



HOUSING AUTHORITY OF THE CITY OF SANTA BARBARA

Financial Statements & Independent Auditors' Report

For the Year Ended March 31, 2025



Housing Authority of the City of Santa Barbara

Table of Contents
For the Year Ended March 31, 2025

	<u>Page</u>
FINANCIAL INFORMATION	
Independent Auditors' Report	1
Management's Discussion and Analysis	i
Basic Financial Statements:	
Statement of Net Position	4
Statement of Revenues, Expenses, and Changes in Net Position	5
Statement of Cash Flows	6
Notes to Financial Statements	7
REQUIRED SUPPLEMENTARY INFORMATION	
10 Year History of Changes in Net OPEB Liability	29
SUPPLEMENTARY INFORMATION	
Schedule of Expenditures of Federal Awards	31
Notes to Schedule of Expenditures of Federal Awards	32
Combining Statements - Business Activities	33
Combining Statements - Discretely Presented Component Units	38
NON-FINANCIAL SECTION	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	41
Report on Compliance for Each Major Federal Program; and Report on Internal Control over Compliance in Accordance with the Uniform Guidance	43
Schedule of Findings and Questioned Costs	46
Summary Schedule of Prior Year Findings and Questioned Costs	48
Management's Corrective Action Plan	49

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



Board of Commissioners

Housing Authority of the City of Santa Barbara
Santa Barbara, CA

Independent Auditors' Report

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of business-type activities and the aggregated discretely presented component units of business-type activities of the Housing Authority of the City of Santa Barbara as of and for the year ended March 31, 2025, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Santa Barbara's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, discretely presented component units and combining schedule of business-type activities of the Housing Authority of the City of Santa Barbara as of March 31, 2025, and the respective change in financial position and cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Villa Santa Fe, L.P., Santa Barbara Housing Partnership IV, 813 East Carrillo Street, L.P., 251 South Hope Associates, L.P., Grace Village Apartments, L.P., or Vera Cruz, L.P., which represent 100% percent, 100% percent, and 100% percent, respectively, of the assets, net position, and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units, is based solely on the report of the other auditors.

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. The financial statements of the aggregate discretely presented component unit were not audited in accordance with *Government Auditing Standards*.

We are required to be independent of the Housing Authority of the City of Santa Barbara 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***

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the City of Santa Barbara's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority of the City of Santa Barbara's ability to continue as a going concern for a reasonable period of time.

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



Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, on pages i-vii, and the schedule of net OPEB liability on page 29, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of the City of Santa Barbara's basic financial statements. The supplemental information, as described in the table of contents, and the Schedule of Expenditures of Federal Awards, which is required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 22, 2025, on our consideration of the Housing Authority of the City of Santa Barbara's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority of the City of Santa Barbara's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority of the City of Santa Barbara's internal control over financial reporting and compliance.

August 22, 2025

HOUSING AUTHORITY OF THE CITY OF SANTA BARBARA
Santa Barbara, California

Management's Discussion and Analysis (Unaudited)

Years Ended March 31, 2025, and 2024

This section of the annual financial report of the Housing Authority of the City of Santa Barbara (HACSB) presents management's discussion and analysis of the Housing Authority's financial performance during the years that ended March 31, 2025, and 2024. The discussion should be read in conjunction with the Housing Authority's basic financial statements, accompanying notes to the financial statements, and the financial and compliance data following this section.

Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* issued in June 1999.

Financial Highlights

- The total assets and deferred outflows of the Housing Authority exceeded its liabilities and deferred inflows of resources at the March 31, 2025, and 2024 by \$212.7 million and \$205.7 million, respectively. Assets and deferred inflows increased \$2.3 million or 0.9% and liabilities and deferred outflows decreased \$4.7 million or 7.5%.
- Total operating revenue for all programs, net of interfund eliminations, was approximately \$71.1 million, an 11% increase over the prior fiscal year. Tenant rental revenue generated approximately \$11.4 million, and the federal department of Housing and Urban Development (HUD) operating grants provided approximately \$57.7 million for the current year.
- Total operating expenses for all programs, net of interfund eliminations, was approximately \$66.8 million. This is an 8.3% increase over the \$61.7 million in fiscal year 2024. Housing assistance payments to landlords on behalf of tenants represented approximately \$41.9 million in 2025, an increase of 9.2% over \$38.4 million the prior year.
- The net position of the Housing Authority increased by \$7 million (3.4%) at March 31, 2025 (Table 1). The increase between at March 31, 2024 as presented in last year's MD&A was \$4.2 million (2.1%).

Overview of the Basic Financial Statements

This discussion and analysis are intended to serve as an introduction to the Housing Authority's financial statements. The annual financial report is comprised of four components – management's discussion and analysis (this section), the basic financial statements, required supplementary information, notes to the financial statements and an optional section of other supplementary financial information.

The Housing Authority utilizes the accrual basis of accounting. This method of accounting recognizes revenues when they are earned and measurable, and expenses when they are incurred, regardless of when funds are received or expended.

Activities of the Housing Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows, liabilities and deferred inflows associated with operations are included on the Statements of Net Position. The Housing Authority's equity (i.e. total net position) is segregated into net investment in capital assets, restricted net position, and unrestricted net position components. Business-type Activity Statements of Revenues, Expenses and Changes in Net Position present increases (i.e., revenues) and decreases (i.e. expenses) in Net Position.

HOUSING AUTHORITY OF THE CITY OF SANTA BARBARA
Santa Barbara, California

Management's Discussion and Analysis (Unaudited)

Years Ended March 31, 2025, and 2024

Financial Statements

The accompanying basic financial statements include the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows for the Housing Authority as a whole, as of and for the year ended March 31, 2025.

The accompanying *Statement of Net Position* includes all the Housing Authority's assets, deferred outflows of resources, liabilities and deferred inflows of resources. The difference between the two is reported as "Net Position." Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *Statement of Revenues, Expenses and Changes in Net Position* presents information showing how the Authority's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The *Statement of Cash Flows* presents the change in the Authority's cash and cash equivalents during the most recent fiscal year further separated into operating, financing and investing activities.

Notes to the Basic Financial Statements. The notes provide additional information that is essential to a complete understanding of the data provided in the financial statements and to fairly represent the financial activities and position of the Housing Authority.

Supplemental Information. Certain information is required to be included in this report by various federal agencies. This information is included after the notes to the financial statements, under the heading "Supplementary Information." For the Authority, this information consists of the Financial Data Schedule (FDS report) required under the Uniform Financial Reporting Standards Rule (UFRS) established by HUD. The FDS further delineates the Housing Authority's financial activity into programs listed by federal program Assistance Listing Number, Blended Component Unit, and Discretely Presented Component Units.

Fund Accounting. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority uses fund accounting to ensure compliance with finance-related legal requirements. Some funds are required to be established by the United States Department of Housing and Urban Development (HUD). However, the Authority has established other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using grants and other awards. All funds of the Authority are categorized as Enterprise Funds. The Authority's Enterprise Funds also maintain both restricted and unrestricted cash reserves. As of March 31, 2025, average unrestricted cash on hand across all funds was approximately 130 days, indicating strong liquidity and operational flexibility.

Enterprise Funds account for activities similar to those found in the private sector, where the determination of net income is necessary and useful for sound financial management. They are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the statement of net position. The focus of Enterprise funds is on income measurement which, together with the maintenance of equity, is an important financial indicator.

HOUSING AUTHORITY OF THE CITY OF SANTA BARBARA
Santa Barbara, California

Management's Discussion and Analysis (Unaudited)

Years Ended March 31, 2025, and 2024

Financial Analysis

As noted above, the Authority uses funds to help it control and manage money for particular purposes. The analysis below focuses on the Net Position (Table 1) and the changes in the Net Position (Table 3) of the Authority as a whole, included all programs and the Blended Component Unit. The Authority's net investment in capital assets (e.g. land, buildings and improvements, furniture, equipment, and machinery) represents approximately 77% of total net position. The Authority uses these capital assets to fulfill services provided to clients; consequently, these assets are not available for future spending.

Table 1 presents a summary of changes in the Authority's Statement of Net Position from the fiscal year ended March 31, 2025, to the fiscal year ended March 31, 2024.

- **Current Assets** increased a net \$2.4 million (4.8%). Combined cash and investments, both restricted and unrestricted, account for a \$2.2 million decrease, while accounts receivable increased \$4.7 million due to Section 8 funds owed at year end from HUD and received in the subsequent fiscal year.
- **Notes Receivable** (under non-current assets) increased from the prior fiscal year-end by \$5.5 million (11.8%) primarily due to a seller carry back note receivable to a future Discretely Presented Component Unit (200 North La Cumbre Associates, LP).

Table 1: Statement of Net Position

	3/31/2025	3/31/2024	Change	% Change
Current Assets	\$ 54,002,067	\$ 51,524,410	\$ 2,477,657	4.8%
Capital Assets, Net of Depreciation	164,700,760	170,358,873	(5,658,113)	-3.3%
Non-Current Assets	52,240,897	46,707,821	5,533,076	11.8%
Deferred Outflow of Resources	117,646	154,511	(36,865)	-23.9%
Total Assets and Deferred Outflows of Resources	\$ 271,061,370	\$ 268,745,615	\$ 2,315,755	0.9%
Current Liabilities	\$ 9,351,125	\$ 3,370,821	\$ 5,980,304	177.4%
Non-Current Liabilities	46,294,345	52,903,810	(6,609,465)	-12.5%
Deferred Inflows of Resources	2,617,298	6,701,474	(4,084,176)	-60.9%
Total Liabilities and Deferred Inflows of Resources	\$ 58,262,768	\$ 62,976,105	\$ (4,713,337)	-7.5%
Net Position				
Net Investment in Capital	\$ 116,051,553	\$ 120,867,973	\$ (4,816,420)	-4.0%
Restricted Net Position	15,811,321	13,159,536	2,651,785	20.2%
Unrestricted Net Position	80,935,728	71,742,001	9,193,727	12.8%
Net Position	\$ 212,798,602	\$ 205,769,510	\$ 7,029,092	3.4%
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 271,061,370	\$ 268,745,615	\$ 2,315,755	0.9%

HOUSING AUTHORITY OF THE CITY OF SANTA BARBARA
Santa Barbara, California

Management's Discussion and Analysis (Unaudited)

Years Ended March 31, 2025, and 2024

- **Capital assets** (net of depreciation) decreased \$5.6 Million (3.3%) from the prior fiscal year-end. This is due to the sale of one property, offset by donation receipt of another, and construction in process on two properties during the fiscal year. Table 2 below summarizes the changes in capital assets, breaking out land, which does not depreciate, from depreciable capital assets (buildings and improvements, furniture, equipment, and machinery). Depreciation is recorded each year for use of those assets, as their useful life declines.

During fiscal year 2025, the Authority, along with its blended component unit, Santa Barbara Affordable Housing Group, was gifted one property and sold another property which will appear as a Discretely Presented Component Unit in the future. Three properties were undergoing significant redevelopment during the year, and the Authority retired \$609k in long-term debt. These capital activities reflect the Authority's ongoing investment in securing affordable housing opportunities.

Table 2 Capital Assets

	<u>3/31/2025</u>	<u>3/31/2024</u>	<u>Change</u>	<u>% Change</u>
Land	\$ 87,035,583	\$ 89,766,743	\$ (2,731,160)	-3.0%
Depreciable Capital Assets	124,896,375	123,554,429	1,341,946	1.1%
Less Accumulated Depreciation	<u>(47,231,198)</u>	<u>(42,962,299)</u>	<u>(4,268,899)</u>	<u>-9.9%</u>
Net Capital Assets	<u>\$ 164,700,760</u>	<u>\$ 170,358,873</u>	<u>\$ (5,658,113)</u>	<u>- 3.3%</u>

- **Total liabilities** stayed relatively flat; a decrease of \$629,161 or 1.1%. The approximately \$6 million increase in current liabilities offsets the \$6.6 million decrease in non-current liabilities which is due to the pending maturity of two property acquisition loans.

- **Total net position** therefore increased approximately \$7 million (3.4%). Net position is further broken down into Restricted and Unrestricted. Restricted net position consists of the cumulative results of net income with constraints places on usage. For the Housing Authority, these consist of those restricted cash and investments for replacement reserves, earnings from prior public housing properties, security deposits and Family Self-Sufficiency (FSS) program escrows.

Revenues, Expenses, and Changes in Net Position

HUD provided 81% and 82% of the Housing Authority's total operating revenues in 2025 and 2024, respectively. Nearly the entire remaining balance is from tenant revenue.

Table 3, below, presents a comparison of the Authority's Combined Statement of Revenues, Expenses and Change in Net Position for the fiscal years ended March 31, 2025, and 2024 including changes between the fiscal years.

Operating Revenue: Total operating revenue increased \$7 million (11%) over the prior fiscal year. Increases consisted of tenant rents (\$660,504 or 6.1%) and HUD operating grants (\$5 million or 9.6%). Notably, the year-over-year increase in revenues was primarily driven by increases in HUD funding due to increases to the HUD published Fair Market Rents factored into the voucher funding formula. The other operating income increase of nearly \$1.3 million consisted of a donated property. The increase in the Authority's HUD voucher payments of approximately \$4.7 million allowed a corresponding increase in

HOUSING AUTHORITY OF THE CITY OF SANTA BARBARA
Santa Barbara, California

Management's Discussion and Analysis (Unaudited)

Years Ended March 31, 2025, and 2024

housing assistance payments to landlords on behalf of the Authority's voucher holders.

Operating Expenses: Operating expenses increased approximately \$5.1 million (8.3%). An increase of Section 8 housing assistance payments to landlords of \$3.5 million (9.2%) is in line with the increased HUD voucher operating income, mentioned above. Tenant services expense increased \$781,178 (35.2%) primarily due to cost-of-living wage and benefit cost increases and market adjustments to staff compensation. Insurance expense was the other anomaly increasing \$154,902 (22.1%) because of the difficult property insurance market in this area.

Table 3 Change in Net Position

Operating Revenues	3/31/2025	3/31/2024	Change	% Change
Tenant Revenue	\$ 11,431,292	\$ 10,770,788	\$ 660,504	6.1%
HUD Operating Grants	57,771,158	52,693,753	5,077,405	9.6%
Other Operating Income	1,985,334	689,546	1,295,788	187.9%
Total Operating Revenue	\$ 71,187,784	\$ 64,154,087	\$ 7,033,697	11.0%
Operating Expenses				
Administration	\$ 8,785,576	\$ 8,039,810	\$ 745,766	9.3%
Utilities	1,199,917	1,264,258	(64,341)	-5.1%
Maintenance & Operations	5,955,477	5,895,771	59,706	1.0%
Insurance	855,456	700,554	154,902	22.1%
General	605,414	724,464	(119,050)	-16.4%
Depreciation	4,513,318	4,453,434	59,884	1.3%
Housing Assistance Payments	41,981,673	38,447,910	3,533,763	9.2%
Tenant Services	2,999,935	2,218,757	781,178	35.2%
Total Operating Expenses	\$ 66,896,766	\$ 61,744,958	\$ 5,151,808	8.3%
Net operating income	\$ 4,291,018	\$ 2,409,129	\$ 1,881,889	78.1%
Non-Operating Revenue (Expenses)				
Investment income	\$ 3,085,710	\$ 3,183,065	\$ (97,355)	-3.1%
Interest Expense	(1,658,282)	(1,391,860)	(266,422)	19.1%
Gain on Disposal of Capital Assets	1,847,285	10,000	1,837,285	18372.9%
Total Non-Operating Revenue (Expenses)	\$ 3,274,713	\$ 1,801,205	\$ 1,473,508	81.8%
Net income	\$ 7,565,731	\$ 4,210,334	\$ 3,355,397	79.7%
Prior period adjustment	(536,639)	-	(536,639)	n/a
Change in net position	\$ 7,029,092	\$ 4,210,334	\$ 2,818,758	66.9%

Non-Operating Revenue / (Expenses): Within this category, investment income decreased by approximately \$100,000 (3%) from the prior fiscal year due to the decreasing market interest rates.

HOUSING AUTHORITY OF THE CITY OF SANTA BARBARA
Santa Barbara, California

Management's Discussion and Analysis (Unaudited)

Years Ended March 31, 2025, and 2024

Fund Net Position Analysis

Table 4 shows a summary of the beginning net position, net income or loss, and the resulting fiscal year-end net position for the individual funds making up the agency-wide "primary government" financial statements. The prior period adjustment of \$(536,639) is due to implementation of GASB 101.

The Blended Component Unit (BCU) negative net position is due to the Authority financing the sale of certain public housing properties to the Blended Component Unit, which is paid down by the BCU from its surplus cash.

Table 4 Net Position by Fund

	Section 8, ROSS,					
	Business Activities	Central Office Cost Center	Mainstream, EHV & MTW	Shelter Plus Care	SBAHG Component Unit (blended)	Total
Net position, beginning of year	\$ 208,474,999	\$ 1,650,306	\$ 6,379,941	\$ 5,483	\$ (10,741,219)	\$ 205,769,510
Net income (loss)	5,108,961	419,425	856,791	7,537	1,173,017	7,565,731
Prior period adjustment	(207,469)	(144,683)	(90,190)	-	(94,297)	(536,639)
Equity Transfers	-	-	-	-	-	-
Net position, end of year	<u>\$ 213,376,491</u>	<u>\$ 1,925,048</u>	<u>\$ 7,146,542</u>	<u>\$ 13,020</u>	<u>\$ (9,662,499)</u>	<u>\$ 212,798,602</u>

	DPCUs						
	SBHP IV	VSF	813 E Carrillo	251 S Hope Assoc	Grace Village Apts	116 E Cota St Assoc	Total
Net position, beginning of year	\$ 1,727,987	\$ 8,206,240	\$ 3,865,563	\$ 11,952,167	\$ 9,213,948	\$ 1,153,475	\$ 36,119,380
Net income (loss)	(514,655)	1,133,830	(194,607)	(827,022)	(279,251)	7,188,894	6,507,189
Equity Transfers	-	-	-	-	-	-	-
Net position, end of year	<u>\$ 1,213,332</u>	<u>\$ 9,340,070</u>	<u>\$ 3,670,956</u>	<u>\$ 11,125,145</u>	<u>\$ 8,934,697</u>	<u>\$ 8,342,369</u>	<u>\$ 42,626,569</u>

The Authority's Discretely Presented Component Units (DPCUs) collectively contributed approximately \$16.7 million in revenues and \$10.2 million in expenses. The six DPCUs are audited and presented on the calendar year. Notable activity included a \$7.6 million equity to loan conversion on 116 E Cota St Associates, LP (Vera Cruz). Calendar year 2024 was the first full year that property was in operation. The other five LPs have been in operation for several years and 2024 reflects stable activity.

Debt. The Authority's long-term debt consists of mortgage loans and notes payable. Additional detail about the long-term liabilities can be found in the notes to the financial statements.

Economic Factors and Outlook. The Authority is primarily dependent upon the federal Department of Housing and Urban Development (HUD) for the funding of operations; therefore, the federal budget more directly affects the Authority than do state or local budgets or local economic conditions. One way in which the local economy does affect the Authority, and its clients, is the continually tight rental market in Santa Barbara. With rental housing vacancy rates around 2 percent, local rents, already very expensive, continue to rise, up 3% year over year. Higher rents mean that Section 8 voucher holders often have a difficult time finding available apartments within the rent levels allowed under the Section 8 HCV program. It also means that the average rent subsidy per voucher is increasing as well, putting further pressure on the Authority's federal voucher funding. Fortunately, the Authority's Section 8 HCV grant from HUD increased in 2025.

HOUSING AUTHORITY OF THE CITY OF SANTA BARBARA
Santa Barbara, California

Management's Discussion and Analysis (Unaudited)

Years Ended March 31, 2025, and 2024

Given the likelihood of future pressure on federal spending levels, including housing programs funded by HUD, the Authority, like all housing authorities, faces the possibility of further constraints on federal funding. In one respect, the Authority's exposure to federal funding risk has been substantially reduced as it has taken advantage of the Rental Assistance Demonstration (RAD) program to remove all 316 units from the Public Housing program. The Authority no longer has any Public Housing units directly dependent on federal funding. However, any federal funding reductions would likely affect the Authority's Section 8 voucher program. It will continue to be a challenge adjusting to limits on Section 8 HCV funding while still administering the voucher program in an expensive and tight rental market.

Other currently known facts that are expected to affect future operations include anticipated HUD funding adjustments with the still pending final fiscal year 2026 budget deliberations, eight planned or in process development projects and the continual demand for local affordable housing. These factors are expected to have a material impact on the Authority's financial position in the coming years.

Requests for Information. This financial report is designed to provide citizens, taxpayers, and creditors with a general overview of the Authority's finances and to show the Authority's accountability for resources it receives. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Finance Department at the Housing Authority of the City of Santa Barbara, 808 Laguna Street, Santa Barbara, CA 93101.

Housing Authority of the City of Santa Barbara

Statement of Net Position

March 31, 2025

	Primary Government	Discretely Presented Component Units
ASSETS		
Current Assets		
Cash and cash equivalents		
Unrestricted	\$ 8,531,950	\$ 4,660,371
Restricted	5,956,570	4,433,439
Subtotal	14,488,520	9,093,810
Investments	32,702,762	123,148
Accounts receivable, net	6,442,830	68,602
Prepaid expenses	306,796	1,363,109
Inventory, net	61,159	-
Total Current Assets	54,002,067	10,648,669
Non-Current Assets		
Notes and leases receivable	52,240,897	-
Intangibles, net	-	10,793,741
Capital assets not being depreciated	87,035,583	17,927,623
Capital assets, net	77,650,161	85,283,414
Right to use leased assets, net	15,016	-
Total Non-Current Assets	216,941,657	114,004,778
TOTAL ASSETS	270,943,724	124,653,447
DEFERRED OUTFLOWS OF RESOURCES	117,646	-
LIABILITIES		
Current Liabilities		
Accounts payable	599,388	107,108
Accrued liabilities	333,146	37,079
Deposits held in trust	780,022	263,362
Compensated absences current	278,763	2,467
Unearned revenue	250,408	34,477
Other liabilities current	200,885	421,619
Financial agreements payable current	6,908,513	632,260
Total Current Liabilities	9,351,125	1,498,372
Non-Current Liabilities		
Compensated absences	882,280	7,402
Funds held in trust	1,330,337	-
Net OPEB liability	2,341,034	-
Financial agreements payable	41,740,694	80,521,104
Total Non-Current Liabilities	46,294,345	80,528,506
TOTAL LIABILITIES	55,645,470	82,026,878
DEFERRED INFLOWS OF RESOURCES	2,617,298	-
NET POSITION		
Net investment in capital assets	116,051,553	22,057,673
Restricted	15,811,321	4,170,077
Unrestricted	80,935,728	16,398,819
TOTAL NET POSITION	\$ 212,798,602	\$ 42,626,569

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

	Primary Government	Discretely Presented Component Units
Operating Revenues		
Rental revenues, net	\$ 11,431,292	\$ 8,999,773
Government grants	57,771,158	-
Other income	1,985,334	7,773,048
Total Operating Revenues	71,187,784	16,772,821
Operating Expenses		
Administration	8,785,576	1,432,842
Tenant services	2,999,935	279,845
Utilities	1,199,917	607,531
Maintenance and operations	5,955,477	1,268,798
Protective services	-	2,439
Insurance expense	855,456	313,070
General expense	605,414	207,135
Housing Assistance Payments	41,981,673	-
Depreciation and amortization	4,513,318	3,460,373
Total Operating Expenses	66,896,766	7,572,033
NET OPERATING INCOME (LOSS)	4,291,018	9,200,788
Non-Operating Revenues (Expenses)		
Interest income	3,085,710	19,942
Gains (losses) on disposition of assets, net	1,847,285	-
Interest expense	(1,658,282)	(2,713,541)
Total Non-Operating Revenues (Expenses)	3,274,713	(2,693,599)
CHANGE IN NET POSITION	7,565,731	6,507,189
BEGINNING NET POSITION	205,769,510	36,119,380
Prior Period Adjustment	(536,639)	-
ENDING NET POSITION	\$ 212,798,602	\$ 42,626,569

Housing Authority of the City of Santa Barbara

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

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from tenants and users	\$ 21,959,444
Receipts from operating grants	51,308,130
Payments for goods and services	(12,820,711)
Payments for Housing Assistance Payments	(51,392,311)
Payments to employees for services	(9,469,444)

NET CASH FLOW PROVIDED (USED) BY OPERATING ACTIVITIES **(414,892)**

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Capital asset purchases	(2,955,870)
Payments on financial agreements	(6,697,537)
Capital contributions	126,980

NET CASH FLOW PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES **(9,526,427)**

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from investment activities	7,586,805
Note receivable collected	7,824,815
Note receivable issued	(6,308,163)

NET CASH FLOW PROVIDED (USED) BY INVESTING ACTIVITIES **9,103,457**

NET INCREASE (DECREASE) IN CASH **(837,862)**

BEGINNING CASH **15,326,382**

ENDING CASH **\$ 14,488,520**

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

Operating income (loss)	\$ 4,291,018
-------------------------	--------------

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

Depreciation	4,513,318
OPEB	(209,534)

Change in Assets and Liabilities

(Increase) decrease in accounts receivable	(4,770,630)
(Increase) decrease in prepaid	49,800
Increase (decrease) in accounts payable	25,015
Increase (decrease) in accrued liabilities	210,541
Increase (decrease) in compensated absences	(827)
Increase (decrease) in unearned revenue	(4,310,072)
Increase (decrease) in deposits held in trust	(213,521)

Total Adjustments **(4,705,910)**

Net Cash Provided (Used) by Operating Activities **\$ (414,892)**

Interest Paid **\$ 1,425,814**

NOTE 01 - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES

Introduction

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

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

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

Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering low-income housing programs in the United States. Accordingly, HUD has contracted with the Authority to administer certain HUD funds.

Reporting Entity

The Authority is a public body organized in October 1969, under laws of the State of California's Health and Safety Code. The Authority was created for the purpose of providing safe and sanitary housing for qualified economically disadvantaged and elderly individuals in areas where a shortage of such housing exists. The Board of Commissioners of the Authority is composed of seven members and is appointed to four-year terms (except for tenant commissioners who serve two-year terms) by the Santa Barbara City Council (the City Council), but the Authority designates its own management. The City Council provides no financial support to the Authority and is not responsible for the debts or entitled to the surpluses of the Authority. The Authority has the power to approve its own budget and maintains its own accounting system. Although the Board is appointed by the City Council, no other criteria established by Section 2100 and 2600 of the Codification of Governmental Accounting Standards Board, the Financial Accounting Standards Board, and Governmental Accounting Standards Board Statement No. 39 for inclusion of the Authority in the City of Santa Barbara's financial statements are met. Therefore, a separate financial report is prepared for the Authority. All of the operations of the Authority are included in the audited financial statements and there are no operations or activities which have been excluded. Additionally, the Authority has entered into annual contribution contracts with the U.S. Department of Housing and Urban Development (HUD) to be administrator of the housing and housing related programs described herein. The Authority is not subject to Federal or State income taxes and is not required to file Federal or State income tax returns.

Housing Authority of the City of Santa Barbara

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

GASB Statement No. 14 established criteria for determining the governmental reporting entity. Under provisions of this statement, the Authority is considered a primary government, since it is a special-purpose government that has a separate 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's primary operations comprise a number of housing and grant programs as follows:

- Authority Owned Housing
- Housing Assistance Payment Program
- Property Management Program
- Non-HUD Program
- Shelter Plus Care

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

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

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

Blended Component Units

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the Authority's Board of Commissioners or the component units provide services entirely to the Authority. These component units' funds are blended into those of the Authority's by appropriate activity type to compose the primary government presentation.

Currently, the Authority has one component unit that meets the criteria for blending.

Santa Barbara Affordable Housing Group (SBAHG) is a legally separate non-profit organization. The Board of Directors of SBAHG consists of the same members as the Board of Commissioners of the Authority. The SBAHG is an instrumentality of the Authority and is fiscally dependent on the Authority. Based on the above, it has been determined that the SBAHG is a component unit of the Authority and should be included in the Authority's financial statements through a blended presentation. SBAHG operates on the same fiscal year as the Authority, March 31, 2025.

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending.

As of March 31, 2025, the Authority, along with its blended component unit, is the manager and operator of six low-income residential real estate developments organized as real estate limited partnerships. Under a Management Agreement and a Guarantee Agreement with each of the limited partnerships, the Authority is financially accountable for the limited partnerships as the Authority is legally obligated to fund operating deficits in accordance with the terms of the partnership, management, and guarantee agreements. The Authority also holds the right to purchase the properties from the limited partnerships under a Purchase Option/Right of First Refusal at the end of the 15-year tax compliance period. The Authority has outstanding loans and advances to the limited partnerships amounting to \$52,235,528 at March 31, 2025. The limited partnerships do not serve the primary government exclusively, or almost exclusively, and therefore are shown as discretely presented component units. Balances presented for discretely presented component units on the accompanying Statement of Net Position and Statement of Revenues, Expenses, and Changes in net position are as of December 31, 2024.

The Authority has six discretely presented component units as follows:

Villa Santa Fe, L.P., a legally separate entity, was formed as a limited partnership under the laws of the State of California in 2012, for the purpose of purchasing, rehabilitating, and operating two separate properties in Santa Barbara totaling 167 units. The Authority manages the two properties under a contractual management agreement with the limited partnership.

Santa Barbara Housing Partnership IV, a legally separate entity, was formed as a limited partnership under the laws of the State of California in 2014, for the purpose of purchasing, rehabilitating, and operating two separate properties in Santa Barbara totaling 35 units. The Authority manages the two properties under a contractual management agreement with the limited partnership.

813 East Carrillo Street, L.P., a legally separate entity, was formed as a limited partnership under the laws of the State of California in 2018, for the purpose of purchasing, rehabilitating, and operating 17 studio units for formerly homeless veterans. The Authority manages property under a contractual management agreement with the limited partnership.

251 South Hope Associates, L.P., a legally separate entity, was formed as a limited partnership under the laws of the State of California in 2018, for the purpose of purchasing, rehabilitating, and operating 90 units for the frail senior population. The Authority manages property under a contractual management agreement with the limited partnership.

Grace Village Apartments, L.P., a legally separate entity, was formed as a limited partnership under the laws of the State of California in 2015, for the purpose of purchasing, rehabilitating, and operating 58 units of one-bedroom residences for seniors.

116 E. Cota St. Associates, L.P., a legally separate entity, was formed as a limited partnership under the laws of the State of California in 2020, for the purpose of purchasing, rehabilitating, and operating 28 units for very low and low-income renters.

Complete financial statements for each of the individual discretely presented component may be obtained at the Authority's administrative office at 808 Laguna Street, Santa Barbara, CA 93101. There are no separate financial statements issued for the blended component units.

Housing Authority of the City of Santa Barbara

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

Budgetary Data

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

Basis of Presentation, Basis of Accounting and Measurement Focus

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

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:

- a) *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.
- b) *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.
- c) *Unrestricted net position* – All other assets that do not meet the definition of “restricted” or “net investment in capital assets”.

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

Board of Commissioners

The Commissioners of the Housing Authority of the City of Santa Barbara for the reported on fiscal year appear below:

<u>Name</u>	<u>Term Expires</u>	<u>Position</u>
Patricia Wheatley	July 2025	Chairman
Lisa Carlos	June 2026	Vice-Chairman
David Rowell	August 2027	Director
Mary Fenger	June 2024	Director
Steven Faulstich	July 2025	Director

In addition to the above Commissioners, the Administrator of the Authority is Rob Fredericks, who serves as CEO and is the Executive Director.

Inventories

Inventories are recorded at cost with cost being determined on the first-in, first-out basis. The consumption method is used to account for inventories. Under the consumption method, inventories are charged to expense when consumed. Management has deemed no allowance for obsolete inventory is necessary.

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 operating expenses.

In accordance with GASB standards dwelling income has been netted with bad debt expense of \$212,052. Collection losses on accounts receivable are expended, in the appropriate Fund, on the specific write-off method.

Operating Revenues

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.

Cash and Investments

All deposits of the Authority are made in Board-designated official depositories and are secured as required by HUD regulations and the California Government Code. Also, the Authority may establish time deposit accounts such as NOW and Super NOW accounts, money accounts and Certificates of Deposit. Section 401(e) of the annual contribution contract authorizes the Authority to invest in the following types of securities:

1. Obligations of the Federal Government which are backed by the full faith and credit of the Federal Government.
2. Obligations of any agency or instrumentality of the Federal Government if the payment of interest and principal on such obligations is fully guaranteed by the Federal Government.
3. Obligations of the Federal Intermediate Credit Banks, the Federal Home Loan Banks, the Federal National Mortgage Association, the Banks for Cooperatives, and the Federal Land Banks which mature no later than 18 months after the date of purchase.

As required by the annual contributions contract, the Authority prepares cash forecasts for each program to determine the amount of funds available for investment and to maximize investment earnings. The deposits and the above-described investments with an original maturity of ninety days or less are considered cash and cash equivalents for the Statement of Cash Flows.

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.

Housing Authority of the City of Santa Barbara

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

Capital Assets, Right-of-Use (ROU) Assets, Depreciation, and Amortization

Capital assets are stated at historical cost. Donated capital assets are stated at their fair value on the date donated. This includes site acquisition and improvement, structures, and equipment. Right-of-use assets are recognized at the net present value of future lease payments. 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	30 Years
Site improvements, modernization, and rehabilitation	10 Years
Furniture, equipment, and vehicles	5-7 Years
Right to use assets equipment	5 Years

Leases (GASB 87)

A lessor is required to recognize a lease receivable and a deferred inflow of resources. A lease receivable is recognized at the net present value of the leased asset at a borrowing rate either explicitly described in the agreement or implicitly determined by the Authority and is reduced by principal payments received. The deferred inflow of resources is recognized in an amount equal to the sum of the lease receivable and any payments relating to a future period which were received prior to the lease commencement. These deferred inflows of resources are amortized equal to the amount of the annual payments.

A lessee is required to recognize a lease payable and a right-to-use asset. A lease payable is recognized at the net present value of future lease payments and is adjusted over time by interest and payments. Future lease payments include fixed payments, variable payments based on index or rate, reasonably certain residual guarantees. The right-to-use asset is initially recorded at the amount of the lease liability plus prepayments less any lease incentives received prior to lease commencement and is subsequently amortized over the life of the lease.

All existing and newly acquired leases during the current fiscal year were analyzed and classified as either qualified or non-qualified leases, for both lessor and lessee positions.

Deferred Inflows/Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Authority had deferred outflows of resources consisting of a change in assumption on the OPEB liability of \$117,646.

Also, in addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Authority deferred inflows of resources as of March 31, 2025, were as follows:

Related to OPEB plan	\$ 1,490,898
Unearned ground lease	1,126,400
Total Deferred Inflows	<u>\$ 2,617,298</u>

Compensated Absences

Compensated absences are absences for which employees will be paid, i.e., vacation, and other approved leaves. The Authority accrues the liability for those absences that the employee has earned the rights to the benefits. Upon separation from the Authority, an employee shall be paid for all accumulated annual leave and a percentage of their sick leave based on tenure with the Authority, as of their final date of employment. Leave accrued, but not yet paid as of March 31, 2025, is shown as a liability allocated between current and noncurrent.

Insurance

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

Unearned Revenues

Unearned revenues (included in other current liabilities) consist of \$250,408 in rental payments made by tenants in advance of their due date.

NOTE 02 - CASH AND CASH EQUIVALENTS

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.

All deposits of the Authority are with financial institutions meeting State and Federal deposit requirements. The Authority's cash and investments consist of checking, Money Market, commercial paper, mutual funds, and corporate bonds. The Authority's checking and Money Market bank accounts are short-term highly liquid investments that are considered cash and cash equivalents.

Changes in fair value that occur during a fiscal year are recognized as investment income for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon liquidation, maturity, or sale of investments. The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The three levels of the fair value hierarchy are as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs (other than quoted prices included within Level 1) that are observable for the asset or liability - either directly or indirectly.

Level 3: Unobservable inputs - market data are not available and are developed using the best information available about the assumptions that market participants would use when pricing an asset or liability.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The Authority considers all the investments as Level 1.

Housing Authority of the City of Santa Barbara

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

Cash and investments are stated at fair value and consist of the following:

Unrestricted

Checking and Money Market accounts	\$ 8,531,950
Subtotal	8,531,950

Restricted

Security deposits - tenants	780,023
Family Self Sufficiency deposits	1,330,337
Other restricted funds	3,846,210
Subtotal	5,956,570

Total Cash and Equivalents

\$ 14,488,520

Unrestricted Investments

Cal Trust liquidity fund	\$ 12,870,328
Cash sweeps	2,418,239
Corporate bonds	5,409,085
US treasury bonds	-
Subtotal	20,697,652

Restricted Investments

Cal Trust liquidity fund	12,005,110
Subtotal	12,005,110

Total Investments

\$ 32,702,762

Interest rate risk - Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity its fair value will be to changes in market interest rates. In accordance with the Authority's Investment Policy, the Authority manages its exposure to interest rate risks by purchasing a combination of shorter-term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide cash flow and liquidity needed for operations.

Credit risk - Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. U.S. Government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure.

The Authority's debt investments ratings at March 31, 2025, are presented below (excludes CDs, Money Market funds and mutual funds):

	Fair Value	AA	A	BBB	NR
Corporate bonds	\$ 5,409,085	\$ 1,250,130	\$ 1,182,809	\$ 246,120	\$ 2,730,026

Custodial credit risk - For an investment, 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. The Authority has no policy on custodial credit risk.

Authorized security for deposits 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.

Housing Authority of the City of Santa Barbara

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

Concentration of credit risk - More than 5 percent of the Authority's investments are in the following investments:

Cal TRUST	76%	\$ 24,875,438
Union Bank	24%	<u>7,827,324</u>
		<u>\$ 32,702,762</u>

NOTE 03 - ACCOUNTS RECEIVABLE

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

Tenant receivables	\$ 529,590
Allowance for receivables	<u>(219,315)</u>
Net receivable	310,275
Due from other governments	6,051,018
Miscellaneous receivables	<u>81,537</u>
Accounts Receivable, Net	<u>\$ 6,442,830</u>

NOTE 04 - NOTES RECEIVABLE AND LEASE RECEIVABLE

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

Interest Rate	Description	Maturity Date	Principal	Interest Accrued	Total Due
2.33%	SBHP IV RAD 4 Pearl Gardens	3/23/2071	\$ 3,751,779	\$ 597,026	\$ 4,348,805
2.33%	SBHP IV RAD 4 Sycamore Gardens	3/23/2071	4,662,111	710,881	5,372,992
0.00%	SBHP IV RAD 4 Pearl Gardens	3/23/2071	1,313,863	-	1,313,863
0.00%	SBHP IV RAD 4 Sycamore Gardens	3/23/2071	1,532,767	-	1,532,767
3.90%	Villa Santa Fe Apt.	4/1/2049	9,221,553	359,641	9,581,194
2.00%	2nd Story Mobile Homes	6/1/2063	285,918	12,526	298,444
3.06%	251 South Hope Assoc.	12/31/2073	7,250,000	1,488,247	8,738,247
3.00%	821 State LLC Pre Dev Advances	1/1/2063	1,331,739	61,601	1,393,340
4.00%	Grace Village Apt., L.P.	12/1/2071	1,710,000	555,998	2,265,998
4.00%	Grace Village Apt., L.P.	12/1/2071	5,395,000	1,798,333	7,193,333
3.00%	Grace Village Apt., L.P.	12/1/2071	275,000	1,062	276,062
4.86%	200 N. La Cumbre, L.P.	2/1/2055	5,910,000	22,830	5,932,830
4.86%	200 N. La Cumbre, L.P.	2/1/2055	505,000	1,951	506,951
0.00%	Predevelopment costs	NA	382,251	9,191	391,442
3.00%	Predevelopment costs	NA	600,000	79,447	679,447
4.00%	Predevelopment costs	NA	1,250,000	123,293	1,373,293
6.00%	Predevelopment costs	NA	1,006,810	35,079	1,041,889
			<u>\$ 46,383,791</u>	<u>\$ 5,857,106</u>	<u>\$ 52,240,897</u>

The above does not include various notes receivable between the Authority and SBAHG (blended component unit) which have been eliminated in the consolidation process.

Housing Authority of the City of Santa Barbara

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

NOTE 05 - INTER-PROGRAM

At March 31, 2025, inter-program receivables and payables consisted of the following:

	<u>Receivables</u>	<u>Payables</u>
COCC	\$ 9,522	\$ -
Business activities	664,642	-
Mainstream vouchers	-	674,164
	<u>\$ 674,164</u>	<u>\$ 674,164</u>

These inter-program transactions have been eliminated in preparing the basic financial statements.

In addition, in June 2013, 180 Public Housing AMP3 units were disposed and sold to SBAHG (blended component unit) for \$34,590,000, as approved by HUD. The Authority (Non-HUD program) financed the entire sales proceeds with a 30-year loan at an interest rate of 3% per annum, payable only from surplus cash and at the end of the 30-year term, which is secured by a deed of trust recorded on the Property.

Also, during the years ended March 31, 2016 and 2017, the Authority converted certain public housing units to RAD and sold certain public housing units to SBAHG (blended component unit). The Authority (Non-HUD program) financed the entire sales proceeds with five 99-year loans at an interest rate of 3% per annum, payable only from surplus cash commencing on the dates below and each July 1st thereafter until paid in full.

The loan balances and accrued interest as of March 31, 2025, are as follows:

	<u>Payments</u>		<u>Interest</u>	
	<u>Commencing</u>	<u>Principal</u>	<u>Accrued</u>	<u>Total Due</u>
RAD Promissory Note 1	July 1, 2015	\$ 1,090,000	\$ 71,205	\$ 1,161,205
RAD Promissory Note 2	July 1, 2015	9,760,000	627,712	10,387,712
RAD Promissory Note 3	July 1, 2015	7,400,000	485,158	7,885,158
RAD Promissory Note 5	July 1, 2017	42,890,000	2,708,183	45,598,183
RAD Promissory Note 6	July 1, 2017	10,145,000	650,342	10,795,342
SBAHG Promissory Note 1	July 1, 2014	30,702,109	921,064	31,623,173
SBAHG Promissory Note 2	NA	1,185,920	36,170	1,222,090
		<u>\$ 103,173,029</u>	<u>\$ 5,499,834</u>	<u>\$ 108,672,863</u>

These inter-program transactions have been eliminated in preparing the basic financial statements.

NOTE 06 - PENSION PLAN

The Authority provides a defined contribution pension plan (the Plan) for eligible employees. The plan is administered by Empower Retirement (which is owned by Great-West Life & Annuity Insurance Company). The Plan is managed by a committee of trustees comprised of senior management of the Authority (specifically, the Executive Director/CEO; the Deputy Executive Director/Chief Operating Officer; the Finance Director and the Director of Property Development and Administration). Plan changes are allowed. All plan changes must be approved by the Authority's governing body (the Commission). The Commission authorized the Authority's participation in the retirement plan. Employees who work full or part-time are eligible for participation in the Plan. Participants who reach age 55 are entitled to a benefit which can be paid in a single payment or in equal monthly payments under various payment plans available to participants. Employer contributed retirement benefits fully vest after 5 years of employment. The Authority contributes (on a monthly basis) an amount equal to 12% of each employee's annual compensation to the plan. The Authority also matches up to 5% of any employee deferred compensation. Employer contributions totaled \$959,600 on \$6,272,387 covered payroll for the year ended March 31, 2025.

Housing Authority of the City of Santa Barbara

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

NOTE 07 - 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	\$ 89,766,743	\$ 622,840	\$ (3,354,000)	\$ 87,035,583
Construction in progress	-	-	-	-
Total assets not being depreciated	89,766,743	622,840	(3,354,000)	87,035,583
Capital assets being depreciated				
Buildings and improvements	121,376,619	2,260,986	(896,000)	122,741,605
Furniture and equipment	2,130,565	72,044	(95,084)	2,107,525
Total assets being depreciated	123,507,184	2,333,030	(991,084)	124,849,130
Accumulated depreciation	(42,940,813)	(4,502,575)	244,419	(47,198,969)
Net capital assets being depreciated	80,566,371	(2,169,545)	(746,665)	77,650,161
Capital Assets, Net	\$170,333,114	\$ (1,546,705)	\$ (4,100,665)	\$164,685,744
	Balance at 04/01/24	Additions	Deletions	Balance at 03/31/25
Lease equipment	\$ 47,245	\$ -	\$ -	\$ 47,245
Accumulated amortization	(21,486)	(10,743)	-	(32,229)
Lease Equipment, Net	\$ 25,759	\$ (10,743)	\$ -	\$ 15,016

For the year ended March 31, 2025, the Authority reported depreciation expense of \$4,502,575 and reported amortization expense of \$10,743. During the fiscal year ended March 31, 2025, the Authority experienced no losses or material impairments.

NOTE 08 - NON-CURRENT LIABILITIES CHANGES

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	\$ 498,251	\$ 662,792	\$ -	\$ 1,161,043	\$ 278,763
OPEB payable	2,355,966	-	(14,932)	2,341,034	-
Financial agreements-debt	49,462,378	348,390	(1,179,902)	48,630,866	6,899,314
Financial agreements-leases	28,522	-	(10,181)	18,341	9,199
Accrued liabilities	1,557,887	-	(227,550)	1,330,337	-
Total	\$ 53,903,004	\$ 1,011,182	\$ (1,432,565)	\$ 53,481,621	\$ 7,187,276

The majority of the long-term debt on the discretely presented component units is related to Notes Receivable. For further details about discretely presented component units' debt review those separately issue financial statements.

NOTE 09 - COMMITMENTS AND CONTINGENCIES

Legal: At March 31, 2025, the Authority was not a defendant to any material lawsuit. No provision was made in the financial statements for any contingent liabilities. In the opinion of management, there are no legal matters that would have a materially adverse effect on the Authority's financial position.

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.

NOTE 10 - FINANCIAL AGREEMENTS

All loans are direct borrowing as listed below:

Redevelopment Agency of the City of Santa Barbara

Loan agreement, secured by a deed of trust on the property known as Bradley Studios at 512-518 Bath St., interest at 0% through June 2011 (thereafter 3%). Beginning with the project year beginning with January 1, 2015, and ending December 31, 2015, and any subsequent year that the project has annual net cash flows that exceed annual costs, the note requires monthly payments in an amount equal to one-twelfth of the annual cash flow. All unpaid principal and interest is due and payable July 1, 2066. Secured by real property.

\$ 4,571,192

U.S. Bank

Note payable dated July 11, 2003, with an interest rate of 4.375% (through September 2013). Interest rate adjusted to 2.72% in September 2013, and in September 2023, to 95% of ten-year Constant Maturity Treasury Index. Due in monthly principal and interest payments of \$41,690 until September 2013, when it changed to \$16,699. All unpaid principal and interest is due and payable September 1, 2033. Secured by real property.

1,505,923

U.S. Bank

Note payable dated October 1, 2008, with an initial interest rate of 4.0% (through November 2018). Interest rate adjusted in November 2018, to 2.977%, based on 95% of the ten-year Constant Maturity Treasury index. Interest rate will adjust again in November 2028, to 95% of the then-current ten-year Constant Maturity Treasury Index. Due in monthly principal and interest payments of \$7,639 until December 2018, when it changed with the interest rate reset to \$7,033. All unpaid principal and interest is due and payable November 1, 2038. Secured by real property.

933,172

U.S. Bank

Note payable dated October 28, 2003, with an interest rate of 4.375% (through November 2013). Interest rate adjusted to 2.875% in November 2013, and in November 2023, to 95% of ten-year Constant Maturity Treasury Index. Due in monthly principal and interest payments of \$25,464 until November 2013, when it changed to \$22,307. All unpaid principal and interest is due and payable November 1, 2033. Secured by real property.

2,052,056

Housing Authority of the City of Santa Barbara

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

Wilcox Family Trust

Mortgage payable dated November 7, 2007, with an interest rate of 5%, monthly interest only payments of \$4,000 until November 1, 2017, thereafter monthly interest and principal payments of \$7,592. All unpaid principal and interest is due and payable on November 1, 2027. Secured by real property.

573,980

Redevelopment Agency of the City of Santa Barbara

Loan agreement, secured by a deed of trust on the property known as Casa de Las Fuentes, dated May 21, 2001, interest at 3%. Beginning with the first month following a project year in which the project has positive annual net cash flow, the note requires monthly payments in an amount equal to one-twelfth of the annual cash flow. All unpaid principal and interest is due and payable June 1, 2030.

1,172,573

City of Santa Barbara

Note payable dated April 1, 2000, interest at 3%. Beginning with the first month following a project year in which the project has positive annual net cash flow, the note requires monthly payments in an amount equal to one-twelfth of the annual cash flow. Unpaid principal and interest is due and payable June 1, 2030. Secured by a deed of trust against the property known as Villa La Cumbre.

731,860

City of Santa Barbara

Loan agreement, secured by a deed of trust against the property known as El Carrillo, dated July 26, 2002, interest at 3%. Beginning with the first month following a project year in which the project has positive annual net cash flow, the note requires monthly payments in an amount equal to one-twelfth of the annual cash flow. All unpaid principal and interest is due and payable August 1, 2032.

1,004,980

Redevelopment Agency of the City of Santa Barbara

Loan agreement, secured by a deed of trust against the property known as Paseo Voluntario, dated December 20, 2002, interest at 3%. Beginning with the first month following a project year in which the project has positive annual net cash flow, the note requires monthly payments in an amount equal to one-twelfth of the annual cash flow. All unpaid principal and interest is due and payable January 1, 2033. Secured by real property.

980,000

City of Santa Barbara

Loan agreement, secured by a deed of trust against the property known as Artisan Court, dated December 17, 2009, interest at 3%. Beginning with the project year beginning with January 1, 2028, and ending December 31, 2028, and any subsequent year that the project has annual net cash flows that exceed annual costs, the note requires monthly payments in an amount equal to one-twelfth of the annual cash flow. All unpaid principal and interest is due and payable January 1, 2065.

4,000,000

Housing Authority of the City of Santa Barbara

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

Redevelopment Agency of the City of Santa Barbara

Loan agreement, secured by a deed of trust against property located at 2941 State Street, dated October 13, 2010, interest at 3%. Beginning with the first month following a project year in which the project has positive annual net cash flow, the note requires monthly payments in an amount equal to one-twelfth of the annual cash flow. All unpaid principal and interest is due and payable December 1, 2065.

285,864

City of Santa Barbara

Loan agreement, secured by a deed of trust against property located at 518 East Canon Perdido, dated October 13, 2016, interest at 3%. Beginning with the first month following a project year in which the project has positive annual net cash flow, the note requires monthly payments in an amount equal to one-twelfth of the annual cash flow. All unpaid principal and interest is due and payable October 13, 2046.

633,000

Various Individuals

Note payable to several individuals, dated December 22, 2015, with an interest rate of 4.50% through January 1, 2021. On January 1, 2021, January 1, 2026, January 1, 2031, and January 1, 2036, the interest rate will be adjusted to the ten-year Constant Maturity Treasury Index plus 2.00%; provided that the change in interest rate is not in excess of 2.00%, the interest rate shall never exceed 8.50%, and shall never be less than 4.50%. Due in monthly principal and interest payments commencing on February 1, 2016, in an amount based upon a 25-year amortization. All unpaid principal and interest is due and payable January 1, 2041. Secured by real property.

1,805,381

Deborah Ann Saucedo Revocable Trust

Note payable dated November 29, 2017, with an interest rate of 4.50% per annum from the date of the note until December 1, 2037, on which date any unpaid interest and principal of this note shall be paid in full. Principal and interest shall be payable on the first day of each month with principal payable on the basis of a thirty year amortization with level monthly payments of principal and interest during such period. Secured by real property.

1,877,044

Various Individuals

Note payable to several individuals, dated January 23, 2018, with an interest rate of 2.75% per annum from the date of the note until January 1, 2048, on which date any unpaid interest and principal of this note shall be paid in full. Principal and interest shall be payable on the first day of each month with principal payable on the basis of a thirty year amortization with level monthly payments of principal and interest during such period. Secured by real property.

1,594,955

Montecito Bank & Trust

Note payable dated October 9, 2019, with an initial interest rate of 3.875%. Interest rate will be adjusted in November 2029, and again in November 2038, to the then-current ten-year Constant Maturity Treasury Index, plus a margin of 1.75%. Due in initial monthly principal and interest payments of \$6,403. All unpaid principal and interest is due and payable October 25, 2049. Secured by real property.

1,209,653

Housing Authority of the City of Santa Barbara

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

Gonzales Trust

Note payable dated November 8, 2022, with an interest rate of 5.0% per annum from the date of the note until December 1, 2037, on which date any unpaid interest and principal of this note shall be paid in full. Principal and interest shall be payable on the first day of each month with principal payable on the basis of a forty year amortization with level monthly payments of principal and interest during such period. Secured by real property.

2,549,511

Banc of California

Note payable dated October 19, 2021, with an interest rate of 3.75%. Due in monthly principal and interest payments of \$8,403. All unpaid principal and interest is due and payable October 2031. Secured by real property.

1,681,766

City of Santa Barbara

Loan payable in the amount of \$6 million, interest rate of 3% simple interest per annum, from and after Effective Date (March 15, 2024) and continuing until paid in full with payments to be made on a residual receipts per the terms of the note with a maturity date 30 years from the Effective Date of the agreement, which is secured by a deed of trust against the property known as 3055 De La Vina Street.

6,000,000

Johnman Holdings, L.L.C.

Note payable dated December 12, 2023, interest rate 3.5% compounding annually from the date of the note, payable in arrears in monthly interest only installments of \$13,125, beginning on January 1, 2024, with a maturity date of July 1, 2025, secured by a deed of trust against the property known as 15 S. Hope Avenue.

4,500,000

Santa Barbara Foundation

Loan payable in the amount of \$1.5 million, interest rate of 3% simple interest, payable in twelve (12) interest only installments of \$3,750 beginning on April 15, 2024, and continuing monthly on the fifteenth (15th) day of each month thereafter until maturity on March 14, 2026, (Maturity Date) at which time all sums of principal and interest then remaining update shall be due and payable in full. Loan agreement is secured by a deed of trust against the property known as 3055 De La Vina Street.

1,500,000

Montecito Bank & Trust - SBAHG

Note payable dated October 10, 2018, with an initial interest rate of 4.57%. Interest rate will be adjusted in November 2028, and again in November 2038, to the then-current ten-year Constant Maturity Treasury Index, plus a margin of 1.75%. In no case shall the loan interest rate be less than 4.57%. Due in initial monthly principal and interest payments of \$28,886. All unpaid principal and interest is due and payable October 25, 2048. Secured by real property.

4,953,907

Accrued Interest on Cash Flow Loans

Several of the City of Santa Barbara loans are cash flow loans, which have accrued interest when cash flow was not available to pay these loans.

2,514,049

Total Financial Agreements - Debt

48,630,866

Housing Authority of the City of Santa Barbara

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

All leases as listed below:

Kyocera TASKalfa Copiers

The Authority has leased three Kyocera TASKalfa copiers on a 60-month lease with an interest rate of 8.5% and \$670 monthly payment. The lease began January 2022, and will end December 2026.

13,031

Postage Machine

The Authority has leased a postage machine on a 60-month lease with an interest rate of 8.5% and \$595.50 quarterly payment. The lease began November 2022, and will end October 2027.

5,310

Total Financial Agreements - Leases

18,341

Total Financial Agreements

\$ 48,649,207

As of March 31, 2025, the annual requirements for debt retirement are:

<u>Year(s) Ended March 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 6,899,314	\$ 916,965	\$ 7,816,279
2027	941,398	786,338	1,727,736
2028	1,347,402	744,661	2,092,063
2029	5,378,575	613,452	5,992,027
2030	826,279	464,799	1,291,078
2031 2035	9,337,993	3,681,644	13,019,637
2036 2040	5,104,444	794,065	5,898,509
2041 2045	648,481	143,525	792,006
2046 2050	1,268,829	608,442	1,877,271
2051 2055	6,000,000	-	6,000,000
2056 2060	-	-	-
2061 2065	6,306,959	7,157,643	13,464,602
2066 2070	4,571,192	6,921,752	11,492,944
	<u>\$ 48,630,866</u>	<u>\$ 22,833,286</u>	<u>\$ 71,464,152</u>

As of March 31, 2025, the annual requirements for lease payments are:

<u>Year Ended March 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 9,199	\$ 1,223	\$ 10,422
2027	7,988	424	8,412
2028	1,154	37	1,191
	<u>\$ 18,341</u>	<u>\$ 1,684</u>	<u>\$ 20,025</u>

NOTE 11 - SUBSEQUENT EVENTS

Events that occur after the Statement of Net Position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. Management evaluated the activity of the Authority through August 22, 2025, (the date the financial statements were available to be issued) and concluded that the following items should be disclosed to the reader of the financial statements:

New 3055 De La Vina project has estimated costs of approximately \$11 million, starting development in spring of 2025.

Construction commitments, including above 3055 De La Vina, estimated at \$6 million.

NOTE 12 - RISK MANAGEMENT

The Authority carries commercial insurance against all risks of loss, including property and general liability, auto, workers' compensation, fidelity, and public officials' liability insurance. There have been no significant reductions in insurance coverage in the prior year and settled claims from these risks have not exceeded commercial insurance coverage in any of the last three fiscal years.

The Authority participates in two joint ventures under joint powers agreements as follows:

CHWCA (California Housing Workers' Compensation Authority) – The California Housing Workers' Compensation Authority (CHWCA) is a California joint powers insurance authority established in 1991 for the purpose of providing workers' compensation coverage to California public housing authority members. CHWCA is a special district in the State of California providing its members with a comprehensive workers' compensation coverage program for the sharing of risk for self-insured losses, as well as jointly purchasing claims adjusting services, actuarial services, risk control services, and legal services connected with the program. CHWCA provides coverage for both workers' compensation and employer's liability for its members from dollar one up to \$500,000 per occurrence. CHWCA is also a member of the Safety National Casualty Corporation for commercial excess coverage. When losses exceed the \$500,000 per occurrence limit, Safety National will provide coverage up to Statutory limits.

CHWCA is governed by a seven (7) member Executive Committee which is elected by the 33-member Board of Directors. Each of CHWCA's 33 member agencies appoint one primary and one alternate member to serve on the Board of Directors. In 2005, CHWCA formed a six (6) member Risk Management Committee, which expanded to nine (9) members, whose responsibilities include reviewing and developing risk control policies and drafting an annual Risk Control Work Plan. The relationship between the Authority and CHWCA is such that CHWCA is not a component unit of the Authority for financial reporting purposes.

HARRP (Housing Authorities Risk Retention Pool) – HARRP was formed to provide property and liability insurance coverage for member housing authorities. HARRP members fully self-insure their exposures without recourse to reinsurance on excess insurance.

The coverage limits are \$2 million per occurrence and in the aggregate for auto liability and \$2 million per occurrence and in the aggregate for general liability, errors and omissions liability and employment practices liability. Through the act of self-insuring its exposures, HARRP and its members maintain direct control over the adjustment, defense, and settlement of the claims. HARRP purchases excess property coverage for losses exceeding \$2,000,000. As of March 31, 2018, the limit of such excess property coverage is \$45 million above the self-insured coverage. There is no coverage for flood or earthquake damage. As of March 31, 2025, there were approximately 90 members. The relationship between the Authority and HARRP is such that HARRP is not a component unit of the Authority for financial reporting purposes.

Housing Authority of the City of Santa Barbara

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

NOTE 13 - UNEARNED GROUND LEASE

During the year ended March 31, 2016, the Authority leased land to Santa Barbara Housing Partnership IV, L.P., (a tax credit entity) – related to the RAD 4 sale. The leases were for a term of 75 years. As of March 31, 2016, Santa Barbara Housing Partnership IV, L.P., paid the Authority \$1,280,000 for the two ground leases (\$520,000 for the Pearl Gardens property and \$760,000 for the Sycamore Gardens property). This prepayment of lease income was recorded as deferred inflow of resources and will be recognized as revenue over the period to which the lease applies. As of March 31, 2025, the current portion of the unearned ground lease income is \$17,066 (which is included in “Other current liabilities”) and the long-term portion is \$1,228,800 (which is included in “Other non-current liabilities”). The Authority will recognize the remaining lease income during the 75-year life of the leases as follows:

Year Ended March 31,	Amount	Year Ended March 31,	Amount
2026	\$ 17,067	2051 to 2055	\$ 85,333
2027	17,067	2056 to 2060	85,333
2028	17,067	2061 to 2065	85,333
2029	17,067	2066 to 2070	85,333
2030	17,067	2071 to 2075	85,333
2031 to 2035	85,334	2076 to 2080	85,333
2036 to 2040	85,334	2081 to 2085	85,333
2041 to 2045	85,334	2086 to 2090	85,333
2046 to 2050	85,334	2091 to 2094	17,065
Subtotal	\$ 426,671	Subtotal	699,729
		Total	\$ 1,126,400

NOTE 14 - OTHER POST-EMPLOYMENT BENEFIT PLAN LIABILITY

Plan Description

For employees hired prior to April 1, 2009, the Authority provides medical coverage for employees who retire with the Authority at the age of 55 or older with 5 or more years of service or who become permanently disabled after 5 or more years of service. For employees hired after April 1, 2009, the Authority provides medical coverage for employees who retire with the Authority at the age of 55 or older with 15 or more years of service or who become permanently disabled after 15 or more years of service.

The required contribution is based on projected pay-as-you-go financing requirements. Covered employees are required to contribute premiums in excess of the \$340 per month provided by the Authority.

Active employees	63
Inactive employees	13
Total	76

Net OPEB Liability

The Authority’s net OPEB liability was measured as of March 31, 2025, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated March 31, 2025, based on the following actuarial methods and assumptions:

Housing Authority of the City of Santa Barbara

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

Actuarial Assumptions:	
Valuation date:	March 31, 2025
Funding method:	Entry Age Normal Cost, level percent of pay.
Discount rate:	4.28% as of March 31, 2025
Participants valued:	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.
Salary increase:	3.00% per year, since benefits do not depend on salary, this is used only to allocate the cost of benefits between service years.
Assumed wage inflation:	3.00% per year; a component of assumed salary increases.
General inflation rate:	2.50% per year.
Mortality improvement:	MacLeod Watts Scale 2023.
Healthcare trend rate:	Medical plan premiums and claims costs by are assumed to increase once each year.

The Authority does not presently fund an OPEB trust. Therefore, the net OPEB liability is equal to the total OPEB liability.

Discount Rate

The discount rate used to measure the total OPEB liability was 4.28%. The discount rate depends on the nature of underlying assets for funded plans. For an unfunded plan, the discount rate is based on the Fidelity 20 Year AA General Obligation Municipal Bond Index. As of the beginning and end of the Measurement Period, use of this index results in discount rates of 3.96% as of March 31, 2024, and 4.28% as of March 31, 2025.

Change in the OPEB Liability

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

	(a) Total OPEB	(b) Plan Fiduciary Net	(a) - (b) = (c) Net OPEB Liability
Balance at March 31, 2024	\$ 2,355,966	\$ -	\$ 2,355,966
<i>Changes recognized for measurement period:</i>			
Service cost	85,245	-	85,245
Interest	94,631	-	94,631
Changes of assumptions	(91,727)	-	(91,727)
Contributions – employer	-	103,082	(103,082)
Benefit payments	(103,082)	(103,082)	-
Plan experience	-	-	-
Net changes	(14,933)	-	(14,933)
Balance at March 31, 2025	\$ 2,341,033	\$ -	\$ 2,341,033

Housing Authority of the City of Santa Barbara

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

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

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

	Discount Rate -1% (3.28%)	Valuation Discount Rate (4.28%)	Discount Rate +1% (5.28%)
Net OPEB liability	\$ 2,647,263	\$ 2,341,033	\$ 2,087,402

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

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

	Current Trend -1%	Current Trend	Current Trend +1%
Net OPEB liability	\$ 2,128,334	\$ 2,341,033	\$ 2,651,805

Recognition of Deferred Outflows and Deferred Inflows of Resources

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 16,142	\$ 981,017
Changes in assumptions	101,504	509,881
Net difference between projected and actual earnings on plan investments	-	-
Contributions subsequent to the measurement date	-	-
Totals	\$ 117,646	\$ 1,490,898

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Fiscal Year Ending March 31.

2026	\$ (269,263)
2027	(269,263)
2028	(248,958)
2029	(176,250)
2030	(185,770)
Thereafter	(223,748)
	<u>\$ (1,373,252)</u>

OPEB Expense

For the fiscal year ended March 31, 2025, the Authority recognized OPEB expense (income) of (\$89,387).

Housing Authority of the City of Santa Barbara

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

NOTE 15 - NET POSITION

The net position on the Statement of Net Position has been calculated as follows:

Capital assets not being depreciated	\$ 87,035,583
Capital assets, net	77,650,161
Right to use leased assets, net	15,016
Related debt payable	(48,630,866)
Related lease payable	<u>(18,341)</u>
Net Investment in Capital Assets	<u>\$116,051,553</u>
Restricted cash	\$ 5,956,570
Restricted investments	12,005,110
Unearned EHV fees	(40,000)
Security deposit liability	(780,022)
FSS escrow liability	<u>(1,330,337)</u>
Restricted Net Position	<u>\$ 15,811,321</u>

Housing Authority of the City of Santa Barbara

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

NOTE 16 - CONDENSED FINANCIAL STATEMENTS

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

	Housing Authority	Total Blended Component Units	Eliminations	Primary Government Totals
Condensed Statement of Net Position				
Current assets	\$ 46,429,680	\$ 8,246,551	\$ (674,164)	\$ 54,002,067
Capital assets	66,876,028	97,824,732	-	164,700,760
Other assets	160,908,391	5,369	(108,672,863)	52,240,897
Total Assets	274,214,099	106,076,652	(109,347,027)	270,943,724
Deferred outflow of resources	82,591	35,055	-	117,646
Current liabilities	9,071,174	954,115	(674,164)	9,351,125
Noncurrent liabilities	40,594,507	114,372,701	(108,672,863)	46,294,345
Total Liabilities	49,665,681	115,326,816	(109,347,027)	55,645,470
Deferred inflow of resources	2,169,908	447,390	-	2,617,298
Net investment in capital assets	23,180,728	92,870,825	-	116,051,553
Restricted net position	11,602,103	4,209,218	-	15,811,321
Unrestricted net position	187,678,270	(106,742,542)	-	80,935,728
Net Position	\$ 222,461,101	\$ (9,662,499)	\$ -	\$ 212,798,602

Condensed Statement of Revenues, Expenses, and Changes in Net Position

Operating revenues	\$ 68,923,580	\$ 13,638,217	\$ (11,374,013)	\$ 71,187,784
Depreciation expense	(1,845,910)	(2,667,408)	-	(4,513,318)
Other operating expenses	(66,991,835)	(6,765,626)	11,374,013	(62,383,448)
Operating Income (Loss)	85,835	4,205,183	-	4,291,018
Non-operating revenues	7,732,693	296,086	(3,095,784)	4,932,995
Non-operating expenses	(1,425,814)	(3,328,252)	3,095,784	(1,658,282)
Non-Operating Revenue (Expense)	6,306,879	(3,032,166)	-	3,274,713
Change in Net Position	6,392,714	1,173,017	-	7,565,731
Net position, beginning of year	216,510,729	(10,741,219)	-	205,769,510
Prior Period Adjustment	(442,342)	(94,297)	-	(536,639)
Net position, end of year	\$ 222,461,101	\$ (9,662,499)	\$ -	\$ 212,798,602

Condensed Statement of Cash Flows

Net cash flows provided/(used) by operating activities	\$ (7,333,854)	\$ 6,918,962	\$ -	\$ (414,892)
Net cash flows provided/(used) by capital and related financing activities	(3,076,424)	(6,450,003)	-	(9,526,427)
Net cash flows provided/(used) by investing activities	9,050,364	53,093	-	9,103,457
Net increase/(decrease) in cash and cash equivalents	(1,359,914)	522,052	-	(837,862)
Cash, beginning of year	13,921,301	1,405,081	-	15,326,382
Cash, end of year	\$ 12,561,387	\$ 1,927,133	\$ -	\$ 14,488,520

Housing Authority of the City of Santa Barbara

RSI 10-Year History of Changes in Net OPEB Liability

Fiscal Year Ending	2025	2024	2023	2022	2021	2020	2019
Measurement date	3/31/2025	3/31/2024	3/31/2023	3/31/2022	3/31/2021	3/31/2020	3/31/2019
Discount rate on measurement date	4.28%	3.96%	3.78%	2.83%	2.27%	2.48%	3.42%
Total OPEB Liability							
Service costs	\$ 85,245	\$ 64,386	\$ 80,922	\$ 143,220	\$ 131,520	\$ 134,881	\$ 123,673
Interest	94,631	88,168	73,624	89,934	92,631	155,095	153,171
Changes of benefit terms	-	-	-	-	-	-	-
Difference between expected and actual experience	-	19,980	-	(1,110,135)	-	(1,032,792)	-
Change in assumptions	(91,727)	(39,887)	(308,316)	(304,001)	115,344	66,383	130,330
Benefit payments	(103,082)	(89,544)	(107,973)	(126,041)	(122,910)	(117,165)	(135,664)
Net Change in Total OPEB Liability	(14,933)	43,103	(261,743)	(1,307,023)	216,585	(793,598)	271,510
Total OPEB Liability - Beginning	2,355,966	2,312,863	2,574,606	3,881,629	3,665,044	4,458,642	4,187,112
Total OPEB Liability - Ending (a)	\$ 2,341,033	\$ 2,355,966	\$ 2,312,863	\$ 2,574,606	\$ 3,881,629	\$ 3,665,044	\$ 4,458,622
Plan Fiduciary Net Position - Beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plan Fiduciary Net Position - Ending (b)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net OPEB Liability - Ending (a) - (b)	\$ 2,341,033	\$ 2,355,966	\$ 2,312,863	\$ 2,574,606	\$ 3,881,629	\$ 3,665,044	\$ 4,458,622
Covered-Employee Payroll	\$ 6,052,419	\$ 5,682,992	\$ 5,044,538	\$ 4,808,871	\$ 4,542,425	\$ 4,637,642	\$ 4,427,154
Net OPEB Liability as a % of Covered-Employee Payroll	38.68%	41.46%	45.85%	53.54%	85.45%	79.03%	100.71%

Fiscal Year Ending	2025	2024	2023	2022	2021	2020	2019
Measurement date:	3/31/2025	3/31/2024	3/31/2023	3/31/2022	3/31/2021	3/31/2020	3/31/2019
Discount rate on measurement date:	4.28%	3.96%	3.78%	2.83%	2.27%	2.48%	3.42%
Valuation date:	3/31/2024	3/31/2022	3/31/2020	3/31/2018			
Actuarial cost method:	Entry Age Normal, Level % of Pay	Entry Age Normal, Level % of Pay	Entry Age Normal, Level % of Pay	Entry Age Normal, Level % of Pay	Entry Age Normal, Level % of Pay	Entry Age Normal, Level % of Pay	Entry Age Normal, Level % of Pay
Inflation:	2.50%	2.50%	2.50%	2.75%			
Healthcare cost trend rates:	6.0% in 2026, fluctuating down to 3.9% by 2075	5.8% in 2023, fluctuating down to 3.9% by 2076	4.9% in 2021, fluctuating down to 4.0% by 2075	8.0% in 2019 decreasing by 0.5% to 5.0% by 2025			
Salary increase:	3.00%	3.00%	3.00%	3.25%			
Retirement age:	from 50 to 75	from 50 to 75	from 50 to 75	from 50 to 75			
Mortality:	2021 CalPERS Experience Study	2021 CalPERS Experience Study	2017 CalPERS Experience Study	2014 CalPERS Experience Study			
Mortality improvement:	MW Scale 2022	MW Scale 2022	MW Scale 2020	MW Scale 2017			

*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.

Housing Authority of the City of Santa Barbara

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	\$ 2,274,621
Housing Choice Vouchers (Emergency Housing Vouchers)	14.871	Direct	2,186,727
Mainstream Vouchers	14.879	Direct	6,338,912
Total Housing Voucher Center Cluster			10,800,260
Moving to Work Demonstration Program	14.881	Direct	45,419,767
Resident Opportunity and Supportive Services	14.870	Direct	420,138
Shelter Plus Care	14.238	Direct	143,488
Totals U.S. Department of HUD			56,783,653
Total Expenditures of Federal Awards			\$ 56,783,653
Award Type			
Direct			\$ 56,783,653
Indirect			\$ -

Housing Authority of the City of Santa Barbara

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended March 31, 2025

NOTE 01 - SCOPE OF PRESENTATION

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

NOTE 02 - BASIS OF ACCOUNTING

The expenditures included in the accompanying schedule were reported on the accrual basis of accounting. Expenditures are recognized in the accounting period in which the related liability is incurred. Expenditures reported included any property or equipment acquisitions incurred under the federal program. The information in this schedule is presented in accordance with the requirements of Uniform Guidance, *Audit of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

NOTE 03 - INDIRECT COST RATE

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

Housing Authority of the City of Santa Barbara

Combining Statement of Net Position - Business Activities

March 31, 2025

	Housing Authority	SBAHG	Eliminations	Primary Government Total
ASSETS				
Current Assets				
Cash and cash equivalents				
Unrestricted	\$ 7,264,618	\$ 1,267,332	\$ -	\$ 8,531,950
Restricted	5,296,769	659,801	-	5,956,570
Subtotal	12,561,387	1,927,133	-	14,488,520
Investments	26,555,593	6,147,169	-	32,702,762
Accounts receivable, net	6,330,754	112,076	-	6,442,830
Prepaid expenses	246,623	60,173	-	306,796
Inventory, net	61,159	-	-	61,159
Notes and lease receivable current	-	-	-	-
Interfund receivable	674,164	-	(674,164)	-
Total Current Assets	46,429,680	8,246,551	(674,164)	54,002,067
Non-Current Assets				
Notes and leases receivable	160,908,391	5,369	(108,672,863)	52,240,897
Intangibles, net	-	-	-	-
Capital assets not being depreciated	39,176,743	47,858,840	-	87,035,583
Capital assets, net	27,684,269	49,965,892	-	77,650,161
Right to use leased assets, net	15,016	-	-	15,016
Total Non-Current Assets	227,784,419	97,830,101	(108,672,863)	216,941,657
TOTAL ASSETS	274,214,099	106,076,652	(109,347,027)	270,943,724
DEFERRED OUTFLOWS OF RESOURCES	82,591	35,055	-	117,646

Housing Authority of the City of Santa Barbara

Combining Statement of Net Position - Business Activities

March 31, 2025

	Housing Authority	SBAHG	Eliminations	Primary Government Total
LIABILITIES				
Current Liabilities				
Accounts payable	426,523	172,865	-	599,388
Accrued liabilities	250,448	82,698	-	333,146
Deposits held in trust	360,208	419,814	-	780,022
Compensated absences current	231,969	46,794	-	278,763
Unearned revenue	138,030	112,378	-	250,408
Other liabilities current	200,885	-	-	200,885
Financial agreements payable current	6,788,947	119,566	-	6,908,513
Interfund payable	674,164	-	(674,164)	-
Total Current Liabilities	9,071,174	954,115	(674,164)	9,351,125
Non-Current Liabilities				
Compensated absences	728,150	154,130	-	882,280
Funds held in trust	1,330,337	-	-	1,330,337
Net OPEB liability	1,629,667	711,367	-	2,341,034
Financial agreements payable	36,906,353	113,507,204	(108,672,863)	41,740,694
Total Non-Current Liabilities	40,594,507	114,372,701	(108,672,863)	46,294,345
TOTAL LIABILITIES	49,665,681	115,326,816	(109,347,027)	55,645,470
DEFERRED INFLOWS OF RESOURCES	2,169,908	447,390	-	2,617,298
NET POSITION				
Net investment in capital assets	23,180,728	92,870,825	-	116,051,553
Restricted	11,602,103	4,209,218	-	15,811,321
Unrestricted	187,678,270	(106,742,542)	-	80,935,728
TOTAL NET POSITION	\$ 222,461,101	\$ (9,662,499)	\$ -	\$ 212,798,602

Housing Authority of the City of Santa Barbara

Combining Statement of Revenues, Expenses, and Changes in Net Position - Business Activities

For the Year Ended March 31, 2025

	Housing Authority	SBAHG	Eliminations	Primary Government Total
Operating Revenues				
Rental revenues, net	\$ 9,220,010	\$ 11,739,144	\$ (9,527,862)	\$ 11,431,292
Government grants	57,233,885	537,273	-	57,771,158
Other income	2,469,685	1,361,800	(1,846,151)	1,985,334
Total Operating Revenues	68,923,580	13,638,217	(11,374,013)	71,187,784
Operating Expenses				
Administration	8,165,563	2,466,164	(1,846,151)	8,785,576
Tenant services	2,135,771	864,164	-	2,999,935
Utilities	662,537	537,380	-	1,199,917
Maintenance and operations	3,408,431	2,547,046	-	5,955,477
Protective services	-	-	-	-
Insurance expense	507,598	347,858	-	855,456
General expense	602,400	3,014	-	605,414
Housing Assistance Payments	51,509,535	-	(9,527,862)	41,981,673
Depreciation and amortization	1,845,910	2,667,408	-	4,513,318
Total Operating Expenses	68,837,745	9,433,034	(11,374,013)	66,896,766
OPERATING INCOME (LOSS)	85,835	4,205,183	-	4,291,018
Non-Operating Revenues (Expenses)				
Interest income	5,885,408	296,086	(3,095,784)	3,085,710
Gains (losses) on disposition of assets, net	1,847,285	-	-	1,847,285
Interest expense	(1,425,814)	(3,328,252)	3,095,784	(1,658,282)
Total Non-Operating Revenues (Expenses)	6,306,879	(3,032,166)	-	3,274,713
CHANGE IN NET POSITION	6,392,714	1,173,017	-	7,565,731
BEGINNING NET POSITION	216,510,729	(10,741,219)	-	205,769,510
Prior Period Adjustment	(442,342)	(94,297)	-	(536,639)
ENDING NET POSITION	\$ 222,461,101	\$ (9,662,499)	\$ -	\$ 212,798,602

Housing Authority of the City of Santa Barbara

Combining Statement of Cash Flows - Business Activities

For the Year Ended March 31, 2025

	Housing Authority	SBAHG	Eliminations	Primary Government Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from tenants and users	\$ 8,826,625	\$ 13,132,819	\$ -	\$ 21,959,444
Receipts from operating grants	50,770,857	537,273	-	51,308,130
Payments for goods and services	(8,393,015)	(4,427,696)	-	(12,820,711)
Payments for Housing Assistance Payments	(51,392,311)	-	-	(51,392,311)
Payments to employees for services	(7,146,010)	(2,323,434)	-	(9,469,444)
NET CASH FLOW PROVIDED (USED) BY OPERATING ACTIVITIES	(7,333,854)	6,918,962	-	(414,892)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital asset purchases	(1,050,058)	(1,905,812)	-	(2,955,870)
Payments on financial agreements	(2,153,346)	(4,544,191)	-	(6,697,537)
Capital contributions	126,980	-	-	126,980
NET CASH FLOW PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(3,076,424)	(6,450,003)	-	(9,526,427)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from investment activities	7,533,563	53,242	-	7,586,805
Note receivable collected	7,824,815	-	-	7,824,815
Note receivable issued	(6,308,014)	(149)	-	(6,308,163)
NET CASH FLOW PROVIDED (USED) BY INVESTING ACTIVITIES	9,050,364	53,093	-	9,103,457
NET INCREASE (DECREASE) IN CASH	(1,359,914)	522,052	-	(837,862)
BEGINNING CASH	13,921,301	1,405,081	-	15,326,382
ENDING CASH	\$ 12,561,387	\$ 1,927,133	\$ -	\$ 14,488,520

Housing Authority of the City of Santa Barbara

Combining Statement of Cash Flows - Business Activities

For the Year Ended March 31, 2025

	Housing Authority	SBAHG	Eliminations	Primary Government Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 85,835	\$ 4,205,183	\$ -	\$ 4,291,018
Non-Cash Adjustments				
Depreciation	1,845,910	2,667,408	-	4,513,318
OPEB	(151,171)	(58,363)	-	(209,534)
Change in Asset and Liabilities				
(Increase) decrease in accounts receivable	(4,823,562)	52,932	-	(4,770,630)
(Increase) decrease in prepaid	51,772	(1,972)	-	49,800
Increase (decrease) in accounts payable	26,434	(1,419)	-	25,015
Increase (decrease) in accrued liabilities	127,843	82,698	-	210,541
Increase (decrease) in compensated absences	5,621	(6,448)	-	(827)
Increase (decrease) in unearned revenue	(4,278,577)	(31,495)	-	(4,310,072)
Increase (decrease) in deposits held in trust	(223,959)	10,438	-	(213,521)
Net interfunds	-	-	-	-
Total Adjustments	(7,419,689)	2,713,779	-	(4,705,910)
Net Cash Provided (Used) by Operating Activities	\$ (7,333,854)	\$ 6,918,962	\$ -	\$ (414,892)

Housing Authority of the City of Santa Barbara
Combining Statement of Net Position - Discretely Presented Component Units
March 31, 2025

	SB Housing Partnership IV	Villa Santa Fe, L.P.	813 East Carrillo Street, L.P.	251 S Hope Associates, L.P.	Grace Village Apartments, L.P.	116 E Cota St Associates, L.P.	DPCU Total
ASSETS							
Current Assets							
Cash and cash equivalents							
Unrestricted	\$ 293,595	\$ 2,379,453	\$ 279,124	\$ 546,528	\$ 910,219	\$ 251,452	\$ 4,660,371
Restricted	227,236	1,370,195	519,472	985,129	1,161,339	170,068	4,433,439
Subtotal	520,831	3,749,648	798,596	1,531,657	2,071,558	421,520	9,093,810
Investments	93,011	30,137	-	-	-	-	123,148
Accounts receivable, net	6,481	6,037	19,440	23,807	2,944	9,893	68,602
Prepaid expenses	1,159,083	130,575	12,031	7,758	11,995	41,667	1,363,109
Inventory, net	-	-	-	-	-	-	-
Notes and lease receivable current	-	-	-	-	-	-	-
Interfund receivable	-	-	-	-	-	-	-
Total Current Assets	1,779,406	3,916,397	830,067	1,563,222	2,086,497	473,080	10,648,669
Non-Current Assets							
Notes and leases receivable	-	-	-	-	-	-	-
Intangibles, net	11,219	10,532,295	23,573	102,741	63,758	60,155	10,793,741
Capital assets not being depreciated	2,545,746	-	1,422,617	5,400,597	5,958,663	2,600,000	17,927,623
Capital assets, net	11,204,623	18,612,105	5,673,919	19,018,218	13,464,310	17,310,239	85,283,414
Right to use leased assets, net	-	-	-	-	-	-	-
Total Non-Current Assets	13,761,588	29,144,400	7,120,109	24,521,556	19,486,731	19,970,394	114,004,778
TOTAL ASSETS	15,540,994	33,060,797	7,950,176	26,084,778	21,573,228	20,443,474	124,653,447
DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-	-	-	-

Housing Authority of the City of Santa Barbara
Combining Statement of Net Position - Discretely Presented Component Units
March 31, 2025

	SB Housing Partnership IV	Villa Santa Fe, L.P.	813 East Carrillo Street, L.P.	251 S Hope Associates, L.P.	Grace Village Apartments, L.P.	116 E Cota St Associates, L.P.	DPCU Total
LIABILITIES							
Current Liabilities							
Accounts payable	(12,155)	1,820	-	73,445	43,596	402	107,108
Accrued liabilities	-	37,079	-	-	-	-	37,079
Deposits held in trust	38,878	132,983	8,900	22,278	33,323	27,000	263,362
Compensated absences current	-	2,467	-	-	-	-	2,467
Unearned revenue	16,472	9,433	6,043	-	-	2,529	34,477
Other liabilities current	45,095	194,091	54,693	(9,923)	45,514	92,149	421,619
Financial agreements payable current	-	410,413	-	-	221,847	-	632,260
Interfund payable	-	-	-	-	-	-	-
Total Current Liabilities	88,290	788,286	69,636	85,800	344,280	122,080	1,498,372
Non-Current Liabilities							
Compensated absences	-	7,402	-	-	-	-	7,402
Funds held in trust	-	-	-	-	-	-	-
Net OPEB liability	-	-	-	-	-	-	-
Financial agreements payable	14,239,372	22,925,039	4,209,584	14,873,833	12,294,251	11,979,025	80,521,104
Total Non-Current Liabilities	14,239,372	22,932,441	4,209,584	14,873,833	12,294,251	11,979,025	80,528,506
TOTAL LIABILITIES	14,327,662	23,720,727	4,279,220	14,959,633	12,638,531	12,101,105	82,026,878
DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-	-	-
NET POSITION							
Net investment in capital assets	(489,003)	(4,723,347)	2,886,952	9,544,982	6,906,875	7,931,214	22,057,673
Restricted	188,358	1,237,212	510,572	962,851	1,128,016	143,068	4,170,077
Unrestricted	1,513,977	12,826,205	273,432	617,312	899,806	268,087	16,398,819
TOTAL NET POSITION	\$ 1,213,332	\$ 9,340,070	\$ 3,670,956	\$ 11,125,145	\$ 8,934,697	\$ 8,342,369	\$ 42,626,569

Housing Authority of the City of Santa Barbara

Combining Statement of Revenues, Expenses, and Changes in Net Position - Discretely Presented Component Units

For the Year Ended March 31, 2025

	SB Housing Partnership IV	Villa Santa Fe, L.P.	813 East Carrillo Street, L.P.	251 S Hope Associates, L.P.	Grace Village Apartments, L.P.	116 E Cota St Associates, L.P.	DPCU Total
Operating Revenues							
Rental revenues, net	\$ 554,021	\$ 4,112,379	\$ 372,139	\$ 1,957,777	\$ 1,234,140	\$ 769,317	\$ 8,999,773
Government grants	-	-	-	-	-	-	-
Other income	-	641	1,583	705	221	7,769,898	7,773,048
Total Operating Revenues	554,021	4,113,020	373,722	1,958,482	1,234,361	8,539,215	16,772,821
Operating Expenses							
Administration	42,415	410,812	36,017	681,141	179,408	83,049	1,432,842
Tenant services	667	21,335	13,463	197,227	-	47,153	279,845
Utilities	17,114	168,554	26,198	214,744	114,651	66,270	607,531
Maintenance and operations	125,139	504,368	32,518	295,463	219,833	91,477	1,268,798
Protective services	-	-	-	-	2,439	-	2,439
Insurance expense	33,070	150,951	12,826	45,432	29,738	41,053	313,070
General expense	42,912	41,783	14,632	35,147	44,232	28,429	207,135
Housing Assistance Payments	-	-	-	-	-	-	-
Depreciation and amortization	542,797	860,866	293,066	711,356	474,109	578,179	3,460,373
Total Operating Expenses	804,114	2,158,669	428,720	2,180,510	1,064,410	935,610	7,572,033
OPERATING INCOME (LOSS)	(250,093)	1,954,351	(54,998)	(222,028)	169,951	7,603,605	9,200,788
Non-Operating Revenues (Expenses)							
Interest income	5,082	10,098	344	1,779	2,616	23	19,942
Gains (losses) on disposition of assets, net	-	-	-	-	-	-	-
Interest expense	(269,644)	(830,619)	(139,953)	(606,773)	(451,818)	(414,734)	(2,713,541)
Total Non-Operating Revenues (Expenses)	(264,562)	(820,521)	(139,609)	(604,994)	(449,202)	(414,711)	(2,693,599)
CHANGE IN NET POSITION	(514,655)	1,133,830	(194,607)	(827,022)	(279,251)	7,188,894	6,507,189
BEGINNING NET POSITION	1,727,987	8,206,240	3,865,563	11,952,167	9,213,948	1,153,475	36,119,380
Prior Period Adjustment	-	-	-	-	-	-	-
ENDING NET POSITION	\$ 1,213,332	\$ 9,340,070	\$ 3,670,956	\$ 11,125,145	\$ 8,934,697	\$ 8,342,369	\$ 42,626,569

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



Board of Commissioners

Housing Authority of the City of Santa Barbara
Santa Barbara, 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, the aggregated discretely presented component units and the combining schedules of business-type activities of the Housing Authority of the City of Santa Barbara as of and for the year ended March 31, 2025, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Santa Barbara's basic financial statements, and have issued our report thereon dated August 22, 2025. The financial statements of the aggregated discretely presented component units were not audited in accordance with *Government Auditing Standards*.

Report on Internal Control over Financial Reporting

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

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

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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Housing Authority of the City of Santa Barbara'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*.

The Housing Authority of the City of Santa Barbara's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Housing Authority of the City of Santa Barbara's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The Housing Authority of the City of Santa Barbara's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority of the City of Santa Barbara's control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority of the City of Santa Barbara's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

August 22, 2025

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



Board of Commissioners

Housing Authority of the City of Santa Barbara
Santa Barbara, CA

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

Independent Auditors' Report

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Housing Authority of the City of Santa Barbara's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Housing Authority of the City of Santa Barbara's major federal programs for the year ended March 31, 2025. The Housing Authority of the City of Santa Barbara's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Housing Authority of the City of Santa Barbara 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Basis for Opinion on Each Major Federal Program

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

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



Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Housing Authority of the City of Santa Barbara's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Housing Authority of the City of Santa Barbara's compliance with the requirements of each major federal program as a whole.

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

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

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

Other Matters

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



Report on Internal Control over Compliance

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

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

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

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

August 22, 2025

Housing Authority of the City of Santa Barbara

Schedule of Findings and Questioned Costs

For the Year Ended March 31, 2025

Section I

Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

Identification of major federal programs:

ALN(s)	Name of Federal Program or Cluster
14.881	Moving to Work Demonstration Program

Dollar threshold used to distinguish between type A and type B programs:	\$ 1,703,510
Auditee qualified as a low-risk auditee	Yes

Housing Authority of the City of Santa Barbara

Schedule of Findings and Questioned Costs

For the Year Ended March 31, 2025

Section II Financial Statement Findings

No findings.

Section III Federal Awards Findings

US Department of Housing and Urban Development

Direct Award

Program Name	Moving to Work Demonstration Program	Internal Control	Significant Deficiency
		N	Special Tests
AL Number	14.881		
2025-001	HQS Enforcement		
Criteria	HUD requires that all units under the Housing Choice Vouchers Program meet specific Housing Quality Standards (HQS). In cases of failed inspections, timely re-inspections are mandatory, and if compliance is not achieved, abatement of Housing Assistance Payments (HAP) or voucher cancellation is required.		
Condition	During the audit, it was noted that in seven (7) instances, a unit that failed its HQS inspection did not undergo a subsequent re-inspection or no inspection was documented. Consequently, the required abatement of HAP or cancellation of the housing voucher was not executed.		
Context	This finding represents a potentially systemic issue within the Housing Voucher Cluster program, as it was identified in seven (7) files tested out of a sample of eight (8) cases. It highlights a need for more rigorous enforcement and monitoring of HQS compliance.		
Cause	The non-compliance appears to stem from oversight or procedural lapses in the enforcement of HQS within the Housing Voucher Cluster program. This may be due to inadequate training, monitoring, or failure to adhere to established protocols.		
Effect	This non-compliance undermines the integrity of the Housing Choice Vouchers Program and may lead to tenants living in substandard conditions. It also represents a risk of improper use of federal funds and can impact the credibility and effectiveness of the program.		
Recommendations	Implement more stringent procedures for monitoring HQS compliance, including timely reinspection and enforcement of HAP abatement or voucher cancellation. Enhance training for staff involved in the HQS process to ensure a thorough understanding of compliance requirements. Establish a system of regular audits to identify and rectify lapses in HQS enforcement promptly.		
Questioned Costs	The exact monetary impact needs further investigation to determine the amount of HAP that should have been abated for the period of non-compliance.		
Management Views	The auditee acknowledges the deficiency in enforcing Housing Quality Standards (HQS) as highlighted in the finding. In response to this issue, the management commits to implementing a comprehensive Corrective Action Plan.		

Housing Authority of the City of Santa Barbara
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 Findings Number
2024-001	Internal Controls over Significant Account Balances (original finding #2024-001)	Cleared

Federal Award Findings and Questioned Costs

Prior Year Findings Number	Findings Title	Status/ Current Year Findings Number
2024-002	Housing Quality Standards Inspection/HQS Enforcement (original finding #2024-002)	Repeated 2025-001



Management's Corrective Action Plan

Finding 2025-001

Corrective Action Plan.

Management has re-reviewed the policy and requirements for failed HQS inspections with staff and contracted inspectors to ensure understanding and reinforce the timelines and actions required to address deficiency corrections, follow-up inspections and enforcement, including rent abatement.

Further internal procedures implemented to ensure additional contractor oversight and post-repair audits to ensure that failed HQS inspections are remedied properly and timely.

Responsible Party: Andrea Fink, Housing Programs & Services Manager

Timeline: Full implementation of the CAP by 9/15/2025

This Corrective Action Plan has been reviewed and approved by:


Rob L. Fredericks (Aug 20, 2025 10:00:43 PDT)

Rob L. Fredericks
Executive Director/CEO