



Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

Spokane Housing Authority

For the period January 1, 2019 through December 31, 2019

Published September 28, 2020

Report No. 1026970





**Office of the Washington State Auditor
Pat McCarthy**

September 28, 2020

Board of Commissioners
Spokane Housing Authority
Spokane, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on the Spokane Housing Authority's financial statements and compliance with federal laws and regulations.

We are issuing this report in order to provide information on the Housing Authority's financial condition.

Sincerely,

Pat McCarthy
State Auditor
Olympia, WA

Americans with Disabilities

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Spokane Housing Authority January 1, 2019 through December 31, 2019

SECTION I – SUMMARY OF AUDITOR’S RESULTS

The results of our audit of the Spokane Housing Authority are summarized below in accordance with Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Financial Statements

We issued an unmodified opinion on the fair presentation of the basic financial statements of the business-type activities and the aggregate discretely presented component units in accordance with accounting principles generally accepted in the United States of America (GAAP).

Internal Control over Financial Reporting:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We noted no instances of noncompliance that were material to the financial statements of the Housing Authority.

Federal Awards

Internal Control over Major Programs:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over major federal programs that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We issued an unmodified opinion on the Housing Authority’s compliance with requirements applicable to its major federal program.

We reported no findings that are required to be disclosed in accordance with 2 CFR 200.516(a).

Identification of Major Federal Programs

The following programs were selected as major programs in our audit of compliance in accordance with the Uniform Guidance.

<u>CFDA No.</u>	<u>Program or Cluster Title</u>
14.871	Housing Voucher Cluster – Section 8 Housing Choice Vouchers
14.879	Housing Voucher Cluster – Mainstream Vouchers

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was \$1,007,068.

The Housing Authority qualified as a low-risk auditee under the Uniform Guidance.

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

**INDEPENDENT AUDITOR'S 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***

**Spokane Housing Authority
January 1, 2019 through December 31, 2019**

Board of Commissioners
Spokane Housing Authority
Spokane, Washington

We have audited, in accordance with 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 and the aggregate discretely presented component units of the Spokane Housing Authority, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements, and have issued our report thereon dated September 3, 2020.

Our report includes references to other auditors who audited the financial statements of Cornerstone II – The Borning Building Limited Partnership, Cornerstone II – Helena Apartments Limited Partnership, Martindale Apartments Limited Partnership, Parsons Limited Liability Limited Partnership, Cedar Haven Limited Liability Limited Partnership and Wilbur and Cook Affordable Portfolio Limited Liability Limited Partnership (the Partnerships), as described in our report on the Housing Authority's financial statements. This report includes our consideration of the results of the other auditors' testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors. The financial statements of the Partnerships were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with these Partnerships.

As discussed in Note 18 to the 2019 financial statements, in February 2020, a state of emergency was declared that could have a negative financial effect on the Authority. Management's plans in response to this matter are also described in Note 18.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

COMPLIANCE AND OTHER MATTERS


As part of obtaining reasonable assurance about whether the Housing Authority's financial statements are free from material misstatement, we performed tests of the Housing Authority's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the

Housing Authority's internal 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's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive style with a large, sweeping initial "P".

Pat McCarthy
State Auditor
Olympia, WA

September 3, 2020

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE
UNIFORM GUIDANCE**

**Spokane Housing Authority
January 1, 2019 through December 31, 2019**

Board of Commissioners
Spokane Housing Authority
Spokane, Washington

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM**

We have audited the compliance of the Spokane Housing Authority, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Housing Authority's major federal programs for the year ended December 31, 2019. The Housing Authority's major federal programs are identified in the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Housing Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have

a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the Housing Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Housing Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

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. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.



Pat McCarthy
State Auditor
Olympia, WA

September 3, 2020

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Spokane Housing Authority January 1, 2019 through December 31, 2019

Board of Commissioners
Spokane Housing Authority
Spokane, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the Spokane Housing Authority, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements as listed on page 16.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Cornerstone II – The Borning Building Limited Partnership, Cornerstone II – Helena Apartments Limited Partnership, Martindale Apartments Limited Partnership, Parsons Limited Liability Limited Partnership, Cedar Haven Limited Liability Limited Partnership and Wilbur and Cook Affordable Portfolio Limited Liability Limited Partnership (the Partnerships), which together represents 100 percent of the assets, net position and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Partnerships, is based solely on the reports of the other auditors.

We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Partnerships were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Housing Authority's preparation and fair presentation of the financial statements 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's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Spokane Housing Authority, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As discussed in Note 18 to the 2019 financial statements, in February 2020, a state of emergency was declared that could have a negative financial effect on the Authority. Management's plans in response to this matter are also described in Note 18. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed on page 16 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 and Other Information

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

The combining statements for the Housing Authority's programs and tax credit partnerships are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the

audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated September 3, 2020 on our consideration of the Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 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's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive style with a large initial "P" and "M".

Pat McCarthy
State Auditor
Olympia, WA

September 3, 2020

FINANCIAL SECTION

Spokane Housing Authority January 1, 2019 through December 31, 2019

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2019

BASIC FINANCIAL STATEMENTS

Statement of Net Position – 2019

Statement of Revenues, Expenses and Changes in Net Position – 2019

Statement of Cash Flows – 2019

Notes to Basic Financial Statements – 2019

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportional Share of the Net Pension Liability – PERS 1, PERS 2/3 – 2019

Schedule of Employer Contributions – PERS 1, PERS 2/3 – 2019

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Expenditures of Federal Awards – 2019

Notes to the Schedule of Expenditures of Federal Awards – 2019

Supplemental Financial Data Schedule – 2019

Actual Modernization Cost Certificate – WA01PO55501-16 – 2019

Actual Modernization Cost Certificate – WA01PO55501-17 – 2019

Combining Statement of Net Position – 2019

Combining Statement of Revenues, Expenses, and Changes in Net Position – 2019

Combining Statement of Cash Flows – 2019

Combining Statement of Net Position – Component Units – 2019

Combining Statement of Revenues, Expenses, and Changes in Net Position – Component
Units – 2019

Combining Statement of Cash Flows – Component Units – 2019

Spokane Housing Authority, Washington

Management's Discussion and Analysis

For the Year Ended December 31, 2019

The Spokane Housing Authority ("SHA" or the "Authority") is pleased to present its basic financial statements for the year ended December 31, 2019, which have been prepared in accordance with U.S. generally accepted accounting principles (GAAP). GAAP requires the inclusion of three basic financial statements: the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows. The basic financial statements provide both long-term and short-term information about the Authority's overall financial condition. The basic financial statements also include notes that provide additional information and more detailed data.

As required under GAAP, the Authority uses the full accrual basis of accounting to prepare its basic financial statements. Under this basis of accounting, revenues are recognized in the period in which they are earned and expenses, including depreciation, are recognized in the period in which they are incurred. All assets and liabilities associated with the operations of SHA are included in the statement of net position.

This narrative overview and analysis of the Authority's financial performance during the year ended December 31, 2019 with comparative data for the period ended December 31, 2018 is provided as a supplement to SHA's basic financial statements. It is presented in conformance with the Government Accounting Standards Board (GASB) financial reporting model as set forth in GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*.

Please read it in conjunction with the basic financial statements following this section, and the notes to the basic financial statements. All tables in the Management's Discussion and Analysis feature the Authority only and do not include the discretely presented component units.

FINANCIAL HIGHLIGHTS

- Total net position increased by \$1.7 million from December 31, 2018 to December 31, 2019. The Authority experienced a decrease of \$3.8 million in operating revenues and capital contributions in 2019 while operating expenses increased by \$1.7 million, and non-operating revenues increased by \$65 thousand. In 2018, the Authority recognized \$5.5 million in developer fees from the Wilbur and Cook Affordable Portfolio LLC project completion resulting in a significant difference in operating revenues from 2018 to 2019.
- Assets and deferred outflows of resources of the Authority exceeded liabilities and deferred inflows of resources at December 31, 2019 by \$46.1 million (net position), representing an increase of \$1.7 million over December 31, 2018. Of this amount approximately \$40.9 million (unrestricted net position) may be used to meet ongoing obligations, \$3.7 million is invested in capital assets net of related debt and \$1.5 million is restricted as to its allowable usage.
- The Authority's current ratio that measures liquidity decreased during the period from 17.23 to 6.86. Current assets decreased by \$698 thousand as a result of lower cash balances from the Authority's utilization of unrestricted cash to renovate an administrative building purchased in 2018. Current liabilities increased by 109% or \$611 thousand during the period primarily comprising of construction costs payable on the renovation of the Authority's administrative building.
- Noncurrent assets increased from December 31, 2018 to December 31, 2019 by \$2.6 million. This is the primarily the result of \$2.7 million in new sponsor financed notes, including interest receivable on the notes, issued to tax credit component units.
- Capital assets increased by \$956 thousand or 17.5% primarily comprising of renovations to the new Authority administration building.
- The Authority's noncurrent liabilities decreased by \$350 thousand or 6.6% over the reporting period. The decrease is primarily attributed to the change in net pension liability.

Spokane Housing Authority, Washington

Management's Discussion and Analysis

For the Year Ended December 31, 2019

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The Authority's basic financial statements are comprised of two components: 1) the basic financial statements and 2) notes to the basic financial statements that provide additional information and detailed data.

- **Statement of Net Position** - present the assets, liabilities, deferred outflows of resources, deferred inflows of resources and net position of the Authority at the end of the fiscal year. The difference between the total assets and deferred outflow of resources and the total liabilities and deferred inflow of resources equals the Authority's net position. Assets and liabilities are presented in the order of liquidity and are classified as "current" (convertible to cash within one year) and "noncurrent". Over time, increases or decreases in net position may serve as useful indicators of the Authority's financial health.
- **Statement of Revenues, Expenses, and Changes in Net Position** - present information showing how the Authority's net position changed during the 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. Therefore, revenues and expenses are reported for some items that will only result in cash flows in future years.
- **Statement of Cash Flows** report how the Authority's cash and cash equivalents were used in and provided by its operating, noncapital financing, capital and related financing, and investing activities during the period reported. The net of these activities is added to the beginning year cash balance to reconcile to the cash and cash equivalents balances as of December 31, 2019. The Authority uses the direct method of presenting cash flows, which includes a reconciliation of operating activities to operating income. These statements provide answers to such questions as where did cash come from, how was cash used, and what was the change in the cash balance during the year.
- **Notes to the Basic Financial Statements** provide financial statement disclosures that are an integral part of the basic financial statements. Such disclosures are essential to a comprehensive understanding of the information provided in the basic financial statements.

Spokane Housing Authority, Washington

Management's Discussion and Analysis

For the Year Ended December 31, 2019

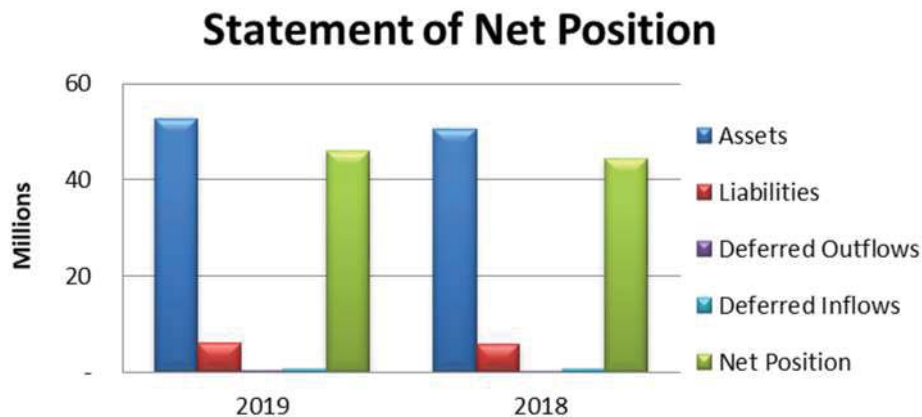
FINANCIAL ANALYSIS

Statement of Net Position

The following table summarizes the Statement of Net Position as of December 31, 2019 and December 31, 2018:

	December 31, 2019	December 31, 2018
Assets		
Current Assets, Unrestricted	\$ 6,545,193	\$ 7,243,002
Other Current Assets, Restricted	1,487,586	2,409,528
Other Noncurrent Assets	38,114,309	35,496,831
Capital Assets, Net	6,433,852	5,478,041
Total Assets	<u>52,580,940</u>	<u>50,627,402</u>
Deferred Outflows of Resources	280,863	245,121
Liabilities		
Current Liabilities	1,171,134	560,324
Long-term Liabilities	4,939,158	5,289,219
Total Liabilities	<u>6,110,292</u>	<u>5,849,543</u>
Deferred Inflows of Resources	665,376	614,234
Net Position		
Net Investment in Capital Assets	3,744,866	2,742,315
Restricted	1,454,774	2,373,461
Unrestricted	40,886,495	39,292,970
Total Net Position	<u>\$ 46,086,135</u>	<u>\$ 44,408,746</u>

The following presents the Statement of Net Position in graphical form:



Spokane Housing Authority, Washington
Management's Discussion and Analysis
For the Year Ended December 31, 2019

The statement of net position presents the assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position of the Authority at the end of the fiscal year. The purpose of the statement of net position is to give the financial statement readers a snapshot of the fiscal condition of the Authority as of a certain point in time.

Total assets of the Authority at December 31, 2019 and December 31, 2018 amounted to \$52.6 million and \$50.6 million, respectively, an increase of approximately 3.9%. The significant components of current assets are unrestricted cash, receivables, inventories, prepaid items, current receivables from partnerships, and restricted cash. Capital assets include land, buildings, equipment, leasehold improvements, construction in progress and intangible assets. All capital assets except for land and construction in progress are shown net of accumulated depreciation. The primary changes in assets from December 31, 2018 to December 31, 2019 were increases to long term notes receivable, including interest receivable on the notes, issued to tax credit component units and income from standard operations of \$690 thousand.

Total liabilities of the Authority were \$6.1 million and \$5.8 million at December 31, 2019 and December 31, 2018, respectively, representing an increase of \$261 thousand or 4.5%. Current liabilities include accounts payable, tenant security deposits payable, accrued liabilities, unearned revenue, and current portions of long term debt. A liability is considered to be current if it is due within one year. Current liabilities have increased during the period by \$610 thousand for construction costs payable on the renovation of the Authority's new administration building. Noncurrent liabilities are primarily made up of the long term portion of notes and bonds payable along with their accrued interest, net pension liability, and other accrued long term liabilities. Noncurrent liabilities decreased by \$350 thousand or 6.6% from December 31, 2018 to December 31, 2019. The decrease was primarily from the decrease in net pension liability along with scheduled debt service payments.

Deferred outflows of resources and deferred inflows of resources are primarily related to pensions. The deferred outflows of resources primarily relate to contributions made by the Authority subsequent to the measurement date of the collective net pension liability, and deferred inflows of resources primarily relate to the difference between projected and actual earnings on the plan investments. During the period, the Authority's proportionate share of pension related deferred outflows increased by \$36 thousand and pension related deferred inflows increased by \$51 thousand.

Net position represents the Authority's equity, a portion of which is restricted for certain uses. Net position is divided into three major categories. The first category, net investment in capital assets, represents the Authority's equity in land, buildings, construction in progress, and equipment, net of related capital debt outstanding. The second category, restricted net position, has external limitations on the way in which these assets can be used. The last category, unrestricted net position, is available to be used for any lawful and prudent Authority purpose. Unrestricted net position increased by \$1.6 million during the period from \$39.3 million to \$40.9 million as a result of income from standard operations of \$690 thousand and interest earned on the notes issued to tax credit component units. The following table presents details regarding the changes in unrestricted net position during the year:

Unrestricted Net Position -December 30, 2018	\$ 39,292,970
Change in Net Position	1,677,389
Adjustments:	
Depreciation and amortization (1)	426,944
Adjusted Change in Net Position	2,104,333
Payments on Capital Asset Long-Term Debt Borrowings	(51,857)
Additions to Capital Asset Long-Term Debt Borrowings	5,117
Capital Asset Additions	(1,406,830)
Capital Asset Disposals	24,075
Decrease in Restricted Net Position	918,687
Unrestricted Net Position - December 31, 2019	\$ 40,886,495

(1) Depreciation is treated as an expense and reduces the net investment in capital assets, but does not have an impact on unrestricted net position.

Spokane Housing Authority, Washington

Management's Discussion and Analysis

For the Year Ended December 31, 2019

Revenues, Expenses and Changes in Net Position

The following table compares the revenues and expenses for the current and previous fiscal years:

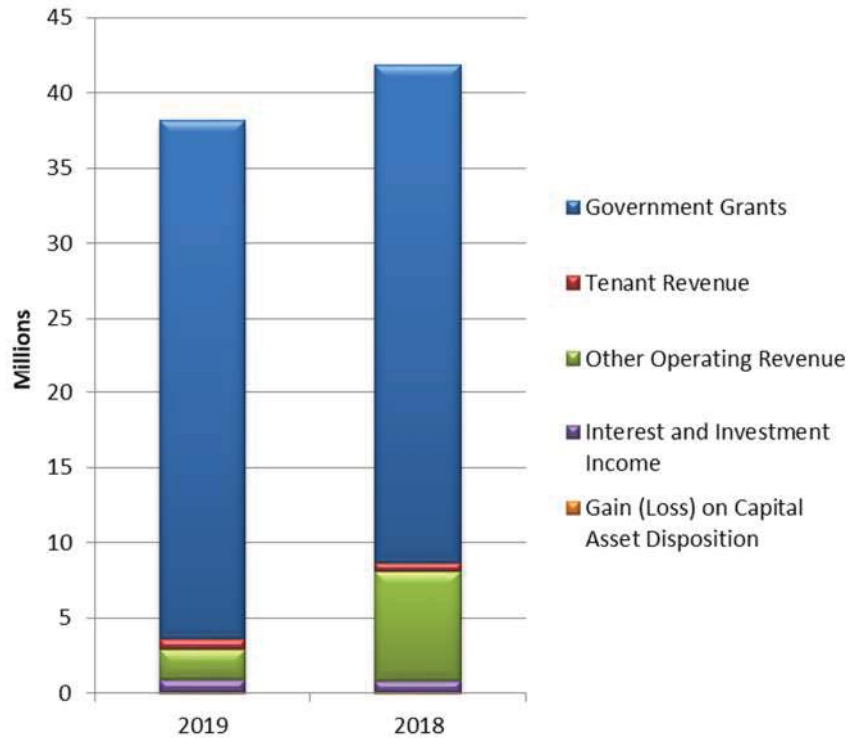
	December 31, 2019	December 31, 2018
Operating Revenues:		
Government Grants	\$ 34,567,179	\$ 33,165,688
Tenant Revenue	675,395	611,904
Other Operating Revenue	2,067,144	7,284,954
Total Operating Revenues	37,309,718	41,062,546
Operating Expenses:		
Administrative	3,897,413	3,245,120
Utilities	206,610	182,311
Ordinary Maintenance and Operations	1,323,804	1,526,218
Housing Assistance payments	30,327,128	29,255,221
General Expenses	437,668	293,559
Depreciation and Amortization	426,944	396,998
Total Operating Expenses	36,619,567	34,899,427
Operating Income	690,151	6,163,119
Nonoperating Revenues (Expenses):		
Gain (Loss) on Capital Asset Disposition	(24,075)	(207)
Interest Expense and Related Charges	(82,694)	(105,626)
Interest and Investment Income	857,046	790,871
Total Nonoperating Revenue (Expenses)	750,277	685,038
Income (Loss) Before Contributions and Special Items	1,440,428	6,848,157
Capital Contributions	236,961	309,412
Change in Net Position	1,677,389	7,157,569
Net Position, Beginning of Year	44,408,746	37,251,177
Net Position, End of Year	\$ 46,086,135	\$ 44,408,746

Spokane Housing Authority, Washington

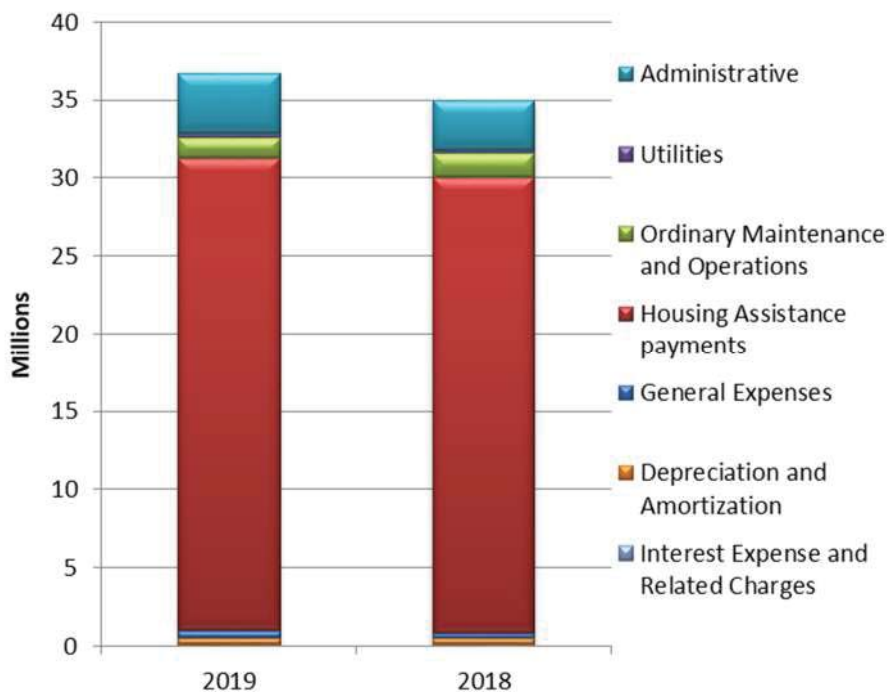
Management's Discussion and Analysis

For the Year Ended December 31, 2019

The following compares the revenues for the current and previous fiscal years in graphical format:



The following compares the expenses for the current and previous fiscal years in graphical format:



Spokane Housing Authority, Washington
Management’s Discussion and Analysis
For the Year Ended December 31, 2019

The purpose of the statement of revenues, expenses, and changes in net position is to present the revenues earned by the Authority, both operating and nonoperating revenues, and the expenses incurred through operating and nonoperating expenditures, plus any other revenues expenses, gains, and losses of the Authority. Generally, operating revenues are amounts received for providing housing to the Authority’s tenants as well as subsidies and grants received from the U.S. Department of Housing and Urban Development (HUD) that provide significant funding for the operations of the Authority’s housing programs. Operating expenses are those incurred to operate, maintain, and repair the housing units and make housing assistance payments. Nonoperating revenues are revenues earned for which goods and services are not provided, for example, interest income. Capital contributions represent revenues received from HUD for capital repairs of public housing units.

The statement of revenues, expenses, and changes in net position reflects the period ending December 31, 2019 compared to the period ended December 31, 2018. Operating revenues decreased by approximately 9.14% or \$3.8 million; operating expenses increased by 4.9% or approximately \$1.7 million; net nonoperating revenues increased by \$65 thousand; and capital contributions decreased by \$72 thousand. Net position increased by \$1.7 million from December 31, 2018 to December 31, 2019.

The decrease in operating revenues is primarily attributable to one time developer fees of approximately \$5.5 million that were recognized in 2018 which is offset by an additional \$1.4 million increase in HUD subsidies and operating grants. The most significant increase in operating expenses was the increase in housing assistance payment expense of approximately \$1.1 million. Housing assistance payments increased due to higher voucher payment standards compared to 2018 which contributed to an increase in per voucher cost.. All other expense categories experienced minor inflationary increases or remained consistent from December 31, 2019 compared to December 31, 2018.

Nonoperating revenues (expenses) increased by approximately \$65 thousand during the period. The difference is mainly attributable to an increase in interest and investment income related to notes receivable from component units.

Capital contributions for the period ended December 31, 2019 comprised up of \$237 thousand from Public Housing capital grants for minor capital replacements and funding for the conversion of the Public Housing units utilizing HUD’s Rental Assistance Demonstration Program.

Capital Assets SHA’s capital assets are summarized in the table below:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Land	\$ 1,227,563	\$ 1,227,563
Buildings	8,721,035	8,721,035
Equipment - Dwellings	466,915	204,317
Equipment - Administration	330,928	508,639
Leasehold Improvements	2,757,588	2,896,214
Construction In Progress	1,213,958	29,884
Intangible Assets	<u>156,694</u>	<u>156,312</u>
Total Capital Assets	14,874,681	13,743,964
Less Accumulated Depreciation	<u>(8,440,829)</u>	<u>(8,265,923)</u>
Total Capital Assets	<u>\$ 6,433,852</u>	<u>\$ 5,478,041</u>

Spokane Housing Authority, Washington
Management's Discussion and Analysis
For the Year Ended December 31, 2019

At December 31, 2019, the Authority had \$6,433,852 in capital assets, which represents an increase of \$956 thousand or 17.5% during the period. The increase was primarily the result of the renovation of the new Authority administration building. The following reconciliation summarizes the change in capital assets from December 31, 2018 to December 31, 2019.

Balance at December 31, 2018	\$	5,478,041
Additions		1,406,830
Transfers/Retirements - Net		(24,075)
Depreciation Expense		<u>(426,944)</u>
Total Capital Assets	<u>\$</u>	<u>6,433,852</u>

Notes 7 and 8 to the Authority's basic financial statements provides additional detail regarding the changes in capital assets during the period.

Outstanding Debt

As of December 31, 2019, the Authority had outstanding debt of \$3,607,061, a decrease of approximately \$55 thousand. SHA's outstanding debt is summarized in the table below:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Revenue Bonds:		
Hifumi En Apartments (2014)	\$ 330,712	\$ 357,588
Authority Office Building (New)	968,319	992,726
Direct Borrowings:		
Hifumi En Apartments	330,000	330,000
Valley 206 Apartments	417,727	417,727
SHA - Cedar West Apartments	500,348	509,771
Hifumi En Apartments	<u>1,059,955</u>	<u>1,054,838</u>
	<u>\$ 3,607,061</u>	<u>\$ 3,662,650</u>

The Authority typically issues various types of debt obligations to finance the acquisition and construction of assets. During the period ended December 31, 2019, the Authority had no significant changes in outstanding debt.

All debt service payments were made during the period ended December 31, 2019 as scheduled and on time. Additional information on SHA's outstanding debt can be found in Note 10 of the notes to the financial statements.

ECONOMIC FACTORS AFFECTING THE HOUSING AUTHORITY

The majority of SHA's funding is from HUD in the form of Housing Choice Vouchers, administrative revenues, Public Housing operating subsidies, capital fund grants, and other various grants. The Authority earned \$33.5 million in federal dollars for its operating programs and \$237 thousand for its capital projects. HUD funding is dependent on congressional appropriations and related budget priorities. Therefore federal appropriation levels for HUD programs continue to have a major impact on the Authority's budget.

The federal government has been a principal source of funds for low income housing operations, maintenance and capital since the enactment of the National Housing Act of 1937 (Act). While the level of federal support of low income housing has ebbed and flowed with different administrations and Congresses over the decades, there is a history of federal financial support for low income housing that dates from the Act and continues to the present, a commitment of over 80 years.

Spokane Housing Authority, Washington

Management's Discussion and Analysis

For the Year Ended December 31, 2019

While the near term future is positive for federal funding of low income housing and community development, the Authority has built a reserve for flexibility through repositioning our existing housing portfolio, investing in technology, implementing cost saving measure and changes to our business practices. The Authority expects to maintain current service and program levels through 2020 and is well-positioned to respond to future changes.

The following funding impacts were experienced in 2019:

- The Public Housing Program operating subsidy was funded by HUD at 97.77% of the Authority's eligibility for the calendar year 2019 and 94.74% for calendar year 2018.
- The administrative portion of the HCV Program funding was at 81.1% of eligibility during calendar year 2019 and funded at 80.6% of eligibility for 2018. As of the date of these financial statements the calendar year 2020 funding is at 81% of eligibility.
- The Housing Choice Voucher Housing Assistance Payment funding was at 99.5% of eligibility in 2019 and 99.75% of eligibility in 2018. It is currently funding at 99.4% of eligibility for 2020.

The Authority has strengthened its' overall net position by converting the ownership structure on several of its apartment complexes within its portfolio from Authority owned to ownership by limited partnership with the Authority as general managing partner using the Low Income Housing Tax Credit program. The federal income tax credits awarded under the Low Income Tax Credit program allow the limited partnerships to receive equity contributions to fund redevelopment activities and reduce dependency on HUD financing.

On October 30, 2019, the Authority converted the Public Housing operating subsidy on its' remaining 74 public housing units to project based funding under HUD's Rental Assistance Demonstration (RAD) program, and transferred the funding to the Cedar West Apartments, a project in the Authority's portfolio, and Claire View Apartments, a non affiliated non profit affordable housing project.. The single family homes began selling in early 2020 and we anticipate all sales to be final early 2021. Proceeds from these sales are to be used for affordable housing purposes as defined in Housing Notice 2019-01 and Public Housing Notice 2019-23 (RAD Notice REV4).

With the completion of its' portfolio restructure and Public Housing RAD conversion, the Authority will no longer receive Public Housing operating subsidy or capital fund grant. The Authority is looking to increase acquisition and new construction of additional low income housing units as well as to diversifying its funding by expanding services to its' Spokane partners.

The condition of the local housing market and economy affect the Authority in three different roles: as a developer of low income housing; as a landlord that operates and maintains our low income housing communities; and, as a participant in the private rental housing market as the provider of rental assistance to tenants who qualify for housing vouchers they use to secure affordable housing in the private sector. Local inflationary, recessionary and employment trends can affect the cost of materials, rents and resident incomes and therefore the amount of rental revenue of the Authority, as well as the amount of housing assistance paid by the Authority.

The multi-family market in the Spokane area continued to remain very robust in 2019 with overall average apartment vacancy at or near 2% throughout the year and average rental rates increasing approximately 10% since 2017. The trend of increasing rents was not met with an equitable increase in funding for families participating in the Housing Choice Voucher program; HUD applied a 2% and 2.5% inflation factor to 2018 and 2019 Housing Choice Voucher Housing Assistant Payment funding respectively. Many low income households who qualify for housing vouchers are finding the private rental stock unaffordable, despite increases the Authority had made in the voucher payment standards within HUD limits over the last several years. The continuing increase in rental prices reduce the buying power of the voucher and the supply of units accessible to them. It remains difficult, especially for families, to find affordable rental units in Spokane. The Authority continues efforts to support voucher holders with housing search assistance and mitigation funds for landlords. The Authority is also undertaking measures to bring more private landlords into the voucher program.

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the world wide spread of a deadly new virus, COVID-19. In the weeks following the declaration, precautionary measures to slow the spread

Spokane Housing Authority, Washington

Management's Discussion and Analysis

For the Year Ended December 31, 2019

of the virus have been ordered. These measures include closing schools, colleges and universities, cancelling public events, prohibiting public and private gathering, and requiring people to stay home unless they are leaving for an essential function. In mid-March, the Governor also proclaimed a moratorium on evictions preventing landlords from seeking evictions, unlawful detainer orders, assisting in evictions, enforcing agreements to vacate, assessing late fees or other charges for non-payments, or from increasing rents or deposits. The Authority has complied with the Governor's proclamations and implemented deferment/repayment plans for all tenants who are experiencing income changes and are unable to pay rent. With these efforts, rent collection have remained roughly stable at an average of 97.7% from April 2020 – July 2020.

On March 27th 2020, the President signed the Coronavirus Aid, Relief, and Economic Security (CARES) Act, in part for eligible ongoing administrative and other expenses incurred by public housing authorities, including "activities to support or maintain the health and safety of assisted individuals and families, and costs related to retention and support of participating owners." The Authority was awarded \$1,718,381 in Section 8 Housing Choice Voucher and Mainstream Voucher administrative fees over two rounds of funding which may be used for currently eligible administrative costs as well as expanding COVID-19 related costs as approved by HUD. The Authority also was awarded an additional thirty Mainstream Vouchers with a budget authority of \$198,020.

The length of time that these measures to combat the ramifications of COVID-19 and the full extent of the financial impact on the Authority is unknown at this time.

REQUESTS FOR INFORMATION

This financial report is designed to provide the reader with a general overview of the Authority's finances and to demonstrate the Authority's financial accountability over its resources. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer/Deputy Director of the Spokane Housing Authority. The Authority's offices are located at 55 W. Mission Avenue, Spokane, WA 99201.

Spokane Housing Authority, Washington
Statement of Net Position
December 31, 2019

	Primary Government	Component Units
ASSETS		
<i>Current Assets:</i>		
Cash and Cash Equivalents	\$ 5,802,407	\$ 1,129,517
Receivables (Net)	304,409	117,814
Inventories	1,767	-
Prepays and Other Assets	110,294	96,086
Receivable from Component Units	326,316	-
<i>Restricted Assets:</i>		
Cash and Cash Equivalents	1,454,774	2,638,237
Tenant Security Deposits	32,812	271,489
Total Current Assets	8,032,779	4,253,143
<i>Noncurrent Assets:</i>		
<i>Capital Assets:</i>		
Land	1,227,563	2,576,941
Buildings	8,721,035	109,280,183
Equipment - Dwellings	466,915	2,478,430
Equipment - Administration	330,928	165,280
Leasehold Improvements	2,757,588	2,434,445
Construction In Progress	1,213,958	-
Intangible Assets	156,694	-
Accumulated Depreciation	(8,440,829)	(16,873,599)
Total Capital Assets (Net)	6,433,852	100,061,680
Notes Receivable from Component Units	35,748,064	-
Interest Receivable from Component Units	2,091,548	-
Other Noncurrent Assets	274,697	418,463
Total Noncurrent Assets	44,548,161	100,480,143
TOTAL ASSETS	\$ 52,580,940	\$ 104,733,286
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pensions	\$ 280,863	\$ -
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 280,863	\$ -

The notes to the financial statements are an integral part of these statements.

Spokane Housing Authority, Washington
Statement of Net Position (Continued)
December 31, 2019

	Primary Government	Component Units
LIABILITIES		
<i>Current Liabilities:</i>		
Accounts Payable	\$ 710,806	\$ 162,488
Accounts Payable - Intergovernment	42,812	-
Tenant Security Deposits	32,812	271,489
Accrued Wages and Payroll Taxes	142,104	-
Accrued Compensated Absences, Current Portion	38,990	-
Accrued Interest Payable	6,895	966
Unearned Revenue	8,633	36,747
Other Current Liabilities	132,838	9,426
Current Portion of Long-Term Debt	55,244	388,108
Payable to Housing Authority	-	326,316
Total Current Liabilities	1,171,134	1,195,540
<i>Noncurrent Liabilities:</i>		
Accrued Compensated Absences, Net of Current	288,809	-
Long-Term Debt, Net of Current	3,551,817	65,769,972
Accrued Interest Payable, Net of Current	20,700	2,303,017
Net Pension Liability	1,077,832	-
Other Noncurrent Liabilities	-	212,503
Total Noncurrent liabilities	4,939,158	68,285,492
TOTAL LIABILITIES	\$ 6,110,292	\$ 69,481,032
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows Related to Pensions	\$ 665,376	\$ -
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 665,376	\$ -
NET POSITION		
Net Investment in Capital Assets	\$ 3,744,866	\$ 33,903,600
Restricted For:		
Housing Assistance Payments	519,921	-
Capital Replacement Reserves	2,415	1,126,739
Operating and Other Reserves	932,438	1,511,498
Unrestricted	40,886,495	(1,289,583)
TOTAL NET POSITION	\$ 46,086,135	\$ 35,252,254

The notes to the financial statements are an integral part of these statements.

Spokane Housing Authority, Washington
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2019

	Primary Government	Component Units
OPERATING REVENUES:		
Tenant Rental Revenue	\$ 653,403	\$ 5,466,131
HUD Operating Subsidies	33,476,269	-
Other Government Grants	1,090,910	32,782
Other Tenant Revenue	21,992	180,461
Fee Revenue	405,156	-
Other Revenue	1,661,988	13,808
TOTAL OPERATING REVENUES	37,309,718	5,693,182
OPERATING EXPENSES:		
<i>Administrative:</i>		
Administrative Wages	2,632,971	347,475
Auditing Fees	70,620	51,110
Employee Benefit Contributions	745,898	151,530
Management and Bookkeeping Fees	-	339,511
Other Operating Expenses	447,859	166,481
Tenant Services	65	3,303
	3,897,413	1,059,410
<i>Utilities:</i>		
Electricity	84,073	190,602
Natural Gas	7,009	44,471
Water	29,431	104,138
Sewer	85,945	419,641
Other Utilities Expenses	152	6,874
	206,610	765,726
<i>Ordinary Maintenance and Operations:</i>		
Contract Costs	618,285	504,369
Maintenance and Operations Wages	505,933	328,622
Employee Benefit Contributions	176,040	157,395
Materials and Other	23,546	98,420
	1,323,804	1,088,806
<i>General Expenses:</i>		
Housing Assistance Payments	30,327,128	-
Insurance Premiums	54,746	124,956
Other General Expenses	382,922	215,991
Depreciation and Amortization	426,944	4,123,525
	31,191,740	4,464,472
TOTAL OPERATING EXPENSES	36,619,567	7,378,414
OPERATING INCOME (LOSS)	\$ 690,151	\$ (1,685,232)

The notes to the financial statements are an integral part of these statements.

Spokane Housing Authority, Washington
Statement of Revenues, Expenses and Changes in Net Position (Continued)
For the Year Ended December 31, 2019

	Primary Government	Component Units
NONOPERATING REVENUES (EXPENSES):		
Gain (Losses) on Capital Asset Disposition	(24,075)	2,535
Interest Expense and Related Charges	(82,694)	(2,271,389)
Interest and Investment Income	857,046	3,008
TOTAL NONOPERATING REVENUES (EXPENSES)	750,277	(2,265,846)
<i>Income (Loss) Before Capital Contributions</i>	1,440,428	(3,951,078)
CAPITAL CONTRIBUTIONS - GRANTS	236,961	-
CAPITAL CONTRIBUTIONS - PARTNERSHIPS	-	13,974,663
CHANGE IN NET POSITION	1,677,389	10,023,585
NET POSITION, BEGINNING OF YEAR	44,408,746	25,228,669
NET POSITION, END OF YEAR	\$ 46,086,135	\$ 35,252,254

The notes to the financial statements are an integral part of these statements.

Spokane Housing Authority, Washington
Statement of Cash Flows
For the Year Ended December 31, 2019

	Primary Government
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from Tenants and Others	\$ 632,685
Receipts from Government Operating Grants	34,551,929
Payments for Housing Assistance	(30,306,755)
Payments to Employees and on behalf of Employees	(4,332,642)
Payments to Suppliers for Goods and Services	(1,756,149)
Other Receipts	1,984,199
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	773,267
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Advances - Partnerships	(27,748)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(27,748)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Capital Contributions	236,961
Purchases and Construction of Capital Assets	(833,511)
Proceeds from Issuance of Capital Debt	5,117
Principal Paid on Capital Debt	(61,280)
Interest Paid on Capital Debt	(72,206)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(724,919)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Issuance of Notes - Partnerships	(1,950,000)
Payments Received on Notes - Partnerships	175,985
Interest Received	41,684
NET CASH PROVIDED (USED) BY INVESTING ACTIVITY	(1,732,331)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,711,731)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	9,001,724
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 7,289,993
RECONCILIATION OF CASH AND CASH EQUIVALENTS	
<i>TO THE STATEMENT OF NET POSITION:</i>	
Cash and Cash Equivalents - Unrestricted	\$ 5,802,407
Cash and Cash Equivalents - Restricted	1,454,774
Tenant Security Deposits	32,812
	\$ 7,289,993

The notes to the financial statements are an integral part of these statements.

Spokane Housing Authority, Washington
Statement of Cash Flows (Continued)
For the Year Ended December 31, 2019

	Primary Government
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating Income (Loss)	\$ 690,151
<i>Adjustments to Reconcile Operating Income (Loss) to Net Cash</i>	
<i>Provided by Operating Activities:</i>	
Depreciation and Amortization Expense	426,944
Changes in Operating Assets and Liabilities:	
(Increase) Decrease in Assets:	
Receivables (Net)	(35,192)
Inventories	(685)
Prepays and Other Assets	(34,857)
Other Noncurrent Assets	(28,101)
Increase (Decrease) in Liabilities:	
Accounts Payable - Operations	38,533
Accounts Payable - Intergovernment	(49,775)
Tenant Security Deposits	(3,255)
Accrued Wages and Taxes Payable	21,357
Accrued Compensated Absences	35,176
Unearned Revenue	(2,295)
Other Liabilities	43,588
Net Pension Liability	(343,722)
Changes in Deferred Outflows and Inflows:	
(Increase) in Deferred Outflows of Resources	(35,742)
Increase in Deferred Inflows of Resources	51,142
Total Reconciling Adjustments	83,116
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 773,267

The notes to the financial statements are an integral part of these statements.

Spokane Housing Authority, Washington

Notes to Basic Financial Statements

For the Year Ended December 31, 2019

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Spokane Housing Authority (“SHA” or the “Authority”) was established in 1972 as a public body corporate and politic pursuant to the provisions of the State Housing Authorities Law (RCW 35.82) and the Housing Cooperation Law (RCW 35.83) in order to provide affordable, safe, and sanitary housing for persons of low income. The United States Department of Housing and Urban Development (HUD) has direct responsibility for administering the Public Housing Program under the United States Housing Act of 1937, as amended. HUD is authorized to enter into contracts with local housing authorities to make loans to assist the authorities in financing the acquisition, construction and/or leasing of housing units and to make annual contributions (subsidies) to the local housing authorities for maintaining the low-rent character of the local housing programs.

In 2003, the Authority became a joint city-county housing authority pursuant to RCW 35.82.300, by authorization of the Cities of Spokane and Spokane Valley, and Spokane County. The Authority serves the geographical area of the cities of Spokane and Spokane Valley and all unincorporated areas of Spokane County. It also serves the cities of Millwood, Deer Park, Medical Lake (effective 1988), Airway Heights (effective 1989), Spangle (effective 1989), and Cheney (effective 1990) within Spokane County and Lincoln, Pend Orielle, Stevens, Whitman, and Ferry counties through cooperative agreements. The Authority can be dissolved if both the Spokane and Spokane Valley city councils and the Spokane County Board of Commissioners all adopt identical resolutions pursuant to RCW 35.82.310.

The basic financial statements of the Authority have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applicable to proprietary funds of governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the most significant accounting policies.

A. Reporting Entity:

The Authority is governed by a seven member Board of Commissioners. The Mayors of the Cities of Spokane and Spokane Valley, and the Chairperson of the Spokane County Commissioners appoint two individuals each. One Commissioner who is directly assisted by the Authority is appointed by majority vote of the Authority’s standing Board of Commissioners. Each member serves a five-year term of office, with terms rotating in such a manner that one appointment is made each year. The Board of Commissioners sets policy of the Authority and hires the Executive Director who directs the daily operation of the Authority.

The Authority is a legally separate entity and is not considered a component unit, nor does the Authority provide a financial benefit to or impose a financial burden on any other entity. However, the Authority cooperates closely with the Cities of Spokane and Spokane Valley, and Spokane County.

As defined by GAAP, the reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the Board of the primary government are financially accountable. In determining how to define the reporting entity, management has considered all potential component units. The determination to include a component unit in the reporting entity was made by applying the criteria set forth in Governmental Accounting and Financial Reporting Standards and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*, GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units – An Amendment of GASB Statement No. 14*, and GASB Statement No. 80, *Blending Requirement for Certain Component Units*. These criteria include financial benefit to or burden on a primary organization; financial accountability as a result of fiscal dependency; potential for dual inclusion; and organizations included in the reporting entity although the primary government is not financially accountable.

Spokane Housing Authority, Washington

Notes to Basic Financial Statements

For the Year Ended December 31, 2019

NOTE 1 —SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

The financial statements present the Spokane Housing Authority (the primary government) and its component units. Component units are reported as part of the reporting entity under either blended or discrete method of presentation. The discrete method presents the financial statements of the component units outside of the basic financial statement totals of the primary government. The Authority has identified six legally separate tax credit limited partnerships that are reported as discretely presented component units in the basic financial statements. There are no blended component units. The seven-member board appointed to the Authority governs all six of the tax credit limited partnerships. The sole purpose of the limited partnerships is to provide affordable housing to low income families.

Discretely Presented Component Units:

The following six component units were formed for the purpose of developing, operating, managing and leasing housing units in a manner that qualifies them for the Low Income Housing Tax Credit program authorized under Section 42 of the Internal Revenue Code of 1986, as amended. The tax credits allocated under this program provide for a major source of funding for the modernization or new construction of these properties.

The Authority is responsible for the management of these partnerships and may impose its will on the limited partnerships through direct influence over their policies, budgets, and operations. In addition, the Authority is contractually obligated to fund operating deficits up to specified limits. These component units do not provide services exclusively or almost exclusively to the benefit of the Authority. While there is fiscal dependency, the Authority is not responsible or expected to repay the debt of these component units. Therefore, the component units financial statement are discretely presented in a single column in the accompanying financial statements.

All of the component units described below have a December 31st year end. The financial statements of the component units are audited separately and are presented as of December 31, 2019. Copies of these audited statements can be obtained by contacting the Housing Authority. Although these component units do not follow government accounting standards, for presentation purposes certain transactions and balances may be reflected differently in the Authority's financial statement than in the separately issued statement in order to conform to the presentation and classifications of the Authority's statements.

Cornerstone II – The Borning Building Limited Partnership – A Washington state limited partnership formed on December 20, 2004 to develop and manage the Cornerstone Courtyard Apartments. The 50 affordable units were placed in service February 2008. Pursuant to the Amended and Restated Agreement of Limited Partnership, dated May 22, 2007, the Authority serves as the General Partner with .01% ownership and U.S. Bancorp Community Development Corporation is the Limited Partner with 99.99% ownership.

Cornerstone II – The Helena Apartments, Limited Partnership – A Washington state limited partnership formed on December 13, 2007 to develop and manage the Pearl on Adams Apartments. The 35 affordable units were placed in service in October 2009. Pursuant to the Amended and Restated Agreement of Limited Partnership, dated December 9, 2008 as amended September 25, 2015, the Northwest Housing Group LLC with the Authority as the sole member serves as the General Partner with .01% ownership and USB LIHTC Fund 2015-4, LLC is the Limited Partner with 99.99% ownership.

The Martindale Apartments, Limited Partnership – A Washington state limited partnership formed on December 30, 2008 to develop and manage the Agnes Kehoe Place Apartments. The 51 affordable units were placed in service in January 2012. Pursuant to the Amended and Restated Agreement of Limited Partnership, dated November 12, 2010 as amended December 6, 2013, the Martindale Manager, LLC with the Authority as the sole member serves as the General Partner with .01% ownership and LIHTC Fund 2013-5, LLC is the Limited Partner with 99.99% ownership.

Cedar Haven, Limited Liability Limited Partnership – A Washington state limited liability limited partnership formed on April 3, 2015 to rehabilitate and manage the Cedar West Apartments and Woodhaven Apartments. The 146 affordable units were placed in service in February 2016. Pursuant to the Amended and Restated Agreement of Limited Liability Limited Partnership, dated September 30, 2015, the Authority serves as the General Partner with .01% ownership; CREA Cedarhaven LLC is the Limited Partner with 99.989% ownership and CREA SLP, LLC is the Special Limited Partner with .001% ownership.

Spokane Housing Authority, Washington

Notes to Basic Financial Statements

For the Year Ended December 31, 2019

NOTE 1 —SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Parsons, Limited Liability Limited Partnership – A Washington state limited liability limited partnership formed on April 3, 2015 to rehabilitate and manage the Parsons Apartments. The sale of the 50 affordable public housing units to Parsons LLLP along with the coinciding conversion to tax credit units and project based voucher units under the HUD Rental Assistance Demonstration Program closed on January 29, 2016 and was placed in service in December 2016. Pursuant to the Amended and Restated Agreement of Limited Liability Limited Partnership, dated January 29, 2016, the Authority serves as the General Partner with .01% ownership; CREA Parsons Apartments, LLC is the Limited Partner with 99.989% ownership; and CREA SLP, LLC is the Special Limited Partner with .001% ownership.

Wilbur and Cook Affordable Portfolio, Limited Liability Limited Partnership – A Washington state limited liability limited partnership formed on November 29, 2016 to rehabilitate and manage the Heritage Heights Apartments, Westfall Village Apartments and Valley 206 Apartments. The sale of the 379 affordable units to Wilbur and Cook Affordable Portfolio LLLP and coinciding conversion to tax credit units closed on September 14, 2017 and was placed in service on December 31, 2018. Pursuant to the Agreement of Limited Liability Limited Partnership, dated November 29, 2016, the Authority serves as the General Partner with .01% ownership, BCP/Wilbur Cook, LLC is the Limited Partner with 99.99% ownership; and BCCC, Inc. is the Special Limited Partner with 0% ownership.

See Note 13 for additional information on the tax credit limited partnerships.

Programs Administered by the Spokane Housing Authority:

The accompanying basic financial statements include the activities of several housing programs subsidized by HUD as well as various other agencies. A summary of each significant program is provided below. Each program has a fiscal year ending of December 31st and are reporting twelve months of operations.

Housing Choice Voucher Program

The Authority administers the Housing Choice Voucher Program, Mainstream Voucher Program, Moderate Rehabilitation Single Room Occupancy Program and the Veterans' Affairs Supportive Housing Program, which utilizes existing privately owned family rental housing units to provide decent and affordable housing to low-income families. Funding of the programs is provided by federal housing assistance contributions from HUD, pursuant to Section 8 of the U.S. Housing Act. Generally, tenants pay up to 30% of their income towards rent and the Authority pays for the difference between the approved landlord contract rent and the rent paid by the tenants. The Authority received an allocation of 5,277 vouchers from HUD, which equates to 63,324 voucher units months per calendar year. The management of the programs is actively monitored and activities are planned to comply with HUD's leasing provisions on a calendar year basis. The Authority has administrative responsibility for the Housing Choice Voucher programs in Spokane, Stevens, Pend Oreille, Whitman, Lincoln and Ferry Counties, and administers the Mainstream Voucher Program across the State of Washington for several jurisdictions.

Public Housing Program

The Authority's Public Housing Program consisted of a single asset management project ("AMP"), which collected both operating and capital fund subsidy. This AMP was an accumulation of 74 housing units comprising of single family homes and duplexes referred to as scattered sites and is located within the City of Spokane, City of Spokane Valley, and Spokane County. On October 30, 2019, the units of this remaining AMP converted from the public housing program to long-term, project-based Section 8 rental assistance utilizing the HUD Rental Assistance Demonstration Program. The 74 housing units are scheduled to be sold over twelve months beginning January 2020. Proceeds from these sales are to be used for affordable housing purposes as defined in Housing Notice 2019-01 and Public Housing Notice 2019-23 (RAD Notice REV4).

The purpose of the Public and Indian Housing Program was to provide decent and affordable housing to low income families at reduced rents. The housing units are owned, maintained and managed by the Authority. The units were acquired, developed and modernized under HUD's Development and Capital Fund programs. Funding of the program operations and development was provided by federal annual contributions, operating subsidies and tenant rentals (determined as a percentage of family income, adjusted for family composition and other allowances).

Spokane Housing Authority, Washington
Notes to Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 1 —SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Capital Fund Programs (CFP):

Funds from the CFP provided by HUD are used to maintain and improve the Public Housing portfolio. Substantially all additions to land, structures and equipment for these properties are accomplished through the capital grant funds. As of the conversion of its remaining Public Housing AMP on October 30, 2019, the Authority will no longer receive CFP finding.

Other Grant Programs:

The Authority administers the following grant programs:

DSHS AL TSA Program - The Authority administers a statewide aging and long-term support tenant based rental assistance program for the Washington State Department of Social and Health Services (DSHS), which provides subsidized payments to landlords who rent to DSHS clients.

HOME Entitlement grants – The Authority receives HOME entitlement grant funds from the City of Spokane and Spokane County for tenant based rental assistance.

HOPWA Program – The Authority administers a twelve county housing program for persons with AIDS (HOPWA). The Washington State Department of Commerce as a pass-through from HUD provides funding for the program.

Multifamily Housing Service Coordinator Grant – The Authority receives grant funds from HUD to provide housing service coordinators for its multi-family properties.

Affordable Housing:

Hifumi En Apartments – Is a 41 unit apartment complex which was purchased in 2004. This property is a multi-family Section 8 project based development for low income senior and/or disabled persons. The Authority is responsible for leasing operating, and maintaining the property.

B. Measurement Focus, Basis of Accounting

The financial statements (i.e., the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows) report information on all of the activities of the primary government and its component units.

The accounting records of the Authority are maintained and reported in accordance with methods prescribed by the State Auditor under the authority of Chapter 43.09 RCW and the Federal Department of Housing and Urban Development. The Authority must report using GAAP; however, it has the option to use either the single enterprise proprietary fund or special purpose governmental fund model.

The accounts of the Authority are reported as a single enterprise proprietary fund . Proprietary funds distinguish operating revenues and expenses from non-operating items. An operating activity generally arises from providing services in connection with the fund's principal activity. The operating revenues of the Authority consist primarily of rental charges to tenants, operating subsidies from the U.S. Department of Housing and Urban Development ("HUD"), fee revenue consisting of external property management fees, partnership administrative fees, and developer fees, and to a lesser extent, certain operating amounts of capital grants that offset operating expenses. Operating expenses for the Authority include the cost of administrative, maintenance, utilities, tenant services, general operations, depreciation and amortization, and housing assistance payments. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses, except for capital contributions, which are presented separately.

Spokane Housing Authority, Washington
Notes to Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. The proprietary fund utilizes a flow of economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and deferred outflows and liabilities and deferred inflows (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position. The basis of accounting used is similar to businesses in the private sector; thus, these funds are maintained on the full accrual basis of accounting.

Revenues are recognized when earned and expenses are recorded in the period incurred regardless of the timing of cash flows. For financial reporting purposes, the Authority considers its HUD grants associated with operations as operating revenue because these funds more closely represent revenues generated from operating activities rather than non-operating activities. HUD grants associated with capital acquisition and improvements are considered capital contributions and are presented after non-operating activity on the accompanying statement of revenues, expenses and changes in net position.

- C. Cash and Cash Equivalents** — It is the Authority’s policy to invest all temporary cash surpluses in low-risk short-term investments of a liquid nature. This amount is classified on the Statement of Net Position as cash and cash equivalents. For purposes of the Statement of Cash Flows, the Authority considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents.
- D. Receivables** — Accounts receivable consist primarily of amounts due from tenants for rent and other charges and cost reimbursements due from grantors. Annually, tenant receivable balances are analyzed and the allowance for doubtful accounts is estimated and adjusted in accordance with historical experience. Other receivable allowances are established for uncertain collectibles. No allowances existed at December 31, 2019, other than the allowance for tenant accounts receivable.
- E. Inventories**— Inventories belonging to the Authority as of December 31, 2019 consisted of office supplies of \$1,767. Inventories are valued by the first in, first-out method (FIFO), which approximates the market value.
- F. Prepaid and Other Assets** — Prepaid and other assets represent amounts paid in advance of the period which the expenses benefit. Prepaid items consist primarily of the current portion of insurance premiums, ongoing maintenance and service contracts, annual software licenses and postage.
- G. Restricted Assets** — Restricted assets contain cash or cash equivalents that are restricted by federal or state regulation or statute to the use of particular programs or grants. The total of the Authority restricted cash as of December 31, 2019 was \$1,487,586. Component Units as of December 31, 2019 had restricted cash of \$2, 909,726. The balances consist of the following:

	Primary Government	Component Units
Section 8 reserves	\$ 519,921	\$ -
Tenant security deposits	32,812	271,489
Capital Replacement Reserves	2,415	1,126,739
Operating and Other Reserves	932,438	1,511,498
Total	\$ 1,487,586	\$ 2,909,726

Spokane Housing Authority, Washington
Notes to Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

H. Capital Assets — Capital assets include property, plant, and equipment and are defined by the Authority as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year, or, a major appliance with a cost of less than \$1,000, having an estimated useful life in excess of one year. All such assets are recorded at historical cost when purchased or constructed. Donated capital assets are recorded at acquisition value.

Costs for additions or improvements to capital assets are capitalized when they increase the effectiveness or efficiency of the asset.

Major outlays of capital assets and improvements are capitalized as projects are constructed.

Management reviews property, plant, and equipment for possible impairment to determine if a decline in service utility is significant and unexpected. If a capital asset is considered impaired the amount of impairment loss is determined in accordance with GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, using either the Restoration Cost Approach, the Service Units Approach, or the Deflated Depreciated Replacement Cost Approach. Upon retirement or other disposition of property and equipment the cost and related accumulated depreciation are removed from the respective accounts and any gains or losses are included in non-operating revenues and expenses.

Capital Assets of the primary government, as well as the component units, are generally depreciated using the straight-line method over the following estimated useful lives as follows:

Land	Not Depreciated
Buildings (New Construction & Acquisition)	27-40 years
Furniture, equipment & machinery	3-10 years
Modernization of buildings and improvements	5-25 years
Intangibles	15 years
Construction in progress	Not Depreciated

I. Deferred Outflows/Inflows of Resources — A deferred outflow of resources is not an asset and is defined as a consumption of net position that is applicable to a future reporting period. The Authority has recorded \$280,863 in deferred outflows of resources as of December 31, 2019 related to pensions. A deferred inflow of resources is not a liability and is defined as an acquisition of net position that is applicable to a future reporting period. The Authority has recorded \$665,376 in deferred inflows of resources as of December 31, 2019 related to pensions.

J. Compensated Absences — Compensated absences are absences for which employees will be paid such as vacation and sick leave. The Authority records unpaid leave for compensated absences as an expense and liability when incurred and adjusts the liability and expense at year-end to meet the requirement of GASB Statement No. 16, *Accounting for Compensated Absences*. All regular full-time and part-time employees accrue paid time off leave based on position and the number of years of service. Unused paid time off may accumulate up to a maximum of 1000 hours. Employees are paid for up to 400 hours at the employee’s current pay rate upon resignation, retirement, or death. Liabilities for other compensated absences, such as holidays, do not vest and are not considered material. The Authority’s liability for future payment of compensated absences as of December 31, 2019 was \$327,799.

K. Unearned Revenues — Unearned revenues are primarily tenant rent payments and operating grant funds that have been received or advanced and have not yet been earned or expended. Under reimbursement agreements, receipts from grantors are not earned until the related expenditures occur. At the time the funds are earned or expended revenue will be recognized. These receipts are recorded as unearned revenue, except for amounts recorded as deferred inflows when the only eligibility requirement not met is the time requirement.

Spokane Housing Authority, Washington
Notes to Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 1 —SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

- L. Pensions** — For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefits payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.
- M. Long-Term Debt** — See Note 10, Long-Term Debt.
- N. Revenue Recognition** — Operating subsidies received from HUD and other grantors are generally recognized during the periods to which they relate and all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted. Receipts from the Public Housing Capital Grant Program and other reimbursement based grants are recognized when the related expenses are incurred. Tenant revenues are recognized during the period of occupancy.
- O. Revenue and Expenses** — All revenues and expenses related to the operations of the Authority and its component units are classified as operating revenues and expenses. Non-operating revenues include capital grants and contributions, interest and investment income, gain (losses) on capital asset disposition, and special items gain (loss). Non-operating expenses include interest expense and related charges.
- P. Tax Status** — The Authority is qualified as a tax-exempt organization under the provisions of Section 115(1) of the Internal Revenue Code. Under state law (RCW 35.82.210) the Authority is exempt from all taxes imposed by cities, counties, the state or any political subdivision thereof. Accordingly, no provision for income taxes is reflected in the accompanying statements. Pursuant to agreements with the City of Spokane and Spokane County, the Authority makes a Payment in Lieu of Taxes (PILOT) to reimburse the City and County for services provided.
- The component units, as partnerships, are required to file IRS form 1065, U.S. Return of Partnership Income and Schedule K-1, which reports the taxable income or loss to be reported by the respective partners allocated in accordance with their percentage of ownership. Management of the partnerships have evaluated the Partnerships' tax positions and concluded that there are no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of FASB ASC 740-10, regarding the reporting of uncertainty in income taxes. With few exceptions, the Partnerships are no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2013.
- Q. Use of Estimates** — The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. These estimates are based on management's best knowledge of current events and actions the Authority may undertake in the future. Actual results may ultimately differ from those estimates.
- R. Budgetary Accounting and Control**— The Authority prepares an annual budget which is presented to the Board of Commissioners and adopted through the passage of a budget resolution prior to the beginning of the fiscal year. Budgets are not, however, legally adopted nor required for financial statement presentation. The Authority maintains budgetary control by not permitting total operating expenses and expenditures for individual programs to exceed their respective budget amounts without the appropriate approvals. All budget amounts lapse at year-end. Encumbrance accounting is not used as an extension of formal budget control.

Spokane Housing Authority, Washington
Notes to Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 2 — STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

State laws and certain bond and loan covenants require that the Authority maintain occupancy in housing projects at specified numbers of low-income families. During the fiscal year, the Authority satisfied all compliance requirements specified in its bond and loan covenants. There have been no material violations of finance-related legal or contractual provisions.

NOTE 3 — ADOPTION OF NEW ACCOUNTING STANDARDS:

The Governmental Accounting Standards Board (GASB) issued four new statements, which the Authority adopted during the twelve months ended December 31, 2019:

Statement No. 83, *Certain Asset Retirement Obligations established criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2019 as amended by GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The Authority's adoption of this GASB Standard in 2019 did not have a material impact on the Authority's financial statements.

Statement No. 84, *Fiduciary Activities* established criteria for identifying and reporting of fiduciary activities of all state and local governments. This Statement is effective for fiscal years beginning after December 15, 2019 as amended by GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The Authority's adoption of this GASB Standard in 2019 did not have a material impact on the Authority's financial statements.

Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* improves footnote disclosures related to government debt, including direct borrowings and direct payments and clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2019 as amended by GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The Authority incorporated footnote disclosures in accordance with this Statement.

Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No.14 and No. 61* defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. This Statement is effective for fiscal years beginning after December 15, 2019 as amended by GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The Authority's adoption of this GASB Standard in 2019 did not have a material impact on the Authority's financial statements.

The Government Accounting Standards Board also issued five new statements, which will be effective for the Authority in future years:

Statement No. 87, *Leases* establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This Statement is effective for fiscal years beginning after June 15, 2021 as amended by GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* establishes accounting requirements for interest cost incurred before the end of a construction period. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. This Statement is effective for fiscal years beginning after December 15, 2020 as amended by GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*.

Spokane Housing Authority, Washington
Notes to Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 3 — ADOPTION OF NEW ACCOUNTING STANDARDS (continued):

Statement No. 91, *Conduit Debt Obligations* provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The Statement is effective for fiscal years beginning after December 15, 2021 as amended by GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*.

Statement No. 92, *Omnibus 2020* enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The Statement is effective for fiscal years beginning after June 15, 2021 as amended by GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*.

Statement No. 93, *Replacement of Interbank Offered Rates* addresses accounting and financial reporting implications that result from the replacement of an IBOR (Interbank Offered Rate) – most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing their rates with other reference rates. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirement of this Statement are effective for reporting periods beginning after June 15, 2021 as amended by GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*.

NOTE 4 — Deposits and Investments:

A. Deposits

Cash and cash equivalents consist of the following at December 31, 2019 for the Authority and component units:

	<u>Primary Government</u>	<u>Component Units</u>
Cash in demand deposits	\$ 6,829,649	\$ 4,039,243
Local government investment pool	460,344	-
	\$ 7,289,993	\$ 4,039,243

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, the Authority would not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The Authority deposits and certificates of deposit are mostly covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

The Authority does not place deposits in accounts that are not insured and/or not collateralized and consequently is not exposed to custodial credit risk.

B. Investments

The Authority’s cash management and investment policy requires that all available cash funds are to be managed to preserve the value of cash resources and to earn the maximum return on funds until they are disbursed. Safety and preservation of capital through prudent stewardship of the Authority’s cash funds is a primary objective of the policy. The policy does not permit the Authority to invest in any securities that would be considered as speculative or leveraged investments. Washington State Law (RCW 35.82.070(6)) limits investments by housing authorities to those investments that are legal for savings banks. In general, permitted investments include: bonds or other obligations issued or guaranteed by the United States; bonds or other obligations issued by any state, county, city, town, special district, or other municipal corporation; time, money market, or savings deposits in qualified public depositories; or loans secured by real property.

Spokane Housing Authority, Washington

Notes to Basic Financial Statements

For the Year Ended December 31, 2019

NOTE 4 — Deposits and Investments (continued):

The Authority invests a portion of its funds with the Washington State Local Government Investment Pool (LGIP) authorized by Chapter 294, Laws of 1986, and is managed and operated by the Washington State Treasurer. The State Finance Committee is the administrator of the statute that created the pool and adopts rules. The State Treasurer is responsible for establishing the investment policy for the pool and reviews the policy annually and proposed changes are reviewed by the LGIP advisory Committee.

Investments in the LGIP, a qualified external investment pool, are reported at amortized cost which approximates fair value. The LGIP is an unrated external investment pool. The pool portfolio is invested in a manner that meets the maturity, quality, diversification and liquidity requirements set forth by the GASB Statement 29 for external investment pools that elect to measure, for financial reporting purposes, investments at amortized costs. The LGIP does not have any legally binding guarantees of share values. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.

Investments with the LGIP meet the criteria of cash and cash equivalents because these can be liquidated upon demand. The income, gains, and losses – net of administration fees – of the LGIP investment pool is approximately equal to the value of the pool shares. The Office of the State Treasurer prepares a stand-alone LGIP financial report. A copy of the report is available from the Office or the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, online at <http://www.tre.wa.gov>.

Interest Rate Risk

Interest rate risk is the risk that Authority may face should interest rate variances affect the fair value of investments. The Authority's policy is to select investments of varied maturities to mitigate this risk. None of the investments of the Authority exceeds one year.

Credit Risk

Credit risk is the risk that the issuer or other counterparty will not meet its obligations. This credit risk is measured by the credit quality rating of investments in debt securities, as described by a national statistical rating organization such as Standard and Poor's (S&P). To limit credit risk, the Authority's investment policy does not allow for the investment in corporate bonds or other fixed income securities that are not guaranteed or insured by the U.S. Government, or have not been issued by a state or local government.

Custodial Credit Risk

Custodial Credit risk is the risk that, in the event of failure of the counterparty to a transaction, the Authority will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. The Authority does not have a formal policy for custodial credit risk. As of December 31, 2019, all deposits and investments were insured or registered, and held by the Authority or its agent in the Authority's name, or uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Authority's name, or investment pools that are not classified since the investments are not evidenced by securities that exist in physical or book entry form deposits may not be returned to it. Therefore, the investments are not exposed to custodial risk. The Authority's policy allows for safekeeping of securities either by the agent or a third party custodian as is the case for the Local Government Investment Pool.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of an investment in a single issuer (not including investments issued or guaranteed by the U.S. government, investments in a mutual fund, or external investment pools). At December 31, 2019, the Authority's investments were limited to investments that were guaranteed by the U.S. Government or to investments in external investment pools.

Spokane Housing Authority, Washington
Notes to Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 5 — RECEIVABLES

Receivables consisted of the following amounts due to the Authority and component units as of December 31, 2019:

	<u>Primary Government</u>	<u>Component Units</u>
HUD - Housing Choice Voucher Program	\$ 43,950	\$ -
HUD - Other programs	14,719	-
Other Governments	170,301	-
Tenants accounts receivable - net	35,998	95,518
Other accounts receivable	39,441	22,296
Total receivables, net of allowance	<u>\$ 304,409</u>	<u>\$ 117,814</u>

NOTE 6 — NOTES AND INTEREST RECEIVABLE FROM COMPONENT UNITS:

The Authority has entered into various loan agreements with its discretely presented component units for acquisition and construction purposes. Changes in notes and interest receivable from component units to the primary government during the twelve months ended December 31, 2019 are summarized in the following table:

	Balance at January 1, 2019	Additions	Reductions	Balance at December 31, 2019	Due Within One Year
Cedar Haven LLLP					
Developer Fee Note	\$ 1,291,452	\$ -	\$ 133,950	\$ 1,157,502	\$ -
Seller Financed Note	5,000,000	-	-	5,000,000	-
Accrued Interest on Notes	449,763	155,585	10,762	594,586	-
	<u>6,741,215</u>	<u>155,585</u>	<u>144,712</u>	<u>6,752,088</u>	<u>-</u>
Parsons LLLP					
Developer Fee Note	142,597	-	42,035	100,562	-
Seller Financed Note	2,225,000	-	-	2,225,000	-
Sponser Note A	700,000	-	-	700,000	-
Sponser Note B	340,000	-	-	340,000	-
Accrued Interest on Notes	189,271	108,276	1,426	296,121	-
	<u>3,596,868</u>	<u>108,276</u>	<u>43,461</u>	<u>3,661,683</u>	<u>-</u>
Wilbur and Cook Affordable Portfolio LLLP					
Developer Fee Note	7,450,000	-	-	7,450,000	-
Sponser Note A	15,300,000	-	-	15,300,000	-
Sponser Note B	1,525,000	1,950,000	-	3,475,000	-
Accrued Interest on Notes	637,152	563,689	-	1,200,841	-
	<u>24,912,152</u>	<u>2,513,689</u>	<u>-</u>	<u>27,425,841</u>	<u>-</u>
Notes Receivable from Component Units	33,974,049	1,950,000	175,985	35,748,064	-
Interest Receivable from Component Units	1,276,186	827,550	12,188	2,091,548	-
	<u>\$ 35,250,235</u>	<u>\$ 2,777,550</u>	<u>\$ 188,173</u>	<u>\$ 37,839,612</u>	<u>\$ -</u>

Cedar Haven LLLP Notes Receivable

- A. Developer Fee Note** – Issued on October 1, 2017 for \$1,372,618 in connection with the acquisition and development of Cedar Haven LLLP. Any installment of the developer fee not paid when otherwise due shall be deferred with interest at the annual rate of 1% and shall be paid from available cash flows of the Partnership in the priority set forth in the Amended and Restated Agreement of Limited Liability Limited Partnership. Any unpaid balance shall be unconditionally due and payable on the earlier of December 31, 2029 or the date of liquidation of the Partnership. The note is considered to be non-current since repayment is subject to available cash flow of the partnership. For the year ended December 31 2019 accrued interest on the note was \$8,682.

Spokane Housing Authority, Washington
Notes to Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 6 — NOTES AND INTEREST RECEIVABLE FROM COMPONENT UNITS (continued):

- B. Seller Financed Note** – A promissory note in the amount of \$5,000,000 dated September 30, 2015 was issued in connection with the acquisition of the leasehold in two apartment complexes with 146 units by Cedar Haven LLLP. No annual payments are required on the principle or the interest that accrues at the compounding rate of 2.64% per annum. The note is considered to be non-current as repayment is subject to available cash flows of the Partnership in the priority set forth in the Amended and Restate Agreement of Limited Liability Limited Partnership. The note shall be due and payable in all events on or before December 31, 2055. For the year ended December 31, 2019 accrued interest on the note was \$585,904.

Parsons LLLP Notes Receivable

- A. Developer Fee Note** – Issued on November 20, 2017 for \$151,233 in connection with the acquisition and development of Parsons LLLP. Any installment of the developer fee not paid when otherwise due shall be deferred with interest at the annual rate of 1% and shall be paid from available cash flows of the Partnership in the priority set forth in the Amended and Restated Agreement of Limited Liability Limited Partnership. Any unpaid balance shall be unconditionally due and payable on the earlier of December 31, 2029 or the date of liquidation of the Partnership. The note is considered to be non-current since repayment is subject to available cash flow of the partnership. For the year ended December 31, 2019, accrued interest on the note was \$503.
- B. Seller Financed Note** – A promissory note in the amount of \$2,225,000 dated January 29, 2016 was issued in connection with the acquisition of the leasehold in the 50 unit Parsons Apartment complex by Parsons LLLP. No annual payments are required on the principle or the interest that accrues at the compounding rate of 5% annually during the construction period and thereafter at 3.1% compounded annually. The note is considered to be non-current as repayment is subject to available cash flows of the Partnership in the priority set forth in the Amended and Restated Agreement of Limited Liability Limited Partnership. The note shall be due and payable in all events on or before December 31, 2056. For the year ended December 31, 2019, accrued interest on the note was \$216,718.
- C. Sponsor Note A** – A promissory note in the amount of \$700,000 dated January 29, 2016 was issued in connection with the acquisition and development of Parsons LLLP. No annual payments are required on the principle or the interest that accrues at 3.1% compounded annually. The note is considered to be non-current as repayment is subject to available cash flows of the Partnership in the priority set forth in the Amended and Restated Agreement of Limited Liability Limited Partnership. The note shall be due and payable in all events on or before December 31, 2056. For the year ended December 31, 2019 accrued interest on the note was \$53,492.
- D. Sponsor Note B** – A promissory note in the amount of \$340,000 dated January 29, 2016 was issued in connection with the acquisition and development of Parsons LLLP. No annual payments are required on the principle or the interest that accrues at the compounding rate of 3.1% annually. The note is considered to be non-current as repayment is subject to available cash flows of the Partnership in the priority set forth in the Amended and Restated Agreement of Limited Liability Limited Partnership. The note shall be due and payable in all events on or before December 31, 2056. For the year ended December 31, 2019, accrued interest on the note was \$25,409.

Wilbur and Cook Affordable Portfolio LLLP Notes Receivable

- A. Developer Fee Note** – Issued on September 1, 2017 in connection with the acquisition and development of Wilbur and Cook Affordable Portfolio LLLP. As of December 31, 2019, the balance of the note was \$7,450,000. Any installment of the developer fee not paid when otherwise due shall be deferred with no interest and shall be paid from available cash flows of the Partnership in the priority set forth in the Amended and Restated Agreement of Limited Liability Limited Partnership. Any unpaid balance shall be unconditionally due and payable on or before December 31, 2032 in accordance with the Development Agreement dated September 1, 2017 between the Partnership and the Authority or the date of liquidation of the Partnership. The note is considered to be non-current since repayment is subject to available cash flow of the partnership.

Spokane Housing Authority, Washington
Notes to Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 6 — NOTES AND INTEREST RECEIVABLE FROM COMPONENT UNITS (continued):

- B. Sponsor Note A** – A promissory note in the amount of \$15,300,000 dated September 14, 2017 was issued in connection with the acquisition and development of Wilbur and Cook Affordable Portfolio LLLP. No annual payments are required on the principle or the interest that accrues at 2.9% compounded annually. The note is considered to be non-current as repayment is subject to available cash flows of the Partnership in the priority set forth in the Amended and Restated Agreement of Limited Liability Limited Partnership. The note shall be due and payable in all events on or before December 31, 2057. For the year ended December 31, 2019 accrued interest on the note was \$1,039,905.
- C. Sponsor Note B** – A promissory note in the amount of \$3,475,000 dated September 14, 2017 was issued in connection with the acquisition and development of Wilbur and Cook Affordable Portfolio LLLP. No annual payments are required on the principle or the interest that accrues at the compounding rate of 2.9% annually. The note is considered to be non-current as repayment is subject to available cash flows of the Partnership in the priority set forth in the Amended and Restated Agreement of Limited Liability Limited Partnership. The note shall be due and payable in all events on or before December 31, 2057. For the year ended December 31, 2019 accrued interest on the note was \$160,937.

NOTE 7 — CAPITAL ASSETS:

Capital assets are stated at cost less accumulated depreciation. Depreciation is computed for financial reporting purposes by use of the straight-line method. Land and construction in progress are not depreciated.

Primary Government:

Changes in capital assets of the primary government during the period ended December 31, 2019 are shown below:

	January 1, 2019	Additions	Dispositions/ transfers	December 31, 2019
Capital Assets Not Depreciated:				
Land	\$ 1,227,563	\$ -	\$ -	\$ 1,227,563
Construction In Progress	29,884	1,355,977	(171,903)	1,213,958
Total Capital Assets Not Depreciated	<u>1,257,447</u>	<u>1,355,977</u>	<u>(171,903)</u>	<u>2,441,521</u>
Capital Assets Being Depreciated:				
Buildings	8,721,035	-	-	8,721,035
Leasehold Improvements	2,896,214	13,766	(152,392)	2,757,588
Equipment	712,956	31,454	53,433	797,843
Intangible Assets	156,312	5,633	(5,251)	156,694
Total Capital Assets Being Depreciated	<u>12,486,517</u>	<u>50,853</u>	<u>(104,210)</u>	<u>12,433,160</u>
Accumulated Depreciation:				
Buildings	5,924,720	245,742	-	6,170,462
Leasehold Improvements	1,662,722	122,280	(250,482)	1,534,520
Equipment	647,218	43,047	(112)	690,153
Intangible Assets	31,263	15,875	(1,444)	45,694
Total Accumulated Depreciation	<u>8,265,923</u>	<u>426,944</u>	<u>(252,038)</u>	<u>8,440,829</u>
Total Capital Assets	<u>\$ 5,478,041</u>	<u>\$ 979,886</u>	<u>\$ (24,075)</u>	<u>\$ 6,433,852</u>

Spokane Housing Authority, Washington
Notes to Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 7 — CAPITAL ASSETS (continued):

Capital asset additions of \$1,406,830 are primarily attributable to the purchase of a new administrative building and an elevator modernization project at the Hifumi En Apartment with the remaining as small improvements and administration equipment purchases. Net capital asset dispositions and transfers of \$276,113 represent transfers from construction in progress to leasehold improvements for placed in service assets and the retirement of surplus assets. Preliminary costs incurred for proposed projects are postponed pending construction of the project. Costs relating to projects ultimately constructed are transferred to the project. Charges that relate to abandoned projects are expensed.

Component Units:

Changes in capital assets of the component units during the period ended December 31, 2019 are shown below:

	January 1, 2019	Additions	Dispositions/ transfers	December 31, 2019
Capital Assets Not Depreciated:				
Land	\$ 2,576,941	\$ -	\$ -	\$ 2,576,941
Construction In Progress	-	-	-	-
Total Capital Assets Not Depreciated	<u>2,576,941</u>	<u>-</u>	<u>-</u>	<u>2,576,941</u>
Capital Assets Being Depreciated:				
Buildings	109,272,983	7,200	-	109,280,183
Leasehold Improvements	2,575,064	40,255	(180,874)	2,434,445
Equipment	2,333,960	143,288	166,462	2,643,710
Total Capital Assets Being Depreciated	<u>114,182,007</u>	<u>190,743</u>	<u>(14,412)</u>	<u>114,358,338</u>
Accumulated Depreciation:				
Buildings	11,941,888	3,699,737	-	15,641,625
Leasehold Improvements	239,578	148,618	(72,286)	315,910
Equipment	619,300	235,726	61,038	916,064
Total Accumulated Depreciation	<u>12,800,766</u>	<u>4,084,081</u>	<u>(11,248)</u>	<u>16,873,599</u>
Total Capital Assets	<u>\$103,958,182</u>	<u>\$ (3,893,338)</u>	<u>\$ (3,164)</u>	<u>\$100,061,680</u>

Capital Assets additions for component units of \$190,743 are primarily attributable to small improvements made throughout the properties portfolios. During the twelve-month period ended December 31, 2019 the Component units did not incur interest costs related to the acquisition and construction of capital assets.

NOTE 8 — CONSTRUCTION COMMITMENTS:

Construction in progress represents expenses to date on projects for which authorization total \$2,320,729. The following schedule shows the significant components of construction in progress for the primary government at December 31, 2019:

	Project Authorization	Spent through 12/31/2019	Committed	Required Future Financing
Administrative Building	2,320,729	1,213,958	1,106,771	-
	<u>\$ 2,320,729</u>	<u>\$ 1,213,958</u>	<u>\$ 1,106,771</u>	<u>\$ -</u>

There were no significant components of construction in progress for the component units at December 31, 2019.

Spokane Housing Authority, Washington
Notes to Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 9 — OTHER NONCURRENT ASSETS:

Noncurrent assets consist of the following at December 31, 2019:

	<u>Primary Government</u>	<u>Component Units</u>
Financing Costs, Net of Accumulated Amortization	\$ -	\$ 418,463
Partnership Management Fee Receivable	212,503	-
Other Noncurrent Assets	<u>62,194</u>	<u>-</u>
Total Noncurrent Assets	<u>\$ 274,697</u>	<u>\$ 418,463</u>

NOTE 10 — LONG-TERM DEBT AND CHANGES IN LONG TERM LIABILITIES:

A. Long-Term Debt and changes in Long Term Liabilities

A summary of changes in long-term debt and long-term liabilities for the period ended December 31, 2019 is as follows:

	Balance at January 1 2019	Additions	Reductions	Balance at December 31, 2019	Due Within One Year
Revenue Bonds:					
Washington Trust Bank					
Hifumi En Apartments (2014)	357,588		(26,876)	330,712	24,174
Banner Bank					
Authority Administrative Building	<u>992,726</u>	-	<u>(24,407)</u>	<u>968,319</u>	<u>21,600</u>
Total Revenue Bonds	1,350,314	-	(51,283)	1,299,031	45,774
Direct Borrowings:					
City of Spokane:					
Hifumi En Apartments	330,000	-	-	330,000	-
Spokane County					
SHA - Valley 206	417,727	-		417,727	-
State of Washington Department of Commerce					
SHA - Cedar West	509,771	-	(9,423)	500,348	9,470
Hifumi En Apartments	<u>1,054,838</u>	<u>5,117</u>	<u>-</u>	<u>1,059,955</u>	<u>-</u>
Total Direct Borrowings	2,312,336	5,117	(9,423)	2,308,030	9,470
Total Long-Term Debt	3,662,650	5,117	(60,706)	3,607,061	55,244
Capital Leases	574		(574)	-	-
Accrued Compensated Absences	292,623	384,129	(348,953)	327,799	38,990
Net Pension Liability	1,421,554	-	(343,722)	1,077,832	-
Accrued Interest Payable	<u>17,107</u>	<u>17,246</u>	<u>(6,758)</u>	<u>27,595</u>	<u>6,895</u>
Total Noncurrent Liabilities	<u>\$ 5,394,508</u>	<u>\$ 406,492</u>	<u>\$ (760,713)</u>	<u>\$ 5,040,287</u>	<u>\$ 101,129</u>

Washington Trust Bank – Hifumi En Apartments (2014) – Issued September 23, 2014 for \$459,780 for the refunding of the Washington Trust Bank – Hifumi En Apartments (2004) note. The interest rate on the new note is the Five-Year Federal Home Loan Bank Intermediate/Long Term, Fixed Rate Advance plus 2.5% adjusted at the five year anniversary. As of December 31, 2019, the rate was 5.00% with monthly payments of \$3,348. Debt service is paid from revenues of the Hifumi En Apartments and is secured by a deed of trust on the property. There is no prepayment penalty and upon default, lender may declare the entire unpaid principal balance and all accrued unpaid interest immediately due. The final payment is due October 5, 2024. For the year ended December 31, 2019, accrued interest on the note was \$1,380.

Spokane Housing Authority, Washington
Notes to Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 10 — LONG-TERM DEBT AND CHANGES IN LONG TERM LIABILITIES (continued):

Banner Bank – Authority Administrative Building – Issued July 27, 2018 in the original amount of \$1,000,000, to purchase the office building at 25 W. Nora Avenue for the administrative offices of the Authority with monthly payments of \$5,558 at 4.50% interest per annum for 15 years. Debt service is paid from general revenues of the Authority and is secured by a deed of trust on the property. Final payment is due August 1, 2033. A prepayment premium of 3% is applied if prepayment is within the first year of this note, 2% for prepayment in the second year and 1% in the third through fifth years of the note. Upon an event of default, lender may declare the entire unpaid principal balance on this note and all accrued unpaid interest immediately due. For the year ended December 31, 2019, accrued interest on the note was \$3,638.

City of Spokane – Hifumi En – Direct borrowing issued for the renovation of eleven units at Hifumi En Apartments; in the amount of \$330,000. The note bears interest of 3% compounding monthly. Payment of principal and interest shall be deferred during the HOME Affordability Period which is ten (10) years beginning after Project Completion (February 5, 2019). Principal and interest shall then be payable in equal amortized installments on the first day of each month commencing immediately after the HOME Affordability Period ends in the amount required to fully amortize the outstanding principal and accrued interest on this note during the remaining City Affordability Period. The City Affordability Period is twenty (20) years beginning after Project Completion. There is no prepayment penalty and upon default, the City may declare the debt incurred hereunder and immediately due and payable. For the year ended December 31, 2019, accrued interest on the note was \$20,700.

Spokane County – SHA -Valley 206 Apartments – The initial Direct borrowing was issued April 22, 2016 for the renovation of eleven units at Valley 206 Apartments; in the amount of \$441,967. The note bears interest of 0% and is a recoverable grant after ten years if all terms and conditions of the HOME Program Agreement are met. This loan was modified effective February 21, 2017, with an amended principal balance of \$417,726.73 with the Spokane Housing Authority as the Borrower replacing the Valley 206 Apartments. All other terms and conditions in the original loan documents remained the same. If an event of default under the terms of the loan agreement occurs, the entire principal balance and all accrued interest shall be due and payable within 30-days.

State of Washington Department of Commerce – SHA-Cedar West – In the initial amount of \$498,342 to remediate mold at the Cedar West Apartments. The note was amended on April 1, 2016 whereas the second deed of trust held by the State of Washington Department of Commerce was released and terminated in exchange for a pledge of the Authority's general revenues. The new loan balance was restated at \$528,477 (\$498,342, original loan amount plus \$30,135 accrued interest through March 31, 2016), and shall accrue interest at .5% per annum. Payment of \$11,972 shall be made annually on March 31st through the maturity date of March 31, 2066. If the property is sold or its use changes to something other than that stated in Section 2.05 of the contract prior to the commitment period, the balance plus an amount representing the Department's shared appreciation shall be due and payable within 30 days of sale or change of use. For the year ended December 31, 2019, accrued interest on the note was \$1,876. No change in the use of the property had taken place as of fiscal year ended December 31, 2019.

State of Washington Department of Commerce – Hifumi En Apartments – Purchase the Hifumi En Apartments, for \$995,000. A portion of the note, \$450,000, accrues interest at 1.0% compounded quarterly. This portion of the note is deferred for thirty years until July 1, 2036 at which time payments of \$15,971 are due quarterly thereafter. The remainder of the note, \$545,000, is a recoverable grant if after forty years the use of the property does not change from its current use as housing for the low income and disabled. In the event the property is sold, refinanced, or the property is not used as required by the contract prior to the end of the 40-years required, Lender shall be entitled to the unpaid principal balance of this note and any accrued interest. The note is secured by a second deed of trust on the property. Deferred interest totaling \$5,118 was capitalized during the period ended December 31, 2019. No change in the use of the property had taken place as of the end of fiscal year ended December 31, 2019.

Spokane Housing Authority, Washington
Notes to Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 10 — LONG-TERM DEBT AND CHANGES IN LONG TERM LIABILITIES (continued):

The annual requirements to amortize outstanding debt, including interest, are as follows:

Year ended December 31,	Principal	Interest	Total
2020	55,243	58,049	113,292
2021	59,528	59,322	118,850
2022	62,006	56,844	118,850
2023	64,603	54,248	118,851
2024	264,151	49,852	314,003
2025-2029	628,137	226,824	854,961
2030-2034	854,252	249,741	1,103,993
2035-2039	463,175	39,646	502,821
2040-2044	359,401	19,877	379,278
2045-2049	601,916	98,769	700,685
2050-2054	55,547	4,313	59,860
2055-2059	56,948	2,911	59,859
2060-2064	58,387	1,473	59,860
2065-2069	23,767	179	23,946
	<u>\$ 3,607,061</u>	<u>\$ 922,048</u>	<u>\$ 4,529,109</u>

B. Conduit Debt

RCW 35.82 provides that Housing Authorities are authorized to facilitate the issuance of tax-exempt non-recourse revenue bonds to finance housing projects. Conduit revenue bonds issued by the Authority are payable from revenues derived as a result of the project activities funded by the revenue bonds and are secured by deeds of trust on the underlying projects. The bonds are neither a liability nor contingent liability of the Authority nor a lien on any of its properties or revenues other than for the project for which they are issued. The outstanding revenue bonds are not recorded in the Authority's financial statements, as they represent conduit debt obligation under GASB Interpretation No. 2. The Authority as of December 31, 2019 is not participating in conduit debt transactions.

C. General Revenue Pledge

The Authority issues certain bonds and notes that are secured by the general revenues of the Authority. For some borrowings, revenues from the properties are intended to be the primary source of repayment and the general revenues of the Authority would be used only if those revenues are not sufficient to cover the required payments. For the period ended December 31, 2019 general revenues were \$3,800,829 and the total pledged revenues are as follows:

	Principal balance at December 31, 2019	Total Future Revenues Pledged	Proportion of Annual Debt Service Pledged to 2019 General Revenues	Term of Commitment	Average Annual Debt Service
General revenues are primary repayment source:					
State of Washington Department of Commerce: Cedar West	\$ 500,348	\$ 562,684	0.31%	2066	\$ 11,972
Promissory Note: Nora Office Building	968,319	1,442,329	1.75%	2033	66,700
	<u>\$ 1,468,667</u>	<u>\$ 2,005,013</u>			<u>\$ 78,672</u>

Spokane Housing Authority, Washington
Notes to Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 10 — LONG-TERM DEBT AND CHANGES IN LONG TERM LIABILITIES (continued):

D. Long Term Debt – Component Units

A summary of changes in long-term debt and long-term liabilities for component units for the period ended December 31, 2019 is as follows:

	Balance at January 1, 2019	Additions	Reductions	Balance at December 31, 2019	Due Within One Year
Revenue Bonds:					
Cedar Haven LLLP	\$ 6,368,132	\$ -	\$ (92,698)	\$ 6,275,434	\$ 81,835
Parsons LLLP	988,386	-	(14,321)	974,065	12,643
Wilbur and Cook LLLP	31,265,917	1,918,746	(15,205,990)	17,978,673	238,891
Total Bonds Payable	38,622,435	1,918,746	(15,313,009)	25,228,172	333,369
Direct Borrowings:					
City of Spokane:					
Martindale Apartments LP	500,000	-	-	500,000	-
Cornerstone II -The Borning Building LP	225,682	-	(5,275)	220,407	4,739
Cornerstone II -The Borning Building LP	88,477	-	-	88,477	-
Washington State Department of Commerce					
Martindale Apartments LP	2,235,830	-	-	2,235,830	-
Cornerstone II -The Borning Building LP	1,015,000	-	(35,000)	980,000	35,000
Cornerstone II - Helena Apartments LP	975,000	-	(15,000)	960,000	15,000
Spokane Housing Authority					
Cedar Haven LLLP - Seller Financing Note	5,000,000	-	-	5,000,000	-
Parsons LLLP - Seller Financing Note	2,225,000	-	-	2,225,000	-
Cedar Haven LLLP - Developer Fee Note	1,291,452	-	(133,951)	1,157,501	-
Parsons LLLP - Developer Fee Note	142,597	-	(42,035)	100,562	-
Wilbur and Cook LLLP - Developer Fee Note	7,450,000	-	-	7,450,000	-
Parsons LLLP - Sponser Note A	700,000	-	-	700,000	-
Parsons LLLP - Sponser Note B	340,000	-	-	340,000	-
Wilbur and Cook LLLP - Sponser Note A	15,300,000	-	-	15,300,000	-
Wilbur and Cook LLLP - Sponser Note B	1,525,000	1,950,000	-	3,475,000	-
Federal Home Loan Bank					
Cornerstone II -The Borning Building LP	200,000	-	-	200,000	-
Washington State HFC					
Martindale Apartments LP	663,532	-	-	663,532	-
Total Direct Borrowings	39,877,570	1,950,000	(231,261)	41,596,309	54,739
Debt Issuance Cost					
Total long-term debt	(762,867)	-	96,466	(666,401)	-
Total long-term debt	77,737,138	3,868,746	(15,447,804)	66,158,080	388,108
Accrued Interest Payable	1,571,536	936,734	(204,287)	2,303,983	966
Non-current liabilities - Other	184,402	47,501	(19,400)	212,503	-
Total noncurrent liabilities	\$79,493,076	\$ 4,852,981	\$ (15,671,491)	\$ 68,674,566	\$ 389,074

Cedar Haven LLLP – Revenue Bond – Per the original Promissory Note dated September 30, 2015, the original Interim Renovation Loan (\$11,500,000) which was issued for acquisition and development of the Cedar Haven LLLP, was converted upon completion of the renovation, into a Term Loan in the amount of \$6,450,000 on October 31, 2017. An interest-only payment was due on the first day of the first full calendar month following date of conversion followed by monthly payments of principal and interest commencing the first day of the second full month following the conversion date with an interest

Spokane Housing Authority, Washington
Notes to Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 10 — LONG-TERM DEBT AND CHANGES IN LONG TERM LIABILITIES (continued):

rate of 4.25% with a final payment of principal and interest due October 1, 2034. The final payment will be for all principal and accrued interest not yet paid, together with any other unpaid amounts under the note. A prepayment fee will be charged if the loan is paid in advance before the two-year period prior to the Term Loan maturity date. Upon an event of default, lender may declare the entire unpaid principal balance on this note and all accrued unpaid interest immediately due. The note is secured by a deed of trust on the partnership's leasehold interest in Cedar West Apartments and Woodhaven Apartments. For the year ended December 31, 2019, there was no accrued interest on this note.

Parsons LLLP – Revenue Bond – Per the original Promissory Note dated January 26, 2016, the original Interim Renovation Loan (\$3,100,000) which was issued for acquisition and development of the Parsons LLLP, was converted upon completion of the renovation, into a Term Loan in the amount of \$1,000,000 on December 15, 2017. An interest-only payment was due on the first day of the first full calendar month following date of conversion followed by monthly payments of principal and interest commencing the first day of the second full month following the conversion date with an interest rate of 4.25% with a final payment of principal and interest due February 1, 2035. The final payment will be for all principal and accrued interest not yet paid, together with any other unpaid amounts under the note. A prepayment fee will be charged if the loan is paid in advance before the two-year period prior to the Term Loan maturity date. Upon an event of default, lender may declare the entire unpaid principal balance on this note and all accrued unpaid interest immediately due. The note is secured by a deed of trust on the partnership's leasehold interest in Parsons Apartments. For the year ended December 31, 2019, there was no accrued interest on this note.

Wilbur and Cook Affordable Portfolio LLLP – Revenue Bond – Per the original Promissory Note dated September 14, 2017, the original Interim Renovation Loan (\$33,350,000) which was issued for the acquisition and development of the Wilbur and Cook Affordable Portfolio, was converted upon completion of the renovation, into a Term Loan in the amount of \$18,000,000 on November 13, 2019. An interest only payment was due on the first day of the first full calendar month following date of conversion followed by monthly payments of principal and interest commencing the first day of the second full month following the conversion date with an interest rate of 3.625% with a final payment of principal and interest due June 1, 2036. The final payment will be for all principal and accrued interest not yet paid, together with any other unpaid amounts under the note. A prepayment fee will be charged if the loan is paid in advance before the two year period prior to the Term Loan maturity date. Upon an event of default, lender may declare the entire unpaid principal balance on this note and all accrued unpaid interest immediately due. The note is secured by a deed of trust on the partnership's leasehold interest in Heritage Heights Apartments, Westfall Village Apartments and Valley 206 Apartments. For the year ended December 31, 2019, there was no accrued interest on this note.

City of Spokane – Martindale Apartments LP – Direct borrowing issued in 2010 in the amount of \$500,000 for remediation of lead based paint at the Agnes Kehoe Apartments, with simple interest rate of 0.75%. Payments of principal and interest are deferred until forty-one years from January 31, 2012. One payment of \$500,000 will be due and payable on January 31, 2053. The loan is secured by a deed of trust on the partnership's leasehold interest in Agnes Kehoe Place. For the year ended December 31, 2019, accrued interest on the note was \$33,139.

City of Spokane – Cornerstone II – The Boring Building LP – Direct borrowing issued in 2006 in the amount of \$250,000 for rehabilitation of the Cornerstone Courtyard, interest rate at 5.32%. Payments of principal and interest were deferred until December 1, 2007, after which time monthly payments of \$1,397 began for the 30-year term of the note. The loan is secured by a deed of trust on the partnership's leasehold interest in the Cornerstone Courtyard Apartments. In the event of default in the payment of any amount due, the entire unpaid principal amount of this note, together with accrued interest, shall immediately become due and payable. For the year ended December 31, 2019, accrued interest on the bond was \$966.

City of Spokane – Cornerstone II – The Boring Building LP - Direct borrowing issued in 2007 in the amount of \$88,477 for the purpose of lead abatement during the development of the Cornerstone Courtyard Apartments, at 0% interest, deferred for 41 years, due and payable in full on December 31, 2048. The loan is secured by a deed of trust on the partnership's leasehold interest in the Cornerstone Courtyard Apartments.

Spokane Housing Authority, Washington
Notes to Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 10 — LONG-TERM DEBT AND CHANGES IN LONG TERM LIABILITIES (continued):

State of Washington Department of Commerce – Martindale Apartments LP – Direct borrowing issued in 2010 in the amount of \$2,500,000 for rehabilitation of the Agnes Kehoe Place. The loan shall be deferred for forty years at 0.75% simple interest. The full amount shall be due and payable on or before December 31, 2052. The loan is secured by a deed of trust on the partnership’s leasehold interest in Agnes Kehoe Place. A payment of \$314,170 was made on December 14, 2012 utilizing capital contributions received from the Limited Partner. In the event the property is sold or the property is not used as required by the Contract prior to the end of the 40 year length of commitment required in the contract, lender shall be entitled to the unpaid principal balance of this note and any accrued interest and an amount representing the prorated, appreciated value of the property as defined in the contract. For the year ended December 31, 2019, accrued interest on the note was \$87,381.

State of Washington Department of Commerce – Cornerstone II – The Borning Building LP – Direct borrowing issued in 2006 in the amount of \$1,400,000 for rehabilitation of the Cornerstone Courtyard Apartments, at 0% interest. The loan is secured by a deed of trust on the partnership’s leasehold interest in the Cornerstone Courtyard Apartments. Quarterly payments in the amount of \$8,750 began on June 30, 2008 for a total of 40 years. The final payment will be due on December 31, 2047. In the event the property is sold or the property is not used as required by the contract prior to the end of the 40 years length of commitment required in the contract, lender shall be entitled to the unpaid principal balance of this note and any accrued interest and an amount representing the prorated, appreciated value of the property as defined in the contract.

State of Washington Department of Commerce Housing Trust Fund – Cornerstone II – Helena Apartments LP – Direct borrowing issued in 2008 in the amount of \$1,395,000 for rehabilitation of the Pearl on Adams, at 0% interest. The first portion of the loan, \$600,000, shall require quarterly payments in the amount of \$3,750 which began on June 30, 2011 for a total of 40 years. The second portion of the loan, \$795,000, is deferred for 40 years, at which point the full principal amount will be due on December 31, 2049. The loan is secured by a deed of trust on the partnership’s leasehold interest in the Pearl on Adams. In the event the property is sold or the property is not used as required by the contract, prior to the end of the 40-year length of commitment required in the contract, lender shall be entitled to the unpaid principal balance of this note and any accrued interest and an amount representing the prorated, appreciated value of the Property as defined in the contract.

Spokane Housing Authority – Cedar Haven LLLP – Seller Financing Note – Direct borrowing in the amount of \$5,000,000 dated September 30, 2015 was issued to Cedar Haven LLLP in connection with the acquisition of the leasehold in two apartment complexes with 146 units. No annual payments are required on the principle or the interest that accrues at the compounding rate of 2.64% per annum. The note is considered to be non-current as repayment is subject to available cash flows of the Partnership in the priority set forth in the Amended and Restated Agreement of Limited Liability Limited Partnership. The note shall be due and payable in all events on or before December 31, 2055 and is secured by a deed of trust on the partnership’s leasehold interest in Cedar West Apartments and Woodhaven Apartments. In the event of default, the entire principal debt, or so much thereof as may remain unpaid at the time, and all interest, fees and charges accrued thereon, shall become due and payable immediately. For the year ended December 31, 2019, accrued interest on the note was \$585,904.

Spokane Housing Authority – Parsons LLLP – Seller Financing Note – Direct borrowing in the amount of \$2,225,000 dated January 29, 2016 was issued to Parsons LLLP in connection with the acquisition of the leasehold in the 50 unit Parsons Apartment complex. No annual payments are required on the principle or the interest that accrues at the compounding rate of 5% annually during the construction period and thereafter at 3.1% compounded annually. The note is considered to be non-current as repayment is subject to available cash flows of the Partnership in the priority set forth in the Amended and Restated Agreement of Limited Liability Limited Partnership. The note shall be due and payable in all events on or before December 31, 2056 and is secured by a deed of trust on the partnership’s leasehold interest in the Parsons Apartments. In the event of default, the entire principal debt, or so much thereof as may remain unpaid at the time, and all interest, fees and charges accrued thereon, shall become due and payable immediately. For the year ended December 31, 2019, accrued interest on the note was \$216,718.

Spokane Housing Authority, Washington
Notes to Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 10 — LONG-TERM DEBT AND CHANGES IN LONG TERM LIABILITIES (continued):

Spokane Housing Authority – Cedar Haven LLLP – Developer Fee Note - Issued on October 1, 2017 for \$1,372,619 in connection with the acquisition and development of Cedar Haven LLLP. Any installment of the developer fee not paid when otherwise due shall be deferred with interest at the annual rate of 1% and shall be paid from available cash flows of the Partnership in the priority set forth in the Amended and Restated Agreement of Limited Liability Limited Partnership. Any unpaid balance shall be unconditionally due and payable on the earlier of December 31, 2029 or the date of liquidation of the Partnership. The note is secured by a deed of trust on the partnership's leasehold interest in Cedar West Apartments and Woodhaven Apartments. The note is considered to be non-current since repayment is subject to available cash flow of the partnership. For the year ended December 31, 2019, accrued interest on the note was \$8,682.

Spokane Housing Authority - Parsons LLLP – Developer Fee Note - Issued on November 20, 2017 for \$151,233 in connection with the acquisition and development of Parsons LLLP. Any installment of the developer fee not paid when otherwise due shall be deferred with interest at the annual rate of 1% and shall be paid from available cash flows of the Partnership in the priority set forth in the Amended and Restated Agreement of Limited Liability Limited Partnership. Any unpaid balance shall be unconditionally due and payable on the earlier of December 31, 2029 or the date of liquidation of the Partnership. The note is secured by a deed of trust on the partnership's leasehold interest in the Parsons Apartments. The note is considered to be non-current since repayment is subject to available cash flow of the partnership. For the year ended December 31, 2019, accrued interest on the note was \$503.

Spokane Housing Authority Wilbur and Cook Affordable Portfolio LLLP – Developer Fee Note - Issued on September 1, 2017 in connection with the acquisition and development of Wilbur and Cook Affordable Portfolio LLLP. As of December 31, 2019, the balance of the note was \$7,450,000. Any installment of the developer fee not paid when otherwise due shall be deferred with no interest and shall be paid from available cash flows of the Partnership in the priority set forth in the Amended and Restated Agreement of Limited Liability Limited Partnership. Any unpaid balance shall be unconditionally due and payable on or before December 31, 2032 in accordance with the Development Agreement dated September 1, 2017 between the Partnership and the Authority or the date of liquidation of the Partnership. The note is considered to be non-current since repayment is subject to available cash flow of the partnership.

Spokane Housing Authority Parsons LLLP – Sponsor Note A – promissory note in the amount of \$700,000 dated January 29, 2016 was issued in connection with the acquisition and development of Parsons LLLP. No annual payments are required on the principle or the interest that accrues at 3.1% compounded annually. The note is considered to be non-current as repayment is subject to available cash flows of the Partnership in the priority set forth in the Amended and Restate Agreement of Limited Liability Limited Partnership. The note shall be due and payable in all events on or before December 31, 2056, and is secured by a deed of trust on the partnership's leasehold interest in the Parsons Apartments. In the event of default, the entire principal debt, or so much thereof as may remain unpaid at the time, and all interest, fees and charges accrued thereon, shall become due and payable immediately. For the year ended December 31, 2019 accrued interest on the note was \$53,491.

Spokane Housing Authority Parsons LLLP – Sponsor Note B – Direct borrowing in the amount of \$340,000 dated January 29, 2016 was issued in connection with the acquisition and development of Parsons LLLP. No annual payments are required on the principle or the interest that accrues at the compounding rate of 3.1% annually. The note is considered to be non-current as repayment is subject to available cash flows of the Partnership in the priority set forth in the Amended and Restated Agreement of Limited Liability Limited Partnership. The note shall be due and payable in all events on or before December 31, 2056, and is secured by a deed of trust on the partnership's interest in the Parsons Apartments. In the event of default, the entire principal debt, or so much thereof as may remain unpaid at the time, and all interest, fees and charges accrued thereon, shall become due and payable immediately. For the year ended December 31, 2019 accrued interest on the note was \$25,409.

Spokane Housing Authority Wilbur and Cook Affordable Portfolio LLLP – Sponsor Note A – A promissory note in the amount of \$15,300,000 dated September 14, 2017 was issued in connection with the acquisition and development of Wilbur and Cook Affordable Portfolio LLLP. No annual payments are required on the principle or the interest that accrues at 2.9% compounded annually. The note is considered to be non-current as repayment is subject to available cash flows of the Partnership in the priority set forth in the Amended and Restate Agreement of Limited Liability Limited Partnership. The note

Spokane Housing Authority, Washington
Notes to Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 10 — LONG-TERM DEBT AND CHANGES IN LONG TERM LIABILITIES (continued):

shall be due and payable in all events on or before December 31, 2057 and is secured by a deed of trust in the partnership's interest in Heritage Heights Apartments, Westfall Village Apartments, and Valley 206 Apartments. In the event of default, the entire principal debt, or so much thereof as may remain unpaid at the time, and all interest, fees and charges accrued thereon, shall become due and payable immediately. For the year ended December 31, 2019 accrued interest on the note was \$1,039,905.

Spokane Housing Authority Wilbur and Cook Affordable Portfolio LLLP – Sponsor Note B – A promissory note in the amount of \$3,475,000 dated September 14, 2017 was issued in connection with the acquisition and development of Wilbur and Cook Affordable Portfolio LLLP. No annual payments are required on the principle or the interest that accrues at the compounding rate of 2.9% annually. The note is considered to be non-current as repayment is subject to available cash flows of the Partnership in the priority set forth in the Amended and Restate Agreement of Limited Liability Limited Partnership. The note shall be due and payable in all events on or before December 31, 2057, and is secured by a deed of trust in the partnership's interest in Heritage Heights Apartments, Westfall Village Apartments, and Valley 206 Apartments. In the event of default, the entire principal debt, or so much thereof as may remain unpaid at the time, and all interest, fees and charges accrued thereon, shall become due and payable immediately. For the year ended December 31, 2019 accrued interest on the note was \$160,935.

Federal Home Loan Bank – Cornerstone II – The Borning Building LP – Direct borrowing issued July 31, 2006 in the amount of \$200,000 for rehabilitation of the Cornerstone Courtyard, with the interest rate of 1.5%. Principal and interest payments are deferred for 40 years, until July 31, 2046 at which time the entire unpaid principal balance and accrued interest is due. The loan is secured by a deed of trust on the partnership's leasehold interest in the Cornerstone Courtyard Apartments. In the event a default is made in the payment of any amount payable, then, at the option of holder, subject to the applicable cure periods set forth in the loan agreement, the entire indebtedness evidenced hereby shall become immediately due and payable. For the year ended December 31, 2019 accrued interest on the note was \$44,266

Washington State Housing Finance Commission – Martindale Apartments LP – Issued in 2008 in the amount of \$663,532 refinancing the Washington Trust Loan used to acquire the property. The loan is issued at 0% interest with payments deferred for 40 years. Accordingly, payment will be due on December 31, 2048. The loan is secured by a deed of trust on the partnership's leasehold interest in Agnes Kehoe Place. In the event the property is sold or the property is not used as required by the loan agreement, lender shall be entitled to the unpaid principal balance of this note and any accrued interest. For the year ended December 31, 2019 accrued interest on the note was \$46,683.

The annual requirements to amortize outstanding debt, including interest, are as follows:

Year ended December 31,	Principal	Interest	Total
2020	\$ 353,364	\$ 919,969	\$ 1,273,333
2021	397,833	986,711	1,384,544
2022	412,724	971,820	1,384,544
2023	428,201	956,344	1,384,545
2024	444,279	940,263	1,384,542
2025-2029	3,743,734	4,571,783	8,315,517
2030-2034	10,402,907	3,881,206	14,284,113
2035-2039	18,356,352	763,507	19,119,859
2040-2044	242,972	52,731	295,703
2045-2049	1,601,551	394,539	1,996,090
2050-2054	2,734,163	799,716	3,533,879
2055-2059	27,040,000	57,446,992	84,486,992
	<u>\$66,158,080</u>	<u>\$ 72,685,581</u>	<u>\$ 138,843,661</u>

Spokane Housing Authority, Washington
Notes to Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 10 — LONG-TERM DEBT AND CHANGES IN LONG TERM LIABILITIES (continued):

E. Arbitrage Compliance

The Authority periodically monitors for the existence of any rebate of arbitrage interest associated with its tax-exempt debt. The rebate is based on the differential between the interest earnings from the investment of bond proceeds as compared to the interest expense associated with the respective bonds. As of December 31, 2019, the Authority estimates that no arbitrage rebate exists in conjunction with its debt reserve funds, and therefore no liability exists.

F. Unamortized Debt Issue Costs

Unamortized debt issue costs are recorded as an asset and bonds are displayed net of premium or discount; annual interest expense is decreased by amortization of debt premium and increased by the amortization of debt issue costs and discount.

NOTE 11 — LEASES:

A. Operating Leases

The Authority leases various office equipment under non-cancelable operating leases. The total costs for such leases for the Authority was \$16,206 for the period ended December 31, 2019 and \$11,664 for the component units for the period ended December 31, 2019. Future lease commitments are as follows:

Operating Leases		
Year Ending Dec 31,	Primary Government	Component Units
2020	\$ 16,167	\$ 11,664
2021	14,647	11,664
2022	2,488	11,664
2023	-	972
	\$ 33,302	\$ 35,964

B. Capital Leases

The Authority had entered into a lease agreement for the financing of an office telephone system. The lease agreement qualified as a capital lease for accounting purposes, therefore had been recorded at the present value of the future minimum lease payments as of the inception date. The capital lease obligation was paid in full by December 31, 2019. The recorded value of the telephone system is \$27,986 and has been fully depreciated.

NOTE 12 — PENSION PLANS:

The following table represents the aggregate pension amounts for all plans for the year 2019:

Aggregate Pension Amounts - All Plans	
Pension liabilities	\$ (1,077,832)
Pension assets	\$ -
Deferred outflows of resources	\$ 280,863
Deferred inflows of resources	\$ (665,376)
Pension expense/expenditures	\$ 63,118

Spokane Housing Authority, Washington
Notes to Basic Financial Statements
For the Year Ended December 31, 2019

State Sponsored Pension Plans

Substantially all Spokane Housing Authority full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. The state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publically available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to:

Department of Retirement Systems
 Communications Unit
 P.O. Box 48380
 Olympia, WA 98540-8380

Or the DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov.

Public Employees' Retirement System (PERS)

PERS members include elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of the legislature; employees of district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs. PERS is comprised of three separate pension plans for membership purposes. PERS plans 1 and 2 are defined benefit plans, and PERS plan 3 is a defined benefit plan with a defined contribution component.

PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions – The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the State Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2019 were as follows:

PERS Plan 1		
Actual Contribution Rates:	Employer	Employee
January - June 2019:		
PERS Plan 1	7.52%	6.00%
PERS Plan 1 UAAL	5.13%	
Administrative Fee	0.18%	
Total	12.83%	6.00%
July - December 2019		
PERS Plan 1	7.92%	6.00%
PERS Plan 1 UAAL	4.76%	
Administrative Fee	0.18%	
Total	12.86%	6.00%

- For employees participating in JBM, the contribution rate was 12.26%.

Spokane Housing Authority, Washington
Notes to Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 12 — PENSION PLANS (continued):

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member’s average final compensation (AFC) times the member’s years of service for Plan 2 and 1 percent of AFC for Plan 3. The AFC is the average of the member’s 60 highest consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

- With a benefit that is reduced by three percent for each year before age 65; or
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. PERS Plan 3 members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. As established by statute, Plan 3 required defined contribution rates are set at a minimum of 5 percent and escalate to 15 percent with a choice of six options. Employers do not contribute to the defined contribution benefits. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

Contributions - The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS PLAN 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2019 were as follows:

PERS Plan 2/3	Employer 2/3	Employee 2
Actual Contribution Rates:		
January - June 2019:		
PERS Plan 2/3	7.52%	7.41%
PERS Plan 1 UAAL	5.13%	
Administrative Fee	0.18%	
Employee PERS Plan 3		varies
Total	12.83%	7.41%
July - December 2019		
PERS Plan 2/3	7.92%	7.90%
PERS Plan 1 UAAL	4.76%	
Administrative Fee	0.18%	
Employee PERS Plan 3		varies
Total	12.86%	7.90%

*For employees participating in JBM, the contribution rate was 18.53% to 19.75%.

The Spokane Housing Authority’s actual PERS plan contributions were \$152,773 to PERS Plan 1 and \$238,656 to PERS Plan 2/3 for the period ended December 31, 2019.

Spokane Housing Authority, Washington

Notes to Basic Financial Statements

For the Year Ended December 31, 2019

NOTE 12 — PENSION PLANS (continued):

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2019 with a valuation date of June 30, 2018. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) 2007-2012 Experience Study and the 2017 Economic Experience Study.

Additional assumptions for subsequent events and law changes are current as of the 2018 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2019. Plan liabilities were rolled forward from June 30, 2018, to June 30, 2019, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 2.75% total economic inflation, 3.50% salary inflation
- **Salary increases:** In addition to the base 3.50% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.40%

Mortality rates were based on the RP-2000 report's Combined Healthy Table and Combined Disabled Table, published by the Society of Actuaries. The OSA applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

There were changes in methods and assumptions since the last valuation.

- OSA updated modeling to reflect providing benefit payments to the date of the initial retirement eligibility for terminated vested members who delay application for retirement benefits.
- OSA updated COLA programming to reflect legislation signed during the 2018 legislative session that provides PERS and TRS Plan 1 annuitants who are not receiving a basic minimum, alternate minimum, or temporary disability benefit with a one-time permanent 1.5% increase to their monthly retirement benefit, not to exceed a maximum of \$62.50 per month.

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.4 percent.

To determine that rate, an asset sufficiency test included an assumed 7.5 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. (All plans use 7.5 percent except LEOFF 2, which has assumed 7.4 percent). Consistent with the long-term expected rate of return, a 7.4 percent future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue being made as contractually required rates (including PERS 2/3, PSERS 2, and SERS 2/3, and TRS 2/3 employers, whose rates include a component for the PERS 1, and TRS 1 plan liabilities). Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.4 percent was used to determine the total liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on DRS pension plan investments of 7.4 percent was determined using a building-block method. In selecting this assumption, the Office of the State Actuary (OSA) reviewed the historical experience data,

Spokane Housing Authority, Washington
Notes to Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 12 — PENSION PLANS (continued):

considered the historical conditions that produced past annual investment returns, and considered capital market assumptions and simulated expected investment returns provided by the *Washington State Investment Board (WSIB)*. The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns at various time horizons.

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-term Expected Real Rate of Return Arithmetic
Fixed Income	20.00%	2.20%
Tangible Assets	7.00%	5.10%
Real Estate	18.00%	5.80%
Global Equity	32.00%	6.30%
Private Equity	23.00%	9.30%
	<u>100.00%</u>	

Sensitivity of the Net Pension Liability/(Asset)

The table below presents the Spokane Housing Authority's proportionate share* of the net pension liability calculated using the discount rate of 7.4 percent, as well as what the Spokane Housing Authority's proportionate share of the net pension liability would be if were calculated using a discount rate that is 1-percentage point lower (6.4 percent) or 1-percentage point higher (8.4 percent) than the current rate.

	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
PERS 1	\$ 1,017,683	\$ 812,627	\$ 634,736
PERS 2/3	2,034,017	265,205	(1,186,222)
	<u>\$ 3,051,700</u>	<u>\$ 1,077,832</u>	<u>\$ (551,486)</u>

Pension Plan Fiduciary Net Position

Detailed information about the State's pension plans' fiduciary net position is available in the separately issued DRS financial report.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.

At June 30, 2019, the Spokane Housing Authority reported a total pension liability of \$1,077,832 for its proportionate share of the net pension liabilities as follows:

	Liability (or Asset)
PERS 1	\$ 812,627
PERS 2/3	265,205
TOTAL	<u>\$ 1,077,832</u>

Spokane Housing Authority, Washington
Notes to Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 12 — PENSION PLANS (continued):

At June 30, 2019 the Spokane Housing Authority's proportionate share of the collective net pension liabilities was as follows:

	Proportionate Share 6/30/18	Proportionate Share 6/30/19	Change in Proportion
PERS 1	0.021386%	0.021133%	-0.000253%
PERS 2/3	0.027319%	0.027303%	-0.000016%

Employer contribution transmittals received and processed by DRS for the fiscal year ended June 30 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by DRS in the *Schedules of Employer and Nonemployer Allocations* for all plans except LEOFF 1.

LEOFF Plan 1 allocation percentages are based on the total historical employer contribution to LEOFF 1 from 1971 through 2000 and the retirement benefit payments in fiscal year 2018. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2019, the state of Washington contributed 87.12 percent of LEOFF 1 employer contributions and all other employers contributed the remaining 12.88 percent of employer contributions. LEOFF 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. The allocation method the plan chose reflects the projected long-term contribution effort based on historical data.

In fiscal year 2019, the state of Washington contributed 39.57 percent of LEOFF 2 employer contributions pursuant to RCW 41.27.726 and all other employers contributed the remaining 60.43 percent of employer contributions.

The collective net pension liability (asset) was measured as of June 30, 2019, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2018, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the period ended December 31, 2019, the Spokane Housing Authority recognized pension expense as follows:

	Pension Expense
PERS 1	\$ 25,919
PERS 2/3	37,199
TOTAL	<u>\$ 63,118</u>

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2019, the Spokane Housing Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ 54,291
Changes of assumptions	\$ -	\$ -
Changes in proportion and differences between contributions and proportionate share of contributions	\$ -	\$ -
Contributions subsequent to the measurement date	\$ 74,343	\$ -
TOTAL	<u>\$ 74,343</u>	<u>\$ 54,291</u>

Spokane Housing Authority, Washington
Notes to Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 12 — PENSION PLANS (continued):

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 75,982	\$ 57,018
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ 386,030
Changes of assumptions	\$ 6,791	\$ 111,271
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 61	\$ 56,766
Contributions subsequent to the measurement date	\$ 123,686	\$ -
TOTAL	\$ 206,520	\$ 611,085

Total All Plans	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 75,982	\$ 57,018
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ 440,321
Changes of assumptions	\$ 6,791	\$ 111,271
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 61	\$ 56,766
Contributions subsequent to the measurement date	\$ 198,029	\$ -
TOTAL	\$ 280,863	\$ 665,376

Deferred outflows of resources related to pensions resulting from the Spokane Housing Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	PERS 1	PERS 2/3
2020	\$ (11,985)	\$ (130,345)
2021	(28,389)	(210,132)
2022	(10,131)	(99,874)
2023	(3,786)	(59,033)
2024	-	(29,444)
Thereafter	-	577
TOTAL	\$ (54,291)	\$ (528,251)

Spokane Housing Authority, Washington

Notes to Basic Financial Statements

For the Year Ended December 31, 2019

NOTE 13— COMPONENT UNITS:

Pursuant to the criteria set forth in Governmental Accounting and Financial Reporting Standards and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*; GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units – An Amendment of GASB Statement No. 14*; and GASB Statement No. 80, *Blending Requirement for Certain Component Units*, the limited partnerships are defined as component units and are discretely presented in the financial statements of the Authority. The fiscal year end of all the tax credit limited partnerships is December 31st. Accordingly, the financial results included in the accompanying financial statements are for the year ended December 31, 2019.

The discretely presented component units of the Authority were formed to take advantage of the Low Income Housing Tax Credit (LIHTC) program authorized under Section 42 of the Internal Revenue Code. This program allows investors certain tax incentives for investing in low-income housing and to deduct any losses passed through to them from the partnerships. The tax code required that the buildings continue to serve the targeted low-income population for 15 years. The Authority has the option to purchase these projects at the expiration of this compliance period.

Cornerstone II – The Borning Building Limited Partnership – was formed on December 20, 2004 for the purpose of acquiring, developing, leasing, operating and managing the Cornerstone Courtyard Apartments. The partnership was formed pursuant to the provisions of the Washington Uniform Limited Partnership Act, RCW 25.10. Spokane Housing Authority is the general partner, with a .01% share of the ownership, and the initial limited partner was Washington Housing Equity Alliance, with ownership of 99.99%. On May 22, 2007, U.S. Bancorp Community Development Corporation was admitted as the new limited partner.

The partnership is organized to comply with Section 42 of the IRS Tax Code and applicable federal, state and local regulations and with loan conditions required by the project documents in order to obtain low income housing tax credits, cash income, long-term appreciation, and tax deductions from depreciation.

The Cornerstone Courtyard Apartments (formerly the Borning Building) comprising of 50 units was completed in February 2008. Funding was provided by Low-Income Housing Tax Credits, Federal Historic Rehabilitation Tax Credits, the Washington State Housing Trust Fund, the City of Spokane, and the Federal Home Loan Bank.

The Spokane Housing Authority holds legal title to the property, and on June 7, 2006 a financing lease agreement was entered into between the Authority and Cornerstone II – The Borning Building Limited Partnership. The lease allows the limited partnership to remain the owner for federal income tax purposes, and gives it an equity interest in all improvements to the property plus debt service payments.

The partnership agreement for the Cornerstone II – The Borning Building LP stipulates that partnership management fees be paid to the Authority in the amount of \$15,000 annually for services rendered in managing the business of the partnership. The fee is to be paid to the extent cash flow is available and if net cash flow is not available, the fee shall accrue. For the year ended December 31, 2019, the partnership management fee expense was \$15,000. Total partnership management fees owed as of December 31, 2019 were \$180,000. Pursuant to the Property Management and Operating Agreement for the Cornerstone Courtyard, the partnership is required to pay the Authority a monthly management fee for its daily operation of the project. Effective June 2008, the fee equals 8% of the project's monthly gross rental income excluding vacancies and concessions. For the period ended December 31, 2019 the property management fee incurred and paid was \$29,299.

Cornerstone II – Helena Apartments Limited Partnership – was formed on December 7, 2007 for the purpose of acquiring, developing, leasing, operating and managing the Pearl on Adams Apartments. The partnership was formed pursuant to the provisions of the Washington Uniform Limited Partnership Act, RCW 25.10. The initial general partner was the Spokane Housing Authority with .01% share of ownership in the project, and the initial limited partner was the Washington Housing Equity Alliance, with ownership of 99.99%. On December 31, 2007, the Northwest Housing Group LLC, of which Spokane Housing Authority is the sole member, was admitted as the general partner, with a .01% share of ownership in the project. On December 9, 2008, U.S. Bancorp Community Investment Corporation was admitted as the new limited partner. On September 25, 2015, U.S. Bancorp Community Development Corporation withdrew from the partnership and USB LIHTC Fund 2015-4, LLC was admitted as the replacement limited partner.

Spokane Housing Authority, Washington

Notes to Basic Financial Statements

For the Year Ended December 31, 2019

NOTE 13— COMPONENT UNITS (continued):

The partnership is organized to comply with Section 42 of the IRS Tax Code and applicable federal, state and local regulations and with loan conditions required by the project documents in order to obtain low income housing tax credits, cash income, and tax deductions from depreciation.

The Pearl on Adams Apartments was completed in November 2009 and has 35 one-bedroom units for low income, homeless and disabled tenants. Funding was provided by Low-Income Housing Tax Credits, Federal Historic Rehabilitation Tax Credits, the Washington State Housing Trust Fund, the City of Spokane, U.S. Bank National Association, and Bank of America.

The Spokane Housing Authority holds legal title to the property, and on September 9, 2008 a financing lease agreement was entered into between the Authority and Cornerstone II – Helena Apartments, LP. The lease allows the limited partnership to remain the owner for federal income tax purposes, and gives it an equity interest in all improvements to the property plus debt service payments.

The partnership agreement for the Cornerstone II – Helena Apartments LP stipulates that partnership management fees be paid to the Authority in the amount of \$7,500 annually for services rendered in managing the business of the partnership. The fee is to be paid to the extent cash flow is available and if net cash flow is not available, the fee shall not accrue. For the period ended December 31, 2019 the partnership management fee expense was \$7,500. Total partnership management fees owed as of December 31, 2019 were \$7,500.

Pursuant to the Property Management and Operating Agreement for the Pearl on Adams, the partnership is required to pay the Authority a monthly management fee for its daily operation of the project. Effective in 2009, the fee equals 7% of the project's monthly gross rental income excluding vacancies and concessions. For the period ended December 31, 2019 the property management fee incurred and paid was \$16,476.

Martindale Apartments Limited Partnership – was formed on December 23, 2008 for the purpose of acquiring, developing, leasing, operating and managing the Agnes Kehoe Place Apartments. The partnership was formed pursuant to the provisions of the Washington Uniform Limited Partnership Act, RCW 25.10. Martindale Manager LLC, of which Spokane Housing

Authority is the sole member, is the general partner, with a .01% share of the ownership, and the initial limited partner was Washington Housing Equity Alliance, with ownership of 99.99%. On November 12, 2010, U.S. Bancorp Community Development Corporation was admitted as the new limited partner. On December 6, 2013, U.S. Bancorp Community Development Corporation withdrew from the partnership and LIHTC Fund 2013-5, LLC was admitted as the replacement limited partner.

The partnership is organized to comply with Section 42 of the IRS Tax Code and applicable federal, state and local regulations and with loan conditions required by the project documents in order to obtain low income housing tax credits, cash income, and tax deductions from depreciation.

The Agnes Kehoe Place Apartments comprising of 51 units was completed in January 2012. Funding was provided by Low-Income Housing Tax Credits, Federal Historic Rehabilitation Tax Credits, the Washington State Housing Trust Fund, the City of Spokane, and U.S. Bank National Association.

The Spokane Housing Authority holds legal title to the property, and on June 22, 2010 a financing lease agreement was entered into between the Authority and Martindale Apartments Limited Partnership. The lease allows the limited partnership to remain the owner for federal income tax purposes, and gives it an equity interest in all improvements to the property plus debt service payments.

The partnership agreement for the Martindale Apartments, LP dated November 12, 2010, stipulates that an annual noncumulative partnership management fee be paid to the Authority in an amount up to \$25,000 annually for services rendered in managing the business of the partnership. The fee is to be paid to the extent cash flow is available and if net cash flow is not available, the fee shall not accrue. For the period ended December 31, 2019 the partnership management fee expense was \$25,000. Total partnership management fees owed as of December 31, 2019 were \$25,000.

Spokane Housing Authority, Washington

Notes to Basic Financial Statements

For the Year Ended December 31, 2019

NOTE 13— COMPONENT UNITS (continued):

Pursuant to the Property Management and Operating Agreement for the Agnes Kehoe Place, the partnership is required to pay the Authority a monthly management fee for its daily operation of the project. Effective in 2012, the fee equals 7.5% of the project's monthly gross rental income excluding vacancies and concessions. For the period ended December 31, 2019 the property management fee incurred and paid was \$27,666.

Cedar Haven, LLLP – was formed on April 3, 2015 for the purpose of acquiring, developing, leasing, operating and managing the Cedar West Apartments and Woodhaven Apartments. The partnership was formed pursuant to the provisions of the Washington Uniform Limited Partnership Act, RCW 25.10. The initial general partner was the Spokane Housing Authority with .01% share of ownership in the project, and the initial limited partner was SHA Initial Limited Party LLC, of which Spokane Housing Authority is the sole member, with ownership of 99.99%. On September 30, 2015, CREA Cedar Haven, LLC was admitted as the new limited partner with 99.989% ownership, and CREA SLP, LLC was admitted as the special limited partner with .001% ownership.

The partnership is organized to comply with Section 42 of the IRS Tax Code and applicable federal, state and local regulations and with loan conditions required by the project documents in order to obtain low income housing tax credits, cash income, and tax deductions from depreciation.

The rehabilitation of the Cedar West Apartments and Woodhaven Apartments was completed December 31, 2016. Combined the properties have 146 units for low-income households. Funding was provided by Low-Income Housing Tax Credits bonds issued by the Authority on behalf of the partnership purchased by Banner Bank, and an Authority issued seller financed note.

The Spokane Housing Authority holds legal title to the property, and on September 30, 2015 a financing lease agreement was entered into between the Authority and Cedar Haven, LLLP which required an initial capitalized rent of \$9,025,000. Of this amount, \$4,025,000 was paid in cash and the remainder was paid through the issuance of an Authority issued seller financed note. Annual base rent of \$10,000 per year is payable each January 1 through December 31, 2114 unless terminated earlier. The annual base rent will increase 5% commencing on January 1, 2026 and every tenth January 1 thereafter. The annual base rent is to be paid to the extent cash flow is available and shall accrue annually. Any unpaid amounts shall bear interest at 2.64%. For the period ended December 31, 2019, the annual base rent expense was \$10,000. Total base rent payable to the Authority along with accrued interest as of December 31, 2019 was \$0. The lease allows the limited partnership to remain the owner for federal income tax purposes, and gives it an equity interest in all improvements to the property plus debt service payments.

Pursuant to the Property Management and Operating Agreement for Cedar West Apartments and Woodhaven Apartments, the partnership is required to pay the Authority a monthly management fee for its daily operation of the project. Effective in 2015, the fee equals 5% of the project's monthly effective gross income excluding vacancies, concessions and allowances. For the period ended December 31, 2019 the property management fee incurred and paid was \$62,277.

Pursuant to the Development Agreement for Cedar Haven, LLLP, the Authority is entitled to a development fee in the amount of \$2,350,000. As of December 31, 2019, the developer fee note payable to the Authority was \$1,157,502 and bears interest at 1% per annum. Payments are to be paid from available cash flow as defined in the Partnership Agreement for Cedar Haven LLLP. The unpaid balance of development fee must be paid in full by December 31, 2029. As of December 31, 2019 interest payable on the developer fee was \$8,682.

Parsons, Limited Liability Limited Partnership – was formed on April 3, 2015 for the purpose of acquiring, developing, leasing, operating and managing the Parsons Apartments. The partnership was formed pursuant to the provisions of the Washington Uniform Limited Partnership Act, RCW 25.10. The initial general partner was the Spokane Housing Authority with .01% share of ownership in the project, and the initial limited partner was SHA Initial Limited Party LLC, of which Spokane Housing Authority is the sole member, with ownership of 99.99%. On January 29, 2016, CREA Parsons Apartments, LLC was admitted as the new limited partner with 99.989% ownership, and CREA SLP, LLC was admitted as the special limited partner with .001% ownership.

Spokane Housing Authority, Washington

Notes to Basic Financial Statements

For the Year Ended December 31, 2019

NOTE 13— COMPONENT UNITS (continued):

The partnership is organized to comply with Section 42 of the IRS Tax Code and applicable federal, state and local regulations and with loan conditions required by the project documents in order to obtain low income housing tax credits, cash income, and tax deductions from depreciation.

The rehabilitation of the 50 unit Parsons Apartments was completed December 31, 2016. Funding was provided by Low-Income Housing Tax Credits, a bond issued by the Authority on behalf of the partnership purchased by Banner Bank, an Authority issued seller financed note and sponsor note.

The Spokane Housing Authority holds legal title to the property, and on January 29, 2016 a financing lease agreement was entered into between the Authority and Parsons, LLLP which required an initial capitalized rent of \$2,925,000. Of this amount, \$700,000 was paid in cash and the remainder was paid through the issuance of an Authority issued seller financed note. Annual base rent of \$10,000 per year is payable each January 1 through December 31, 2115 unless terminated earlier. The annual base rent will increase 5% commencing on January 1, 2027 and every tenth January 1 thereafter. The annual base rent is to be paid to the extent cash flow is available and shall accrue annually. Any unpaid amounts shall bear interest at 2.65%. For the period ended December 31, 2019, the annual base rent expense was \$10,000. Total base rent payable to the Authority along with accrued interest as of December 31, 2019 was \$0. The lease allows the limited partnership to remain the owner for federal income tax purposes, and gives it an equity interest in all improvements to the property plus debt service payments.

Pursuant to the Property Management and Operating Agreement for the Parsons Apartments, the partnership is required to pay the Authority a monthly management fee for its daily operation of the project. Effective in 2016, the fee equals 5% of the project's monthly effective gross income excluding vacancies, concessions and allowances. For the period ended December 31, 2019 the property management fee incurred and paid was \$22,172.

Pursuant to the Development Agreement for Parsons, LLLP, the Authority is entitled to a development fee in the amount of \$725,000. As of December 31, 2019, the developer fee note payable to the Authority was \$100,562 and bears interest at 1% per annum. Payments are to be paid from available cash flow as defined in the Partnership Agreement for Parsons LLLP. The unpaid balance of development fee must be paid in full by December 31, 2029. As of December 31, 2019 interest payable on the developer fee was \$503.

Wilbur and Cook Affordable Portfolio, Limited Liability Limited Partnership – was formed on November 29, 2016 for the purpose of acquiring, developing, leasing, operating and managing the Heritage Heights Apartments, Westfall Village Apartments and Valley 206 Apartments. The partnership was formed pursuant to the provisions of the Washington Uniform Limited Partnership Act, RCW 25.10. The initial general partner was the Spokane Housing Authority with .01% share of ownership in the project, and the initial limited partner was SHA Initial Limited Party LLC, of which Spokane Housing Authority is the sole member, with ownership of 99.99%. On September 1, 2017, BCP/Wilbur Cook, LLC was admitted as the new limited partner with 99.99% ownership, and BCCC, Inc. was admitted as the special limited partner with 0% ownership.

The partnership is organized to comply with Section 42 of the IRS Tax Code and applicable federal, state and local regulations and with loan conditions required by the project documents in order to obtain low income housing tax credits, cash income, and tax deductions from depreciation.

The rehabilitation of the 379 affordable units was complete as of December 31, 2018. Funding was provided by Low-Income Housing Tax Credits, a bond issued by the Authority on behalf of the partnership purchased by Banner Bank, an Authority issued seller financed note and two sponsor notes.

The Spokane Housing Authority holds legal title to the property, and on September 14, 2017 a financing lease agreement was entered into between the Authority and Wilbur and Cook Affordable Portfolio, LLLP which required an initial capitalized rent of \$31,400,000. Of this amount, \$16,100,000 was paid in cash and the remainder was paid through the issuance of an Authority issued seller financed note. Annual base rent of \$1 per year is payable each January 1 through December 31, 2116 unless terminated earlier. The annual base rent will increase 5% commencing on January 1, 2028 and every tenth January 1 thereafter. The annual base rent is to be paid to the extent cash flow is available and shall accrue annually. Any unpaid amounts shall bear interest at 2.60%. For the period ended December 31, 2019, the annual base rent expense was \$1. Total

Spokane Housing Authority, Washington

Notes to Basic Financial Statements

For the Year Ended December 31, 2019

NOTE 13— COMPONENT UNITS (continued):

base rent payable to the Authority along with accrued interest as of December 31, 2019 were \$3. The lease allows the limited partnership to remain the owner for federal income tax purposes, and gives it an equity interest in all improvements to the property plus debt service payments.

Pursuant to the Property Management and Operating Agreement for Heritage Heights Apartments, Westfall Village Apartments and Valley 206 Apartments, the partnership is required to pay the Authority a monthly management fee for its daily operation of the project. Effective in 2017, the fee equals 6% of the project's monthly effective gross income excluding vacancies, concessions and allowances. For the period ended December 31, 2019 the property management fee incurred and paid was \$181,621.

Pursuant to the Development Agreement for Wilbur and Cook Affordable Portfolio, LLLP, the Authority is entitled to a development fee in the amount of \$7,700,000. As of December 31, 2019, the developer fee payable to the Authority was \$7,450,000. Any development fee not paid by the fourth installment of the Limited Partner's capital contribution will be paid from available cash flow as defined in the Partnership Agreement for Wilbur and Cook Affordable Portfolio, LLLP and will bear no interest. The unpaid balance of development fee must be paid in full on or before December 31, 2032 in accordance with the Development Agreement dated September 1, 2017 between the Partnership and the Authority or the date of liquidation of the Partnership.

NOTE 14 —RISK MANAGEMENT:

The Authority is exposed to all of the common perils associated with the ownership and rental of real estate property. A risk management program is currently in place to minimize loss occurrence and to transfer risk through various levels of insurance. All common risks relating to property, casualty, employee and public official's liability are covered by insurance, subject to appropriate deductibles. Claims that the Authority have settled have not exceeded insurance coverage during the past three years

The Authority is a member of the Housing Authorities Risk Retention Pool (HARRP). Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Inter-local Cooperation Act), fifty-five public housing authorities in the states of Washington, Oregon and California originally formed HARRP in March 1987. HARRP was created for the purposes of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and/or jointly contracting for risk management services. HARRP has a total of ninety-two members in the in the states of Washington, Oregon, California and Nevada. Thirty-six of the ninety-two members are Washington public housing entities.

New members originally contract for a three year term and thereafter automatically renew on an annual basis. Members may quit (after completion of the three year commitment) upon giving notice to HARRP prior to their renewal date. HARRP can terminate members after giving a sixty (60) day notice prior to the renewal date. Termination does not relieve a former member from its unresolved losses incurred during membership.

General and Automobile Liability coverage's are written on an occurrence basis, without member deductibles. Errors & Omissions coverage (which includes Employment Practices Liability) is written on a claims made basis, and the members are responsible for 10% of the incurred cost of the claims. (Due to special underwriting circumstances, some members may be subject to a greater E&O co-payment.) The Property coverage offered by HARRP is on a replacement cost basis with deductibles ranging from \$1,000 to \$25,000. Fidelity coverage, with limits of \$100,000 (with options up to \$500,000) for employee dishonesty and forgery or alteration and \$10,000 for theft are also provided with deductibles the same as Property.

Coverage limits for General Liability, Errors & Omissions and Property are \$2,000,000 per occurrence and \$2,000,000 annual aggregate. (some members have chosen greater Property limits for higher valued properties.) Limits for Automobile Liability are \$1,000,000/\$1,000,000.

HARRP self-insures the full layer of coverage for liability lines (\$2,000,000 per occurrence and \$2,000,000 annual aggregate). There is no purchased reinsurance above this limit. For property, HARRP retains \$2,000,000 and \$63,000,000 of reinsurance from St. Paul/Travelers Insurance Company for a combined total of \$65,000,000. The HARRP Board of Directors determines the limits and coverage terms, at its sole discretion.

Spokane Housing Authority, Washington
Notes to Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 14 — RISK MANAGEMENT (continued):

HARRP provides loss control services, claim investigation and adjusting, litigation management and defense with in-house staff and retained third party contractors.

HARRP is fully funded by member assessments that are adjusted by the HARRP Board on the basis of independent actuarial studies. These assessments cover loss, loss adjustment expenses, reinsurance and other administrative expenses. HARRP does not have the right to assess the membership for any shortfall in its funding. Such shortfalls are made up through future rate adjustments.

NOTE 15 — CONTINGENCIES AND LITIGATION:

There are no material contingent liabilities to record in the Authority's financial statements as of December 31, 2019.. In the opinion of management, the Authority's insurance policies are adequate to pay all known or pending claims.

The Authority participates in a number of federal and state assisted programs. These grants are subject to audit by the grantors or their representatives. Such audits could result in requests for reimbursement to grantor agencies for expenditures disallowed under terms of the grants. The Authority's management believes that such disallowance, if any, would be immaterial.

NOTE 16 — SPECIAL ITEM:

Significant transactions or events that are either unusual in nature or infrequent in occurrence, and are within the control of management are classified as special items. During the period ending December 31, 2019 there were no special items to report.

NOTE 17 — EXTRAORDINARY ITEMS:

Significant transactions or events that are either unusual in nature or infrequent in occurrence, and are also not within the control of management are classified as extraordinary items. During the period ending December 31, 2019 there were no extraordinary items to report.

NOTE 18 — SUBSEQUENT EVENTS:

Events that occur after the financial statement date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the financial statement date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the financial statement date require disclosure in the accompanying notes to the financial statements. Management has evaluated events and transactions occurring after December 31, 2019 through the date the financial statements were available for issuance, for recognition or disclosure in the financial statements and concluded that the following require disclosure:

- In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of a deadly new virus. In the weeks following the declaration, precautionary measures to slow the spread of the virus have been ordered. These measures include closing schools, colleges and universities, cancelling public events, prohibiting public and private gatherings, and requiring people to stay home unless they are leaving for an essential function. As of July 31, 2020, Spokane County remains in a Phase II re-opening plan, which incorporates many of the above measures however allowing people to go about their daily lives with a mandatory requirement to wear masks in public settings where six feet of distance cannot be maintained.

Spokane Housing Authority, Washington

Notes to Basic Financial Statements

For the Year Ended December 31, 2019

NOTE 18 — SUBSEQUENT EVENTS (continued):

On March 27, 2020 the President signed the Coronavirus Aid, Relief, and Economic Security (CARES) Act, in part for eligible ongoing administrative and other expenses incurred by public housing authorities (PHAs), including “activities to support or maintain the health and safety of assisted individuals and families, and costs related to retention and support of participating owners.” The Authority was awarded \$747,030 in Section 8 Housing Choice Voucher and Mainstream Voucher administrative fees for COVID-19 related costs as outlined in PIH Notice 2020-08. In a second round of funding, the Authority was awarding an additional \$971,351 in Section 8 Housing Choice Voucher and Mainstream Voucher administrative fees for COVID-19 related costs as outlined in PIH Notice 2020-18. On May 18, 2020, an additional thirty Mainstream Vouchers were awarded to the Authority as authorized by the CARES Act with an initial budget authority of \$198,020.

The Authority has incurred minimal operational expenses related to the COVID-19 shutdown. Operational costs experienced were primarily to supply staff and stock properties with appropriate personal protective equipment (PPE) and in IT equipment to enable all staff, who were able, to work remotely. The initial round of CARES Housing Choice Voucher administrative fee funding is primarily being used to provide upgrades to the Authority’s IT systems allowing for additional flexibility and mobility of staff to maintain current customer service levels.

In mid-March, the Governor of the State of Washington first proclaimed a moratorium on evictions. The original moratorium applied only to dwellings that are captured in the Landlord Tenant Act, and prevented a landlord from evicting or seeking an unlawful detainer order, prohibited landlords from serving any eviction order, or otherwise assisting in an eviction and provided exceptions for property damage, danger posed by a person to the safety/health of other or property. The Governor has subsequently proclaimed several amendments expanding the original proclamation to include non-exclusively: prohibitions on enforcement of agreements to vacate; prohibitions on landlords from requiring a non-paying tenant to move to a lesser unit, and preventing landlords from threatening to take action against tenants; prohibition on landlords from assessing or threatening to assess late fees or other charges for non-payments; and prohibitions on landlords from increasing rent or deposits for residential and commercial units. The moratorium on evictions is currently in effect through October 15, 2020. The Authority has complied with the Governor’s proclamations and immediately communicated with residents implementing deferment/repayment plans for all tenants who are experiencing income changes and are unable to pay rent. With these efforts, rent collections have remained roughly stable at an average of 97.7% from April 2020 through July 2020.

The length of time that these measures to combat the ramifications of COVID-19 and the full extent of the financial impact on the Authority is unknown at this time.

- On March 3, 2020, the Authority drew funds from a new Washington State Department of Commerce, Housing Trust Fund loan in the amount of \$148,830 to fund the Hifumi En Elevator modernization project. This was the first and final draw for this project, which amounted to \$166,549, with the remaining \$17,719 being funded from replacement reserves of the property.
- On March 19, 2020, the Wilbur and Cook Affordable Portfolio, LLLP component unit received its final tax credit equity installment of \$3,057,655.29 at which time \$2,867,475.29 was applied toward the Developer Fee Note payable to the Authority.

Spokane Housing Authority, Washington
Notes to Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 18 — SUBSEQUENT EVENTS (continued):

- On October 30, 2019, the Authority converted the Public Housing operating subsidy on its' remaining 74 public housing units to project based funding under HUD's Rental Assistance Demonstration (RAD) program, and transferred the funding to the Cedar West Apartments, a project in the Authority's portfolio, and Claire View Apartments, a non affiliated non profit affordable housing project.. The single family homes began selling in early 2020 and we anticipate all sales to be final early 2021. Proceeds from these sales are to be used for affordable housing purposes as defined in Housing Notice 2019-01 and Public Housing Notice 2019-23 (RAD Notice REV4). As of July 31, 2020, twenty five previously Public Housing households have been relocated successfully with twenty single family homes sold for a net proceeds of \$3,945,340.43 and five additional homes currently listed for sale.

Spokane Housing Authority, Washington
Schedule of Proportional Share of the Net Pension Liability
PERS Plan 1 and PERS Plan 2/3
As of June 30, 2019 (measurement date)
Last 10 Fiscal Years*

	2013	2014	2015	2016	2017	2018	2019
PERS # 1							
Employer's proportion of the net pension liability (asset)	0.026766%	0.024856%	0.022717%	0.022955%	0.022005%	0.021386%	0.211330%
Employer's proportionate share of the net pension liability	\$ 1,564,005	\$ 1,252,133	\$ 1,188,310	\$ 1,232,792	\$ 1,044,154	\$ 955,106	\$ 812,627
Covered payroll**	\$ 2,858,418	\$ 2,733,973	\$ 2,603,865	\$ 2,765,005	\$ 2,774,922	\$ 2,854,061	\$ 2,968,308
Employer's proportionate share of the net pension liability as a percentage of covered payroll	54.72%	45.80%	45.64%	44.59%	37.63%	33.46%	27.38%
Plan fiduciary net position as a percentage of the total pension liability		61.19%	59.10%	57.03%	61.24%	63.22%	67.12%
PERS # 2/3							
Employer's proportion of the net pension liability (asset)	0.033966%	0.031303%	0.029346%	0.029377%	0.028304%	0.027319%	0.273030%
Employer's proportionate share of the net pension liability	\$ 1,450,353	\$ 632,747	\$ 1,048,549	\$ 1,479,109	\$ 983,429	\$ 466,448	\$ 265,205
Covered Payroll**	\$ 2,858,418	\$ 2,733,973	\$ 2,603,865	\$ 2,765,005	\$ 2,774,922	\$ 2,854,061	\$ 2,968,308
Employer's proportionate share of the net pension liability as a percentage of covered payroll	50.74%	23.14%	40.27%	53.49%	35.44%	16.34%	8.93%
Plan fiduciary net position as a percentage of the total pension liability		93.29%	82.20%	85.82%	90.97%	95.77%	96.36%

*Until a full 10-year trend in compiled, only information for those years available is presented.

**Covered payroll is the payroll on which contributions to a pension plan are based (GASB 82, par. 5)

Notes to the Schedule of Proportional Share of the Net Pension Liability:

NOTE 1 - CHANGES OF BENEFIT TERMS:

There were no changes in the benefit terms for the Pension Plans.

NOTE 2 - CHANGES OF ASSUMPTIONS:

There were no changes in methods and assumption since the last valuation.

Spokane Housing Authority, Washington
Schedule of Employer Contributions
PERS Plan 1 and PERS Plan 2/3
For the Year Ended December 31, 2019
Last 10 Fiscal Years*

	2013	2014	2015	2016***	2017	2018	2019
PERS # 1							
Contractually required contributions	\$ 69,414	\$ 110,020	\$ 104,473	\$ 195,173	\$ 137,343	\$ 146,653	\$ 152,773
Contributions in relation to the contractually required contributions	\$ (69,414)	\$ (110,020)	\$ (104,473)	\$ (195,173)	\$ (137,343)	\$ (146,653)	\$ (152,773)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll**	\$ 2,858,418	\$ 2,733,973	\$ 2,603,865	\$ 4,127,567	\$ 2,815,675	\$ 2,901,448	\$ 3,061,719
Contributions as a percentage of covered payroll	2.43%	4.02%	4.01%	4.73%	4.88%	5.05%	4.99%
PERS # 2/3							
Contractually required contributions	\$ 131,809	\$ 132,238	\$ 130,657	\$ 254,480	\$ 190,127	\$ 217,532	\$ 238,656
Contributions in relation to the contractually required contributions	\$ (131,809)	\$ (132,238)	\$ (130,657)	\$ (254,480)	\$ (190,127)	\$ (217,532)	\$ (238,656)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll**	\$ 2,858,418	\$ 2,733,973	\$ 2,603,865	\$ 4,127,567	\$ 2,815,675	\$ 2,901,448	\$ 3,061,719
Contributions as a percentage of covered payroll	4.61%	4.84%	5.02%	6.17%	6.75%	7.50%	7.79%

*Until a full 10-year trend in compiled, only information for those years available is presented.

**Covered payroll is the payroll on which contributions to a pension plan are based (GASB 82, par. 5)

*** 2016 is an 18-month reporting period. The Authority's fiscal year end was changed from June 30 to December 31

Notes to the Schedule of Employer Contributions

NOTE 1 - CHANGES OF BENEFIT TERMS:

There were no changes in the benefit terms for the Pension Plans.

NOTE 2 - CHANGES OF ASSUMPTIONS:

There were no changes in methods and assumption since the last valuation.

NOTE 3 - CHANGES OF FISCAL YEAR END:

An eighteen-month reporting period (July 1, 2015 - December 31, 2016) is reporting for 2016. The fiscal year end of the Authority was changed from June 30 to December 31.

**Spokane Housing Authority
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2019**

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
ASST SECRETARY FOR HOUSING--FEDERAL HOUSING COMMISSIONER, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Multifamily Housing Service Coordinators	14.191	WA19HS10006	-	40,629	40,629	-	1, 2
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via County of Spokane)	Home Investment Partnerships Program	14.239	2017-0002-1147	45,019	-	45,019	-	1, 2
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via County of Spokane)	Home Investment Partnerships Program	14.239	2018-0001-1188	23,879	-	23,879	-	1, 2
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via City of Spokane)	Home Investment Partnerships Program	14.239	OPR2015-0352	10,752	-	10,752	-	1, 2
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via City of Spokane)	Home Investment Partnerships Program	14.239	OPR2015-0353	45,277	-	45,277	-	1, 2
Total CFDA 14.239:				124,927	-	124,927	-	

Spokane Housing Authority
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2019

Expenditures

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	From Pass- Through Awards	From Direct Awards	Total	Passed through to Subrecipients	Note
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Washington Department of Health)	Housing Opportunities for Persons with AIDS	14.241	CBO23414	119,723	-	119,723	-	1, 2
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Washington Department of Health)	Housing Opportunities for Persons with AIDS	14.241	CBO23534	120,048	-	120,048	-	1, 2
Total CFDA 14.241:				239,771	-	239,771	-	
Section 8 Project-Based Cluster								
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Section 8 Moderate Rehabilitation Single Room Occupancy	14.249	WA055SRO003	-	106,603	106,603	-	1, 2
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Section 8 Moderate Rehabilitation Single Room Occupancy	14.249	WA055SRO006	-	301,456	301,456	-	1, 2
Total Section 8 Project-Based Cluster:				-	408,059	408,059	-	
ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Public and Indian Housing	14.850	WA055-000002	-	286,913	286,913	-	1, 2

Housing Voucher Cluster

The accompanying notes are an integral part of this schedule.

Spokane Housing Authority
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2019

Expenditures

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	From Pass- Through Awards	From Direct Awards	Total	Passed through to Subrecipients	Note
ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Section 8 Housing Choice Vouchers	14.871	WA055VOWA0 55AF	-	32,107,937	32,107,937	-	1, 2,
ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Mainstream Vouchers	14.879	WA055VOWA0 55AF	-	123,063	123,063	-	1, 2
Total Housing Voucher Cluster:				-	32,231,000	32,231,000	-	
ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Public Housing Capital Fund	14.872	WA01P055501- 17/WA01P0555 01- 18/WA01P0555 01-19	-	237,626	237,626	-	1, 2
Total Federal Awards Expended:				364,698	33,204,227	33,568,925	-	

Spokane Housing Authority, Washington
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2019

NOTE 1 — BASIS OF ACCOUNTING:

The accompanying Schedule of Expenditures of Federal Awards ("Schedule") presents the activity of all federal financial assistance programs of the Spokane Housing Authority ("Authority"). The Authority's reporting entity is defined in Note 1 to the Authority's financial statements. All federal financial assistance received directly from the federal government as well as federal financial assistance that is passed through from other governmental agencies is required to be included on the Schedule.

The Schedule is prepared on the same basis of accounting as the Authority's financial statements. The Authority uses GAAP basis to report on the Schedule. For the purposes of the Schedule, depreciation expense is not recorded and the cost of fixed asset additions are included as an expenditure.

NOTE 2 — PROGRAM COSTS:

The amounts shown as current year expenditures represent only the federal grant portion of the program costs. Entire program costs, including the Authority's portion, are more than shown. Such expenditures are recognized following, as applicable, either the cost principles in the OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 — INDIRECT COST RATE:

The Authority has not elected to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

Spokane Housing Authority, Washington
Supplemental Financial Data Schedule
December 31, 2019

Line Item #	Account description	Low Rent Scattered Sites WA 055000002	14.871 Housing Choice Vouchers	6.1 Component Units - Discretely Presented	2 State/ Local	1 Business Activities
111	Cash-unrestricted	\$ 39,579	\$ 2,092,059	\$ 1,129,517	\$ 36,024	\$ 90,1743
112	Cash-restricted-modernization and development	-	-	-	-	795,678
113-030	Cash-other restricted	-	163,860	2,638,237	-	-
114	Cash-tenant security deposits	-	-	271,489	-	30,012
115	Cash - Restricted for payment of current liability	-	1304	-	-	-
100	Total Cash	<u>39,579</u>	<u>2,257,223</u>	<u>4,039,243</u>	<u>36,024</u>	<u>1,727,433</u>
121	Accounts receivable - PHA projects	-	13,533	-	-	-
122-020	Accounts receivable - HUD other projects - Capital fund	-	-	-	-	-
122-030	Accounts receivable - HUD other projects - Other	-	43,950	-	-	-
124	Account receivable - other government	-	-	-	87,124	6,355
125-040	Account receivable - miscellaneous - Tax Credit	-	-	22,296	-	-
125-050	Account receivable - miscellaneous - Other	-	3,927	-	443	-
126.0	Accounts receivable - tenants	-	-	100,018	-	32,696
126.1	Allowance for doubtful accounts - tenants	-	-	(4,500)	-	-
127	Notes, Loans, & Mortgages Receivable - Current	-	-	-	-	-
128	Fraud recovery	-	-	-	-	-
128.1	Allowance for doubtful accounts - fraud	-	-	-	-	-
129	Accrued interest receivable	-	-	-	-	2,091,548
120	Total receivables, net of allowance for doubtful accounts	<u>-</u>	<u>61,410</u>	<u>117,814</u>	<u>87,567</u>	<u>2,130,599</u>
131	Investments - unrestricted	-	-	-	-	-
132	Investments - restricted	-	-	-	-	-
135	Investments - Restricted for payment of current liability	-	-	-	-	-
142	Prepaid expenses and other assets	-	36,143	96,086	-	13,261
143	Inventories	-	-	-	-	-
143.1	Allowance for obsolete inventories	-	-	-	-	-
144-010	Inter program - due from	-	-	-	-	-
145	Assets held for sale	-	-	-	-	-
150	Total Current Assets	<u>39,579</u>	<u>2,354,776</u>	<u>4,253,143</u>	<u>123,591</u>	<u>3,871,293</u>
161	Land	-	-	2,576,941	-	790,000
162	Buildings	-	-	109,280,183	-	5,850,736
163	Furniture, equipment and machinery - dwellings	-	-	2,478,430	-	466,915
164	Furniture, equipment and machinery - administration	-	13,885	165,280	-	10,1703
165	Leasehold improvements	-	54,091	2,434,445	-	2,566,636
166	Accumulated depreciation	-	(34,586)	(16,873,599)	-	(7,129,526)
167	Construction in progress	-	-	-	-	-
168	Infrastructure	-	-	-	-	-
160	Total capital assets, net of accumulated depreciation	<u>-</u>	<u>33,390</u>	<u>100,061,680</u>	<u>-</u>	<u>2,646,464</u>
171	Notes, Loans, & mortgages receivable – Non-current	-	-	-	-	35,748,064
172	Notes, Loans, & mortgages receivable – Non-current - past due	-	-	-	-	-
173	Grants receivable – Non-current	-	-	-	-	-
174	Other assets	-	-	418,463	-	3
176	Investment in joint venture	-	-	-	-	-
180	Total Non-current Assets	<u>-</u>	<u>33,390</u>	<u>100,480,143</u>	<u>-</u>	<u>38,394,531</u>
190	Total Assets	<u>39,579</u>	<u>2,388,166</u>	<u>104,733,286</u>	<u>123,591</u>	<u>42,265,824</u>
200	Deferred outflow of Resources	<u>-</u>	<u>101,111</u>	<u>-</u>	<u>-</u>	<u>16,852</u>
290	Total Assets and Deferred Outflow of Resources	<u>\$ 39,579</u>	<u>\$ 2,489,277</u>	<u>\$ 104,733,286</u>	<u>\$ 123,591</u>	<u>\$ 42,282,676</u>

Spokane Housing Authority, Washington
Supplemental Financial Data Schedule (Continued)
December 31, 2019

14.239 HOME Investment Partnerships Program	14.241 Housing Opportunities for Person with Aids	14.879 Mainstream Vouchers	8 Other Federal Program 1	14.249 Section 8		COCC	Subtotal	ELIM	Total
				Moderate Rehabilitation Single Room Occupancy	14.191 Multifamily Housing Service Coordinators				
\$ -	\$ -	\$ 19,575	\$ 220,129	\$ 100,949	\$ -	\$ 2,392,349	\$ 6,931,924	\$ -	\$ 6,931,924
-	-	-	-	-	-	-	795,678	-	795,678
-	-	326,830	-	-	-	139,175	3,268,102	-	3,268,102
-	-	-	-	-	-	2,800	304,301	-	304,301
-	-	-	7,139	20,788	-	-	29,231	-	29,231
-	-	346,405	227,268	121,737	-	2,534,324	11,329,236	-	11,329,236
-	-	-	-	-	-	-	13,533	-	13,533
-	-	-	-	-	-	-	-	-	-
-	-	-	1,704	819	12,196	-	58,669	-	58,669
13,367	49,922	-	-	-	-	-	156,768	-	156,768
-	-	-	-	-	-	326,316	348,612	-	348,612
-	-	-	253	-	-	34,818	39,441	-	39,441
-	-	-	-	-	-	3,302	136,016	-	136,016
-	-	-	-	-	-	-	(4,500)	-	(4,500)
-	-	-	-	-	-	7,405	7,405	7,405	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	2,091,548	-	2,091,548
13,367	49,922	-	1,957	819	12,196	371,841	2,847,492	7,405	2,840,087
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	60,890	206,380	-	206,380
-	-	-	-	-	-	1,767	1,767	-	1,767
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	138,482	138,482	138,482	-
-	-	-	-	-	-	-	-	-	-
13,367	49,922	346,405	229,225	122,556	12,196	3,107,304	14,523,357	145,887	14,377,470
-	-	-	-	-	-	437,563	3,804,504	-	3,804,504
-	-	-	-	-	-	2,870,299	118,001,218	-	118,001,218
-	-	-	-	-	-	-	2,945,345	-	2,945,345
-	-	-	-	-	-	215,340	496,208	-	496,208
-	-	-	-	-	-	293,555	5,348,727	-	5,348,727
-	-	-	-	-	-	(1,276,717)	(25,314,428)	-	(25,314,428)
-	-	-	-	-	-	1,213,958	1,213,958	-	1,213,958
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	3,753,998	106,495,532	-	106,495,532
-	-	-	-	-	-	-	35,748,064	-	35,748,064
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	274,694	693,160	-	693,160
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	4,028,692	142,936,756	-	142,936,756
13,367	49,922	346,405	229,225	122,556	12,196	7,135,996	157,460,113	145,887	157,314,226
-	-	-	-	-	-	162,900	280,863	-	280,863
\$ 13,367	\$ 49,922	\$ 346,405	\$ 229,225	\$ 122,556	\$ 12,196	\$ 7,298,896	\$ 157,740,976	\$ 145,887	\$ 157,595,089

Spokane Housing Authority, Washington
Supplemental Financial Data Schedule (Continued)
December 31, 2019

Line Item #	Account description	Low Rent Scattered Sites WA 055000002	14.871 Housing Choice Vouchers	6.1 Component Units - Discretely Presented	2 State/ Local	1 Business Activities
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts payable <= 90 days	10,261	78,685	488,804	-	123,589
313	Accounts payable > 90 days past due	-	-	-	-	-
321	Accrued wage/payroll taxes payable	-	-	-	-	-
322	Accrued compensated absences - current portion	-	16,126	-	-	1,181
324	Accrued contingency liability	-	-	-	-	-
325	Accrued interest payable	-	-	2,303,983	-	23,956
331	Accounts payable - HUD PHA Programs	-	1,304	-	-	-
332	Accounts payable - PHA Projects	-	-	-	-	-
333	Accounts payable - other government	-	-	-	-	-
341	Tenant security deposits	-	-	271,489	-	30,012
342	Unearned Revenue	-	-	36,747	-	8,633
343	Current portion of long-term debt - capital projects/mortgage revenue bonds	-	-	388,108	-	24,174
344	Current portion of long-term debt - operating borrowings	-	-	-	-	16,875
345	Other current liabilities	-	-	9,426	-	19,069
346	Accrued liabilities - other	-	-	-	-	-
347	Inter program - due to	-	-	-	19,658	26,961
348	Loan liability - current	-	-	-	-	-
310	Total Current Liabilities	10,261	96,115	3,498,557	19,658	274,450
351	Capital Projects/ Mortgage Revenue Bonds	-	-	65,769,972	-	1,696,493
352	Long-term debt, net of current - operating borrowings	-	-	-	-	908,605
353	Non-current liabilities - other	-	-	212,503	-	-
354	Accrued compensated absences- Non-current	-	100,606	-	-	23,853
355	Loan liability - Non-current	-	-	-	-	-
356	FASB 5 Liabilities	-	-	-	-	-
357-010	Accrued Pension and OPEB Liability	-	388,020	-	-	64,670
350	Total Non-Current Liabilities	-	488,626	65,982,475	-	2,693,621
300	Total Liabilities	10,261	584,741	69,481,032	19,658	2,968,071
400	Deferred Inflow of Resources	-	239,535	-	-	39,923
508.4	Net Investment in Capital Assets	-	33,390	33,903,600	-	925,797
511.4	Restricted Net Position	-	165,164	2,638,237	-	795,678
512.4	Unrestricted Net Position	29,318	1,466,447	(1,289,583)	103,933	37,553,207
513	Total Equity - Net Assets/Position	29,318	1,665,001	35,252,254	103,933	39,274,682
600	Total Liabilities, Deferred Inflow of Resources, and Equity - Net Assets/Position	\$ 39,579	\$ 2,489,277	\$ 104,733,286	\$ 123,591	\$ 42,282,676

Spokane Housing Authority, Washington
Supplemental Financial Data Schedule (Continued)
December 31, 2019

14.239 HOME Investment Partnerships Program	14.241 Housing Opportunities for Person with Aids	14.879 Mainstream Vouchers	8 Other Federal Program 1	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.191 Multifamily Housing Service Coordinators	COCC	Subtotal	ELIM	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,291	2,494	5,994	-	-	-	488,492	1,199,610	-	1,199,610
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	142,104	142,104	-	142,104
-	-	-	-	-	-	21,683	38,990	-	38,990
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	3,639	2,331,578	-	2,331,578
-	-	13,581	7,139	20,788	-	-	42,812	-	42,812
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	2,800	304,301	-	304,301
-	-	-	-	-	-	-	45,380	-	45,380
-	-	-	-	-	-	21,600	433,882	-	433,882
-	-	-	-	-	-	-	16,875	7,405	9,470
-	-	-	-	-	-	52,752	81,247	-	81,247
-	-	-	-	-	-	61,017	61,017	-	61,017
35,854	50,544	-	-	-	5,465	-	138,482	138,482	-
-	-	-	-	-	-	-	-	-	-
<u>37,145</u>	<u>53,038</u>	<u>19,575</u>	<u>7,139</u>	<u>20,788</u>	<u>5,465</u>	<u>794,087</u>	<u>4,836,278</u>	<u>145,887</u>	<u>4,690,391</u>
-	-	-	-	-	-	946,719	68,413,184	-	68,413,184
-	-	-	-	-	-	-	908,605	-	908,605
-	-	-	-	-	-	-	212,503	-	212,503
-	-	-	-	-	-	164,350	288,809	-	288,809
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	625,142	1,077,832	-	1,077,832
-	-	-	-	-	-	1,736,211	70,900,933	-	70,900,933
<u>37,145</u>	<u>53,038</u>	<u>19,575</u>	<u>7,139</u>	<u>20,788</u>	<u>5,465</u>	<u>2,530,298</u>	<u>75,737,211</u>	<u>145,887</u>	<u>75,591,324</u>
-	-	-	-	-	-	385,918	665,376	-	665,376
-	-	-	-	-	-	2,785,679	37,648,466	-	37,648,466
-	-	326,830	7,139	20,788	-	139,175	4,093,011	-	4,093,011
(23,778)	(3,116)	-	214,947	80,980	6,731	1,457,826	39,596,912	-	39,596,912
<u>(23,778)</u>	<u>(3,116)</u>	<u>326,830</u>	<u>222,086</u>	<u>101,768</u>	<u>6,731</u>	<u>4,382,680</u>	<u>81,338,389</u>	<u>-</u>	<u>81,338,389</u>
<u>\$ 13,367</u>	<u>\$ 49,922</u>	<u>\$ 346,405</u>	<u>\$ 229,225</u>	<u>\$ 122,556</u>	<u>\$ 12,196</u>	<u>\$ 7,298,896</u>	<u>\$ 157,740,976</u>	<u>\$ 145,887</u>	<u>\$ 157,595,089</u>

Spokane Housing Authority, Washington
Supplemental Financial Data Schedule (Continued)
December 31, 2019

Line Item #	Account description	Low Rent	14.871Housing	6.1Component	2 State/	1Business
		Scattered Sites WA 055000002	Choice Vouchers	Units - Discretely Presented	Local	Activities
70300	Net tenant rental revenue	\$ 200,737	\$ -	\$ 5,466,131	\$ -	\$ 413,433
70400	Tenant revenue - other	18,919	-	180,461	-	2,744
70500	Total Tenant Revenue	219,656	-	5,646,592	-	416,177
70600-000	HUD PHA operating grants	287,578	32,253,165	-	-	-
70610	Capital grants	236,961	-	13,974,663	-	-
70710	Management Fee	-	-	-	-	-
70720	Asset Management Fee	-	-	-	-	-
70730	Book-Keeping Fee	-	-	-	-	-
70740	Front Line Service Fee	-	-	-	-	-
70750	Other Fees	-	-	-	-	-
70700	Total Fee Revenue	-	-	-	-	-
70800	Other government grants	-	-	32,782	727,909	-
71100-000	Investment income - unrestricted	2,213	7,246	3,008	-	323
71200	Mortgage interest income	-	-	-	-	827,549
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-
71310	Cost of sale of assets	-	-	-	-	-
71400	Fraud recovery	-	103,854	-	-	-
71500	Other revenue	3,631	343,529	13,808	40,000	99,488
71600	Gain or loss on sale of capital assets	(7,170)	-	2,535	-	-
72000	Investment income - restricted	-	-	-	-	-
70000	Total Revenue	\$ 742,869	\$ 32,707,794	\$ 19,673,388	\$ 767,909	\$ 1,343,537

Spokane Housing Authority, Washington
Supplemental Financial Data Schedule (Continued)
December 31, 2019

14.239 HOME Investment Partnerships Program	14.241 Housing Opportunities for Person with Aids	14.879 Mainstream Vouchers	8 Other Federal Program 1	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.191 Multifamily Housing Service Coordinators	COCC	Subtotal	ELIM	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,233	\$ 6,119,534	\$ -	\$ 6,119,534
-	-	-	-	-	-	329	202,453	-	202,453
-	-	-	-	-	-	39,562	6,321,987	-	6,321,987
-	-	444,878	329,116	119,573	41,959	-	33,476,269	-	33,476,269
-	-	-	-	-	-	-	14,211,624	-	14,211,624
-	-	-	-	-	-	828,662	828,662	828,662	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	474,464	474,464	474,464	-
-	-	-	-	-	-	180	180	180	-
-	-	-	-	-	-	405,156	405,156	-	405,156
-	-	-	-	-	-	1,708,462	1,708,462	1,303,306	405,156
123,176	239,825	-	-	-	-	-	1,123,692	-	1,123,692
-	-	52	65	30	-	19,836	32,773	268	32,505
-	-	-	-	-	-	-	827,549	-	827,549
-	-	-	-	-	-	-	-	-	-
-	-	-	-	560	-	-	104,414	-	104,414
-	-	-	-	-	-	1,070,926	1,571,382	-	1,571,382
-	-	-	-	-	-	(16,905)	(21,540)	-	(21,540)
-	-	-	-	-	-	-	-	-	-
\$ 123,176	\$ 239,825	\$ 444,930	\$ 329,181	\$ 120,163	\$ 41,959	\$ 2,821,881	\$ 59,356,612	\$ 1,303,574	\$ 58,053,038

Spokane Housing Authority, Washington
Supplemental Financial Data Schedule (Continued)
December 31, 2019

Line Item #	Account description	Low Rent	14.871Housing	6.1Component	2 State/	1Business
		Scattered Sites WA 055000002	Choice Vouchers	Units - Discretely Presented	Local	Activities
9100	Administrative salaries	\$ 24,110	\$ 1,024,262	\$ 297,943	\$ 31,836	\$ 158,860
91200	Auditing fees	861	49,161	51,110	-	-
91300	Management Fee	41,167	737,148	339,511	-	36,751
91310	Book-Keeping Fee	5,250	460,717	-	-	-
91400	Advertising and Marketing	-	-	7,070	-	-
91500	Employee benefit contributions - administrative	10,972	358,030	143,218	14,509	25,807
91600	Office Expenses	7,412	93,810	85,911	24,196	68,430
91700	Legal Expense	1,592	-	46,278	-	-
91800	Travel	1,774	2,1980	9,915	-	8,340
91810	Allocated Overhead	-	-	-	-	-
91900	Other	1,248	-	17,307	-	376
91000	Total Operating-Administrative	<u>94,386</u>	<u>2,745,108</u>	<u>998,263</u>	<u>70,541</u>	<u>298,564</u>
92000	Asset Management Fee	-	-	-	-	-
92100	Tenant services - salaries	-	-	-	-	-
92200	Relocation Costs	-	-	-	-	-
92300	Employee benefit contributions - tenant services	-	-	-	-	-
92400	Tenant services - other	-	-	3,303	-	65
92500	Total Tenant Services	<u>-</u>	<u>-</u>	<u>3,303</u>	<u>-</u>	<u>65</u>
93100	Water	20,046	-	104,138	-	6,329
93200	Electricity	2,030	-	190,602	-	51,997
93300	Gas	614	-	44,471	-	829
93400	Fuel	-	-	-	-	-
93500	Labor	-	-	-	-	-
93600	Sewer	41,031	-	419,641	-	38,959
93700	Employee benefit contributions - utilities	-	-	-	-	-
93800	Other utilities expense	-	-	6,874	-	152
93000	Total Utilities	<u>63,721</u>	<u>-</u>	<u>765,726</u>	<u>-</u>	<u>98,266</u>
94100	Ordinary maintenance and operations - labor	48,420	-	307,771	-	50,173
94200	Ordinary maintenance and operations - materials and other	13,267	-	98,420	-	10,259
94300-000	Ordinary Maintenance and Operations Contracts	75,518	301,501	489,251	1,908	74,604
94500	Employee benefit contribution - ordinary maintenance	2,135	-	151,681	-	18,414
94000	Total Maintenance	<u>158,520</u>	<u>301,501</u>	<u>1,047,123</u>	<u>1,908</u>	<u>153,450</u>
95100	Protective services - labor	-	-	-	-	-
95200	Protective services - other contract costs	-	-	10,139	-	1,180
95300	Protective services - other	-	-	-	-	-
95500	Employee benefit contributions - protective services	-	-	-	-	-
95000	Total Protective Services	<u>-</u>	<u>-</u>	<u>10,139</u>	<u>-</u>	<u>1,180</u>
96110	Property Insurance	12,486	-	91,054	-	5,827
96120	Liability Insurance	1,254	-	23,015	-	1,140
96130	Workmen's Compensation	2,002	8,918	14,026	162	2,075
96140	All other Insurance	2,227	14,297	10,887	-	15,46
96100	Total Insurance Premiums	<u>17,969</u>	<u>23,215</u>	<u>138,982</u>	<u>162</u>	<u>10,588</u>

Spokane Housing Authority, Washington
Supplemental Financial Data Schedule (Continued)
December 31, 2019

14.239 HOME Investment Partnerships Program	14.241 Housing Opportunities for Person with Aids	14.879 Mainstream Vouchers	8 Other Federal Program 1	14.249 Section 8		14.191 Multifamily Housing Service Coordinators	COCC	Subtotal	ELIM	Total
				Moderate Rehabilitation Single Room Occupancy						
\$ 2,972	\$ 8,269	\$ 6,468	\$ 2,206	\$ 1,085	\$ 105	\$ 1,128,882	\$ 2,686,998	\$ -	\$ 2,686,998	
-	-	-	-	-	-	20,598	121,730	-	121,730	
-	-	2,508	7,488	3,600	-	-	1,168,173	828,662	339,511	
-	-	1,567	4,680	2,250	-	-	474,464	474,464	-	
-	-	-	-	-	-	-	7,070	-	7,070	
1,153	3,464	2,960	934	444	41	313,693	875,225	-	875,225	
2,942	7,411	1,103	5,418	2,605	-	123,467	422,705	-	422,705	
-	-	-	-	-	-	18,433	66,303	-	66,303	
-	2,538	-	-	-	-	54,784	99,331	-	99,331	
-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	18,931	-	18,931	
<u>7,067</u>	<u>21,682</u>	<u>14,606</u>	<u>20,726</u>	<u>9,984</u>	<u>146</u>	<u>1,659,857</u>	<u>5,940,930</u>	<u>1,303,126</u>	<u>4,637,804</u>	
-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	3,368	-	3,368	
-	-	-	-	-	-	-	3,368	-	3,368	
-	-	-	-	-	-	3,056	133,569	-	133,569	
-	-	-	-	-	-	30,046	274,675	-	274,675	
-	-	-	-	-	-	5,566	51,480	-	51,480	
-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	5,955	505,586	-	505,586	
-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	7,026	-	7,026	
-	-	-	-	-	-	44,623	972,336	-	972,336	
-	-	-	-	-	-	347,667	754,031	-	754,031	
-	-	-	-	-	-	20	121,966	-	121,966	
125	468	3,422	98	350	40,483	64,587	1,052,315	180	1,052,135	
-	-	-	-	-	-	19,424	310,834	-	310,834	
<u>125</u>	<u>468</u>	<u>3,422</u>	<u>98</u>	<u>350</u>	<u>40,483</u>	<u>531,698</u>	<u>2,239,146</u>	<u>180</u>	<u>2,238,966</u>	
-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	11,319	-	11,319	
-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	11,319	-	11,319	
-	-	-	-	-	-	6,197	115,564	-	115,564	
-	-	-	-	-	-	123	25,532	-	25,532	
16	47	44	16	6	-	17,492	44,804	-	44,804	
-	-	-	-	-	-	9,649	38,606	-	38,606	
<u>16</u>	<u>47</u>	<u>44</u>	<u>16</u>	<u>6</u>	<u>-</u>	<u>33,461</u>	<u>224,506</u>	<u>-</u>	<u>224,506</u>	

Spokane Housing Authority, Washington
Supplemental Financial Data Schedule (Continued)
December 31, 2019

Line Item #	Account description	Low Rent Scattered Sites WA 055000002	14.871 Housing Choice Vouchers	6.1 Component Units - Discretely Presented	2 State/ Local	1 Business Activities
96200	Other general expenses	\$ -	\$ 109,823	\$ 128,409	\$ 2,764	\$ 228,851
96210	Compensated absences	7,899	106,030	70,383	2,737	18,333
96300	Payments in lieu of taxes	18,838	-	3,987	-	-
96400	Bad debt - tenant rents	20,430	-	83,595	-	301
96500	Bad debt - mortgages	-	-	-	-	-
96600	Bad debt - other	-	-	-	-	-
96800	Severance expense	-	-	-	-	-
96000	Total Other General Expenses	<u>47,167</u>	<u>215,853</u>	<u>286,374</u>	<u>5,501</u>	<u>247,485</u>
96710	Interest of Mortgage (or Bonds) Payable	-	-	2,271,389	-	34,924
96720	Interest on Notes Payable (Short and Long Term)	-	-	-	-	268
96730	Amortization of Bond Issue Costs	-	-	39,443	-	-
96700	Total Interest Expense and Amortization Cost	<u>-</u>	<u>-</u>	<u>2,310,832</u>	<u>-</u>	<u>35,192</u>
96900	Total Operating Expenses	<u>381,763</u>	<u>3,285,677</u>	<u>5,560,742</u>	<u>78,112</u>	<u>844,790</u>
97000	Excess Revenue Over Operating Expenses	<u>361,106</u>	<u>29,422,117</u>	<u>14,112,646</u>	<u>689,797</u>	<u>498,747</u>
97100	Extraordinary maintenance	-	-	4,979	-	54,221
97200	Casualty losses- Non-capitalized	-	-	-	-	-
97300-000	Housing assistance payments	41,202	28,509,104	-	648,690	-
97350	HAP Portability-in	-	313,156	-	-	-
97400	Depreciation expense	16,1909	4,770	4,084,082	-	130,185
97500	Fraud losses	-	-	-	-	-
97600	Capital Outlays - Governmental Funds	-	-	-	-	-
97700	Debt Principal Payments - Governmental Funds	-	-	-	-	-
97800	Dwelling units rent expense	-	-	-	-	-
90000	Total Expenses	<u>584,874</u>	<u>32,112,707</u>	<u>9,649,803</u>	<u>726,802</u>	<u>1,029,196</u>
10010	Operating transfer in	-	-	-	818	-
10020	Operating transfer out	-	-	-	-	-
10030	Operating transfers from / to primary government	-	-	-	-	-
10040	Operating transfers from / to component unit	-	-	-	-	-
10050	Proceeds from Notes, Loans & Bonds	-	-	-	-	-
10060	Proceeds from Property Sales	-	-	-	-	-
10070	Extraordinary items, net gain/loss	-	-	-	-	-
10080	Special items, net gain/loss	-	-	-	-	-
10091	Inter Project Excess Cash Transfer In	-	-	-	-	-
10092	Inter Project Excess Cash Transfer Out	-	-	-	-	-
10093	Transfers between P programs and Projects - in	-	-	-	-	-
10094	Transfers between P programs and Projects - out	-	-	-	-	-
10100	Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>818</u>	<u>-</u>
10000	Excess (Deficiency) of Revenue Over (Under) Expenses	<u>\$ 157,995</u>	<u>\$ 595,087</u>	<u>\$ 10,023,585</u>	<u>\$ 41,925</u>	<u>\$ 314,341</u>

Spokane Housing Authority, Washington
Supplemental Financial Data Schedule (Continued)
December 31, 2019

14.239 HOME Investment Partnerships Program	14.241 Housing Opportunities for Person with Aids	14.879 Mainstream Vouchers	8 Other Federal Program 1	14.249 Section 8		14.191 Multifamily Housing Service Coordinators	COCC	Subtotal	ELIM	Total
				Moderate Rehabilitation Single Room Occupancy						
\$ 1903	\$ -	\$ -	\$ -	\$ 12	\$ -	\$ -	\$ -	\$ 471,762	\$ -	\$ 471,762
-	-	142	91	39	-	-	168,318	373,972	-	373,972
-	-	-	-	-	-	-	-	22,825	-	22,825
-	-	-	-	-	-	-	-	104,326	-	104,326
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
1903	-	142	91	51	-	-	168,318	972,885	-	972,885
-	-	-	-	-	-	-	47,770	2,354,083	-	2,354,083
-	-	-	-	-	-	-	-	268	268	-
-	-	-	-	-	-	-	-	39,443	-	39,443
-	-	-	-	-	-	-	47,770	2,393,794	268	2,393,526
9,111	22,197	18,214	20,931	10,391	40,629	2,485,727	12,758,284	1,303,574	11,454,710	
114,065	217,628	426,716	308,250	109,772	1,330	336,154	46,598,328	-	46,598,328	
-	-	-	-	-	-	-	59,200	-	-	59,200
-	-	-	-	-	-	-	-	-	-	-
115,816	217,574	104,849	280,525	96,212	-	-	30,013,972	-	-	30,013,972
-	-	-	-	-	-	-	313,156	-	-	313,156
-	-	-	-	-	-	-	130,080	4,511,026	-	4,511,026
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
124,927	239,771	123,063	301,456	106,603	40,629	2,615,807	47,655,638	1,303,574	46,352,064	
-	-	4,963	-	-	-	-	5,781	5,781	-	-
-	-	-	-	-	-	-	(5,781)	(5,781)	(5,781)	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	4,963	-	-	-	-	(5,781)	-	-	-
\$ (1,751)	\$ 54	\$ 326,830	\$ 27,725	\$ 13,560	\$ 1,330	\$ 200,293	\$ 11,700,974	\$ -	\$ 11,700,974	

Spokane Housing Authority, Washington
Supplemental Financial Data Schedule (Continued)
December 31, 2019

Line Item #	Account description	Low Rent	4.871Housing	6.1Component	2 State/	1Business
		Scattered Sites WA 055000002	Choice Vouchers	Units - Discretely Presented	Local	Activities
1020	Required Annual Debt Principal Payments	\$ -	\$ -	\$ 152,120	\$ -	\$ 26,877
1030	Beginning equity	2,351,109	1,069,914	25,228,669	62,008	37,617,596
1040	Prior period adjustments, equity transfers, and correction of errors	(2,479,786)	-	-	-	1,342,745
1170	Administrative Fee Equity	-	1,499,837	-	-	-
1180	Housing Assistance Payments Equity	-	165,164	-	-	-
1190	Number of Unit Months Available	740	62,844	5,121	877	640
1210	Unit Months Leased	700	61,429	4,810	877	613
1270	Excess Cash	(2,440)	-	-	-	-
1610	Land Purchases	-	-	-	-	-
1620	Building Purchases	-	-	-	-	-
1630	Furniture & Equipment-Dwelling Purchases	4,524	-	-	-	-
1640	Furniture & Equipment-Administrative Purchases	-	-	-	-	-
1650	Leasehold Improvements Purchases	232,437	-	-	-	-
1660	Infrastructure Purchases	-	-	-	-	-
13510	CFFP Debt Service Payments	-	-	-	-	-
13901	Replacement Housing Factor Funds	-	-	-	-	-

Spokane Housing Authority, Washington
Supplemental Financial Data Schedule (Continued)
December 31, 2019

14.239 HOME Investment Partnerships Program	14.241 Housing Opportunities for Person with Aids	14.879 Mainstream Vouchers	8 Other Federal Program 1	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.191 Multifamily Housing Service Coordinators	COCC	Subtotal	ELIM	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,830	\$ 212,827	\$ -	\$ 212,827
(22,027)	(3,170)	-	194,361	88,208	5,401	3,045,346	69,637,415	-	69,637,415
-	-	-	-	-	-	1,137,041	-	-	-
-	-	-	-	-	-	-	1499,837	-	1499,837
-	-	-	-	-	-	-	165,164	-	165,164
205	401	1,188	624	300	-	-	72,940	-	72,940
205	401	209	584	260	-	-	70,088	-	70,088
-	-	-	-	-	-	-	(2,440)	-	(2,440)
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	4,524	-	4,524
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	232,437	-	232,437
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-

Actual Modernization Cost Certificate

U.S. Department of Housing
and Urban Development
Office of Public and Indian Housing

OMB Approval No. 2577-0157 (exp. 03/31/2020)

Capital Fund Program (CFP)

Public reporting burden for this collection of information is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Reports Management Officer, Paperwork Reduction Project (2577-0044 and 0157), Office of Information Technology, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-3600. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number.

Do not send this form to the above address.

This collection of information requires that each Public Housing Authority (PHA) submit information to enable HUD to initiate the fiscal closeout process. The information will be used by HUD to determine whether the modernization grant is ready to be audited and closed out. The information is essential for audit verification and fiscal close out. Responses to the collection are required by regulation. The information requested does not lend itself to confidentiality.

PHA Name:

Spokane Housing Authority

Modernization Project Number:

WA01PO55501-16

The PHA hereby certifies to the Department of Housing and Urban Development as follows:

1. That the total amount of Modernization Cost (herein called the "Actual Modernization Cost") of the Modernization Grant, is as shown below:

A. Funds Approved	\$ 168,479.00
B. Funds Disbursed	\$ 168,479.00
C. Funds Expended (Actual Modernization Cost)	\$ 168,479.00
D. Amount to be Recaptured (A-C)	\$ 0.00
E. Excess of Funds Disbursed (B-C)	\$ 0.00

2. That all modernization work in connection with the Modernization Grant has been completed;

3. That the entire Actual Modernization Cost or liabilities therefor incurred by the PHA have been fully paid;

4. That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work;

5. That the time in which such liens could be filed has expired, and

6. That for any years in which the grantee is subject to the audit requirements of the Single Audit Act, 31 U.S.C. § 7501 et seq., as amended, the grantee has or will perform an audit in compliance with said requirements.

7. Please mark one:

A. This grant will be included in the PHA's next fiscal year audit per the requirements of the Single Audit Act.

B. This grant will not be included in the PHA's next fiscal year audit per the requirements of the Single Audit Act.

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012, 31 U.S.C. 3729, 3802)

Name & Title of Authorized Signatory (type or print clearly):

Pamela Tietz, Executive Director

Signature of Executive Director (or Authorized Designee):

X

Date:

06/14/19

For HUD Use Only

The Cost Certificate is approved for audit (if box 7A is marked):

Approved for Audit (Director, Office of Public Housing)

X

Date:

06/13/2019

The costs shown above agree with HUD verified costs (if box 7A or 7B is marked):

Approved: (Director, Office of Public Housing)

X

Date:

form HUD-53001 (10/96)

Actual Modernization Cost Certificate

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing

OMB Approval No. 2577-0157 (exp. 03/31/2020)

Capital Fund Program (CFP)

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PHA Name:

Modernization Project Number:

Spokane Housing Authority

WA01PO55501-17

The PHA hereby certifies to the Department of Housing and Urban Development as follows:

1. That the total amount of Modernization Cost (herein called the "Actual Modernization Cost") of the Modernization Grant, is as shown below:

A. Funds Approved	\$ 107,875.00
B. Funds Disbursed	\$ 107,875.00
C. Funds Expended (Actual Modernization Cost)	\$ 107,875.00
D. Amount to be Recaptured (A-C)	\$ 0.00
E. Excess of Funds Disbursed (B-C)	\$ 0.00

2. That all modernization work in connection with the Modernization Grant has been completed;

3. That the entire Actual Modernization Cost or liabilities therefor incurred by the PHA have been fully paid;

4. That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work;

5. That the time in which such liens could be filed has expired; and

6. That for any years in which the grantee is subject to the audit requirements of the Single Audit Act, 31 U.S.C. § 7501 et seq., as amended, the grantee has or will perform an audit in compliance with said requirements.

7. Please mark one:

A. This grant **will** be included in the PHA's next fiscal year audit per the requirements of the Single Audit Act.

B. This grant **will not** be included in the PHA's next fiscal year audit per the requirements of the Single Audit Act.

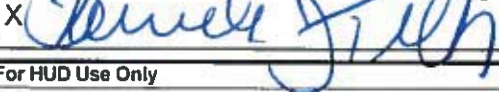
I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Name & Title of Authorized Signatory (type or print clearly):

Pamela Tietz, Executive Director

Signature of Executive Director (or Authorized Designee):

X 

Date:

6/4/19

For HUD Use Only

The Cost Certificate is approved for audit (if box 7A is marked):

Approved for Audit (Director, Office of Public Housing)

X

Date:

06/05/2019

The costs shown above agree with HUD verified costs (if box 7A or 7B is marked):

Approved: (Director, Office of Public Housing)

X

Date:

form HUD-53001 (10/96)

Spokane Housing Authority, Washington
Combining Statement of Net Position
December 31, 2019

	Section 8	Public Housing - Scattered Sites	RAD Scattered Sites	Hifumi En Apts	Grants
ASSETS					
<i>Current Assets:</i>					
Cash and Cash Equivalents	\$ 2,432,712	\$ 39,579	\$ 4,910	\$ 121,081	\$ 36,024
Receivables (Net)	64,186	-	25,416	7,280	163,052
Inventories	-	-	-	-	-
Prepays and Other Assets	36,143	-	10,535	2,394	-
Receivable from Component Units	-	-	-	-	-
Interprogram Due From	-	-	-	-	-
<i>Restricted Assets:</i>					
Cash and Cash Equivalents	519,921	-	-	-	-
Tenant Security Deposits	-	-	22,921	7,091	-
Total Current Assets	3,052,962	39,579	63,782	137,846	199,076
<i>Noncurrent Assets:</i>					
<i>Capital Assets:</i>					
Land	-	-	740,000	50,000	-
Buildings	-	-	4,454,916	1,395,820	-
Equipment - Dwellings	-	-	356,656	110,259	-
Equipment - Administration	13,885	-	54,383	47,320	-
Leasehold Improvements	6,391	-	1,869,510	697,126	-
Construction In Progress	-	-	-	-	-
Intangible Assets	47,700	-	-	-	-
Accumulated Depreciation	(34,586)	-	(6,033,467)	(1,096,059)	-
Total Capital Assets (Net)	33,390	-	1,441,998	1,204,466	-
Notes Receivable from Component Units	-	-	-	-	-
Interest Receivable from Component Units	-	-	-	-	-
Other Noncurrent Assets	-	-	-	-	-
Total Noncurrent Assets	33,390	-	1,441,998	1,204,466	-
TOTAL ASSETS	\$ 3,086,352	\$ 39,579	\$ 1,505,780	\$ 1,342,312	\$ 199,076
	Section 8	Scattered Sites	RAD Scattered Sites	Hifumi En	Grants
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows Related to Pensions	\$ 101,111	\$ -	\$ -	\$ -	\$ -
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 101,111	\$ -	\$ -	\$ -	\$ -

Spokane Housing Authority, Washington
Combining Statement of Net Position (Continued)
December 31, 2019

Development	Other Business Activities	Central Office Cost Center	Subtotal	Eliminating Entries	Total
\$ 775,752	\$ -	\$ 2,392,349	\$ 5,802,407	\$ -	\$ 5,802,407
-	6,355	45,525	311,814	(7,405)	304,409
-	-	1,767	1,767	-	1,767
332	-	60,890	110,294	-	110,294
-	-	326,316	326,316	-	326,316
-	-	138,482	138,482	(138,482)	-
795,678	-	139,175	1,454,774	-	1,454,774
-	-	2,800	32,812	-	32,812
1,571,762	6,355	3,107,304	8,178,666	(145,887)	8,032,779
-	-	437,563	1,227,563	-	1,227,563
-	-	2,870,299	8,721,035	-	8,721,035
-	-	-	466,915	-	466,915
-	-	215,340	330,928	-	330,928
-	-	184,561	2,757,588	-	2,757,588
-	-	1,213,958	1,213,958	-	1,213,958
-	-	108,994	156,694	-	156,694
-	-	(1,276,717)	(8,440,829)	-	(8,440,829)
-	-	3,753,998	6,433,852	-	6,433,852
35,748,064	-	-	35,748,064	-	35,748,064
2,091,548	-	-	2,091,548	-	2,091,548
3	-	274,694	274,697	-	274,697
37,839,615	-	4,028,692	44,548,161	-	44,548,161
\$ 39,411,377	\$ 6,355	\$ 7,135,996	\$ 52,726,827	\$ (145,887)	\$ 52,580,940

Development	Other Business Activities	Central Office Cost Center	Subtotal	Eliminating Entries	Total
\$ 16,852	\$ -	\$ 162,900	\$ 280,863	\$ -	\$ 280,863
\$ 16,852	\$ -	\$ 162,900	\$ 280,863	\$ -	\$ 280,863

Spokane Housing Authority, Washington
Combining Statement of Net Position (Continued)
December 31, 2019

	Section 8	Public Housing - Scattered Sites	RAD Scattered Sites	Hifumi En Apts	Grants
LIABILITIES					
<i>Current Liabilities:</i>					
Accounts Payable	\$ 84,679	\$ 10,261	\$ 3,782	\$ 119,807	\$ 3,785
Accounts Payable - Intergovernment	42,812	-	-	-	-
Tenant Security Deposits	-	-	22,921	7,091	-
Accrued Wages and Payroll Taxes	-	-	-	-	-
Accrued Compensated Absences, Current Portion	16,126	-	-	-	-
Accrued Interest Payable	-	-	-	1,380	-
Unearned Revenue	-	-	6,985	1,648	-
Other Current Liabilities	-	-	29	19,040	-
Current Portion of Long-Term Debt	-	-	-	31,579	-
Interprogram Due To	-	-	-	20,606	111,521
Total Current Liabilities	143,617	10,261	33,717	201,151	115,306
<i>Noncurrent Liabilities:</i>					
Accrued Compensated Absences, Net of Current	100,606	-	-	-	-
Long-Term Debt, Net of Current	-	-	-	1,696,493	-
Accrued Interest Payable, Net of Current	-	-	-	20,700	-
Net Pension Liability	388,020	-	-	-	-
Total Noncurrent Liabilities	488,626	-	-	1,717,193	-
TOTAL LIABILITIES	\$ 632,243	\$ 10,261	\$ 33,717	\$ 1,918,344	\$ 115,306
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows Related to Pensions	\$ 239,535	\$ -	\$ -	\$ -	\$ -
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 239,535	\$ -	\$ -	\$ -	\$ -
NET POSITION					
Net Investment in Capital Assets	\$ 33,390	\$ -	\$ 1,441,998	\$ (516,201)	\$ -
Restricted For:					
Housing Assistance Payments	519,921	-	-	-	-
Capital Replacement Reserves	-	-	-	-	-
Operating and Other Reserves	-	-	-	-	-
Unrestricted	1,762,374	29,318	30,065	(59,831)	83,770
TOTAL NET POSITION	\$ 2,315,685	\$ 29,318	\$ 1,472,063	\$ (576,032)	\$ 83,770

Spokane Housing Authority, Washington
Combining Statement of Net Position (Continued)
December 31, 2019

Development	Other Business Activities	Central Office Cost Center	Subtotal	Eliminating Entries	Total
\$ -	\$ -	\$ 488,492	\$ 710,806	\$ -	\$ 710,806
-	-	-	42,812	-	42,812
-	-	2,800	32,812	-	32,812
-	-	142,104	142,104	-	142,104
1,181	-	21,683	38,990	-	38,990
1,876	-	3,639	6,895	-	6,895
-	-	-	8,633	-	8,633
-	-	113,769	132,838	-	132,838
9,470	-	21,600	62,649	(7,405)	55,244
-	6,355	-	138,482	(138,482)	-
12,527	6,355	794,087	1,317,021	(145,887)	1,171,134
23,853	-	164,350	288,809	-	288,809
908,605	-	946,719	3,551,817	-	3,551,817
-	-	-	20,700	-	20,700
64,670	-	625,142	1,077,832	-	1,077,832
997,128	-	1,736,211	4,939,158	-	4,939,158
\$ 1,009,655	\$ 6,355	\$ 2,530,298	\$ 6,256,179	\$ (145,887)	\$ 6,110,292
\$ 39,923	\$ -	\$ 385,918	\$ 665,376	\$ -	\$ 665,376
\$ 39,923	\$ -	\$ 385,918	\$ 665,376	\$ -	\$ 665,376
\$ -	\$ -	\$ 2,785,679	\$ 3,744,866	\$ -	\$ 3,744,866
-	-	-	519,921	-	519,921
-	-	2,415	2,415	-	2,415
795,678	-	136,760	932,438	-	932,438
37,582,973	-	1,457,826	40,886,495	-	40,886,495
\$ 38,378,651	\$ -	\$ 4,382,680	\$ 46,086,135	\$ -	\$ 46,086,135

Spokane Housing Authority, Washington
Combining Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended December 31, 2019

	Section 8	Public Housing - Scattered Sites	RAD Scattered Sites	Hifumi En Apts	Grants
OPERATING REVENUES:					
Tenant Rental Revenue	\$ -	\$ 200,737	\$ 87,278	\$ 326,155	\$ -
HUD Operating Subsidies	33,146,732	287,578	-	-	41,959
Other Government Grants	-	-	-	-	1,090,910
Other Tenant Revenue	-	18,919	608	2,136	-
Fee Revenue	-	-	-	-	-
Other Revenue	447,943	3,631	-	52,897	40,000
TOTAL OPERATING REVENUES	33,594,675	510,865	87,886	381,188	1,172,869
OPERATING EXPENSES:					
<i>Administrative:</i>					
Administrative Wages	1,140,323	25,295	6,249	22,425	45,919
Auditing Fees	49,161	861	-	-	-
Employee Benefit Contributions	371,352	11,091	2,518	8,288	19,392
Management & Bookkeeping Fees	1,219,958	46,417	9,281	25,730	-
Other Operating Expenses	124,916	12,026	1,077	9,002	37,087
Tenant Services	-	-	-	65	-
	2,905,710	95,690	19,125	65,510	102,398
<i>Utilities:</i>					
Electricity	-	2,030	737	51,260	-
Natural Gas	-	614	222	607	-
Water	-	20,046	3,064	3,265	-
Sewer	-	41,031	8,262	30,697	-
Other Utilities Expenses	-	-	-	152	-
	-	63,721	12,285	85,981	-
<i>Ordinary Maintenance and Operations:</i>					
Contract Costs	305,371	75,518	6,902	98,253	42,984
Maintenance and Operations Wages	-	55,134	6,467	12,371	-
Employee Benefit Contributions	-	23,198	3,709	5,240	-
Materials and Other	-	13,267	1,324	8,935	-
	305,371	167,117	18,402	124,799	42,984
<i>General Expenses:</i>					
Housing Assistance Payments	29,303,846	41,202	-	-	982,080
Insurance Premiums	14,297	15,967	3,431	4,445	-
Other General Expenses	109,835	39,268	-	6,951	4,667
Depreciation and Amortization	4,770	161,909	31,043	99,142	-
	29,432,748	258,346	34,474	110,538	986,747
TOTAL OPERATING EXPENSES	32,643,829	584,874	84,286	386,828	1,132,129
OPERATING INCOME (LOSS)	\$ 950,846	\$ (74,009)	\$ 3,600	\$ (5,640)	\$ 40,740

Spokane Housing Authority, Washington
Combining Statement of Revenues, Expenses, and Changes in Net Position (Continued)
For the Year Ended December 31, 2019

Development	Other Business Activities	Central Office Cost Center	Subtotal	Eliminating Entries	Total
\$ -	\$ -	\$ 39,233	\$ 653,403	\$ -	\$ 653,403
-	-	-	33,476,269	-	33,476,269
-	-	-	1,090,910	-	1,090,910
-	-	329	21,992	-	21,992
-	-	1,708,462	1,708,462	(1,303,306)	405,156
20,001	26,590	1,070,926	1,661,988	-	1,661,988
20,001	26,590	2,818,950	38,613,024	(1,303,306)	37,309,718
140,942	-	1,251,818	2,632,971	-	2,632,971
-	-	20,598	70,620	-	70,620
15,798	-	317,459	745,898	-	745,898
-	1,740	-	1,303,126	(1,303,126)	-
67,067	-	196,684	447,859	-	447,859
-	-	-	65	-	65
223,807	1,740	1,786,559	5,200,539	(1,303,126)	3,897,413
-	-	30,046	84,073	-	84,073
-	-	5,566	7,009	-	7,009
-	-	3,056	29,431	-	29,431
-	-	5,955	85,945	-	85,945
-	-	-	152	-	152
-	-	44,623	206,610	-	206,610
-	24,850	64,587	618,465	(180)	618,285
38,912	-	393,049	505,933	-	505,933
10,743	-	133,150	176,040	-	176,040
-	-	20	23,546	-	23,546
49,655	24,850	590,806	1,323,984	(180)	1,323,804
-	-	-	30,327,128	-	30,327,128
637	-	15,969	54,746	-	54,746
222,201	-	-	382,922	-	382,922
-	-	130,080	426,944	-	426,944
222,838	-	146,049	31,191,740	-	31,191,740
496,300	26,590	2,568,037	37,922,873	(1,303,306)	36,619,567
\$ (476,299)	\$ -	\$ 250,913	\$ 690,151	\$ -	\$ 690,151

Spokane Housing Authority, Washington
Combining Statement of Revenues, Expenses, and Changes in Net Position (Continued)
For the Year Ended December 31, 2019

	Section 8	Public Housing - Scattered Sites	RAD Scattered Sites	Hifumi En Apts	Grants
NONOPERATING REVENUES (EXPENSES):					
Gain (Losses) on Capital Asset Disposition	-	(7,170)	-	-	-
Interest Expense and Related Charges	-	-	-	(32,679)	-
Interest and Investment Income	7,393	2,213	17	306	-
TOTAL NONOPERATING REVENUES (EXPENSES)	7,393	(4,957)	17	(32,373)	-
<i>Income (Loss) Before Capital Contributions, and Transfers</i>	<u>958,239</u>	<u>(78,966)</u>	<u>3,617</u>	<u>(38,013)</u>	<u>40,740</u>
CAPITAL CONTRIBUTIONS - GRANTS	-	236,961	-	-	-
TRANSFERS	4,963	(2,479,786)	1,468,446	-	818
CHANGE IN NET POSITION	963,202	(2,321,791)	1,472,063	(38,013)	41,558
NET POSITION, BEGINNING OF YEAR	<u>1,352,483</u>	<u>2,351,109</u>	<u>-</u>	<u>(538,019)</u>	<u>42,212</u>
NET POSITION, END OF YEAR	<u><u>\$ 2,315,685</u></u>	<u><u>\$ 29,318</u></u>	<u><u>\$ 1,472,063</u></u>	<u><u>\$ (576,032)</u></u>	<u><u>\$ 83,770</u></u>

Spokane Housing Authority, Washington
Combining Statement of Revenues, Expenses, and Changes in Net Position (Continued)
For the Year Ended December 31, 2019

Development	Other Business Activities	Central Office Cost Center	Subtotal	Eliminating Entries	Total
-	-	(16,905)	(24,075)	-	(24,075)
(2,513)	-	(47,770)	(82,962)	268	(82,694)
827,549	-	19,836	857,314	(268)	857,046
825,036	-	(44,839)	750,277	-	750,277
348,737	-	206,074	1,440,428	-	1,440,428
-	-	-	236,961	-	236,961
(125,701)	-	1,131,260	-	-	-
223,036	-	1,337,334	1,677,389	-	1,677,389
38,155,615	-	3,045,346	44,408,746	-	44,408,746
<u>\$ 38,378,651</u>	<u>\$ -</u>	<u>\$ 4,382,680</u>	<u>\$ 46,086,135</u>	<u>\$ -</u>	<u>\$ 46,086,135</u>

Spokane Housing Authority, Washington
Combining Statement of Cash Flows
For the Year Ended December 31, 2019

	Section 8	Public Housing - Scattered Sites	RAD Scattered sites	Hifumi En Apts	Grants
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from Tenants and Others	\$ -	\$ 179,270	\$ 92,376	\$ 321,694	\$ -
Receipts from Government Operating Grants	33,054,823	287,578	-	-	1,209,703
Payments for Housing Assistance	(29,283,370)	(41,202)	-	-	(982,183)
Payments to Employees and on behalf of Employee	(1,611,975)	(170,251)	(18,943)	(48,324)	(65,311)
Payments to Suppliers for Goods and Services	(1,818,093)	(248,142)	(41,878)	(233,622)	(193,486)
Other Receipts	438,798	3,631	-	52,897	40,000
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>780,183</u>	<u>10,884</u>	<u>31,555</u>	<u>92,645</u>	<u>8,723</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers	4,963	(1,011,340)	-	-	818
Principal on Operating Debt Received	-	-	-	-	-
Advances - Partnerships	-	-	-	-	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>4,963</u>	<u>(1,011,340)</u>	<u>-</u>	<u>-</u>	<u>818</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Capital Contributions	-	236,961	-	-	-
Purchase and Construction of Capital Assets	-	(13,606)	(3,741)	(47,269)	-
Proceeds from Issuance of Capital Debt	-	-	-	5,117	-
Principal Paid on Capital Debt	-	-	-	(29,685)	-
Interest Paid on Capital Debt	-	-	-	(22,071)	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>-</u>	<u>223,355</u>	<u>(3,741)</u>	<u>(93,908)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Issuance of Notes - Partnerships	-	-	-	-	-
Payments Received on Notes - Partnerships	-	-	-	-	-
Interest Received	7,393	2,213	17	308	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>7,393</u>	<u>2,213</u>	<u>17</u>	<u>308</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	792,539	(774,888)	27,831	(955)	9,541
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,160,094	814,467	-	129,127	26,483
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 2,952,633</u>	<u>\$ 39,579</u>	<u>\$ 27,831</u>	<u>\$ 128,172</u>	<u>\$ 36,024</u>

Spokane Housing Authority, Washington
Combining Statement of Cash Flows (Continued)
For the Year Ended December 31, 2019

Development	Other Business Activities	Central Office Cost Center	Subtotal	Eliminating Entries	Total
\$ -	\$ -	\$ 39,345	\$ 632,685	\$ -	\$ 632,685
-	(175)	-	34,551,929	-	34,551,929
-	-	-	(30,306,755)	-	(30,306,755)
(241,073)	-	(2,176,765)	(4,332,642)	-	(4,332,642)
(289,934)	(25,104)	(311,469)	(3,161,728)	1,405,579	(1,756,149)
20,000	25,279	2,809,173	3,389,778	(1,405,579)	1,984,199
(511,007)	-	360,284	773,267	-	773,267
(125,701)	-	1,131,260	-	-	-
-	-	2,809	2,809	(2,809)	-
-	-	(27,748)	(27,748)	-	(27,748)
(125,701)	-	1,106,321	(24,939)	(2,809)	(27,748)
-	-	-	236,961	-	236,961
-	-	(768,895)	(833,511)	-	(833,511)
-	-	-	5,117	-	5,117
(9,423)	-	(24,981)	(64,089)	2,809	(61,280)
(2,549)	-	(47,854)	(72,474)	268	(72,206)
(11,972)	-	(841,730)	(727,996)	3,077	(724,919)
(1,950,000)	-	-	(1,950,000)	-	(1,950,000)
175,985	-	-	175,985	-	175,985
12,185	-	19,836	41,952	(268)	41,684
(1,761,830)	-	19,836	(1,732,063)	(268)	(1,732,331)
(2,410,510)	-	644,711	(1,711,731)	-	(1,711,731)
3,981,940	-	1,889,613	9,001,724	-	9,001,724
\$ 1,571,430	\$ -	\$ 2,534,324	\$ 7,289,993	\$ -	\$ 7,289,993

Spokane Housing Authority, Washington
Combining Statement of Cash Flows (Continued)
For the Year Ended December 31, 2019

	Section 8	Public Housing - Scattered Sites	RAD Scattered sites	Hifumi En Apts	Grants
<i>RECONCILIATION OF CASH AND CASH EQUIVALENTS</i>					
<i>TO THE STATEMENT OF NET POSITION:</i>					
Cash and Cash Equivalents - Unrestricted	\$ 2,432,712	\$ 39,579	\$ 4,910	\$ 121,081	\$ 36,024
Cash and Cash Equivalents - Restricted	519,921	-	-	-	-
Tenant Security Deposits	-	-	22,921	7,091	-
	<u>\$ 2,952,633</u>	<u>\$ 39,579</u>	<u>\$ 27,831</u>	<u>\$ 128,172</u>	<u>\$ 36,024</u>
 RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH					
PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating Income (Loss)	\$ 950,846	\$ (74,009)	\$ 3,600	\$ (5,640)	\$ 40,740
Adjustments to Reconcile Operating Income (Loss) to Net Cash					
Provided (Used) by Operating Activities:					
Depreciation and Amortization Expense	4,770	161,909	31,043	99,142	-
Changes in Operating Assets and Liabilities:					
(Increase) Decrease in Assets:					
Receivables (Net)	(53,884)	12,051	(25,416)	(6,605)	75,605
Inventories	-	-	-	-	-
Prepays and Other Assets	(26,452)	9,346	(10,535)	(344)	-
Other Noncurrent Assets	-	-	-	-	-
Increase (Decrease) in Liabilities:					
Accounts Payable - Operations	54,978	2,693	2,928	5,783	(107,622)
Accounts Payable - Intergovernment	(49,775)	-	-	-	-
Tenant Security Deposits	-	(23,969)	22,921	100	-
Accrued Wages and Taxes Payable	-	-	-	-	-
Accrued Compensated Absences	17,895	(1,812)	-	-	-
Unearned Revenue	-	(7,114)	6,985	209	-
Other Liabilities	-	(14,490)	29	-	-
Net Pension Liability	(123,739)	(42,647)	-	-	-
Changes in Deferred Outflows and Inflows:					
(Increase) in Deferred Outflows of Resources	(12,867)	7,353	-	-	-
Increase in Deferred Inflows of Resources	18,411	(18,427)	-	-	-
Total Reconciling Adjustments	<u>(170,663)</u>	<u>84,893</u>	<u>27,955</u>	<u>98,285</u>	<u>(32,017)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 780,183</u>	<u>\$ 10,884</u>	<u>\$ 31,555</u>	<u>\$ 92,645</u>	<u>\$ 8,723</u>

Spokane Housing Authority, Washington
Combining Statement of Cash Flows (Continued)
For the Year Ended December 31, 2019

Development	Other Business Activities	Central Office Cost Center	Subtotal	Eliminating Entries	Total
\$ 775,752	\$ -	\$ 2,392,349	\$ 5,802,407	\$ -	\$ 5,802,407
795,678	-	139,175	1,454,774	-	1,454,774
-	-	2,800	32,812	-	32,812
<u>\$ 1,571,430</u>	<u>\$ -</u>	<u>\$ 2,534,324</u>	<u>\$ 7,289,993</u>	<u>\$ -</u>	<u>\$ 7,289,993</u>
\$ (476,299)	\$ -	\$ 250,913	\$ 690,151	\$ -	\$ 690,151
-	-	130,080	426,944	-	426,944
-	(1,486)	67,481	67,746	(102,938)	(35,192)
-	-	(685)	(685)	-	(685)
(27)	-	(6,845)	(34,857)	-	(34,857)
(1)	-	(28,100)	(28,101)	-	(28,101)
(2)	1,486	(24,649)	(64,405)	102,938	38,533
-	-	-	(49,775)	-	(49,775)
-	-	(2,307)	(3,255)	-	(3,255)
-	-	21,357	21,357	-	21,357
2,928	-	16,165	35,176	-	35,176
-	-	(2,375)	(2,295)	-	(2,295)
-	-	58,049	43,588	-	43,588
(34,839)	-	(142,497)	(343,722)	-	(343,722)
306	-	(30,534)	(35,742)	-	(35,742)
<u>(3,073)</u>	<u>-</u>	<u>54,231</u>	<u>51,142</u>	<u>-</u>	<u>51,142</u>
<u>(34,708)</u>	<u>-</u>	<u>109,371</u>	<u>83,116</u>	<u>-</u>	<u>83,116</u>
\$ (511,007)	\$ -	\$ 360,284	\$ 773,267	\$ -	\$ 773,267

Spokane Housing Authority, Washington
Combining Statement of Net Position – Component Units
December 31, 2019

	Cornerstone II - The Borning Building LP (Cornerstone Courtyard)	Cornerstone II - Helena Apartments LP (Pearl on Adams)	Martindale Apartments LP (Agnes Kehoe Place)	Parsons LLLP (Parsons Apts)	Cedar Haven LLLP (Cedar West Apt & Woodhaven Apts)	Wilbur and Cook Affordable Portfolio LLLP (Heritage Heights, Valley 206 & Westfall Village)	Total
ASSETS							
<i>Current Assets:</i>							
Cash and Cash Equivalents	\$ 40,134	\$ 209,998	\$ 116,735	\$ 100,418	\$ 293,554	\$ 368,678	\$ 1,129,517
Receivables (Net)	4,622	2,508	11,597	24,708	26,296	48,083	117,814
Prepays and Other Assets	3,754	5,255	7,801	8,357	16,637	54,282	96,086
<i>Restricted Assets:</i>							
Cash and Cash Equivalents	163,252	510,028	546,305	112,474	277,772	1,028,406	2,638,237
Tenant Security Deposits	18,017	11,648	17,197	14,345	59,897	150,385	271,489
Total Current Assets	229,779	739,437	699,635	260,302	674,156	1,649,834	4,253,143
<i>Noncurrent Assets:</i>							
<i>Capital Assets:</i>							
Land	285,532	225,835	115,574	-	-	1,950,000	2,576,941
Buildings	10,442,344	6,702,274	10,919,833	6,206,194	17,906,304	57,103,234	109,280,183
Equipment - Dwellings	254,411	107,875	146,147	283,276	699,657	987,064	2,478,430
Equipment - Administration	73,418	17,535	49,966	21,948	1,414	999	165,280
Leasehold Improvements	69,937	104,421	27,473	53,168	775,278	1,404,168	2,434,445
Accumulated Depreciation	(4,784,831)	(2,640,939)	(3,336,308)	(625,423)	(1,839,912)	(3,646,186)	(16,873,599)
Total Capital Assets (Net)	6,340,811	4,517,001	7,922,685	5,939,163	17,542,741	57,799,279	100,061,680
Other Noncurrent Assets	805	-	44,193	28,475	66,271	278,719	418,463
Total Noncurrent Assets	6,341,616	4,517,001	7,966,878	5,967,638	17,609,012	58,077,998	100,480,143
TOTAL ASSETS	\$ 6,571,395	\$ 5,256,438	\$ 8,666,513	\$ 6,227,940	\$ 18,283,168	\$ 59,727,832	\$ 104,733,286

Spokane Housing Authority, Washington
Combining Statement of Net Position – Component Units (Continued)
December 31, 2019

	Cornerstone II - Building LP (Cornerstone Courtyard)	Cornerstone II - Apartments LP (Pearl on Adams)	Martindale Apartments LP (Agnes Kehoe Place)	Parsons LLLP (Parsons Apts)	Cedar Haven LLLP (Cedar West Apt & Woodhaven Apts)	Wilbur and Cook Affordable Portfolio LLLP (Heritage Heights, Valley 206 & Westfall Village)	Total
LIABILITIES							
<i>Current Liabilities:</i>							
Accounts Payable	\$ 27,585	\$ 14,378	\$ 18,760	\$ 22,502	\$ 31,870	\$ 47,393	\$ 162,488
Tenant Security Deposits	18,017	11,648	17,197	14,345	59,897	150,385	271,489
Accrued Interest Payable	966	-	-	-	-	-	966
Unearned Revenue	1,570	859	1,305	2,912	9,015	21,086	36,747
Other Current Liabilities	2,997	3,361	2,353	501	214	-	9,426
Current Portion of Long-Term Debt Payable to Housing Authority	39,739	15,000	-	12,643	81,835	238,891	388,108
	5,552	2,919	9,811	-	88,423	219,611	326,316
Total Current Liabilities	96,426	48,165	49,426	52,903	271,254	677,366	1,195,540
<i>Noncurrent Liabilities:</i>							
Long-Term Debt, Net of Current	1,388,197	887,247	3,373,815	4,120,607	12,180,599	43,819,507	65,769,972
Accrued Interest Payable, Net of Current	44,266	-	167,203	296,122	594,586	1,200,840	2,303,017
Other Noncurrent Liabilities	180,000	7,500	25,000	-	-	3	212,503
Total Noncurrent Liabilities	1,612,463	894,747	3,566,018	4,416,729	12,775,185	45,020,350	68,285,492
TOTAL LIABILITIES	\$ 1,708,889	\$ 942,912	\$ 3,615,444	\$ 4,469,632	\$ 13,046,439	\$ 45,697,716	\$ 69,481,032
NET POSITION							
Net Investment in Capital Assets	\$ 4,912,875	\$ 3,614,754	\$ 4,548,870	\$ 1,805,913	\$ 5,280,307	\$ 13,740,881	\$ 33,903,600
Restricted For:							
Capital Replacement Reserves	28,941	149,739	169,407	112,474	277,772	388,406	1,126,739
Operating and Other Reserves	134,311	360,289	376,898	-	-	640,000	1,511,498
Unrestricted	(213,621)	188,744	(44,106)	(160,079)	(321,350)	(739,171)	(1,289,583)
TOTAL NET POSITION	\$ 4,862,506	\$ 4,313,526	\$ 5,051,069	\$ 1,758,308	\$ 5,236,729	\$ 14,030,116	\$ 35,252,254

Spokane Housing Authority, Washington
Combining Statement of Revenues, Expenses and Changes in Net Position—Component Units
For the Year Ended December 31, 2019

	Cornerstone II - The Borning Building LP (Cornerstone Courtyard)	Cornerstone II - Helena Apartments LP (Pearl on Adams)	Martindale Apartments LP (Agnes Kehoe Place)	Parsons LLLP (Parsons Apts)	Cedar Haven LLLP (Cedar West Apt & Woodhaven Apts)	Wilbur and Cook Affordable Portfolio LLLP (Heritage Heights, Valley 206 & Westfall Village)	Total
OPERATING REVENUES:							
Tenant Rental Revenue	\$ 357,391	\$ 229,700	\$ 352,444	\$ 322,846	\$ 1,211,936	\$ 2,991,814	\$ 5,466,131
Other Government Grants	-	-	-	32,782	-	-	32,782
Other Tenant Revenue	18,067	2,942	10,880	5,663	54,205	88,704	180,461
Other Revenue	477	105	118	8,250	718	4,140	13,808
TOTAL OPERATING REVENUES	375,935	232,747	363,442	369,541	1,266,859	3,084,658	5,693,182
OPERATING EXPENSES:							
<i>Administrative:</i>							
Administrative Wages	19,768	9,885	41,616	29,376	74,745	172,085	347,475
Auditing Fees	8,500	8,500	8,500	8,200	8,200	9,210	51,110
Employee Benefit Contributions	8,391	4,195	20,365	10,617	31,596	76,366	151,530
Management & Bookkeeping Fees	29,299	16,476	27,666	22,172	62,277	181,621	339,511
Other Operating Expenses	17,525	8,411	16,258	11,281	32,590	80,416	166,481
Tenant Services	39	-	361	1,253	158	1,492	3,303
	83,522	47,467	114,766	82,899	209,566	521,190	1,059,410
<i>Utilities:</i>							
Electricity	21,151	11,640	29,635	19,196	35,781	73,199	190,602
Natural Gas	10,912	2,909	8,620	5,121	5,484	11,425	44,471
Water	4,480	3,175	3,523	2,343	25,220	65,397	104,138
Sewer	35,768	25,584	37,267	36,532	81,233	203,257	419,641
Other Utilities Expenses	1,117	779	991	871	1,023	2,093	6,874
	73,428	44,087	80,036	64,063	148,741	355,371	765,726
<i>Ordinary Maintenance and Operations:</i>							
Contract Costs	45,353	27,167	43,686	34,459	122,213	231,491	504,369
Maintenance and Operations Wages	19,377	13,381	21,037	22,325	85,161	167,341	328,622
Employee Benefit Contributions	9,350	6,494	10,199	10,714	40,310	80,328	157,395
Materials and Other	10,292	4,796	11,324	3,495	21,416	47,097	98,420
	84,372	51,838	86,246	70,993	269,100	526,257	1,088,806
<i>General Expenses:</i>							
Insurance Premiums	11,964	6,217	7,810	7,647	23,566	67,752	124,956
Other General Expenses	30,739	9,049	26,207	16,065	46,466	87,465	215,991
Depreciation and Amortization	404,233	259,408	407,343	190,329	534,754	2,327,458	4,123,525
	446,936	274,674	441,360	214,041	604,786	2,482,675	4,464,472
TOTAL OPERATING EXPENSES	688,258	418,066	722,408	431,996	1,232,193	3,885,493	7,378,414
OPERATING INCOME (LOSS)	\$ (312,323)	\$ (185,319)	\$ (358,966)	\$ (62,455)	\$ 34,666	\$ (800,835)	\$ (1,685,232)

Spokane Housing Authority, Washington
Combining Statement of Revenues, Expenses and Changes in Net Position—Component Units
(Continued)
For the Year Ended December 31, 2019

	Cornerstone II - The Borning Building LP (Cornerstone Courtyard)	Cornerstone II - Helena Apartments LP (Pearl on Adams)	Martindale Apartments LP (Agnes Kehoe Place)	Parsons LLLP (Parsons Apts)	Cedar Haven LLLP (Cedar West Apt & Woodhaven Apts)	Wilbur and Cook Affordable Portfolio LLLP (Heritage Heights, Valley 206 & Westfall Village)	Total
NONOPERATING REVENUES (EXPENSES):							
Gain (Loss) on Capital Asset Disposition	(2,128)	(1,037)	-	-	-	5,700	2,535
Interest Expense and Related Charges	(18,638)	(1,943)	(26,291)	(163,465)	(435,641)	(1,625,411)	(2,271,389)
Interest and Investment Income	765	676	1,541	-	-	26	3,008
TOTAL NONOPERATING REVENUES (EXPENSES)	(20,001)	(2,304)	(24,750)	(163,465)	(435,641)	(1,619,685)	(2,265,846)
<i>Income (Loss)</i>	<u>(332,324)</u>	<u>(187,623)</u>	<u>(383,716)</u>	<u>(225,920)</u>	<u>(400,975)</u>	<u>(2,420,520)</u>	<u>(3,951,078)</u>
CAPITAL CONTRIBUTIONS - PARTNERSHIP	-	-	-	-	-	13,974,663	13,974,663
CHANGE IN NET POSITION	(332,324)	(187,623)	(383,716)	(225,920)	(400,975)	11,554,143	10,023,585
NET POSITION, BEGINNING OF YEAR	<u>5,194,830</u>	<u>4,501,149</u>	<u>5,434,785</u>	<u>1,984,228</u>	<u>5,637,704</u>	<u>2,475,973</u>	<u>25,228,669</u>
NET POSITION, END OF YEAR	<u>\$ 4,862,506</u>	<u>\$ 4,313,526</u>	<u>\$ 5,051,069</u>	<u>\$ 1,758,308</u>	<u>\$ 5,236,729</u>	<u>\$ 14,030,116</u>	<u>\$ 35,252,254</u>

Spokane Housing Authority, Washington
Combining Statement of Cash Flows – Component Units
For the Year Ended December 31, 2019

	Cornerstone II - Building LP (Cornerstone Courtyard)	Cornerstone II - Apartments LP (Pearl on Adams)	Martindale Apartments LP (Agnes Kehoe Place)	Parsons LLLP (Parsons Apts)	Cedar Haven LLLP (Cedar West Apt & Woodhaven Apts)	Wilbur and Cook Affordable Portfolio LLLP (Heritage Heights, Valley 206 & Westfall Village)	Total
CASH FLOWS FROM OPERATING ACTIVITIES:							
Receipts from Tenants and Others	\$ 364,849	\$ 232,350	\$ 356,287	\$ 329,769	\$ 1,237,757	\$ 2,998,252	\$ 5,519,264
Receipts from Government Operating Grants	-	-	-	32,782	-	-	32,782
Payments to Employees and on behalf of Employees	(56,886)	(33,955)	(93,217)	(73,032)	(231,812)	(496,120)	(985,022)
Payments to Suppliers for Goods and Services	(209,670)	(124,831)	(229,193)	(169,947)	(404,336)	(1,259,442)	(2,397,419)
Other Receipts	2,400	105	118	(19,762)	718	14,363	(2,058)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	100,693	73,669	33,995	99,810	602,327	1,257,053	2,167,547
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
Capital Contributions	-	-	-	-	-	13,974,663	13,974,663
Purchase and Construction of Capital Assets	(37,133)	(8,928)	(11,912)	(23,751)	(54,210)	(1,845,516)	(1,981,450)
Proceeds from Issuance of Capital Debt	-	-	-	-	-	3,868,746	3,868,746
Principal Paid on Capital Debt	(40,275)	(15,000)	-	(56,356)	(226,649)	(15,205,990)	(15,544,270)
Interest Paid on Capital Debt	(12,886)	-	13,099	(46,632)	(302,007)	(1,080,957)	(1,429,383)
Other Receipts (Payments)	-	-	-	-	-	-	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(90,294)	(23,928)	1,187	(126,739)	(582,866)	(289,054)	(1,111,694)
CASH FLOWS FROM INVESTING ACTIVITIES:							
Interest Received	771	669	1,537	2	-	31	3,010
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	771	669	1,537	2	-	31	3,010
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	11,170	50,410	36,719	(26,927)	19,461	968,030	1,058,863
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	210,233	681,264	643,518	254,164	611,762	579,439	2,980,380
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 221,403	\$ 731,674	\$ 680,237	\$ 227,237	\$ 631,223	\$ 1,547,469	\$ 4,039,243
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:							
Cash and Cash Equivalents - Unrestricted	\$ 40,134	\$ 209,998	\$ 116,735	\$ 100,418	\$ 293,554	\$ 368,678	\$ 1,129,517
Cash and Cash Equivalents - Restricted	163,252	510,028	546,305	112,474	277,772	1,028,406	2,638,237
Tenant Security Deposits	18,017	11,648	17,197	14,345	59,897	150,385	271,489
Cash debt service reserve	-	-	-	-	-	-	-
	\$ 221,403	\$ 731,674	\$ 680,237	\$ 227,237	\$ 631,223	\$ 1,547,469	\$ 4,039,243
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:							
Operating Income (Loss)	\$ (312,323)	\$ (185,319)	\$ (358,966)	\$ (62,455)	\$ 34,666	\$ (800,835)	\$ (1,685,232)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:							
Depreciation and Amortization Expense	404,233	259,408	407,343	190,329	534,754	2,327,458	4,123,525
Change in Operating Assets and Liabilities:							
(Increase) Decrease in Assets:							
Receivables (Net)	(765)	(2,192)	(10,581)	(25,867)	(9,969)	(27,603)	(76,977)
Prepaid and Other Assets	(2,460)	(487)	(623)	(673)	88	(6,741)	(10,896)
(Increase) Decrease in Liabilities:							
Accounts Payable - Operations	(3,607)	1,184	(2,818)	(1,141)	39,670	142,940	176,228
Tenant Security Deposits	206	(187)	(1,336)	(297)	(1,070)	(189)	(2,873)
Unearned Revenue	414	136	987	(588)	3,972	3,184	8,105
Other Liabilities	14,995	1,126	(11)	502	216	(381,161)	(364,333)
Total Reconciling Adjustments	413,016	258,988	392,961	162,265	567,661	2,057,888	3,852,779
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 100,693	\$ 73,669	\$ 33,995	\$ 99,810	\$ 602,327	\$ 1,257,053	\$ 2,167,547

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

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