcastellano@ci.eureka.ca.gov

Ward 2, Kati Moulton

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Ward 3, G. Mario Fernandez

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Ward 4, Scott Bauer

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Ward 5, Renee Contreras-DeLoach

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Email: rcontreras@ci.eureka.ca.gov

iii. Arcata – City Council

Mayor, Meredith Matthews
Phone: (707) 499-0809
Email: mmathews@cityofarcata.org

Vice-Mayor, Alexandra Stillman
Phone: (707) 845-3900
Email: astillman@cityofarcata.org

Councilmember, Sarah Schaefer
Phone: (707) 498-9342
Email: sschaefer@cityofarcata.org

Councilmember, Stacy Atkins-Salazar
Phone: (707) 496-4779
Email: satkinssalazar@cityofarcata.org

Councilmember, Kimberley White
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Email: kwhite@cityofarcata.org

iv. Fortuna – City Council

Mayor, Tami Trent
Phone: (707) 725-1409
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Mayor Pro Tem, Mike Johnson
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Councilmember, Kyle Conley
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Email: ktonley@ci.fortuna.ca.us

Councilmember, Mike Losey
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Email: mlosey@ci.fortuna.ca.us

Councilmember, Kris Mobley
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Email: kmobley@ci.fortuna.ca.us

v. McKinleyville Community Services District

Phone: (707) 839-3251

- vi. Trinidad/Westhaven Community Services District**
Phone: (707) 611-0798
- vii. Fortuna Community Services District**
Phone: (707) 725-7600
- viii. Blue Lake Community Services District**
Phone: (707) 668-4281
- ix. Willow Creek Community Services District**
Phone: (530) 629-2136
- x. Ferndale Community Services District**
Phone: (707) 786-9694
- xi. Rio Dell & Scotia Community Services District**
Phone: (707) 764-5239
- xii. Redway & Garberville Community Services District**
Phone: (707) 923-3101

9. LISTEN TO TENANTS

- a. Customer Service Survey <https://bit.ly/EurekaHousingAuthorityTenantSurvey>
- b. Annual Resident Advisory Board Meeting – *typically held in June*

10. PHA ACTIVE PUBLIC RELATIONS

- a. The board may want to consider establishing goals or potential policy around this.