

REGIONAL HOUSING AUTHORITY

Financial Statements & Independent Auditors' Report

For the Year Ended March 31, 2025



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Board of Commissioners
Regional Housing Authority
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Independent Auditors' Report

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Regional Housing 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 opinions.

Responsibilities of Management for the Financial Statements

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

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



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Regional Housing Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Regional Housing 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 supplementary schedules, as described in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Regional Housing Authority's basic financial statements. The supplemental information, as described in the table of contents, and the Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, that information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 7, 2025, on our consideration of Regional Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Regional Housing 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 Regional Housing Authority's internal control over financial reporting and compliance.

July 7, 2025

Regional Housing Authority's (Authority) Management's Discussion and Analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's 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 the Authority's financial statements.

FINANCIAL HIGHLIGHTS

The Authority ended the fiscal year of operations with assets of \$67.4 million; deferred outflows of resources of \$1.5 million; liabilities of \$21.0 million; deferred inflows of resources of \$1.8 million; and net position of \$46.1 million, which consisted of \$18.3 million invested in land, buildings, and equipment; \$3.0 million in restricted assets; and \$24.8 million in unrestricted assets.

The ending net position of \$46.1 million includes net operating income of \$3.0 million, non-operating revenues of \$0.6 million, and a prior period adjustment of \$1.0 million.

USING THIS ANNUAL REPORT

- Management's Discussion and Analysis (MD&A)
- Basic Financial Statements (Authority-wide)
- Other Supplementary Information

The primary focus of the Authority's financial statements is on both the Authority as a whole (Authority-wide) and the major individual programs. Both perspectives (Authority-wide and major program) allow the user to address relevant questions, broaden a basis for comparison (year to year or Authority to Authority) and enhance the Authority's accountability.

Authority-Wide Financial Statements

The Authority-wide financial statements are designed to be corporate-like in that all business type activities are consolidated into columns which add to a total for the entire Authority.

These statements include a Statement of Net Position, which is similar to a balance sheet. The Statement of Net Position reports all financial and capital resources for the Authority. The statement is presented in the format where assets plus deferred outflows of resources equals liabilities plus deferred inflows of resources and "Net Position", formerly known as equity. Assets and liabilities are presented in order of liquidity and are classified as "Current" (convertible into cash within one year), and "Non-current".

The focus of the Statement of Net Position is designed to represent the net available liquid (noncapital) assets, net of liabilities, for the entire Authority. Net position (formerly equity) is reported in three broad categories:

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

The Authority-wide financial statements also include a Statement of Revenues, Expenses, and Changes in Net Position (similar to an income statement). This statement includes operating revenues, such as rental income, operating expenses, such as administrative, utilities, maintenance and depreciation, and non-operating revenue and expenses, such as capital grant revenue, investment income and interest expense.

The focus of the Statement of Revenues, Expenses, and Changes in Net Position is the "Change in Net Position", which is similar to net income or loss.

Finally, a Statement of Cash Flows is included, which discloses net cash provided by, or used for operating activities, non-capital financing activities, and from capital and related financing and investing activities.

FINANCIAL STATEMENTS

All of the Authority's programs utilize the enterprise fund method of accounting. Enterprise funds use the full accrual basis of accounting. The enterprise method of accounting is similar to accounting utilized by the private sector. Many of the programs maintained by the Authority are required by the Department of Housing and Urban Development. Others are segregated to enhance accountability and control.

STATEMENT OF NET POSITION

The following table reflects the condensed Statement of Net Position compared to prior year. The Authority is engaged only in business-type activities.

	2025	2024	Change	
			Dollar	Percentage
ASSETS				
Current assets	\$ 18,122,565	\$ 15,233,719	\$ 2,888,846	18.96%
Capital & non-current assets	49,238,391	46,767,794	2,470,597	5.28%
Total assets	<u>67,360,956</u>	<u>62,001,513</u>	<u>5,359,443</u>	8.64%
DEFERRED OUTFLOWS OF RESOURCES	<u>1,502,490</u>	<u>1,971,392</u>	<u>(468,902)</u>	-23.79%
LIABILITIES				
Current liabilities	5,898,731	1,530,579	4,368,152	285.39%
Non-current liabilities	15,056,589	15,027,906	28,683	0.19%
Total liabilities	<u>20,955,320</u>	<u>16,558,485</u>	<u>4,396,835</u>	26.55%
DEFERRED INFLOWS OF RESOURCES	<u>1,822,597</u>	<u>3,923,115</u>	<u>(2,100,518)</u>	-53.54%
NET POSITION				
Investment in capital assets	18,298,529	22,746,889	(4,448,360)	-19.56%
Restricted net position	3,027,114	2,991,706	35,408	1.18%
Unrestricted net position	<u>24,759,886</u>	<u>17,752,710</u>	<u>7,007,176</u>	39.47%
Total net position	<u>\$ 46,085,529</u>	<u>\$ 43,491,305</u>	<u>\$ 2,594,224</u>	5.96%

Major Factors Affecting the Statement of Net Position

The Authority ended the fiscal year with an increase in total assets of \$5.4 million, representing 8.64% growth. The Authority decreased its net capital assets but significantly increased its non-current notes receivables to various Low Income Housing Tax Credit developments. Current assets increased for the year by 18.96% as cash reserves and investments increased. The Authority's current and non-current liabilities balances increased to \$5.9 million and \$15.1 million respectively, increasing the total liabilities year-end balance to \$21.0 million from \$16.6 million, representing a 26.55% increase. The primary driver of the current liability increase was the 3.5 million line of credit in order to develop the Rancho Colus, Colusa project.

As of March 31, 2025, the Authority's ending net position grew by \$2.6 million, an increase of 5.96% resulting in a total net position ending balance of \$46.1 million. The increase represents income from continuing operations and development fees.

Overall, The Authority showed significant asset growth with strong increase in current assets, offset with large increases current and obligations but still resulting in a stronger balance sheet. Net position grew during the year primarily due to a sizable increase in restricted net position and together with the other changes highlight a stable and improving financial position with enhanced liquidity and lower debt burden.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

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

	2025	2024	Change	
			Dollar	Percentage
Dwelling rent	\$ 3,604,051	\$ 3,402,267	\$ 201,784	5.93%
Government grants	28,771,868	28,706,129	65,739	0.23%
Other income	2,265,409	2,401,703	(136,294)	-5.67%
Interest income	878,518	529,608	348,910	65.88%
TOTAL REVENUES	35,519,846	35,039,707	480,139	1.37%
Administration	3,248,181	3,082,129	166,052	5.39%
Tenant services	423,006	754,509	(331,503)	-43.94%
Utilities	834,864	935,288	(100,424)	-10.74%
Maintenance and operations	2,815,754	3,359,027	(543,273)	-16.17%
Protective services	33,892	29,183	4,709	16.14%
Insurance	370,847	311,799	59,048	18.94%
Other expenses	182,030	201,204	(19,174)	-9.53%
Housing Assistance Payments	21,375,513	19,854,386	1,521,127	7.66%
Depreciation	2,285,597	2,298,196	(12,599)	-0.55%
Interest Expense	346,917	353,088	(6,171)	-1.75%
TOTAL EXPENSES	31,916,601	31,178,809	737,792	2.37%
CHANGE IN NET POSITION	3,603,245	3,860,898	(257,653)	-6.67%
BEGINNING NET POSITION	43,491,305	39,630,407		
Prior Period Correction	(1,009,021)	-		
ENDING NET POSITION	\$ 46,085,529	\$ 43,491,305		

Major Factors Affecting the Statement of Revenues, Expenses, & Changes in Net Position

As shown by the Statement of Revenues, Expenses, and Changes in Net Position, the Authority's net position increased by \$3.6 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 the fund classes of U.S. Department of Housing and Urban Development (HUD) and Business Activities. U.S. Department of Agriculture saw an increase but not as significant as in prior years.
- A higher Section 8 housing assistance budget and an increased rate per voucher
- Developer fee revenue from Low Income Housing Tax Credit developments.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of year end, the Authority had \$31.8 million invested in a variety of capital assets as reflected in the following schedule. This represents a decrease of 3.69% and is derived from accumulated depreciation without a substantial increase in new assets.

	2025	2024	Change	
			Dollar	Percentage
Land	\$ 3,999,869	\$ 3,999,869	\$ -	0.00%
Buildings and improvements	59,195,653	58,865,640	330,013	0.56%
Equipment	1,139,503	1,321,750	(182,247)	-13.79%
Construction in progress	333,411	266,573	66,838	25.07%
	<u>64,668,436</u>	<u>64,453,832</u>	<u>214,604</u>	<u>0.33%</u>
Accumulated depreciation	<u>(32,826,220)</u>	<u>(31,393,186)</u>	<u>(1,433,034)</u>	4.56%
Net capital assets	<u>\$ 31,842,216</u>	<u>\$ 33,060,646</u>	<u>\$ (1,218,430)</u>	-3.69%

Debt and Leases Payable

	2025	2024	Change	
			Dollar	Percentage
Debt	\$ 13,870,651	\$ 10,676,779	\$ 3,193,872	29.91%
Lease payable	1,489,507	1,525,363	(35,856)	-2.35%
Total	<u>\$ 15,360,158</u>	<u>\$ 12,202,142</u>	<u>\$ 3,158,016</u>	<u>27.56%</u>

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding provided by Congress to the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary 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, 2025

ASSETS

Current Assets

Cash and cash equivalents	
Unrestricted	\$ 9,486,024
Restricted	4,010,333
Subtotal	13,496,357
Investments	3,806,455
Accounts receivable, net	656,569
Prepaid expenses	163,184
Notes and lease receivable current	-
Total Current Assets	18,122,565

Non-Current Assets

Notes and leases receivable	15,184,869
Investment in limited liability corporations	394,835
Capital assets not being depreciated	4,333,280
Capital assets, net	27,508,936
Right to use leased assets, net	1,816,471
Total Non-Current Assets	49,238,391

TOTAL ASSETS

67,360,956

DEFERRED OUTFLOWS OF RESOURCES

1,502,490

LIABILITIES

Current Liabilities

Accounts payable	136,010
Accrued liabilities	155,105
Deposits held in trust	226,928
Compensated absences current	300,744
Unearned revenue	453,310
Other liabilities current	456,009
Debt and leases payable current	4,170,625
Total Current Liabilities	5,898,731

Non-Current Liabilities

Compensated absences	1,236,839
Funds held in trust	594,155
Net pension liability	1,332,601
Net OPEB liability	703,461
Debt and leases payable	11,189,533
Total Non-Current Liabilities	15,056,589

TOTAL LIABILITIES

20,955,320

DEFERRED INFLOWS OF RESOURCES

1,822,597

NET POSITION

Net investment in capital assets	18,298,529
Restricted	3,027,114
Unrestricted	24,759,886
TOTAL NET POSITION	\$ 46,085,529

Regional Housing Authority
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended March 31, 2025

Operating Revenues	
Rental revenues, net	\$ 3,604,051
Government grants	28,771,868
Other income	<u>2,212,643</u>
Total Operating Revenues	<u>34,588,562</u>
Operating Expenses	
Administration	3,248,181
Tenant services	423,006
Utilities	834,864
Maintenance and operations	2,815,754
Protective services	33,892
Insurance expense	370,847
General expense	182,030
Housing Assistance Payments	21,375,513
Depreciation and amortization	<u>2,285,597</u>
Total Operating Expenses	<u>31,569,684</u>
NET OPERATING INCOME (LOSS)	<u>3,018,878</u>
Non-Operating Revenues (Expenses)	
Interest income	878,518
Gain (loss) on disposal of capital assets	52,766
Interest expense	<u>(346,917)</u>
Total Non-Operating Revenues (Expenses)	<u>584,367</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>3,603,245</u>
Capital Contributions and Transfers	
Transfers	<u>-</u>
Total Capital Contributions and Transfers	<u>-</u>
CHANGE IN NET POSITION	3,603,245
BEGINNING NET POSITION	43,491,305
Prior period adjustment	<u>(1,009,021)</u>
ENDING NET POSITION	<u>\$ 46,085,529</u>

Regional Housing Authority
Statement of Cash Flows
For the Year Ended March 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from tenants and users	\$ 5,114,991
Receipts from operating grants	29,166,714
Payments for goods and services	(3,904,488)
Payments for Housing Assistance Payments	(20,907,873)
Payments to employees for services	(5,323,354)

NET CASH FLOW PROVIDED (USED) BY OPERATING ACTIVITIES **4,145,990**

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Capital asset purchases	(942,487)
Payments on leases and loans	(870,010)
Proceeds from additional loans and leases	3,681,109

NET CASH FLOW PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES **1,868,612**

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from investment activities	878,518
Transfers	-
Note receivable increase	(3,760,941)
(Purchase) or redemption of CD	(2,312,702)

NET CASH FLOW PROVIDED (USED) BY INVESTING ACTIVITIES **(5,195,125)**

NET INCREASE (DECREASE) IN CASH **819,477**

BEGINNING CASH **12,676,880**

ENDING CASH **\$ 13,496,357**

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

Operating income (loss) \$ 3,018,878

Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:

Depreciation	2,285,597
Pension	(1,653,776)

Change in Assets and Liabilities

(Increase) decrease in accounts receivable	(401,460)
(Increase) decrease in prepaid	220,696
Increase (decrease) in accounts payable	24,592
Increase (decrease) in accrued liabilities	556,016
Increase (decrease) in unearned revenue	71,517
Increase (decrease) in deposits held in trust	23,930

Total Adjustments **1,127,112**

Net Cash Provided (Used) by Operating Activities **\$ 4,145,990**

Interest Paid **\$ 346,917**

NOTE 01 - SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Introduction

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 (the Authority) 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.

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

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

The Authority is 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. The Authority's 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 the Authority's assets, nor do they have any right to the Authority's surpluses. These municipalities do not have the ability to exercise influence over the daily operations of the Authority or approve their budgets.

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, 2025, 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.

Basis of Presentation

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

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

Basis of Accounting

The financial statements are presented using the accrual basis of accounting with an economic resource 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.

The Board

<u>Name</u>	<u>Position</u>
Manny Cardoza	Chairperson
Bob Woten	Vice-Chairperson
John Loudon	Commissioner
Karm Bains	Commissioner
Jeremy Chapdelaine	Commissioner
Don Blaser	Commissioner
Robb Tucker	Commissioner
Susan Hoek	Commissioner
Andy Vasquez	Commissioner
Kent Boes	Commissioner
Michael McFarlane	Commissioner
Marc Boomgaarden	Commissioner
Denise Conrado	Commissioner
Suzanne Gallaty	Commissioner

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

Cash and Equivalents

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

Use of Estimates

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

Accounts Receivable

Accounts receivable consists of all amounts earned at year end and not yet received. Allowances for uncollectible accounts are based upon historical trends and periodic aging of accounts receivable. Accounts for which no possibility of collection is anticipated are charged to bad debts expense which is netted against dwelling rent revenues on the statement of revenues, expenses, and changes in net position.

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

Capital Assets and Depreciation

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

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

<u>Category</u>	<u>Useful Life</u>
Buildings and improvements	10-30 Years
Furniture and equipment	3-7 Years
Leased equipment	20 Years
Leased vehicles	5 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, 2025, there has been no impairment of the capital assets.

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.

Compensated Absences

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

Family Self-Sufficiency Escrow Deposits

The Authority under the 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.

If the family completes the contract and no member of the family is receiving welfare, the amount of the FSS account is paid to the head of the family. If the Authority terminates the FSS contract, or if the family fails to complete the contract before its expiration, the family's FSS escrow funds are forfeited.

Tenant Security Deposits

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

Deferred Inflows/Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The deferred outflows of resources are all related to the Pension and OPEB, see Note 08 and Note 09.

Also, in addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The deferred inflows of resources are all related to the Pension and OPEB, see Note 08 and Note 09.

Net Pension Liability

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

Other Post-Employment Benefits (OPEB)

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

Revenues and Expenses

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

In accordance with GASB standards dwelling income has been netted with bad debt expense of \$13,826. Collection losses on accounts receivable are expensed, in the appropriate Fund, on the specific write-off method.

Operating Revenue

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are charges to customers for rents. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Subsidies received from HUD or other grantor agencies, for operating purposes, are recorded as operating revenue in the operating statement while capital grant funds are added to the net position below the non-operating revenue and expense.

Internal Activity and Balances

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

Authorized Investments

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

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

Investment Policy

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

Fair Market Value

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

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

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

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

The carrying amounts of cash and cash equivalents, receivables, payables, and accrued liabilities are a reasonable estimate of their fair value, due to their short-term nature and method of computation. All financial assets that are measured at fair value on a recurring basis (at least annually) have been segregated into the most appropriate level within the fair value hierarchy based on the inputs used to determine the fair value at the measurement date. All of the Authority's investments are valued using Level 1 inputs.

NOTE 02 - CASH AND CASH EQUIVALENTS

At March 31, 2025, the Authority's deposit amounted to \$13,496,357. Of the bank balances held in various financial institutions, \$250,000 was covered by Federal Depository Insurance and the remainder was covered by collateral held under the Dedicated Method.

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

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

Unrestricted	
Checking & Money Market accounts	\$ 9,485,509
Petty cash	<u>515</u>
Subtotal	9,486,024
Restricted	
Security deposits - tenants	226,928
Family Self Sufficiency deposits	260,039
Housing Assistance Payments	107,492
Other restricted funds	<u>3,415,874</u>
Subtotal	<u>4,010,333</u>
Total Cash & Equivalents	<u><u>\$ 13,496,357</u></u>
Unrestricted	
PARS - Capital Appreciation Index	\$ 3,806,455
Investment in Limited Partner	<u>394,835</u>
Total Investments	<u><u>\$ 4,201,290</u></u>

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

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

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

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

NOTE 03 - ACCOUNTS RECEIVABLE

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

Tenant receivables	\$ 84,238
Tenant fraud recovery receivables	21,854
Allowance for receivables	<u>(18,340)</u>
Net receivable	87,752
Due from other governments	446,771
Accrued interest receivable	3,295
Miscellaneous receivables	<u>118,751</u>
Accounts Receivable, Net	<u>\$ 656,569</u>

NOTE 04 - CAPITAL ASSETS

A summary of changes in capital assets were as follows:

	Balance at 04/01/24	Additions	Deletions	Balance at 03/31/25
Capital assets not being depreciated				
Land	\$ 3,999,869	\$ -	\$ -	\$ 3,999,869
Construction in progress	<u>266,573</u>	<u>84,944</u>	<u>(18,106)</u>	<u>333,411</u>
Capital assets not being depreciated	<u>4,266,442</u>	<u>84,944</u>	<u>(18,106)</u>	<u>4,333,280</u>
Capital assets being depreciated				
Buildings & improvements	58,865,640	331,678	(1,665)	59,195,653
Furniture & equipment	<u>1,321,750</u>	<u>51,195</u>	<u>(233,442)</u>	<u>1,139,503</u>
Total assets being depreciated	<u>60,187,390</u>	<u>382,873</u>	<u>(235,107)</u>	<u>60,335,156</u>
Accumulated depreciation	<u>(31,393,186)</u>	<u>(2,103,322)</u>	<u>670,288</u>	<u>(32,826,220)</u>
Net capital assets being depreciated	<u>28,794,204</u>	<u>(1,720,449)</u>	<u>435,181</u>	<u>27,508,936</u>
Capital Assets, Net	<u>\$ 33,060,646</u>	<u>\$ (1,635,505)</u>	<u>\$ 417,075</u>	<u>\$ 31,842,216</u>
	Balance at 04/01/24	Additions	Deletions	Balance at 03/31/25
Solar equipment lease	\$ 2,119,544	\$ -	\$ -	\$ 2,119,544
Leased vehicles	423,944	118,937	(165,267)	377,614
Accumulated amortization	<u>(655,103)</u>	<u>(182,275)</u>	<u>156,691</u>	<u>(680,687)</u>
Leased Assets, Net	<u>\$ 1,888,385</u>	<u>\$ (63,338)</u>	<u>\$ (8,576)</u>	<u>\$ 1,816,471</u>

For the year ended March 31, 2025, the Authority reported depreciation and amortization expense of \$2,285,597.

NOTE 05 - NOTES RECEIVABLE

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

<u>William Senior Associates</u>	<u>Principal</u>	<u>Interest</u>
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.	\$ 434,000	\$ 83,083
<u>Live Oak Pacific Associates</u>		
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.	1,160,143	280,551
<u>Colusa Devonshire LP</u>		
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.	401,090	60,592
<u>Yuba City PSH Associates</u>		
Loans provided to Yuba City PSH Associates in the total amount of \$3,616,116, bears simple interest at 3%, required annual payments from surplus cash/residual receipts, and matures 2075.	3,616,116	542,587
<u>Penn Valley Pacific Associates</u>		
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.	1,082,000	156,395
<u>Grass Valley PSH Associates</u>		
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.	850,000	96,127
<u>Nevada City Cashin's Field LP</u>		
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.	50,000	5,807
<u>Wheatland Pacific Associates</u>		
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.	339,822	28,824

Regional Housing Authority
Notes to Financial Statements
For the Year Ended March 31, 2025

Olive Hurst PSH Pacific Associates	Principal	Interest
Loan provided to Olive Hurst 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.	457,892	20,173
Rancho Colus LP		
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.	1,757,189	171,859
Bridge Loan		
The Authority use the Tri County Bank Line of Credit to advance funds to a new development as a construction bridge loan. The repayment terms are one year with and interest rate of 9.5%.	3,562,173	28,446
Allowance for noncollectible amount	-	-
Total Notes Receivable	\$13,710,425	\$ 1,474,444

*Note is considered impaired, it is probable that all amounts of principal and/or interest due will not be collected according to the terms of the note agreement. Therefore, an allowance has been deemed necessary.

NOTE 06 - LONG-TERM LIABILITIES

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

	Balance at 04/01/24	Additions	Deletions	Balance at 03/31/25	Due within One Year
Compensated absences	\$ 454,006	\$ 1,083,577	\$ -	\$ 1,537,583	\$ 300,744
Net pension liability	1,447,304	-	(114,703)	1,332,601	-
Net OPEB liability	610,918	92,543	-	703,461	-
Debt	10,676,779	3,562,172	(368,300)	13,870,651	3,994,328
Lease liability	1,525,363	118,937	(154,793)	1,489,507	176,297
Total	\$ 14,714,370	\$ 4,857,229	\$ (637,796)	\$ 18,933,803	\$ 4,471,369

NOTE 07 - DEBT

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

River Valley Community Bank - Office Building

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. \$ 465,661

Tri County Bank - Line of Credit

The Authority has a line of credit with a maximum balance of \$4,000,000 available at a current rate of 7.75% requiring repayment in full each year. The line of credit is secured by properties River City Manor and Date Street Senior Village. 3,562,172

Homeless Mentally Ill Outreach and Treatment Program (HMIOT) -Lone Oak Senior

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

Homeless Mentally Ill Outreach and Treatment Program (HMIOT) - Cashin's Fields

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

City of Yuba City - Kingwood Commons

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

River Valley Community Bank - Kingwood Commons

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. 2,055,942

Community Development Block Grant (CDBG) - Kingwood Commons

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

Umpqua Bank - Centennial Arms

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. 420,411

Rural Development (RD) - Centennial Arms

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. 310,401

Rural Development (RD) - Centennial Arms

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. 554,942

Rural Development (RD) - Richland Housing

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. 38,148

Rural Development (RD) - Richland Housing

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. 4,842

Rural Development (RD) - Richland Housing

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. 1,595

Rural Development (RD) - Richland Housing

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. 10,119

Rural Development (RD) - Richland Housing

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. 620

Rural Development (RD) - Richland Housing

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. 1,094

Rural Development (RD) - Richland Housing

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. 302,700

Rural Development (RD) - Richland Housing

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. 29,918

Rural Development (RD) - Richland Housing

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. 705,155

Rural Development (RD) - Richland Housing

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. 1,830,850

Rural Development (RD) - Richland Housing

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. 68,145

Rural Development (RD) - Butte View Estates

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. 478,042

Multifamily Housing Revenue Bond - Butte View Estates

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. 409,056

Total Debt

\$ 13,870,651

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

<u>Year Ended March 31,</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	2026	\$ 3,994,328	\$ 228,658	\$ 4,222,986
	2027	395,290	218,974	614,264
	2028	405,337	208,927	614,264
	2029	415,762	198,502	614,264
	2030	426,581	187,683	614,264
	2031	1,882,112	776,727	2,658,839
	2036	2,590,818	409,406	3,000,224
	2041	1,189,585	140,480	1,330,065
	2046	-	-	-
	2051	-	-	-
	2056	825,000	453,750	1,278,750
	2061	1,745,838	1,564,200	3,310,038
		<u>\$ 13,870,651</u>	<u>\$ 4,387,307</u>	<u>\$ 18,257,958</u>

Lease liabilities at March 31, 2025, consisted of the following:

Solar Equipment Lease

Energy Performance Contract (EPC) for solar equipment with Huntington National Bank, in original amount of \$2,100,000, bearing variable interest currently 3% with annual payments of \$136,430, maturing June 2034. Secured by the solar equipment. \$ 1,227,261

Leased Vehicles

Enterprise fleet leasing of 14 vehicles all with original lease term of 60 months bearing interest rate of 9.25% to 4.25% total monthly payments are \$4,354. Secured by vehicles. 262,246

Total Lease Liability

\$ 1,489,507

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

<u>Year Ended March 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 176,297	\$ 61,666	\$ 237,963
2027	175,351	55,369	230,720
2028	174,229	46,155	220,384
2029	162,297	31,642	193,939
2030	135,864	22,628	158,492
2031 2035	665,469	47,414	712,883
	<u>\$ 1,489,507</u>	<u>\$ 264,874</u>	<u>\$ 1,754,381</u>

NOTE 08 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description

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

Participant Data

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

Active participants	27
Retired participants	4
Inactive participants	0
Total	<u><u>31</u></u>

Contributions

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

Net OPEB Liability

The Authority's net OPEB liability of \$703,461 at March 31, 2025, was measured as of March 31, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated March 31, 2024.

Actuarial Assumptions

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

Inflation Rate:	2.50%
Projected Salary Increases; Including Wage Inflation:	3.25%
Discount Rate:	5.30%
Mortality Rate:	CalPERS 2021 Experience Study

Discount Rate

The discount rate used to measure the total OPEB liability was 5.30 percent for the March 31, 2024, measurement date. The projection of cash flows used to determine the discount rate assumed that Authority contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
	(a)	(b)	(a)-(b)
Balance at March 31, 2023	\$ 1,116,750	\$ 505,832	\$ 610,918
Changes for the Year:			
Service cost	49,815	-	49,815
Interest	65,647	-	65,647
Changes in assumptions	60,510	-	60,510
Contributions - employer	-	17,820	(17,820)
Net investment income	-	65,866	(65,866)
Benefit payments, including refunds of employee contributions	(17,820)	(17,820)	-
Administrative expense	-	(257)	257
Net Changes	158,152	65,609	92,543
Balance at March 31, 2024	\$ 1,274,902	\$ 571,441	\$ 703,461

Regional Housing Authority

Notes to Financial Statements
For the Year Ended March 31, 2025

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

The following presents the net OPEB liability of the Authority if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2025:

	1% Decrease	Discount Rate	1% Increase
OPEB Liability	\$ 538,388	\$ 703,461	\$ 904,300

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

The following presents the net OPEB liability of the Authority if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2025:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
OPEB Liability	\$ 956,833	\$ 703,461	\$ 503,930

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

For the fiscal year ended March 31, 2025, the Authority recognized OPEB expense (benefit) of (\$15,736). At March 31, 2025, the Authority reported deferred outflows of resources and deferred inflow of resources related to the OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 875	\$ 363,141
Changes in assumptions	695,681	1,079,254
Net difference between projected and actual earnings	27,521	-
Contribution to OPEB plan after measurement date	22,036	-
Totals	\$ 746,113	\$ 1,442,395

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

Measurement Period Ended March 31,

2025	\$ (93,072)
2026	(93,072)
2027	(97,420)
2028	(111,019)
2029	(105,526)
Thereafter,	(218,209)
	\$ (718,318)

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

NOTE 09 - PENSION PLAN

Plan Description

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

Benefits Provided

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

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

	Miscellaneous Plan	
	Prior to January 1, 2013	On or after January 1, 2013
Hire Date		
Benefit Formula	2% at 55	2% at 62
Benefit Vesting Formula	5 years of service	5 years of service
Benefit Payments	Monthly for Life	Monthly for Life
Monthly Benefits, as of % of Eligible Compensation	1.426% to 2.48%	1.0% to 2.5%
Required Employee Contribution Rates	7.00%	8.25%
Required Employer Contribution Rates	13.26% + \$73,779	8.00% + \$12,711

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Miscellaneous Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Authority is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The Authority's contributions to the plan for the measurement year ended June 30, 2025, were \$362,378. The Authority's contributions to the pension plan after the measurement year were \$121,497.

Actuarial Assumptions

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

Valuation Date	June 30, 2024
Measurement Date	June 30, 2023
Salary Increases	Entry Age Actuarial Cost Method.
Discount Rate	6.90%
Price Inflation Salary Increases	2.30%
Investment Rate of Return	Varies by entry age and service.
Mortality Rate Table	Derived using CalPERS' membership data for all funds.
Post Retirement Benefit Increase	The lessor of contract COLA or 2.30% until purchasing power protection allowance floor on purchasing power applies, 2.30% thereafter.

Discount Rate

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

Long-Term Expected Rate of Return

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equity - cap-weighted	30%	4.54%
Global equity - non-cap-weighted	12%	3.84%
Private equity	13%	7.28%
Treasury	5%	27.00%
Mortgage-backed securities	5%	0.50%
Investment grade corporates	10%	1.56%
High yield	5%	2.27%
Emerging market debt	5%	2.48%
Private debt	5%	3.57%
Real assets	15%	3.21%
Leverage	-5%	-0.59%
	100%	

Regional Housing Authority

Notes to Financial Statements
For the Year Ended March 31, 2025

Changes in the Net Pension Liability

The Authority's net pension liability of \$1,332,601 is measured as the proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2025, and the total pension liability was determined by an actuarial valuation as of March 31, 2024. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of the contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At March 31, 2025, the Authority's proportion was 0.02755 percent, which was a decrease of 0.00139 percent from its proportion measured as of March 31, 2024.

	Plan Total Pension Liability [a]	Plan Fiduciary Net Position [b]	Plan Net Pension Liability (Asset) [c] = [a]-[b]
Balance at June 30, 2023	\$ 12,678,753	\$ 11,231,450	\$ 1,447,303
Net changes	670,026	784,728	(114,702)
Balance at June 30, 2024	\$ 13,348,779	\$ 12,016,178	\$ 1,332,601

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Plan Net Pension Liability (Assets)	\$ 3,133,890	\$ 1,332,601	\$ (150,125)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended March 31, 2025, the Authority recognized pension expense of \$316,295. At March 31, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 115,216	\$ 4,496
Differences between projected and actual investment earnings	76,716	-
Change of assumptions	34,251	-
Differences between employer's contributions and proportionate share of contributions	-	375,706
Change in employer's proportion	354,639	-
Contributions subsequent to the measurement date of plan	175,555	-
Totals	\$ 756,377	\$ 380,202

The \$175,555 reported as deferred outflows of resources related to pensions, will be recognized as a reduction of the net pension liability in the year ended March 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Period Ended March 31,

2025	\$	154,346
2026		98,327
2027		(25,763)
2028		(26,290)
2029		-
Thereafter		-
		\$ 200,620

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

Payable to the Pension Plan

At March 31, 2025, there were no amounts payable to the pension plan.

NOTE 10 - NET POSITION

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

Capital assets not being depreciated	\$	4,333,280
Capital assets, net		27,508,936
Right to use leased assets, net		1,816,471
Related debt		(13,870,651)
Related lease payable		(1,489,507)
Net Investment in Capital Assets		\$ 18,298,529
Restricted cash	\$	4,010,333
Unearned EHV fees		(26,401)
Security deposit liability		(226,928)
FSS escrow liability		(729,890)
Restricted Net Position		\$ 3,027,114

NOTE 11 - ECONOMIC DEPENDENCE

For the year ended March 31, 2025, approximately 65% of revenues reflected in the financial statement are directly or indirectly from HUD. The Authority's operations are concentrated in the low-income housing real estate market. In addition, the Authority operates in a heavily regulated environment. The operation of the Authority is subject to the administrative directives, rules, and regulations of federal, state, and local regulatory agencies including, but not limited to, HUD. Such administrative directives, rules, and regulations are subject to change by an act of Congress, or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden to comply with the change.

NOTE 12 - CONDENSED FINANCIAL STATEMENTS

As required by GASB the condensed financial statements with elimination

	Housing Authority	Building Better Partnerships	Eliminations	Primary Government Totals
Condensed Statement of Net Position				
Current assets	\$ 17,317,259	\$ 846,432	\$ (41,126)	\$ 18,122,565
Capital assets	33,401,422	257,265	-	33,658,687
Other assets	15,579,704	-	-	15,579,704
Total Assets	66,298,385	1,103,697	(41,126)	67,360,956
Deferred outflow of resources	1,491,265	11,225	-	1,502,490
Current liabilities	5,893,168	46,689	(41,126)	5,898,731
Noncurrent liabilities	15,032,109	24,480	-	15,056,589
Total Liabilities	20,925,277	71,169	(41,126)	20,955,320
Deferred inflow of resources	1,808,982	13,615	-	1,822,597
Net investment in capital assets	18,041,264	257,265	-	18,298,529
Restricted net position	3,027,114	-	-	3,027,114
Unrestricted net position	23,987,013	772,873	-	24,759,886
Net Position	\$ 45,055,391	\$ 1,030,138	\$ -	\$ 46,085,529
Condensed Statement of Revenues, Expenses, and Change in Net Position				
Operating revenues	\$ 33,006,097	\$ 1,582,465	\$ -	\$ 34,588,562
Depreciation expense	(2,274,304)	(11,293)	-	(2,285,597)
Other operating expenses	(29,180,255)	(103,832)	-	(29,284,087)
Operating Income (Loss)	1,551,538	1,467,340	-	3,018,878
Nonoperating revenues	845,997	32,521	-	878,518
Gain (loss) on disposal of capital assets	52,766	-	-	52,766
Nonoperating expenses	(346,917)	-	-	(346,917)
Nonoperating Revenue (Expense)	551,846	32,521	-	584,367
Income (Loss) Before Transfers and Capital Contributions	2,103,384	1,499,861	-	3,603,245
Transfers	1,600,000	(1,600,000)	-	-
Capital contributions	-	-	-	-
Change in Net Position	3,703,384	(100,139)	-	3,603,245
Net position, beginning of year	42,353,490	1,137,815	-	43,491,305
Prior Period Adjustment	(1,001,483)	(7,538)	-	(1,009,021)
Net position, end of year	\$ 45,055,391	\$ 1,030,138	\$ -	\$ 46,085,529
Condensed Statement of Cash Flows				
Net cash flows provided/(used) by operating activities	\$ 2,690,356	\$ 1,455,634	\$ -	\$ 4,145,990
Net cash flows provided/(used) by capital and related financing activities	1,868,612	-	-	1,868,612
Net cash flows provided/(used) by investing activities	(3,627,646)	(1,567,479)	-	(5,195,125)
Net increase/(decrease) in cash and cash equivalents	931,322	(111,845)	-	819,477
Cash, beginning of year	11,790,655	886,225	-	12,676,880
Cash, end of year	\$ 12,721,977	\$ 774,380	\$ -	\$ 13,496,357

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Legal

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

Grants and Contracts

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

Risk Management

The Authority is 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 is underwritten by a housing authority insurance pool: Housing Authority Risk Retention Pool (HARRP).

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.

NOTE 14 - SUBSEQUENT EVENTS

Management evaluated the activity of the Authority through July 7, 2025, (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to financial statement.

NOTE 15 - PRIOR PERIOD ADJUSTMENT

The Authority implemented GASB101 Compensated Absences during the fiscal year ended March 31, 2025. The implementation resulted in an increase to compensated absences liability and a decrease to beginning net position of \$1,009,021. This was a change in accounting principles.

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

Reporting Date for Employer under GASB 68 as of June 30	Proportion of Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Employee Payroll**	Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability***
2015	0.020760%	\$ 1,424,797	\$ 1,640,583	86.85%	79.89%
2016	0.021300%	\$ 1,842,723	\$ 2,073,870	88.85%	75.87%
2017	0.021400%	\$ 2,123,094	\$ 1,702,102	124.73%	75.39%
2018	0.021100%	\$ 2,032,920	\$ 1,836,905	110.67%	77.69%
2019	0.022080%	\$ 2,262,231	\$ 1,606,517	140.82%	77.73%
2020	0.017440%	\$ 1,897,600	\$ 1,582,806	119.89%	77.71%
2021	0.013670%	\$ (739,007)	\$ 1,046,379	-70.63%	90.49%
2022	0.025094%	\$ 1,174,198	\$ 1,940,551	60.51%	78.19%
2023	0.028944%	\$ 1,174,198	\$ 1,905,648	75.95%	77.97%
2024	0.027552%	\$ 1,332,601	\$ 2,127,394	62.64%	79.91%

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

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

SCHEDULE OF THE PENSION PLAN CONTRIBUTIONS

Reporting Date for Employer under GASB 68 as of June 30	Actuarially Determined Contribution [A]	Contributions in Relation to Actuarially Determined Contribution [B]	Contribution Deficiency (Excess) [C]=[A]-[B]	Covered-Employee Payroll	Contribution as a Percentage Covered- Employees Payroll
2016	\$ 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%
2024	\$ 224,986	\$ 224,986	\$ -	\$ 2,127,394	10.58%

Notes to Required Supplementary Information Schedules:

Change in Assumptions

There were no assumption changes in 2023 or 2024.

Effective with the June 30, 2021, valuation date (June 30, 2022, measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates June 30, 2017, through June 30, 2021, and 7.65% for measurement dates June 30, 2015, through June 30, 2016.

Change in Benefits

There were no changes to benefit terms that applied to all members of the Public Agency Pool. However, individual employers in the Plan may have provided a benefit improvement to their employees such as Golden Handshakes, service purchases, and other prior service costs. Employers that have done so may need to report this information as a separate liability in their financial statement as CalPERS considers such amounts to be separately financed employer-specific liabilities. These employers should consult with their auditors. Additionally, the figures above do not include any liability impact that occurred after the June 30, 2023, valuation date, unless the liability impact is deemed to be material to the Public Agency Pool.

Regional Housing Authority

Schedule of Changes in Total OPEB Liability and Related Ratios

Measurement Period	2018	2019	2020	2021	2022	2023	2024
Service cost	\$ 82,572	\$ 85,992	\$ 98,738	\$ 160,217	\$ 111,757	\$ 32,477	\$ 49,815
Interest	52,296	57,003	65,452	57,938	50,002	69,463	65,647
Experience (gains)/losses	-	(10,043)	(9,733)	(427,744)	1,220	(69,455)	-
Changes of assumptions	(19,825)	124,253	626,154	(190,631)	(1,235,363)	210,518	60,510
Benefit payments	(7,755)	(8,025)	(8,757)	(24,682)	(15,772)	(17,616)	(17,820)
Net change	107,288	249,180	771,854	(424,902)	(1,088,156)	225,387	158,152
Beginning total OPEB liability	1,276,089	1,383,377	1,632,557	2,404,411	1,979,509	891,353	1,116,740
Ending Total OPEB Liability	\$ 1,383,377	\$ 1,632,557	\$ 2,404,411	\$ 1,979,509	\$ 891,353	\$ 1,116,740	\$ 1,274,892
Plan Fiduciary Net Position	\$ -	\$ -	\$ -	\$ -	\$ 388,942	\$ 116,890	\$ 571,441
Net OPEB liability (asset)	\$ 1,383,377	\$ 1,632,557	\$ 2,404,411	\$ 1,979,509	\$ 502,411	\$ 999,850	\$ 703,451
Plan fiduciary net position as a percent of total OPEB liability	0.00%	0.00%	0.00%	0.00%	43.64%	10.47%	44.82%
Covered-employee payroll	\$ 2,132,431	\$ 1,954,667	\$ 1,972,177	\$ 2,147,575	\$ 1,742,025	\$ 1,878,723	\$ 2,054,382
Net OPEB liability as percent of covered payroll	64.87%	83.52%	121.92%	92.17%	28.84%	53.22%	34.24%
Actuarially determined contribution (ADC)	\$ 7,755	\$ 8,025	\$ 8,757	\$ 24,682	\$ 15,772	\$ 17,616	\$ 17,820
Actual contributions	(7,755)	(8,025)	(8,757)	(24,682)	(15,772)	(17,616)	(17,820)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	0.36%	0.41%	0.44%	1.15%	0.91%	0.94%	0.87%

Notes to Schedule

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

The discount rate changed from 5.67% as of March 31, 2023, to 5.30% as of March 31, 2024.

Regional Housing Authority
 Schedule of Expenditures of Federal Awards
 For the Year Ended March 31, 2025

	Assistance Listing Number(s)	Award Type	Expenditures
U.S. Department of HUD			
Housing Choice Vouchers	14.871	Direct	\$ 20,882,861
Housing Choice Vouchers - Emergency Housing Vouchers	14.871	Direct	1,210,743
Mainstream Vouchers	14.879	Direct	1,177,341
Total Housing Voucher Center Cluster			23,270,945
PIH Family Self-Sufficiency Program	14.896	Direct	218,064
Totals U.S. Department of HUD			23,489,009
U.S. Department of Agriculture Rural Development			
Rural Rental Assistance Payments	10.427	Direct	1,866,635
Totals U.S. Department of Agriculture Rural Development			1,866,635
Total Expenditures of Federal Awards			\$ 25,355,644
Award Type			
Direct			\$ 25,355,644
Indirect			\$ -

NOTE 01 - SCOPE OF PRESENTATION

The accompanying schedule presents the expenditures incurred (and related awards received) by Regional Housing Authority (the Authority) that are reimbursable under federal programs of federal agencies providing financial assistance awards. For the purpose of this schedule, only the portion of the program expenditures reimbursable with such federal funds is reported in the accompanying schedule. Program expenditures in excess of the maximum federal reimbursement authorized or the portion of the program expenditures that were funded with local or other nonfederal funds are excluded from the accompanying schedule. This schedule also only includes the amounts expended by the Authority, none of the amount expended, if any, by the blended component units have been included.

NOTE 02 - BASIS OF ACCOUNTING

The expenditures included in the accompanying schedule were reported on an accrual basis of accounting. Expenditures are recognized in the accounting period in which the related liability is incurred. Expenditures reported included any property or equipment acquisitions incurred under the federal program.

NOTE 03 - 10% DE MINIMIS INDIRECT COST RATE

The Authority has elected not to use the 10% de minimis indirect cost rate as allowed in the Uniform Guidance Section 414.

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Board of Commissioners
Regional Housing Authority
Yuba City, CA

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditors' Report

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Regional Housing Authority as of and for the year ended March 31, 2025, and the related notes to financial statements, which collectively comprise Regional Housing Authority's basic financial statements, and have issued our report thereon dated July 7, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit, we considered Regional Housing Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of Regional Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Regional Housing Authority's internal control.

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

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

Report on Compliance and Other Matters

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

July 7, 2025

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Board of Commissioners
Regional Housing Authority
Yuba City, CA

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

Independent Auditors' Report

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Regional Housing Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Regional Housing Authority's major federal programs for the year ended March 31, 2025. Regional Housing 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, Regional Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Regional Housing 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 Regional Housing 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 Regional Housing 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 Regional Housing 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 Regional Housing 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:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Regional Housing Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Regional Housing 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 Regional Housing 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

July 7, 2025

Section I Summary of Auditors' Results

Financial Statements

Type of auditors' report issued

Internal controls over financial reporting:

Material weakness(es) identified

Significant deficiency(ies) identified

Noncompliance material to financial statements noted

Federal Awards

Internal control over major federal programs

Material weakness(es) identified

Significant deficiency(ies) identified

Type of auditors' report issued on compliance for major federal programs

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)

Identification of major federal programs:

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

Dollar threshold used to distinguish between type A and type B programs:

Auditee qualified as a low-risk auditee

Section II Financial Statement Findings

No findings

Section III Federal Awards Findings

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

Regional Housing Authority

Summary Schedule of Prior Year Findings and Questioned Costs

For the Year Ended March 31, 2025

Financial Statement Findings

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

Federal Award Findings and Questioned Costs

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