Office of the Washington State Auditor
Pat McCarthy

November 17, 2022

Board of Commissioners
Housing Authority of the City of Longview
Longview, Washington

Contracted CPA Firm's Audit Report on Financial Statements

We have reviewed the audit report issued by a certified public accounting (CPA) firm on the financial statements and compliance with federal grant requirements of the Housing Authority of the City of Longview for the fiscal year ended September 30, 2021. The Housing Authority contracted with the CPA firm for this audit and requested that we accept it in lieu of performing our own audit.

Based on this review, we have accepted this report in lieu of the audit required by RCW 43.09.260. The Office of the Washington State Auditor did not audit the accompanying financial statements for the Housing Authority of the City of Longview's compliance with federal grant agreements and, accordingly, we do not express an opinion on those financial statements or on compliance.

This report is being published on the Office of the Washington State Auditor website as a matter of public record.

Sincerely,

Pat McCarthy

Pat McCarthy, State Auditor

Olympia, WA

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HOUSING OPPORTUNITIES OF SOUTHWEST WASHINGTON
(HOUSING AUTHORITY OF THE CITY OF LONGVIEW)

FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Housing Opportunities of Southwest Washington
Longview, Washington

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities (primary government) and the discretely presented component unit of the Housing Opportunities of Southwest Washington (the Authority), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Lilac Place Limited Liability Partnership, which represents 100%, of the assets, net position, and revenues of the aggregate discretely presented component unit. 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 discretely presented component unit, is based solely on the report 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 entity'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 entity'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 opinion.

Opinion

In our opinion, based on our audit and the report 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 discretely presented component unit of the Housing Opportunities of Southwest Washington as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

9757 Greenwood Avenue North • Seattle, WA 98103 • (206) 298-9811 • FAX: 298-9772

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 to 8, schedule of the Authority's proportionate share of the net pension liability on page 41, and schedule of employer contributions on page 42 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Awards Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the basic financial statements. The Financial Data Schedule presented on pages 47 through 51 is presented for the purpose of additional analysis as required by HUD, and is also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2022 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Finney, Neill & Company, P.S.

June 22, 2022
Seattle, Washington

The Housing Authority of the City of Longview (Authority), doing business as the Housing Opportunities of Southwest Washington (HOSWWA), management's discussion and analysis is intended to assist the reader in focusing on significant financial issues, provide an overview of the Authority's financial activity, identify changes in the Authority's financial position, and identify individual fund issues or concerns. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

The financial performance discussed in the following analyses does not include the tax credit partnership. The tax credit partnership is owned by a separate limited partnership with the Authority as the general partner. This separate legal entity is not carried directly on the books of the Authority. It is listed as a component unit in the financial statements and is detailed in portions of the notes to the financial statements. With those exceptions, neither this unit, nor its financial data, is included in the analysis and financial reports that follow.

Financial Highlights

- The Authority's overall cash position increased by $304 thousand (14%) during the year. Unrestricted cash and cash equivalents increased by $421 thousand (50%) and restricted cash and cash equivalents decreased by $117 thousand (9%).
- The Authority maintained average occupancy rate of 98% across all projects, a 1% increase over 2020's occupancy rate.
- Total assets and deferred outflows of resources of the authority exceeded total liabilities and deferred inflows of resources at September 30, 2021 by $2.5 million, which is an increase of $963 thousand (63%) during the year. The main driver, 73%, of this increase is the pension asset added for $1.3 million.
- Operating expenses were $14.2 million and include $10.7 million in housing assistance payments (HAP) made to landlords (75% of operating expenses). HAP increased by $416 thousand (4%) from the previous year. Total operating expenses other than HAP were consistent with the previous year.

Authority Wide Financial Statements

The focus of Authority-wide financial statements is on the overall financial position and activities of HOSWWA. The Authority's financial statements include a Statement of Net Position, a Statement of Revenues, Expenses & Changes in Fund Net Position, a Statement of Cash Flows, Notes to the Financial Statements and Required Supplementary Information. The financial statements are prepared using the accrual basis of accounting and conform to generally accepted accounting principles as applicable to proprietary funds of governments.

The statement of net position presents total assets and deferred outflows of resources and total liabilities and deferred inflows of resources with the difference between these reported as net position. It provides information about the nature and amounts of investments in resources (assets), consumption of resources that are applicable to future periods (deferred outflows), obligations to the

Authority's creditors (liabilities) and the acquisition of resources that are applicable to a future reporting period (deferred inflows). It provides the basis for evaluating the capital structure of the Authority and assessing the liquidity and financial flexibility of the Authority. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial condition of the Authority is improving or deteriorating.

The statement of revenues, expenses, and changes in fund net position presents the results of the business activities over the course of the year. This information can be used to determine whether the Authority has successfully recovered all its costs through its user fees and other charges, profitability and creditworthiness.

The statement of cash flows reports cash receipts, cash payments, and net changes in cash resulting from operating, financing, and investing activities over the course of the year. It presents information regarding where cash came from and what it was used for.

The notes to the financial statements provide useful information regarding the Authority's significant accounting policies, significant account balances and activities, certain material risks, estimates, obligations, commitments, contingencies, and subsequent events, if any.

Condensed Comparative Financial Information

Condensed Comparative Statement of Net Position

The following condensed statement of net position presents the assets and deferred outflow of resources of the Authority as of September 30, 2021 and 2020:

	Sept. 30, 2021	Sept. 30, 2020
Current and other assets	$ 5,458,439	3,802,335
Capital assets	11,275,073	11,593,891
Total assets	16,733,512	15,396,226
Deferred Outflows of Resources	112,731	109,470
Total assets and deferred outflows of resources	$ 16,846,243	15,505,696
Current liabilities	$ 1,482,574	1,193,673
Long-term liabilities	11,436,434	12,543,465
Total liabilities	12,919,008	13,737,138
Deferred Inflows of Resources	1,430,155	234,691
Total liabilities and deferred inflows of resources	$ 14,349,163	13,971,829
Net position		
Net investment in capital assets	$ (539,363)	(467,031)
Restricted	2,316,619	824,797
Unrestricted	719,824	1,176,101
Total net position	$ 2,497,080	1,533,867

Major Factors Affecting the Statement of Net Position

The Statement of Net Position measures the amount by which assets exceed the corresponding liabilities or net position. Over time this may serve as useful measure of the Authority's financial position.

The total net position of $2.5 million is presented in three categories:

- Investment in Capital Assets represents the book value amount invested in capital assets net of depreciation and related debt. The primary changes in this category are property development, depreciation, and lowering our overall debt through the normal repayment of principal. This year the account had a decrease of $72 thousand and is $(539) thousand at fiscal year-end. The decrease is due primarily to a decrease in capital assets, net, from normal depreciation. The balance is negative because many loans are deferred and not decreasing, while the associated properties are depreciating.

- The Restricted Net Position consists of four major components: debt service reserves held by trustees to support debt service commitments, Housing Choice Voucher housing assistance payment (HAP) reserve, and required reserves for replacement (maintenance reserves), and Net Pension Assets. HAP reserves are restricted and can only be used for housing assistance payments for the Housing Choice Voucher program. This category increased by $1.5 million in fiscal year 2021 and ended the year at $2.3 million. Approximately 87% of this increase is related to the addition of the Net Pension Asset. In addition, HAP funding continued to be greater than HAP payments during the year, increasing HAP reserves.

- The Unrestricted Net Position represents the Authority's unrestricted cash and investments, which comprises net position that does not fall into the first two categories. In 2021, this amount decreased by $456 thousand and ended the year at $720 thousand. The decrease in this category is primarily due to the increase in restricted net position associated with the addition of the Net Pension Asset.

Current and other assets increased by 43%, or $1.7 million. This increase is primarily related to the addition of the $1.3 million net pension asset. Capital assets decreased by $319 thousand due to depreciation offset by construction in progress activity.

Current liabilities increased by 24%, or $289 thousand, primarily related to the current portion of long-term debt due in 2022.

Condensed Comparative Statement of Revenues, Expenses & Changes in Fund Net Position

The Statement of Revenues, Expenses, and Changes in Net Position present the results of operations as well as the non-operating revenues and expenses. It is necessary to consider both operating and non-operating revenues to gauge the results of operations, as grants and subsidies which are considered non-operating revenues are essential to the funding of the Authority. The following table presents the Condensed Statement of Revenues, Expenses and Changes in Fund Net Position for the years ended on September 30, 2021 and 2020.

	Sept. 30, 2021	Sept. 30, 2020
Operating revenue		
Net tenant rental revenue	$ 1,397,919	1,274,792
Other revenue	599,563	1,084,361
Total Operating Revenue	1,997,482	2,359,153
Non-operating revenue		
Government operating subsidies and grants	13,519,773	12,752,054
Other non-operating revenue	15,646	15,822
Total non-operating revenue	13,535,419	12,767,876
Total revenue	15,532,901	15,127,029
Operating expenses	14,208,904	13,748,195
Non-operating expenses		
Interest expense	360,784	367,884
Total expenses	14,569,688	14,116,079
Change in Net Position	963,213	1,010,950
Net position, beginning, as previously stated	1,533,867	1,509,830
Prior period adjustment	-	(986,913)
Net position, beginning, as adjusted	1,533,867	522,917
Net position, ending	$ 2,497,080	1,533,867

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

Direct grants and subsidies from HUD, USDA, VA, and others grant programs, make up 83% of the revenue received. The largest program the Authority administers is the Housing Choice Voucher program, commonly known as the Section 8 program. This program also generates the Authority's largest single category of expense in the form of HAPs, which are transfer payments to private landlords to assist eligible low-income families with their rent. HAP subsidy and payments increased in FY2021.

Other operating revenue decreased by $485 thousand due to a decrease in developer fees and other operating grants earned in FY2021.

Major economic conditions influencing the Authority's Statement of Revenues, Expenses and Changes in Net Position is the continued appropriation and support for these programs through Congress. In fiscal years 2021 and 2020, appropriations remained consistent, however, impacted by the rising rents and high occupancy rates within local rental market, causing the Authority to assist fewer families.

This is offset by the well performing Authority-owned real estate in the local rental market. The Cowlitz County rental market is influenced by the Portland, OR, and Vancouver, WA, rental markets which have remained strong. This has led to rising rent levels and corresponding lower vacancy rates. We expect to see rents remain firm and likely increase, which should lead to increases in our operating revenues; however, this would be offset by potentially lower revenues from our governmental sponsored programs.

Additional HUD funding for Housing Choice Voucher programs was provided to assist with increase costs due to COVID-19 restrictions. This one-time increase in funding was paid to the Authority in FY2020, and all expended in FY2021.

Capital Asset and Long-Term Debt Activity

Capital Assets

During the fiscal year the Authority had $11.3 million invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease of $319 thousand from the end of last year, because of annual depreciation offset by an increase in construction in progress expenditures.

	Sept. 30, 2021	Sept. 30, 2020
Land	$ 2,271,229	2,271,229
Construction in Progress	113,598	174,760
Total non-depreciable capital assets	2,384,827	2,445,989
Buildings	15,488,394	15,546,025
Equipment	319,245	272,985
Leasehold Improvements	3,110,189	2,716,656
Total depreciable capital assets	18,917,828	18,535,666
Accumulated Depreciation	(10,027,582)	(9,387,764)
Total depreciable capital assets, net	8,890,246	9,147,902
Total Capital Assets, net	$ 11,275,073	11,593,891

For more information see Note 5 of the notes to the financial statements.

Long-Term Debt

As of September 30, 2021, the Authority had $11.8 million in loans, notes, and mortgages. This is a decrease of approximately $180 thousand from the prior year balance of $12.0 million. Debt changed due to a mix of standard principal payments and refinancing occurring in 2021. This information is presented in detail in Note 8 of the notes to the financial statements.

Economic Factors Affecting the Authority

The Authority depends on funding from HUD for Housing Choice Voucher program, USDA, VA and Washington State to fund much of its administrative needs. In addition, the Authority operates multiple affordable housing programs located in Cowlitz, Lewis, Wahkiakum and Pacific Counties in Washington. Future operations could be affected by changes in federal low-income housing subsidies; economic or other changes in the southwest Washington geographical area; or by changes in the demand for such affordable housing and related services.

HUD's funding of federal low-income housing subsidies is dependent on congressional appropriations and related budget prioritizations. Federal budget cuts enacted in prior years and expected to occur in future periods, represent the greatest on-going economic challenge for the Authority. The following funding impacts from such actions were experienced in 2021:

- The administrative cost portion of the Housing Choice Voucher program funding was funded at the following percent of eligibilities: 79% during 2019, 81% during 2020, and 85% during 2021. In fiscal year 2022, 92% of admin fees are expected to be funded based on the most recent funding notice received.

- The Section 8 Housing Choice Voucher Program Housing Assistance Payments was funded at 99.5% of subsidy eligibility in 2019, 99.0% in 2020, and back up to 99.5% in 2021.

The Authority has responded to these on-going challenges (funding reduction in administrative cost portion of the Housing Choice Voucher program) of Federal budget reductions for low-income housing programs in part by reducing costs. The Authority is also developing new programs and seeking funding from other sources. In particular the Veterans Administration has provided additional funds providing housing for homeless veterans, and the Low-Income Housing Tax Credit program has brought infusions of capital funding for construction of new affordable housing units through equity contributions by the investors of those partnerships. The investors provided equity contributions to the partnership so that they could then benefit from the federal income tax credits awarded to those projects.

Local inflationary, recessionary, and employment trends can affect resident incomes and therefore the number of rental incomes received by the Authority, as well as the amount of Housing Assistance Payments paid out by the Authority. The unemployment rate in the Longview, Washington metropolitan statistical area has decreased from 8.5% in September 2020 to 4.8% in September 2021 according to the U.S. Bureau of Labor Statistics (www.bls.gov).

Contacting the Housing Authority's Financial Management

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information should be addressed to the Accounting Manager of the Housing Opportunities of Southwest Washington. HOSWWA's offices are located at 820 11th Ave., Longview, WA 98632. The telephone number is (360) 423-0140.

HOUSING OPPORTUNITIES OF SOUTHWEST WASHINGTON

STATEMENT OF NET POSITION

September 30, 2021

(With Component Unit presentation as of December 31, 2020)

Assets and Deferred Outflows of Resources	Primary Government	Component Unit
Current Assets:		
Cash - Unrestricted	$ 1,266,264	82,918
Accounts Receivable (net)	43,585	3,318
Accounts Receivable - Other Government	181,350	-
Accounts Receivable - Related Party	5,178	-
Accounts Receivable - Component Unit	13,081	-
Accounts Receivable - HUD	15,892	-
Prepaid Expenses	73,549	9,482
Inventory	16,634	-
Restricted Assets:		
Cash - Restricted	1,132,144	270,957
Tenant Security Deposits	75,427	10,150
Total Restricted Assets	1,207,571	281,107
Total Current Assets	2,823,104	376,825
Noncurrent Assets:		
Notes and Interest Receivable - Component Unit	500,351	-
Notes Receivable - Other	355,551	-
Deferred Developer Fees Receivable - Related Party	103,276	-
Capital Assets:		
Nondepreciable	2,384,827	308,313
Depreciable, net	8,890,246	5,783,730
Capital Assets, net	11,275,073	6,092,043
Net Pension Asset	1,326,587	-
Investments in Joint Ventures	349,570	-
Other Noncurrent Assets	-	37,223
Total Noncurrent Assets	13,910,408	6,129,266
Total Assets	16,733,512	6,506,091
Deferred Outflow of Resources (Related to Pensions)	112,731	-
Total Assets & Deferred Outflow of Resources	$ 16,846,243	6,506,091

The accompanying notes are an integral part of these financial statements.

HOUSING OPPORTUNITIES OF SOUTHWEST WASHINGTON
STATEMENT OF NET POSITION, CONTINUED
September 30, 2021
(With Component Unit presentation as of December 31, 2020)

Liabilities, Deferred Inflows, and Net Position	Primary Government	Component Unit
Current Liabilities:		
Accounts Payable and Other Accrued Liabilities	$ 296,013	25,573
Payable to Primary Government	-	16,687
Compensated Absences, current	48,027	-
Interest Payable, current	19,129	96,043
Unearned Revenue	162,881	7,011
FSS Escrow Liability, current	19,942	-
Long-Term Debt, current	861,155	20,373
Tenant Security Deposits	75,427	10,150
Total Current Liabilities	1,482,574	175,837
Noncurrent Liabilities:		
Accrued Interest, noncurrent	236,491	-
Long-Term Debt, net of current portion	10,953,283	1,583,190
FSS Escrow Liability - long-term	120,165	-
Net Pension Liability	126,495	-
Total Noncurrent Liabilities	11,436,434	1,583,190
Total Liabilities	12,919,008	1,759,027
Deferred Inflow of Resources (Related to Pensions)	1,430,155	-
Total Liabilities & Deferred Inflow of Resources	$ 14,349,163	1,759,027
Net Position:		
Invested in capital assets, net of related debt	$ (539,363)	4,488,480
Restricted	2,316,619	270,957
Unrestricted	719,824	(12,373)
Total Net Position	$ 2,497,080	4,747,064

The accompanying notes are an integral part of these financial statements.

HOUSING OPPORTUNITIES OF SOUTHWEST WASHINGTON
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year Ended September 30, 2021
(With Component Unit presentation for the year ended December 31, 2020)

	Primary Government	Component Unit
Operating Revenues:		
Net Rental Revenue	$ 1,326,264	364,921
Tenant Revenue - Other	71,655	-
Other Income	599,563	9,371
Total Operating Revenues	1,997,482	374,292
Operating Expenses:		
Administrative	615,105	105,906
Tenant Services	818,812	26,419
Utilities	393,844	51,751
Maintenance	891,259	39,349
Other General Expenses	194,595	23,413
Housing Assistance Payments	10,655,471	-
Depreciation and Amortization	639,818	303,856
Total Operating Expenses	14,208,904	550,694
Operating Income (Loss)	(12,211,422)	(176,402)
Non-operating revenues & expenses:		
HUD PHA Operating Grants	11,326,676	-
Other Government Grants	2,193,097	-
Investment Income	15,646	-
Interest Expense	(360,784)	(68,589)
Total non-operating revenues & expenses	13,174,635	(68,589)
Changes in net position	963,213	(244,991)
Net position at beginning of year	1,533,867	4,992,055
Net position at end of year	$ 2,497,080	4,747,064

The accompanying notes are an integral part of these financial statements.

HOUSING OPPORTUNITIES OF SOUTHWEST WASHINGTON
STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2021

	Primary Government
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Tenants	$ 1,372,281
Cash Received from Other Activities	660,361
Cash Paid to Suppliers	(1,481,480)
Cash Paid to Employees	(1,971,802)
Cash Paid to Landlords	(10,620,431)
Net cash used by operating activities:	(12,041,071)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Noncapital Grants	13,233,709
Net cash provided by non-capital financing activities:	13,233,709
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of Capital Assets	(321,000)
Payments on Line of Credit	(66,206)
Proceeds from Issuance of Long-Term Debt	1,893,346
Principal Paid on Capital Debt	(2,073,624)
Interest Paid	(333,038)
Net cash used by capital and related financing activities	(900,522)
CASH FLOWS FROM INVESTING ACTIVITIES	
Collection on Notes Receivable	(93,674)
Interest Received	105,316
Net cash provided by investing activities:	11,642
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	303,758
CASH AND CASH EQUIVALENTS, beginning of year	2,170,077
CASH AND CASH EQUIVALENTS, end of year	$ 2,473,835
RECONCILIATION TO STATEMENT OF NET POSITION	
Cash - Unrestricted	$ 1,266,264
Cash - Restricted	1,132,144
Cash - Tenant Security Deposits	75,427
Total Cash	$ 2,473,835

The accompanying notes are an integral part of these financial statements.

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:

Operating income (loss)	$	(12,211,422)
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation and amortization		639,818
Forgiveness of note receivable		2,000
(Increase) decrease in assets:		
Receivables		44,235
Inventory		(1,990)
Prepaid expenses and other assets		1,657
Pension asset		(1,326,587)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses		(14,567)
Pension liability		793,282
Security deposits		(1,024)
Unearned revenues		(8,052)
FSS escrow liability		35,041
Compensated absences		6,538
Total adjustments		170,351
Net cash provided (used) by operating activities	$	(12,041,071)

Noncash Transactions:

Notes receivable forgiven	$	2,000

The accompanying notes are an integral part of these financial statements.

Note 1 – SUMMARY OF SIGNIFICANT POLICIES

The accounting policies of the Housing Opportunities of Southwest Washington (Authority) conform to accounting principles generally accepted in the United States of America (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 policies (including identification of those policies which result in departures from accounting principles generally accepted in the United States):

Reporting Entity
The Authority is a municipal corporation governed by an appointed six-member board. As required by accounting principles generally accepted in the United States, management has considered all potential component units in defining the reporting entity. These financial statements present the Authority (the primary government) and its component unit. The component unit discussed below is included in the Authority's reporting entity because of the significance of its operational or financial relationship with the Authority.

When the City of Longview created the Authority, the Authority was authorized to operate within the limits of the City of Longview. Subsequently the Authority contracted with HUD and entered into inter-local agreements to manage the Housing Choice Vouchers in Lewis County, Pacific County and Cowlitz County (excluding the cities of Kelso and Kalama). The Authority also has inter-local agreements with Castle Rock, Cathlamet, Kalama, Kelso, Wahkiakum County, Winlock, and Woodland to provide housing services in those cities and counties.

The Authority also provides certain management services though contract with the Joint Pacific County Housing Authority, Driftwood Point Apartments, LLLP, and Lilac Place, LLLP.

Discretely Presented Component Unit - As required by accounting principles generally accepted in the United States, management has considered all potential component units in defining the reporting entity. These financial statements present the Authority (the Primary Government) and its discretely presented component unit. The component unit is included in the Authority's reporting entity because of the significance of its operational or financial relationships with the Authority. A separate Component Unit column is presented in the financial statements to distinguish the balances and transactions from those of the primary government.

The Lilac Place Limited Liability Limited Partnership was formed by U.S Bancorp Community Development Corporation (the limited partner) and the Authority (the general partner). This partnership was formed to acquire, develop, construct, operate and maintain housing for low-income tenants in a manner necessary to qualify for federal low-income housing tax credits as provided under Section 42 of the Internal Revenue Code. The project comprises 38 units in six buildings. The units constructed are owned by the partnership and managed by the Authority. As general partner, the Authority complies with the duties and responsibilities established with the limited partner in the related partnership agreement. In general, the Authority is obligated to provide funds to the partnership for any operating deficits and is to be repaid from project cash flow in subsequent years or from proceeds of a sale or refinance.

Note 1 – SUMMARY OF SIGNIFICANT POLICIES, continued

The Component Unit financial statements are presented as of December 31, 2020. This presentation results in accounts receivable and accounts payable between component units and the primary government not being equal as they are presented as of different dates. The financial statements of the component unit are prepared separately. Copies of these statements can be obtained by contacting the Housing Authority at 820 11th Ave, Longview, WA 98632.

Basis of Accounting and Presentation

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 Authority has elected to report as a single-enterprise proprietary fund and uses the accrual basis of accounting. The measurement focus is on the flow of economic resources. The proprietary fund is composed of a number of programs. These programs are designed to provide low-income individuals with housing.

Proprietary funds are used to account for activities that are operated in a manner similar to private enterprise business. Under this method revenues are recognized when earned and expenses are recognized when incurred. Capital asset purchases are capitalized and long-term debt liabilities are accounted for in the fund.

The Authority reports operating revenues as defined in GASB Statement No. 9. Operating revenues result from fees and charges from providing services in connection with the ongoing operations of providing low-income housing. Operating subsidies and grants are reported as non-operating revenues and are presented as cash flows from non-capital financing activities in the statement of cash flows. Operating expenses are those expenses that are directly incurred in the operation of providing low-income housing.

Cash and Cash Equivalents

For the purposes of the Statement of Net Position and the Statement of Cash Flows, the Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased, or available on demand, to be cash equivalents.

Receivables

Receivables consist of amounts owed from private individuals or organizations for goods and services including amounts owed for which billings have not been prepared. Bad debt write offs are made monthly and subject to approval of the Board of Commissioners and are expensed at the end of each month. The Allowance for Doubtful Accounts is determined at the end of the year by evaluating the facts and circumstances of each account included in accounts receivable. On the financial statements, the receivables are presented in a net format after deducting the current allowance amount.

Note 1 – SUMMARY OF SIGNIFICANT POLICIES, continued

Inventories
The “Inventories” account includes any material dollar amount of rental property components on hand and not installed at a particular property as of the date of the Statement of Net Position. Generally, components are ordered as needed for specific repairs and not maintained as inventory. Inventory is valued at cost and is valued using the “first in first out” (FIFO) method which approximates the market value.

Notes Receivable
Notes receivable consist of second mortgage loans made under a down payment assistance program for first time home buyers. These loans are 0% interest loans secured by a deed of trust and payable upon sale or transfer of title, satisfactory completion of residency requirements or change of use.

These loans are expected to be forgiven or repaid by the loan recipients at the sooner of the end of the compliance period or upon the sale or disposition of the home. These are classified as non-current because they are not expected to be repaid within one year. Because the loans receivables are secured by liens against real property there is generally no need to estimate uncollectible loans receivable.

Restricted Assets
In accordance with bond resolutions and federal contracts (and certain related agreements) separate restricted accounts are required to be established. The assets held in these accounts are restricted for specific uses, including debt service, maintenance of assets and other special reserve requirements. As titled in the Statement of Net Position, restricted resources currently include the following:

- Tenant security deposits which include security deposits held pursuant to residential rental agreements. They are included, while not all will be payable, in current period because they are payable from the “Tenant security deposits” account listed under restricted assets.
- Other “Restricted Assets” includes excess Housing Assistance Payment reserves, escrow accounts, principal and interest payment deposits and required replacement reserves.

Capital Assets
The cost of normal maintenance and repairs, which do not add to the value of the asset or materially extend an asset’s life, is expensed. A purchase of equipment or a building improvement costing $3,000 or more, which is not deemed a repair, is recorded at historical cost, and depreciated over its expected life.

Property, plant, and equipment donated or sold at a bargain discounted price to the Authority is recorded at the acquisition value determined at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest expense incurred during the construction phase is reflected in the capitalized value of the asset constructed.

Property, plant, residential buildings, and equipment are depreciated using the straight-line method, generally over the following estimated useful lives:

Note 1 – SUMMARY OF SIGNIFICANT POLICIES, continued

Asset Categories	Years
Buildings	40
Building improvements	15
Site improvements, sidewalks, paving, etc.	20
Vehicles-autos & light trucks	5
Office equipment-non computer	6
Computer & telecommunications equipment	5
Office furnishings	10
Other equipment, carpets, appliances	12

It is the Authority's policy that the original cost of unsegregated components of operating property that is retired or otherwise disposed of, plus the cost of installation, less salvage, is charged to accumulated depreciation and no gain or loss on the disposition is recognized. In the case of the sale of a significant operating unit or system, the original cost is removed from the capital asset accounts, accumulated depreciation is charged with the accumulated depreciation related to the property sold, and the net gain or loss on disposition is credited or charged to income.

Capitalized Costs

The Authority has a policy of capitalizing as a cost of that property certain project costs which are clearly associated with the acquisition, development, and construction of the real estate project.

Preliminary costs incurred for proposed capital projects are recorded in "Construction Work in Progress" pending construction of the facility. Costs relating to projects ultimately constructed are transferred to the project capital accounts; charges related to abandoned projects are expensed.

Investments

Investments are stated at cost, which approximates fair market value. For various risks related to the investments, see Note 3 – Deposits and Investments.

Investment in Joint Venture

The Authority has investments in the Lilac Place LLLP as general partner, and in the Driftwood Point Apartments LLLP as co-general partner together with Joint Pacific County Housing Authority. As a general partner, the Authority uses the equity method of accounting for the investment and, as such, does not recognize losses in excess of the equity. These investments are increased by contributions and income from the partnerships and decreased by distributions and losses incurred by the partnerships.

Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation leave. The Authority records unpaid leave for compensated absences as an expense and liability when incurred.

Vacation pay, which cannot be carried over past the employee's anniversary date, is payable upon resignation, retirement or death. Sick leave may be carried over the years but can only be taken for medical-related absences. Sick leave may accumulate up to 480 hours. Upon resignation, retirement, or death; sick leave is lost.

Note 1 – SUMMARY OF SIGNIFICANT POLICIES, continued

Pensions

For purposes of measuring the net pension liability (asset), 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, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For details of the Pension Plans, see Note 9.

Family Self-Sufficiency

The Family Self-Sufficiency program (FSS) is an incentive program for low-income persons receiving subsidies to help them find ways to increase their income through schooling, technical training, etc. The Authority sets aside in an escrow account the difference between the participants' starting subsidy and their declining subsidy as their wages increase. When the participants achieve an income level at which they no longer receive subsidies in accordance with program guidelines, or when they graduate from the program and have met all requirements, they will receive the escrow balance in cash. If the participants fail to comply with the program requirements, their escrow balance is forfeited.

Unearned Revenue

The Authority has unearned revenue arise when the cash has been received but the potential revenue has not been earned in the current period. Unearned revenue from ground lease payments and tenant rent payments received in advance of the period in which these are considered earned. Unearned tenant rent payments were received prior to year-end, before they were due; grant funding was received in advance of incurring related expense.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Tax Exemption

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 income taxes imposed by cities, counties, the state, or any political subdivision thereof. Accordingly, no provision for income taxes is reflected in the accompanying statements.

New Accounting Standards Adopted

GASB Statement No. 84, *Fiduciary Activities*, is effective for reporting periods beginning after December 15, 2019. This statement establishes criteria for identifying and reporting fiduciary activities of all state and local governments. The adoption of this standard in the year ended September 30, 2021 did not have a material impact on the Authority's financial statements.

Note 1 – SUMMARY OF SIGNIFICANT POLICIES, continued

GASB Statement No. 90, *Majority Equity Interests*, is effective for reporting periods beginning after December 15, 2019. Its objective is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for component units. The adoption of this standard in the year ended September 30, 2021 did not have a material impact on the Authority's financial statements.

New Accounting Standards to be Adopted in Future Years

GASB Statement No. 87, *Leases*, is effective for reporting periods beginning after June 15, 2021. Its objective is to improve accounting and financial reporting for leases by governments by establishing a single model for lease accounting based on the principle that leases are the financing of the right to use an underlying asset. It requires recognition of certain lease assets and liabilities that were previously classified as operating.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, is effective for reporting periods beginning after December 15, 2020. Its objective is to enhance the relevance and comparability of information about capital assets and the cost of borrowing, and to simplify accounting for interest cost incurred before the end of a construction period.

GASB Statement No. 91, *Conduit Debt Obligations,* is effective for reporting periods beginning after December 15, 2021. This Statement will provide 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.

GASB Statement No. 93, *Replacement of Interbank Offered Rates (IBOR),* is effective for reporting periods beginning after June 15, 2021. Its objective is to address accounting and financial reporting implications that result from the replacement of an IBOR.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements,* is effective for fiscal years beginning after June 15, 2022. Its objective is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs), and to provide guidance for accounting and financial reporting for availability payment arrangements (APAs).

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements,* is effective for fiscal years beginning after June 15, 2022. Its objective is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, is effective for fiscal years beginning after June 15, 2021, except for certain provisions which are effective immediately.

The Authority is currently evaluating these new standards to determine what impact, if any, they will have on the Authority, its financial statements and related disclosures.

Note 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

State law requires that the Authority maintain occupancy at specified percentages of low-income families. State law also requires the Authority to deposit all of its funds with banking institutions in accordance with the terms of the State of Washington Public Deposit Protection Act.

The Authority is in compliance with state law with respect to the percentage of low-income families served and the Authority makes all investments pursuant to the requirements of Washington State law in Chapter 39.58 RCW, and the investment policies it has adopted.

Note 3 – DEPOSITS AND INVESTMENTS

Deposits
The Authority's deposits and certificates of deposit are entirely covered by the Federal Depository Insurance Commission (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC). It is the policy of the Authority, when making deposits or investing in bank market rate savings or certificates of deposit, to use banks which are qualified public depositories as designated by the PDPC pursuant to RCW 39.58. The PDPC is a risk sharing pool whereby member banks that are designated as "qualified public depositories", mutually insure public deposits against loss. As a result, the FDIC or PDPC insures all demand deposits and bank balances of the Authority against loss.

Investments
Available excess cash or demand deposits of the Authority are invested in accordance with RCW 35.82.070(6) and the Authority's policies. Investments consist of deposits with qualified pubic depositories, obligations of the U.S. Treasury and agencies, banker's acceptances, commercial paper, and repurchase agreements. All restricted cash and investments held in bond trust accounts were invested in accordance with the provisions of the various trust indentures. Certain investments may meet the criteria of cash and cash equivalents but are treated as investments by the Authority because of their intended long-term use.

As of the year ended September 30, 2021 the Authority had no investments.

Interest Rate Risk – The Authority's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – As noted above, state law limits the types of investments that can be made by the Authority to those identified in RCW 35.82.070(6).

Concentration of Credit Risk – The Authority places no limit on the amount that can be invested in any one investment.

Custodial Credit Risk – is the risk that in the event of a failure of the counterparty to an investment transaction the Authority would not be able to recover the value of the investment of collateral securities. None of the Authority's cash accounts or investments are exposed to custodial credit risk since all funds are either entirely covered by FDIC insurance, the Washington Public Deposit Protection Act or consists of investment in U.S. Treasury obligations or repurchase agreements secured by U.S. Treasury obligations.

Note 3 – DEPOSITS AND INVESTMENTS, continued

Component Unit

Deposits - As of December 31, 2020, the component units' carrying amount of deposits was $364,025. These deposits are entirely covered by Federal Depository Insurance Corporation (FDIC).

Note 4 – NOTES RECEIVABLE

The Authority has notes receivable that consist of second mortgage loans made under a down payment assistance program for first time home buyers. These loans are 0% interest loans secured by a deed of trust and payable upon sale or transfer of title, satisfactory completion of residency requirements or change of use.

The Authority has notes receivable from the component unit in the amount of $404,467 plus $95,884 in accrued interest. The component unit discloses $404,467 as a long-term liability plus $92,987 in accrued interest. The differences are the result of differing year ends of September 2021 for the Authority and December 2020 for the component unit.

Inter-program Loans: See Note 6 – Inter-program Loans.

Note 4 – NOTES RECEIVABLE, continued

The schedule of notes receivable as of September 30, 2021 is as follows:

	Original Amount	Issue Date	Maturity	Interest Rate	Amount Outstanding
Development					
Lilac Place	$ 404,467	Oct-13	Jan-58	3.28%	$ 66,267
Lilac Place	338,200	Apr-14	Oct-58	3.28%	338,200
Home Ownership	90,000	May-15	Apr-45	3.00%	76,904
	832,667				481,371
Forgivable Notes					
E	20,000	Aug-17	Aug-27	0.00%	11,833
	20,000				11,833
Other Notes Receivable					
A	25,000	Feb-09	Feb-39	0.00%	25,000
B	25,000	Jul-09	Jul-39	0.00%	25,000
C	25,000	Oct-09	Oct-39	0.00%	25,000
E	25,000	Feb-10	Feb-40	0.00%	25,000
F	10,000	Apr-10	Apr-40	0.00%	10,000
G	10,000	Aug-11	Aug-41	0.00%	10,000
H	10,000	Mar-12	Mar-42	0.00%	10,000
I	10,000	Apr-12	Apr-42	0.00%	10,000
J	30,000	Sep-12	Sep-42	0.00%	30,000
K	20,000	Mar-13	Mar-43	0.00%	20,000
M	10,000	May-14	May-44	0.00%	10,000
N	40,000	May-15	May-25	0.00%	40,000
O	5,000	Apr-19	Apr-49	0.00%	5,000
P	40,000	Apr-16	based on cash flow	1.00%	21,814
	285,000				266,814
Total	$ 1,137,667				$ 760,018

Notes receivable activity for the year ended September 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Lilac Place	$ 404,467	-	-	404,467
Home ownership	79,114	-	(2,210)	76,904
Forgivable notes	13,833	-	(2,000)	11,833
Other notes	266,814	-	-	266,814
	$ 764,228	-	(4,210)	760,018

These notes are an integral part of the financial statements.

Note 5 – CAPITAL ASSETS

Major expenses ($3,000 or more and a useful life of one year or more) for capital assets, including capital leases, and major repairs that increase useful lives are capitalized. Maintenance, repairs, and minor renewals are accounted for as expenses when incurred. All capital assets are valued at historical cost or estimated historical cost, where historical cost is not known. Donations are recorded at the fair market value as determined by appraisal. Construction in progress is decreased when the construction is complete and the asset is placed in service. The decrease is equal to the increase in the class of assets that have been constructed.

The Authority has acquired certain assets with funding provided by federal financial assistance programs. Depending on the terms of the agreements involved, the federal government could retain an equity interest in these assets. However, the Authority has sufficient legal interest to accomplish the purposes for which the assets were acquired.

Primary Government

Capital asset activity for the year ended September 30, 2021 was as follows:

	Beginning Balance 09/30/20	Additions	Dispositions / Transfers	Ending Balance 09/30/21
Capital assets not being depreciated				
Land	$ 2,271,229	-	-	2,271,229
Construction in progress	174,760	317,740	(378,902)	113,598
Total capital assets not being depreciated	2,445,989	317,740	(378,902)	2,384,827
Capital assets being depreciated				
Buildings	15,546,025	-	(57,631)	15,488,394
Equipment	272,985	3,260	43,000	319,245
Leasehold improvements	2,716,656	-	393,533	3,110,189
Total capital assets being depreciated	18,535,666	3,260	378,902	18,917,828
Less accumulated depreciation	(9,387,764)	(639,818)	-	(10,027,582)
Total capital assets being depreciated net of accumulated depreciation	9,147,902	(636,558)	378,902	8,890,246
Total capital assets, net	$ 11,593,891	(318,818)	-	11,275,073

Note 5 – CAPITAL ASSETS, continued

Component Unit

Capital asset activity for the Component Unit for the year ended December 31, 2020 was as follows:

	Beginning Balance 12/31/19	Increases	Decreases	Ending Balance 12/31/20
Capital assets not being depreciated				
Land	$ 308,313	-	-	308,313
Construction in progress	-	-	-	-
Total capital assets not being depreciated	308,313	-	-	308,313
Capital assets being depreciated				
Land improvements	615,439	-	-	615,439
Building	7,100,407	-	-	7,100,407
Equipment	227,935	-	-	227,935
Total capital assets being depreciated	7,943,781	-	-	7,943,781
Less accumulated depreciation	(1,860,849)	(299,202)	-	(2,160,051)
Total capital assets being depreciated net of accumulated depreciation	6,082,932	(299,202)	-	5,783,730
Total capital assets, net	$ 6,391,245	(299,202)	-	6,092,043

Note 6 – INTER-PROGRAM LOANS

The Authority has no inter-program loans outstanding. Inter-program loans are offset by inter-program receivables of the same amount. Inter-program loans are eliminated in the financial statements. Short term inter-program loan activities for the year ended September 30, 2021 were as follows:

From/To	Beginning Balance	Increases	Decreases	Ending Balance
Agency/Stratford	$ 55,351	-	(55,351)	-
	$ 55,351	-	(55,351)	-

These notes are an integral part of the financial statements.

Note 7 – LEASE COMMITMENTS

Operating Lease(s)
The Authority is committed under various leases for use of the copiers and postage equipment. These leases are considered operating leases for accounting purposes. Lease expense for the year ended September 30, 2021 amounted to $43,213.

Future minimum rental commitments for these leases are as follows for the years ending September 30:

2022	$ 26,209
2023	7,140
	$ 33,349

Note 8 – LONG TERM DEBT AND LIABILITIES

Real Estate Mortgages
The Authority has direct placement debt which may be secured by capital assets. These loans were used to acquire capital assets that provide low-income housing. Interest incurred during the year ended

Schedule of Direct Placement Debt Outstanding as of September 30, 2021:

Purpose	Original Amount	Issue Date	Fiscal Year Maturity	Interest Rate	Amount Outstanding	Other Disclosures
Purchase land for future development OBH	$ 553,000	09/30/17	2025	1.00%	$ 553,000	Secured by deed of trust on property. Must meet low income housing requirements. Upon default, all principal and accrued interest will be immediately due and payable. No prepayment penalty.
Purchase land for future development OBH	251,500	04/30/18	2026	1.00%	251,500	Secured by deed of trust on property. Must meet low income housing requirements. Upon default, all principal and accrued interest will be immediately due and payable. No prepayment penalty.
Acquire single family residence - 18th Newberg	27,461	08/14/08	2023	4.50%	5,048	Not secured. No prepayment penalty.
Refinance of Admin Building loan	463,000	11/20/18	2028	4.43%	432,931	Secured by deed of trust on real property and assignment of leases and rents for real property in Cowlitz County. Must maintain required debt ratio. Upon default, interest rate increases by 5% and all principal and accrued interest will be immediately due and payable. Prepayment penalty 5% in the first year, decreasing 1% per year.
Construction of 20 units of assisted housing - Phoenix House	1,775,000	06/30/08	2059	0.00%	1,775,000	Secured by deed of trust on property. Must meet low income housing requirements. Upon default, all principal and accrued interest will be immediately due and payable. No prepayment penalty.
Refinance of Stratford	428,733	03/09/21	2031	3.75%	421,770	Secured by deed of trust and assignment of leases and rents for all real property in Cowlitz County. Interest rate increases to the 5-year fixed advance rate plus a 2.9% margin beginning April 1, 2026. Must maintain required debt ratio.Upon default, interest rate increases to 18% and all principal and accrued interest will be immediately due and payable. Prepayment penalty 5% in the first year, decreasing 1% per year.

Note 8 – LONG TERM DEBT AND LIABILITIES, continued

Schedule of Direct Placement Debt Outstanding as of September 30, 2021, continued

Purpose	Original Amount	Issue Date	Fiscal Year Maturity	Interest Rate	Amount Outstanding	Other Disclosures
Refinance - Hemlock	55,282	12/28/20	2027	3.75%	50,323	Secured by deed of trust and assignment of leases and rents for all real property in Cowlitz County. Interest rate increases to the 5-year fixed advance rate plus a 2.9% margin beginning September 1, 2022. Must maintain required debt ratio. Upon default, interest rate increases to 18% and all principal and accrued interest will be immediately due and payable. Prepayment penalty 5% in the first year, decreasing 1% per year.
Refinance single family residence - 33rd	19,790	12/28/20	2026	3.75%	17,616	Secured by deed of trust and assignment of leases and rents for all real property in Cowlitz County. Must maintain required debt ratio. Upon default, interest rate increases to 18% and all principal and accrued interest will be immediately due and payable. Prepayment penalty 5% in the first year, decreasing 1% per year.
Refinance - Woodside West	565,574	12/28/20	2027	3.75%	556,702	Secured by deed of trust and assignment of leases and rents for all real property in Cowlitz County. Interest rate increases to the 5-year fixed advance rate plus a 2.9% margin beginning July 1, 2022. Must maintain required debt ratio. Upon default, interest rate increases to 18% and all principal and accrued interest will be immediately due and payable.
Acquire 8 units of family housing - Beechwood	483,000	02/01/21	2031	3.75%	475,764	Secured by deed of trust on real property. Interest rate increases to the 5-year fixed advance rate plus a 2.9% margin beginning March 1, 2026. Must maintain required debt ratio. Upon default, interest rate increases to 18% and all principal and accrued interest will be immediately due and payable. Prepayment penalty 5% in the first year, decreasing 1% per year.
Leasehold improvements - Sylvester Arms	1,565,717	01/09/94	2054	0.50%	1,173,787	Secured by deed of trust on real property. Must meet low income housing requirements. Upon default, all principal and accrued interest will be immediately due and payable. No prepayment penalty. Lender deferred all interest and principal payments through December 2022, in response to COVID-19 pandemic.
	772,166	06/19/12	2022	6.50%	615,053	Secured by assignment of leases and rents for all real property in Cowlitz County. Must maintain required debt ratio. Upon default, all principal and interest will be immediately due and payable. No prepayment penalty.
Acquire land and construct 17 units of elderly housing - Eagle Pointe Village	640,800	08/11/98	2048	1.00%	568,291	Secured by deed of trust on real property. Must meet low income housing requirements. Principal and interest payments are deferred until 2029, and accrued and unpaid interest compounds annually. Upon default, all principal and accrued interest will be immediately due and payable. No prepayment penalty.

These notes are an integral part of the financial statements.

Note 8 – LONG TERM DEBT AND LIABILITIES, continued

Schedule of Direct Placement Debt Outstanding as of September 30, 2021, continued

Purpose	Original Amount	Issue Date	Fiscal Year Maturity	Interest Rate	Amount Outstanding	Other Disclosures
Acquire land and construct 17 units of elderly housing - Eagle Pointe Village	209,700	08/11/98	2048	1.00%	209,700	Secured by deed of trust on real property. Must meet low income housing requirements. Principal and interest payments are deferred until 2029, and accrued and unpaid interest compounds annually. Upon default, all principal and accrued interest will be immediately due and payable. No prepayment penalty.
	188,691	03/04/98	2028	3.25%	69,122	Secured by deed of trust on real property. Must meet low income housing requirements. Upon default, all principal and accrued interest will be immediately due and payable. No prepayment penalty.
Rehabilitation of Stratford	800,000	03/31/13	2053	0.00%	800,000	Secured by deed of trust and assignment of leases and rents for all real property in Cowlitz County. Must meet low income housing requirements. Forgivable if all compliance requirements are met upon maturity. Upon default, all principal and accrued interest will be immediately due and payable. No prepayment penalty.
Purchase 39 units of elderly/disabled housing - Tulip Valley	1,238,636	08/01/95	2031	1.00%	427,416	Secured by deed of trust and assignment of leases and rents for all real property in Cowlitz County. Must meet low income housing requirements. Upon default, all principal and accrued interest will be immediately due and payable. No prepayment penalty.
Refinance - Hawthorne House	340,966	12/28/20	2031	3.75%	323,819	Secured by deed of trust and assignment of leases and rents for all real property in Cowlitz County. Interest rate increases to the 5-year fixed advance rate plus a 2.9% margin beginning November 1, 2021. Must maintain required debt ratio. Upon default, interest rate increases to 18% and all principal and accrued interest will be immediately due and payable. Prepayment penalty 5% in the first year, decreasing 1% per year.
Purchase 61 units of senior housing - Hawthorne House	1,438,736	10/12/95	2035	1.00%	986,653	Secured by deed of trust and assignment of leases and rents for all real property in Cowlitz County. Must meet low income housing requirements. Upon default, all principal and accrued interest will be immediately due and payable. No prepayment penalty.
Purchase 16 units of family housing - Columbia View	493,016	10/25/05	2046	0.00%	493,015	Secured by deed of trust on real property. Must meet low income housing requirements. Upon default, all principal and accrued interest will be immediately due and payable. No prepayment penalty.
	99,743	01/19/06	2046	1.00%	82,381	Secured by deed of trust and assignment of leases and rents for all real property in Cowlitz County. Must meet low income housing requirements. Upon default, all principal and accrued interest will be immediately due and payable. No prepayment penalty.

Note 8 – LONG TERM DEBT AND LIABILITIES, continued

Schedule of Direct Placement Debt Outstanding as of September 30, 2021, continued

Purpose	Original Amount	Issue Date	Fiscal Year Maturity	Interest Rate	Amount Outstanding	Other Disclosures
Purchase 16 units of family housing - Columbia View	242,569	01/19/06	2046	1.00%	200,346	Secured by deed of trust and assignment of leases and rents for all real property in Cowlitz County. Must meet low income housing requirements. Upon default, all principal and accrued interest will be immediately due and payable. No prepayment penalty.
	555,035	10/25/05	2046	0.00%	555,035	Secured by deed of trust on real property. Must meet low income housing requirements. Upon default, all principal and accrued interest will be immediately due and payable. No prepayment penalty.
Purchase 35 units of family housing - Riverview	360,748	01/19/06	2046	1.00%	297,953	Secured by deed of trust and assignment of leases and rents for all real property in Cowlitz County. Must meet low income housing requirements. Upon default, all principal and accrued interest will be immediately due and payable. No prepayment penalty.
	571,735	01/19/06	2046	1.00%	472,213	Secured by deed of trust and assignment of leases and rents for all real property in Cowlitz County. Must meet low income housing requirements. Upon default, all principal and accrued interest will be immediately due and payable. No prepayment penalty.
Total	$ 14,140,598				$ 11,814,438	

Mortgage debt service requirements to maturity are as follows:

Years Ending September 30	Principal	Interest	Required Debt Service
2022	$ 861,155	278,098	1,139,253
2023	237,143	252,057	489,200
2024	257,019	227,083	484,102
2025	823,775	259,107	1,082,882
2026	505,197	221,013	726,210
2027-2031	2,553,570	762,956	3,316,526
2032-2036	733,045	457,055	1,190,100
2037-2041	493,959	230,048	724,007
2042-2046	1,635,962	84,302	1,720,264
2047-2051	582,014	28,858	610,872
2052-2056	1,356,599	8,175	1,364,774
2057-2061	1,775,000	-	1,775,000
	$ 11,814,438	2,808,752	14,623,190

These notes are an integral part of the financial statements.

Note 8 – LONG TERM DEBT AND LIABILITIES, continued

Changes in Long-Term Liabilities
During the year ended September 30, 2021, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct placement debt:					
Mortgages	$ 11,994,716	1,893,346	(2,073,624)	11,814,438	$ 861,155
Total direct placement debt	11,994,716	1,893,346	(2,073,624)	11,814,438	861,155
Accrued interest	227,874	27,746	-	255,620	19,129
Pension liability	525,416	-	(398,921)	126,495	-
Compensated Absences	41,489	6,538	-	48,027	48,027
	$ 12,789,495	1,927,630	(2,472,545)	12,244,580	$ 928,311

Component Unit

Loans
The Component Unit has long term notes payable secured by capital assets. These notes were used to acquire capital assets that provide affordable housing. The notes payable are to be repaid to the Authority, U.S. Bank and Clark County by the component unit. The notes to the Authority ($404,467) and Clark County ($197,172) are to be paid out of residual receipts as they become available. The Columbia Bank (formerly WCRA) loan ($825,856) is to be paid back out of operations.

Outstanding loans are as follows:

	Original Amount	Issue date	Fiscal year maturity	Interest rate	Amount outstanding Dec 31, 2020
Mortgage	$ 878,642	Jan-15	2030	6.00%	$ 825,856
2nd Mortgage	215,054	Jan-14	2058	0.50%	197,172
Deferred Loan	200,000	Jan-14	2058	0.00%	200,000
Note Payable - General Partner	404,467	Jan-14	2058	3.28%	404,467
	$ 1,698,163				1,627,495
				Debt issuance costs	(23,932)
				Net balance	$ 1,603,563

These notes are an integral part of the financial statements.

Note 8 – LONG TERM DEBT AND LIABILITIES, continued

The loans payable debt service requirements to maturity are as follows:

Years ending December 31	Principal	Interest	Required debt service
2021	$ 20,373	63,275	83,648
2022	21,363	62,280	83,643
2023	22,410	61,224	83,634
2024	23,523	60,105	83,628
2025	24,702	58,918	83,620
2026-2030	761,746	242,741	1,004,487
2031-2035	25,034	69,788	94,822
2036-2040	25,667	69,156	94,823
2041-2045	26,315	68,508	94,823
2046-2050	26,979	67,843	94,822
2051-2055	27,660	67,162	94,822
2056-2060	283,523	60,700	344,223
2061	338,200	9,244	347,444
	$ 1,627,495	960,944	2,588,439

During the year ended December 31, 2020, the following changes occurred in the long-term liabilities for the Component Unit:

	Beginning balance	Additions	Reductions	Ending Balance	Due within one year
Mortgages/Loans	$ 1,645,399	-	(17,904)	1,627,495	$ 20,373

Note 9 – PENSION PLANS

The following table represents the aggregate pension amounts for all plans for the year ended September 30, 2021:

Aggregate Pension Amounts - All Plans	
Pension liabilities	$ 126,495
Pension assets	1,326,587
Deferred outflows of resources	112,731
Deferred inflows of resources	1,430,155
Pension expense/expenditures	(340,841)

Note 9 – PENSION PLANS, continued

State Sponsored Pension Plans

Substantially all the Authority's 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 publicly 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.

Note 9 – PENSION PLANS, continued

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 2021 were as follows:

PERS Plan 1		
Actual Contribution Rates	**Employer**	**Employee***
January - June 2021		
PERS Plan 1	7.92%	6.00%
PERS Plan 1 UAAL	4.87%	
Administrative Fee	0.18%	
Total	**12.97%**	**6.00%**
July - December 2021		
PERS Plan 1	10.07%	6.00%
Administrative Fee	0.18%	
Total	**10.25%**	**6.00%**

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-paid 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.

Note 9 – PENSION PLANS, continued

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 2021 were as follows:

PERS Plan 2/3		
Actual Contribution Rates	**Employer 2/3**	**Employee 2***
January - June 2021		
PERS Plan 2/3	7.92%	7.90%
PERS Plan 1 UAAL	4.87%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	**12.97%**	**7.90%**
July - December 2021		
PERS Plan 2/3	6.36%	6.36%
PERS Plan 1 UAAL	3.71%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	**10.25%**	**6.36%**

The Authority's actual PERS plan contributions were $72,747 to PERS Plan 1 and $119,711 to PERS Plan 2/3 for the year ended September 30, 2021.

Actuarial Assumptions

The total pension liability (TPL) for each of the plans was determined using the most recent actuarial valuation completed in 2021 with a valuation date of June 30, 2020. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2013-2018 Demographic Experience Study* and the *2019 Economic Experience Study*.

Note 9 – PENSION PLANS, continued

Additional assumptions for subsequent events and law changes are current as of the 2020 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2021. Plan liabilities were rolled forward from June 30, 2020, to June 30, 2021, 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:** 7.4%

Mortality rates were developed using the Society of Actuaries' Pub.H-2010 mortality rates, which vary by member status, as the base table. The OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout their lifetime.

There were no changes in assumptions since the last valuation. There were changes in methods since the last valuation.

- For purposes of the June 30, 2020 Actuarial Valuation Report (AVR), a non-contribution rate setting valuation under current funding policy, the Office of the State Actuary (OSA) introduced temporary method changes to produce asset and liability measures as of the valuation date. See high-level summary below. OSA will revert back to the methods outlined in the 2019 AVR when preparing the 2021 AVR, a contribution rate-setting valuation, which will serve as the basis for 2022 ACFR results.
- To produce measures at June 30, 2020, unless otherwise noted in the 2020 AVR, OSA relied on the same data, assets, methods, and assumptions as the June 30, 2019 AVR. OSA projected the data forward one year reflecting assumed new hires and current members exiting the plan as expected. OSA estimated June 30, 2020, assets by relying on the fiscal year end 2019 assets, reflecting actual investment performance over FY 2020, and reflecting assumed contribution amounts and benefit payments during FY 2020. OSA reviewed the actual June 30, 2020, participant and financial data to determine if any material changes to projection assumptions were necessary. OSA also considered any material impacts to the plans from 2021 legislation. See the 2020 AVR for more information.

Note 9 – PENSION PLANS, continued

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 was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA's 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 the DRS pension plan investments of 7.4 percent was determined using a building-block-method. In selecting this assumption, the OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMA's) and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the CMA's and their target asset allocation to simulate future investment returns at various future times.

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, 2021 are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the 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%	2.20%
Tangible Assets	7%	5.10%
Real Estate	18%	5.80%
Global Equity	32%	6.30%
Private Equity	23%	9.30%
	100%	

Sensitivity of Net Pension Liability

The table below presents the Authority's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.40 percent, as well as what the Authority's proportionate share of the net pension liability would be if it 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.

Note 9 – PENSION PLANS, continued

	1% Decrease 6.40%	Current Rate 7.40%	1% Increase 8.40%
PERS 1	215,492	126,495	48,881
PERS 2/3	(377,919)	(1,326,587)	(2,107,816)

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 September 30, 2021, the Authority reported its proportionate share of the net pension liabilities (assets) as follows:

Plan	Liability or (Asset)
PERS 1	$ 126,495
PERS 2/3	(1,326,587)

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

	Proportionate Share 6/30/20	Proportionate Share 6/30/21	Change in Proportion
PERS 1	0.01013%	0.01036%	0.00023%
PERS 2/3	0.01313%	0.01332%	0.00019%

Employer contribution transmittals received and processed by the 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 the DRS in the *Schedules of Employer and Nonemployer Allocations* for all plans.

Pension Expense

For the year ended September 30, 2021, the Authority recognized pension expense as follows:

	Pension Expense
PERS 1	$ (18,136)
PERS 2/3	(322,705)
TOTAL	(340,841)

Note 9 – PENSION PLANS, continued

Deferred Outflows of Resources and Deferred Inflows of Resources

At September 30, 2021, the 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**
Net difference between projected and actual investment earnings on pension plan investments	$ -	$ (140,368)
Contributions subsequent to the measurement date	15,939	-
TOTAL	$ 15,939	$ (140,368)

PERS 2/3	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Differences between expected and actual experience	$ 64,430	$ (16,263)
Net difference between projected and actual investment earnings on pension plan investments	-	(1,108,716)
Changes of assumptions	1,939	(94,210)
Changes in proportion and differences between contributions and proportionate share of contributions	3,098	(70,598)
Contributions subsequent to the measurement date	27,325	
TOTAL	$ 96,792	$ (1,289,787)

TOTAL ALL PLANS	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Differences between expected and actual experience	$ 64,430	$ (16,263)
Net difference between projected and actual investment earnings on pension plan investments	-	(1,249,084)
Changes of assumptions	1,939	(94,210)
Changes in proportion and differences between contributions and proportionate share of contributions	3,098	(70,598)
Contributions subsequent to the measurement date	43,264	-
TOTAL	$ 112,731	$ (1,430,155)

Note 9 – PENSION PLANS, continued

Deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2021. 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
2022	$ (37,183)	$ (320,566)
2023	(34,074)	(300,646)
2024	(32,218)	(286,661)
2025	(36,893)	(304,289)
2026	-	(8,480)
Thereafter	-	322

Note 10 – RISK MANAGEMENT

The Authority is a member of Housing Authorities Risk Retention Pool (HARRP). Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 (Interlocal 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 purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and/or jointly contracting for risk management services. HARRP is a U.S. Department of Housing and Urban Development (HUD) approved self-insurance entity for utilization by public housing authorities. HARRP has a total of eighty-two member/owner housing authorities in the states of Washington, Oregon, California and Nevada. Thirty-five of the eighty-two members are Washington State public housing entities.

New members are underwritten at their original membership and thereafter automatically renew on an annual basis. Members may quit upon giving notice to HARRP prior to their renewal date. Members terminating membership are not eligible to rejoin HARRP for three years. HARRP can terminate the 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 is written on an occurrence basis, without member deductibles. Errors and Omissions coverage (which includes Employment Practices Liability) is written on claims made basis, and the members are responsible for 10% of the incurred costs of the claims. The Property coverage offered by HARRP is on a replacement cost basis, with deductibles ranging from $2,500 to $25,000. Fidelity coverage is also offered, with limits of $100,000 (with options up to $500,000) for employee dishonesty, forgery, or alteration and $10,000 for theft with deductibles similar to the retention of Property.

Note 10 – RISK MANAGEMENT, continued

Coverage limits for General Liability, as well as Errors and Omissions, are $2,000,000 per occurrence with no annual aggregate. Property limits are offered on an agreed amount, based on each structure's value. Limits for Automobile Liability are covered at $2,000,000, with no aggregate. HARRP self-insures $2 million of coverage for liability lines. For property, HARRP retains the first $2 million and then purchases $45 million of excess insurance from Munich Reinsurance for a combined total of $47,000,000. The HARRP Board of Directors determines the limits and coverage terms, at its sole discretion.

HARRP provides loss control and claim services with in-house staff and retained third party contractors.

HARRP is fully funded by member contributions that are adjusted by the HARRP Board on the basis of independent actuarial studies. These assessments cover loss, loss adjustment expenses, excess insurance, 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 11 – LINE OF CREDIT

At September 30, 2021 the Authority maintained a line of credit of up to $150,000 with Heritage Bank. The line of credit is secured by all of the Authority's resources. The interest rate terms under this line of credit agreement are variable. The initial rate is 4.75% per annum. At September 30, 2020, $66,206 had been drawn down in support of development activities which was paid in full on January 31, 2021. There were no additional withdrawals on the line of credit during the year ended September 30, 2021 and as of September 30, 2021, $0 was outstanding and payable. The line of credit matures on January 1, 2022 and was renewed on January 6, 2022 at an interest rate of 4.75% and a maturity date of January 1, 2023.

Note 12 – RELATED PARTIES

The Chief Executive Officer of the Authority acts as the Executive Director for Joint Pacific County Housing Authority (JPCHA) but receives no additional compensation.

JPCHA contracts with the Authority to provide administrative support, development support, and property management staff. In fiscal year 2021, JPCHA paid the Authority $40,628 for the management services. JPCHA owed the Authority $5,163 as of September 30, 2021.

The Authority, Joint Pacific County Housing Authority, and U.S. Bancorp Community Development Corporation have entered a partnership to develop, build, and operate Driftwood Point Apartments. The project is operated as Driftwood Point Apartments, LLLP (DPA LLLP). U.S. Bancorp Community Development Corporation is the limited partner with 99.99% interest, the Authority is the managing general partner with .006% interest, and the Joint Pacific County Housing Authority is co-general partner with .004% interest in the DPA LLLP. The certificate of occupancy was issued October 1, 2019. The project consists of twenty-seven units in three buildings and forty-five adjacent parking spaces. The project is located in Long Beach, Pacific County, Washington. The Board of Commissioners of Joint Pacific County Housing Authority retains control, together with the limited partner, over the operations of Driftwood Point Apartments, LLLP, and therefore Driftwood Point Apartments LLLP is included as a component unit of Joint Pacific County Housing Authority.

Note 12 – RELATED PARTIES, continued

Development resources for Driftwood Point Apartments come, primarily, from the sale of Low-Income Housing Tax Credits and a first mortgage loan from the Washington Department of Commerce. This funding requires that each unit must be occupied by households at or less than 60% of Area Median Income. Further, twenty of the units are set aside for households certified as homeless, two units are set aside for veterans, and nine units are set aside for persons with a disability. Units are intended for households/families without age restriction and there is no service component required of residents. The Authority has attached Project Based Rental Assistance to each of the units.

The Authority has entered into a Development Agreement with Driftwood Point Apartments, LLLP, to develop the property. The Authority earned developer fees under this agreement in prior years, and as of September 30, 2021, $103,276 in development fees receivable were due from Driftwood Point Apartments, LLLP, which are included in other noncurrent assets in the statement of net position. Future payments are based on future available cash flows in accordance with the Development Agreement.

Driftwood Point Apartments, LLLP also contracts with the authority to provide administrative support and property management services. In fiscal year 2021, Driftwood Point Apartments, LLLP paid the Authority $22,923 for the management services.

Note 13 – IMPACT OF COVID-19 PANDEMIC

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of the deadly new virus known as COVID-19. In the months following the declaration, precautionary measures to slow the spread of the virus were ordered. These measures included closing schools, cancelling public events, limiting public and private gatherings, and restricting business operations, travel, and non-essential activities. Worldwide supply chain issues, high rates of inflation, and labor shortages have arisen as a result of the pandemic and have caused difficulties in hiring and retaining employees and completing new construction and rehabilitation projects timely and within budget.

Expense increased due to added sanitation procedures and remote working capability during the year. CARES Act funding through HUD reimbursed much of these costs in the HCV program.

The length of time these measures will continue to be in place, and the full extent of the financial impact on the Authority is unknown at this time.

Note 14 – SUBSEQUENT EVENTS

During 2022, one of the mortgage notes receivable held by the Authority was paid in full for a total of $115,301, including principal and interest, after the sale of the underlying property.

During 2022, the City of Longview awarded the Authority $450,000 in HOME funds, pending receipts from other funding sources, for the development of the Sunrise Village property.

Subsequent events have been evaluated through June 22, 2022, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

Housing Authority of the City of Longview
REQUIRED SUPPLEMENTARY INFORMATION - State Sponsored Plans
Schedule of Proportionate Share of the Net Pension Liability (asset)
PERS 1
As of June 30
Last Eight Fiscal Years

Year Ended June 30,	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability (asset)	Employer's covered payroll	Employer's proportionate share of the net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2021	0.010358%	$ 126,495	$ 1,535,964	8.24%	88.74%
2020	0.010127%	357,538	1,542,811	23.17%	68.64%
2019	0.011270%	433,373	1,552,456	27.92%	67.12%
2018	0.012912%	576,654	1,546,813	37.28%	63.22%
2017	0.013352%	633,563	1,636,756	38.71%	61.24%
2016	0.013755%	738,708	1,638,786	45.08%	57.03%
2015	0.014029%	733,847	1,562,230	46.97%	59.10%
2014	0.013600%	686,467	1,524,998	45.01%	61.19%

Housing Authority of the City of Longview
REQUIRED SUPPLEMENTARY INFORMATION - State Sponsored Plans
Schedule of Proportionate Share of the Net Pension Liability (asset)
PERS 2/3
As of June 30
Last Eight Fiscal Years

Year Ended June 30,	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability (asset)	Employer's covered payroll	Employer's proportionate share of the net pension liability / asset as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2021	0.013317%	$ (1,326,587)	$ 1,535,964	86.37%	120.29%
2020	0.013126%	167,878	1,542,811	10.88%	97.22%
2019	0.014396%	139,834	1,547,153	9.04%	97.77%
2018	0.015848%	270,590	1,546,813	17.49%	95.77%
2017	0.016531%	574,373	1,636,756	35.09%	90.97%
2016	0.016945%	853,167	1,638,786	52.06%	85.82%
2015	0.017532%	626,428	1,562,230	40.10%	89.20%
2014	0.001710%	345,633	1,524,998	22.66%	93.29%

Housing Authority of the City of Longview
REQUIRED SUPPLEMENTARY INFORMATION - State Sponsored Plans
Schedule of Employer Contributions
PERS 1
As of September 30
Last Eight Fiscal Years

Year Ended Sept 30,	Statutorily or contractually required contributions	Contributions in relation to the statutorily or contractually required contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2021	$ 72,747	$ (72,747)	$ -	$ 1,596,116	4.56%
2020	73,662	(73,662)	-	1,544,715	4.77%
2019	75,444	(75,444)	-	1,497,157	5.04%
2018	80,996	(80,996)	-	1,704,335	4.75%
2017	80,730	(80,730)	-	1,633,272	4.94%
2016	80,961	(80,961)	-	1,662,116	4.87%
2015	65,647	(65,647)	-	1,530,151	4.29%
2014	65,892	(65,892)	-	1,608,135	4.10%

Housing Authority of the City of Longview
REQUIRED SUPPLEMENTARY INFORMATION - State Sponsored Plans
Schedule of Employer Contributions
PERS 2/3
As of September 30
Last Eight Fiscal Years

Year Ended Sept 30,	Statutorily or contractually required contributions	Contributions in relation to the statutorily or contractually required contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2021	$ 119,711	$ (119,711)	$ -	$ 1,596,116	7.50%
2020	122,341	(122,341)	-	1,544,715	7.92%
2019	114,057	(114,057)	-	1,497,157	7.62%
2018	125,703	(125,703)	-	1,704,335	7.38%
2017	105,134	(105,134)	-	1,633,272	6.44%
2016	101,871	(101,871)	-	1,662,116	6.13%
2015	80,174	(80,174)	-	1,530,151	5.24%
2014	79,322	(79,322)	-	1,608,135	4.93%

Housing Authority of the City of Longview

Notes to Required Supplemental Information - Pension

As of September 30

Last Eight Fiscal Years

Note 1: Information Provided

GASB 68 was implemented for the year ended September 30, 2015, therefore there is no data available for years prior to 2014.

Note 2: Significant Factors

There were no changes of benefit terms, significant changes in the employees covered under the benefit terms or in the use of different assumptions.

Note 3: Covered payroll

Covered payroll has been presented in accordance with GASB 82, *Pension Issues.* Covered payroll includes all payroll on which a contribution is based.

Note 4: Change in contribution rate

Rates in effect during the periods covered by the Required Supplemental Information are below:

PERS 1

From this Date	Through this Date	Rate
9/1/2013	6/30/2015	9.21%
7/1/2015	6/30/2017	11.18%
7/1/2017	8/31/2018	12.70%
9/1/2018	6/30/2019	12.83%
7/1/2019	8/31/2020	12.86%
9/1/2020	6/30/2021	12.97%
7/1/2021	current	10.25% *

* Employer contribution rate includes an administrative expense rate of 0.18%

PERS 2/3

From this Date	Through this Date	Rate
9/1/2013	6/30/2015	9.21%
7/1/2015	6/30/2017	11.18%
7/1/2017	8/31/2018	12.70%
9/1/2018	6/30/2019	12.83%
7/1/2019	8/31/2020	12.86%
9/1/2020	6/30/2021	12.97%
7/1/2021	current	10.25% *

* Employer contribution rate includes an administrative expense rate of 0.18%

HOUSING OPPORTUNITIES OF SOUTHWEST WASHINGTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2021

CFDA Number	Federal Agency	Program Name	Pass Through Agency	Other Identification Number	Direct Federal Expenditures	In-Direct Federal Expenditures	Total	Passed Through to Sub-recipients	Foot note
10.415	Department of Agriculture	Rural Rental Housing Loans		56-008-977666317-016	$ 63,399	-	63,399	-	
10.415	Department of Agriculture	Rural Rental Housing Loans		56-008-977666317-016	500,855	-	500,855	-	3b
10.415	Department of Agriculture	Rural Rental Housing Loans		56-008-977666317-028	1,024,742	-	1,024,742	-	3a
10.415	Department of Agriculture	Rural Rental Housing Loans		56-008-977666317-028	69,923	-	69,923	-	
10.415	Department of Agriculture	Rural Rental Housing Loans		56-008-977666317-030	10,446	-	10,446	-	
10.415	Department of Agriculture	Rural Rental Housing Loans		56-008-977666317-030	288,221	-	288,221	-	3c
10.415	Department of Agriculture	Rural Rental Housing Loans		56-008-977666317-041	28,457	-	28,457	-	
10.415	Department of Agriculture	Rural Rental Housing Loans		56-008-977666317-041	785,129	-	785,129	-	3d
		Total CFDA 10.415			**2,771,172**	**-**	**2,771,172**	**-**	
10.427	Department of Agriculture	Rural Rental Assistance Payments		56-008-977666317-016	165,237	-	165,237	-	
10.427	Department of Agriculture	Rural Rental Assistance Payments		56-008-977666317-028	309,796	-	309,796	-	
10.427	Department of Agriculture	Rural Rental Assistance Payments		56-008-977666317-030	65,148	-	65,148	-	
10.427	Department of Agriculture	Rural Rental Assistance Payments		56-008-977666317-041	156,403	-	156,403	-	
		Total CFDA 10.427			**696,584**	**-**	**696,584**	**-**	
				Total Department of Agriculture	**3,467,756**	**-**	**3,467,756**	**-**	
14.239	Department of Housing & Urban Development	Home Investment Partnerships Program	Washington Dept of Commerce	07-47104-004 Phoenix House	-	1,775,000	1,775,000	-	3f
14.239	Department of Housing & Urban Development	Home Investment Partnerships Program	Washington Dept of Commerce	94-40497-2020 - Eagle Point	-	777,991	777,991	-	3g
14.239	Department of Housing & Urban Development	Home Investment Partnerships Program	Washington Dept of Commerce	5-92-416-17B - Sylvester	-	1,173,787	1,173,787	-	3e
14.239	Department of Housing & Urban Development	Home Investment Partnerships Program	Washington Dept of Commerce	19-42401-116	-	253,339	253,339	-	
14.239	Department of Housing & Urban Development	Home Investment Partnerships Program	Washington Dept of Commerce	21-42401-116	-	131,925	131,925	-	
		Total CFDA 14.239			**-**	**4,112,042**	**4,112,042**	**-**	
14.896	Department of Housing & Urban Development	Family Self-Sufficiency Program Coordinators			**71,932**	**-**	**71,932**	**-**	
14.871	Department of Housing & Urban Development	Section 8 Housing Choice Vouchers		WA007	10,273,466	-	10,273,466	-	
14.879	Department of Housing & Urban Development	Mainstream 5		WA007	560,778	-	560,778	-	
14.871	Department of Housing & Urban Development	CARES ACT Funding Section 8 Housing Choice Vouchers		WA007	315,733	-	315,733	-	
14.879	Department of Housing & Urban Development	CARES ACT Funding Mainstream 5 Vouchers		WA007	1,701	-	1,701	-	
14.871	Department of Housing & Urban Development	Emergency Housing Vouchers		WA007	103,067	-	103,067	-	
		Total Housing Voucher Cluster			**11,254,745**	**-**	**11,254,745**	**-**	*
				Total Department of Housing and Urban Development	**11,326,677**	**4,112,042**	**15,438,719**	**-**	
64.024	Department of Veterans Affairs	Veterans Per-Diem 35		LONG000-1496-648-PD-21	514,373	-	514,373	-	
64.024	Department of Veterans Affairs	GPD Case Management		LONG000-1070-648-CM-20	50,690	-	50,690	-	
		Total CFDA 64.024			**565,063**	**-**	**565,063**	**-**	*
				Total Department of Veterans Affairs	**565,063**	**-**	**565,063**	**-**	
	*** Denotes a major program**			**Total Expenditures of Federal Awards**	**$ 15,359,496**	**4,112,042**	**19,471,538**	**-**	

See Independent Auditors' Report

Housing Opportunities of Southwest Washington
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2021

Note 1 - BASIS OF ACCOUNTING

This schedule is prepared on the same basis of accounting as the Authority's financial statements. The Authority uses U.S. Generally Accepted Accounting Principles and the accrual basis of accounting.

Note 2 – PROGRAM COSTS

Except as noted in the next paragraph 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, may be more than shown.

The amounts shown on the schedule for the Housing Voucher Program (CFDA 14.871) represent amounts received by the Authority. Actual expenditures of the grant funds during the period were $9,762,409.

Note 3 – FEDERAL LOANS

The amount listed for each loan includes the proceeds received during the year and the outstanding loan balance from prior years.

a) The Authority was approved by the USDA Rural Housing Service to receive a loan totaling $1,438,736 to acquire and renovate 61 units of economically designed and constructed rental housing suited for rural residents. The loan balance as of September 30, 2021 is $986,653.

b) The Authority was approved by the USDA Rural Housing Service to receive a loan totaling $1,238,636 to acquire and renovate 39 units of economically designed and constructed rental housing suited for rural residents. The loan balance as of September 30, 2021 is $427,416.

c) The Authority was approved by the USDA Rural Housing Service to receive a loan totaling $342,312 to acquire and renovate 16 units of economically designed and constructed rental housing suited for rural residents. The loan balance as of September 30, 2021 is $282,727.

d) The Authority was approved by the USDA Rural Housing Service to receive a loan totaling $932,483 to acquire and renovate 35 units of economically designed and constructed rental housing suited for rural residents. The loan balance as of September 30, 2021 is $770,166.

e) The Authority was approved by the Washington State Department of Commerce to receive a loan totaling $1,565,717 to acquire and renovate 35 units of economically designed and constructed rental housing suited for seniors and disabled residents. The loan balance as of September 30, 2021 is $1,173,787.

f) The Authority was approved by the Washington State Department of Commerce to receive a loan totaling $1,775,000 to build 20 units of economically designed and constructed rental housing suited for parents leaving drug treatment. The loan balance as of September 30, 2021 is $1,775,000.

g) The Authority was approved by the Washington State Department of Commerce to receive a loan totaling $850,500 to build 17 units of economically designed and constructed rental housing suited for seniors and disabled residents. The loan balance as of September 30, 2021 is $777,991.

Note 4 – INDIRECT COST RATE

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

Housing Authority City of Longview (WA007)
Longview, WA

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit Fiscal Year End: 09/30/2021

	14.896 PIH Family Self-Sufficiency Program	10.415 Rural Rental Housing Loans	14.879 Mainstream Vouchers	14.239 HOME Investment Partnerships Program	14.871 Housing Choice Vouchers	64.024 VA Homeless Providers Grant and Per Diem Program	10.427 Rural Rental Assistance Payments	14.EHV Emergency Housing Voucher	14.MSC Mainstream CARES Act Funding	1 Business Activities	14.HCC HCV CARES Act Funding	14.247 Self-Help Homeownership Opportunity Program	6.1 Component Unit - Discretely Presented	Subtotal	ELIM	Total
111 Cash - Unrestricted			$0		$537,608	$64,283	$439,875	$27,221		$197,276			$82,918	$1,349,181		$1,349,181
112 Cash - Restricted - Modernization and Development							$458,171			$288,790			$270,957	$1,017,918		$1,017,918
113 Cash - Other Restricted					$233,075			$145,874		$4,229	$2,005		0	$385,183		$385,183
114 Cash - Tenant Security Deposits							$40,992			$34,435			$10,150	$85,577		$85,577
115 Cash - Restricted for Payment of Current Liabilities																
100 Total Cash	$0	$0	$0	$0	$770,683	$64,283	$939,038	$173,095	$0	$524,730	$2,005	$0	$364,025	$2,837,859	$0	$2,837,859
121 Accounts Receivable - PHA Projects					$240								0	$240		$240
122 Accounts Receivable - HUD Other Projects	$6,430		$9,162							$299			0	$15,891		$15,891
124 Accounts Receivable - Other Government				$90,035	$162	$49,973	$0			$46,358			0	$186,528		$186,528
125 Accounts Receivable - Miscellaneous					$1,296	$555				$1,680			0	$3,531		$3,531
126 Accounts Receivable - Tenants							$19,051			$21,338			$3,318	$43,707		$43,707
126.1 Allowance for Doubtful Accounts -Tenants							-$765	$0	$0	$0			$0	-$765		-$765
126.2 Allowance for Doubtful Accounts - Other	$0		$0	$0	$0	$0				$0			$0	$0		$0
127 Notes, Loans, & Mortgages Receivable - Current										$13,081			0	$13,081		$13,081
128 Fraud Recovery																
128.1 Allowance for Doubtful Accounts - Fraud																
129 Accrued Interest Receivable										$192			0	$192		$192
120 Total Receivables, Net of Allowances for Doubtful Accounts	$6,430	$0	$9,162	$90,035	$1,698	$50,528	$18,286	$0	$0	$82,948	$0	$0	$3,318	$262,405	$0	$262,405
131 Investments - Unrestricted																
132 Investments - Restricted																
135 Investments - Restricted for Payment of Current Liability																
142 Prepaid Expenses and Other Assets			$3,248	$864	$38,487	$1,178	$11,744	$1,324		$16,703			$9,482	$83,030		$83,030
143 Inventories							$8,251			$8,383			0	$16,634		$16,634
143.1 Allowance for Obsolete Inventories							$0			$0			0	$0		$0
144 Inter Program Due From										$61,205			0	$61,205	-$61,205	$0
145 Assets Held for Sale																
150 Total Current Assets	$6,430	$0	$12,410	$90,899	$810,868	$115,989	$977,319	$174,419	$0	$693,969	$2,005	$0	$376,825	$3,261,133	-$61,205	$3,199,928
161 Land							$572,737			$1,698,492			$308,313	$2,579,542		$2,579,542
162 Buildings							$6,346,980			$9,141,415			$7,715,846	$23,204,241		$23,204,241
163 Furniture, Equipment & Machinery - Dwellings										$57,301			$227,935	$285,236		$285,236
164 Furniture, Equipment & Machinery - Administration					$86,146		$3,022			$172,776			0	$261,944		$261,944
165 Leasehold Improvements										$3,110,189			0	$3,110,189		$3,110,189
166 Accumulated Depreciation					-$39,259		-$3,955,195			-$6,033,128			-$2,160,051	-$12,187,633		-$12,187,633
167 Construction in Progress										$113,598			0	$113,598		$113,598
168 Infrastructure																
160 Total Capital Assets, Net of Accumulated Depreciation	$0	$0	$0	$0	$46,887	$0	$2,967,544	$0	$0	$8,260,643	$0	$0	$6,092,043	$17,367,117	$0	$17,367,117
171 Notes, Loans and Mortgages Receivable - Non-Current				$185,000						$560,018		$15,000	0	$760,018		$760,018
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due																
173 Grants Receivable - Non Current																
174 Other Assets			$16,960		$376,179	$216,172	$148,028			$768,408			$37,223	$1,562,970		$1,562,970
176 Investments in Joint Ventures										$349,570			0	$349,570		$349,570
180 Total Non-Current Assets	$0	$0	$16,960	$185,000	$423,066	$216,172	$3,115,572	$0	$0	$9,938,639	$0	$15,000	$6,129,266	$20,039,675	$0	$20,039,675
200 Deferred Outflow of Resources			$1,441		$31,967	$18,370	$12,579			$48,373			0	$112,730		$112,730
290 Total Assets and Deferred Outflow of Resources	$6,430	$0	$30,811	$275,899	$1,265,901	$350,531	$4,105,470	$174,419	$0	$10,680,981	$2,005	$15,000	$6,506,091	$23,413,538	-$61,205	$23,352,333
311 Bank Overdraft																
312 Accounts Payable <= 90 Days			$265	$4,151	$3,090	$13,970	$97,010	$2,088		$58,508			$25,573	$204,655		$204,655
313 Accounts Payable >90 Days Past Due																
321 Accrued Wage/Payroll Taxes Payable										$104,216			0	$104,216		$104,216

322 Accrued Compensated Absences - Current Portion			$705	$135	$13,434	$5,408	$3,908			$24,437			0	$48,027		$48,027
324 Accrued Contingency Liability																
325 Accrued Interest Payable							$3,113			$16,017			$96,043	$115,173		$115,173
331 Accounts Payable - HUD PHA Programs																
332 Account Payable - PHA Projects																
333 Accounts Payable - Other Government													0			
341 Tenant Security Deposits							$40,992			$34,435			$10,150	$85,577		$85,577
342 Unearned Revenue					$19,942	$61,713	$16,325	$72,061		$10,777	$2,005		$7,011	$189,834		$189,834
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue							$169,347			$691,808			$20,373	$881,528		$881,528
344 Current Portion of Long-term Debt - Operating Borrowings																
345 Other Current Liabilities							$1,565			$11,150			0	$12,715		$12,715
346 Accrued Liabilities - Other										$0			$16,687	$16,687		$16,687
347 Inter Program - Due To	$6,430		$5,495	$49,280									0	$61,205	-$61,205	$0
348 Loan Liability - Current																
310 Total Current Liabilities	$6,430	$0	$6,465	$53,566	$36,466	$81,091	$332,260	$74,149	$0	$951,348	$2,005	$0	$175,837	$1,719,617	-$61,205	$1,658,412
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue							$3,669,483			$7,283,799			$1,583,190	$12,536,472		$12,536,472
352 Long-term Debt, Net of Current - Operating Borrowings																
353 Non-current Liabilities - Other					$120,165					$236,490			0	$356,655		$356,655
354 Accrued Compensated Absences - Non Current																
355 Loan Liability - Non Current																
356 FASB 5 Liabilities																
357 Accrued Pension and OPEB Liabilities			$1,617		$35,870	$20,613	$14,115			$54,280			0	$126,495		$126,495
350 Total Non-Current Liabilities	$0	$0	$1,617	$0	$156,035	$20,613	$3,683,598	$0	$0	$7,574,569	$0	$0	$1,583,190	$13,019,622	$0	$13,019,622
300 Total Liabilities	$6,430	$0	$8,082	$53,566	$192,501	$101,704	$4,015,858	$74,149	$0	$8,525,917	$2,005	$0	$1,759,027	$14,739,239	-$61,205	$14,678,034
400 Deferred Inflow of Resources			$18,284		$405,548	$233,049	$159,584			$613,690			0	$1,430,155		$1,430,155
508.4 Net Investment in Capital Assets			$0		$46,887	$0	-$871,286			$285,036			$4,488,480	$3,949,117		$3,949,117
511.4 Restricted Net Position			$16,960		$469,147	$216,173	$606,199	$145,874		$862,267	$0		$270,957	$2,587,577		$2,587,577
512.4 Unrestricted Net Position	$0	$0	-$12,515	$222,333	$151,818	-$200,395	$195,115	-$45,604	$0	$394,071	$0	$15,000	-$12,373	$707,450		$707,450
513 Total Equity - Net Assets / Position	$0	$0	$4,445	$222,333	$667,852	$15,778	-$69,972	$100,270	$0	$1,541,374	$0	$15,000	$4,747,064	$7,244,144	$0	$7,244,144
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	$6,430	$0	$30,811	$275,899	$1,265,901	$350,531	$4,105,470	$174,419	$0	$10,680,981	$2,005	$15,000	$6,506,091	$23,413,538	-$61,205	$23,352,333

Housing Authority City of Longview (WA007)
Longview, WA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit   Fiscal Year End: 09/30/2021

	14.896 PIH Family Self-Sufficiency Program	10.415 Rural Rental Housing Loans	14.879 Mainstream Vouchers	14.239 HOME Investment Partnerships Program	14.871 Housing Choice Vouchers	64.024 VA Homeless Providers Grant and Per Diem Program	10.427 Rural Rental Assistance Payments	14.EHV Emergency Housing Voucher	14.MSC Mainstream CARES Act Funding	1 Business Activities	14.HCC HCV CARES Act Funding	14.247 Self-Help Homeownership Opportunity Program	6.1 Component Unit - Discretely Presented	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue							$473,581			$981,695			$364,921	$1,820,197	-$129,012	$1,691,185
70400 Tenant Revenue - Other							$51,354			$20,300			$9,086	$80,740		$80,740
70500 Total Tenant Revenue	$0	$0	$0	$0	$0	$0	$524,935	$0	$0	$1,001,995	$0	$0	$374,007	$1,900,937	-$129,012	$1,771,925
70600 HUD PHA Operating Grants	$71,932		$560,778		$10,273,466			$103,067	$1,701		$315,733		0	$11,326,677		$11,326,677
70610 Capital Grants																
70710 Management Fee																
70720 Asset Management Fee																
70730 Book Keeping Fee																
70740 Front Line Service Fee																
70750 Other Fees										$426,461			0	$426,461	-$426,461	$0
70700 Total Fee Revenue										$426,461			0	$426,461	-$426,461	0
70800 Other Government Grants		$172,225		$385,264		$563,950	$694,398			$377,260			0	$2,193,097		$2,193,097
71100 Investment Income - Unrestricted										$13,267			0	$13,267		$13,267
71200 Mortgage Interest Income										$2,338			0	$2,338		$2,338
71300 Proceeds from Disposition of Assets Held for Sale																
71310 Cost of Sale of Assets																
71400 Fraud Recovery					$29,820								0	$29,820		$29,820
71500 Other Revenue					$457,218		$238			$143,738			$285	$601,479	-$31,458	$570,021
71600 Gain or Loss on Sale of Capital Assets																
72000 Investment Income - Restricted							$39			$2			0	$41		$41
70000 Total Revenue	$71,932	$172,225	$560,778	$385,264	$10,760,504	$563,950	$1,219,610	$103,067	$1,701	$1,965,061	$315,733	$0	$374,292	$16,494,117	-$586,931	$15,907,186
91100 Administrative Salaries			$4,159	$796	$76,743	$81,839	$3,429			$460,859			$30,394	$658,219		$658,219
91200 Auditing Fees			$333	$742	$36,170	$1,539	$4,420			$6,584			$8,200	$57,988		$57,988
91300 Management Fee			$0	$0	$0	$0	$0						$29,354	$29,354		$29,354
91310 Book-keeping Fee			$5,649		$108,278								0	$113,927	-$113,927	$0
91400 Advertising and Marketing					$182		$1,464			$583			0	$2,229		$2,229
91500 Employee Benefit contributions - Administrative			-$612	$644	-$111,713	-$61,490	-$64,806			-$123,882			$20,924	-$340,935		-$340,935
91600 Office Expenses	$1,580		$4,544	$1,329	$95,152	$102,241	$30,222	$1,204		$107,191	$275		$21,881	$365,619	-$98,292	$267,327
91700 Legal Expense							$1,651			$6,810			0	$8,461		$8,461
91800 Travel			$35	$7	$657	$4,515	$10,864			$10,361			$651	$27,090	-$3,168	$23,922
91810 Allocated Overhead																
91900 Other			$9,126	$6,114	$181,739	$6,794	$119,959			$8,309			0	$332,041	-$312,113	$19,928
91000 Total Operating - Administrative	$1,580	$0	$23,234	$9,632	$387,208	$135,438	$107,203	$1,204	$0	$476,815	$275	$0	$111,404	$1,253,993	-$527,500	$726,493
92000 Asset Management Fee																
92100 Tenant Services - Salaries	$49,566		$14,410	$3,024	$74,256	$153,033	$18,495			$18,151	$208,723		0	$539,658		$539,658
92200 Relocation Costs																
92300 Employee Benefit Contributions - Tenant Services	$20,786		$5,750	$1,288	$5,736	$33,235	$7,802			$4,577	$99,378		0	$178,552		$178,552
92400 Tenant Services - Other						$136,658			$1,701	$20,868	$175		$26,419	$185,821	-$58,800	$127,021
92500 Total Tenant Services	$70,352	$0	$20,160	$4,312	$79,992	$322,926	$26,297	$0	$1,701	$43,596	$308,276	$0	$26,419	$904,031	-$58,800	$845,231
93100 Water							$60,883			$44,122			$34,731	$139,736	$0	$139,736
93200 Electricity							$444			$134			$6,408	$6,986		$6,986
93300 Gas										$4,936			0	$4,936		$4,936
93400 Fuel						$347	$25,193			$51,552			0	$77,092		$77,092
93500 Labor																
93600 Sewer							$123,175			$70,383			0	$193,558		$193,558
93700 Employee Benefit Contributions - Utilities																

93800 Other Utilities Expense							$1,348			$11,958			$10,613	$23,919	-$631	$23,288
93000 Total Utilities	$0	$0	$0	$0	$0	$347	$211,043	$0	$0	$183,085	$0	$0	$51,752	$446,227	-$631	$445,596
94100 Ordinary Maintenance and Operations - Labor						$1,806	$165,640			$174,078	$3,277		$17,357	$362,158		$362,158
94200 Ordinary Maintenance and Operations - Materials and Other						$81	$44,561			$47,252			$6,169	$98,063		$98,063
94300 Ordinary Maintenance and Operations Contracts			$992	$500	$14,374	$16,129	$158,155	$235		$146,863			$15,823	$353,071	$0	$353,071
94500 Employee Benefit Contributions - Ordinary Maintenance						$448	$52,525			$63,308	$1,037			$117,318		$117,318
94000 Total Maintenance	$0	$0	$992	$500	$14,374	$18,464	$420,881	$235	$0	$431,501	$4,314	$0	$39,349	$930,610	$0	$930,610
95100 Protective Services - Labor																
95200 Protective Services - Other Contract Costs																
95300 Protective Services - Other																
95500 Employee Benefit Contributions - Protective Services																
95000 Total Protective Services	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
96110 Property Insurance													$9,210	$9,210		$9,210
96120 Liability Insurance																
96130 Workmen's Compensation																
96140 All Other Insurance			$252	$127	$5,939	$3,041	$30,220			$30,970			0	$70,549		$70,549
96100 Total insurance Premiums	$0	$0	$252	$127	$5,939	$3,041	$30,220	$0	$0	$30,970	$0	$0	$9,210	$79,759	$0	$79,759
96200 Other General Expenses			$617		$49,537	$15	$282			$11,189	$2,868		$8,704	$73,212		$73,212
96210 Compensated Absences			$705	$135	$13,434	$5,408	$3,908			$24,437			0	$48,027		$48,027
96300 Payments in Lieu of Taxes										$5,119			0	$5,119		$5,119
96400 Bad debt - Tenant Rents							$1,445			$1,052			0	$2,497		$2,497
96500 Bad debt - Mortgages																
96600 Bad debt - Other																
96800 Severance Expense																
96000 Total Other General Expenses	$0	$0	$1,322	$135	$62,971	$5,423	$5,635	$0	$0	$41,797	$2,868	$0	$8,704	$128,855	$0	$128,855
96710 Interest of Mortgage (or Bonds) Payable		$172,225					$16,201			$172,357			$68,589	$429,372		$429,372
96720 Interest on Notes Payable (Short and Long Term)																
96730 Amortization of Bond Issue Costs																
96700 Total Interest Expense and Amortization Cost	$0	$172,225	$0	$0	$0	$0	$16,201	$0	$0	$172,357	$0	$0	$68,589	$429,372	$0	$429,372
96900 Total Operating Expenses	$71,932	$172,225	$45,960	$14,706	$550,484	$485,639	$817,480	$1,439	$1,701	$1,380,121	$315,733	$0	$315,427	$4,172,847	-$586,931	$3,585,916
97000 Excess of Operating Revenue over Operating Expenses	$0	$0	$514,818	$370,558	$10,210,020	$78,311	$402,130	$101,628	$0	$584,940	$0	$0	$58,865	$12,321,270	$0	$12,321,270
97100 Extraordinary Maintenance																
97200 Casualty Losses - Non-capitalized										$3,903			0	$3,903		$3,903
97300 Housing Assistance Payments			$539,598	$350,677	$9,345,105		$1,429	$1,358					0	$10,238,167		$10,238,167
97350 HAP Portability-In					$417,304								0	$417,304		$417,304
97400 Depreciation Expense					$6,288		$226,599			$406,931			$303,856	$943,674		$943,674
97500 Fraud Losses																
97600 Capital Outlays - Governmental Funds																
97700 Debt Principal Payment - Governmental Funds																
97800 Dwelling Units Rent Expense																
90000 Total Expenses	$71,932	$172,225	$585,558	$365,383	$10,319,181	$485,639	$1,045,508	$2,797	$1,701	$1,790,955	$315,733	$0	$619,283	$15,775,895	-$586,931	$15,188,964
10010 Operating Transfer In																
10020 Operating transfer Out																
10030 Operating Transfers from/to Primary Government																
10040 Operating Transfers from/to Component Unit																
10050 Proceeds from Notes, Loans and 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 Program and Project - In																
10094 Transfers between Project and Program - Out																
10100 Total Other financing Sources (Uses)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	$0	$0	-$24,780	$19,881	$441,323	$78,311	$174,102	$100,270	$0	$174,106	$0	$0	-$244,991	$718,222	$0	$718,222
11020 Required Annual Debt Principal Payments	$0	$0	$0	$0	$0	$0	$131,984	$0	$0	$120,233	$0	$0	$19,493	$271,710		$271,710
11030 Beginning Equity	$0	$0	$29,225	$202,452	$226,529	-$62,533	-$244,074	$0	$0	$1,367,268	$0	$15,000	$4,992,055	$6,525,922		$6,525,922
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors																
11050 Changes in Compensated Absence Balance																
11060 Changes in Contingent Liability Balance																
11070 Changes in Unrecognized Pension Transition Liability																
11080 Changes in Special Term/Severance Benefits Liability																
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents																
11100 Changes in Allowance for Doubtful Accounts - Other																
11170 Administrative Fee Equity					$574,884								0	$574,884		$574,884
11180 Housing Assistance Payments Equity					$92,968								0	$92,968		$92,968
11190 Unit Months Available			1146	360	16992		1812	1		1776			456	22543		22543
11210 Number of Unit Months Leased			856	305	16140		1796	1		1724			439	21261		21261
11270 Excess Cash																
11610 Land Purchases																
11620 Building Purchases																
11630 Furniture & Equipment - Dwelling Purchases																
11640 Furniture & Equipment - Administrative Purchases																
11650 Leasehold Improvements Purchases																
11660 Infrastructure Purchases																
13510 CFFP Debt Service Payments																
13901 Replacement Housing Factor Funds																

FINNEY, NEILL & COMPANY, P.S.
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Board of Commissioners
Housing Opportunities of Southwest Washington
Longview, Washington

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of the Housing Opportunities of Southwest Washington (the "Authority"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 22, 2022. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component unit, as described in our report on the Authority's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Finney, Neill & Company, P.S.

June 22, 2022
Seattle, Washington

FINNEY, NEILL & COMPANY, P.S.
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

Board of Commissioners
Housing Opportunities of Southwest Washington
Longview, Washington

Report on Compliance for Each Major Federal Program

We have audited the Housing Opportunities of Southwest Washington's (the "Authority's") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended September 30, 2021. The Authority's major federal programs are identified in the summary of auditors' results section of 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.

Auditors' Responsibility
Our responsibility is to express an opinion on compliance for each of the 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 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. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program
In our opinion, Housing Opportunities of Southwest Washington, 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 September 30, 2021.

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Report on Internal Control over Compliance

Management of Housing Opportunities of Southwest Washington 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 Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program 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 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance 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.

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.

Finney, Neill & Company, P.S.

June 22, 2022
Seattle, Washington

HOUSING OPPORTUNITIES OF SOUTHWEST WASHINGTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended September 30, 2021

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued — Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _______ yes __X__ no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _______ yes __X__ none reported

Noncompliance material to financial statements noted? _______ yes __X__ no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _______ yes __X__ no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _______ yes __X__ none reported

Type of auditors' report issued on compliance for major programs — Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? _______ yes __X__ no

Identification of major programs:

CFDA Numbers	Name of Federal Program
14.871/879	*Housing Voucher Cluster*
64.024	*VA Homeless Providers Grant and Per Diem Program*

Dollar threshold used to distinguish between type A and type B programs: $750,000

Auditee qualifies as low-risk auditee? _______ yes __X__ no

Section II – Financial Statement Findings

NONE

Section III –Federal Award Findings and Questioned Costs

NONE

Reference Number:	2020-001
Topic:	Capital Asset and Depreciation Accounting
Audit Finding:	Internal control processes over capital asset accounting and depreciation calculations did not ensure that capital assets were depreciated accurately and consistently, resulting in material prior year errors.
Corrective Action:	During 2021 the Authority took the following corrective actions:

- Management corrected misstatements related to depreciation calculations in prior years in the audited financial statements for the year ended September 30, 2020 via a prior period adjustment.
- Management implemented new methodology for tracking depreciation on all new capital asset additions.
- Management implemented a review process by the third-party fee on an annual basis.

Status: Closed.