HOUSING AUTHORITIES
CITY OF EUREKA & COUNTY OF HUMBOLDT

735 WEST EVERDING STREET, EUREKA CA 95503
PHONE: (707) 443-4583 FAX: (707) 443-4762 TTY: (800) 651-5111
WWW. EUREKAHUMBOLDTHA.ORG

AGENDA

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

Monday August 10, 2026, 12:00pm

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

Portions of this meeting may be conducted by teleconferencing in accordance with Government Code Section 54953(b). Teleconference locations are as follows: 735 W. Everding St., Eureka 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 above location.

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 HR@eurekahumboldtha.org prior to the Board of Commissioners meeting; or
- Call and leave a message at (707) 443-4583 ext. 219; or
- Request to speak during Public Comment (agenda item 2), subject to applicable time limits.

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 relating 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

3-4 a. Regular meeting held May 11, 2026
5 b. Adjourned meeting on July 13, 2026

4. Bills and Communications:
   - 6-7 4a. Humboldt SEMAP FY2025
   - 8-9 4b. HUD - VASH Award letter

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 Commissioner's Agenda.
   - 10-12 5a. Occupancy and Leasing Report
   - 13 5b. Voucher Programs Utilization Reports

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:
   - 14-32 8a. DRAFT 2027 PHA Plan and Goals – *provide input*
   - 33-37 8b. DRAFT 2027 Administrative Plan Changes - *informational*
   - 38-76 8c. Resolution 524, 2025 County Financial Audit

     Recommended Board Action: *Accept and Adopt for Approval*

9. Closed Session (if needed).

10. Adjournment

Note: The next regularly scheduled board meeting is Monday, September 14, 2026 at noon.

Note

Documents related to this agenda are available on-line at:
https://eurekahumboldtha.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**

Monday, May 11, 2026

Chairperson Conner declared a quorum present and called the meeting to order at 12:05 p.m.

1. **Roll Call**

Present:	Chairperson Conner
	Vice Chairperson Fitzgerald
	Commissioner Leon
	Commissioner Zondervan-Droz
	Commissioner Derooy
	Commissioner Durchslag
Absent:	Commissioner Escarda
Staff:	Churchill
	Wiesner
	Viernes-Olson

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

3. **Approve minutes** of the board of commissioners regular meeting held:
March 9, 2026.

Motion to approve the minutes of the regular meeting held March 9, 2026, made by Commissioner Leon.
Second – Commissioner Zondervan-Droz.

Roll call:

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

Chairperson Conner declared the motion carried to approve the minutes of March 9, 2026.

4. **Bills and Communications**: none to review

5. **Report of the Secretary**:

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

5b. HCV Utilization Reports
Secretary Churchill briefs the board on this report.

6. **Reports of the Commissioners**:

Commissioner Durchslag updated the Board on programs and funding for Southern Humboldt/Garberville area.

Chairperson Conner updated the Board on updates to the TOT tax that is a funding source for the Housing Trust Fund.

7. **Unfinished Business**:
None.

8. **New Business**:

8a. Informational: Housing Authorities Programs Update

Secretary Churchill shared a PowerPoint presentation that was given at the Board of Supervisors Meeting in March, providing updates on all Housing Authorities' programs. Chairperson Conner noted that it was well received.

9. **Closed Session**: None needed.

10. **Adjournment**

There being no further business to come before the Commissioners, the meeting was adjourned at 12:34 p.m.

______________________________ ______________________________
Chairperson Secretary

MINUTES

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

Monday, July 13, 2026

The regular meeting scheduled for July 13, 2026, was not held because it was determined in advance that a quorum would not be present. No meeting was called to order and no business was conducted.

______________________________ ______________________________
Chairperson Secretary

U.S. Department of Housing and Urban Development
San Francisco Regional Office - Region IX
One Sansome Street, Suite 1200
San Francisco, California 94104-4430
www.hud.gov
espanol.hud.gov

May 11, 2026

Ms. Cheryl Churchill
Executive Director
County of Humboldt
735 W. Everding Street,
Eureka, CA 95503

Dear Ms. Churchill:

This letter provides the scoring information for the **County of Humboldt's** Section 8 Management Assessment Program (SEMAP) for fiscal year ending **December 31, 2025**. SEMAP enables HUD to better manage the Housing Choice Voucher (HCV) program by identifying PHA capabilities and deficiencies related to the administration of the HCV program. As a result, HUD will be able to provide more effective program assistance to PHAs.

The **County of Humboldt's** final score for fiscal year ending **December 31, 2025**, is **100%**. The Housing Authority's overall designation is **High**. The following are the scores for each indicator:

Indicator 1	Selection from Waiting List (24 CFR 982.54(d)(1) and 982.204(a))	**15**
Indicator 2	Reasonable Rent (24 CFR 982.4, 982.54(d)(15), 982.158(f)(7) and 982.507)	**20**
Indicator 3	Determination of Adjusted Income (24 CFR part 5, subpart F and 24 CFR 982.516)	**20**
Indicator 4	Utility Allowance Schedule (24 CFR 982.517)	**5**
Indicator 5	HQS Quality Control (24 CFR 982.405(b))	**5**
Indicator 6	HQS Enforcement (24 CFR 982.404)	**10**
Indicator 7	Expanding Housing Opportunities	**N/A**
Indicator 8	Payment Standards (24 CFR 982.503)	**5**
Indicator 9	Timely Annual Reexaminations (24 CFR 5.617)	**10**
Indicator 10	Correct Tenant Rent Calculations (24 CFR 982, Subpart K)	**5**
Indicator 11	Pre-Contract HQS Inspections (24 CFR 982.305)	**5**
Indicator 12	Annual HQS Inspections (24 CFR 982.405(a))	**10**
Indicator 13	Lease-Up	**20**
Indicator 14	Family Self-Sufficiency (24 CFR 984.105 and 984.305)	**N/A**
Indicator 15	Deconcentration Bonus	**N/A**

Thank you for your cooperation with the SEMAP process. Should you have any questions concerning your scores or required corrective actions, you may contact Jennifer Estrella, Portfolio Management Specialist, at (415) 489-6447.

Sincerely,

Rudy Rodriguez

Rudy Rodriguez
Acting Director
Office of Public Housing

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-5000

OFFICE OF PUBLIC AND INDIAN HOUSING

June 25, 2026

Cheryl Churchill
Executive Director
HOUSING AUTHORITY OF THE COUNTY OF HUMBOLDT
735 WEST EVERDING STREET
EUREKA, CA 95503-0000

Dear Executive Director:

I am pleased to notify you that your public housing agency (PHA) has been awarded Department of Housing and Urban Development-Veterans Affairs Supportive Housing (HUD-VASH) vouchers and funding under Notice PIH 2025-21 (2025 Registration of Interest for HUD-VASH Vouchers). These vouchers are to be administered in partnership with the Department of Veterans Affairs (VA) Medical Center listed below to serve veterans in your jurisdiction. With your direct effort, these vouchers will help provide veterans with access to permanent housing. This letter provides the details of the funding awarded and information concerning the disbursement of these funds. **The table below shows the number of units and the budget authority awarded.**

PHA Code	Budget Authority	Number of Vouchers	Name of Partnering VAMC
CA086	$43,420	5	V21/San Francisco

If your agency wishes to decline this award, please reply to vash@hud.gov by **noon (EST) July 14, 2026**. If your PHA does not decline the award by the deadline they will be deemed accepted.

The effective date for your award will be August 1, 2026

Program Requirements

Your agency must follow all applicable Housing Choice Voucher (HCV) program requirements when administering HUD-VASH, including the regulations at 24 CFR parts 982 and 983, the requirements in Notice PIH 2025-21, and the guidance set forth in *Section 8 Housing Choice Vouchers: Revised Implementation of the HUD-VASH Program published in the Federal Register* on August 13, 2024.

Financial Management Requirements

The Financial Management Center (FMC) will provide your agency with an amended Annual Contributions Contract that reflects the obligation of disbursement of funds. If your agency has any questions regarding this funding obligation or disbursements, please contact your assigned FMC Financial Analyst.

Reporting Requirements

To ensure that HUD-VASH families are recorded properly, you must record “VASH” on line 2n of the form HUD-50058 (Family Report). Remember to accurately record families who are homeless at admission on line 4c of the HUD-50058. HUD-VASH vouchers and corresponding HAP expenses must also be accurately reported in VMS.

Additional information regarding the HUD-VASH Program can be found on the HUD-VASH webpage

Please contact your local HUD field office or email VASH@hud.gov if you have any questions or need any other information.

Sincerely

Todd C. Thomas

Todd Thomas
Acting Deputy Assistant Secretary
Office of Public Housing and Voucher Programs

Occupancy and Leasing Report
Jun-26

Program	Total Units Available	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26	Oct-26	Nov-26	Dec-26	Wait List End of Month	
HOUSING AUTHORITY OF THE CITY OF EUREKA															
Public Housing	195	187	185	186	185	183	183							1026	1
Eureka Family Housing	51	49	48	47	47	49	49							1031	
Eureka Senior Housing	22	22	21	21	21	22	22							212	
Total City Units	**268**	**258**	**254**	**254**	**253**	**254**	**254**	**0**	**0**	**0**	**0**	**0**	**0**		
HOUSING AUTHORITY OF THE COUNTY OF HUMBOLDT															
Vouchers - Program Allocation vs. Utilization															
Housing Choice Vouchers	1234	890	882	877	872	870	862							1618	Waitlist Closed 3/28/25
VASH Vouchers	95	88	86	87	89	88	91							N/A	
Mainstream vouchers	75	71	71	69	70	69	70							N/A	2
Emergency Housing Vouchers (EHV)	182	102	99	96	97	96	96							N/A	3
FYI Foster Youth to Independence (2026)	3	0	0	0	0	0	0							N/A	8
Total All Vouchers	**1589**	**1151**	**1138**	**1129**	**1128**	**1123**	**1119**	**0**	**0**	**0**	**0**	**0**	**0**		
Project Based Vouchers *(note that these are a subset of HCV & VASH voucher counts shown above)*															
PBV-VASH - Bayview Heights (Eureka)	22	22	20	20	21	20	20							N/A	4
PBV-HCV - Bayview Heights (Eureka)	3	2	2	2	2	2	3							1	4
PBV-HCV - Sorrell Place (Arcata)	5	5	5	5	5	5	5							370	5
PBV-HCV - Providence (Eureka)	42	37	37	37	37	37	38							N/A	6
PBV-HCV - Key Me Ek (Eureka)	13	13	13	13	12	12	12							N/A	8
PBV-HCV - Laurel Canyon	35	35	34	34	35	35	35							180	9
Total Project Based Vouchers	**120**	**114**	**111**	**111**	**112**	**111**	**113**	**0**	**0**	**0**	**0**	**0**	**0**		

Vouchers issued but not under contract, end of month (aka "Searching")	1

Note: Occupancy / utilization numbers shown are as of the first day of the month.

1. Total PH units is 198; 3 units are exempted for EPD use, Boys & Girls Club, and Maintenance use, and are unavailable for tenant rental.
   HACE is starting a plan of held vacancies in the 25-1/Prospect Street units to facilitate rehabilitation plans in later 2026.

2. 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.

3. No PHA waitlist for EHVs; all are issued based on referral from HHHC or HDVS. Referrals began Q4 2021; no new vouchers after 9/30/2023.

4. Bayview Heights - 25 PBVs for veterans at 4th & C Street, Eureka; contract signed 6/30/2020. 3 vouchers reserved for non-VASH prioritized clients, pulled from waitlist.

5. Sorrell Place - 5 PBV units for extremely low income households; 7th & I Street, Arcata; contract signed 6/1/2022.

6. Providence Mother Bernard House - 42 PBV units based on referral from CoC; contract signed 1/8/2024.

7. Laurel Canyon (7th & Myrtle Ave.) - 35 senior PBV units; contract signed 12/7/2023.

8. Key-Me-Ek - 13 PBV units based on referral from CoC; contract signed 11/1/2024.

9. FYI Vouchers (Foster Youth to Independence) - DHHS and HACH entered an MOU in 2025 to request and administer FYI vouchers.
   Up to 25 vouchers can be requested per year; first 3 vouchers requested in 2025 and funded Q1-2026.

HOUSING AUTHORITY OF THE COUNTY OF HUMBOLDT
All Voucher Programs
For the month of June 2026

		January	February	March	April	May	June	Total
	Traditional HCV & VASH (Includes PBVs and FYI)							
A	HAP income (budget authority)	$ 785,634	$ 785,634	$ 785,634	$ 776,869	$ 777,659	$ 766,658	$ 4,678,086
	HAP expenses	(775,054)	(770,614)	(765,780)	(766,750)	(760,158)	(747,846)	(4,586,202)
	Surplus (Deficit)	10,580	15,020	19,854	10,119	17,501	18,812	91,884
B	% Total income utilized	98.65%	98.09%	97.47%	98.70%	97.75%	97.55%	98.04%
	Administrative/Other Income	115,892	100,837	100,774	107,311	96,871	109,568	631,251
	Operating expenses	(95,725)	(86,361)	(92,929)	(88,874)	(84,162)	(98,151)	(546,202)
	Surplus (Deficit)	20,167	14,476	7,845	18,437	12,709	11,417	85,049
	Remaining HAP Cash	10,950	8,580	18,528	22,560	115,592	129,904	
E	Remaining Non-HAP Cash	1,011,428	1,012,302	1,020,956	1,070,413	1,046,493	1,061,251	
	Total HCV Cash	1,022,378	1,020,882	1,039,484	1,092,973	1,162,085	1,191,155	
	Cash Increase/(Decrease)	25,270	(1,496)	18,602	53,489	69,111	29,070	
	# of Households Assisted	978	968	964	961	958	953	5,782
	New Vouchers Searching at End of Month	6	4	6	5	6	1	
	Average HAP Payment	$ 792	$ 796	$ 794	$ 798	$ 793	$ 785	$ 793
	Mainstream (disabled & non-elderly)							
A	HAP income (budget authority)	$ 56,829	$ 56,829	$ 51,816	$ 59,275	$ 58,485	$ 58,923	$ 342,157
	HAP expenses	(58,287)	(58,339)	(56,274)	(58,503)	(57,169)	(57,477)	(346,049)
	Surplus (Deficit)	(1,458)	(1,510)	(4,458)	772	1,316	1,446	(3,892)
B	% Total income utilized	102.57%	102.66%	108.60%	98.70%	97.75%	97.55%	101.14%
	Administrative/Other Income	6,653	6,648	6,655	17,718	6,923	100	44,697
	Operating expenses	(5,718)	(5,601)	(6,470)	(5,999)	(7,617)	(6,589)	(37,993)
	Surplus (Deficit)	935	1,048	185	11,719	(694)	(6,489)	6,705
D	Remaining HAP Cash	1,374	(12,200)	1,734	29	29	11,950	
	Remaining Non-HAP Cash	75,538	76,355	55,553	68,506	58,118	51,345	
	Total MSV Cash	76,912	64,155	57,287	68,535	58,147	63,295	
	Cash Increase/(Decrease)	1,371	(12,758)	(6,868)	11,248	(10,388)	5,148	
	New Vouchers Searching at End of Month	-	-	4	-	-	-	
	# of Households Assisted	71	71	69	70	69	70	420
	Average HAP Payment	$ 821	$ 822	$ 816	$ 836	$ 829	$ 821	$ 824
	Emergency Housing Vouchers (EHVs)							
	HAP income (budget authority)	$ 112,044	$ 112,044	$ 112,044	$ 112,044	$ 112,044	$ 112,044	$ 672,264
	HAP expenses	(95,006)	(91,038)	(90,200)	(89,967)	(89,197)	(88,876)	(544,284)
	Surplus (Deficit)	17,038	21,006	21,844	22,077	22,847	23,168	127,980
C	% Total income utilized	84.79%	81.25%	80.50%	80.30%	79.61%	79.32%	80.96%
	Administrative/Other Income	13,288	13,238	12,166	12,256	12,169	9,120	72,237
	Operating expenses	(9,379)	(9,607)	(10,673)	(10,232)	(12,369)	(10,942)	(63,202)
	Surplus (Deficit)	3,908	3,630	1,494	2,024	(200)	(1,822)	9,034
	Remaining HAP Cash	19,084	19,719	28,256	30,157	38,390	11,946	
	Remaining Non-HAP Cash	153,757	172,019	174,073	175,398	174,803	173,340	
	Total EHV Cash	172,840	191,738	202,329	205,554	213,193	185,286	
	Cash Increase/(Decrease)	14,086	18,898	10,590	3,226	7,639	(27,907)	
	New Vouchers Searching at End of Month	-	-	-	-	-	-	
	# of Households Assisted	102	99	96	97	96	96	586
	Average HAP Payment	$ 931	$ 920	$ 940	$ 927	$ 929	$ 926	$ 929

HOUSING AUTHORITY OF THE COUNTY OF HUMBOLDT
All Voucher Programs
For the month of June 2026

		January	February	March	April	May	June	Total
	Total All Voucher Programs							
A	HAP income (budget authority)	$ 954,507	$ 954,507	$ 949,494	$ 948,188	$ 948,188	$ 937,624	$ 5,692,507
	HAP expenses	(928,347)	(919,991)	(912,254)	(915,220)	(906,524)	(894,199)	(5,476,535)
	Surplus (Deficit)	26,160	34,516	37,240	32,968	41,664	43,425	215,972
B	% Total income utilized	97.26%	96.38%	96.08%	96.52%	95.61%	95.37%	96.21%
	Administrative/Other Income	135,833	120,722	119,595	137,285	115,962	118,788	748,185
	Operating expenses	(110,822)	(101,569)	(110,071)	(105,105)	(104,148)	(115,683)	(647,397)
	Surplus (Deficit)	25,011	19,153	9,524	32,180	11,815	3,106	100,788
	Remaining HAP Cash	31,407	16,099	48,518	52,746	154,010	153,800	
	Remaining Non-HAP Cash	1,240,724	1,260,676	1,250,582	1,314,317	1,279,414	1,285,936	
	Total Program Cash	1,272,131	1,276,775	1,299,099	1,367,062	1,433,424	1,439,736	
	Cash Increase/(Decrease)	40,728	4,644	22,324	67,963	66,362	6,312	
	# of Households Assisted	1,151	1,138	1,129	1,128	1,123	1,119	6,788
	New Vouchers Searching at end of month	6	4	10	5	6	1	
	Average HAP Payment	$ 807	$ 808	$ 808	$ 811	$ 807	$ 799	$ 807

Notes

A Includes 3 FYI vouchers issued.

B HCV and MSV voucher issuance on hold. Expecting spending to be near, or below 100% until future issuance can resume. Special purpose HCV VASH and FYI voucehrs can still be issued.

C No longer issuing EHV vouchers. Budget authority extends through 2026, with any remaining reserves funding vouchers through sunset of program.

D HAP cash on hand is minimal, but HAP advances are available through HUD. Restriced cash position may go "negative" while waiting for HUD advance HAP deposits and is temporarily funded with excess unrestricted funds.

HUD Held Reserves *estimated as of 04/30/2026*
HCV - $0
MSV - $0
EHV - $1,176,126
*Reserves will be utilized to fund budget authority for remaining EHV program months.

E Beginning 04/2026, Includes Local Area Investment Fund balance to represent full, unrestricted cash balance.

Housing Choice Vouchers	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
January	918	903	882	866	884	866	843	877	1005	978
February	919	898	894	867	875	858	844	926	1002	968
March	918	896	897	861	875	862	844	934	1005	964
April	919	908	895	859	873	858	844	934	1013	961
May	917	905	895	850	873	861	838	947	1009	958
June	914	898	892	853	868	864	841	954	1004	953
July	919	895	882	873	865	856	849	973	999	
August	917	888	879	872	864	854	847	976	992	
September	913	888	872	883	864	851	846	984	989	
October	906	888	866	888	862	846	844	985	989	
November	903	887	881	890	866	839	839	992	988	
December	902	882	877	887	857	842	838	1003	983	
Average	**914**	**895**	**884**	**871**	**869**	**855**	**843**	**957**	**998**	**964**
UML's	10,965	10,736	10,612	10,449	10,426	10,257	10,117	11,485	11,978	5,782

Mainstream Vouchers					2021	2022	2023	2024	2025	2026
January						27	43	51	55	71
February						27	45	53	59	71
March						28	48	54	64	69
April						29	50	54	68	70
May						31	50	55	69	69
June						32	51	55	71	70
July						36	52	54	71	
August					4	37	53	55	71	
September					15	36	50	55	70	
October					18	37	51	57	69	
November					24	38	50	58	70	
December					27	39	51	56	70	
Average					**21**	**33**	**50**	**55**	**67**	**70**
UML's					88	397	594	657	807	420

Emergency Housing Vouchers					2021	2022	2023	2024	2025	2026
January						5	86	145	128	102
February						11	100	146	124	99
March						15	102	144	123	96
April						18	108	143	118	97
May						23	111	142	116	96
June						30	114	141	112	96
July						38	127	142	111	
August						42	127	143	112	
September						46	137	144	109	
October						64	135	142	109	
November						69	141	135	109	
December					4	80	147	131	106	
Average					**4**	**37**	**120**	**142**	**115**	**98**
UML's					4	441	1435	1698	1377	586

Total All Voucher Programs	2017	2018	2019	2020	2021	2022	2023	2024	2025	2025
January	918	903	882	866	884	898	972	1073	1188	1151
February	919	898	894	867	875	896	989	1125	1185	1138
March	918	896	897	861	875	905	994	1132	1192	1129
April	919	908	895	859	873	905	1002	1131	1199	1128
May	917	905	895	850	873	915	999	1144	1194	1123
June	914	898	892	853	868	926	1006	1150	1187	1119
July	919	895	882	873	865	930	1028	1169	1181	
August	917	888	879	872	868	933	1027	1174	1175	
September	913	888	872	883	879	933	1033	1183	1168	
October	906	888	866	888	880	947	1030	1184	1167	
November	903	887	881	890	890	946	1030	1185	1167	
December	902	882	877	887	888	961	1036	1190	1159	
Average	**914**	**895**	**884**	**871**	**894**	**925**	**1,012**	**1,153**	**1,180**	**1,131**
UML's	10,965	10,736	10,612	10,449	10,518	11,095	12,146	13,840	14,162	6,788

Housing Authority of the County of Humboldt

Board of Commissioners Meeting

July 13, 2026

Agenda Item 8a

Memorandum

To: Commissioners
From: Cheryl Churchill, Executive Director
Subject: Annual Agency Plan Goals Update – For approval

BACKGROUND AND HISTORY:
As required by HUD, the Housing Authority must annually update the PHA Plan.

The Resident Advisory Board met on June 05, 2026, in person at the Housing Authority office, to discuss the PHA goals and objectives and provide input to the annual plan.

The Board is asked to review goals and progress updates, and to offer input to help shape the annual plan. The PHA Plan must be submitted to HUD by October 16, 2026. Pending any updates from this board meeting, the draft plan will be published for 45-day public review and comment. The plan will be brought back again at the September 14th meeting for final review and approval.

IMPACT TO PERSONNEL:
None.

FISCAL IMPACT:
None.

ALTERNATIVES:
None. The PHA Plan (including goals) are an annual requirement with HUD. If a PHA Plan is not completed and submitted timely, it puts housing authority funding at risk.

STAFF RECOMMENDATION:
For review and discussion only; provide input.

Revisit for final approval on September 14, 2026.

Streamlined Annual PHA Plan *(HCV Only PHAs)*	U.S. Department of Housing and Urban Development Office of Public and Indian Housing	OMB No. 2577-0226 Expires: 09/30/2027

Purpose. The 5-Year and Annual PHA Plans provide a ready source for interested parties to locate basic PHA policies, rules, and requirements concerning the PHA's operations, programs, and services. They also inform HUD, families served by the PHA, and members of the public of the PHA's mission, goals, and objectives for serving the needs of low-, very low-, and extremely low- income families.

Applicability. The Form HUD-50075-HCV is to be completed annually by **HCV-Only PHAs**. PHAs that meet the definition of a Standard PHA, Troubled PHA, High Performer PHA, Small PHA, or Qualified PHA do not need to submit this form. Where applicable, separate Annual PHA Plan forms are available for each of these types of PHAs.

Definitions.

(1) ***High-Performer PHA*** – A PHA that owns or manages more than 550 combined public housing units and housing choice vouchers (HCVs) and was designated as a high performer on both the most recent Public Housing Assessment System (PHAS) and Section Eight Management Assessment Program (SEMAP) assessments if administering both programs, SEMAP for PHAs that only administer tenant-based assistance and/or project-based assistance, or PHAS if only administering public housing.
(2) ***Small PHA*** - A PHA that is not designated as PHAS or SEMAP troubled, that owns or manages less than 250 public housing units and any number of vouchers where the total combined units exceed 550.
(3) ***Housing Choice Voucher (HCV) Only PHA*** - A PHA that administers more than 550 HCVs, was not designated as troubled in its most recent SEMAP assessment and does not own or manage public housing.
(4) ***Standard PHA*** - A PHA that owns or manages 250 or more public housing units and any number of vouchers where the total combined units exceed 550, and that was designated as a standard performer in the most recent PHAS and SEMAP assessments.
(5) ***Troubled PHA*** - A PHA that achieves an overall PHAS or SEMAP score of less than 60 percent.
(6) ***Qualified PHA*** - A PHA with 550 or fewer public housing dwelling units and/or HCVs combined and is not PHAS or SEMAP troubled.

A.	PHA Information.
A.1	**PHA Name**: Housing Authority of the County of Humboldt **PHA Code**: CA086 **PHA Plan for Fiscal Year Beginning**: (MM/YYYY): 01/2027 **PHA Inventory** (Based on Annual Contributions Contract (ACC) units at time of FY beginning, above) **Number of Housing Choice Vouchers (HCVs)** 1334 **PHA Plan Submission Type:** ☑ Annual Submission ☐ Revised Annual Submission **Public Availability of Information.** In addition to the items listed in this form, PHAs must have the elements listed below readily available to the public. A PHA must identify the specific location(s) where the proposed PHA Plan, PHA Plan Elements, and all information relevant to the public hearing and proposed PHA Plan are available for inspection by the public. Additionally, the PHA must provide information on how the public may reasonably obtain additional information of the PHA policies contained in the standard Annual Plan but excluded from their streamlined submissions. At a minimum, PHAs must post PHA Plans, including updates, at each Asset Management Project (AMP) and main office or central office of the PHA and should make documents available electronically for public inspection upon request. PHAs are strongly encouraged to post complete PHA Plans on their official websites and to provide each resident council with a copy of their PHA Plans. PHA Plans are available on website at https://eurekahumboldtha.org/governance/ and via hardcopy in PHA office at 735 West Everding Street, Eureka, CA 95503.

☐ **PHA Consortia**: (Check box if submitting a joint Plan and complete table below)

Participating PHAs	PHA Code	Program(s) in the Consortia	Program(s) not in the Consortia	No. of Units in Each Program
Lead HA:				

B. **Plan Elements.**

B.1 **Revision of Existing PHA Plan Elements.**

a) Have the following PHA Plan elements been revised by the PHA since its last Annual Plan submission?

Y	N	
☐	☑	Statement of Housing Needs and Strategy for Addressing Housing Needs.
☐	☑	Deconcentration and Other Policies that Govern Eligibility, Selection, and Admissions.
☑	☐	Financial Resources.
☐	☑	Rent Determination.
☑	☐	Operation and Management.
☐	☑	Informal Review and Hearing Procedures.
☐	☑	Homeownership Programs.
☐	☑	Self Sufficiency Programs and Treatment of Income Changes Resulting from Welfare Program Requirements.
☐	☑	Substantial Deviation.
☐	☑	Significant Amendment/Modification.

(b) If the PHA answered yes for any element, describe the revisions for each element(s):

Financial Resources:
The Housing Authority of the County of Humboldt (HACH) was notified that its Housing Choice Voucher (HCV) and Mainstream Voucher (MSV) programs were in shortfall during 2025, and have just exited shortfall in June 2026. In response, HACH has implemented HUD-required cost-saving measures, including a suspension of general HCV voucher issuance, with specific exclusions as permitted by HUD. To prevent excessive growth of the waiting list and unreasonably long wait times for assistance, HACH closed its HCV waiting list on March 28, 2025. HACH will cautiously issue vouchers as allowed, balancing funding availability with increasing program utilization.

Operation and Management:
HACH will continue to pursue opportunities to utilize Project-Based Vouchers (PBVs), as funding allows, to support the development and preservation of affordable housing. Additionally, HACH has entered into a Memorandum of Understanding (MOU) with the County of Humboldt’s Department of Health and Human Services (DHHS) to implement a Foster Youth to Independence (FYI) voucher program. HACH has 3 FYI vouchers and will continue requesting more as referrals are provided, subject to HUD funding/availability. FYI vouchers are separate from the HCV and MSV programs and are not subject to shortfall cost-saving measures.

B.2	**New Activities.** (a) Does the PHA intend to undertake any new activities related to the following in the PHA's applicable Fiscal Year? Y N ☑ ☐ Project-Based Vouchers (b) If Project-Based Voucher (PBV) activities are planned for the applicable Fiscal Year, provide the projected number of PBV units and general locations, and describe how project-basing would be consistent with the PHA Plan. AHAP with Linc Housing - 25 vouchers, planned lease-up at end of 2026 or Q1-2027. TPV to PBV related to Housing Authority of the City of Eureka's ("HACE") public housing: A request for TPVs has been submitted corresponding to HACE's redevelopment and rehabilitation of public housing units. HACH will administer vouchers related to these efforts, and convert TPVs to PBVs as well as allocate additional vouchers to be project based to support the development and ongoing operations of HACE housing projects in Eureka.
B.3	**Progress Report.** Provide a description of the PHA's progress in meeting its Mission and Goals described in its 5-Year PHA Plan. See attached "PHA 5-Year Plan Goals Progress Report".

B.4	**Capital Improvements. –** Not Applicable
B.5	**Most Recent Fiscal Year Audit.** (a) Were there any findings in the most recent FY Audit? Y N N/A ☑ ☐ ☐ (b) If yes, please describe: HQS deficiencies were not reinspected within the allotted amount of time. A corrective action plan (attached) has been put in place to address the issue identified.
C.	**Other Document and/or Certification Requirements.**
C.1	**Resident Advisory Board (RAB) Comments.** (a) Did the RAB(s) have comments to the PHA Plan? Y N ☑ ☐ (b) If yes, comments must be submitted by the PHA as an attachment to the PHA Plan. PHAs must also include a narrative describing their analysis of the RAB recommendations and the decisions made on these recommendations. See attached summary of RAB meeting held 6/5/2026.

C.2	**Certification by State or Local Officials.** Form HUD 50077-SL, *Certification by State or Local Officials of PHA Plans Consistency with the Consolidated Plan,* must be submitted by the PHA as an electronic attachment to the PHA Plan.
C.3	**Civil Rights Certification/ Certification Listing Policies and Programs that the PHA has Revised since Submission of its Last Annual Plan.** Form HUD-50077-ST-HCV-HP, *PHA Certifications of Compliance with PHA Plan, Civil Rights, and Related Laws and Regulations Including PHA Plan Elements that Have Changed,* must be submitted by the PHA as an electronic attachment to the PHA Plan.
C.4	**Challenged Elements.** If any element of the PHA Plan is challenged, a PHA must include such information as an attachment with a description of any challenges to Plan elements, the source of the challenge, and the PHA's response to the public. (a) Did the public challenge any elements of the Plan? Y N ☐ ☑ (b) If yes, include Challenged Elements.

Instructions for Preparation of Form HUD-50075-HCVAnnual PHA Plan for HCV-Only PHAs

A. PHA Information. All PHAs must complete this section (24 CFR 903.4).

A.1 Include the full **PHA Name**, **PHA Code**, **PHA Type**, **PHA Fiscal Year Beginning** (MM/YYYY), **Number of Housing Choice Vouchers (HCVs), PHA Plan Submission Type**, and the **Public Availability of Information**, specific location(s) of all information relevant to the public hearing and proposed PHA Plan. Note: The number of HCV's should include all special purpose vouchers (e.g. Mainstream Vouchers, etc.) (24 CFR 903.23(e)).

PHA Consortia: Check box if submitting a Joint PHA Plan and complete the table (24 CFR 943.128(a)).

B. Plan Elements. All PHAs must complete this section (24 CFR 903.11(c)(3)).

B.1 Revision of Existing PHA Plan Elements. PHAs must:

Identify specifically which plan elements listed below that have been revised by the PHA. To specify which elements have been revised, mark the "yes" box. If an element has not been revised, mark "no."

☐ **Statement of Housing Needs and Strategy for Addressing Housing Needs.** Provide a statement addressing the housing needs of low-income, very low-income and extremely low-income families and a brief description of the PHA's strategy for addressing the housing needs of families who reside in the jurisdiction served by the PHA and other families who are on the Section 8 tenant-based assistance waiting lists. The statement must identify the housing needs of (i) families with incomes below 30 percent of area median income (extremely low-income); (ii) elderly families (iii) households with individuals with disabilities, and households of various races and ethnic groups residing in the jurisdiction or on the public housing and Section 8 tenant-based assistance waiting lists based on information provided by the applicable Consolidated Plan, information provided by HUD, and generally available data. The identification of housing needs must address issues of affordability, supply, quality, accessibility, size of units, and location.

The identification of housing needs must address issues of affordability, supply, quality, accessibility, size of units, and location. (24 CFR 903.7(a)(2)(i)). Provide a description of the ways in which the PHA intends, to the maximum extent practicable, to address those housing needs in the upcoming year and the PHA's reasons for choosing its strategy (24 CFR 903.7(a)(2)(ii)).

☐ **Deconcentration and Other Policies that Govern Eligibility, Selection, and Admissions.** A statement of the PHA's policies that govern resident or tenant eligibility, selection and admission including admission preferences for HCV (24 CFR 903.7(b)).

☐ **Financial Resources.** A statement of financial resources, including a listing by general categories, of the PHA's anticipated resources, such as PHA HCV funding and other anticipated Federal resources available to the PHA, as well as tenant rents and other income available to support tenant-based assistance. The statement also should include the non-Federal sources of funds supporting each Federal program and state the planned use for the resources (24 CFR 903.7(c)).

☐ **Rent Determination.** A statement of the policies of the PHA governing rental contributions of families receiving tenant-based assistance, discretionary minimum tenant rents, and payment standard policies (24 CFR 903.7(d)).

☐ **Operation and Management.** A statement that includes a description of PHA management organization, and a listing of the programs administered by the PHA (24 CFR 903.7(e)).

☐ **Informal Review and Hearing Procedures.** A description of the informal hearing and review procedures that the PHA makes available to its applicants (24 CFR 903.7(f)).

☐ **Homeownership Programs**. A statement describing any homeownership programs (including project number and unit count) administered by the agency under section 8y of the 1937 Act, or for which the PHA has applied or will apply for approval (24 CFR 903.7(k)).

☐ **Self Sufficiency Programs and Treatment of Income Changes Resulting from Welfare Program Requirements.** A description of any PHA programs relating to services and amenities coordinated, promoted, or provided by the PHA for assisted families, including those resulting from the PHA's partnership with other entities, for the enhancement of the economic and social self-sufficiency of assisted families, including programs provided or offered as a result of the PHA's partnerships with other entities, and activities subject to Section 3 of the Housing and Community Development Act of 1968 (24 CFR Part 135) and under requirements for the Family Self-Sufficiency Program and others. Include the program's size (including required and actual size of the FSS program) and means of allocating assistance to households. (24 CFR 903.7(l)(i)) Describe how the PHA will comply with the requirements of section 12(c) and (d) of the 1937 Act that relate to treatment of income changes resulting from welfare program requirements (24 CFR 903.7(l)(iii)).

☐ **Substantial Deviation.** PHA must provide its criteria for determining a "substantial deviation" to its 5-Year Plan (24 CFR 903.7(s)(2)(i)).

☐ **Significant Amendment/Modification**. PHA must provide its criteria for determining a "Significant Amendment or Modification" to its 5-Year and Annual Plan (24 CFR 903.7(s)(2)(ii)).

If any boxes are marked "yes", describe the revision(s) to those element(s) in the space provided.

B.2 New Activities. If the PHA intends to undertake any new activities related to these elements in the applicable Fiscal Year, mark "yes" for those elements, and describe the activities to be undertaken in the space provided. If the PHA does not plan to undertake these activities, mark "no."

☒ **Project-Based Vouchers.** Describe any plans to use HCVs for new project-based vouchers, which must comply with PBV goals, civil rights requirements, Housing Quality Standards (HQS) and deconcentration standards, as stated in 24 CFR 983.55(b)(1) and set forth in the PHA Plan statement of deconcentration and other policies that govern eligibility, selection, and admissions. If using project-based vouchers, provide the projected number of project-based units and general locations (including if PBV units are planned on any former or current public housing units or sites), and describe how project-basing would be consistent with the PHA Plan (24 CFR 903.7(b)(3), 24 CFR 903.7(r).)

B.3 **Progress Report.** For all Annual Plans following submission of the first Annual Plan, a PHA must include a brief statement of the PHA's progress in meeting the mission and goals described in the 5-Year PHA Plan (24 CFR 903.11(c)(3), 24 CFR 903.7(s)(1)).

B.4 **Capital Improvements.** This section refers to PHAs that receive funding from the Capital Fund Program (CFP) which is not applicable for HCV-Only PHAs.

B.5 **Most Recent Fiscal Year Audit.** If the results of the most recent fiscal year audit for the PHA included any findings, mark "yes" and describe those findings in the space provided (24 CFR 903.7(p)).

C. Other Document and/or Certification Requirements.

C.1 **Resident Advisory Board (RAB) comments**. If the RAB had comments on the annual plan, mark "yes," submit the comments as an attachment to the Plan and describe the analysis of the comments and the PHA's decision made on these recommendations (24 CFR 903.13(c), 24 CFR 903.19).

C.2 **Certification by State of Local Officials.** Form HUD-50077-SL, *Certification by State or Local Officials of PHA Plans Consistency with the Consolidated Plan*, must be submitted by the PHA as an electronic attachment to the PHA Plan (24 CFR 903.15). Note: A PHA may request to change its fiscal year to better coordinate its planning with planning done under the Consolidated Plan process by State or local officials as applicable.

C.3 **Civil Rights Certification/ Certification Listing Policies and Programs that the PHA has Revised since Submission of its Last Annual Plan.** Provide a certification that the following plan elements have been revised, provided to the RAB for comment before implementation, approved by the PHA board, and made available for review and inspection by the public. This requirement is satisfied by completing and submitting form HUD-50077 ST-HCV-HP, *PHA Certifications of Compliance with PHA Plan, Civil Rights, and Related Laws and Regulations Including PHA Plan Elements that Have Changed*. Form HUD-50077-ST-HCV-HP, *PHA Certifications of Compliance with PHA Plan, Civil Rights, and Related Laws and Regulations Including PHA Plan Elements that Have Changed* must be submitted by the PHA as an electronic attachment to the PHA Plan. This includes all certifications relating to Civil Rights and related regulations. A PHA will be considered in compliance with the certification requirement to affirmatively further fair housing if the PHA fulfills the requirements of 24 CFR 5.150 *et seq*., 24 CFR 903.7(o)(1), and 24 CFR 903.15.

C.4 **Challenged Elements**. If any element of the Annual PHA Plan or 5-Year PHA Plan is challenged, a PHA must include such information as an attachment to the Annual PHA Plan or 5-Year PHA Plan with a description of any challenges to Plan elements, the source of the challenge, and the PHA's response to the public (24 CFR 903.23(b)).

This information collection is authorized by Section 511 of the Quality Housing and Work Responsibility Act, which added a new section 5A to the U.S. Housing Act of 1937, as amended, which introduced the Annual PHA Plan. The Annual PHA Plan provides a ready source for interested parties to locate basic PHA policies, rules, and requirements concerning the PHA's operations, programs, and services, and informs HUD, families served by the PHA, and members of the public for serving the needs of low- income, very low- income, and extremely low- income families.

Public reporting burden for this information collection is estimated to average 4.52 hours per response, including the time for reviewing instructions, searching existing data sources, gathering, and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions to reduce this burden, to the Reports Management Officer, REE, Department of Housing and Urban Development, 451 7th Street, SW, Room 4176, Washington, DC 20410-5000. When providing comments, please refer to OMB Approval No. 2577-0226. HUD may not collect this information, and respondents are not required to complete this form, unless it displays a currently valid OMB Control Number.

Privacy Notice. The United States Department of Housing and Urban Development is authorized to solicit the information requested in this form by virtue of Title 12, U.S. Code, Section 1701 et seq., and regulations promulgated thereunder at Title 12, Code of Federal Regulations. Responses to the collection of information are required to obtain a benefit or to retain a benefit. The information requested does not lend itself to confidentiality.

PHA 5-Year Plan Goals

Housing Authority of the County of Humboldt

2026-2030 Goals and 2027 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.

HCV voucher issuance has been unallowed for the first half of 2026, due to HUD's assessment that the PHA was at risk of shortfall. Average expenditure of HAP funding for Q1-Q2 is 98% of monthly funding. Community outreach efforts have been focused on responding to specific requests for education and information, versus promotion of the voucher program.

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 once a year.
2. 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.
3. 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 inform changes to operations.

2026 Update: Two landlord newsletters were sent in 2025, and one landlord newsletter was sent in February 2026. The Housing Advocate maintains contact with and reaches out to landlords as needed to support clients seeking housing. The annual landlord luncheon is planned for August, and the annual landlord survey will be sent out after the 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 (pending approval from HUD to seek higher voucher utilization) 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.

2026 Update: No new PBVs were issued in 2025 or to date in 2026. The PBV program currently sits at 120 units across 5 projects in Eureka and Arcata. An AHAP was completed in March 2025 to assist 25 units with PBVs at Linc Housing's new construction buildings in Eureka, expected to lease-up Q4-2026, increasing active PBVs to 145 by year end. Additionally, the PHA will administer PBVs for the Housing Authority of the City of Eureka related to Public Housing repositioning efforts. The AHAP for these will be completed in 2026, with the expected utilization of 141 PBVs starting in 2028.

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

In its last scored year for SEMAP (based on 2024 operations), the PHA scored 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.

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.

2025 Update: Quality control file checks and inspections continue to occur periodically. SEMAP score for FYE 12/31/2024 earned a High Performer designation 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.

2025 Update: 2024 Audit in process. 2023 Audit had no findings and was presented to the board at a normally scheduled meeting.

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.

2025 Update: Staff training budget is being utilized to further staff education around housing-related topics and earn certifications in HUD specific areas of expertise (e.g. HCV Income Calculation Certification). Yardi Aspire on-demand training continues to be used for internal training assignments and at-will by staff. 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

2025 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 continues to be 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.

2025 Update: As of 6/3/2025, over 94% of Mainstream vouchers are leased up. 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, turnover EHVs can no longer be issued.

2025 Update: All 182 EHVs were issued by 9/30/2023, and PHA has met the original goal of 80% utilization of EHVs. Because future funding for the EHV program has been shortened from a 2030 sunset to 2026, PHA will be communicating with landlords to encourage tenant retention however possible. PHA will consider implementing a preference to convert EHV participants to HCV when vouchers may be issued again.

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.

2025 Update: An online survey will be emailed to voucher clients. Responses will be collected and shared at a future date.

Goal Eleven **Information Sharing**

We will actively identify and pursue opportunities to provide timely, accurate, and relevant information to the public, our clients, and to social service agencies working within the housing sector, fostering collaboration, increasing access to resources, and supporting informed decision-making that improves housing stability and outcomes.

2026 Update: BOS Meeting; RAB suggestion to provide list of subsidized housing resources in Humboldt

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Housing Authority of the County of Humboldt (CA086)
Corrective Action Plan (CAP)

Finding #2025-001

Finding Description:
For units under HAP contract that fail to meet HQS, if the reported deficiency is life-threatening (LT), the PHA must, within 24 hours of notification, both inspect the housing unit and notify the owner if the life-threatening deficiency is confirmed. The owner must then make the repairs within 24 hours of PHA notification. If the reported deficiency is non-life-threatening (NLT), the PHA must, within 15 days of notification, both inspect the unit and notify the owner if the deficiency is confirmed. The owner must then make the repairs within 30 days of notification from the PHA or within any PHA approved extension. (24 CFR section 982.405(d)). If the owner does not correct the cited HQS deficiencies within the specified correction period, the PHA must stop (abate) HAPs beginning no later than the first of the month following the specified correction period or must terminate the HAP Contract.

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1. Tracking Deficiencies

The Housing Authority will use its ERP system, Yardi, for tracking all failed inspections. The system will have record of all relevant inspection-related information, and inspection staff will update the log on the same day that deficiencies are identified and as corrections and follow-up inspections are completed. Management will review the log regularly to monitor outstanding deficiencies, ensure timely corrective action, and verify compliance with required deadlines.

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2. Notification Procedures

For a 24-hour correctable deficiency resulting in a failed inspection, the tenant and landlord (if present) will be notified at the time of inspection, and both will receive follow up notice via email or phone immediately thereafter. Where notification is made via phone, a note will be made on the inspection booklet recording the time and details of the conversation. A letter summarizing the conversation will be sent to tenant and/or landlord as applicable.

For deficiencies with longer correction times (e.g. 30 days), notification will be sent to the tenant and landlord within 5 business days of the inspection. Notification will include relevant information, including the deficiency identified, the required timeframe for correction, the party responsible for correcting the violation, and potential consequences for failure to complete the required repairs or corrections.

Management will periodically review documentation to ensure notifications are completed timely and in accordance with Housing Authority policy and HUD requirements.

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3. Management Oversight

Management will monitor all open deficiencies to ensure that required notices are issued within required timeframes, corrections are completed and verified timely, and appropriate follow-up actions are taken when repairs or corrections are not completed as required. If deficiencies are not corrected within the required timeframe, the Housing Authority will take appropriate enforcement action in accordance with program requirements and applicable regulations, including HAP abatement and termination of tenant assistance, if required. In addition, failure by staff to complete required inspection and follow-up responsibilities will be reported to executive management for corrective action to ensure continued compliance and accountability.

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4. Verification of Corrections

All remediation of deficiencies must be verified before the deficiency is considered corrected and closed. Verification may include:

- Reinspection conducted by Housing Authority staff, with dates of correction documented;
- Remote video inspection, if it is feasible to discern whether the deficiency was adequately cured; or
- Photographs clearly documenting completed repairs or corrections

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5. Staff Training

Inspection and program staff will receive training on:

- HUD inspection requirements;
- Identification of life-threatening and 24-hour deficiencies;
- Required correction and verification timelines; and
- Documentation and recordkeeping procedures.

Expected Outcome

Implementation of this Corrective Action Plan (CAP) will improve the Housing Authority's processes for tracking, monitoring, documenting, and verifying the correction of inspection deficiencies. These procedures are intended to strengthen compliance with HUD requirements, improve accountability, ensure timely corrective action, and support the health and safety of residents.

Anticipated Completion Date: Corrective actions are currently in process and monitored regularly. All staff will complete training no later than December 31, 2026.

Contact Person: Cheryl Churchill, Executive Director
735 West Everding Street, Eureka, CA 95503
707.443.4583

Contact Person Signature: ____________________________________

HOUSING AUTHORITY OF THE COUNTY OF HUMBOLDT

RESIDENT ADVISORY BOARD MEETING SUMMARY

June 5, 2026, 10:00am – 11:00am

Staff

Cheryl Churchill, Executive Director

Cristina Fonseca, Housing Specialist

Jessica Olson, Admin & HR Specialist

Attendees

John Hinds

Patrick Rutherford

Meeting Notes

Ms. Churchill opened the meeting by sharing the purpose of our annual meeting.

The group reviewed HACH goals and shared progress on goals that were included in the plan for 2026. Discussion and comments were exchanged during the review of the goals.

Discussion/Comments/Concerns/Complaints

- Attendees mentioned that their main interaction with the HA is during the annual recertification process. It can feel redundant and difficult to get some of the paperwork together in the timeline provided. This is especially true for residents that are physically disabled if they have to go to the bank to print statements, or go somewhere that they can print requested documents.
  - In the course of the conversation, Cheryl and Cristina mentioned the HA has computers available to all participants to print items for packets if needed. Attendees did not know that, and others in our programs may not know that either. Attendees also commented that an online option may be helpful for many that are a little more tech savvy and also disabled, so they would not need to travel anywhere to complete the forms.
- Attendee asked about the EHV (Emergency Housing Voucher) program status. They were concerned about losing the home they've known for a long time and have been using the EHV. They are disabled and stated they would not do well if they became homeless.
  - Ms. Churchill shared that EHVs are currently projected to be funded through the 1st Quarter of next year (March 2027). Unless there is a change in HUDs funding for

EHVs, we may not be able to push it farther than March 2027. Currently, our Specialists are working on plans to move who they can from the EHV program to other voucher programs as vouchers and funding becomes available. Ms. Churchill also recommended that anyone currently on the EHV program apply for as many other Affordable Housing programs as possible so that if/when their voucher expires, they will hopefully have gotten housing assistance through other programs.

- Attendees asked if there is a current list of other Housing Assistance programs for people to have access to.
  - o PHA staff responded stated that there is not currently a list, but it may be a good idea to create one.
- Attendees asked if there has been consideration regarding working with the County and City on tax incentives for private businesses to donate to help fund shortfalls in voucher programs.
  - o Ms. Churchill stated that there is not currently any way for private businesses to donate with tax incentives, but it may be something that can be considered in the future.
- Participants were asked about their experience with the Inspections process – if there is enough lead time from notice to inspection, their experience with the inspector himself, etc.
  - o Attendees stated that they felt they had enough time – approximately 2 weeks from receiving the letter. They also appreciated Scott Gantt, Inspector, stating that he is quick and cordial.

Wrap-up

Ms. Churchill asked the attendees if they had anything further that they would like to discuss. Attendees thanked staff for the meeting and shared that they found it very informative.

Possible Action Items

- Research how other agencies that serve a similar population size as ours do their recertification process (e.g. online portal, email, traditional/paper)
- Look into creation and distribution of List of Affordable Housing Programs in City of Eureka and County of Humboldt.
- Research tax deductible donation to voucher programs for local businesses to donate.
- Tenant Survey – Update and issue for 2026; add a question on best method of information distribution (e.g. PHA website, email, USPS mail, etc.)

Housing Authority of the County of Humboldt

Board of Commissioners Meeting

August 10, 2026

Agenda Item 8b

Memorandum

To: Commissioners
From: Cheryl Churchill, Executive Director
Subject: Proposed Preferences for Administrative Plan update

BACKGROUND AND HISTORY:
Federal law authorizes Public Housing Authorities (PHAs) to establish local waiting list preferences to ensure that scarce Housing Choice Voucher (HCV) resources are directed toward households with the greatest local housing needs. Rather than requiring a one-size-fits-all approach, the U.S. Department of Housing and Urban Development (HUD) intentionally provides PHAs with the flexibility to establish locally appropriate priorities through their Administrative Plan, provided those preferences are based on objective criteria, applied consistently, and comply with all federal fair housing and equal opportunity requirements.

Waiting list preferences are widely used by PHAs across the country to address pressing community needs, including reducing homelessness, assisting vulnerable households, supporting victims of domestic violence, and preventing displacement resulting from redevelopment activities. They allow local governing boards to proactively address circumstances unique to their communities.

The Housing Authority of the City of Eureka (HACE) is preparing for the relocation of Public Housing residents as part of its multi-phase redevelopment and repositioning efforts. Although HUD typically provides Tenant Protection Vouchers (TPVs) to assist households displaced by approved redevelopment activities, the timing of HUD approval and issuance is outside of the Housing Authority's control. Recent staffing turnover and processing delays within HUD have increased the uncertainty surrounding when TPVs may become available.

To avoid unnecessary delays in relocating residents—and the corresponding delays that could impact redevelopment schedules—staff is recommending the addition of a narrowly tailored waiting list preference. The proposed preference would apply only when:

- Public Housing families are being displaced as a direct result of approved repositioning activities; and
- Tenant Protection Vouchers are not yet available from HUD.

This preference is intended solely as a temporary bridge until TPVs are received. It would ensure that families are able to relocate with uninterrupted rental assistance while allowing redevelopment activities to proceed on schedule. Once TPVs are issued, they would replace the Housing Choice Vouchers used under this preference.

HACH has already committed to supporting HACE's repositioning efforts through the administration of vouchers associated with redevelopment. Adoption of this Administrative Plan amendment would provide the policy framework necessary to fulfill that commitment while reducing reliance on circumstances outside the Housing Authority's control.

Fiscal Impact:
If implemented, any Housing Choice Voucher used under this preference would temporarily reduce the number of vouchers available for other eligible households on the waiting list or in lower-priority preference categories.

However, HUD is expected to provide replacement Tenant Protection Vouchers for eligible displaced households. Those TPVs carry their own funding and are intended specifically for this purpose, effectively replacing the HCV assistance that would have been used as an interim measure. It is possible that TPVs for the initial phase of redevelopment will be authorized before the Administrative Plan is presented for final approval. Nevertheless, because redevelopment will occur in multiple phases, each requiring separate TPV requests and HUD approvals, future timing gaps remain possible.

Establishing this preference now provides the Housing Authority with a prudent contingency plan that can be used only when necessary and only until HUD-issued TPVs become available.

Note that approval of this preference would not expand the Housing Choice Voucher program or create a permanent entitlement. Instead, it provides the Housing Authority with a narrowly tailored contingency tool that protects displaced residents and helps keep federally approved redevelopment projects on schedule when HUD processing timelines are outside the agency's control.

Impact to Agency Personnel:
None.

Alternatives:
The Board may choose not to adopt the proposed waiting list preference.

Doing so would leave HACH entirely dependent upon HUD's timing for approval and issuance of Tenant Protection Vouchers before displaced Public Housing residents could receive rental assistance needed to relocate. Should TPVs be delayed, resident relocations could also be delayed, potentially affecting redevelopment schedules, increasing project costs, and postponing the delivery of newly rehabilitated or replacement affordable housing.

Adopting the proposed preference provides the Housing Authority with a limited, locally controlled contingency option that helps protect both residents and redevelopment timelines without changing the long-term source of assistance.

STAFF RECOMMENDATION:
Provide policy direction and review the proposed Administrative Plan amendment establishing a waiting list preference for Public Housing households displaced by approved repositioning activities when Tenant Protection Vouchers are not yet available.

Note that the public comment period will remain open through September 13, 2026. Staff will return the final Administrative Plan to the Board for consideration and adoption at the regularly scheduled meeting on September 14, 2026.

Attachment: DRAFT Admin Plan section 4-III.C. Selection Method – Local Preferences

4-III.C. SELECTION METHOD

PHAs must describe the method for selecting applicant families from the waiting list, including the system of admission preferences that the PHA will use [24 CFR 982.202(d)].

Local Preferences [24 CFR 982.207; HCV p. 4-16]

PHAs are permitted to establish local preferences, and to give priority to serving families that meet those criteria. HUD specifically authorizes and places restrictions on certain types of local preferences. HUD also permits the PHA to establish other local preferences, at its discretion. Any local preferences established must be consistent with the PHA plan and the consolidated plan and must be based on local housing needs and priorities that can be documented by generally accepted data sources.

> <u>PHA Policy</u>
>
> The PHA will use the following local preferences (all subject to voucher and funding availability):

1. The PHA will offer a preference to any family that has been terminated from its HCV program due to insufficient program funding.
2. The PHA will offer a preference to families that include victims of domestic violence, dating violence, sexual assault, stalking, or human trafficking who are seeking an emergency transfer under VAWA from the PHA's public housing program or other covered housing program operated by the PHA.

   The applicant must certify that the abuser will not reside with the applicant unless the PHA gives prior written approval.

   The PHA will work with the following partnering service agencies:

   - Humboldt Domestic Violence Services
   - County of Humboldt DA Victim Witness Program

   The applicant must certify that the abuser will not reside with the applicant unless the PHA gives prior written approval.
3. The PHA will offer a preference to Public Housing families who are being displaced due to Repositioning activities undertaken by the Housing Authority of the City of Eureka, when no Public Housing units are readily or reasonably available to transfer households that would be displaced, and no tenant protection vouchers are available when needed to support the tenant's relocation.
4. The PHA will offer a preference to EHV participants, who are in good standing (have a current recertification on file and a passing HQS inspection) whose assistance has been terminated or is at risk of termination due to lack of program funding. Such participant households will receive priority on the HCV waiting list. This priority will be available for up to 12 months past the conclusion of the EHV household's EHV subsidy. This preference is only available to existing Humboldt County EHV participants and will not be available to new port-in EHV families or currently administered EHV

participants who have ported in from other jurisdictions. EHV applicants will be served according to the following order, and within each category by date and time of application.

   a) EHV families with a head of household, spouse, or co-head who is elderly or disabled, or a household with minor children.
   b) All other EHV families. The PHA will first assist eligible families that qualify for preferences one through three above.

5. The PHA will offer a preference, limited to 20 new vouchers per calendar year, as a Moving-On preference with recommendation from a Continuum of Care participating agency, and subject to the requirements of the PHA’s Moving-On checklist, to establish eligibility for this requirement. The PHA will issue up to 20 vouchers annually, in the order complete referrals are received, to support clients who no longer require the intensive support services they were previously receiving under HUD Permanent Supportive Housing (PSH) or Rapid Re-Housing (RRH) housing assistance programs.
6. Other preferences as may be added and approved by the Board of Commissioners from time to time.

Housing Authority of the County of Humboldt

Board of Commissioners Meeting

August 10, 2026

Agenda Item 8b

Memorandum

To: Commissioners
From: Dustin Wiesner, Deputy Director
Subject: Housing Authority of the County of Humboldt 2025 Financial Audit Report

BACKGROUND AND HISTORY:

Presented is the 2025 Financial Audit Report of the Housing Authority of the County of Humboldt (HACH). The Authority received an unmodified ("clean") audit opinion, and auditors reported no financial statement findings or internal control deficiencies. Auditors reported one federal program compliance finding related to notification, documentation, and enforcement of Housing Quality Standards (HQS) inspection and abatement procedures. A corrective action plan has been submitted to the satisfaction of our auditors. It's anticipated that the corrective action plan will be fully implemented by December 31, 2026, and that the issue will be resolved going forward.

Below is a list of financial highlights and a reference to relevant discussion points.

Financial Highlights

**All comparative figures reference the change from the 2024 to 2025 audit*

Net position increased by $325,347 (55%) (pg. ii of audit report) primarily due to:

Assets

- Unrestricted cash increased $152,906 (10%) due to higher earned administrative fees, driven by continued growth in voucher utilization, outpacing program expenses. Across all programs, HACH increased average voucher utilization by 2%.

- Restricted cash decreased $36,379 (70%) primarily from full utilization of remaining start-up services fees received for the Emergency Housing Voucher (EHV) Program.

Liabilities

- Current liabilities decreased $22,481 (21%) largely due to utilization of remaining EHV services fees.
- Non-current liabilities decreased $112,024 (12%) mostly due to a reduction in long-term pension and retiree-benefit liabilities, resulting from updated actuarial calculations.

Total revenues increased $1,232,214 (11%) (pg. iii of audit report) due to higher grant income related to increased voucher utilization, as well as increases in voucher per-unit costs due to rising rents and changes in participant income levels.

Total expenses increased by $1,165,498 (10%) (pg. iv of audit report) related to a combination of higher voucher utilization, higher voucher per-unit costs, and increased staffing costs due to modest salary increases from Cost-of-Living Adjustments and merit-based step increases.

Overall, HACH's revenues continue to grow and outpace its expenses, resulting in a stronger net position year-over-year.

<u>IMPACT TO PERSONNEL:</u>

Approval of HACH's annual audited financial report will allow staff to close out the audit process for fiscal year 2025.

<u>ALTERNATIVES:</u>

No alternatives are recommended.

<u>FISCAL IMPACT:</u>

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.

<u>STAFF RECOMMENDATION:</u>

Staff recommends that the Board approve the Housing Authority of the County of Humboldt's 2025 Financial Audit Report.

HOUSING AUTHORITY OF THE COUNTY OF HUMBOLDT

Financial Statements & Independent Auditors' Report

For the Year Ended December 31, 2025

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Board of Commissioners
Housing Authority of the County of Humboldt
Eureka, CA

Independent Auditors' Report

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities of the Housing Authority of the County of Humboldt, as of and for the year ended December 31, 2025, and the related notes to financial statements, which collectively comprise the Housing Authority of the County of Humboldt's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities of the Housing Authority of the County of Humboldt, as of December 31, 2025, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Housing Authority of the County of Humboldt, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The Housing Authority of the County of Humboldt's 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 Housing Authority of the County of Humboldt'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 GAAS 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 GAAS 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 Housing Authority of the County of Humboldt'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 Housing Authority of the County of Humboldt'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, as described in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of the County of Humboldt'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 are 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 July 29, 2026, on our consideration of the Housing Authority of the County of Humboldt'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 Housing Authority of the County of Humboldt'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 Housing Authority of the County of Humboldt's internal control over financial reporting and compliance.

Smith Marion & Co

July 29, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis (the MD&A) is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Housing Authority of the County of Humboldt's, (the Authority) financial activity, (c) identify changes in the Authority's financial position (its ability to address the next and subsequent years' challenges), and (d) identify issues or concerns. This will now be presented at the front of each year's financial statements.

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 financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- Net position increased $325,347 (54.71%) in 2025. Net position was $920,010 and $594,663 for 2025 and 2024, respectively.

- Total revenue increased $1,232,214 (10.64%) in 2025. Total revenues were $12,808,943 and $11,576,729 for 2025 and 2024, respectively.

- Total expenses increased $1,165,498 (10.30%) in 2025. Total expenses were $12,483,596 and $11,318,098 for 2025 and 2024, respectively.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements included in this annual report are those of a special-purpose government engaged in a business-type activity. This MD&A is intended to serve as an introduction to the Authority's basic financial statements.

The following statements are included:

- Statement of Net Position - reports current financial resources (short-term expendable resources) with capital assets and long-term obligations.

- Statement of Revenue, Expenses, and Changes in Fund Net Position - reports operating and nonoperating revenue, by major source along with operating and nonoperating expenses and capital contributions.

- Statement of Cash Flows - reports cash flows from operating, investing, capital, non-capital activities.

FINANCIAL ANALYSIS

The following tables focus on the Net Position and the change in net position of the primary government as a whole.

TABLE 1 - STATEMENT OF NET POSITION

			Change	
	2025	2024	Dollar	Percentage
ASSETS				
Current assets	$ 1,764,305	$ 1,590,637	$ 173,668	10.92%
Capital & non-current assets	69,509	52,335	17,174	32.82%
Total assets	1,833,814	1,642,972	190,842	11.62%
DEFERRED OUTFLOWS OF RESOURCES	-	-	-	N/A
LIABILITIES				
Current liabilities	84,338	106,819	(22,481)	-21.05%
Non-current liabilities	829,466	941,490	(112,024)	-11.90%
Total liabilities	913,804	1,048,309	(134,505)	-12.83%
DEFERRED INFLOWS OF RESOURCES	-	-	-	N/A
NET POSITION				
Investment in capital assets	56,909	29,335	27,574	94.00%
Restricted net position	15,659	14,800	859	5.80%
Unrestricted net position	847,442	550,528	296,914	53.93%
Total net position	$ 920,010	$ 594,663	$ 325,347	54.71%

MAJOR FACTORS AFFECTING THE STATEMENT OF NET POSITION

The Authority's net position increased by $325,347 (54.71%) due to the following factors:

Total assets increased by $190,842 (11.62%). Major components of the increase included:

- **Total cash increased $116,527 (7.53%)**. Unrestricted cash increased $152,906 due to administrative fees earned from higher voucher utilization but was offset by a decrease in restricted cash of $36,379. The decrease was for planned utilization of the remaining Emergency Housing Voucher (EHV) services fees reserve to support program costs.
- **Accounts receivable increased $54,729 (338.27%)** primarily due to timing of Housing Assistance Payments (HAP) reimbursements due from the Department of Housing and Urban Development (HUD).
- **Total capital & non-current assets increased $17,174 (32.82%)** as a result of purchasing a new inspection and outreach vehicle, partially offset by regular depreciation of the Authority's capital assets.

Total liabilities decreased by $134,505 (12.83%). Key changes were attributable to:

- **Current liabilities decreased $22,481 (21.05%)** driven by the utilization of remaining EHV services fees, which reduced unearned revenue.
- **Non-current liabilities decreased $112,024 (11.90%)** primarily due to a reduction in the Authority's long-term pension and other post-employment benefits (OPEB) liability (See Note 10). The decrease also reflects the full repayment of amounts owed to the Housing Authority of the City of Eureka for prior office rent.

TABLE 2 - STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION

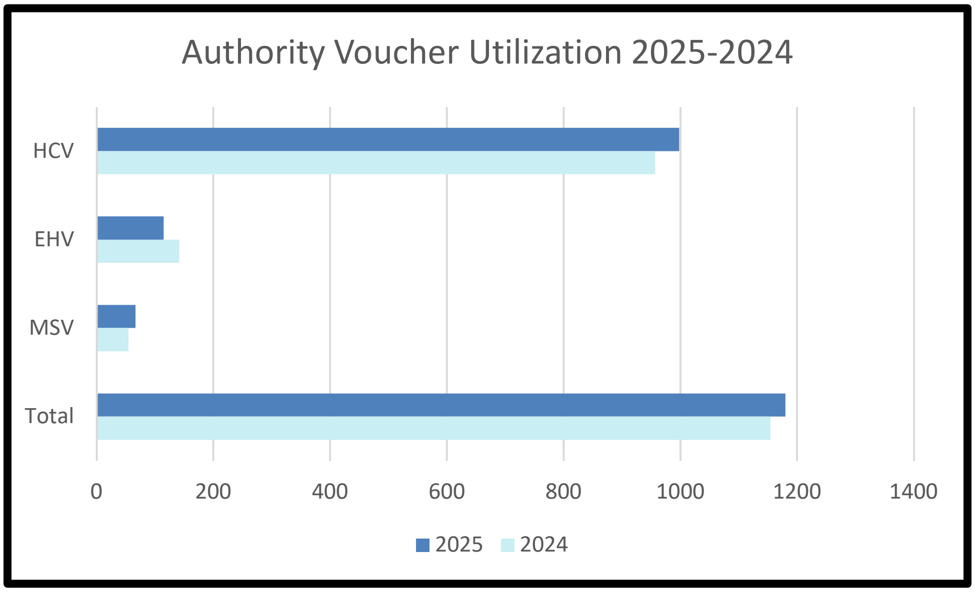
The following schedule compares the revenue and expenses for the current and previous fiscal years. The Authority is engaged only in business-type activities.

			Change	
	2025	2024	Dollar	Percentage
Government grants	$ 12,639,485	$ 11,531,205	$ 1,108,280	9.61%
Other income	156,176	33,575	122,601	365.16%
Interest income	13,282	11,949	1,333	11.16%
TOTAL REVENUES	12,808,943	11,576,729	1,232,214	10.64%
Administration	1,011,727	943,732	67,995	7.20%
Tenant services	41,783	84,579	(42,796)	-50.60%
Utilities	15,290	15,447	(157)	-1.02%
Maintenance and operations	23,938	17,579	6,359	36.17%
Insurance	37,782	32,524	5,258	16.17%
Other expenses	130,785	99,876	30,909	30.95%
Housing Assistance Payments	11,203,985	10,106,073	1,097,912	10.86%
Depreciation and amortization	17,634	17,259	375	2.17%
Interest expense	672	1,029	(357)	-34.69%
TOTAL EXPENSES	12,483,596	11,318,098	1,165,498	10.30%
CHANGE IN NET POSITION	325,347	258,631	66,716	25.80%
BEGINNING NET POSITION	594,663	336,032		
ENDING NET POSITION	$ 920,010	$ 594,663		

MAJOR FACTORS AFFECTING THE STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION

Total revenues increased by $1,232,214 (10.64%), reflecting an increase in voucher per-unit costs of 8.13% due to rising rents and changes in participant income levels. Voucher counts declined towards the end of the year due to HUD funding constraints. However, average vouchers across all programs increased 2.25% year-over-year due to program growth efforts implemented earlier in the year. These factors resulted in an increase in both administrative and HAP funding. For illustration, annual average voucher counts across Housing Choice Voucher (HCV), Emergency Housing Voucher (EHV) and Mainstream Voucher (MSV) programs are as follows:

Program	**2025**	**2024**	**Voucher Utilization Change**	**Voucher Utilization % Change**
HCV	998	957	41	4.28%
EHV	115	142	(27)	(19.01%)
MSV	67	55	12	21.82%
Total	1,180	1,154	26	2.25%



Total expenses increased by $1,165,498 (10.30%) due to the following key components:

- HAP costs increased $1,097,912 (10.86%) consistent with the utilization and per-unit cost trends discussed above. Administrative costs increased $67,995 (7.20%) primarily due to staffing and program costs associated with an increase in leasing activity, in addition to modest salary increases from Cost-of-Living Adjustments (COLAs) and merit-based step increases. The voucher program expense increases were partially offset by a reduction in Tenant services expenses of $42,796 (50.60%). This decline reflects the full utilization of remaining EHV services fees reserve.
- Other expenses increased $30,909, resulting from increases in employee vacation and sick leave accruals. This reflects a more experienced workforce with higher rates of accrued leave and pay, compared to the prior year.

Overall, the Authority strengthened its financial position during the year, as revenue growth exceeded expense increases, resulting in higher net position, increased cash balances, and reduced outstanding obligations.

CAPITAL ASSETS

As of December 31, 2025, investment in capital assets for its business-type activities was $69,509 net of accumulated depreciation and accumulated amortization. This investment in capital assets includes land, buildings, improvements, equipment, and construction in progress.

	2025	2024	Change Dollar	Change Percentage
Buildings and improvements	$ 45,701	$ 36,517	$ 9,184	25.15%
Equipment	95,041	69,417	25,624	36.91%
Right to use, equipment	49,816	49,816	-	0.00%
	190,558	155,750	34,808	22.35%
Accumulated depreciation	(83,531)	(76,017)	(7,514)	9.88%
Accumulated amortization	(37,518)	(27,398)	(10,120)	36.94%
Net capital assets	$ 69,509	$ 52,335	$ 17,174	32.82%

LEASE PAYABLE

As of December 31, 2025, the Housing Authority of the County of Humboldt had $12,600 of lease payable outstanding, a decrease of $10,400 from the prior fiscal year. The change in the lease payable is presented in detail in the Notes to the Financial Statements.

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

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

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, Deputy Director
Housing Authority of the County of Humboldt,
735 West Everding Street, Eureka, CA 95503

ASSETS	
Current Assets	
Cash and equivalents	
Unrestricted	$ 1,647,569
Restricted	15,659
Subtotal Cash	**1,663,228**
Accounts receivable, net	70,908
Prepaid expenses	30,169
Total Current Assets	**1,764,305**
Non-Current Assets	
Capital assets, net	57,211
Right to use leased assets, net	12,298
Total Non-Current Assets	**69,509**
TOTAL ASSETS	**1,833,814**
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-
LIABILITIES	
Current Liabilities	
Accounts payable	13,412
Compensated absences, current	3,374
Financial agreements payable current	10,770
Other liabilities	56,782
Total Current Liabilities	**84,338**
Non-Current Liabilities	
Compensated absences, non-current	109,042
Financial agreements payable	1,830
Related party obligations	718,594
Total Non-Current Liabilities	**829,466**
TOTAL LIABILITIES	**913,804**
TOTAL DEFERRED INFLOWS OF RESOURCES	-
NET POSITION	
Investment in capital assets	56,909
Restricted	15,659
Unrestricted	847,442
TOTAL NET POSITION	**$ 920,010**

REVENUES	
Operating Revenues	
Operating grants and subsidies	$ 12,639,485
Other revenues	156,176
Total Operating Revenues	**12,795,661**
EXPENSES	
Operating Expenses	
Administration	1,011,727
Tenant services	41,783
Utilities	15,290
Ordinary maintenance and operations	23,938
Insurance expense	37,782
Other general expenses	130,785
Housing Assistance Payments	11,203,985
Depreciation and amortization	17,634
Total Operating Expenses	**12,482,924**
NET OPERATING INCOME (LOSS)	**312,737**
NONOPERATING REVENUES (EXPENSES)	
Interest income	13,282
Interest expense	(672)
TOTAL NONOPERATING REVENUES (EXPENSES)	**12,610**
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	**325,347**
CHANGE IN NET POSITION	**325,347**
BEGINNING NET POSITION	**594,663**
ENDING NET POSITION	**$ 920,010**

See notes to financial statements

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from grantors	$ 12,550,369
Cash received from other sources	153,432
Cash paid for housing assistance payments	(11,203,985)
Cash paid for goods and services	(414,046)
Cash paid to & on behalf of employees for services	(936,645)
NET CASH FLOW PROVIDED (USED) BY OPERATING ACTIVITIES	**149,125**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(34,808)
Payments on capital debt	(11,072)
NET CASH FLOW PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	**(45,880)**
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	13,282
NET CASH FLOW PROVIDED (USED) BY INVESTING ACTIVITIES	**13,282**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**116,527**
BEGINNING CASH AND CASH EQUIVALENTS	**1,546,701**
ENDING CASH AND CASH EQUIVALENTS	**$ 1,663,228**

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	$ 312,737
Non-Cash Adjustment	
Depreciation	17,634
Related party obligations	(93,102)
Change in Assets & Liabilities	
Accounts/grants receivable	(54,729)
Prepaid expenses	(2,412)
Accounts payable and accrued liabilities	(18,377)
Compensated absences	24,505
Unearned revenue	(37,131)
Total Adjustments	**(163,612)**
Net Cash Provided (Used) by Operating Activities	**$ 149,125**

See notes to financial statements

NOTE 01 - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY

Introduction

The financial statements of the Housing Authority of the County of Humboldt (the Authority) have been prepared in accordance with Generally Accepted Accounting Principles (GAAP). The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The Authority has previously implemented GASB Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis-for State and Local Governments.* Certain significant changes in the statements are as follows: The financial statements will include a Management's Discussion and Analysis (MD&A) section providing an analysis of the Authority's overall financial position and results of operations.

The Authority is a special-purpose government engaged only in business-type activities and, therefore, presents only the financial statements required for enterprise funds, in accordance with GASB. For these governments, basic financial statements and required supplemental information consist of:

- Management's Discussion and Analysis (MD&A)
- Enterprise fund financial statements consist of:
  - Statement of Net Position
  - Statement of Revenues, Expenses, and Changes in Net Position
  - Statement of Cash Flows
- Notes to Financial Statements
- Required supplemental information other than MD&A and supplemental information

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

The Authority was incorporated on December 1, 1970, California State Health and Safety Code, Section 34240. The Authority was established to provide clean, decent, safe, sanitary, and affordable housing to low-income families in the County of Humboldt, CA. 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. The Executive Director is appointed by the Board and is responsible for the daily functions of the Authority.

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 the 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.

GASB Statement No. 14 established criteria for determining the governmental reporting entity. Under provisions of this statement, the Housing Authority of the County of Humboldt is considered a primary government, since it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. As used in GASB 14, fiscally independent means that the Authority may, without the approval or consent of another governmental entity, determine or modify its own budget, control collection and disbursements of funds, maintain responsibility for funding deficits and operating deficiencies, and issue bonded debt.

In determining how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria set forth in Section 2100 and 2600 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards* and Statement No. 14 and No. 61 of the *Government Accounting Standards Board, the Financial Reporting Entity.*

- The organization is legally separate (can sue and be sued in their own name).
- The Authority holds the corporate powers of the organization.
- The Authority appoints a voting majority.
- The Authority is able to impose its will on the organization.
- The organization has the potential to impose a financial benefit/burden on the Authority.
- There is fiscal dependency by the organization on the Authority.

Based on the aforementioned criteria and relationship between the Housing Authority of the County of Humboldt and Humboldt County (the County), the Authority has determined not to be a component unit of the County on the following:

Financial Accountability - The Authority is responsible for its debts, does not impose a financial burden on the County, and is entitled to all surpluses. No separate agency receives a financial benefit nor imposes a financial burden on the Authority. The County provides the Authority no ongoing funding. Additionally, the County 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.

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

Basis of Presentation

The financial statements of the Authority are presented from a fund perspective. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Authority functions. The fund is a separate accounting entity with a self-balancing set of accounts. The accounting and financial reporting method applied by a fund is determined by the fund's measurement focus. The accounting objectives are a determination of net income, financial position, and cash flows. All assets and liabilities associated with the Proprietary Fund's activities are included on the statement of net position. In the statement of net position, equity is classified as net position and displayed in three components:

- *Net investment in capital assets* - Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balance of any notes or other borrowings attributable to those capital assets.
- *Restricted net position* - Consists of assets with constraints placed on the use either by external groups, such as grantors or laws and regulations of other governments, or law through constitutional provisions or enabling legislation.
- *Unrestricted net position* - All other assets that do not meet the definition of “restricted” or “net investment in capital assets”.

Basis of Accounting
The Authority uses the accrual basis of accounting in the proprietary funds. Under this method, revenues are recorded when earned, and expenses are recorded when liabilities are incurred, regardless of when the related cash flow takes place.

Enterprise Fund
This type of fund is reported using an economic resources measurement focus. Additionally, it is used to account for operations that are financed and operated in a manner similar to private businesses where a fee is charged to external users for services provided. When both restricted and unrestricted net positions are available for use, generally it is the Authority’s policy to use restricted resources first.

Budgetary Data
The Authority adopts budgets on the basis of accounting consistent with the basis of accounting for the fund to which the budget applies. The Authority prepares annual operating budgets that are formally adopted by its Governing Board of Commissioners. The budgets for programs funded by HUD form the basis of the Federal Financial Assistance received through HUD. These budgets are adopted using a HUD outline that is not consistent with generally accepted accounting principles and are used for HUD purposes only.

Cash and Equivalents
The Authority’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with an original maturity of three months or less when purchased to be cash equivalents.

The Board

Name	Term Expires	Position
Elizabeth Conner	9/4/2027	Chairperson
Maureen Fitzgerald	9/4/2028	Vice-Chairperson
Kaylen Escarda	9/4/2028	Commissioner
Leslie Zondervan-Droz	10/24/2027	Commissioner
Sylvia Derooy	11/7/2027	Commissioner
Lisa Leon	10/18/2028	Commissioner

In addition to the above, the Administrator of the Authority is Ms. Cheryl Churchill, the Executive Director. Based upon the above criteria all the operations of the Authority are included in these financial statements.

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

Amounts due from other governments and other housing authorities related to Housing Choice Voucher Port In vouchers are deemed by management as fully collectible and no allowance has been established for those types of accounts receivable.

Prepaid Expenses
When applicable, prepaid expenses represent payments made to vendors for service that will provide a future benefit beyond December 31, 2025.

Revenues and Expenses
Revenues and expenses are recognized in essentially the same manner as used in commercial accounting. Revenues relating to the Authority are operating activities including interest, income, and other sources of revenues are recognized in the accounting period in which they are earned. Other major sources of revenues include HUD funding for operating expenses.

Operating Revenue
Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Subsidies received from HUD or other grantor agencies, for operating purposes, are recorded as operating revenue in the operating statement while capital grant funds are added to the net position below the non-operating revenue and expense.

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

Capital Assets and Depreciation
Capital assets are stated at historical cost. Depreciation of exhaustible capital assets used by proprietary funds is charged as an expense against operations, and accumulated depreciation is reported on the statement of net position. If the initial cost of a piece of equipment and/or other personal property is five thousand dollars ($5,000) or more and the anticipated life or useful value of said equipment or property is more than one (1) year, the purchased property/equipment will be capitalized and recorded as non-expendable equipment and charged as a capital expenditure.

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.

The estimated useful lives for each major class of depreciable capital assets are as follows:

Category	Useful Life
Buildings, structures, and site improvements	5 - 40 Years
Vehicles	7 Years

Deferred Inflows/Outflows of Resources
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 criteria.

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 criteria.

Compensated Absences
Compensated absences are absences for which employees will be paid, i.e., sick leave, vacation, and other approved leaves. Accrued amounts are based on the current salary rates. Full-time, permanent employees are granted vacation and sick leave benefits in varying amounts to specified maximums depending on tenure with the Authority. Vacation and sick pay are recorded as an expense and related liability in the year earned by employees.

Insurance
The primary technique used for risk financing is the purchase of insurance policies from commercial insurers that include a large deductible amount. The use of a large deductible clause reduces the cost of insurance, but should losses occur, the portion of the uninsured loss is not expected to be significant with respect to the financial position of the Authority. As of the date of the report, the Authority had necessary insurance coverage in force.

Leases
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 and 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.

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

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

Authorized Investments
Investments of the Authority are limited to investment types prescribed by HUD in PIH Notice 1996-33 or as amended by future HUD notices.

Additionally, the Authority limits investment types to those that are authorized in accordance with Section 53601 of the California Government Code.

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

Fair Market Value
Accounting pronouncements define fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. These pronouncements established a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs.

The three levels of inputs used to measure fair value are as follows:

- Level 1 - Quoted prices in active markets for identical assets or liabilities.
- Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; or inputs that are observable or can be corroborated by observable market data.
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The estimated fair value of the Authority's financial instruments has been determined by management using available market information. However, considerable judgment is required in interpreting market data to develop the estimates of fair value. Accordingly, the fair values are not necessarily indicative of the amounts that the Authority could be realized in a current market exchange. The use of different market assumptions may have a material effect on the estimated fair value amounts.

The carrying amounts of cash and cash equivalents, receivables, payables, and accrued liabilities are a reasonable estimate of their fair value, due to their short-term nature and method of computation. All financial assets that are measured at fair value on a recurring basis (at least annually) have been segregated into the most appropriate level within the fair value hierarchy based on the inputs used to determine the fair value at the measurement date. All of the Authority's investments are valued using Level 3 inputs.

NOTE 02 - CASH AND CASH EQUIVALENTS

At December 31, 2025, the Authority's deposits amounted to $1,663,228. Of the bank balances held in various financial institutions, $250,000 was covered by Federal Depository Insurance and the remainder was covered by collateral held under the Dedicated Method.

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.

All deposits of the Authority are with financial institutions meeting State and Federal deposit requirements.

Housing Assistance Payments (HAP) Cash

The Authority held HAP-restricted cash totaling $15,659. These funds are restricted for Housing Choice Voucher landlord payments and cannot be used for administrative or operating purposes. HAP balances are maintained in demand deposit accounts to ensure liquidity. Although insured or collateralized under the Dedicated Method, HAP cash also carries HUD program compliance risk, including potential review for excess accumulations, deficits, or improper use.

Cash and cash equivalents were comprised of the following as of December 31, 2025:

Unrestricted	
Checking, Money Market, and LAIF accounts	$ 1,647,569
Subtotal	1,647,569
Restricted	
Housing Assistance Payments	15,659
Subtotal	15,659
Total Cash and Equivalents	**$ 1,663,228**

Interest Rate Risk - As a means of limiting its exposure to market value losses arising from rising interest rates, the Authority typically limits its investment portfolio to maturities of 12 months or less. The Authority has no specific policy regarding interest rate risk.

Credit Risk - Custodial credit risk for investments is the risk that, in the event of institution failure, a government's investments may not be returned. State statutes govern collateral requirements and forms of collateral under state statutes. Authorized security for investments enumerated under law includes direct obligations of or obligations guaranteed by the United States of America having a market value not less than the amount of such monies. The Authority does not have a custodial credit risk policy that is more restrictive than state statutes.

Concentration of Credit Risk - The Authority places no limit on the amount that it may invest in any one issuer. The Authority has no policy regarding credit risk and has the following deposit amounts at these institutions.

Custodial Credit Risk - For a deposit or investment account, the custodial risk is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All the deposits of the Authority are either insured or collateralized by using the Dedicated Method whereby all deposits that exceed the Federal Depository Insurance Coverage level are collateralized with securities held by the Authority's agents in these units' names.

NOTE 03 - ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2025, consisted of the following:

Tenant fraud recovery receivables	$ 54,870
Allowance for receivables	(51,661)
Net receivable	3,209
Due from other governments	63,818
Miscellaneous receivables	346
Interest receivable	3,535
Accounts Receivable, Net	**$ 70,908**

NOTE 04 - CAPITAL ASSETS

A summary of changes in capital assets were as follows:

	Balance at 12/31/24	Additions	Deletions	Balance at 12/31/25
Capital assets not being depreciated:				
Land	$ -	$ -	$ -	$ -
Construction in progress	-	-	-	-
Total capital assets not being depreciated	-	-	-	-
Capital assets being depreciated:				
Buildings and improvements	36,517	9,184	-	45,701
Furniture and equipment	69,417	25,624	-	95,041
Total capital assets being depreciated	105,934	34,808	-	140,742
Accumulated depreciation	(76,017)	(7,514)	-	(83,531)
Net capital assets being depreciated	29,917	27,294	-	57,211
Capital Assets, Net	**$ 29,917**	**$ 27,294**	**$ -**	**$ 57,211**

	Balance at 12/31/24	Additions	Deletions	Balance at 12/31/25
Right to use, equipment	$ 49,816	$ -	$ -	$ 49,816
Accumulated amortization	(27,398)	(10,120)	-	(37,518)
Right to Use, Net	**$ 22,418**	**$ (10,120)**	**$ -**	**$ 12,298**

For the year ended December 31, 2025, the Authority reported depreciation and amortization expenses of $17,634.

NOTE 05 - LONG-TERM LIABILITIES

The following is a summary of the activity for non-current liabilities for the year ended December 31, 2025:

	Balance at 12/31/24	Additions	Deletions	Balance at 12/31/25	Due within One Year
Compensated absences	$ 87,911	$ 126,015	$ (101,510)	$ 112,416	$ 3,374
Related party obligations	851,596	-	(133,002)	718,594	-
Financial agreements payable	23,000	-	(10,400)	12,600	10,770
Total	$ 962,507	$ 126,015	$ (244,912)	$ 843,610	$ 14,144

NOTE 06 - LEASE PAYABLE

Lease liability at December 31, 2025, consisted of the following:

Copier Lease	
The Authority and the 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 (4.23%). 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.	$ 12,600
Total lease payable	$ 12,600

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

Years Ended December 31,	Principal	Interest	Total
2026	$ 10,770	$ 302	$ 11,072
2027	1,830	8	1,838
2028	-	-	-
2029	-	-	-
2030	-	-	-
2031 - 2035	-	-	-
Total	$ 12,600	$ 310	$ 12,910

NOTE 07 - NET POSITION

The Authority calculates net investment in capital assets and restricted net position as follows:

Capital assets not being depreciated	$	-
Capital assets, net		57,211
Right to use leased assets, net		12,298
Related debt		(12,600)
Net Investment in Capital Assets	**$**	**56,909**
Restricted cash - Housing Assistance Payments	$	15,659
Restricted Net Position	**$**	**15,659**

NOTE 08 - COMMITMENTS AND CONTINGENCIES

Legal: The Authority is party to no pending or threatened legal actions arising from the normal course of its operations.

Grants and Contracts: The Authority participates in various federally assisted grant programs that are subject to review and audit by the grantor agencies. Entitlement to these resources is generally conditional based upon compliance with terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a federal audit may become a liability of the Authority. There were no such liabilities recorded as of December 31, 2025.

Insurance: The Authority participates in the Housing Authorities Risk Retention Pool (HARRP), which is a public entity pool for housing authorities in California, Oregon, Washington, and Nevada. The Authority pays an annual premium to HARRP for property, auto and errors and omissions coverage. The pool reinsures through commercial insurance companies for excess insurance as determined by the board. Additionally, the Authority participates in the California Housing Workers Compensation Authority (CHWCA), an intergovernmental risk-sharing joint powers authority created pursuant to California Government Code Section 6500, et. Seq. The Authority pays quarterly premiums to CHWCA for workers compensation coverage.

The Authority is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets, errors, and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims for these risks have not exceeded commercial insurance coverage for the past three years.

NOTE 09 - ECONOMIC DEPENDENCE

For the year ended December 31, 2025, approximately 98.68% of revenues reflected in the financial statement are directly or indirectly from HUD. The Authority's operations are concentrated in the low-income housing real estate market. In addition, the Authority operates in a heavily regulated environment. The operation of the Authority is 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 cost, including the additional administrative burden to comply with the change.

NOTE 10 - 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, 2025, the balance of the note was $548,159. 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, 2025, the balance of the note was $170,435. 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.

NOTE 11 - SUBSEQUENT EVENTS

Management evaluated the activity of the Authority through July 29, 2026, (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to financial statement.

	Assistance Listing Number(s)	Award Type		Expenditures
U.S. Department of HUD				
Section 8 Housing Choice Vouchers	14.871	Direct	$	10,513,551
Section 8 Housing Choice Vouchers - EHV	14.871	Direct		1,421,972
Mainstream Vouchers	14.879	Direct		703,962
Total Housing Voucher Cluster				**12,639,485**
Totals U.S. Department of HUD				**12,639,485**
Total Expenditures of Federal Awards			**$**	**12,639,485**

Award Type		
Direct	$	12,639,485
Indirect	$	-

NOTE 1: SCOPE OF PRESENTATION

The accompanying schedule presents the expenditures incurred (and related awards received) by the Housing Authority of the County of Humboldt (the Authority) that are reimbursable under federal programs of federal agencies providing financial assistance awards. For the purpose of this schedule, only the portion of the program expenditures reimbursable with such federal funds is reported in the accompanying schedule. Program expenditures in excess of the maximum federal reimbursement authorized or the portion of the program expenditures that were funded with local or other nonfederal funds are excluded from the accompanying schedule.

NOTE 2: BASIS OF ACCOUNTING

The expenditures included in the accompanying schedule were reported on the accrual basis of accounting. Expenditures are recognized in the accounting period in which the related liability is incurred. Expenditures reported included any property or equipment acquisitions incurred under the federal program. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

NOTE 3: 15% DE MINIMIS INDIRECT COST RATE

The Authority has not elected to use the 15% de minimis indirect cost rate as allowed in the Uniform Guidance, section 414.

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Board of Commissioners
Housing Authority of the County of Humboldt
Eureka, CA

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*

Independent Auditors' Report

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Housing Authority of the County of Humboldt as of and for the year ended December 31, 2025, and the related notes to financial statements, which collectively comprise the Housing Authority of the County of Humboldt's basic financial statements, and have issued our report thereon dated July 29, 2026.

Report on Internal Control over Financial Reporting
In planning and performing our audit, we considered the Housing Authority of the County of Humboldt'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 opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the County of Humboldt's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the County of Humboldt'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 Housing Authority of the County of Humboldt's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal controls 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 Housing Authority of the County of Humboldt's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 Housing Authority of the County of Humboldt's control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority of the County of Humboldt's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Smith Marion & Co

July 29, 2026

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Board of Commissioners
Housing Authority of the County of Humboldt
Eureka, CA

Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance

Independent Auditors' Report

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Housing Authority of the County of Humboldt's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Housing Authority of the County of Humboldt's major federal programs for the year ended December 31, 2025. The Housing Authority of the County of Humboldt'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 Housing Authority of the County of Humboldt 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, 2025.

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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 Housing Authority of the County of Humboldt 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 Housing Authority of the County of Humboldt'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 Housing Authority of the County of Humboldt'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 Housing Authority of the County of Humboldt'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 GAAS, *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 Housing Authority of the County of Humboldt's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 Housing Authority of the County of Humboldt'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 Housing Authority of the County of Humboldt'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 Housing Authority of the County of Humboldt's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items **2025-001.** Our opinion on each major federal program is not modified with respect to these matters. *Government Auditing Standards* requires the auditor to perform limited procedures on Housing Authority of the County of Humboldt's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Housing Authority of the County of Humboldt's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items **2025-001**, to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. *Government Auditing Standards* requires the auditor to perform limited procedures on the Housing Authority of the County of Humboldt's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Housing Authority of the County of Humboldt's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Smith Marion & Co

July 29, 2026

Section I Summary of Auditors' Results

Financial Statements

Type of auditors' report issued	Unmodified
Internal controls over financial reporting:	
Material weakness(es) identified	No
Significant deficiency(ies) identified	None Reported
Noncompliance material to financial statements noted	No

Federal Awards

Internal control over major federal programs	
Material weakness(es) identified	No
Significant deficiency(ies) identified	Yes
Type of auditors' report issued on compliance for major federal programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)	Yes

Identification of major federal programs:

ALN(s)	Name of Federal Program or Cluster
14.871	**Section 8 Housing Choice Vouchers**
14.879	**Mainstream Vouchers**

Dollar threshold used to distinguish between type A and type B programs:	$ 1,000,000
Auditee qualified as a low-risk auditee	Yes

Section II Financial Statement Findings

No findings.

Section III Federal Awards Findings

US Department of Housing and Urban Development **Direct Award**

Internal Control	Significant Deficiency
N	Special Tests and Provisions

Program Name **Section 8 Housing Choice Vouchers**
Mainstream Vouchers

ALN Number(s) **14.871**
14.879

2025-001 **HQS Inspection**

Questioned Costs None.

Criteria For units under HAP contract that fail to meet HQS, if the reported deficiency is life-threatening (LT), the PHA must, within 24 hours of notification, both inspect the housing unit and notify the owner if the life-threatening deficiency is confirmed. The owner must then make the repairs within 24 hours of PHA notification. If the reported deficiency is non-life-threatening (NLT), the PHA must, within 15 days of notification, both inspect the unit and notify the owner if the deficiency is confirmed. The owner must then make the repairs within 30 days of notification from the PHA or within any PHA-approved extension. (24 CFR section 982.405(d)). If the owner does not correct the cited HQS deficiencies within the specified correction period, the PHA must stop (abate) HAPs beginning no later than the first of the month following the specified correction period or must terminate the HAP contract.

Condition During our audit, we identified seven (7) failed HQS (either LT or NLT) that did not receive a pass inspection during the required period. Additionally, they did not have the rent abatement process started or enforced during that time period.

Context The HQS population was 206 failed inspection. We selected a sample of 20 inspection and identified of those 20 reviewed, 7 did not obtain a re-inspection pass within the Criteria noted above and no rent abatement process was enforce on landlord.

Cause The Authority had issues with staffing during the year.

Effect The Authority is non-compliant with the HQS over this federal program, this could potentially result in operating and financial penalties.

Recommendations We suggest the Authority properly oversee HQS failures and enforce rent abatements if necessary for adherence to federal compliance requirements.

Management Views Management agrees with the finding, see Management's Corrective Action Plan.

Financial Statement Findings

Prior Year Findings Number	Findings Title	Status/Current Year Findings Number
N/A	There were no prior findings reported.	N/A

Federal Award Findings and Questioned Costs

Prior Year Findings Number	Findings Title	Status/Current Year Findings Number
N/A	There were no prior findings reported.	N/A

HOUSING AUTHORITIES
CITY OF EUREKA & COUNTY OF HUMBOLDT

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Housing Authority of the County of Humboldt (CA086)
Corrective Action Plan (CAP)

Finding #2025-001

Finding Description:
For units under HAP contract that fail to meet HQS, if the reported deficiency is life-threatening (LT), the PHA must, within 24 hours of notification, both inspect the housing unit and notify the owner if the life-threatening deficiency is confirmed. The owner must then make the repairs within 24 hours of PHA notification. If the reported deficiency is non-life-threatening (NLT), the PHA must, within 15 days of notification, both inspect the unit and notify the owner if the deficiency is confirmed. The owner must then make the repairs within 30 days of notification from the PHA or within any PHA approved extension. (24 CFR section 982.405(d)). If the owner does not correct the cited HQS deficiencies within the specified correction period, the PHA must stop (abate) HAPs beginning no later than the first of the month following the specified correction period or must terminate the HAP Contract.

---

1. Tracking Deficiencies

The Housing Authority will use its ERP system, Yardi, for tracking all failed inspections. The system will have record of all relevant inspection-related information, and inspection staff will update the log on the same day that deficiencies are identified and as corrections and follow-up inspections are completed. Management will review the log regularly to monitor outstanding deficiencies, ensure timely corrective action, and verify compliance with required deadlines.

---

2. Notification Procedures

For a 24-hour correctable deficiency resulting in a failed inspection, the tenant and landlord (if present) will be notified at the time of inspection, and both will receive follow up notice via email or phone immediately thereafter. Where notification is made via phone, a note will be made on the inspection booklet recording the time and details of the conversation. A letter summarizing the conversation will be sent to tenant and/or landlord as applicable.

For deficiencies with longer correction times (e.g. 30 days), notification will be sent to the tenant and landlord within 5 business days of the inspection. Notification will include relevant information, including the deficiency identified, the required timeframe for correction, the party responsible for correcting the violation, and potential consequences for failure to complete the required repairs or corrections.

Management will periodically review documentation to ensure notifications are completed timely and in accordance with Housing Authority policy and HUD requirements.

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3. Management Oversight

Management will monitor all open deficiencies to ensure that required notices are issued within required timeframes, corrections are completed and verified timely, and appropriate follow-up actions are taken when repairs or corrections are not completed as required. If deficiencies are not corrected within the required timeframe, the Housing Authority will take appropriate enforcement action in accordance with program requirements and applicable regulations, including HAP abatement and termination of tenant assistance, if required. In addition, failure by staff to complete required inspection and follow-up responsibilities will be reported to executive management for corrective action to ensure continued compliance and accountability.

---

4. Verification of Corrections

All remediation of deficiencies must be verified before the deficiency is considered corrected and closed. Verification may include:

- Reinspection conducted by Housing Authority staff, with dates of correction documented;
- Remote video inspection, if it is feasible to discern whether the deficiency was adequately cured; or
- Photographs clearly documenting completed repairs or corrections

---

5. Staff Training

Inspection and program staff will receive training on:

- HUD inspection requirements;
- Identification of life-threatening and 24-hour deficiencies;
- Required correction and verification timelines; and
- Documentation and recordkeeping procedures.

Expected Outcome

Implementation of this Corrective Action Plan (CAP) will improve the Housing Authority's processes for tracking, monitoring, documenting, and verifying the correction of inspection deficiencies. These procedures are intended to strengthen compliance with HUD requirements, improve accountability, ensure timely corrective action, and support the health and safety of residents.

Anticipated Completion Date: Corrective actions are currently in process and monitored regularly. All staff will complete training no later than December 31, 2026.

Contact Person: Cheryl Churchill, Executive Director
735 West Everding Street, Eureka, CA 95503
707.443.4583

Contact Person Signature: Cheryl Churchill

RESOLUTION 526

TO ACCEPT AGENCY AUDIT REPORTS FOR FISCAL YEAR ENDING DECEMBER 31, 2025

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 Smith Marion & Co. LLP, Certified Public Accountants, to complete the audit; and

WHEREAS, The 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, 2025.

PASSED AND ADOPTED on the _________ day of ____________ 2026 by the following vote:

AYES:
NAYS:
ABSTAIN:
ABSENT:

_________________________	_____________________________
Name	Name
_________________________	_____________________________
Title	Title
_________________________	_____________________________
Signature	Signature