



HOUSING AUTHORITIES CITY OF EUREKA & COUNTY OF HUMBOLDT



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

DATE AND TIME
Monday December 09, 2024
12:00pm

LOCATION

Housing Authority of the County of Humboldt
735 W. Everding Street, Eureka CA 95503

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

PUBLIC PARTICIPATION

Public access to this meeting is available in person 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 County of Humboldt 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 regular meeting held October 15, 2024.(pages 3-6)

4. Bills and Communications:

- 4a. HUD letter dated November 05, 2024, HCV Confirmation of Projected HAP Shortfall for CY 2024. (pages 7-8)



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 9)

5b. HCV Utilization Reports (pages 10-12)

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. HACH Board of Commissioners: Reappointment of Lisa Leon - Current board roster and commissioner terms; *Informational* (pages 13-15)

8b. Commissioner Resource Guide
Recommended Board Action: *Informational* (pages 16-34)

8c. Resolution 511, HACH 2023 Financial Audit Report
Recommended Board Action: *Accept and Adopt for Approval* (pages 35-78)

8d. Resolution 512, Administrative Plan Update – Housing Opportunity Through Modernization Act (HOTMA)
Recommended Board Action: *Accept and Adopt for Approval* (pages 79-85)

9. Closed Session (if needed).

10. Adjournment

* * * Note * * *

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

<https://eurekaumboldt.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

MEETING OF THE HOUSING AUTHORITY OF THE COUNTY OF HUMBOLDT BOARD OF COMMISSIONERS

Tuesday, October 15, 2024

Chairperson Conner declared a quorum present and called the meeting to order at 12:00p.m.

1. Roll Call:

Present: Chairperson Conner, Vice Chairperson Fitzgerald, Commissioner Derooy,
Commissioner Escarda, Commissioner Leon, Commissioner Zondervan-Droz
Absent: None
Staff: Churchill, Humphreys, Wiesner

Motion made by Commissioner Derooy to approve remote attendance for Chairperson Conner and Leslie Zondervan-Droz. Motion seconded by Vice Chairperson Fitzgerald.

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

3. Approve minutes of the board of commissioners regular meeting held September 10, 2024.

Motion to approve the minutes of the regular meeting held September 10, 2024, made by Commissioner Zondervan-Droz.

Second – Vice Chairperson Fitzgerald

Roll call:

Ayes: Conner, Fitzgerald, Derooy, Escarda, Leon, Zondervan-Droz
Nays: None
Abstain: None
Absent: None

Chairperson Conner declared the motion carried to approve the minutes of September 10, 2024.

4. Bills and Communication: None

5. Report of the Secretary:

5a. Occupancy and Leasing Report
Secretary Churchill briefs the board on this report.

5b. HCV Utilization Reports

Secretary Churchill goes over this report with the board and points out key items, noting that there are 1,170 HCV vouchers utilized as of August 2024. Secretary Churchill comments that our programs continue to be utilized well above 100% which means we are pulling from our reserves.

6. Reports of the Commissioners: Commissioner Leon comments a professional client of hers is a voucher holder who is having a hard time with landlords. Commissioner Leon is looking for guidance on where to direct her client for assistance at the Housing Authority office. Secretary Churchill directed Commissioner Leon to have her client reach out to our Housing Advocate, Mande McCullough for assistance.

7. Unfinished Business: None.

8. New Business:

- 8a. Resolution 508, Annual Operating Budget for FY Ending December 31, 2025
Recommended Board Action: *Accept and Adopt for Approval*

RESOLUTION NO. 508

TO APPROVE ANNUAL OPERATING BUDGET
FOR HOUSING AUTHORITY OF THE COUNTY OF HUMBOLDT,
INCLUDING SECTION 8 HOUSING CHOICE VOUCHER, CA086
FOR FISCAL YEAR ENDING DECEMBER 31, 2025

WHEREAS, The Housing Authority of the County of Humboldt Board of Commissioners directed the Executive Director to prepare an Operating Budget for Section 8 Housing Choice Voucher program, CA086, 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 County of Humboldt do hereby approve and adopt the Operating Budget for the Housing Authority of the County of Humboldt, including the CA086 Section 8 Housing Choice Voucher program, for fiscal year ending December 31, 2025.

Motion to approve Resolution 508 made by Commissioner Derooy.

Second - Commissioner Zondervan-Droz

Ayes: Conner, Fitzgerald, Derooy, Escarda, Leon, Zondervan-Droz

Nays: None

Abstain: None

Absent: None

Chairperson Conner declared the motion carried and Resolution 508 approved.

- 8b. Resolution 509, Administrative Plan Update – Chapter 4, Preferences
Recommended Board Action: *Accept and Adopt for Approval*

Resolution 509

Resolution Approving and Adopting Updates
to the Housing Authority of the County of Humboldt
Housing Choice Voucher Program Administrative Plan

WHEREAS, It is a requirement of the Housing Authority of the County of Humboldt to have an updated, approved Administrative Plan for the administration of its Housing Choice Voucher programs; and

WHEREAS, Staff has amended the current Administrative Plan to include preferences to allow, budget permitting, for conversion of Tenant Based Rental Assistance (TBRA) participants with expiring assistance to Housing Choice Vouchers, and a preference for applicants who can Lease-in-Place; and

WHEREAS, The Commissioners have reviewed the proposed addition to the Administrative Plan for conversion of Tenant Based Rental Assistance (TBRA) participants with expiring assistance to Housing Choice Vouchers, and a preference for applicants who can Lease-in-Place; and

WHEREAS, The proposed addition was advertised and made available for forty-five (45) days of public comment, with a public comment meeting held on Wednesday, October 2, 2024, via zoom; and

WHEREAS, The approved, updated Administrative Plan will be sent to HUD for their reference;

NOW, THEREFORE, BE IT RESOLVED, That the Commissioners of the Housing Authority of the County of Humboldt do hereby approve and adopt the proposed changes to the Administrative Plan for Tenant Based Rental Assistance and Lease-in-Place options.

Motion to approve Resolution 509 made by Commissioner Leon.

Second - Vice Chairperson Fitzgerald

Ayes: Conner, Fitzgerald, Derooy, Escarda, Leon, Zondervan-Droz
Nays: None
Abstain: None
Absent: None

Chairperson Conner declared the motion carried and Resolution 509 approved.

- 8c. Resolution 510, Proposed Utility Allowance Study Schedule for 2025
Recommended Board Action: *Accept and Adopt for Approval*

RESOLUTION 510

ADOPT UPDATED UTILITY SCHEDULE
SECTION 8 HOUSING CHOICE VOUCHER PROGRAM

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 Section 8 Housing allowances for tenant furnished utilities; and

WHEREAS, The Housing Authorities have contracted with The Zappling Company to complete a Resident Life Utility Allowance Survey and Study for Section 8; and

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

NOW, THEREFORE, BE IT RESOLVED, that the Commissioners of the Housing Authority of the County of Humboldt approve and adopt the September 2024 updated schedule for Section 8 Utility Allowances for Tenant Furnished Utilities and Other Services, effective January 01, 2025.

Motion to approve Resolution 510 made by Commissioner Escarda.

Second - Commissioner Leon

Ayes: Conner, Fitzgerald, Derooy, Escarda, Leon, Zondervan-Droz

Nays: None

Abstain: None

Absent: None

Chairperson Conner declared the motion carried and Resolution 510 approved.

9. Closed Session: None needed.

10. Adjournment

There being no further business to come before the Commissioners, the meeting was adjourned at 12:30p.m.

Chairperson

Secretary



November 5, 2024

Cheryl Churchill
Executive Director
CA086 Housing Authority of the County of Humboldt
735 West Everding Street
Eureka, CA 95503

Subject: **Housing Choice Voucher (HCV)** – Confirmation of Projected HAP Shortfall
for CY 2024

Dear Executive Director:

This is your official notification that the Shortfall Prevention Team (SPT) has confirmed a projected shortfall in your PHA's Housing Choice Voucher (HCV) program for CY 2024 per HUD's *Two-Year Projection Tool* (TYT). A discussion of the TYT is below. It is prudent that your PHA takes reasonable cost savings measures given the potential shortfall. If you comply with all the conditions of this letter and are still projected to have a shortfall in CY 2024, you will be eligible for HAP Set-Aside funds under **Category 1 – Prevention of Terminations Due to Insufficient Funding (Shortfall)**.

Eligibility for Category 1 funding, per PIH Notice 2024-16, and the supplement PIH Notice 2024-21, is contingent on your PHA taking the required actions below as of **November 5, 2024**, to minimize the shortfall. Failure to comply will affect your eligibility for any HAP Set-Aside funds.

Required Actions

1. Suspend issuance of vouchers to applicants. This requirement does not apply to the exclusions detailed in the Notice.
2. Implement all other cost saving measures identified by the SPT on your Action Plan within the timeframe specified.
3. Apply for Category 1 HAP Set-Aside funding. The application is available in PIH Notice 2024-16, Appendix F, published May 9, 2024. For assistance, click here: [DocuSign Instructions and Application Links](#)

If at any time during the year, the SPT determines that the PHA has resolved the shortfall and no longer requires HAP Set-Aside funding, the SPT will release the PHA to the OFO Field Office and the PHA may resume leasing activities. The SPT will confirm this status in writing.

The SPT projected a HAP shortfall using the *Two-Year Projection Tool*. A copy of the tool is enclosed for your records. A blank TYT and Step-by-Step Guide can be found by clicking the link here: [Office of Housing Choice Vouchers](#).

If you have any questions, please contact me at Patricia.L.Bennett@hud.gov.

Sincerely,

Patty Bennett
Program Analyst
Quality Assurance Division
Shortfall Prevention Team

Enclosure as stated

Cc: FO
FMC

**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 County of Humboldt

Board of Commissioners Meeting

December 09, 2024

Agenda Item 8a

Memorandum

To: Commissioners

From: Cheryl Churchill, Executive Director

Subject: Current Board and Commissioner Terms

BACKGROUND AND HISTORY:

The Housing Authority of the County of Humboldt Board of Commissioners bylaws allows for seven elected individuals representing five local districts, a senior tenant member, and a non-elderly tenant. Each term of a district commissioner is four years from the date of appointment. Each term of a tenant commissioner is two years from the date of appointment. At this time, there is a commissioner vacancy for district two. During the October 22, 2024, County Board of Supervisors meeting, Lisa Leon was reappointed for another four-year term.

The current board roster from the County of Humboldt clerk's office has been attached. As a reminder, below are the sections of the California state code regarding commissioner appointments.

California Health and Safety Code

CHAPTER 1. Housing Authorities Law 34200-34380

ARTICLE 3. Officers and Employees 34270-34286

Section 34271 - Appointment of commissioners; tenant commissioners

When the governing body of a county adopts such a resolution it shall appoint five persons as commissioners of the authority. The governing body shall appoint two additional commissioners who are tenants of the authority if the authority has tenants, or within one year after the authority first does have tenants. One such tenant commissioner shall be over 62 years of age if the authority has tenants of such age.

Section 34273 - Filing of certificate of appointment

A certificate of the appointment or reappointment of any commissioner shall be filed with the clerk and the certificate is conclusive evidence of the due and proper appointment of the commissioner.

STAFF RECOMMENDATION:

For informational purposes.



COUNTY OF HUMBOLDT

For the meeting of: 10/22/2024

File #: 24-1463

To: Board of Supervisors

From: Clerk of the Board

Agenda Section: Consent

Vote Requirement: Majority

SUBJECT:

Reappoint Lisa Leon to the Humboldt County Housing Authority

RECOMMENDATION(S):

That the Board of Supervisors:

1. Reappoint Lisa Leon for an additional term on the Humboldt County Housing Authority.

STRATEGIC PLAN:

This action supports the following areas of your Board's Strategic Plan.

Area of Focus: Housing for All

Strategic Plan Category: 4002 - Increase and prioritize housing development

DISCUSSION:

The Clerk of the Board's Office has been notified by the Director of the Humboldt County Housing Authority that Lisa Leon's term is expiring on Oct. 18, 2024. Leon is the non-elderly tenant Housing Authority member and would like to be reappointed. The Housing Authority has sent a letter to the Board (Attachment 1) requesting the reappointment. The new term would be for an additional four years with a term expiration date of Oct. 22, 2028.

Any member appointed to the Humboldt County Housing Authority is required to comply with California Fair Political Practices Form 700 requirements as well as completing ethics training every two years.

SOURCE OF FUNDING:

General Fund

ALTERNATIVES TO STAFF RECOMMENDATIONS:

Board Discretion

ATTACHMENTS:

Letter form the Housing Authority

PREVIOUS ACTION/REFERRAL:

Meeting of: N/A

File No.: N/A

HUMBOLDT COUNTY BOARD OF SUPERVISORS

HOUSING AUTHORITY COMMISSION ROSTER (HUMBOLDT COUNTY)

AUTHORITY: File No. 24-1244

APPOINTING POWER: Board of Supervisors

MEMBERS: 7 (1 per district and 2 at-large tenant commissioners)

QUALIFICATIONS: Resident of the County

TERM: 4 years (District) and 2 years (Tenant)

FUNCTION: Authorized to exercise or transact County housing functions

DISCLOSURE CATEGORIES: 2, 3, 6, and 7

<u>NAME</u>	<u>APPOINTED</u>	<u>REAPPOINTED</u>	<u>EXPIRES</u>
<u>District 1</u>			
MAUREEN FITZGERALD Eureka, Ca. 95501 morenie@hotmail.com	10/9/07	09/04/12, 9/1/20 08/23/16, 08/27/24	09/04/28
<u>District 2</u> VACANCY			
<u>District 3</u>			
ELIZABETH CONNER Arcata, Ca. 95521 econner@humboldt1.com	09/06/11	08/25/15 09/03/19	09/04/27
<u>District 4</u>			
KAYLEN ESCARDA Eureka, Ca. 95501	10/07/08	09/04/12, 09/05/14 08/23/16, 09/01/20 08/27/24	09/04/28
<u>District 5</u>			
LESLIE ZONDERVAN-DROZ Trinidad, Ca. 95570	09/29/20	10/22/23	10/22/27

TENANT COMMISSIONERS (ONE OVER 62 YEARS OF AGE, IF POSSIBLE) – 2 YEAR TERMS

<u>Senior Tenant</u>			
Sylvia DeRooy	08/27/19	08/27/23	08/27/25
<u>Non-Elderly Tenant</u>			
LISA LEON	10/18/22	10/22/24	10/22/28

Contact: Cheryl Churchill, Executive Director
735 W. Everding St.
Eureka, CA 95501
(707) 443-4583
cherylc@eurekahumboldtha.org

Meetings: The Humboldt County Housing Authority meets on the 2nd Monday of each month at noon at the Housing Authority Office at 735 Everding St., Eureka

Housing Authority of the County of Humboldt

Board of Commissioners Meeting

December 09, 2024

Agenda Item 8b

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 COUNTY OF HUMBOLDT

COMMISSIONER'S RESOURCE GUIDE



DECEMBER 2024

TEN COMMANDMENTS FOR COMMISSIONERS

HOUSING AUTHORITY OF THE COUNTY OF HUMBOLDT

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 County of Humboldt.

- a. **Housing Choice Voucher (“Section 8”)** – The HCV program has an open waitlist, and anyone may apply. After a preliminary screening to determine initial eligibility, applicants will be put on the wait list. Vouchers may be “ported” to other jurisdictions for out-of-county use.
- b. **Mainstream** – Eligible families must have at least one adult member of the household who is disabled and non-elderly (between ages of 18-61). Voucher recipients are selected one of two ways: they may be pulled from our regular waitlist or referred by a local Continuum of Care (CoC) participating agency.
- c. **VASH (Veterans Affairs Supportive Housing)** – Veterans are screened by calling CalVET, Nation’s Finest, or HUD-VASH to determine eligibility. HUD-VASH caseworkers prioritize qualified applicants, who are referred to the Housing Authority for further screening, then issued a voucher if they meet program requirements.
- d. **EHV** – Emergency Housing Vouchers are issued by referral only from the CoC or from HDVS. Assistance is specifically for those who are homeless, recently homeless, at risk of homelessness, or fleeing domestic violence, stalking, or sex trafficking. A dedicated caseworker helps voucher recipients find housing, successfully utilize the voucher and obtain services.
- e. **PBV** – Vouchers that are project based, instead of tenant based, stay with the unit, ensuring a development will provide affordable rents for up to 20 years. Application is by site-based list.

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
Phone: (707) 443-4583 ext. 213
Email: scottg@eurekaumboldtha.org

Shawlyn Banfill, Housing Specialist
Phone: (707) 443-4583 ext. 214
Email: shawlynb@eurekaumboldtha.org

Cristina Fonseca, Housing Specialist
Phone: (707) 443-4583 ext. 231
Email: cristinaf@eurekaumboldtha.org

April Hatherill, Housing Specialist
Phone: (707) 443-4583 ext. 233
Email: aprilh@eurekaumboldtha.org

Nalee Lee, Housing Specialist
Phone: (707) 443-4583 ext. 216
Email: naleel@eurekaumboldtha.org

Kristi Mayville, Housing Specialist
Phone: (707) 443-4583 ext. 227
Email: kristim@eurekaumboldtha.org

Stephanie Gai, Accounting Specialist
Phone: (707) 443-4583 ext. 234
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Kathryn Thompson, Accounting Specialist
Phone: (707) 443-4583 ext. 223
Email: kathrynt@eurekaumboldtha.org

Jhonny Wilson, Accounting Specialist
Phone: (707) 443-4583 ext. 235
Email: jhonnyw@eurekaumboldtha.org

Nick Bartlett, Maintenance Specialist
Email: nicholasb@eurekaumboldtha.org

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 County of Humboldt

2024 Update

Goal One: **Maximize Voucher Utilization**

The Housing Authority of the County of Humboldt ("The PHA") makes every effort to utilize up to 100% of the Annual Contributions Contract, or more as allowed based on draws of HUD-held reserves.

To achieve this, the PHA shall maintain a waiting list of size sufficient to issue vouchers and lease-up clients to utilize at least 96% of our Annual Contributions Contract funding. The PHA will advertise in at least one local publication quarterly, as long as the wait list is open, in order to make the public aware of our open waitlist. Additionally, the PHA will seek opportunities with other local agencies to do outreach and education about our housing programs to diverse populations, at minimum once a month, with the goal of furthering voucher utilization.

2024 Update: All programs' monthly spending is above 100%, indicating that we are utilizing 100% of monthly funding and drawing on reserves to help support program growth.

Goal Two: **Increase Landlord Participation**

When adequate funding is available, the PHA will offer landlord incentives in order to bring in new landlords and/or new units to the HCV program. Additionally, the PHA will continue to enhance and

encourage communication with landlords via periodic newsletters, and work to maintain regular contact with landlords via outreach and education that promotes the participation of rental property owners in Humboldt's voucher assistance payment program.

1. Landlord Newsletter will go out at minimum twice a year.
2. A minimum of 20 landlord contacts will be made monthly with both existing and prospective landlords.
3. A landlord orientation and/or appreciation event will be held at least once annually to acknowledge the landlords' critical role, share client success stories that promote the program, and educate current and prospective landlords about the HCV program.
4. An annual landlord survey will be done via USPS mail with an online response option, seeking input/feedback from landlords. Any relevant feedback will be used to improve operations.

2024 Update: Landlord newsletter is in process; to reflect change to security deposit law effective 7/1 and luncheon planned for August. Landlord contacts continue to be made by Housing Advocate and caseworkers. Annual landlord survey to be sent out after luncheon.

Goal Three: **Utilize Project Based Vouchers to Expand the Supply of Assisted Housing**

The PHA's Project Based Voucher (PBV) program will continue to seek opportunities to release further PBV's to the community and partner with local agencies and/or developers to allocate PBV's that increase affordable housing units in Humboldt County. RFPs will be published as needed and when determined to be consistent with the financial and programmatic goals of the agency.

The PHA may administer vouchers for the City of Eureka Housing Authority ("City") in support of the City's repositioning of its Public Housing stock and retaining or increasing affordable units. A resolution of support for the City of Eureka Housing Authority's Repositioning Plan was approved at a regularly scheduled board meeting on July 11, 2022.

2024 Update: 43 PBVs allocated for City "Green Phase" project (note that 8 will be new vouchers and 35 will come from existing allocation). Also working with local nonprofits to add PBVs at recent Homekey projects (expected Q3 2024). Will continue seeing opportunities to partner, using PBVs to increase new housing production.

Goal Four: **HUD Performance Evaluation & Quality of Assistance**

In its last scored year for SEMAP (based on 2019 operations), the PHA maintained a SEMAP rating of High Performer. The PHA aims to continue receiving the highest possible score under Section 8

Management Assessment Program (SEMAP) and strives to maintain “High Performer” status.

1. The PHA will continue to perform quality control checks on tenant files, income calculations, and inspections as allowed.
2. Upon receipt of HUD certified SEMAP scoring, results will be presented to the Board of Commissioners.
3. For any score less than “High Performer” a remediation plan will be implemented and presented with the scoring.

2024 Update: Quality control file checks and inspections continue to occur periodically. 96% SEMAP score for FYE 12/31/2023; overall designation “High” for Humboldt PHA.

Goal Five: **Compliance**

Management will periodically review internal controls to verify appropriate policies and procedures remain in place, up to date, and operating effectively. The PHA will ensure full compliance with all applicable standards and regulations including generally accepted accounting practices (GAAP) and governmental accounting standards board (GASB), with a goal of zero findings in annual audits, with audit report, including any findings, to be made available and presented annually.

1. Completed audit for FYx1 will be presented at a regular board of commissioners’ meeting before the end of FYx2.
2. Completed audit report will be posted on agency website.

2024 Update: 2023 Audit in process. 2022 Audit, presented in Q4 2023, had no findings.

Goal Six: **Employee Morale**

The PHA will promote and maintain a motivating work environment that attracts highly talented applicants and acknowledges a capable team of employees.

1. Budget will be allocated, approved and available to send appropriate staff to training seminars that will allow employees to gain new knowledge and/or enhance staff skills for their particular job classification and responsibilities.
2. On-demand training will be available to all staff and periodically assigned by management through a contract with Yardi.
3. Management will review training progress quarterly to identify possible opportunities for training that align with agency needs and support gaps in employee skills or knowledge.
4. The PHA will acknowledge staff monthly for their achievements by providing an employee recognition award to an employee selected by the management team.

2024 Update: Staff training budget is being utilized to support the many changes HUD is implementing. HTVN contract was canceled and replaced with Yardi (software) Aspire on-demand training. Management reviews training budget utilization monthly and recognizes an employee of the month every month.

Goal Seven: **Technology and Accessibility**

The PHA will add to our selection of resources available online in order to remove barriers to accessibility, better meet our client's needs to access and complete paperwork remotely, and offer multiple methods to successfully communicate with agency staff.

We will periodically assess the need to add data to the website. The following documents will be available online, at a minimum:

1. Application
2. Notice of Change
3. Recertification paperwork
4. Board meeting agendas
5. Administrative Plan
6. PHA Plan

2024 Update: In addition to providing regular website updates, a computer room with a printer available to clients for printing bank statements and other verification paperwork necessary for Housing Authority programs has been made available. This information is also on the Housing Authority website.

Goal Eight: **Mainstream Vouchers**

The Mainstream Vouchers program was added in 2020 to bring more opportunity to the disabled community. A limited preference was added which allows for voucher placement based on referrals from Continuum of Care participating agencies for up to 50 active vouchers for people/families who are non-elderly, disabled, formerly homeless and participating in a Permanent Supportive Housing or Rapid Re-Housing program.

Per HUD's program requirements, the PHA aims to have at least 80% of these vouchers leased annually. This will be accomplished by:

1. Monthly or more frequent (as needed) meetings and communications with partner agencies to discuss, review and encourage referrals;
2. Housing Advocate working as liaison between the PHA and partner agencies to facilitate completion of paperwork, education of social workers and program participants, and continued outreach to landlords to add new units/landlords; and
3. Regularly pulling eligible applicants from the waitlist for screening/briefing and issuance of vouchers.

2024 Update: At least 80% of Mainstream vouchers have been issued, and 70% of Mainstream vouchers are leased up as on 6/1/2024. We will continue issuing vouchers and accepting referrals to get to 100%, at which point vouchers will be issued only when turnover happens, or if new vouchers are added.

Goal Nine: **Emergency Housing Vouchers**

The Emergency Housing Vouchers (EHV) program was added in 2021 to bring more opportunity to community members most affected by the COVID-19 pandemic. This program requires that referrals for the 182 vouchers be made from the local Continuum of Care, Humboldt Housing and Homeless Coalition (HHHC), or by a domestic violence service provider, Humboldt Domestic Violence Services (HDVS), to the PHA, for voucher issuance. A dedicated EHV Housing Specialist works with the clients and referring partners to process paperwork, help find potential housing, make referrals to other agencies for supportive services, and generally support the success of the client in the EHV program. Vouchers may be issued until 9/30/2023. Thereafter, the existing vouchers will be funding through at least 2030, but EHV's can no longer be issued.

With the assistance of the HHHC, the PHA aims to utilize at least 80% of these vouchers, or 146 vouchers, by 9/30/2023. This will be accomplished by :

1. Monthly analysis of program success, including statistical reports, tracking:
 - a. Referrals received
 - b. Monthly vouchers issued (searching)
 - c. Monthly vouchers leased up (housed)
 - d. Total Vouchers issued and outstanding (searching)
 - e. Total Vouchers leased up
 - f. Program dollars used and available (monthly and program to date)
 - g. Landlord contacts and results
 - h. Other metrics as determined relevant
2. Caseworker outreach to landlords and actively seeking opportunities to pair voucher holders with open units in the rental market.

2024 Update: All EHV's were issued by 9/30/2023, and PHA has met goal of 80% utilization of EHV's. Because future funding for the EHV program is unknown, PHA will work to transition EHV holders to Housing Choice Vouchers (HCV) by verifying we have applications on file for the HCV program, and recommending clients submit applications for any that are missing.

Goal Ten: **Customer Feedback**

In order to provide for continuous improvement, the PHA will use various methods to invite feedback from interested parties, including voucher clients, landlords, community members, and staff.

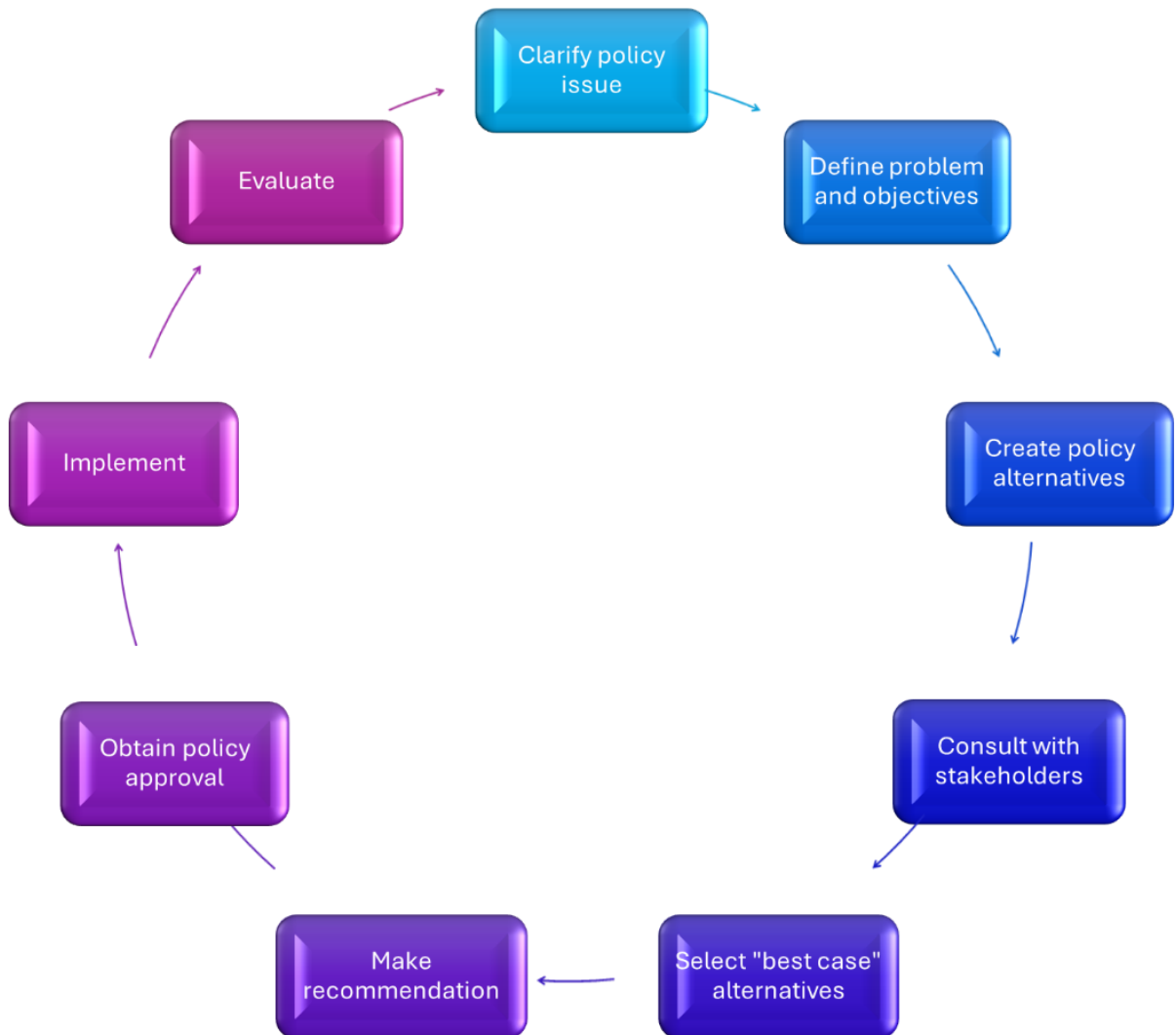
We will provide an annual survey to clients to ask for their feedback and input on specific areas of focus.

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

2024 Update: 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

Phone: (707) 476-2392

Email: mbushnell@co.humboldt.ca.us

3rd District - Mike Wilson

Phone: (707) 476-2393

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

4th District - Natalie Arroyo

Phone: (707) 476-2394

Email: narroyo@co.humboldt.ca.us

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

Phone: (707) 441-4168

Email: kmoulton@ci.eureka.ca.gov

Ward 3, G. Mario Fernandez

Phone: (707) 441-4171

Email: gmfernandez@ci.eureka.ca.gov

Ward 4, Scott Bauer

Phone: (707) 441-4167

Email: sbauer@ci.eureka.ca.gov

Ward 5, Renee Contreras-DeLoach

Phone: (707) 441-4170
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
Phone: (707) 633-3867
Email: kwhite@cityofarcata.org

iv. Fortuna – City Council

Mayor, Tami Trent
Phone: (707) 725-1409
Email: ttrent@ci.fortuna.ca.us

Mayor Pro Tem, Mike Johnson
Phone: (707) 725-1409
Email: mjohnson@ci.fortuna.ca.us

Councilmember, Kyle Conley
Phone: (707) 725-1409
Email: ktonley@ci.fortuna.ca.us

Councilmember, Mike Losey
Phone: (707) 725-1409
Email: mlosey@ci.fortuna.ca.us

Councilmember, Kris Mobley
Phone: (707) 725-1409
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.

Housing Authority of the County of Humboldt

Board of Commissioners Meeting

December 9, 2024

Agenda Item 8c

Memorandum

To: Commissioners

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

Subject: Housing Authority of the County of Humboldt 2023 Financial Audit Report

BACKGROUND AND HISTORY:

Presented is the Housing Authority of Humboldt County'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 increased by \$91,097 (37%) (pg. 7 of audit report) primarily due to:

- Unrestricted cash increased \$252,402 due to an increase in earned administrative fees due to continued voucher growth.
- Restricted cash decreased \$87,119 primarily from utilization of start-up fees received for the Mainstream Voucher (MSV) and Emergency Housing Voucher (EHV) Programs.
- Pension and OPEB expenses and liabilities increased \$81,893, 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 \$2,127,962 (28%) (pg. 8 of audit report) due to higher grant incomes related to voucher growth.

Total expenses increased by \$1,438,081 (18%) (pg. 8 of audit report) primarily due to a combination of voucher growth, payment standard increases, and increases to our pension and OPEB liabilities.

Any excess revenue over expenses, not captured by our agency as excess administrative fee reserves, are held by the department of Housing and Urban Development (HUD).

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 County of Humboldt'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><u>\$ 336,034</u></u>	<u><u>\$ 244,937</u></u>	<u><u>\$ 91,097</u></u>	<u><u>\$ 37</u></u>

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

The Authority's change in net position increased by \$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>
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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
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Net position, beginning of year	<u>244,937</u>
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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>\$ 1,381,326</u>

NOTE 4 - CAPITAL ASSETS

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

	<u>January 01, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 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>\$ 45,687</u>	<u>\$ (8,631)</u>	<u>\$ -</u>	<u>\$ 37,056</u>

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

	<u>January 01, 2023</u>	<u>Increase/ (Decrease)</u>	<u>December 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>\$ 44,384</u>	<u>\$ (11,846)</u>	<u>\$ 32,538</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	\$ 31,433,505
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>\$ 9,478,704</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.

RESOLUTION 511

**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 County of Humboldt 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 County of Humboldt

Board of Commissioners Meeting

December 09, 2024

Agenda Item 8d

Memorandum

To: Commissioners

From: Cheryl Churchill, Executive Director

Subject: Update to Administrative Plan: Housing Opportunity Through Modernization Act (HOTMA)

BACKGROUND AND HISTORY:

Following the signing of HOTMA in 2016, which amended the US Housing Act of 1936, HUD released a proposed rule in September 2019 and a final rule in February 2023 that addressed Section 102 and Section 104 of HOTMA.

The HUD HOTMA (Housing Opportunity Through Modernization Act) update significantly changes how income and assets are calculated for individuals applying for or participating in HUD housing programs like Section 8 vouchers and public housing, primarily by increasing asset limits, streamlining income verification processes, and raising deductions for certain demographics like the elderly and disabled, with the goal of making it easier for low-income households to qualify for assistance while still maintaining program integrity; key changes include increased asset thresholds for self-certification, adjusted deductions for dependents, and a higher threshold for imputing income from assets.

FINANCIAL IMPACT:

None noted.

IMPACT TO PERSONNEL:

Staff attended several training courses throughout 2024 to learn about HOTMA changes. In-house departmental trainings as well as professional webinar trainings will continue as needed.

STAFF RECOMMENDATION:

Accept and adopt for approval

Summary of Changes: Administrative Plan for the Housing Choice Voucher Program

Chapter	Topic	Description
2	2-I.C. Discrimination Complaints	Codifies how Fair Housing information and complaints will be handled, including any alleged violation of VAWA.
	2-III.B Oral Interpretation	The PHA will coordinate with remote interpreters as needed for any remote briefings, hearings, etc.
3	3-II.F. EIV System Searches	The EIV system must be used to check for any duplicative assistance (i.e. a participant being assisted in multiple HUD programs), and describes how the PHA will handle assistance from participants already assisted elsewhere. Additionally, EIV must be used to check for debts owed to other PHAs, and to validate income.
	3-III.A. Denial of Assistance	No blanket prohibitions on applicants with conviction records, which may have a disparate impact on a protected class.
	3-III.C. Restriction on Assistance Based on Assets	Assistance may not be provided to any family if the family's new assets exceed \$100,000 (to be adjusted annually by HUD). This is a new program rule, which has certain exceptions.
5	5-I.B. Briefing, Remote Briefings	Remote briefings will be allowed upon request as a reasonable accommodation or for other reasonable requests.
6	6-I.A. Annual Income	HUD has updated how annual income is calculated.

6	6-I.E. Earned Income Disallowance	The earned income disallowance is only available to families participating as of 12/31/2023; the program will sunset 1/1/2026.
	6-I.G.	Language clarifies conditions for including student financial aid assistance as income.
	6-I.K. State Payments to Allow Individuals with Disabilities to Live at Home	These payments are excluded from calculating income. New language explains the conditions for excluding income.
	6-I.L. Civil Rights Settlements	Civil rights settlements or judgments are excluded from annual income, though generally included in net assets.
	6-II.B. Assets	Section clarifies how to calculate income from assets. Trusts – Clarifies which types of trust distributions are excluded from annual income.
7	7-I.A. Family Consent to Release Information	All adult members of a household must sign consent to release information that the PHA or HUD deems necessary; any refusal to sign or revocation of consent will result in denial of admission or termination of assistance.
	7-I.B. Use of Other Programs' Income Determinations	PHA may use income determinations made within the previous 12-month period from means-tested federal public assistance programs, if available. PHA may streamline income verification if income is from fixed income sources (e.g. SSI)

7	7-I.E. EIV Income and IVT Reports	<p>Section clarifies when PHAs are not required to use EIV and IVT reports.</p> <p>The remainder of chapter 7 continues with various levels of income verification and clarifies when various forms and verifications may be used, when certain incomes are included or excluded, and when various certifications may be accepted (e.g. for a zero-income household).</p>
8	8-II.C.	Codifies the annual/biennial inspection schedule. An initial annual inspection is due 12 months after initial (move-in) inspection, then every 24 months as long as the annual inspection passes without fail or reinspection required.
	8-III.D.	Codifies how market data is collected and how rents are determined and rent reasonableness is determined.
10	10-I.A. Moving with Continued Assistance, Allowable Moves	Describes how moves requested under VAWA are processed.
11	11-I. Annual Reexaminations	This chapter provides clarification on the reexamination process, e.g. notification will be sent by mail, in-person interviews will be scheduled if requested or as necessary, termination process for non-response or for not providing information timely, etc.
	11-II.C. Changes Affecting Income or Expenses, Interim Increases	If participant reports timely, no interim reexam will be conducted for an increase in earned income between annual reexaminations.
12	12-I.D. Mandatory Termination of Assistance, Eviction	Clarifies when a family will be considered “evicted” and whether they

		must be terminated from program assistance or not.
12	<p>12-I.E. Mandatory Policies and Other Authorized Terminations</p> <p>Use of Illegal Drugs and Alcohol Abuse</p> <p>Drug-Related and Violent Criminal Activity</p> <p>Other Authorized Reasons for Termination of Assistance</p> <p>Insufficient Funding</p>	<p>The PHA will terminate assistance if any household member is currently engaged in any illegal use of a drug or has a pattern of illegal drug use that interferes with the health, safety, or right to peaceful enjoyment of the premises by other residents.</p> <p>The PHA will terminate a family’s assistance if any household member has violated the family’s obligation not to engage in any drug-related or violent criminal activity during participation in the HCV program.</p> <p>Lists other reasons the PHA will terminate assistance.</p> <p>Families who have been assisted the longest will be the first to be terminated, excluding families that include elderly or disabled family members.</p>
	12-II.E. Terminations Related to Domestic Violence, Dating Violence, Sexual Assault, Stalking, or Human Trafficking	This section describes updated protections against termination of assistance under VAWA.
13	13-II.G. Foreclosure	Describes protections for HCV tenants in properties under foreclosure.
15	15: Special Housing Types	<p>Families will be able to utilize the following special housing types:</p> <ul style="list-style-type: none"> • Single-room occupancy • Shared housing • Manufactured homes

16	16-II.B. Payment Standards, Exception Payment Standards	<p>A non-SAFMR PHA may establish an exception payment standard for a zip code area of up to and including 110% of the SAFMR determined by HUD for that zip code area.</p> <p>HUD allows PHAs to establish a HUD-VASH exception payment standard up to but no higher than 120% of the FMR or SAFMR specifically for VASH families.</p>
	16-III.A. Informal Reviews	Informal reviews and informal hearings may be conducted via videoconferencing.
	16-VI.B. Record Retention	Specifies the length of time the PHA must keep certain records e.g. Form HUD-60069, supporting documentation, EIV Reports, complaints, etc.
17	17-II.A. PBV Owner Proposals, Units Selected Non-Competitively	Updated policy to include that, pending HUD approval, the PHA intends to project base units noncompetitively in order to replace public housing units with HACE.
	Exhibits 17-1	These exhibits show PBV development information by site.
19	19-I.A. Special Purpose Vouchers Overview, Veterans Affairs Supportive Housing (VASH) Program	PHA will work with VAMC to submit and receive referrals. After receiving a complete referral from VAMC, PHA will perform an eligibility screening within 10 days.

Resolution 512

**Resolution Approving and Adopting Updates
to the Housing Authority of the County of Humboldt
Housing Choice Voucher Program Administrative Plan**

WHEREAS, It is a requirement of the Housing Authority of the County of Humboldt to have an updated, approved Administrative Plan for the administration of its Housing Choice Voucher programs; and

WHEREAS, Staff has amended the current Administrative Plan to include Housing Opportunity Through Modernization Act (HOTMA) updates; and

WHEREAS, The Commissioners have reviewed the proposed HOTMA updates to the Administrative Plan; and

WHEREAS, The proposed addition was advertised and made available for forty-five (45) days of public comment, with a public comment meeting held on Tuesday, November 19, 2024, via conference call; and

WHEREAS, There were no public comments received; and

WHEREAS, The approved, updated Administrative Plan will be sent to HUD for their reference; and

WHEREAS, The updated Administrative Plan will be implemented immediately as applicable; and

NOW, THEREFORE, BE IT RESOLVED, That the Commissioners of the Housing Authority of the County of Humboldt do hereby approve and adopt the proposed changes to the Administrative Plan for Housing Opportunity Through Modernization Act updates.

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

AYES:
NAYS:
ABSENT:
ABSTAIN:

Name

Name

Name

Title

Title

Title

Signature

Signature

Signature