HOUSING AUTHORITIES
CITY OF EUREKA & COUNTY OF HUMBOLDT

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

Monday, August 17 2026, 5:45 p.m.

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

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

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

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

- Send an email with your comment(s) to 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 City of Eureka not on the agenda. No action may be taken on non-agenda items unless authorized by law. Comments will be limited to five minutes per person and twenty minutes in total.

3-6 3. Approve minutes of the Board of Commissioners regular meeting held July 20, 2026.

4. Bills and Communications: none

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

7 5a. Occupancy and Leasing Report
8-10 5b. HCV Utilization Reports
11 5c. Repositioning Updates

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:

12-64 8a. Resolution 2042, HACE FY2025 Financial Audit Report
    Recommended Board Action: *Accept and Adopt for Approval*

9. Closed Session – If needed.

10. Adjournment

Note: The next regularly scheduled meeting is September 21, 2026 at 5:45pm.

* * * 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

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

Monday, July 20, 2026, 5:45pm

Chairperson Serotta declared a quorum present and called the meeting to order at 5:55pm.

1. Roll Call

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

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

3. Approve minutes of the board of commissioners meeting held May 18, 2026.

Motion to approve the minutes of the May 18, 2026 regular meeting made by Vice-Chairperson Konkler

Second – Commissioner Byers

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

4. Bills and Communications:

4a. Tenant Newsletter: Housing Insider, June issue, Q2 2026

Secretary Churchill noted that this item is informational only.

5. Report of the Secretary:

5a. Occupancy and Leasing Report

Secretary Churchill updates the board on this report.

5b. HCV Utilization Reports

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

5c. Repositioning Updates

Secretary Churchill briefs the board on this report.

6. Reports of the Commissioners:

6a. Vice Chairperson Konkler spoke on his experience at the NELROD conference held in February. He learned a lot from the classes on his role and the role of the Commissioners in general. He would highly recommend others travel to the conference as well.

7. Unfinished Business: None

8. New Business:

8a. Resolution 2040, Write Off of Uncollectible Debt

Recommended Board Action: *Accept and Adopt for Approval*

RESOLUTION 2040

TO WRITE OFF CERTAIN UNCOLLECTIBLE ACCOUNTS RECEIVABLE

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

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

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

Housing Program	Amount
Public Housing, DL1 Returned 05/22/26	$7,134.57
Public Housing, DL2 Returned 04/16/26	$22,765.31
Public Housing, DL2 Returned 06/03/26	$9,561.49
Public Housing, DL2 Returned 04/16/26	$14,227.09

Motion to approve Resolution 2040 made by Commissioner Maschke

Second – Vice Chairperson Konkler.

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

Chairperson Serotta declared the motion carried to approve Resolution 2040.

8b. Resolution 2041, Employee Out of State Travel, Nelrod HOTMA Workshop

Recommended Board Action: *Accept and Adopt for Approval*

RESOLUTION No. 2041

AUTHORIZING OUT-OF-STATE TRAVEL FOR HOUSING AUTHORITY OF THE CITY OF EUREKA EMPLOYEES TO A NELROD CONFERENCE IN SAN ANTONIO, TEXAS, AUGUST 2026

WHEREAS, the Board of Commissioners of the Housing Authority of the City of Eureka recognizes the importance of providing employees and commissioners of the Housing Authority with access to professional development, training, and collaboration opportunities that advance the Organization's mission; and

WHEREAS, an upcoming conference to be held in the State of Texas offers essential training, industry updates, and peer engagement that will directly support the Organization's programs and service delivery; and

WHEREAS, out-of-state travel by Housing Authority employees and commissioners requires prior authorization from the Board of Commissioners and must comply with all applicable state policies, fiscal controls, and travel regulations;

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners hereby authorizes designated employees and commissioners of the Housing Authority of the City of Eureka to travel to the conference in Texas for official business purposes; and

BE IT FURTHER RESOLVED that the Executive Director (or designee) is authorized to approve the specific employees and commissioners attending, confirm that the travel is necessary and within approved budget parameters, and execute all related travel documents, reservations, and reimbursement approvals; and

BE IT FURTHER RESOLVED that this authorization applies solely to the approved conference in Texas and shall remain in effect until the completion of such travel or until modified by the Board.

Motion to approve Resolution 2041 made by Commissioner Byers

Second – Vice Chairperson Konkler.

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

Chairperson Serotta declared the motion carried to approve Resolution 2041.

8c. DRAFT – 2027 PHA Plan and Goals – *Provide Input*

Secretary Churchill notes that the board reviewed the plan and goals. The board does not provide any additional comment on the plan and goals. Secretary Churchill comments that the plan and goals will be brought back during the September meeting for final approval of submission to HUD.

9. Closed Session: None needed.

10. Adjournment

There being no further business to come before the Commissioners, the meeting was adjourned at 6:05 pm.

Secretary

Chairperson

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 City of Eureka (HACE)
Repositioning Updates 08/2026

Date	Description
Accomplishments	
8/2026	• Signed LOI with debt and equity investors for Green/Red Phase projects. • Issued 90-day notices to all Green/Red tenants and relocation specialists are working with tenants to determine specific relocation needs by household.
Issues	
8/2026	• Tax credits not awarded for Blue Phase from 4/7/2026 application; still waiting for TCAC response from 7/21/2026 application. • Funding is short for BGCR/Community Center; looking at various options to reduce costs and/or increase funding – submitting $100K grant app 8/2026. • Tenant Protection Vouchers request submitted 6/6/26; HUD has yet to respond with TPV award. HACH has proposed voucher preference for displaced PH tenants, but it would not be effective until 9/15/2026.
Risks	
Ongoing	• Unquantifiable risk that potential cuts in HCV funding would impact availability of vouchers and voucher funding. • Unquantifiable risk that prices of materials will continue to rise, causing a larger gap in funding available both as we work to fully finance the project based on today's projections, and again as construction occurs.
Next Steps	
08/2026-10/2026	• Working toward finance close for Green/Red, planned for 10/19/2026.
Budget Status	
N/A	Cost of contract work is covered by developers; no HACE budget updates.

Key
Green Phase = 3230 Hiler Street new construction (44 units replaces 8 existing units)
Red Phase = 25-1 Rehab 98 existing units
Blue Phase = 1115 C Street new construction (44 units replaces 12 existing units)
Purple Phase = 1137 C Street Rehab 4 existing units
ECC = Eureka Community Center/Boys and Girls Club (Prospect Avenue)

Housing Authority of the City of Eureka

Board of Commissioners Meeting

August 17, 2026

Agenda Item 8a

Memorandum

To: Commissioners
From: Dustin Wiesner, Deputy Director
Subject: Housing Authority of the City of Eureka's 2025 Financial Audit Report

BACKGROUND AND HISTORY:

Presented is the Housing Authority of the City of Eureka's 2025 Financial Audit Report. The audit resulted in no findings, and the auditors issued an unmodified ("clean") opinion on the Authority's financial statements. Below is a list of financial highlights and a reference to relevant discussion points.

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

- Total Net Position decreased by $628,528 (11.90%) (pg. ii), primarily due to regular depreciation of capital assets, a strategic spend-down of reserves to preserve housing assets, and adjustments to our pension and Other Post-Employment Benefit (OPEB) liability resulting from updated actuarial calculations.
- Total Revenue increased by $51,225 (1.56%) (pg. iv), due to regular increases in tenant rent revenue and HUD operating subsidy.
- Total Expenses increased by $117,585 (3.06%) (pg. iv-v), primarily due to higher operational expenses at the property level, including unit turn costs, utility costs, and trash expense. Payroll expense also increased due to regular salary and benefit growth, primarily through skill-based promotions.

Overall, the decrease in net position was influenced by both operational cost increases and non-cash actuarial adjustments. Despite these factors, the Authority's revenues exceeded its cash-based operating expenses, revenue streams remained stable, and the Authority is well positioned to manage expense trends in the upcoming fiscal year.

IMPACT TO PERSONNEL:

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

ALTERNATIVES:

No alternatives are recommended.

FISCAL IMPACT:

HUD requires an annual audited financial report. Failure to submit an annual audited financial report may result in HUD sanctions, including, but not limited to, offsets to future funding.

STAFF RECOMMENDATION:

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

Housing Authority of the City of Eureka

Financial Statements & Independent Auditors' Report

For the Year Ended December 31, 2025

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Board of Commissioners
Housing Authority of the City of Eureka
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, and the aggregate discretely presented component unit of the Housing Authority of the City of Eureka, 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 City of Eureka'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 and the aggregate discretely presented component unit of the Housing Authority of the City of Eureka, 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 City of Eureka, 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.

The financial statements of Eureka Housing Associates, L.P., were not audited in accordance with *Government Auditing Standards.*

Responsibilities of Management for the Financial Statements
The Housing Authority of the City of Eureka'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 City of Eureka'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 City of Eureka'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 City of Eureka's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and required supplementary schedules, as 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 City of Eureka's basic financial statements. The supplemental information, as described in the table of contents, and 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*, are 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, that information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 10, 2026, on our consideration of the Housing Authority of the City of Eureka'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 City of Eureka'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 City of Eureka's internal control over financial reporting and compliance.

Smith Marion & Co

August 10, 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 City of Eureka'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 decreased $628,528 (11.90%) in 2025. Net position was $4,655,279 and $5,283,807 for 2025 and 2024, respectively.

Total revenues increased $51,225 (1.56%) in 2025. Total revenues were $3,331,143 and $3,279,918 for 2025 and 2024, respectively.

Total expenses increased $117,585 (3.06%) in 2025. Total expenses were $3,959,671 and $3,842,086 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

	2025	2024	Change Dollar	Change Percentage
ASSETS				
Current assets	$ 1,423,054	$ 1,593,231	$ (170,177)	-10.68%
Capital & non-current assets	8,910,273	9,285,648	(375,375)	-4.04%
Total assets	10,333,327	10,878,879	(545,552)	-5.01%
DEFERRED OUTFLOWS OF RESOURCES	441,542	645,122	(203,580)	-31.56%
LIABILITIES				
Current liabilities	428,246	492,618	(64,372)	-13.07%
Non-current liabilities	4,926,736	5,244,036	(317,300)	-6.05%
Total liabilities	5,354,982	5,736,654	(381,672)	-6.65%
DEFERRED INFLOWS OF RESOURCES	764,608	503,540	261,068	51.85%
NET POSITION				
Investment in capital assets	5,116,939	5,351,340	(234,401)	-4.38%
Restricted net position	285,361	310,874	(25,513)	-8.21%
Unrestricted net position	(747,021)	(378,407)	(368,614)	97.41%
Total net position	$ 4,655,279	$ 5,283,807	$ (628,528)	-11.90%

MAJOR FACTORS AFFECTING THE STATEMENT OF NET POSITION

The Authority's net position decreased by $628,528 (11.90%). While revenues outpaced cash-based operating expenses, regular asset depreciation and reductions in amounts receivable for allocated pension and Other Post-Employment Benefits (OPEB) obligations contributed to an overall decline in net position. The major contributing factors are presented below:

Total assets decreased by $545,552 (5.01%) primarily due to the following:

Cash - Decreased $238,265 (17.45%) as a result of planned strategic spend-down of reserves to preserve housing assets.

Prepaid expenses - Increased $78,196 (106.08%) mostly reflecting the timing of annual property insurance payments.

Total receivables – Decreased $109,280 (5.34%) due to a related-party debt repayment and a reduction in amounts receivable from the Housing Authority of Humboldt County for its allocated share of pension and OPEB obligations as a result of updated actuarial valuations (see Notes 8 and 9).

Capital assets - Decreased $276,203 (3.73%) due to regular depreciation of $538,835, partially offset by $262,632 in unit and building improvements.

Total liabilities decreased $381,672 (6.65%) Major contributing factors are as follows:

Accounts payable - Decreased $66,554 (32.62%) mostly reflecting the timing of annual property insurance payments.

Pension and OPEB liabilities - Decreased $310,340 (11.47%) based on an updated actuarial analysis (see Notes 8 and 9).

Long-term mortgages - Decreased $42,467 (2.13%) from scheduled principal repayments.

Accrued Expenses - Increased $28,567, reflecting higher vacation and sick leave accruals associated with a more experienced workforce and higher average compensation levels.

Overall, the decline in net position was largely attributable to regular depreciation of assets and actuarial adjustments to the Authority's pension and OPEB liabilities, rather than adverse operational performance. Despite a reduced net position, the Authority remains in a strong financial position to support ongoing operations in the coming fiscal year.

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
Dwelling rent	$ 1,791,921	$ 1,260,299	$ 531,622	42.18%
Government grants	1,373,014	1,847,150	(474,136)	-25.67%
Other income	123,041	116,853	6,188	5.30%
Interest income	43,167	55,616	(12,449)	-22.38%
TOTAL REVENUES	3,331,143	3,279,918	51,225	1.56%
Administration	1,097,562	1,257,699	(160,137)	-12.73%
Tenant services	92,166	77,994	14,172	18.17%
Utilities	403,277	368,521	34,756	9.43%
Maintenance and operations	1,353,948	1,101,484	252,464	22.92%
Insurance	198,522	202,842	(4,320)	-2.13%
Other expenses	187,976	142,507	45,469	31.91%
Utility reimbursement payments	12	386	(374)	-96.89%
Depreciation and amortization	538,835	535,043	3,792	0.71%
Interest Expense	87,373	89,532	(2,159)	-2.41%
Loss on disposal of capital assets	-	66,078	(66,078)	-100.00%
TOTAL EXPENSES	3,959,671	3,842,086	117,585	3.06%
CHANGE IN NET POSITION	(628,528)	(562,168)	(66,360)	11.80%
BEGINNING NET POSITION	5,283,807	6,148,500		
Accounting Changes	-	(302,525)		
ENDING NET POSITION	$ 4,655,279	$ 5,283,807		

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

While the Authority experienced increased revenues compared to the prior year, expenses slightly outpaced these gains. The major contributing factors are presented below:

Total revenues increased $51,225 (1.56%) primarily due to increases in tenant rent revenue and rental subsidy from HUD.

Total expenses increased $117,585 (3.06%) primarily due to the following:

> Administration expenses - Decreased $160,137 (12.73%). Administrative salary and benefits expense decreased $53,021 (5.62%) due to updated payroll allocations and lower pension and OPEB expense resulting from updated actuarial valuations. Legal expense decreased $18,149 (55.19%) due to lower eviction activity. In addition, 2024 included a one-time non-cash expense adjustment of $96,722 related to Eureka Housing Development Corporation's investment in the Eureka Senior Housing project, which did not recur in 2025.
>
> Utilities expense - Increased $34,756 (9.43%) mostly due to City-mandated rate increases to water and sewer.

Maintenance and operations expense - Increased $252,464 (22.92%) primarily due to the following:

- Payroll and employee benefit expenses increased $54,107 (10.83%) reflecting normal salary and benefit growth, primarily through scheduled skill-based promotions.
- Trash expense increased $18,458 (10.18%) due to increased demand and rate increases.
- Repair and contract expenses increased $182,833 (50.63%) due to extensive unit turnover costs resulting from nearly double the amount of unit turnovers compared to the prior year.

Other expenses – Increased $45,469 (31.91%) as vacation and sick leave accruals grew with a more experienced workforce and higher average compensation levels.

Overall, despite the decrease in net position, the Authority's revenues exceeded its cash-based operating expenses, revenue streams remained stable, and the Authority is well positioned to manage expense trends in the upcoming fiscal year.

CAPITAL ASSETS

As of December 31, 2025, investment in capital assets for its business-type activities was $7,118,990 net of accumulated depreciation and accumulated amortization. This investment in capital assets includes land, buildings, improvements, equipment, and construction in progress.

			Change	
	2025	2024	Dollar	Percentage
Land	$ 892,315	$ 892,315	$ -	0.00%
Buildings and improvements	18,152,345	17,889,713	262,632	1.47%
Equipment	431,611	431,611	-	0.00%
Right-to-use, equipment	13,514	13,514	-	0.00%
Construction in progress	-	-	-	N/A
	19,489,785	19,227,153	262,632	1.37%
Accumulated depreciation	(12,360,730)	(11,824,583)	(536,147)	4.53%
Accumulated amortization	(10,065)	(7,377)	(2,688)	36.44%
Net capital assets	$ 7,118,990	$ 7,395,193	$ (276,203)	-3.73%

FINANCIAL AGREEMENTS PAYABLE

As of December 31, 2025, the Housing Authority of the City of Eureka had $2,002,051 of debt outstanding (excluding internal loans which have been eliminated in the basic financial statements), a decrease of $41,802 from the prior fiscal year. The change in debt 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 City of Eureka, at (707) 443-4583.

Specific requests may be submitted to:

Dustin Wiesner, Deputy Director,
Housing Authority of the City of Eureka,
735 West Everding, Eureka, CA 95503

	Primary Government	Discretely Presented Component Unit
ASSETS		
Current Assets		
Cash and cash equivalents		
Unrestricted	$ 729,319	$ 3,574
Restricted	397,778	84,853
Subtotal	**1,127,097**	**88,427**
Accounts receivable, net	144,050	-
Prepaid expenses	151,907	7,536
Total Current Assets	**1,423,054**	**95,963**
Non-Current Assets		
Notes receivable - related party	718,594	-
Notes receivable - discretely presented component unit	1,072,689	-
Capital assets not being depreciated	892,315	248,004
Capital assets, net	6,223,226	509,218
Right to use leased assets, net	3,449	-
Total Non-Current Assets	**8,910,273**	**757,222**
TOTAL ASSETS	**10,333,327**	**853,185**
DEFERRED OUTFLOWS OF RESOURCES	**441,542**	**-**
LIABILITIES		
Current Liabilities		
Accounts payable	137,471	5,550
Deposits held in trust	112,417	12,435
Compensated absences current	3,508	64
Unearned revenue	10,025	897
Other liabilities current	116,999	8,798
Financial agreements payable current	47,826	25,544
Total Current Liabilities	**428,246**	**53,288**
Non-Current Liabilities		
Compensated absences	114,449	2,064
Accrued interest payable	462,750	361,500
Accrued interest payable - primary government	-	602,689
Net pension liability	1,827,195	-
Net OPEB liability	568,117	-
Financial agreements payable	1,954,225	361,744
Financial agreements payable - primary government	-	470,000
Total Non-Current Liabilities	**4,926,736**	**1,797,997**
TOTAL LIABILITIES	**5,354,982**	**1,851,285**
DEFERRED INFLOWS OF RESOURCES	**764,608**	**-**
NET POSITION		
Net investment in capital assets	5,116,939	(76,939)
Restricted	285,361	72,418
Unrestricted	(747,021)	(993,579)
TOTAL NET POSITION	**$ 4,655,279**	**$ (998,100)**

See notes to financial statements

	Primary Government	Discretely Presented Component Unit
Operating Revenues		
Rental revenues, net	$ 1,791,921	$ 194,914
Government grants	1,373,014	-
Other income	123,041	371
Total Operating Revenues	**3,287,976**	**195,285**
Operating Expenses		
Administration	1,097,562	64,327
Tenant services	92,166	6,810
Utilities	403,277	30,081
Maintenance and operations	1,353,948	67,730
Insurance expense	198,522	10,508
General expense	187,976	2,052
Housing Assistance Payments	12	-
Depreciation and amortization	538,835	38,612
Total Operating Expenses	**3,872,298**	**220,120**
NET OPERATING INCOME (LOSS)	**(584,322)**	**(24,835)**
Non-Operating Revenues (Expenses)		
Interest income	43,167	44
Interest expense	(87,373)	(40,059)
Total Non-Operating Revenues (Expenses)	**(44,206)**	**(40,015)**
CHANGE IN NET POSITION	**(628,528)**	**(64,850)**
BEGINNING NET POSITION	**5,283,807**	**(933,250)**
ENDING NET POSITION	**$ 4,655,279**	**$ (998,100)**

CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from tenants and users	$	1,792,322
Receipts from operating grants		1,373,014
Receipts from other sources		115,541
Payments for goods and services		(1,974,538)
Payments for Housing Assistance Payments		6,282
Payments to employees for services		(1,252,562)
NET CASH FLOW PROVIDED (USED) BY OPERATING ACTIVITIES		**60,059**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital asset purchases		(262,632)
Payments on financial agreements		(92,909)
Proceeds from additional financial agreeemnts		-
Capital contributions and transfers		-
NET CASH FLOW PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES		**(355,541)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from investment activities		17,317
Note receivable collected		39,900
Note receivable issued		-
NET CASH FLOW PROVIDED (USED) BY INVESTING ACTIVITIES		**57,217**
NET INCREASE (DECREASE) IN CASH		**(238,265)**
BEGINNING CASH		**1,365,362**
ENDING CASH	**$**	**1,127,097**

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	$	(584,322)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation		538,835
Pension		247,410
Change in Assets and Liabilities		
(Increase) decrease in accounts receivable		2,128
(Increase) decrease in prepaid		(78,196)
Increase (decrease) in accounts payable		(92,344)
Increase (decrease) in accrued liabilities		6,356
Increase (decrease) in compensated absences		29,419
Increase (decrease) in unearned revenue		(10,510)
Increase (decrease) in deposits held in trust		1,283
Total Adjustments		**644,381**
Net Cash Provided (Used) by Operating Activities	**$**	**60,059**
Interest Paid	**$**	**50,207**

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

Introduction

The financial statements of the Housing Authority of the City of Eureka (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 August 6, 1946, under the 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 City of Eureka, CA. A six-member board of Commissioners are appointed by the mayor of the City of Eureka. Regular commissioners serve terms of four years, and tenant commissioners serve two years. 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 Low Rent Housing Program. This program is designed to provide very low-income families with decent, safe, and sanitary rental housing. The Low Rent Housing Program operates the Authority's own rental housing units subsidized by HUD through an Annual Contributions Contract (ACC). This program has 195 units owned at twelve different sites as well as a community center and police annex. This program is operated by the Authority under HUD contract SF-216. Funding is provided by tenant rent payments and subsidies provided by HUD based upon a formula that takes into consideration factors such as prior formula funding, the population of the area, number of dwelling units, bedroom sizes, building height, building age, utility costs, and rental income.

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

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

GASB Statement No. 14 established criteria for determining the governmental reporting entity. Under provisions of this statement, the Housing Authority of the City of Eureka 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 City of Eureka and City of Eureka (the City), the Authority has determined not to be a component unit of the City on the following:

Financial Accountability - The Authority is responsible for its debts, does not impose a financial burden on the City, and is entitled to all surpluses. No separate agency receives a financial benefit nor imposes a financial burden on the Authority. The City provides the Authority no ongoing funding. Additionally, the City does not hold title to any of the assets, nor does it have any right to the surpluses. The City does not have the ability to exercise influence over daily operations or approve budgets.

The Authority is a separate entity from the Housing Authority of the County of Humboldt (HACH). Each Housing Authority has an independent Board of Commissioners and individual by-laws to adhere to. Although two distinct corporate entities, the Authority and HACH operate in a cooperative manner, efficiently sharing administrative functions to deliver housing resources and services. One executive director administers both housing authorities; staff, office space, and equipment are shared. Costs associated with these shared resources are allocated based on actual time spent on programs, square footage, and other methods deemed appropriate by management.

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

Based on the aforementioned criteria, and the control and relationship between the Housing Authority of the City of Eureka and the component units, the Authority has determined that the following entities are considered component units of the Housing Authority of the City of Eureka and are required to be blended within the Authority's financial statements:

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

Eureka Family Housing, L.P. (EFHL) - Eureka Family Housing, L.P. (the Partnership), a California limited partnership, was formed on February 7, 2007, to acquire, rehabilitate, own, and operate a 50-unit affordable housing complex located in Eureka, California, which is currently operating under the name of Eureka Family Housing (the Project). Rehabilitation of the Project was completed in September 2008. The tax credit allocation date is March 21, 2007. The Partnership is controlled by its general partner, Eureka Family Housing L.L.C., an affiliate of the Housing Authority of the City of Eureka. The limited partner was Merritt Community Capital Fund X, L.P. Effective December 31, 2023, the limited partner executed the First Amendment to the Amended and Restated Agreement of Limited Partnership, withdrew from the Partnership, and assigned its limited partner interest to the Housing Authority of the City of Eureka. Permanent financing was obtained through loans from the California Housing Finance Agency (CalHFA), the Housing Authority of the City of Eureka, and the City of Eureka. A report issued under separate cover may be obtained at the Housing Authority of the City of Eureka.

The following entity is considered a component unit of the Housing Authority of the City of Eureka and based on the GASB Statement No. 61 established criteria, and the control and relationship between the Housing Authority of the City of Eureka and the component unit, the Authority has determined this component unit is required to be discretely presented on the Authority's financial statements. The entity and the Housing Authority of the City of Eureka are all reporting on the same year end of December 31, 2025.

Eureka Housing Associates, L.P. - This is a legally separate entity formed as a partnership between Eureka Housing Development Corporation and an investment partner. The purpose is to own and operate a 22-unit scattered-site multi-family project for the benefit of elderly low-income persons who need affordable, decent, safe, and sanitary housing and related services. A report issued under separate cover may be obtained at the Housing Authority of the City of Eureka.

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 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
Kali Serotta	1/1/2026	Chairman
Kay Escarda	1/1/2028	Vice-Chairman
Renee Byers	1/1/2026	Commissioner
Mark Konkler	1/1/2026	Commissioner
Bonnie Maschke	1/1/2026	Commissioner
Kristen Raymond	1/1/2026	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. Accounts for which no possibility of collection is anticipated are charged to bad debts expense which is netted against dwelling rent revenues on the statement of revenues, expenses, and changes in net position.

Amounts due from other governments and other housing authorities 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.

Provision for Uncollectible Notes
A note receivable is considered impaired when, based on current information, it is probable that all amounts of principal and interest due will not be collected according to the terms of the note agreement. Uncollectible notes are charged to the allowance account in the period such determination is made.

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 rental related income, interest income, and other sources of revenues and are recognized in the accounting period in which they are earned. Other major sources of revenues include the operating subsidy from HUD and other HUD funding for capital and operating expenses.

In accordance with GASB standards, dwelling income has been netted with bad debt expense of $ 103,499. Collection losses on accounts receivable are expended, in the appropriate Fund, on the specific write-off method.

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. The principal operating revenues of the Authority are charges to customers for rents. 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 used for capital purchases 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 estimated useful lives for each major class of depreciable capital assets are as follows:

Category	Useful Life
Buildings and improvements	5-30 Years
Improvements other than buildings	5-20 Years
Furniture and equipment	5-7 Years
Right-to-use equipment	5 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 deferred outflows of resources are all related to the Pension and OPEB, see Note 08 and Note 09.

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 deferred inflows of resources are all related to the Pension and OPEB, see Note 08 and Note 09.

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

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

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. The Authority's policy is that annual vacation lease is limited to 320 hours at year-end and sick leave is limited to 1,000 hours.

Dwelling Rental
Rents charged to Authority tenants under lease agreements, in accordance with HUD guidelines, are based on percentages of family income levels, and accordingly may not represent fair market rent. Residents may opt to pay a flat rent under HUD guidelines. Leases may be cancelled by the tenant at any time; however, the Authority may cancel the lease only for cause.

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.

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

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.

Unearned Revenue

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

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 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) 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 as long-term lease liability on the statement of net position.

Lease Liabilities

Per GASB 87, leases, the 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 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.

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.

Investment in State Investment Pool
The Authority is a voluntary participant in the Local Agency Investment Fund (LAIF), which is part of the Pooled Money Investment Account that is regulated by the California Government Code under the oversight of the State Treasurer, Director of Finance, and State Controller. The Authority may invest up to $75 million in the LAIF fund. Investments in LAIF are highly liquid, as deposits can be converted to cash within 24 hours without loss of interest. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

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

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

Fair Market Value
Accounting pronounces 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 deposit amounted to $1,127,097. 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.

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

Tenant Security Deposits

Tenant security deposit accounts totaled $112,417. These balances are legally restricted for the benefit of tenants and are held in separate bank accounts consistent with state law. These funds are not available for operations.

Replacement Reserves and Project-Restricted Cash

Replacement reserve and other project-restricted accounts totaled $285,361. These balances are restricted under regulatory agreements, lender covenants, capital project restrictions, or program requirements. Certain reserve accounts are held in lender-controlled or trustee-controlled institutions, which may not fall under the Authority's general collateralization policies. Access to such funds may require lender approval, creating additional liquidity constraints beyond custodial credit risk.

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

Unrestricted	
Checking, Money Market & LAIF accounts	$ 729,319
Subtotal	729,319
Restricted	
Security deposits - tenants	112,417
Replacement reserves and project-restricted cash	285,361
Subtotal	397,778
Total Cash & Equivalents	**$ 1,127,097**

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 statute governs collateral requirements and forms of collateral under state statues. 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 have 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 receivables	$ 180,753
Allowance for receivables	(137,735)
Net receivable	43,018
Miscellaneous receivables	97,500
Interest receivable	3,532
Accounts Receivable, Net	**$ 144,050**

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	$ 892,315	$ -	$ -	$ 892,315
Construction in progress	-	-	-	-
Capital assets not being depreciated	892,315	-	-	892,315
Capital assets being depreciated				
Buildings & improvements	17,889,713	262,632	-	18,152,345
Furniture & equipment	431,611	-	-	431,611
Total assets being depreciated	18,321,324	262,632	-	18,583,956
Accumulated depreciation	(11,824,583)	(536,147)	-	(12,360,730)
Net capital assets being depreciated	6,496,741	(273,515)	-	6,223,226
Capital Assets, Net	**$ 7,389,056**	**$ (273,515)**	**$ -**	**$ 7,115,541**

	Balance at 12/31/24	Additions	Deletions	Balance at 12/31/25
Right -to-use asset - equipment	$ 13,514	$ -	$ -	$ 13,514
Accumulated amortization	(7,377)	(2,688)	-	(10,065)
Lease, Net	**$ 6,137**	**$ (2,688)**	**$ -**	**$ 3,449**

For the year ended December 31, 2025, the Authority reported depreciation and amortization expense of $538,835.

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	$ 88,538	$ 132,803	$ (103,384)	$ 117,957	$ 3,508
Net pension liability	2,116,909	-	(289,714)	1,827,195	-
Net OPEB liability	588,743	-	(20,626)	568,117	-
Accrued interest payable	479,817	36,267	(26,930)	489,154	26,404
Financial agreements	2,043,853	-	(41,802)	2,002,051	47,826
Total	$ 5,317,860	$ 169,070	$ (482,456)	$ 5,004,474	$ 77,738

NOTE 06 - DEBT AND LEASE PAYABLE

Direct borrowings at December 31, 2025, consisted of the following:

Columbia Bank - Union Street Building	
In November 2022, the Authority obtained a loan from Columbia Bank to purchase a building. The Columbia Bank provided a loan amounting to $268,000, which is equivalent to 80% of the building's cost. This loan is structured as a fifteen-year loan with an annual interest rate of 6% for an initial 120 installments and thereafter 6.38%. Repayment of the loan is scheduled in monthly installments of $2,272 for the first 120 installments, starting from December 2022, and subsequently, the installment amount increases to $2,293. Interest expense was $14,621 in 2025.	$ 230,359
Eureka Family Housing - CalHFA First Note	
CalHFA First Note, in the original amount of $3,375,000, converted to a $940,000 mortgage loan on August 01, 2009, bears interest at 5.30% per annum, with monthly payments of principal and interest in the amount of $5,220 starting September 01, 2009, to be repaid in full by August 2039. Interest expense was $32,899 in 2025.	604,495
Eureka Family Housing - CalHFA Third Note	
CalHFA Third Note, in the original amount of $708,900, bears 3% simple interest per annum. Payments are to be made from surplus/distributable cash, with the entire principal and interest due in August 2039, at the expiration of the Note. Interest expense was $21,267 in 2025. For the year ended December 31, 2025, accrued interest payable related to this note was $217,921.	708,900
Eureka Family Housing - City of Eureka	
The City of Eureka Note, in the original amount of $500,000, bears 3% simple interest per annum. Payments are to be made from surplus/distributable cash, with the entire principal and interest due in full on December 31, 2066. Interest expense was $15,000 in 2025. For the year ended December 31, 2025, accrued interest payable related to this note was $281,921.	500,000
Less: unamortized permanent loan costs	(45,119)
Total debt	$ 1,998,635

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

Year Ended December 31,		**Principal**	**Interest**	**Total**
	2026	$ 44,904	$ 81,208	$ 126,112
	2027	47,453	78,653	126,106
	2028	50,115	75,988	126,103
	2029	52,998	73,101	126,099
	2030	56,087	70,085	126,172
2031	2035	331,770	302,863	634,633
2036	2040	960,427	175,550	1,135,977
2041	2045	-	75,000	75,000
2046	2050	-	75,000	75,000
2051	2055	-	75,000	75,000
2056	2060	-	75,000	75,000
2061	2065	-	75,000	75,000
2066	2070	500,000	60,000	560,000
Unamortized loan costs		(45,119)	-	(45,119)
		$ 1,998,635	$ 1,292,448	$ 3,291,083

Copier Lease

The Authority and Housing Authority of the County of Humboldt have been leasing and sharing copier equipment (21.34% and 78.66%, 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.	$ 3,416
Total lease payable	$ 3,416

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

Year Ended December 31,	**Principal**	**Interest**	**Total**
2026	$ 2,922	$ 181	$ 3,103
2027	494	81	575
2028	-	-	-
	$ 3,416	$ 262	$ 3,678

NOTE 07 - NOTES RECEIVABLE

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

Housing Authority of the County of Humboldt - Pension Liability	
The Housing Authority of the County of Humboldt does not have a pension plan. However, all of the salaries and wages in the Housing Authority of the County of Humboldt'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 Housing Authority of the County of Humboldt 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.	$ 548,159
Housing Authority of the County of Humboldt - OPEB Liability	
The Housing Authority of the County of Humboldt does not have an OPEB plan. However, all of the salaries and wages in the Housing Authority of the County of Humboldt'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 Housing Authority of the County of Humboldt 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.	170,435
Eureka Housing Associates, L.P.	
Marine View Terrace (MVT) made a loan in the amount of $470,000 to Eureka Housing Associates, L.P. The term of the loan started on June 18, 1998, and ends on the later of (a) 30 years after the closing date or (b) repayment in full of the loan and all interest due thereon. The loan is secured by a deed of trust and bears interest at a rate of 5.5% per annum. As of December 31, 2025, the outstanding principal balance of the loan was $470,000. The interest of $602,689 was outstanding as of the year-end on this loan.	1,072,689
Allowance for uncollectible amount	-
Total notes receivable	$ 1,791,283

NOTE 08 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description

The Authority administers a single employer defined benefit healthcare plan (the Retiree Health Plan). Under board resolution, the Authority pays individual insurance benefits for all employees who retire from the Authority and receive a CalPERS pension. The Authority participates in the CalPERS 2.7% @ 55 Public Agency Miscellaneous Employees' pension plan for Classic employees hired prior to January 1, 2013, and the CalPERS 2% @ 62 Public Agency Miscellaneous Employees' pension plan for PEPRA employees hired on or after January 1, 2013. Earliest eligibility for retirement benefits under these plans are age 50 and 5 years of service for Classic employees and age 52 and 5 years of service for PEPRA employees. The Authority participates in the CalPERS medical program and contributes the minimum amount provided under Government Code Sections 22825 of the Public Employees Medical and Hospital Care Act. Retirees must contribute any premium amounts in excess of the Authority's contribution.

Participant Data

As of December 31, 2025, actuarial valuations, the following current and former employees were covered by the benefit terms under the Plan:

Active participants	23
Retired participants	10
Inactive participants with deferred benefits	0
Total	**33**

Contributions

The OPEB Plan and its contribution requirements are established by Board action and may be amended by Board action. The Authority contributes the statutory minimum per member of the cost of current-year premiums for eligible retired plan members and their dependents (pay-as-you-go).

Net OPEB Liability

The Authority's net OPEB liability of $568,117 at December 31, 2025, was measured as of December 31, 2025, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated December 31, 2025. The components of the net OPEB liability of the Authority at December 31, 2025, were as follows:

Total OPEB Liability		
Current retirees	$	309,056
Active employees		259,061
Total OPEB liability		568,117
Plan fiduciary net position		-
Net OPEB liability	$	568,117

Actuarial Assumptions
The total OPEB liability in the December 31, 2025 actuarial valuation, was based on the following actuarial methods and assumptions:

Inflation Rate:	2.50%
Projected Salary Increases; Including Wage Inflation:	2.75%
Discount Rate:	4.83%
Mortality Rate:	The mortality rates are from the 2021 CalPERS experience study.
Pre-Retirement Turnover:	The turnover rates are from the 2021 CalPERS experience study.
Healthcare Trend Rate:	4.00%

Discount Rate
The discount rate used to measure the total OPEB liability was 4.83 percent for the December 31, 2025 measurement date. The projection of cash flows used to determine the discount rate assumed that Authority contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a)-(b)
Balance at 12/31/24	**$ 588,743**	**$ -**	**$ 588,743**
Changes for the Year:			
Service cost	40,066	-	40,066
Interest	24,451	-	24,451
Changes in assumptions	(66,183)	-	(66,183)
Contributions - employer	-	18,960	(18,960)
Experience (gain)/losses	-	-	-
Benefit payments, including refunds of employee contributions	(18,960)	(18,960)	-
Net Changes	**(20,626)**	**-**	**(20,626)**
Balance at 12/31/25	**$ 568,117**	**$ -**	**$ 568,117**

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

The following presents the net OPEB liability of the Authority if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended December 31, 2025:

	1% Decrease (3.83%)	Discount Rate (4.83%)	1% Increase (5.83%)
OPEB Liability	$ 658,310	$ 568,117	$ 497,796

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

The following presents the net OPEB liability of the Authority if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended December 31, 2025:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
OPEB Liability	$ 477,660	$ 568,117	$ 678,463

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended December 31, 2025, the Authority recognized OPEB expense (benefit) of $41,784. At December 31, 2025, the Authority reported deferred outflows of resources and deferred inflow of resources related to the OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 110,468
Changes in assumptions	121,441	209,723
Contributions after the measurement date	-	-
Totals	$ 121,441	$ 320,191

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

Measurement Period Ended December 31,	
2025	$ (22,643)
2026	(22,643)
2027	(29,663)
2028	(34,342)
2029	(34,660)
Thereafter,	(54,799)
	$ (198,750)

In the table shown above, positive amounts will increase OPEB expense while negative amounts will decrease OPEB expense.

NOTE 09 - PENSION PLAN

Plan Description

The plan is a cost-sharing, multiple-employer defined benefit pension plan administered by CalPERS. A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes and membership information, is listed in the June 30, 2024, Annual Actuarial Valuation Report. This report is a publicly available valuation report that can be obtained at CalPERS' website under "Forms and Publications". All qualified permanent and probationary employees are eligible to participate in the Authority's cost-sharing multiple employer defined benefit pension plans administered by CalPERS. Benefit provisions under the plans are established by state statute and the Authority's resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan provisions and benefits in effect at December 31, 2025, are summarized as follows:

	Miscellaneous Plan	
Hire Date	Prior to January 1, 2013	On or after January 1, 2013
Benefit Formula	2.7% at 55	2% at 62
Benefit Vesting Formula	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for Life
Monthly Benefits, as of % of Eligible Compensation	2% to 2.7%	1.0% to 2.5%
Required Employee Contribution Rates	8.00%	7.75%
Required Employer Contribution Rates	16.02%	7.87%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Miscellaneous Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Authority is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The Authority's contributions to the plan for the measurement year ended June 30, 2025, were $162,208. The Authority's contributions to the pension plan after the measurement year were $86,432.

Actuarial Assumptions

The total pension liability in the December 31, 2025, actuarial valuations, were determined using the following actuarial assumptions:

Valuation Date	June 30, 2025
Measurement Date	June 30, 2024
Salary Increases	Entry Age Actuarial Cost Method
Discount Rate	6.90%
Price Inflation Salary Increases	2.30%
Investment Rate of Return	Varies by entry age and service.
Mortality Rate Table	Derived using CalPERS' membership data for all funds.
Post Retirement Benefit Increase	The lessor of contract COLA or 2.30% until purchasing power protection allowance floor on purchasing power applies, 2.30% thereafter.

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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Long-Term Expected Rate of Return

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

In determining the long-term expected rate of return, CalPERS took into account both short -term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building -block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 basis points. The expected real rates of return by asset class are as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public equity	37%	4.56%
Private equity	17%	5.56%
Fixed income	28%	2.53%
Real assets	15%	3.03%
Private debt	8%	4.93%
Strategic leverage	-5%	1.40%
	100%	

Changes in the Net Pension Liability

The Authority's net pension liability of $1,827,195 is measured as the proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability was determined by an actuarial valuation as of June 30, 2024. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of the contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2025, the Authority's proportion was 0.04580 percent, which was an increase of 0.00203 percent from its proportion measured as of June 30, 2024.

	Plan Total Pension Liability [a]	Plan Fiduciary Net Position [b]	Plan Net Pension Liability (Asset) [c] = [a]-[b]
Balance at June 30, 2024	$ 9,149,596	$ 7,032,687	$ 2,116,909
Net changes	668,461	958,175	(289,714)
Balance at June 30, 2025	$ 9,818,057	$ 7,990,862	$ 1,827,195

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Plan Net Pension Liability (Assets)	$ 3,152,119	$ 1,827,195	$ 736,796

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions
For the year ended December 31, 2025, the Authority recognized pension expense of $217,826. At December 31, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of assumptions	$ -	$ -
Differences between expected and actual experience	218,942	-
Differences between projected and actual investment earnings	-	247,240
Differences between employer's contributions and proportionate share of contributions	-	189,824
Change in employer's proportion	14,727	7,353
	233,669	444,417
Contributions subsequent to the measurement date of plan	86,432	-
Totals	$ 320,101	$ 444,417

The $86,432 reported as deferred outflows of resources related to pensions, will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Period Ended June 30,	
2026	$ 136,695
2027	(113,598)
2028	(139,464)
2029	(94,381)
2030	-
Thereafter	-
	$ (210,748)

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

Payable to the Pension Plan
At December 31, 2025, there were no amounts payable to the pension plan.

NOTE 10 - NET POSITION

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

Capital assets not being depreciated	$ 892,315
Capital assets, net	6,223,226
Right to use leased assets, net	3,449
Related debt and leases payable	(2,002,051)
Net Investment in Capital Assets	**$ 5,116,939**
Restricted cash	$ 397,778
Security deposit liability	(112,417)
Restricted Net Position	**$ 285,361**

NOTE 11 - 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.

Capital Fund: The Authority receives capital funding each year for ongoing capital improvements, repairs and maintenance.

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 12 - RELATED PARTY TRANSACTIONS

Shared Administration

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

Receivable for Facility Rent

The Authority charges the HACH a rental expense for its usage of the Authority's office facilities. For the year ended December 31, 2025, the Authority recorded office rental revenue of $12,840, which was paid in full as of year-end.

Receivable for Pension Plan

The Authority is fully liable for the pension obligation due to its employees. During FY 2015, the Authority recognized its unfunded pension liability administered by the California Public Employees Retirements System. Due to the Authority's employees being utilized by HACH, the Authority has established a long-term note receivable from the HACH, which is allocated based on the same methodology by which the Authority allocates salary and benefits expenses to the HACH. See Note 07 for the balance.

Receivable for OPEB Plan

The Authority is fully liable for the OPEB obligation due to its employees. During FY 2018, the Authority recognized its unfunded OPEB liability administered by the California Public Employees Retirements System. Due to the Authority's employees being utilized by the HACH, the Authority has established a long-term note receivable from the HACH, which is allocated based on the same methodology by which the Authority allocates salary and benefits expenses to the HACH. See Note 07 for the balance.

NOTE 13 - ECONOMIC DEPENDENCE

For the year ended December 31, 2025, approximately 60% 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 14 - SUBSEQUENT EVENTS

Management evaluated the activity of the Authority through August 10, 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.

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NOTE 15 - CONDENSED FINANCIAL STATEMENTS

As required by GASB the condensed financial statements with elimination, for additional information see the detail supplementary information schedules.

	Housing Authority	Eureka Housing Development Corporation	Eureka Family Housing	Eliminations	Primary Government Totals
Condensed Statement of Net Position					
Current assets	$ 798,007	$ 237,955	$ 482,177	$ (95,085)	$ 1,423,054
Capital assets	2,233,469	-	4,885,521	-	7,118,990
Other assets	5,859,493	-	-	(4,068,210)	1,791,283
Total Assets	**8,890,969**	**237,955**	**5,367,698**	**(4,163,295)**	**10,333,327**
Deferred outflow of resources	441,542	-	-	-	441,542
Current liabilities	300,020	52,056	171,255	(95,085)	428,246
Noncurrent liabilities	2,718,744	-	6,276,202	(4,068,210)	4,926,736
Total Liabilities	**3,018,764**	**52,056**	**6,447,457**	**(4,163,295)**	**5,354,982**
Deferred inflow of resources	764,608	-	-	-	764,608
Net investment in capital assets	1,999,694	-	3,117,245	-	5,116,939
Restricted net position	-	-	285,361	-	285,361
Unrestricted net position	3,549,445	185,899	(4,482,365)	-	(747,021)
Net Position	**$ 5,549,139**	**$ 185,899**	**$ (1,079,759)**	**$ -**	**$ 4,655,279**
Condensed Statement of Revenues, Expenses, and Changes in Net Position					
Operating revenues	$ 2,450,141	$ 27,297	$ 810,538	$ -	$ 3,287,976
Depreciation expense	(295,347)	-	(243,488)	-	(538,835)
Other operating expenses	(2,636,372)	(4,549)	(692,542)	-	(3,333,463)
Operating Income (Loss)	**(481,578)**	**22,748**	**(125,492)**	**-**	**(584,322)**
Nonoperating revenues	198,720	20	12,148	(167,721)	43,167
Nonoperating expenses	(14,621)	-	(240,473)	167,721	(87,373)
Nonoperating Revenue (Expense)	**184,099**	**20**	**(228,325)**	**-**	**(44,206)**
Income (Loss) Before Capital Contributions	**(297,479)**	**22,768**	**(353,817)**	**-**	**(628,528)**
Transfers	-	-	-	-	-
Capital contributions	-	-	-	-	-
Change in Net Position	**(297,479)**	**22,768**	**(353,817)**	**-**	**(628,528)**
Beginning net position	5,846,618	163,131	(725,942)	-	5,283,807
Corrections of errors	-	-	-	-	-
Changes in accounting principles	-	-	-	-	-
Changes in accounting estimates	-	-	-	-	-
Beginning net position, restated	5,846,618	163,131	(725,942)	-	5,283,807
Net position, end of year	$ 5,549,139	$ 185,899	$ (1,079,759)	$ -	$ 4,655,279
Condensed Statement of Cash Flows					
Net cash flows provided/(used) by operating activities	$ (34,207)	$ 21,830	$ 72,436	$ -	$ 60,059
Net cash flows provided/(used) by capital and related financing activities	(238,675)	-	(116,866)	-	(355,541)
Net cash flows provided/(used) by investing activities	45,049	20	12,148	-	57,217
Net increase/(decrease) in cash and cash equivalents	(227,833)	21,850	(32,282)	-	(238,265)
Cash, beginning of year	841,137	77,479	446,746	-	1,365,362
Cash, end of year	$ 613,304	$ 99,329	$ 414,464	$ -	$ 1,127,097

SCHEDULE OF THE PENSION PLAN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) AND RELATED RATIOS

Reporting Date for Employer under GASB 68 as of June 30	Proportion of Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Employee Payroll*	Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability**
2016	0.03308%	$ 1,112,018	$ 1,144,322	97.18%	75.87%
2017	0.03468%	$ 1,320,012	$ 1,138,020	115.99%	75.39%
2018	0.03548%	$ 1,289,899	$ 1,151,936	111.98%	77.69%
2019	0.03575%	$ 1,431,717	$ 1,150,942	124.40%	77.73%
2020	0.03752%	$ 1,582,515	$ 1,130,167	140.02%	77.71%
2021	0.03609%	$ 741,765	$ 1,165,591	63.64%	90.49%
2022	0.04150%	$ 1,942,094	$ 1,350,899	143.76%	78.19%
2023	0.04246%	$ 2,123,131	$ 1,497,599	141.77%	77.97%
2024	0.04377%	$ 2,116,909	$ 1,524,833	138.83%	79.91%
2025	0.04580%	$ 1,827,195	$ 1,594,868	114.57%	84.34%

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

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

SCHEDULE OF THE PENSION PLAN CONTRIBUTIONS

Reporting Date for Employer under GASB 68 as of June 30	Actuarially Determined Contribution [A]	Contributions in Relation to Actuarially Determined Contribution [B]	Contribution Deficiency (Excess) [C]=[A]-[B]	Covered-Employee Payroll	Contribution as a Percentage Covered-Employees Payroll
2016	$ 174,605	$ 174,605	$ -	$ 1,144,322	15.26%
2017	$ 122,190	$ 122,190	$ -	$ 1,138,020	10.74%
2018	$ 117,570	$ 117,570	$ -	$ 1,151,936	10.21%
2019	$ 115,632	$ 115,632	$ -	$ 1,150,942	10.05%
2020	$ 118,619	$ 118,619	$ -	$ 1,130,167	10.50%
2021	$ 117,305	$ 117,305	$ -	$ 1,165,591	10.06%
2022	$ 126,649	$ 126,649	$ -	$ 1,350,899	9.38%
2023	$ 140,007	$ 140,007	$ -	$ 1,497,599	9.35%
2024	$ 155,560	$ 155,560	$ -	$ 1,524,833	10.20%
2025	$ 162,208	$ 162,208	$ -	$ 1,594,868	10.17%

Notes to Required Supplementary Information Schedules:

Change in Assumptions:

In Fiscal Year 2024-25, there are no changes to the actuarial assumptions or methods in relation to financial reporting.

In Fiscal Year 2023-24, there are no changes to the actuarial assumptions or methods in relation to financial reporting.

In Fiscal Year 2022-23, there are no changes to the actuarial assumptions or methods in relation to financial reporting.

In November 2021, the CalPERS Board of Administration adopted new investment portfolios as well as several changes to actuarial assumptions. For PERF C, these changes were implemented in the June 30, 2021, actuarial valuations for funding purposes. Included in these changes were assumptions for inflation, the discount rate, and administrative expenses, as well as demographic assumptions including changes to mortality rates. The inflation assumption was reduced from 2.50 percent to 2.30 percent, the administrative expense assumption was reduced from 0.15 percent to 0.10 percent, and the discount rate was reduced from 7.00 percent to 6.80 percent. As a result, for financial reporting purposes, the discount rate for the PERF C was lowered from 7.15 percent to 6.90 percent in Fiscal Year 2021-22.

In Fiscal Year 2020-21, no changes were made to the actuarial assumptions in relation to financial reporting.

The CalPERS Board of Administration adopted a new amortization policy effective with the June 30, 2019, actuarial valuation. The policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount.

In addition, the policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes, investment gains/losses, and non-investment gains/losses. These changes will apply only to new UAL bases established on or after June 30, 2019. In Fiscal Year 2019-20, no changes have occurred to the actuarial assumptions in relation to financial reporting.

In Fiscal Year 2018-19, CalPERS implemented a new actuarial valuation software system for the June 30, 2018, valuation. This new system has refined and improved calculation methodology.

In December 2017, the Board adopted new mortality assumptions for plans participating in the PERF. The new mortality table was developed from the December 2017, experience study and includes 15 years of projected ongoing mortality improvement using 90 percent of scale MP 2016, published by the Society of Actuaries. The inflation assumption was reduced from 2.75 percent to 2.50 percent. The assumptions for individual salary increases and overall payroll growth were reduced from 3.00 percent to 2.75 percent. These changes will be implemented in two steps commencing in the June 30, 2017, funding valuation. For financial reporting purposes, these assumption changes are fully reflected in the results for Fiscal Year 2017-18.

In Fiscal Year 2016-17, the financial reporting discount rate for the PERF C was lowered from 7.65 percent to 7.15 percent. In December 2016, the Board approved lowering the funding discount rate used in the PERF C from 7.50 percent to 7.00 percent, which was phased in over a three-year period (7.50 percent to 7.375 percent, 7.375 percent to 7.25 percent, and 7.25 percent to 7.00 percent) beginning with the June 30, 2016, valuation reports. The funding discount rate includes a 15 basis-point reduction for administrative expenses, and the remaining decrease is consistent with the change in the financial reporting discount rate.

In Fiscal Year 2014-15, the financial reporting discount rate was increased from 7.50 percent to 7.65 percent resulting from eliminating the 15 basis-point reduction for administrative expenses. The funding discount rate remained at 7.50 percent during this period and remained adjusted for administrative expenses.

Change in Benefits: None.

Valuation date:
Actuarially determined contribution rates for fiscal year 2024 - 2025, were calculated based on the June 30, 2024, funding valuation report.

Methods and assumptions used to determine contribution rates:

Actuarial cost method:	Entry age normal.
Amortization method:	5 year straight-line amortization.
Asset valuation method:	Fair Value of Assets. For details, see June 30, 2023, Funding Valuation Report.
Inflation:	2.30%
Salary increases:	Varies by entry age and service.
Payroll growth	2.75%
Investment rate of return:	6.9% net of pension plan investment and administrative expenses; including inflations.
Mortality:	Derived using CalPERS' membership date for all funds.

Change in assumptions:
For changes to previous years' information, refer to past GASB 68 reports.

Measurement Period	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Service cost	$ 22,268	$ 22,880	$ 33,969	$ 51,400	$ 53,348	$ 40,920	$ 47,323	$ 40,066
Interest	18,153	12,699	16,436	14,453	15,341	21,329	21,793	24,451
Experience (gains)/losses	-	-	(95,969)	-	(48,123)	-	(50,080)	-
Expected minus actual benefit payments	-	(1,097)	-	-	-	-	-	-
Changes of assumptions	-	111,067	130,950	5,083	(169,818)	46,001	(66,982)	(66,183)
Benefit payments	(13,172)	(12,672)	(13,769)	(15,444)	(15,444)	(16,308)	(16,308)	(18,960)
Net change	27,249	132,877	71,617	55,492	(164,696)	91,942	(64,254)	(20,626)
Beginning total OPEB liability	438,516	465,765	598,642	670,259	725,751	561,055	652,997	588,743
Ending Total OPEB Liability	**$ 465,765**	**$ 598,642**	**$ 670,259**	**$ 725,751**	**$ 561,055**	**$ 652,997**	**$ 588,743**	**$ 568,117**
Plan Fiduciary Net Position	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Net OPEB liability (asset)	$ 465,765	$ 598,642	$ 670,259	$ 725,751	$ 561,055	$ 652,997	$ 588,743	$ 568,117
Plan fiduciary net position as a percent of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	$ 1,151,936	$ 1,150,942	$ 1,130,167	$ 1,165,591	$ 1,350,899	$ 1,497,599	$ 1,524,833	$ 1,594,868
Net OPEB liability as percent of covered payroll	40.43%	52.01%	59.31%	62.26%	41.53%	43.60%	38.61%	35.62%
Actuarially determined contribution (ADC)	$ 13,172	$ 12,672	$ 13,769	$ 15,444	$ 15,444	$ 16,308	$ 16,308	$ 18,960
Actual contributions	(13,172)	(12,672)	(13,769)	(15,444)	(15,444)	(16,308)	(16,308)	(18,960)
Contribution Deficiency (Excess)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Contributions as a percentage of covered payroll	1.14%	1.10%	1.22%	1.32%	1.14%	1.09%	1.07%	1.19%

Notes to Schedule

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

	Assistance Listing Number(s)	Award Type	Expenditures
U.S. Department of HUD			
Public Housing Operating Fund	14.850	Direct	$ 529,988
Public Housing Capital Fund	14.872	Direct	829,786
Totals U.S. Department of HUD			**1,359,774**
Total Expenditures of Federal Awards			**$ 1,359,774**

Award Type	
Direct	$ 1,359,774
Indirect	$ -

NOTE 1: SCOPE OF PRESENTATION

The accompanying schedule presents the expenditures incurred (and related awards received) by the Housing Authority of the City of Eureka (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. This schedule also only includes the amounts expended by the Authority, none of the amount expended, if any, by the blended or discretely present component units have been included.

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.

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

Grant	Funds Approved	Funds Disbursed	Funds Expended	Balance Unspent	Form HUD-53001 Submitted
CA01P025501-25	$ 829,786	$ 829,786	$ 829,786	$ -	Yes

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

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

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Board of Commissioners
Housing Authority of the City of Eureka
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 City of Eureka 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 City of Eureka's basic financial statements, and have issued our report thereon dated August 10, 2026. The financial statements of Eureka Housing Associates, L.P., were not audited in accordance with *Government Auditing Standards*.

Report on Internal Control over Financial Reporting
In planning and performing our audit, we considered the Housing Authority of the City of Eureka'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 City of Eureka's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the City of Eureka'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 City of Eureka'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 purposes described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses and significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority of the City of Eureka'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 City of Eureka'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 City of Eureka's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Smith Marion & Co.

August 10, 2026

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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 City of Eureka'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 City of Eureka's major federal programs for the year ended December 31, 2025. The Housing Authority of the City of Eureka'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 City of Eureka 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 City of Eureka 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 City of Eureka'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 City of Eureka'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 City of Eureka’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 City of Eureka’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 City of Eureka’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 City of Eureka’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 City of Eureka’s internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

August 10, 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	None Reported
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)	No

Identification of major federal programs:

ALN(s)	Name of Federal Program or Cluster
14.872	**Public Housing Capital Fund**

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

No findings to reported under 2CFR200 Section 516(a) of the Uniform Guidance

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

RESOLUTION 2042

TO ACCEPT AGENCY AUDIT REPORTS
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, Certified Public Accountants, to complete the audit; and

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

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

NOW, THEREFORE, BE IT RESOLVED, that the Commissioners of the Housing Authority of the City of Eureka do hereby accept the Audited Financial Statements for the fiscal year ending December 31, 2025.

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

AYES:
NAYS:
ABSTAIN:
ABSENT:

__________________________	Cheryl Churchill ____________
Name	Name
__________________________	Secretary ____________
Title	Title
__________________________	__________________________
Signature	Signature