



REGIONAL HOUSING AUTHORITY

Serving the Cities of Live Oak, Yuba City and Colusa • Counties of Sutter, Nevada, Colusa and Yuba

1455 Butte House Road • Yuba City, CA 95993

Phone: (530) 671-0220 • Toll Free: (888) 671-0220 • TTY: (866) 735-2929 • Fax: (530) 673-0775

www.RegionalHA.org

September 24, 2024

TO: Chairperson Bob Woten
Vice-Chairperson Denise Conrado
Commissioner Tony Kurlan
Commissioner Lisa Swarthout
Commissioner Sue Hoek
Commissioner Manny Cardoza
Commissioner Jeramy Chapdelaine
Commissioner Marc Boomgaarden
Commissioner Suzanne Gallaty
Commissioner Kent Boes
Commissioner Nicholas Micheli
Commissioner Doug Lofton
Commissioner John Loudon
Commissioner Don Blaser
Legal Counsel Brant Bordsen

Sutter County Board of Supervisors
Nevada County Board of Supervisors
Yuba County Board of Supervisors
Colusa County Board of Supervisors
City Council, Live Oak
City Council, Yuba City
City Council, Colusa
Duane Oliveira, General Counsel Emeritus
Appeal-Democrat
PEU Local #1
Toni Darwazeh, City of Yuba City
The Union

NOTICE OF REGULAR MEETING

October 2, 2024

You are hereby notified that the Commissioners of the Regional Housing Authority are called to meet in Regular Session at **12:15 PM on Wednesday, October 2, 2024, at Richland Neighborhood Center, 420 Miles Avenue, Yuba City, CA 95991.**


Gustavo Becerra
Executive Director

AGENDA
REGULAR MEETING
OF THE BOARD OF COMMISSIONERS OF
REGIONAL HOUSING AUTHORITY

**Richland Neighborhood Center,
420 Miles Avenue, Yuba City, CA 95991
October 2, 2024, 12:15 PM**

- A. CALL TO ORDER: ROLL CALL
- B. PLEDGE OF ALLEGIANCE
- C. PUBLIC PARTICIPATION: Members of the public shall be provided with an opportunity to address the Board on items of interest that are within the subject matter jurisdiction of the Board. Any member of the audience who may wish to bring something before the Board that is not on the agenda may do so at this time; however, State law provides that no action may be taken on any item not appearing on the posted Agenda. Persons who wish to address the Board during public comment or with respect to an item that is on the agenda will be limited to three (3) minutes.
- D. AWARDS AND PRESENTATIONS:
1. Family Self-Sufficiency Graduate Michelle Brenner
Sofia Mireles, Family Self-Sufficiency Coordinator
- E. EXECUTIVE SESSION: NONE
May be held under California Government Code regarding pending and/or anticipated litigation, property acquisition, and/or personnel issues.
- F. CONSENT CALENDAR: All matters listed under Consent Calendar are considered to be routine and can be enacted in one motion. There will be no separate discussion of these items prior to the time that the Board votes on the motion unless members of the Board request specific items to be discussed or removed from the Consent Calendar for individual action.
2. Recommend Approval of Minutes – August 21, 2024 pg. 1
3. Approval of Reclassification of Maintenance Technician I to Maintenance Technician II and Approval of Changes to the Organizational Chart pg. 5
4. Resolution 24-1842 – Approval of the 2025 Payment Standards for the Housing Choice Voucher Program pg. 7
5. Resolution 24- 1843 - Approval of Administrative Plan pg. 9

6. Resolution 24- 1844 – Family Self-Sufficiency Graduate Michelle Brenner pg. 10

G. OLD BUSINESS: Discussion/Possible Action: NONE

H. NEW BUSINESS: Discussion/Possible Action:

7. Acceptance of Audit into Record pg. 11
Marco Cruz, Chief Financial Officer

I. ADMINISTRATIVE REPORT:

8. Administrative Update
Gustavo Becerra, Executive Director

J. HOUSING COMMISSIONERS' COMMENTS:

K. NEXT MEETING: October 16, 2024

L. ADJOURNMENT:

REGIONAL HOUSING AUTHORITY
Minutes
Regular Board Meeting
August 21, 2024

ITEM NO. A - CALL TO ORDER:

Chairperson Bob Woten called the meeting to order.

ITEM NO. A - ROLL CALL:

Chairperson Bob Woten, Vice-Chairperson Denise Conrado, Commissioners Tony Kurlan, Don Blaser, Jeramy Chapdelaine, Manny Cardoza, Marc Boomgaarden, Sue Hoek, and John Loudon were present. Commissioners Kent Boes, Lisa Swarthout, Suzanne Gallaty, Nicholas Micheli, and Doug Lofton were absent. Legal Counsel Brant Bordsen was also present.

ITEM NO. B. – PLEDGE OF ALLEGIANCE:

Chairperson Woten led the pledge of allegiance.

ITEM NO. C. – PUBLIC PARTICIPATION: NONE

ITEM NO. D.1.-FAMILY-SELF SUFFICIENCY GRADUATE GHOLAM KHAVARY:

Occupancy Manager Alisha Parker mentioned Mr. Khavary is unable to attend the meeting today due to work. She shared that he began on the program in June 2019 with a goal of becoming a Registered Nurse. He is graduating from the program with an escrow account of \$1,471.75.

ITEM NO. D.2.-FAMILY-SELF SUFFICIENCY GRADUATE KRYSTAL SHAW:

Mrs. Parker shared Ms. Shaw came onto the program in December 2022. She shared Ms. Shaw's story. Ms. Shaw was able to obtain a temporary position with the Yuba Water Agency and obtained full-time employment with them in February 2024. Ms. Shaw is looking forward to purchasing a home. She has come from a rough background and with the help and encouragement of everyone, including her Aunt Lisa Quillin, an employee of the Housing Authority, she is graduating from the program with an escrow account of \$5,291.94.

Ms. Shaw said she did not know these types of programs existed and with the guidance of her aunt she was able to apply for housing. She is thankful to everyone who has helped her and for her work, for giving her an opportunity and full-time employment.

ITEM NO. D.3.-FAMILY-SELF SUFFICIENCY GRADUATE MARISSA RAMIREZ:

Mrs. Parker stated Ms. Ramirez is also unable to attend the meeting today due to work. She said she began on the program in November 2020 with a goal of becoming a licensed psychiatric technician. She is graduating from the program with an escrow account of \$828.23.

Chairperson Woten congratulated all the graduates. He also thanked staff for all they do in assisting the clients in achieving their goals.

ITEM NO. E. – EXECUTIVE SESSION: NONE

ITEM NO. F.4.-15. - CONSENT CALENDAR:

Commissioner Cardoza made a motion to approve the Consent Calendar as submitted. Vice-Chairperson Conrado made the second. The following roll call vote was taken:

Vote: Ayes: Chairperson Bob Woten, Vice-Chairperson Denise Conrado,
Commissioners Manny Cardoza, Sue Hoek, Tony Kurlan, Don
Blaser, Marc Boomgaarden, Jeramy Chapdelaine, and John
Loudon
Nays: None
Abstain: None
Absent: Commissioners Doug Lofton, Kent Boes, Nicholas Micheli,
Suzanne Gallaty, and Lisa Swarthout

ITEM NO. G16. – RECOMMEND APPROVAL OF UPDATED BY-LAWS:

Executive Director Gustavo Becerra stated these are the by-laws that were presented at the last meeting and the fifteen (15) day waiting period has passed and no comments were received.

Commissioner Hoek made a motion to approve the updated by-laws. Commissioner Kurlan made the second. The following roll call vote was taken:

Vote: Ayes: Chairperson Bob Woten, Vice-Chairperson Denise Conrado,
Commissioners Manny Cardoza, Sue Hoek, Tony Kurlan, Don
Blaser, Marc Boomgaarden, Jeramy Chapdelaine, and John
Loudon
Nays: None
Abstain: None
Absent: Commissioners Doug Lofton, Kent Boes, Nicholas Micheli,
Suzanne Gallaty, and Lisa Swarthout

ITEM NO. H.-NEW BUSINESS: NONE

ITEM NO. I.17. – RHA OWNED/MANAGED PROPERTIES OCCUPANCY/ELIGIBILITY UPDATE:

Occupancy Manager Pattra Runge said things are going well with the leased properties. She stated the Office of Migrant Services Center (OMS) opened in May and is fully leased. Ms. Runge shared three properties, Kingwood Commons, Senior Village and Richland Housing, and had a very successful National Night Out. She thanked those who attended and helped out with the events.

Chairperson Woten congratulated Ms. Runge for her successful events and thanked her for the

passion she has for what she does for the community.

ITEM NO. I.18. – HOUSING CHOICE VOUCHER OCCUPANCY/ELIGIBILITY UPDATE:

Mrs. Parker explained the Emergency Housing Vouchers have sunsetted and are not being reissued. She shared there are a few waiting lists open.

ITEM NO. I.19. – MAINTENANCE UPDATE:

Operations Manager Tom Goodwin said work has picked up. He thanked the board for allowing staff to be proactive and create a preventative maintenance plan for the heating and air conditioners systems. Mr. Goodwin said the calls for services on those units have been down and staff has been able to focus on other areas.

Mr. Goodwin said USDA came out and inspected Maple Park, Butte View Estates and Richland Rural Development over the past three months. He stated the inspections went very well.

Executive Director Gustavo Becerra said being able to do preventative maintenance saves a lot of money. Staff has been doing preventative maintenance in many areas including tree trimming, HVAC, gutter cleaning, and pigeon invasion mitigation. He thanked Mr. Goodwin and his staff for keeping up with it.

Chairperson Woten said it was a great report and thanked Mr. Goodwin for his diligence in keeping up with everything.

ITEM NO. I.20. – FINANCE UPDATE:

Mr. Cruz went over the report provided in the packet. He said the pension and OPEB liabilities went up slightly from the previous year. Mr. Cruz went over the net incomes for the various programs.

ADMINISTRATIVE UPDATE:

Mr. Becerra said it is always heartwarming to see graduates from the Family Self-Sufficiency program and thanked Mrs. Parker and her team for their work. He shared information on our tenant's accounts receivables stating that ours is pennies in comparison to some other Housing Authority's near us. Mr. Becerra explained that Ms. Runge and her team took an outreach approach with the tenants, and it has paid off.

Mr. Becerra stated that on both the federal and State sides of renewing funding for project development has failed. He said the Low-Income Tax Credit program still exists but there will be less funding available along with less funding from HCD. Mr. Becerra mentioned it will be more difficult to get funding for those projects we have in the pipeline.

ITEM NO. J - HOUSING COMMISSIONERS' COMMENTS:

Commissioner Blaser said the Yuba Water Agency has a great intern program.

Vice-Chairperson Conrado mentioned the Rancho Colus project is looking good.

ITEM NO. K – NEXT MEETING: September 4, 2024

ITEM NO. L - ADJOURNMENT: The meeting was adjourned at 1:03 PM.

Regional Housing Authority

Staff Report

Date: October 2, 2024

To: Board of Commissioners

From: Anthony Langlois, Assistant Maintenance Operations Manager

Subject: Reclassification

Recommendation: Approval to reclassify Maintenance Technician I to a Maintenance Technician II

Fiscal Impact: \$4,343.56 annually per Technician

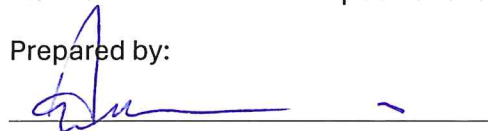
Background:

Currently the Maintenance Department consists of one (1) Maintenance Operations Manager, one (1) Assistant Maintenance Operations Manager, five (5) Maintenance Technician II, two (2) Maintenance Technician I (one of which is vacant), one (1) Maintenance Worker, one (1) Lead Grounds Maintenance Worker and one (1) OMS Maintenance Worker. The work performed by a Maintenance Technician I is supervised by Maintenance Technician II or higher and they make the decisions for those Maintenance Technician I positions. With the number of staff members and the area we serve, it becomes difficult to have the supervision and decision-making capabilities for the Maintenance Technician I positions. Changing the Maintenance Technician I positions to Maintenance Technician II positions will allow staff the ability to make independent decisions, increase productivity, improve operational efficiency ensuring that our facilities are well maintained and ultimately provide a higher level of service to our residents.

Recommendation:

It is recommended that the Board of Commissioners approve the reclassification of the two Maintenance Technician I positions to Maintenance Technician II.

Prepared by:



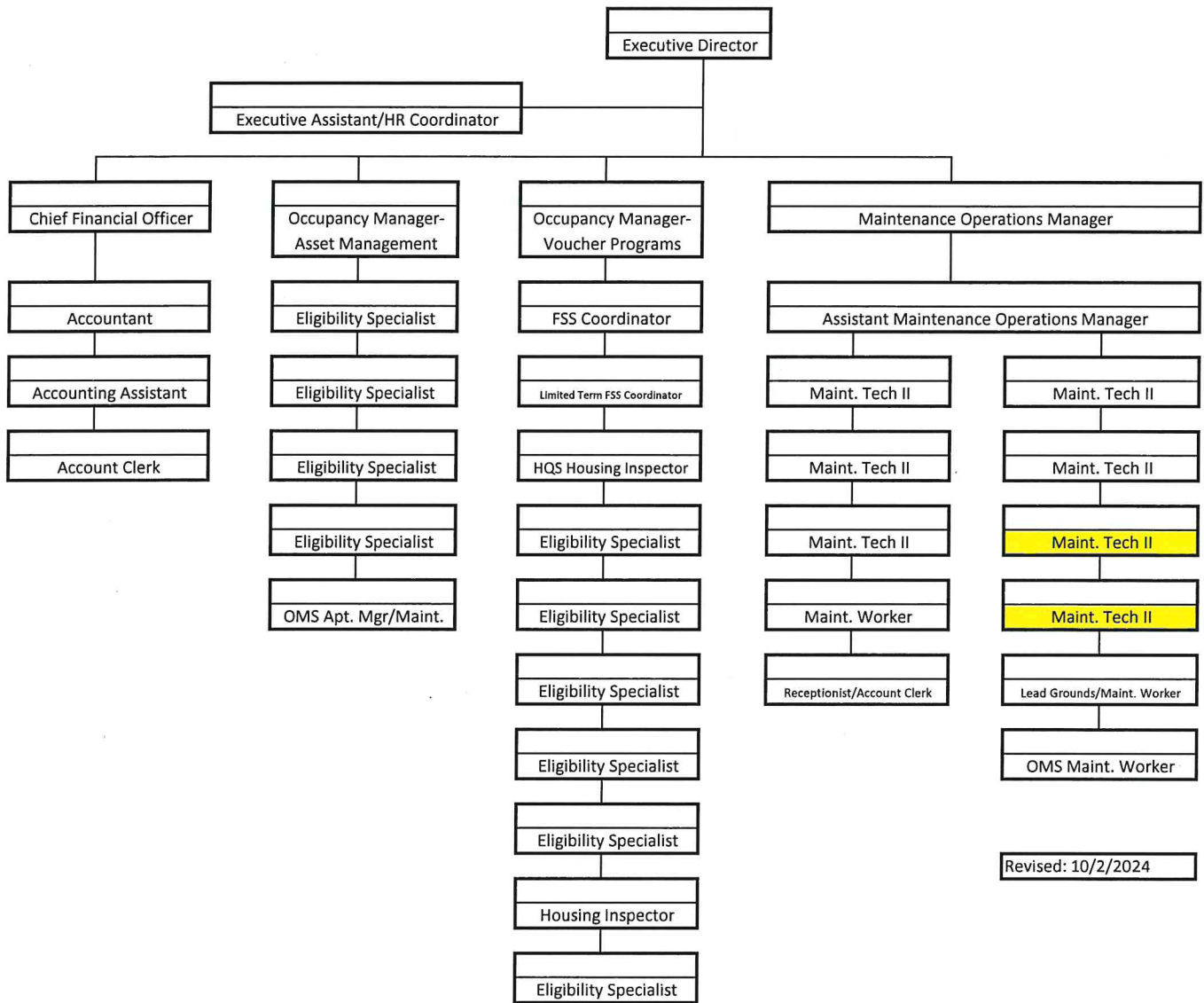
Anthony Langlois
Assistant Maintenance Operations Manager

Submitted by:



Gustavo Becerra
Executive Director

Regional Housing Authority Organizational Chart



Revised: 10/2/2024

**Yellow highlighted position is currently a Maintenance Technician I.
Staff is requesting approval to reclassify as a Maintenance Technician II.



REGIONAL HOUSING AUTHORITY

Serving the Cities of Live Oak, Yuba City and Colusa • Counties of Sutter, Nevada, Colusa and Yuba

1455 Butte House Road • Yuba City, CA 95993

Phone: (530) 671-0220 • Toll Free: (888) 671-0220 • TTY: (866) 735-2929 • Fax: (530) 673-0775

www.RegionalHA.org

RESOLUTION NO. 24-1842

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE REGIONAL HOUSING AUTHORITY APPROVAL OF THE 2025 PAYMENT STANDARD-HOUSING CHOICE VOUCHER PROGRAM

WHEREAS, the Regional Housing Authority (RHA) manages up to 2,132 Housing Choice Voucher Participants; and

WHEREAS, the United States Department of Housing and Urban Development (HUD) allows Public Housing Authorities to establish a payment standard of 90-110% of Housing Choice Voucher Fair Market Rents (FMR); and

WHEREAS, the Board of Commissioners of RHA has reviewed the information submitted;

NOW THEREFORE BE IT RESOLVED by the Board of Commissioners of the Regional Housing Authority that:

1. The Regional Housing Authority has conducted a review of the Sutter, Nevada, Colusa, and Yuba County's Housing Choice Voucher Program Payment Standards.
2. The Regional Housing Authority wishes to establish the payment standard at 95% of HUD's published Fair Market Rent for Colusa County, and 91% of HUD's published Fair Market Rent for Yuba, Sutter, and Nevada Counties, except for units that have two bedrooms and higher, those will remain the same as 2024.
3. The Regional Housing Authority has properly calculated the Housing Choice Voucher Payment Standard based on the HUD Approved Fair Market rents for Sutter, Nevada, Yuba and Colusa Counties.
4. New payment standards will be implemented effective January 1, 2025, which are as follows:

Payment Standard Table on following page:



REGIONAL HOUSING AUTHORITY

Serving the Cities of Live Oak, Yuba City and Colusa • Counties of Sutter, Nevada, Colusa and Yuba

1455 Butte House Road • Yuba City, CA 95993

Phone: (530) 671-0220 • Toll Free: (888) 671-0220 • TTY: (866) 735-2929 • Fax: (530) 673-0775

www.RegionalHA.org

County/Year	Bedroom				
Sutter 2025	0	1	2	3	4
FMR	\$1,195	\$1,197	\$1,522	\$2,133	\$2,556
2025 PMT STANDARD	\$1,087	\$1,089	\$1,388	\$1,956	\$2,355
Nevada 2025	0	1	2	3	4
FMR	\$1,352	\$1,361	\$1,785	\$2,501	\$2,997
2025 PMT STANDARD	\$1,230	\$1,239	\$1,624	\$2,276	\$2,727
Colusa 2025	0	1	2	3	4
FMR	\$915	\$921	\$1,208	\$1,625	\$1,631
2025 PMT STANDARD	\$869	\$875	\$1,148	\$1,544	\$1,549
Yuba 2025	0	1	2	3	4
FMR	\$1,195	\$1,197	\$1,522	\$2,133	\$2,556
2024 PMT STANDARD	\$1,087	\$1,089	\$1,388	\$1,956	\$2,355

This Resolution was approved at the Regular Meeting of the Board of Commissioners on October 2, 2024, by the following vote:

AYES:

NAYS:

ABSTAINED:

ABSENT:

ATTEST: _____

Bob Woten, Chairperson

(SEAL)



REGIONAL HOUSING AUTHORITY

Serving the Cities of Live Oak, Yuba City and Colusa • Counties of Sutter, Nevada, Colusa and Yuba

1455 Butte House Road • Yuba City, CA 95993

Phone: (530) 671-0220 • Toll Free: (888) 671-0220 • TTY: (866) 735-2929 • Fax: (530) 673-0775

www.RegionalHA.org

RESOLUTION 24-1843

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE REGIONAL HOUSING AUTHORITY ADOPTION OF THE HOUSING CHOICE VOUCHER ADMINISTRATIVE PLAN

WHEREAS, the Regional Housing Authority (RHA) manages up to 2,132 Housing Choice Voucher Participants; and

WHEREAS, federal regulations require RHA to review and update the Administrative Plan for the Housing Choice Voucher Program as needed; and

WHEREAS, the proposed 2025 edition of the Administrative Plan was posted for public review and notice was posted to actively seek public comment, and no comments were received;

NOW THEREFORE BE IT RESOLVED by the Board of Commissioners of the Regional Housing Authority that:

1. The Board finds that RHA needs to adopt an updated Administrative plan this year.
2. A copy of the Administrative Plan is posted online at www.regionalha.org.
3. The Administrative Plan, is hereby adopted for use by RHA and is effective January 1, 2025.

This Resolution was approved at the Regular Meeting of the Board of Commissioners on the 2nd day of October, 2024, by the following vote:

AYES:

NAYS:

ABSTAIN:

ABSENT:

(SEAL)

ATTEST: _____
Bob Woten, Chairperson



REGIONAL HOUSING AUTHORITY

Serving the Cities of Live Oak, Yuba City and Colusa • Counties of Sutter, Nevada, Colusa and Yuba

1455 Butte House Road • Yuba City, CA 95993

Phone: (530) 671-0220 • Toll Free: (888) 671-0220 • TTY: (866) 735-2929 • Fax: (530) 673-0775

www.RegionalHA.org

RESOLUTION 24-1844

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE REGIONAL HOUSING AUTHORITY EXPRESSING RECOGNITION OF THE ACHIEVEMENTS OF Michelle Brenner

WHEREAS, the Regional Housing Authority encourages Housing Choice Voucher participants to enroll in the Family Self-Sufficiency (FSS) Program; and

WHEREAS, Michelle Brenner started in this program on 12/01/2022 and set goals for herself to obtain full time employment and purchase a home.

WHEREAS, Michelle met her goals by 08/31/2024 and received sufficient earned income to generate an escrow account in the amount of \$8,094.85; and

WHEREAS, Michelle has now “graduated” from the FSS program;

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners of the Regional Housing Authority congratulates Michelle Brenner for her determination to progress to a life that is independent of government assistance and conveys their best wishes for success in all her future endeavors.

This Resolution was approved at the regular meeting of the Board of Commissioners, this 2nd day of October 2024.

AYES:

NAYS:

ABSTAINED:

ABSENT:

Chairperson, Bob Woten

REGIONAL HOUSING AUTHORITY

Financial Statements and Independent Auditors' Report

Year Ended March 31, 2024



smithmarion

connected . focused . understandable

REGIONAL HOUSING AUTHORITY

Table of Contents

List of Principal Officials.....	1
Independent Auditors' Report.....	2
Management's Discussion and Analysis (Required Supplemental Information – Unaudited)	5
Audited Financial Statements.....	9
Statement of Net Position	9
Statement of Revenues, Expenses, and Changes in Fund Net Position	11
Statement of Cash Flows	12
Notes to Financial Statements	14
Required Supplemental Information - Unaudited	36
Net Pension Liability (Asset) and Related Ratios	36
Schedule of Pension Plan's Contributions	36
Schedule of Changes in the Net OPEB Liability, contributions, and Related Ratios	38
Supplemental Information	40
Schedule of Expenditures of Federal Awards	40
Compliance Information	41
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	41
Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance.....	43
Schedule of Findings and Questioned Costs	46
Status of Prior Audit Findings	47

REGIONAL HOUSING AUTHORITY

List of Principal Officials

The following table lists the Board Members as of March 31, 2024:

Chairperson.....	Manny Cardoza
Vice-Chairperson.....	Bob Woten
Commissioner.....	John Loudon
Commissioner.....	Nicholas Micheli
Commissioner.....	Jeremy Chapdelaine
Commissioner.....	Don Blaser
Commissioner.....	Anthony Kurlan
Commissioner.....	Susan Hoek
Commissioner.....	Lisa Swarthout
Commissioner.....	Kent Boes
Commissioner.....	Doug Lofton
Commissioner.....	Marc Boomgaarden
Commissioner.....	Denise Conrado
Tenant Commissioner.....	Suzanne Gallaty

In addition to the above Commissioners, the Administrator of Regional Housing Authority is Gustavo Becerra, who serves as the Executive Director.

- t: (615) 309-8959
- f: (909) 825-9900
- 4068 rural plains circle #180
- franklin, tn 37064



Independent Auditors' Report

To the Governing Body of
Regional Housing Authority

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of the business-type activities of Regional Housing Authority (Authority), as of and for the year ended March 31, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, based on our audit, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities of the Authority as of March 31, 2024, and the changes in its financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

BASIS FOR OPINION

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

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

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

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



AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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:

(1) Exercise professional judgment and maintain professional skepticism throughout the audit; (2) 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; (3) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed; (4) 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; (5) Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

REQUIRED SUPPLEMENTARY INFORMATION

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and required schedules of the pension and OPEB plan (see table of contents for page locations), be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

SUPPLEMENTARY INFORMATION

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's financial statements.



The schedule of expenditures of federal awards, required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements.

In addition, the accompanying statement and certification of actual costs, required by the U.S. Department of Housing and Urban Development, is presented for the purpose of additional analysis and are not a required part of the basic financial statements.

That information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. That information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2024, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

September 20, 2024

REGIONAL HOUSING AUTHORITY

Management's Discussion and Analysis (Required Supplemental Information – Unaudited)

Regional Housing Authority's (Authority, we, us, our) Management's Discussion and Analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of our financial activity, (c) identify changes in our financial position and its resulting ability to address the next and subsequent year challenges, and (d) identify individual fund issues or concerns.

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

FINANCIAL HIGHLIGHTS

The Authority ended the fiscal year of operations with assets of \$62.0 million; deferred outflows of resources of \$2.0 million; liabilities of \$16.6 million; deferred inflows of resources of \$3.9 million; and net position of \$43.5 million, which consisted of \$22.7 million invested in land, buildings, and equipment; \$3.0 million in restricted assets; and \$17.8 million in unrestricted assets.

The ending net position of \$43.5 million includes operating revenues of \$34.4 million and operating expenses of \$30.8 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

REGIONAL HOUSING AUTHORITY

Management's Discussion and Analysis (Required Supplemental Information – Unaudited)

FINANCIAL ANALYSIS OF THE AUTHORITY

Net Position

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

	2024	2023	Change	
			Dollar	Percentage
Cash and equivalents	\$ 13,102,574	\$ 8,396,938	\$ 4,705,636	56.0%
Other current assets	2,131,145	1,861,216	269,929	14.5%
Total current assets	15,233,719	10,258,154	4,975,565	48.5%
Net capital assets	34,949,031	37,139,717	(2,190,686)	(5.9%)
Other non-current assets	11,818,763	9,006,638	2,812,125	31.2%
Total non-current assets	46,767,794	46,146,355	621,439	1.3%
Total assets	62,001,513	56,404,509	5,597,004	9.9%
Deferred outflows of resources	1,971,392	2,126,933	(155,541)	(7.3%)
Total	\$ 63,972,905	\$ 58,531,442	\$ 5,441,463	9.3%
Current liabilities	\$ 1,530,579	\$ 1,582,210	\$ (51,631)	(3.3%)
Non-current liabilities	15,027,906	14,778,300	249,606	1.7%
Total liabilities	16,558,485	16,360,510	197,975	1.2%
Deferred inflows of resources	3,923,115	2,540,525	1,382,590	54.4%
Net investment in capital assets	22,746,889	24,558,096	(1,811,207)	(7.4%)
Restricted net position	2,991,706	2,930,231	61,475	2.1%
Unrestricted net position	17,752,710	12,142,080	5,610,630	46.2%
Total net position	43,491,305	39,630,407	3,860,898	9.7%
Total	\$ 63,972,905	\$ 58,531,442	\$ 5,441,463	9.3%

As previously illustrated by the Statement of Net Position, the Housing Authority ended the fiscal year of operations with assets of \$62.0 million; deferred outflows of resources of \$2.0 million; liabilities of \$16.6 million; and deferred inflows of resources of \$3.9 million resulting in a net position of \$43.5 million. This net position consists of \$22.7 million net investment in capital assets such as land, buildings and equipment, net of related debt; \$3.0 million in restricted assets; and \$17.8 million in unrestricted assets. The ending net position of \$43.5 million represents an increase in net position of \$3.9 million from the prior fiscal year's ending net position of \$39.6 million.

REGIONAL HOUSING AUTHORITY

Management's Discussion and Analysis (Required Supplemental Information – Unaudited)

Revenues, Expenses, and Changes in Net Position

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

			Change	
	2024	2023	Dollar	Percentage
Net rental revenue	\$ 3,402,267	\$ 3,401,494	\$ 773	0.0%
Operating grants and subsidies	28,706,129	22,641,234	6,064,895	26.8%
Other operating revenues	2,320,697	1,444,012	876,685	60.7%
Total operating revenues	34,429,093	27,486,740	6,942,353	25.3%
Depreciation and amortization	(2,298,196)	(2,075,927)	(222,269)	10.7%
Housing assistance payments	(19,854,386)	(15,665,185)	(4,189,201)	26.7%
Other operating expenses	(8,673,139)	(8,845,037)	171,898	(1.9%)
Total operating expenses	(30,825,721)	(26,586,149)	(4,239,572)	15.9%
Operating Income (Loss)	3,603,372	900,591	2,702,781	(>100%)
Investment income	529,608	252,256	277,352	>100%
Interest expense	(353,088)	(313,885)	(39,203)	12.5%
Other non-operating items	81,006	59,278	21,728	36.7%
Income (Loss) before Contributions and Other Items	3,860,898	898,240	2,962,658	(>100%)
Special items	-	-	-	0.0%
Net operating transfers	-	-	-	0.0%
Capital contributions	-	-	-	0.0%
Change in Net Position	\$ 3,860,898	\$ 898,240	\$ 2,962,658	(>100%)

As shown by the Statement of Revenues, Expenses and Changes in Fund Net Position, the Housing Authority's net position increased by \$2.9 million from the prior fiscal year. This continues the Housing Authority's increase in net position over the last several years. The increase was derived from:

- An overall increase in Operating revenues across all fund classes; U.S Department of Housing and Urban Development (HUD), U.S. Dept. of Agriculture Farmworker Housing, and Business Activities.
- A higher Section 8 voucher utilization rate and an increased rate per voucher.
- Developer fee revenue from Low Income Housing Tax Credit developments.

REGIONAL HOUSING AUTHORITY

Management's Discussion and Analysis (Required Supplemental Information – Unaudited)

CAPITAL ASSETS

As of year-end, we had \$34,949,031 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (additions, deductions and depreciation) of \$2,190,686 from the end of last year.

	2024	2023	Change	
			Dollar	Percentage
Land	\$ 3,999,869	\$ 3,799,969	\$ 199,900	5%
Construction in progress	266,573	1,484,090	(1,217,517)	(82%)
Buildings and improvements	60,985,184	60,071,410	913,774	2%
Equipment and furnishings	1,745,694	1,534,341	211,353	14%
Accumulated depreciation	(32,048,289)	(29,750,093)	(2,298,196)	8%
Net Capital Assets	\$ 34,949,031	\$ 37,139,717	\$ (2,190,686)	(6%)

The change in capital assets is presented in detail in the Notes to the Financial Statements.

DEBT ADMINISTRATION

The Authority had the following amounts of debt outstanding:

	2024	2023	Change	
			Dollar	Percentage
Total debt	\$ 12,202,142	\$ 12,581,621	\$ (379,479)	(3%)

ECONOMIC FACTORS

Significant economic factors affecting us are as follows:

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

FINANCIAL CONTACT

The individual to be contacted regarding this report is Marco Cruz, Chief Financial Officer for the Regional Housing Authority. Specific requests may be submitted to the Finance Department at the Regional Housing Authority, 1455 Butte House Rd., Yuba City, CA, 95993.

REGIONAL HOUSING AUTHORITY

Statement of Net Position

March 31, 2024

Assets and Deferred Outflows of Resources

Operating cash	\$ 7,355,730
Restricted cash	5,746,844
Total cash and equivalents	<u>13,102,574</u>
Net accounts receivable	211,188
Accrued interest receivable	42,324
Investments - operating	1,493,753
Prepaid expenses and other current assets	383,880
Total current assets	<u>15,233,719</u>
Capital assets, at cost	
Land	3,999,869
Construction-in-progress	266,573
Buildings and improvements	60,985,184
Equipment and furnishings	1,745,694
Total acquisition costs	66,997,320
Less: accumulated depreciation	(32,048,289)
Net capital assets	<u>34,949,031</u>
Notes receivable, net of current	10,298,253
Long-term accrued interest receivable	1,125,675
Investment in joint ventures and partnerships	394,835
Total non-current assets	<u>46,767,794</u>
Total assets	<u>62,001,513</u>
Deferred outflows related to pension	1,187,937
Deferred outflows related to other-post employment benefits	783,455
Total deferred outflows of resources	<u>1,971,392</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 63,972,905</u>

REGIONAL HOUSING AUTHORITY

Statement of Net Position

March 31, 2024

Liabilities, Deferred Inflows of Resources, and Net Position

Accounts payable	\$ 86,722
Unearned revenues	380,196
Deposits held in trust, contra	202,998
Other current liabilities	1,465
Accrued wages payable	141,285
Accrued vacations payable, current portion	245,942
Debt, current portion	471,971
Total current liabilities	<u>1,530,579</u>
Accrued vacations payable, net of current	208,064
Net pension liability	1,447,304
Net other-post employment benefits liability	610,918
Long-term accrued interest payable	356,665
Debt, net of current	11,730,171
Other long-term liabilities	674,784
Total non-current liabilities	<u>15,027,906</u>
Total liabilities	<u>16,558,485</u>
Deferred inflows related to pension	609,899
Deferred inflows related to other-post employment benefits	1,627,872
Other deferred inflows	1,685,344
Total deferred inflows of resources	<u>3,923,115</u>
Net investment in capital assets	22,746,889
Restricted net position	2,991,706
Unrestricted net position	17,752,710
Total net position	<u>43,491,305</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 63,972,905</u>

REGIONAL HOUSING AUTHORITYStatement of Revenues, Expenses, and Changes in Fund Net Position
Year Ended March 31, 2024

Tenant rental revenue, net of collection losses	\$ 3,402,267
Operating grants and subsidies	28,706,129
Fee revenue	92,683
Other revenue	2,228,014
Total operating revenues	<u>34,429,093</u>
Administrative	3,082,129
Tenant services	754,509
Utilities	935,288
Ordinary maintenance and operations	3,359,027
Protective services	29,183
Insurance premiums	311,799
Other general expenses	201,204
Housing Assistance Payments	19,854,386
Depreciation	2,298,196
Total operating expenses	<u>30,825,721</u>
Operating income (loss)	3,603,372
Investment income	529,608
Gains (losses) on disposition of assets	81,006
Interest expense	(353,088)
Total non-operating revenues (expenses)	<u>257,526</u>
Change in Net Position	<u><u>\$ 3,860,898</u></u>
Net position, beginning of year	\$ 39,630,407
Change in net position	<u>3,860,898</u>
Net Position, End of Year	<u><u>\$ 43,491,305</u></u>

REGIONAL HOUSING AUTHORITYStatement of Cash Flows
Year Ended March 31, 2024

Cash receipts from tenants	\$ 3,494,651
Cash receipts from grants	29,167,542
Cash payments for Housing Assistance Payments	(19,854,386)
Cash payments to suppliers for goods and services	(5,002,019)
Cash payments for wages and benefits	(1,593,442)
Other cash payments and receipts	2,394,582
Net cash from operating activities	<u>8,606,928</u>
Acquisition and construction of capital assets	(107,510)
Proceeds from disposition of capital assets	81,006
Payments of interest	(310,330)
Principal payments on debt	(379,479)
Net cash from capital and related financing activities	<u>(716,313)</u>
Cash provided for notes receivable lending	(2,515,081)
Receipts of interest on cash deposits	244,086
Receipts of interest on notes receivable	(44,321)
Net (purchases)/proceeds of investments	(869,663)
Net cash from investing activities	<u>(3,184,979)</u>
Net change in cash and equivalents	4,705,636
Cash at beginning of period	8,396,938
Cash at End of Period	<u>\$ 13,102,574</u>
<i>Reconciliation of cash to the statement of net position:</i>	
Cash and equivalents - operating	\$ 7,355,730
Restricted cash and equivalents	5,746,844
Total Cash and Equivalents	<u>\$ 13,102,574</u>

REGIONAL HOUSING AUTHORITYStatement of Cash Flows
Year Ended March 31, 2024Reconciliation of operating income (loss) to net cash
from operating activities:

Operating income (loss) \$ 3,603,372

Adjustments to reconcile operating income (loss) to
net cash from operating activities:

Depreciation 2,298,196

Bad debt 48,152

Pension and other post-employment benefits 1,919,744

Realized and unrealized gains/losses on investments -

Changes in operating assets and liabilities:

Accounts receivable 642,720

Prepaid expenses and other assets (58,339)

Accounts payable (17,551)

Accrued wages and benefits 111,286

Deposits held in trust, contra 27,644

Unearned revenues (90,834)

Other liabilities 122,538

Net Cash from Operating Activities**\$ 8,606,928**

REGIONAL HOUSING AUTHORITY

Notes to Financial Statements

NOTE 01 - NATURE OF BUSINESS AND ORGANIZATION

The Consolidated Area Housing Authority of Sutter County was established in April 1946, by a resolution of the Sutter County Board of Supervisors and reorganized as the Consolidated Area Housing Authority of Sutter County, California in February 1994, by agreement between the City of Live Oak, the City of Yuba City, and the County of Sutter. In April 2011, the Consolidated Area Housing Authority of Sutter County combined with the Nevada County Housing Authority and was reorganized as the Regional Housing Authority of Sutter and Nevada Counties. In April 2017, the name was changed to Regional Housing Authority (Authority, we, us, our) to more adequately represent the areas served.

The Authority is governed by a 15-member Board of Commissioners. The Board of Commissioners is made up of 2 members appointed by the Sutter County Board of Supervisors, 2 members appointed by the City of Yuba City, 2 members appointed by the City of Live Oak, 2 members appointed by the Nevada County Board of Supervisors, 2 members appointed by the County of Yuba, 2 members appointed by the County of Colusa, and 2 members appointed by the City of Colusa. The remaining member is a resident of affordable housing selected by the members of the Authority's Board of Commissioners and approved by Sutter County, City of Live Oak, City of Yuba City, County of Nevada, County of Yuba, County of Colusa, and City of Colusa. Commissioners are appointed for 4-year terms.

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 us to administer certain HUD funds.

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

In addition, the Authority operates other non-federal housing programs. In August 2022, the Authority underwent a Section 22 Streamline Conversion of its entire Public Housing portfolio. These properties are funded primarily by Project Based Voucher assistance contracts with HUD, as well as rental income from tenants.

Reporting Entity

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

All inter-program activities have been eliminated in these financial statements.

We are an independent agency, with operations separate from those of the City of Yuba City, the City of Live Oak, Nevada County, the County of Yuba, the County of Colusa, the City of Colusa, and Sutter County. Our obligations, including loans through direct borrowing or the sale of bonds, are not obligations of these municipalities. Additionally, these municipalities do not hold title to any of our assets, nor do they have any right to our surpluses. These municipalities do not have the ability to exercise influence over our daily operations or approve our budgets.

REGIONAL HOUSING AUTHORITY

Notes to Financial Statements

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

Blended Component Units:

Building Better Partnerships, Inc. (BBP)

This is a legally separate corporation that is a 501(c)(3) not-for-profit corporation. The board of the corporation is comprised of the management of the Authority with one additional member from the Authority's Board. The purpose is to provide affordable housing for low-income persons. BBP shares the March 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 our office.

Financial statement data of this component unit as of March 31, 2024, has been blended through consolidation with the primary government's financial statement data.

BBP has created numerous sole member limited liability companies which are formed for various housing projects. These include Cedar Lane PSH-BBP L.L.C, Cedar Lane-BBP L.L.C, Healthy Housing L.L.C, Cashin's Field-BBP L.L.C, Brunswick-BBP L.L.C, Lone Oak I-BBP L.L.C, Devonshire-BBP L.L.C, Grass Valley Terrace-BBP L.L.C, Rancho Colus-BBP L.L.C, Bear Ridge-BBP L.L.C, and River Oaks-BBP L.L.C.

NOTE 02 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accrual Basis of Accounting

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

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

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.

REGIONAL HOUSING AUTHORITY

Notes to Financial Statements

Cash and Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash on hand, demand deposits at financial institutions, investments in Money Market funds, and Certificates of Deposit.

Restricted Cash

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

Accounts Receivable from Tenants

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

In accordance with Governmental Accounting Standards Board Statement No. 34, revenues in proprietary funds should be reported as net of all related allowances, which include amounts pertaining to uncollectible accounts. Therefore, the increase and decrease in the estimate of uncollectible accounts should be reported net of revenue instead of bad debt expense. The Authority's bad debt expense charged against revenue was \$48,152 for the year ended March 31, 2024.

Accounts Receivable from HUD and Other Governments

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

Capital Assets

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

Depreciation of exhaustible capital assets is charged as an expense against operations utilizing the straight-line method. Accumulated depreciation is reported on the Statement of Net Position. The estimated useful lives for each major class of depreciable capital assets are as follows:

Building and improvements.....	10 – 30 years
Equipment	2 – 10 years

Impairment of Capital Assets

The Authority reviews its capital assets for impairment whenever events or changes in circumstances indicate that there has been a decline in service utility that is large in magnitude and outside of the normal life cycle of the capital asset being evaluated. As of March 31, 2024, there has been no impairment of the capital assets.

Leased Assets

Leased assets are amortized over periods that are in line with the same major class of capital asset.

REGIONAL HOUSING AUTHORITY

Notes to Financial Statements

Provision for Uncollectible Notes

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

Currently, management has deemed all notes receivable fully collectible and thus has not recorded any provision for uncollectible notes.

Tenant Security Deposits

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

Compensated Absences

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

Unearned Revenue

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

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then.

The deferred outflows of resources related to the net pension liability resulted from Authority contributions to the employee pension plan subsequent to the measurement date of the actuarial valuation for the pension plan, the difference between actual and expected, the effect of changes in actuarial assumptions, and the effect of the Authority's change in proportion. The deferred outflows related to the net pension liability will be deferred and amortized as detailed in Note 10 to the financial statements.

The deferred outflows of resources related to the net OPEB obligation resulted from the effect of changes in actuarial assumptions. The deferred outflows related to the net pension obligation will be deferred and amortized as detailed in Note 09 to the financial statements.

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and thus, will not be recognized as an inflow of resources (revenue) until then.

The deferred inflow of resources related to the net pension liability results from and the difference between actual and expected experience and difference between projected and actual earnings on pension plan investments, the effect of changes in actuarial assumptions, the change in the Authority's proportionate share of pension contributions and the effect of the change in the Authority's proportion. These amounts are deferred and amortized as detailed in Note 10 to the financial statements.

The deferred inflows of resources related to the net OPEB obligation resulted from the differences between expected and actual experience in measurements. The deferred inflows related to the net pension obligation will be deferred and amortized as detailed in Note 09 to the financial statements.

REGIONAL HOUSING AUTHORITY

Notes to Financial Statements

Leasing Activities

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

Pension Plan

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension 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.

Family Self Sufficiency Escrow Deposits

The Authority under the Section 8 Housing Choice Voucher and Public and Indian Housing programs is administering a Family Self-Sufficiency (FSS) program. An interest-bearing FSS escrow account is established by the Authority for each participating family. An escrow credit, based on increases in earned income of the family, is credited to this account by the Authority during the term of the FSS contract. The Authority may make a portion of this escrow account available to the family during the term of the contract to enable the family to complete an interim goal such as education.

Net Position

In the statement of net position, equity is classified as net position and displayed in three components: (1) 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. (2) 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. (3) Unrestricted net position – All other assets that do not meet the definition of "restricted" or "net investment in capital assets".

When both restricted and unrestricted net positions are available for use, generally it is our policy to use restricted resources first.

Investment Policy

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

REGIONAL HOUSING AUTHORITY

Notes to Financial Statements

Fair Value Measurements

Generally accepted accounting principles establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of quoted prices (unadjusted) for identical assets and liabilities in active markets that a government can access at the measurement date, Level 2 inputs consist of inputs other than quoted prices that are observable for an asset or liability, either directly or indirectly, and Level 3 inputs that have the lowest priority and consist of unobservable inputs for an asset or liability.

The Authority measures its operating investments at Level 1.

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 in State Investment Pool

We are 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. We may invest up to \$65 million in the LAIF fund. Investments in LAIF are highly liquid, as deposits can be converted to cash within 24 hours without loss of interest. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

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

Our 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.

Income Taxes

We are not subject to federal or state income taxes.

Subsequent Events

We have evaluated subsequent events through September 20, 2024, the date the consolidated financial statements were available to be issued.

REGIONAL HOUSING AUTHORITY

Notes to Financial Statements

NOTE 03 - RESTRICTED CASH

The following schedule presents the breakdown of restricted cash as of year-end:

Emergency Housing Voucher advance funding	\$ 26,401
Cash in the Family Self Sufficiency (FSS) escrow account	224,394
Tenant security deposits	202,998
Business Activities Escrows	425,694
Cash balances associated with the EHV HAP advance payment	103,707
Cash balances associated with the HCV HAP advance payment	1,500,022
Cash balances associated with the MSV HAP advance payment	81,615
Restricted for payment of current liabilities	<u>190,307</u>
Restricted cash with offsetting liabilities	<u>2,755,138</u>
Cash balances associated with the EHV HAP equity	99,682
Cash balances associated with the MSV HAP equity	60,665
Cash balances associated with the HCV HAP equity	137,891
Cash balances associated with Other Federal Programs HAP equity	122,111
Butte View Estates RD reserves	147,341
Centennial Arms RD reserves	168,649
Other USDA RD reserves	2,255,367
Other required reserves	<u>-</u>
Restricted cash reflected in restricted net position	<u>2,991,706</u>
Total Restricted Cash and Equivalents	<u>\$ 5,746,844</u>

NOTE 04 - ACCOUNTS RECEIVABLE

Accounts receivable as of year-end were comprised of the following:

Receivables from other Housing Authorities	\$ 354
Receivables from HUD	60,589
Receivables from other governments	65,703
Tenant receivables	43,673
Allowance for doubtful accounts - tenants	<u>(892)</u>
Net tenant receivables	<u>42,781</u>
Fraud recovery receivables	61,787
Allowance for doubtful accounts - fraud	<u>(50,661)</u>
Net fraud recovery receivables	<u>11,126</u>
Other receivables	<u>30,635</u>
Net Accounts Receivable	<u>\$ 211,188</u>

REGIONAL HOUSING AUTHORITY

Notes to Financial Statements

NOTE 05 - INVESTMENTS IN JOINT VENTURES AND PARTNERSHIPS

The Authority is a Limited Partner in Maple Park I, L.P., and Maple Park Phase 2, L.P. The Authority's partnership percentage is 0.001 percent and 0.001 percent, respectively.

Building Better Partnerships, Inc., is a General Partner in Maple Park Phase 2, L.P., and its partnership percentage is 0.003 percent.

At March 31, 2024, the Authority's investment in the partnerships was \$394,835.

NOTE 06 - CAPITAL ASSETS

A summary of the land, structures, and equipment for the year is as follows:

	3/31/23	Additions	Deletions	3/31/24
Non-Depreciable				
Land	\$ 3,799,969	\$ 199,900	\$ -	\$ 3,999,869
Construction in process	1,484,090	163,076	(1,380,593)	266,573
	<u>5,284,059</u>	<u>362,976</u>	<u>(1,380,593)</u>	<u>4,266,442</u>
Depreciable				
Buildings and improvements	60,071,410	913,774	-	60,985,184
Equipment and furnishings	1,534,341	211,353	-	1,745,694
	<u>61,605,751</u>	<u>1,125,127</u>	<u>-</u>	<u>62,730,878</u>
Total acquisition costs	66,889,810	1,488,103	(1,380,593)	66,997,320
Accumulated depreciation	<u>(29,750,093)</u>	<u>(2,298,196)</u>	<u>-</u>	<u>(32,048,289)</u>
Net Capital Assets	<u>\$ 37,139,717</u>	<u>\$ (810,093)</u>	<u>\$ (1,380,593)</u>	<u>\$ 34,949,031</u>

Construction-in-progress as of March 31, 2024, was comprised of various unit-turnaround costs that we deemed capitalizable in accordance with our capitalization policy.

Section Intentionally Left Blank

REGIONAL HOUSING AUTHORITY

Notes to Financial Statements

NOTE 07 - NOTES RECIEVABLE

Notes receivable for the Authority and respective accrued interest receivable were comprised of the following:

	Principal	Interest Receivable
Loans provided to William Senior Associates in the total amount of \$434,000, bears simple interest at 3%, required annual payments from surplus cash/residual receipts, and matures 2071. Interest revenue was \$13,020 for 2024.	\$ 434,000	\$ 95,480
Loans provided to Live Oak Pacific Associates in the total amount of \$1,160,143, bears simple interest at 3%, required annual payments from surplus cash/residual receipts, and matures 2070. Interest revenue was \$34,804 for 2024.	1,160,143	266,491
Loan provided to Colusa Devonshire LP in the total amount of \$401,090, bears simple interest at 3%, required annual payments from surplus cash/residual receipts, and matures 2075. Interest revenue was \$12,032 for 2024.	401,090	48,559
Loans provided to Yuba City PSH Associates in the total amount of \$3,616,117, bears simple interest at 3%, required annual payments from surplus cash/residual receipts, and matures 2075. Interest revenue was \$108,483 for 2024.	3,616,117	434,104
Loan provided to Penn Valley Pacific Associates in the total amount of \$1,082,000, bears simple interest at 3%, required annual payments from surplus cash/residual receipts, and matures 2075. Interest revenue was \$32,460 for 2024.	1,082,000	130,996
Loans provided to Grass Valley PSH Associates in the total amount of \$850,000, bears simple interest at 3%, required annual payments from surplus cash/residual receipts, and matures 2075. Interest revenue was \$22,701 for 2024.	850,000	70,627
Loan provided to Nevada City Cashin's Field LP in the total amount of \$50,000, bears simple interest at 3%, required annual payments from surplus cash/residual receipts, and matures 2076. Interest revenue was \$1,500 for 2024.	50,000	6,211
Loan provided to Wheatland Pacific Associates in the amount of \$339,822, bears simple interest at 3 percent and will be repaid from excess cash flows (residual receipts), and matures 2077. Interest revenue was \$10,195 for 2024.	339,822	18,630
Loan provided to Olivehurst PSH Pacific Associates in the total amount of \$457,892, bears simple interest at 3%, required annual payments from surplus cash/residual receipts, and matures 2078. Interest revenue was \$6,436 for 2024.	457,892	6,436
Loans provided to Rancho Colus LP in the amount of \$1,757,189, bearing compounded annual interest at 5.9 percent and will be repaid from excess cash flows (residual receipts), and mature 2077. Interest revenue was \$64,385 for 2024.	1,757,189	47,946
Loan provided to Rancho Colus LP in the total amount of \$150,000, bearing compounded annual interest at 9.5 percent and will be repaid from tax credit equity at permanent financing conversion, and matures 2025. Interest revenue was \$195 for 2024.	150,000	195
Total	\$ 10,298,253	\$ 1,125,675

REGIONAL HOUSING AUTHORITY

Notes to Financial Statements

NOTE 08 - LONG-TERM LIABILITIES

Changes in long-term liabilities are summarized below:

	03/31/23	Additions	Reductions	03/31/24
FSS escrow deposits, contra	\$ 127,582	\$ 96,812	\$ -	\$ 224,394
Miscellaneous	423,884	26,506	-	450,390
Other Long-Term Liabilities	\$ 551,466	\$ 123,318	\$ -	\$ 674,784
Accrued vacations payable	\$ 152,475	\$ 55,589	\$ -	\$ 208,064
Direct borrowings	\$ 12,082,372	\$ -	\$ (352,201)	\$ 11,730,171
Accrued interest payable	\$ 313,907	\$ 42,758	\$ -	\$ 356,665
Net pension obligation	\$ 1,174,198	\$ 273,106	\$ -	\$ 1,447,304
Net OPEB obligation	\$ 502,411	\$ 108,507	\$ -	\$ 610,918

Section Intentionally Left Blank

REGIONAL HOUSING AUTHORITY

Notes to Financial Statements

Notes from Direct Borrowings:

Notes from direct borrowings were comprised of the following as of yearend:

Authority	Principal	Interest Payable
Community Development Block Grant (CDBG) loan from the City of Yuba City, in the original amount of \$847,383, bearing no interest, with no required monthly payments of principal or interest, maturing March 2062. The loan is secured by the Kingwood Commons apartments. The loan will be forgiven at maturity as long as the Authority complies with the loan's Regulatory Agreement.	\$ 847,838	\$ -
Agency loan from the City of Yuba City, in the original amount of \$825,000, bears simple interest at 1% per annum, with required annual payments based on residual receipts, maturing March 2058 at which point all unpaid principal and interest are due. The loan is secured by the Kingwood Commons apartments.	825,000	173,250
Homeless Mentally Ill Outreach and Treatment Program (HMIOT) loan from the County of Nevada, in the original amount of \$898,000, bears simple interest at 3% per annum, with required annual payments based on residual receipts received from Lone Oak Senior apartments, maturing May 2075 at which point all unpaid principal and interest are due. The loan is unsecured.	898,000	109,107
Homeless Mentally Ill Outreach and Treatment Program (HMIOT) loan from the County of Nevada, in the original amount of \$50,000, bears simple interest at 3% per annum, with required annual payments based on residual receipts received from Cashin's Fields apartments, maturing May 2075 at which point all unpaid principal and interest are due. The loan is unsecured.	50,000	5,622
Umpqua Bank loan, in the original amount of \$576,000, bears variable interest (currently 5.75% per annum), with required monthly payments of principal and interest of \$3,392, maturing December 2040. The loan is secured by the Centennial Arms apartments.	431,647	-
River Valley Community Bank loan, in the original amount of \$2,200,569, bears variable interest (currently 3.8% per annum), with required monthly payments of principal and interest of \$10,306, maturing January 2037. The loan is secured by the Kingwood Commons apartments.	2,100,261	-
River Valley Community Bank loan, in the original amount of \$665,600, bears interest at 3.5% per annum, with required monthly payments of principal and interest of \$6,597, maturing January 2032. The loan is secured by the Authority's office building.	527,081	-

REGIONAL HOUSING AUTHORITY

Notes to Financial Statements

	Principal	Interest Payable
Rural Development (RD) loan from the USDA, in the original amount of \$311,897, bearing interest at 4%, with annual payments of principal or interest of \$14,444, maturing December 2043. The loan is secured by the Centennial Arms apartments.	306,852	68,686
Rural Development (RD) loan from the USDA, in the original amount of \$549,323, bearing interest at 6.25%, with annual payments of principal or interest of \$35,933, maturing November 2043. The loan is secured by the Butte View Estates apartments.	488,762	-
Rural Development (RD) loan from the USDA, in the original amount of \$633,688, bearing interest at 3.875%, with monthly payments of principal or interest of \$2,396, maturing November 2041. The loan is secured by the Centennial Arms apartments.	568,635	-
Rural Development (RD) loan from the USDA, in the original amount of \$290,000, bearing interest at 1%, with annual payments of principal or interest of \$10,361, maturing August 2033. The loan is secured by the Richland Housing apartments.	59,270	-
Rural Development (RD) loan from the USDA, in the original amount of \$22,670, bearing interest at 1%, with annual payments of principal or interest of \$810, maturing October 2032. The loan is secured by the Richland Housing apartments.	6,321	-
Rural Development (RD) loan from the USDA, in the original amount of \$7,466, bearing interest at 1%, with annual payments of principal or interest of \$267, maturing October 2032. The loan is secured by the Richland Housing apartments.	2,082	-
Rural Development (RD) loan from the USDA, in the original amount of \$47,378, bearing interest at 1%, with annual payments of principal or interest of \$1,693, maturing October 2032. The loan is secured by the Richland Housing apartments.	13,211	-
Rural Development (RD) loan from the USDA, in the original amount of \$2,902, bearing interest at 1%, with annual payments of principal or interest of \$104, maturing October 2032. The loan is secured by the Richland Housing apartments.	809	-

REGIONAL HOUSING AUTHORITY

Notes to Financial Statements

	Principal	Interest Payable
Rural Development (RD) loan from the USDA, in the original amount of \$4,875, bearing interest at 1%, with annual payments of principal or interest of \$174, maturing October 2032. The loan is secured by the Richland Housing apartments.	1,359	-
Rural Development (RD) loan from the USDA, in the original amount of \$1,412,827, bearing interest at 1%, with annual payments of principal or interest of \$50,477, maturing October 2032. The loan is secured by the Richland Housing apartments.	394,641	-
Rural Development (RD) loan from the USDA, in the original amount of \$139,624, bearing interest at 1%, with annual payments of principal or interest of \$4,988, maturing October 2032. The loan is secured by the Richland Housing apartments.	38,946	-
Rural Development (RD) loan from the USDA, in the original amount of \$1,500,000, bearing interest at 1%, with annual payments of principal or interest of \$55,006, maturing March 2038. The loan is secured by the Richland Housing apartments.	799,516	-
Rural Development (RD) loan from the USDA, in the original amount of \$3,000,000, bearing interest at 1%, with annual payments of principal or interest of \$110,013, maturing March 2042. The loan is secured by the Richland Housing apartments.	1,807,015	-
Rural Development (RD) loan from the USDA, in the original amount of \$127,817, bearing interest at 1%, with annual payments of principal or interest of \$4,687, maturing February 2044. The loan is secured by the Richland Housing apartments.	75,708	-
Multifamily Housing Revenue bond with Chase Bank, in the original amount of \$810,000, bearing interest at 5.14%, with annual payments of principal or interest of \$4,687, maturing November 2034. The bond is secured by the Butte View Estates apartments.	433,825	-
Various capital leases for solar equipment and vehicles. The financing is secured by the respective leased assets.	1,525,363	-
Total	\$ 12,202,142	\$ 356,665

REGIONAL HOUSING AUTHORITY

Notes to Financial Statements

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

	Principal	Interest	Total
2025	\$ 471,971	\$ 277,610	\$ 749,581
2026	489,573	265,175	754,748
2027	506,740	252,169	758,909
2028	524,641	238,563	763,204
2029	543,286	973,060	1,516,346
2030-2034	2,751,833	586,910	3,338,743
2035-2039	2,788,157	222,281	3,010,438
2040-2044	1,310,349	25,928	1,336,277
2045-2049	-	-	-
2050-2054	-	-	-
2055-2059	825,000	453,750	1,278,750
2060-2064	-	-	-
2065-2069	-	-	-
2070-2074	-	-	-
2075-2079	1,142,754	1,564,200	2,706,954
Subtotal	11,354,304	4,859,646	16,213,950
Forgivable	847,838	-	847,838
Total	\$ 12,202,142	\$ 4,859,646	\$ 17,061,788

NOTE 09 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

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

As of March 31, 2024, the Authority's net OPEB obligation, OPEB expense and deferred inflows of resources and deferred outflows of resources for the above OPEB Plan is as follows:

	Net OPEB Liability (Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense (Credit)
CalPERS	\$ 610,918	\$ 783,455	\$ 1,627,872	\$ (26,254)

Plan Description

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

REGIONAL HOUSING AUTHORITY

Notes to Financial Statements

Benefits Provided

The OPEB Plan provisions and benefits in effect at September 30, 2023, are summarized as follows:

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

Contributions

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

Changes in the OPEB Liability

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

	(a) Total OPEB Liability	(b) Plan Fiduciary Net Position	(a) - (b) = (c) Net OPEB Liability
Measurement at March 31, 2023	\$ 891,353	\$ 388,943	\$ 502,410
Changes recognized for measurement period:			
Service cost	32,477	-	32,477
Interest	69,463	-	69,463
Net investment income	-	(32,919)	32,919
Contributions – employer	-	167,616	(167,616)
Actual benefit payments	(17,616)	(17,616)	-
Administrative expense	-	(192)	192
Expected minus actual benefit payments	-	-	-
Experience gains (losses)	(69,445)	-	(69,445)
Changes in assumption	210,518	-	210,518
Measurement at March 31, 2024	<u>\$ 1,116,750</u>	<u>\$ 505,832</u>	<u>\$ 610,918</u>

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

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

	1% Decrease	Discount Rate	1% Increase
OPEB Plan	\$ 775,284	\$ 610,918	\$ 474,707

REGIONAL HOUSING AUTHORITY

Notes to Financial Statements

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:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
OPEB Plan	\$ 443,769	\$ 610,918	\$ 821,742

Recognition of Deferred Outflows and Deferred Inflows of Resources

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

Deferred outflows and inflows of resources related to the OPEB obligation from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 990	\$ 406,773
Effect of changes in assumptions	715,007	1,221,099
Differences between projected and actual investment earnings	67,458	-
Contributions subsequent to measurement date	17,820	-
	<u>\$ 783,455</u>	<u>\$ 1,627,872</u>

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

2025	\$ (93,283)
2026	(93,283)
2027	(93,284)
2028	(97,628)
2029	(111,234)
Thereafter	(355,705)
	<u>\$ (844,417)</u>

Actuarial Methods and Assumptions

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

Valuation date	March 31, 2023
Measurement date	March 31, 2023
Actuarial cost method	Entry Age Normal
Experience study	2017 CalPERS Study
Inflation	2.60%
Investment return/discount rate	5.67%
Healthcare trend	Varies by year
Payroll increase	3.25%

REGIONAL HOUSING AUTHORITY

Notes to Financial Statements

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

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Equity	49%	7.14%
Fixed Income	23%	2.08%
REITs	20%	5.34%
Cash	8%	1.91%

NOTE 10 - PENSION PLAN

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

As of March 31, 2024, the Authority's proportionate share of the net pension liability, pension expense and deferred inflows of resources and deferred outflows of resources for the above plan is as follows:

	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense (Credit)
CalPERS	\$ 1,447,304	\$ 1,187,937	\$ 609,899	\$ 422,195

Comprehensive Plan Information

Information regarding the following items for the Plan is publicly available in a separate comprehensive annual financial report. A copy of the CalPERS annual financial report may be online at <https://www.calpers.ca.gov/>.

- Plan description and benefits provided;
- Contribution rates;
- Actuarial methods and assumptions; and
- Plan asset target allocations and expected returns.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

REGIONAL HOUSING AUTHORITY

Notes to Financial Statements

The Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 73,936	\$ 11,469
Effect of changes in assumptions	87,380	-
Differences between projected and actual investment earnings	234,331	-
Effect of changes in proportions	630,751	137,941
Differences between proportionate share and actual contributions	-	460,489
Contributions subsequent to measurement date	161,539	-
	<u>\$ 1,187,937</u>	<u>\$ 609,899</u>

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

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

2025	\$ 111,920
2026	172,699
2027	125,156
2028	6,724
2029	-
Thereafter	-
	<u>\$ 416,499</u>

Changes of Assumptions

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 73,936	\$ 11,469
Effect of changes in assumptions	87,380	-
Differences between projected and actual investment earnings	234,331	-
Effect of changes in proportions	630,751	137,941
Differences between proportionate share and actual contributions	-	460,489
Contributions subsequent to measurement date	161,539	-
	<u>\$ 1,187,937</u>	<u>\$ 609,899</u>

REGIONAL HOUSING AUTHORITY

Notes to Financial Statements

NOTE 11 - NET POSITION

Net investment in capital assets was comprised of the following as of yearend:

Land	\$ 3,999,869
Construction in progress	266,573
Buildings and improvements	60,985,184
Equipment and furnishings	1,745,694
Less:	
Accumulated depreciation	(32,048,289)
Short-term capital debt obligations	(471,971)
Long-term capital debt obligations	(11,730,171)
Net Investment in Capital Assets	<u>\$ 22,746,889</u>

Restricted net position was comprised of the following as of yearend:

Restricted cash and equivalents	\$ 5,746,844
Less:	
Tenant security deposit, contra	(202,998)
Family Self-Sufficiency escrow deposits, contra	(224,394)
Voucher, Mainstream, and EHV Advanced Payment	(216,708)
Voucher, Mainstream, and EHV Advanced Payment	(425,694)
Deferred inflows - Advanced Voucher, Mainstream, and EHV HAP	(1,685,344)
Restricted Net Position	<u>\$ 2,991,706</u>

NOTE 12 - COMMITMENTS AND CONTINGENCIES

Government Examinations

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

Construction Contracts

During the normal course of business, the Authority is engaged in various construction contracts for rehabilitation and modernization of various properties owned by the Authority.

NOTE 13 - BUSINESS RISK AND CONCENTRATIONS

Risk Management

We are exposed to all common perils associated with the ownership and rental of real estate properties. A risk management program has been established to minimize loss occurrence and to transfer risk through various levels of insurance. Property, casualty, employee dishonesty and public official's liability forms are used to cover the respective perils. Insurance for these perils are underwritten by a housing authority insurance pool: Housing Authority Risk Retention Pool (HARRP).

REGIONAL HOUSING AUTHORITY

Notes to Financial Statements

HARRP is an unincorporated association organized under the intergovernmental cooperation laws of the states of Washington, Oregon, California, and Nevada, to manage the self-insurance program of housing authorities and community development cooperatives.

The Authority has also joined together with other housing authorities to participate in the California Housing Worker's Compensation Authority (CHWCA). This joint venture is a public entity risk pool which serves as a common risk management and insurance program for workers' compensation coverage for 29 housing authority members.

Also, commercial carriers insure all other common perils such as business, auto, flood (where applicable), and other miscellaneous policies.

Concentration – Major Contributor

For the year ended March 31, 2024, approximately 67% of operating revenues reflected in the financial statements are from HUD. The Authority operates in a heavily regulated environment. The operations of the Authority are subject to the administrative directives, rules and regulations of federal, state, and local regulatory agencies, including, but not limited to HUD. Such administrative directives, rules and regulations are subject to change by an act of Congress, or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related costs and the additional administrative burden to comply with the changes.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Our policy is to manage this exposure to declines in fair values by limiting the weighted average maturity of its investments portfolio.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. It is our policy to follow the HUD regulations by only having direct investments and investments through mutual funds to direct obligations, guaranteed obligations, or obligations of the agencies of the United States of America.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, our deposits may not be returned. Our policy for custodial credit risk requires collateral to be held in our name by its agent or by the bank's trust department.

Section Intentionally Left Blank

REGIONAL HOUSING AUTHORITY

Notes to Financial Statements

NOTE 14 - CONDENSED COMBINING FINANCIAL STATEMENTS

Condensed combining financial statements are presented below:

	AUTHORITY	BBP	ELIM	TOTAL
Cash and equivalents	\$ 12,216,349	\$ 886,225	\$ -	\$ 13,102,574
Intercompany receivables	60,589	-	(60,589)	-
Other current assets	2,128,468	2,677	-	2,131,145
Total current assets	14,405,406	888,902	(60,589)	15,233,719
Net capital assets	34,680,473	268,558	-	34,949,031
Other non-current assets	11,818,763	-	-	11,818,763
Total assets	60,904,642	1,157,460	(60,589)	62,001,513
Deferred outflows of resources	1,960,808	10,584	-	1,971,392
Total Assets and Deferred Outflows of Resources	\$ 62,865,450	\$ 1,168,044	\$ (60,589)	\$ 63,972,905
Intercompany payables	\$ 60,589	\$ -	\$ (60,589)	\$ -
Other current liabilities	1,524,496	6,083	-	1,530,579
Total current liabilities	1,585,085	6,083	(60,589)	1,530,579
Total non-current liabilities	15,015,749	12,157	-	15,027,906
Total liabilities	16,600,834	18,240	(60,589)	16,558,485
Deferred inflows of resources	3,911,126	11,989	-	3,923,115
Net investment in capital assets	22,478,331	268,558	-	22,746,889
Restricted	2,991,706	-	-	2,991,706
Unrestricted	16,883,453	869,257	-	17,752,710
Total net position	42,353,490	1,137,815	-	43,491,305
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 62,865,450	\$ 1,168,044	\$ (60,589)	\$ 63,972,905

REGIONAL HOUSING AUTHORITY

Notes to Financial Statements

	AUTHORITY	BBP	ELIM	TOTAL
Operating revenues	\$ 33,832,320	\$ 596,773	\$ -	\$ 34,429,093
Operating expenses	<u>30,736,377</u>	<u>89,344</u>	<u>-</u>	<u>30,825,721</u>
Operating income (loss)	3,095,943	507,429	-	3,603,372
Non-operating revenues (expenses)	<u>255,650</u>	<u>1,876</u>	<u>-</u>	<u>257,526</u>
Income (loss) before contributions and other items	3,351,593	509,305	-	3,860,898
Contributions, transfers, and other items	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>\$ 3,351,593</u>	<u>\$ 509,305</u>	<u>\$ -</u>	<u>\$ 3,860,898</u>
Net position, beginning of year	\$ 39,307,714	\$ 322,693	\$ -	\$ 39,630,407
Change in net position	3,351,593	509,305	-	3,860,898
Prior-period restatements	-	-	-	-
Equity transfers	<u>(305,817)</u>	<u>305,817</u>	<u>-</u>	<u>-</u>
Net Position, End of Year	<u>\$ 42,353,490</u>	<u>\$ 1,137,815</u>	<u>\$ -</u>	<u>\$ 43,491,305</u>

	AUTHORITY	BBP	ELIM	TOTAL
Net cash from operating activities	\$ 8,045,872	\$ 561,056	\$ -	\$ 8,606,928
Net cash from capital and related financing activities	(436,462)	(279,851)	-	(716,313)
Net cash from non-capital financing activities	(305,817)	305,817	-	-
Net cash from investing activities	<u>(3,186,855)</u>	<u>1,876</u>	<u>-</u>	<u>(3,184,979)</u>
Net change in cash	4,116,738	588,898	-	4,705,636
Cash at beginning of period	<u>8,099,611</u>	<u>297,327</u>	<u>-</u>	<u>8,396,938</u>
Cash at End of Period	<u>\$ 12,216,349</u>	<u>\$ 886,225</u>	<u>\$ -</u>	<u>\$ 13,102,574</u>

REGIONAL HOUSING AUTHORITY

Pension Schedules

NET PENSION LIABILITY (ASSET) AND RELATED RATIOS

Plan Measurement Date under GASB 68 as of June 30	Proportion of Pension Liability	Proportionate Share of Net Pension Liability (Asset)	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
2015	0.020760%	\$ 1,424,797	\$ 1,640,583	86.85%	81.54%
2016	0.021300%	\$ 1,842,723	\$ 2,073,870	88.85%	77.57%
2017	0.021400%	\$ 2,123,094	\$ 1,702,102	124.73%	76.70%
2018	0.021100%	\$ 2,032,920	\$ 1,836,905	110.67%	78.24%
2019	0.022080%	\$ 2,262,231	\$ 1,606,517	140.82%	77.30%
2020	0.017440%	\$ 1,897,600	\$ 1,582,806	119.89%	81.94%
2021	0.013670%	\$ (739,007)	\$ 1,046,379	-70.63%	106.56%
2022	0.010165%	\$ 1,174,198	\$ 1,940,551	60.51%	90.08%
2023	0.003850%	\$ 1,447,304	\$ 1,905,648	75.95%	77.97%

SCHEDULE OF PENSION PLAN'S CONTRIBUTIONS

Plan Measurement Date 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	\$ 239,332	\$ 239,332	\$ -	\$ 2,073,870	11.54%
2017	\$ 175,370	\$ 175,370	\$ -	\$ 1,702,102	10.30%
2018	\$ 278,365	\$ 278,365	\$ -	\$ 1,836,905	15.15%
2019	\$ 268,083	\$ 229,403	\$ 38,680	\$ 1,606,517	14.28%
2020	\$ 302,228	\$ 302,228	\$ -	\$ 1,582,806	19.09%
2021	\$ 312,105	\$ 312,105	\$ -	\$ 1,046,379	29.83%
2022	\$ 189,632	\$ 189,632	\$ -	\$ 1,940,551	9.77%
2023	\$ 109,763	\$ 109,763	\$ -	\$ 1,905,648	5.76%

NOTES TO PENSION SCHEDULES:

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.

REGIONAL HOUSING AUTHORITY

Pension Schedules

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.

REGIONAL HOUSING AUTHORITY

OPEB Schedule

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY, CONTRIBUTIONS, AND RELATED RATIOS

Measurement period:	2018	2019	2020	2021
Total OPEB Liability (Asset)				
Service cost	\$ 82,572	\$ 85,992	\$ 98,738	\$ 160,217
Interest	52,296	57,003	65,452	57,938
Experience (gains)/losses	-	(10,043)	(9,733)	(427,744)
Changes of assumptions	(19,825)	124,253	626,154	(190,631)
Benefit payments	<u>(7,755)</u>	<u>(8,025)</u>	<u>(8,757)</u>	<u>(24,682)</u>
Net change in total OPEB liability	107,288	249,180	771,854	(424,902)
Total OPEB liability - beginning	<u>1,276,089</u>	<u>1,383,377</u>	<u>1,632,557</u>	<u>2,404,411</u>
Total OPEB liability - ending	1,383,377	1,632,557	2,404,411	1,979,509
Plan fiduciary net position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net OPEB Liability (Asset)	<u>\$ 1,383,377</u>	<u>\$ 1,632,557</u>	<u>\$ 2,404,411</u>	<u>\$ 1,979,509</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0%	0%	0%	0%
Covered-employee payroll	\$ 2,132,431	\$ 1,954,667	\$ 1,972,177	\$ 2,147,575
Total OPEB liability as a percentage of covered payroll	64.9%	83.5%	121.9%	92.2%
Actuarially Determined Contribution (ADC)	\$ 7,755	\$ 8,025	\$ 8,757	\$ 24,682
Actual contributions	<u>(7,755)</u>	<u>(8,025)</u>	<u>(8,757)</u>	<u>(24,682)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Contributions as a percentage of covered-employee payroll	0.4%	0.4%	0.4%	1.1%

REGIONAL HOUSING AUTHORITY

OPEB Schedule

Measurement period:	2022	2023
Total OPEB liability (asset)		
Service cost	\$ 111,757	\$ 32,477
Interest	50,002	69,463
Experience (gains)/losses	1,220	(69,445)
Changes of assumptions	(1,235,363)	210,518
Benefit payments	<u>(15,772)</u>	<u>(17,616)</u>
Net change in total OPEB liability	(1,088,156)	225,397
Total OPEB liability - beginning	<u>1,979,509</u>	<u>502,411</u>
 Total OPEB liability - ending	 891,353	 727,808
Plan fiduciary net position	<u>388,942</u>	<u>116,890</u>
Net OPEB liability (asset)	<u>\$ 502,411</u>	<u>\$ 610,918</u>
 Plan fiduciary net position as a percentage of the total OPEB liability	 44%	 45%
 Covered-employee payroll	 \$ 1,742,025	 \$ 1,878,723
 Total OPEB liability as a percentage of covered payroll	 28.8%	 32.5%
 Actuarially Determined Contribution (ADC)	 \$ 15,772	 \$ 17,616
Actual contributions	<u>(15,772)</u>	<u>(17,616)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
 Contributions as a percentage of covered-employee payroll	 0.9%	 0.9%

NOTES TO OPEB SCHEDULES:

The Discount Rate changed from 7.59% as of March 31, 2022, to 5.67% as of March 31, 2023.

The average per capita claims cost was updated to reflect actual 2023 and 2024 premiums and the health care cost trend rate was updated to reflect 2023 industry survey data and use of the 2023 Getzen model. The Inflation Rate assumption has changed from 2.26% as of March 31, 2022, to 2.60% as of March 31, 2023.

REGIONAL HOUSING AUTHORITY

Schedule of Expenditures of Federal Awards

Year Ended March 31, 2024

Program Title	Assistance Listing Number(s)	Cluster Title	Award Type	Pass-Through No.	Expenditures	Amounts Passed Through to Sub-Recipients
Section 8 Housing Choice Vouchers	14.871	HVC	Direct		\$ 19,739,098	\$ -
Emergency Housing Vouchers	14.871	HVC	Direct		1,604,808	-
<i>Total Section 8 Housing Choice Vouchers</i>					<u>21,343,906</u>	<u>-</u>
Mainstream Vouchers	14.879	HVC	Direct		1,191,446	-
Public Housing Capital Fund	14.872		Direct		4,526	-
Family Self-Sufficiency Program	14.896		Direct		237,955	-
Rural Rental Assistance Payments	10.427		Direct		<u>1,746,719</u>	<u>-</u>
Total Federal Financial Assistance					<u>\$ 24,524,552</u>	<u>\$ -</u>
<i>Federal Grantor:</i>						Expenditures
US Department of Housing and Urban Development						\$ 22,777,833
US Department of Agriculture						<u>1,746,719</u>
Total Federal Financial Assistance						<u>\$ 24,524,552</u>
<i>Cluster Title:</i>						Expenditures
Housing Voucher Cluster						\$ 22,535,352
<i>Award Type:</i>						Expenditures
Direct						\$ 24,524,552
Indirect						<u>-</u>
Total Federal Financial Assistance						<u>\$ 24,524,552</u>

NOTE 01 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal awards activity of the Authority under programs of the federal government for the year ended March 31, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of our operations, it is not intended to and does not present our financial position, changes in net positions, or cash flows.

NOTE 02 - INDIRECT COST RATE

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

• t: (615) 309-8959
• f: (909) 825-9900
• 4068 rural plains circle #180
• franklin, tn 37064



**Independent Auditors' 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**

The Governing Body of
Regional Housing Authority

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 Regional Housing Authority (Authority), as of and for the year ended March 31, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 20, 2024.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing auditing 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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

REPORT ON COMPLIANCE AND OTHER MATTERS

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

September 20, 2024

- t: (615) 309-8959
- f: (909) 825-9900
- 4068 rural plains circle #180
- franklin, tn 37064



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

The Governing Body of
Regional Housing Authority

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

OPINION ON EACH MAJOR FEDERAL PROGRAM

We have audited Regional Housing Authority's (Authority) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended March 31, 2024. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2024.

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

RESPONSIBILITIES OF MANAGEMENT FOR COMPLIANCE

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



AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF COMPLIANCE

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Authority'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:

(1) Exercise professional judgment and maintain professional skepticism throughout the audit; (2) Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances; and (3) Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

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

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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



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

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

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

September 20, 2024

REGIONAL HOUSING AUTHORITY

Schedule of Findings and Questioned Costs

Year Ended March 31, 2024

SECTION I - SUMMARY OF AUDITORS' RESULTS**Financial Statements:**

1. Type of Auditor Report on the financial statements: Unmodified
2. Internal control over financial reporting:
- a. Material weakness(es) identified? Yes x No
- b. Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes x None noted
3. Noncompliance material to financial statements? Yes x No

Federal Awards:

4. Type of auditors' report on compliance for major programs: Unmodified
5. Internal control over major programs:
- a. Material weakness(es) identified? Yes x No
- b. Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes x None noted
6. Audit findings noted which are required to be reported in accordance with 2 CFR Section 200.516(a)? Yes x No
7. Identification of Major Programs:

ALN(s)	Program Name(s)
Various	Housing Voucher Cluster

8. The Dollar Threshold Used to Distinguish Between Type A and Type B Programs: \$ 750,000
9. Auditee qualified as a low-risk auditee? x Yes No

REGIONAL HOUSING AUTHORITY

Status of Prior Audit Findings

Year Ended March 31, 2024

Financial Statement Findings:

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

Federal Award Findings and Question Costs:

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

REGIONAL HOUSING AUTHORITY

The Auditors Communication with Those Charged with Governance

Year Ended March 31, 2024



smithmarion

connected . focused . understandable

- t: (615) 309-8959
- f: (909) 825-9900
- 4068 rural plains circle #180
- franklin, tn 37064



The Governing Body of
Regional Housing Authority

We have audited the financial statements of Regional Housing Authority (Authority) as of and for the year ended March 31, 2024, and have issued our report thereon dated September 20, 2024.

This report summarizes our communications with those charged with governance as required by our professional standards to assist you in fulfilling your obligation to oversee the financial reporting and disclosure process.

REQUIRED COMMUNICATIONS

Professional standards require the auditor to provide the Governing Body (the Board or those charged with governance) with additional information regarding the scope and results of the audit that may assist the Board in overseeing the financial reporting and disclosure processes which the management of the Authority is responsible. We summarize these required communications as follows:

AUDITORS' RESPONSIBILITIES UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES (US GAAS) AND GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS (GAGAS)

Our responsibilities are included in our audit engagement letter.

The financial statements are the responsibility of the Authority's management as prepared with the oversight of those charged with governance. Our audit was designed in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, to obtain reasonable, rather than absolute, assurance that the financial statements are free of material misstatement. We were not engaged to perform an audit of the Authority's internal control over financial reporting.

Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we will express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation.

INDEPENDENCE

We are not aware of any relationships between Smith Marion & Co., and our related entities, and the Authority, or any other matters that in our professional judgment, may reasonably be thought to bear on our independence.

We confirm that we are independent with respect to the Authority within the meaning of the applicable published rules and pronouncements, its interpretations and rulings.



THE ADOPTION OF, OR A CHANGE IN SIGNIFICANT ACCOUNTING POLICIES

We determined that the Board is informed about the initial selection of, and any changes in significant accounting principles or their application when the accounting principle or its application, including alternative methods of applying the accounting principle, has a material effect on the financial statements.

Effective April 01, 2023, the Authority implemented:

- ▣ GASB 96 - SBITA

AUDITORS' JUDGEMENT ABOUT THE QUALITY OF THE AUTHORITY'S ACCOUNTING PRINCIPLES

We discussed our judgment about the quality, not just the acceptability, of the Authority's accounting principles as applied in its financial reporting, including the consistency of the accounting policy and their application and the clarity and completeness of the financial statements and related disclosures.

SENSITIVE ACCOUNTING ESTIMATES

Certain estimates are particularly sensitive due to their significance to the financial statements and the possibility that future events may differ significantly from management's expectations.

We determined that the Board is informed about management's process for formulating particularly sensitive estimates and about the basis to our conclusions regarding the reasonableness of those estimates.

There were no sensitive estimates management's judgment is called upon in.

Or:

Management's judgment is called upon in:

- ▣ Pension obligation and related deferred inflows/outflows - Management estimate is based on actuarial assumptions and methods. We have evaluated those actuarial assumptions and methods in determining that they are reasonable in relation to the financial statements.
- ▣ Other Post Employment Benefits (OPEB) obligation and related deferred inflows/outflows - Management estimate is based on actuarial assumptions and methods. We have evaluated those actuarial assumptions and methods in determining that they are reasonable in relation to the financial statements.

FINANCIAL STATEMENT DISCLOSURES

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users.

The most sensitive disclosures affecting the Authority's financial statements relate to:

- ▣ Pension obligation and related deferred inflows/outflows
- ▣ Other Post Employment Benefits (OPEB) obligation and related deferred inflows/outflows



IDENTIFIED OR SUSPECTED FRAUD

We are not aware of any matters that require communication. Furthermore, the Authority's management has represented to us that they were not aware of any fraud or illegal acts for the period from April 01, 2023 to March 31, 2024 (see *Management's Representation Letter*).

SIGNIFICANT DIFFICULTIES ENCOUNTERED DURING THE AUDIT

There were no serious difficulties encountered in dealing with management in performing the audit.

REPRESENTATIONS REQUESTED FROM MANAGEMENT

We have requested certain written representations from management in a separate letter dated September 20, 2024 (see *Management's Representation Letter*).

UNCORRECTED MISSTATEMENTS, RELATED TO ACCOUNTS AND DISCLOSURES, CONSIDERED BY MANAGEMENT TO BE IMMATERIAL

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. The uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

MATERIAL CORRECTED MISSTATEMENTS, RELATED TO ACCOUNTS AND DISCLOSURES

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures.

We did not identify and correct any material misstatements, related to accounts and disclosures, during our audit.

DISAGREEMENTS WITH MANAGEMENT

There were no material disagreements with the Authority's management on financial accounting and reporting matters during the audit.

CONSULTATIONS WITH OTHER ACCOUNTANTS

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters (see *Management Representation Letter*).



MAJOR ISSUES DISCUSSED WITH MANAGEMENT PRIOR TO RETENTION

In the normal course of our professional association with the Authority, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the Authority, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Authority's auditors.

SIGNIFICANT RISKS IDENTIFIED

For purposes of this communication, professional standards require us to communicate to you significant risks identified during our audit.

The following significant risks were identified in our audit procedures:

Management override of controls (*required by US GAAS*) - Even though internal control over financial reporting (hereinafter referred to as internal controls or simply as controls) may appear to be well-designed and effective, controls that are otherwise effective can be overridden by management in every Authority. Many financial statement frauds have been perpetrated by intentional override by senior management of what might otherwise appear to be effective internal controls. Because management is primarily responsible for the design, implementation, and maintenance of internal controls, the Authority is always exposed to the danger of management override of controls.

Improper revenue recognition (*required by US GAAS*) - Revenue recognition is one of only two matters that must always, under AU-C 240 (the fraud risk standard), be considered a high-risk area, requiring expanded audit attention. Revenue recognition fraud schemes have been responsible for more investigations, restatements, and litigation against outside accountants than any other single cause. Revenue recognition is an accounting principle that asserts that revenue must be recognized as it is earned. Proper revenue recognition is imperative because it relates directly to the integrity of an Authority's financial reporting. The intent of the principle around revenue recognition is to standardize the revenue policies used by companies. This standardization allows external entities to easily compare the income statements of different companies in the same industry. Because revenue is one of the most important measures used by external entities to assess a company's performance, it is crucial that financial statements be consistent and credible.

GASB 87 implementation (*new significant standard*) - Implementation of certain new accounting standards raise substantial risk of material misstatement based on their complexity, lack of guidance, level of effort required and novelty.

Entities use a variety of leasing arrangements to stabilize cash flows and reduce risk and uncertainty. The newly issued GASB Statement 87 on leases fundamentally changes lease recognition, measurement, and related disclosures for both government lessees and lessors. The major changes outlined in GASB 87 are: (1) Leases will be classified as "short-term," "contracts that transfer ownership," and "all other."; (2) Leases that extend beyond 12 months will have a balance sheet impact on both the lessee and lessor; (3) For leases other than short-term leases and contracts that transfer ownership, the lessee will recognize an intangible right to use lease asset, and the lessor will continue to depreciate and account for the lease asset; (4) Financial statement disclosures and schedules will be required for contracts that transfer ownership and non-short-term leases; and (5) There will be no disclosure requirement for short-term lease outflows. GASB 87's provisions go into effect for fiscal years beginning after June 15, 2021, and all reporting periods thereafter. Implementation is very time-intensive, especially for Authority's that have a number of agreements that are currently recorded as operating leases.



SIGNIFICANT UNUSUAL TRANSACTIONS

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit.

During our audit procedures, we did not become aware of significant unusual transaction that should be brought to your attention.

OTHER INFORMATION IN DOCUMENTS CONTAINING AUDITED FINANCIAL STATEMENTS

We reviewed the supplemental information to the financial statements to ensure consistency with the audited financial statements.

RESTRICTION ON USE

This report is intended solely for the information and use of the individuals charged with governance, and management of the Authority and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

September 20, 2024