

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

**FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2024**

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**INDEPENDENT AUDITORS' REPORT**

Board of Commissioners  
Housing Opportunities of Southwest Washington  
Longview, Washington

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the accompanying financial statements of the business-type activities (primary government) and the aggregate discretely presented component units of the Housing Opportunities of Southwest Washington (the Authority), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Housing Opportunities of Southwest Washington as of September 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Responsibilities of Management 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.

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

***Auditors' Responsibilities for the Audit of the Financial Statements***

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

## INDEPENDENT AUDITORS' REPORT, CONTINUED

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 to 9, the schedule of the Authority's proportionate share of the net pension liability (asset) on page 48, and the schedule of employer contributions on page 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's 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 55 through 59 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 schedule of expenditures of federal awards and the financial data schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**INDEPENDENT AUDITORS' REPORT, CONTINUED**

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2025 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, Hill & Company, P.S.*

June 19, 2025  
Seattle, Washington

**HOUSING OPPORTUNITIES OF SW WASHINGTON**  
**Management's Discussion and Analysis**  
**September 30, 2024**

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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 partnerships. The tax credit partnerships are owned by separate limited partnerships with the Authority as the general partner. These separate legal entities are not carried directly on the books of the Authority. They are listed as component units in the financial statements and are detailed in portions of the notes to the financial statements. With those exceptions, neither these component units, nor their financial data, are included in the analysis and financial reports that follow.

***Financial Highlights***

- The Authority's overall cash position decreased by \$230 thousand (6%) during the year. Unrestricted cash and cash equivalents decreased by \$277 thousand (12%) and restricted cash and cash equivalents increased by \$48 thousand (4%).
- The Authority maintained an average occupancy rate of 97% across all projects, equal to 2023's occupancy rate.
- Total assets and deferred outflows of resources of the Authority exceeded total liabilities and deferred inflows of resources at September 30, 2024 by \$5.1 million, which is an increase of \$708 thousand (16%) during the year. Net investments in capital assets decreased by \$300 thousand (82%).
- Non-operating (grants and interest) revenues were \$17.8 million, an increase of \$1.8 million. Operating revenues increased from the previous year by \$560 thousand (28%).
- Operating expenses were \$19.7 million and include \$14.2 million in housing assistance payments (HAP) made to landlords (72% of operating expenses). HAP increased by \$1.6 million (13%) from the previous year. Administrative and tenant service expenses increased \$398 thousand (32%) and \$239 thousand (23%), respectively, largely due to an increase in salaries. Total operating expenses, other than the aforementioned, 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 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

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**Management's Discussion and Analysis**  
**September 30, 2024**

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, 2024 and 2023:

	<u>Sept. 30, 2024</u>	<u>Sept. 30, 2023</u>
Current and other assets	\$ 7,786,164	6,175,472
Capital assets	10,985,700	12,091,739
Total assets	18,771,864	18,267,211
Deferred Outflows of Resources	673,468	423,423
Total assets and deferred outflows of resources	<u>\$ 19,445,332</u>	<u>18,690,634</u>
Current liabilities	\$ 2,311,779	1,598,188
Long-term liabilities	11,329,809	12,312,563
Total liabilities	13,641,588	13,910,751
Deferred Inflows of Resources	751,081	435,560
Total liabilities and deferred inflows of resources	<u>\$ 14,392,669</u>	<u>14,346,311</u>
Net position		
Net investment in capital assets	\$ (664,251)	(364,562)
Restricted	1,277,835	1,257,277
Unrestricted	4,439,079	3,451,608
Total net position	<u>\$ 5,052,663</u>	<u>4,344,323</u>
Total liabilities, deferred inflows, and net position	<u>\$ 19,445,332</u>	<u>18,690,634</u>

**HOUSING OPPORTUNITIES OF SW WASHINGTON**  
**Management's Discussion and Analysis**  
**September 30, 2024**

**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 a useful measure of the Authority's financial position.

The total net position of \$5.1 million is presented in three categories:

- Net Investment in Capital Assets represents the book value amount invested in capital assets net of depreciation and related debt. The primary changes that will occur in this category are property development, depreciation, and overall debt activity, generally, the normal repayment of principal. This year the account had a decrease of \$299 thousand and is negative \$664 thousand at fiscal year-end. The decrease is due primarily to a \$1.1 million decrease in capital assets, offset with a decrease in debt.
- The Restricted Net Position consists of three major components: net pension assets, debt service reserves held by trustees to support debt service commitments (including replacement reserves), and required reserves for development and homeowner and other escrow balances. HAP reserves are restricted and can only be used for housing assistance payments for the Housing Choice Voucher program. This category increased by \$21 thousand in fiscal year 2024 and ended the year at \$1.3 million. Increases were primarily due to deposits to debt service 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 2024, this amount increased by \$987 thousand and ended the year at \$4.4 million. The increase in this category is primarily due to the larger increase in operating and non-operating revenues over the increase in expenses.

Current and other assets increased by 26%, or \$1.6 million. This increase is partly due to a new note receivable valued at \$840 thousand which originated as a result of transferring development construction-in-progress costs to a discretely-presented component unit. There was also a large increase in accounts receivable, \$251 thousand of which are due from the insurance company for fire repairs. The Authority also entered into a lease in 2024 which increased leases receivable by \$378 thousand. Capital assets decreased by \$1.1 million, or 9%, due to the transfer of construction-in-progress costs to the discretely-presented component unit and to the increase in accumulated depreciation, offset with the purchase of new assets.

Current liabilities increased by 44%, or \$714 thousand, primarily related to the increase in short-term debt as a loan matures in 2025. This change is offset by a \$983 thousand or 8% decrease to long-term liabilities.

The adjustments to pension related accounts reflect slight variances between 2023 and 2024. Net pension assets, reflected within other assets above, decreased by more than \$53 thousand or 9%. The deferred outflows of resources above are all related to pension and had an increase of \$250 thousand, a 59% increase. Net pension liability decreased by \$32 thousand or 12%, while deferred inflows of resources related to pensions decreased by about \$49 thousand or 13%. These swings in balances are due to impacts of the market and changes in actuarial assumptions.

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**Management's Discussion and Analysis**  
**September 30, 2024**

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

The Statement of Revenues, Expenses, and Changes in Net Position presents 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, 2024 and 2023.

	Sept. 30, 2024	Sept. 30, 2023
Operating revenue		
Net tenant rental revenue	\$ 1,734,603	1,552,629
Other revenue	852,870	474,733
Total operating revenue	2,587,473	2,027,362
Non-operating revenue		
Government operating subsidies and grants	17,766,904	15,996,298
Other non-operating revenue	13,302	162,748
Total non-operating revenue	17,780,206	16,159,046
Total revenue	20,367,679	18,186,408
Operating expenses	19,665,630	17,321,963
Non-operating expenses		
Other non-operating expenses	84,937	-
Interest expense	329,763	316,982
Total non-operating expense	414,700	316,982
Total expenses	20,080,330	17,638,945
Capital contribution	420,991	1,232,606
Change in net position	708,340	1,780,069
Net position, beginning	4,344,323	2,564,254
Net position, ending	\$ 5,052,663	4,344,323

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

The change in net position decreased by \$1.1 million or 60% over the prior year. This was caused by a \$812 thousand or 66% decrease in capital contributions in 2024. Another factor contributing to the decrease was a \$2.4 million or 14% increase in total expenses, while total revenues increased only \$2.1 million or 12%.

A \$1.8 million or 11% increase in government grants and subsidies was the largest factor contributing towards the increase in revenue, the majority of which is directly related to HUD funding for the HCV program. Non-operating revenues had a \$149 thousand or 92% decrease over the prior year, primarily due to insurance proceeds in excess of related damage remediation expenses in 2023 which were used in 2024 to fund additional remediation costs.

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**Management's Discussion and Analysis**  
**September 30, 2024**

Direct grants and subsidies from HUD, USDA, VA, and others grant programs make up 87% 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.

Operating expenses increased \$2.3 million or 14%, mainly due to an increase in overall wages, as well as an increase in HAP payments of \$1.6 million or 13%.

A major economic condition 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 2024 and 2023, 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.

***Capital Asset and Long-Term Debt Activity***

Capital Assets

During the fiscal year the Authority had \$11.0 million invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease of \$1.1 million from the end of last year, because of annual depreciation and a transfer of construction in development costs for Sunrise Village in exchange for a note receivable, offset by other capital asset purchases.

	<u>Sept. 30, 2024</u>	<u>Sept. 30, 2023</u>
Land	\$ 2,606,050	2,356,050
Construction in Progress	57,388	954,493
Total non-depreciable capital assets	<u>2,663,438</u>	<u>3,310,543</u>
Buildings	16,488,488	16,259,432
Equipment	365,067	333,928
Leasehold Improvements	3,110,189	3,110,189
Total depreciable capital assets	19,963,744	19,703,549
Accumulated Depreciation	<u>(12,007,306)</u>	<u>(11,366,761)</u>
Total depreciable capital assets, net	<u>7,956,438</u>	<u>8,336,788</u>
Intangible - Right-to-Use Equipment	129,304	121,943
Intangible - SBITA	371,652	371,652
Accumulated Amortization	<u>(135,132)</u>	<u>(49,188)</u>
Total amortizable capital assets, net	<u>365,824</u>	<u>444,407</u>
Total Capital Assets, net	<u>\$ 10,985,700</u>	<u>12,091,738</u>

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

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**Management's Discussion and Analysis**  
**September 30, 2024**

Long-Term Debt

As of September 30, 2024, the Authority had \$11.3 million in loans, notes, and mortgages. This is a decrease of approximately \$279 thousand from the prior year balance of \$11.6 million. Debt changed due to standard principal payments occurring in 2024. 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 2024:

- The administrative cost portion of the Housing Choice Voucher program funding was funded at the following percent of eligibilities: 97.38% during 2023 and 91.9% during 2024.
- The Section 8 Housing Choice Voucher Program Housing Assistance Payments was funded at 100% of subsidy eligibility in 2023 and 100% in 2024.

The Authority has been seeing a steady increase in admin fees since COVID-19, as well as in housing subsidy. 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. On top of this, the Authority has seen an increase in funding in 2024 which has been used to cover rising inflation costs.

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 4.7% in September 2023 to 4.5% in September 2024 according to the U.S. Bureau of Labor Statistics ([www.bls.gov](http://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, 2024  
(With Component Units presented as of December 31, 2023)

<b>Assets and Deferred Outflows of Resources</b>	<u>Primary Government</u>	<u>Component Units</u>
<b>Current Assets:</b>		
Cash - Unrestricted	\$ 2,092,006	149,529
Accounts Receivable (net)	1,573,735	4,263
Lease Receivable	12,679	-
Prepaid Expenses	185,166	101
<b>Restricted Assets:</b>		
Cash - Restricted	1,140,260	378,207
Tenant Security Deposits	76,317	18,750
Total Restricted Assets	<u>1,216,577</u>	<u>396,957</u>
Total Current Assets	<u>5,080,163</u>	<u>550,850</u>
<b>Noncurrent Assets:</b>		
Notes and Interest Receivable - Component Unit	1,178,680	-
Notes Receivable - Other	219,647	-
Deferred Developer Fees Receivable - Related Party	-	-
Lease Receivable, net of current	419,048	-
<b>Capital Assets:</b>		
Capital Assets, Nondepreciable	2,663,438	1,141,644
Capital Assets, Depreciable, Net of Depreciation	7,956,438	4,884,106
Right-to-Use Lease and SBITA Assets, Net of Amortization	365,824	-
Capital Assets, net	<u>10,985,700</u>	<u>6,025,750</u>
Net Pension Asset	539,056	-
Investments in Joint Ventures	349,570	-
Other Noncurrent Assets	-	38,830
Total Noncurrent Assets	<u>13,691,701</u>	<u>6,064,580</u>
Total Assets	<u>18,771,864</u>	<u>6,615,430</u>
Deferred Outflows of Resources (Related to Pensions)	<u>673,468</u>	<u>-</u>
Total Assets & Deferred Outflows of Resources	<u>\$ 19,445,332</u>	<u>6,615,430</u>

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

**HOUSING OPPORTUNITIES OF SOUTHWEST WASHINGTON**  
STATEMENT OF NET POSITION, CONTINUED  
September 30, 2024  
(With Component Units presented as of December 31, 2023)

<b>Liabilities, Deferred Inflows, and Net Position</b>	<u>Primary Government</u>	<u>Component Units</u>
<b>Current Liabilities:</b>		
Accounts Payable and Other Accrued Liabilities	\$ 866,099	16,194
Payable to Primary Government	-	881,092
Compensated Absences, current	114,240	-
Interest Payable, current	44,563	4,826
Unearned Revenue	149,099	3,799
FSS Escrow Liability, current	138,523	-
Long-Term Debt, current	850,296	23,476
SBITA Liability, current	46,559	-
Lease Liability, current	26,083	-
Tenant Security Deposits	<u>76,317</u>	<u>18,750</u>
Total Current Liabilities	<u>2,311,779</u>	<u>948,137</u>
<b>Noncurrent Liabilities:</b>		
Accrued Interest, net of current	264,949	13,267
Long-Term Debt, net of current portion	10,467,488	1,131,409
Note Payable to Primary Government	-	389,137
FSS Escrow Liability - long-term	113,859	-
SBITA Liability, net of current	217,895	-
Lease Liability, net of current	41,630	-
Net Pension Liability	<u>223,988</u>	<u>-</u>
Total Noncurrent Liabilities	<u>11,329,809</u>	<u>1,533,813</u>
Total Liabilities	<u>13,641,588</u>	<u>2,481,950</u>
Deferred Inflow of Resources - Related to Pension	322,030	-
Deferred Inflow of Resources - Related to Leases	<u>429,051</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>751,081</u>	<u>-</u>
Total Liabilities & Deferred Inflows of Resources	<u>14,392,669</u>	<u>2,481,950</u>
<b>Net Position:</b>		
Net Investment in Capital Assets	(664,251)	3,648,397
Restricted Net Position - Pensions	539,056	-
Restricted Net Position - Debt Service & Replacement Reserves	636,185	378,207
Restricted Net Position - Development	89,266	-
Restricted Net Position - Other	13,328	-
Unrestricted Net Position	<u>4,439,079</u>	<u>106,876</u>
Total Net Position	<u>5,052,663</u>	<u>4,133,480</u>
<b>Total Liabilities, Deferred Inflows, and Net Position</b>	<u>\$ 19,445,332</u>	<u>6,615,430</u>

*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**  
For the Year Ended September 30, 2024  
(With Component Units presented for the year ended December 31, 2023)

	Primary Government	Component Units
Operating Revenues:		
Net Rental Revenue	\$ 1,734,603	506,894
Tenant Revenue - Other	53,038	-
Other Income	799,832	16,885
Total Operating Revenues	2,587,473	523,779
Operating Expenses:		
Administrative	1,633,942	130,060
Tenant Services	1,296,735	25,862
Utilities	436,147	79,124
Maintenance	1,129,178	59,671
Other General Expenses	215,213	63,308
Housing Assistance Payments	14,227,925	-
Depreciation and Amortization	726,490	299,226
Total Operating Expenses	19,665,630	657,251
Operating Income (Loss)	(17,078,157)	(133,472)
Non-operating revenues & expenses:		
HUD PHA Operating Grants	15,470,844	-
Other Government Grants - operating	2,296,060	-
Investment Income	13,302	-
Other Nonoperating Income (Expense)	(84,937)	-
Interest Expense	(329,763)	(69,647)
Total non-operating revenues & expenses	17,365,506	(69,647)
Changes in net position before capital contributions	287,349	(203,119)
Contributions - capital projects	420,991	-
Change in net position	708,340	(203,119)
Net position at beginning of year	4,344,323	4,336,599
Net position at end of year	\$ 5,052,663	4,133,480

*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, 2024

	Primary Government
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Tenants	\$ 1,584,377
Cash Received from Other Activities	261,989
Cash Received from HUD Operating Grants	15,435,000
Cash Paid to Suppliers	(1,773,194)
Cash Paid to Employees	(3,139,305)
Cash Paid to Landlords	<u>(14,180,478)</u>
Net cash used by operating activities:	<u>(1,811,611)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
Noncapital Grants	<u>1,946,621</u>
Net cash provided by non-capital financing activities:	<u>1,946,621</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchase of Capital Assets	(78,941)
Payments on Leases	(46,063)
Proceeds from Insurance Claims for Casualty Losses	277,091
Payments on Capital Asset Casualty Losses	(998)
Payments on SBITAs	(43,766)
Principal Paid on Capital Debt	(279,056)
Interest Paid	(302,167)
Proceeds from Capital Grants	<u>873,677</u>
Net cash used by capital and related financing activities	<u>399,777</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Collection on Notes Receivable	62,869
Issuance of Notes Receivable	(840,461)
Interest Received	<u>13,302</u>
Net cash provided by investing activities:	<u>(764,290)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>(229,503)</u>
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>3,538,086</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 3,308,583</u>
<b>RECONCILIATION TO STATEMENT OF NET POSITION</b>	
Cash - Unrestricted	\$ 2,092,006
Cash - Restricted	1,140,260
Cash - Tenant Security Deposits	<u>76,317</u>
Total cash and cash equivalents	<u>\$ 3,308,583</u>

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

## HOUSING OPPORTUNITIES OF SOUTHWEST WASHINGTON

### STATEMENT OF CASH FLOWS, CONTINUED

For the Year Ended September 30, 2024

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

Operating Income (Loss)	\$ (17,078,157)
Adjustments to reconcile net operating income to net cash provided by operating activities:	
Depreciation and Amortization	726,490
HUD Operating Grants	15,470,844
Lease Payments Included in Operating Expenses	20,925
(Increase) decrease in assets:	
Accounts Receivable	(788,828)
Other Operating Receivables	(365,656)
Prepaid Expenses and Other Assets	(132,754)
Pension Asset	53,245
Increase (decrease) in liabilities:	
Accounts Payable and Accrued Expenses	179,297
Pension Liability	(331,178)
Security Deposits	697
FSS Escrow Liability	47,447
Other Payables	364,679
Unearned Revenues	12,157
Compensated Absences	9,181
Total adjustments	<u>15,266,546</u>
Net cash provided (used) by operating activities	<u>\$ (1,811,611)</u>
<u>Noncash Transactions:</u>	
SBITA Asset Financed with Debt	<u>\$ 7,361</u>
Land Acquired Through Donations	<u>\$ 250,000</u>
CIP Transferred to Component Unit	<u>\$ (716,048)</u>
Accounts & Notes Payable Transferred to Component Unit	<u>\$ 716,048</u>

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

# HOUSING OPPORTUNITIES OF SOUTHWEST WASHINGTON

## Notes to the Financial Statements

For the Year Ended September 30, 2024

### Note 1 – SUMMARY OF SIGNIFICANT POLICIES

The accounting policies of the Housing Opportunities of SW Washington (Authority) conform to generally accepted accounting principles 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 U.S. generally accepted accounting principles):

#### Reporting Entity

The Authority is a public body corporate and politic of the State of Washington, 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 units.

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, Wahkiakum, 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, and Woodland to provide housing services in those cities and counties.

The Authority also provides certain management services through contracts with the Joint Pacific County Housing Authority, Lilac Place, LLLP, Sunrise Village Housing LLLP, and Driftwood Point Apartments, LLLP.

*Discretely Presented Component Units* - 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 units. The component units are included in the Authority's reporting entity because of the significance of their operational or financial relationships with the Authority. A separate Component Units 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 (Lilac Place LLLP) 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 Lilac Place LLLP and managed by the Authority. As General Partner, the Authority complies with the duties and responsibilities established with the Limited Partner as outlined in the Partnership Agreement. In general, the Authority is obligated to provide funds to Lilac Place LLLP for any operating deficits and is to be repaid from project cash flow in subsequent years or from proceeds of a sale or refinance.

## HOUSING OPPORTUNITIES OF SOUTHWEST WASHINGTON

Notes to the Financial Statements, continued

For the Year Ended September 30, 2024

### Note 1 – SUMMARY OF SIGNIFICANT POLICIES, continued

Sunrise Village Housing Limited Liability Limited Partnership (SVH LLLP) was formed in 2021 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 40 units. The units constructed are owned by the partnership and managed by the Authority.

In February 2024, SVH LLLP admitted a new Limited Partner, U.S. Bancorp Community Development Corporation, with a 99.99% ownership interest. The Authority is the General Partner with 0.01% ownership interest. As General Partner, the Authority complies with the duties and responsibilities established with the Limited Partner as outlined in the Partnership Agreement. In general, the Authority is obligated to provide funds to SVH LLLP for any operating deficits and is to be repaid from project cash flow in subsequent years or from proceeds of a sale or refinance.

Due to the change in ownership of SVH LLLP during the year ended September 30, 2024, the following changes were reported in the statement of net position effective October 1, 2023, for the primary government and its component units:

	Primary Government	Component Units
Current assets	\$ 250,298	-
Capital assets, net	(716,048)	716,048
Total assets	(465,750)	716,048
Current liabilities	(465,750)	716,048
Total liabilities	(465,750)	716,048
Net position	\$ -	-

The Component Units' financial statements are presented as of December 31, 2023. 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 units are prepared separately. Copies of these statements can be obtained by contacting the Authority at 820 11<sup>th</sup> 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 and services.

## HOUSING OPPORTUNITIES OF SOUTHWEST WASHINGTON

Notes to the Financial Statements, continued

For the Year Ended September 30, 2024

### **Note 1 – SUMMARY OF SIGNIFICANT POLICIES, continued**

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 delivering services in connection with 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.

#### Notes Receivable – Other

Notes receivable consist of first and second mortgage loans, as well as notes from the component units. The mortgage loans were made under a down payment assistance program for first time home buyers. These mortgage loans are 0% interest, secured by a deed of trust, and payable upon sale or transfer of title, satisfactory completion of residency requirements, or change of use. The first mortgage loan was paid off in May 2022, eleven loans are still outstanding. 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.

**HOUSING OPPORTUNITIES OF SOUTHWEST WASHINGTON**

Notes to the Financial Statements, continued

For the Year Ended September 30, 2024

**Note 1 – SUMMARY OF SIGNIFICANT POLICIES, continued**

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 included the following as of September 30, 2024:

Foster Youth to Independence Funds	\$ 43,615
FSS Escrow Deposits and Forfeitures	252,382
Tenant Security Deposits	76,317
USDA Rural Development Replacement Reserves	436,557
Dept of Commerce Loan Replacement Reserves	199,628
Emergency Housing Vouchers	34,999
Veterans Affairs Program Funds Advanced	16,860
USDA Rural Development Funds Advanced	25,262
Other Program Funds Advanced	28,541
Development	89,266
Other Restricted	13,150
	<u>\$ 1,216,577</u>

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. 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. All capital assets are valued at historical cost or estimated historical cost, where historical cost is not known.

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.

Property, plant, residential buildings, equipment, and intangible right-to-use assets are depreciated or amortized using the straight-line method, generally over the following estimated useful lives:

<u>Asset Categories</u>	<u>Years</u>
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

*These notes are an integral part of the financial statements.*

## HOUSING OPPORTUNITIES OF SOUTHWEST WASHINGTON

Notes to the Financial Statements, continued

For the Year Ended September 30, 2024

### **Note 1 – SUMMARY OF SIGNIFICANT POLICIES, continued**

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.

The Housing 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 Housing Authority has sufficient legal interest to accomplish the purposes for which the assets were acquired.

#### 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 in Progress" accounts 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 Limited Liability Limited Partnership as general partner, and in the Driftwood Point Apartments LLLP as co-general partner together with Joint Pacific County Housing Authority. As general partner, the Authority uses the equity method of accounting for the investments 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 except for a maximum carry-over of up to 40 hours, is payable upon resignation, retirement or death. Sick leave may be carried over to future 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.

## HOUSING OPPORTUNITIES OF SOUTHWEST WASHINGTON

Notes to the Financial Statements, continued

For the Year Ended September 30, 2024

### 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 purposes of calculating the restricted net position related to the net pension asset, the Authority includes the net pension asset only. 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, 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 results from grants 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.

#### Leases

The Authority has recorded a Lease Receivable and Deferred Inflows of Resources in the statement of net position.

At the commencement of a lease, the Authority initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term using the straight-line basis.

Key estimates and judgments related to lease include how the Authority determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Authority uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease liability are composed of fixed payments from the lessee.

The Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable. See Note 6 for more information.

*These notes are an integral part of the financial statements.*

## HOUSING OPPORTUNITIES OF SOUTHWEST WASHINGTON

Notes to the Financial Statements, continued

For the Year Ended September 30, 2024

### Note 1 – SUMMARY OF SIGNIFICANT POLICIES, continued

The Authority has also recorded a Lease Liability and associated Intangible, right to use, asset in the statement of net position.

At the commencement of a lease, the Authority initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized using the straight-line basis the same useful lives as the asset category of the underlying assets. If the asset's life is equivalent to the lease term, the Government's right to use asset is amortized over the life of the lease from implementation through lease term end.

Key estimates and judgments related to lease include how the Housing Authority determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Housing Authority uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Housing Authority generally uses its incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Housing Authority is reasonably certain to exercise.

The Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. See Note 6 for more information.

#### SBITA Liability and Right to Use Asset

The Authority has recorded a Subscription-Based Information Technology Arrangements (SBITA) liability and associated intangible, right to use, SBITA asset, in the statement of net position.

At the commencement of a subscription-based information technology arrangement, the Authority initially measures the SBITA liability at the present value of payments expected to be made during the SBITA term. Subsequently, the SBITA liability is reduced by the principal portion of SBITA payments made. The SBITA asset is initially measured as the initial amount of the SBITA liability, adjusted for payments made at or before the implementation date, plus certain initial direct costs. Subsequently, the SBITA asset is amortized using the straight-line basis over the same useful lives as the SBITA term. See Note 7 for more information.

#### 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.

**HOUSING OPPORTUNITIES OF SOUTHWEST WASHINGTON**

Notes to the Financial Statements, continued

For the Year Ended September 30, 2024

**Note 1 – SUMMARY OF SIGNIFICANT POLICIES, continued**

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. 100, *Accounting Changes and Error Corrections* – an amendment of GASB statement No. 62, prescribes financial reporting for accounting changes and corrections of errors with required descriptive note disclosures. The aggregate amount of adjustments to and restatements of beginning net position, will be displayed by reporting unit in the financial statements, and note disclosures will describe the nature of these adjustments. For periods earlier than those included in the basic financial statements, this statement also requires supplementary or required supplementary information to be restated for error corrections. The implementation of this GASB statement did not have an impact on the Authority's financial statements for the year ended September 30, 2024.

New Accounting Standards to be Adopted in Future Years

GASB Statement No. 101, *Compensated Absences*, will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability between governments that offer different types of leave. The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

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

## HOUSING OPPORTUNITIES OF SOUTHWEST WASHINGTON

Notes to the Financial Statements, continued

For the Year Ended September 30, 2024

### 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.

The total amount of cash and cash equivalents at September 30, 2024 is \$3,308,583.

#### 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 public 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 and for the year ended September 30, 2024, 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.

#### Component Unit

Deposits - As of December 31, 2023, the component units' carrying amount of deposits was \$546,486. These deposits are entirely covered by Federal Depository Insurance Corporation (FDIC).

**HOUSING OPPORTUNITIES OF SOUTHWEST WASHINGTON**

Notes to the Financial Statements, continued

For the Year Ended September 30, 2024

**Note 4 –RECEIVABLES**

Accounts Receivable

The Authority has accounts receivable due from the following as of September 30, 2024:

Tenants, net of allowance	\$	20,518
PHA Projects		1,182
Other Governments		427,236
Component Units		298,562
HUD		217,514
Related Parties		343,993
Insurance		250,961
Miscellaneous		13,769
		<u>\$ 1,573,735</u>

Notes Receivable

The Authority has notes receivable that consist of first and 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 also has notes receivable from the component units in the amount of \$1,168,729 plus \$9,951 in accrued interest. Lilac Place LLLP and SVH LLLP disclose \$389,137 and \$0 as a long-term liability plus \$13,267 and \$0 in accrued interest, respectively. The differences are the result of differing year ends of September 2024 for the Authority and December 2023 for the component units, as well as a \$60,869 waterfall payment made by Lilac Place LLLP toward the accrued interest balance in August 2024.

**HOUSING OPPORTUNITIES OF SOUTHWEST WASHINGTON**  
Notes to the Financial Statements, continued  
For the Year Ended September 30, 2024

**Note 4 – RECEIVABLES, continued**

The schedule of notes receivable as of September 30, 2024 is as follows:

	Original Amount	Issue Date	Maturity	Interest Rate	Amount Outstanding
<b>Development</b>					
Lilac Place LLLP	\$ 404,467	Oct-13	Jan-58	3.28%	\$ -
Lilac Place LLLP	338,200	Apr-14	Oct-58	3.28%	328,268
SVH LLLP	<u>840,461</u>	Feb-24	Feb-79	3.16%	<u>840,461</u>
	1,583,128				1,168,729
<b>Forgivable Notes</b>					
E	<u>20,000</u>	Aug-17	Aug-27	0.00%	<u>7,833</u>
	20,000				7,833
<b>Other Notes Receivable</b>					
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
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
P	<u>40,000</u>	Apr-16	based on cash flow	1.00%	<u>21,814</u>
	<u>230,000</u>				<u>211,814</u>
<b>Total</b>	<u>\$ 1,833,128</u>				<u>\$1,388,376</u>

Changes in notes receivable balances during the year ended September 30, 2024 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Lilac Place LLLP	\$ 389,137	-	(60,869)	328,268
SVH LLLP	-	840,461	-	840,461
Forgivable notes	9,833	-	(2,000)	7,833
Other notes	<u>211,814</u>	-	-	<u>211,814</u>
	<u>\$ 610,784</u>	<u>840,461</u>	<u>(62,869)</u>	<u>1,388,376</u>

*These notes are an integral part of the financial statements.*

**HOUSING OPPORTUNITIES OF SOUTHWEST WASHINGTON**  
Notes to the Financial Statements, continued  
For the Year Ended September 30, 2024

**Note 5 – CAPITAL ASSETS**

**Primary Government**

Capital asset activity for the year ended September 30, 2024 was as follows:

	Beginning Balance 09/30/23	Additions	Decreases	Transfer to Component Unit	Ending Balance 09/30/24
Land	\$ 2,356,050	250,000	-	-	2,606,050
Construction in progress	954,493	11,749	(192,806)	(716,048)	57,388
Total non-depreciable capital assets	<u>3,310,543</u>	<u>261,749</u>	<u>(192,806)</u>	<u>(716,048)</u>	<u>2,663,438</u>
Buildings	16,259,432	229,056	-	-	16,488,488
Equipment	333,928	31,139	-	-	365,067
Leasehold improvements	3,110,189	-	-	-	3,110,189
Total depreciable capital assets	19,703,549	260,195	-	-	19,963,744
Less: accumulated depreciation	<u>(11,366,760)</u>	<u>(640,546)</u>	<u>-</u>	<u>-</u>	<u>(12,007,306)</u>
Total depreciable capital assets, net	<u>8,336,789</u>	<u>(380,351)</u>	<u>-</u>	<u>-</u>	<u>7,956,438</u>
Intangible - Right-to-Use Equipment	121,943	7,361	-	-	129,304
Intangible - SBITA	371,652	-	-	-	371,652
Accumulated Amortization	<u>(49,188)</u>	<u>(85,944)</u>	<u>-</u>	<u>-</u>	<u>(135,132)</u>
Total amortizable capital assets, net	<u>444,407</u>	<u>(78,583)</u>	<u>-</u>	<u>-</u>	<u>365,824</u>
Total capital assets, net	<u>\$ 12,091,739</u>	<u>(197,185)</u>	<u>(192,806)</u>	<u>(716,048)</u>	<u>10,985,700</u>

In 2024, the Authority recognized \$292,086 in insurance recoveries related to the destruction of a few units in the Tulip Valley building complex damaged by fire in 2023, which were received in full subsequent to September 30, 2024. The insurance recoveries income was netted with the related restoration expenses of \$380,152 during the year ended September 30, 2024, and presented as other non-operating expense. The carrying amount of the damaged units is equal to \$108,900. Substantially all remediation costs and rental income losses resulting from the fire were reimbursed by insurance proceeds, less the Authority's \$2,500 deductible. No additional significant remediation costs are anticipated in future years.

**HOUSING OPPORTUNITIES OF SOUTHWEST WASHINGTON**  
Notes to the Financial Statements, continued  
For the Year Ended September 30, 2024

**Note 5 – CAPITAL ASSETS, continued**

**Component Units**

Capital asset activity for the Component Units for the year ended December 31, 2023 was as follows:

	Beginning Balance 12/31/22	Increases	Decreases	Transfer from Primary Govt	Ending Balance 12/31/23
Land	\$ 308,313	-	-	-	308,313
Construction in progress	-	117,283	-	716,048	833,331
Total non-depreciable capital assets	<u>308,313</u>	<u>117,283</u>	<u>-</u>	<u>716,048</u>	<u>1,141,644</u>
Land improvements	615,439	-	-	-	615,439
Building	7,100,407	-	-	-	7,100,407
Equipment	227,935	-	-	-	227,935
Total depreciable capital assets	7,943,781	-	-	-	7,943,781
Less accumulated depreciation	<u>(2,760,449)</u>	<u>(299,226)</u>	<u>-</u>	<u>-</u>	<u>(3,059,675)</u>
Total depreciable capital assets, net	<u>5,183,332</u>	<u>(299,226)</u>	<u>-</u>	<u>-</u>	<u>4,884,106</u>
Total capital assets, net	<u>\$ 5,491,645</u>	<u>(181,943)</u>	<u>-</u>	<u>716,048</u>	<u>6,025,750</u>

**Note 6 – LEASE COMMITMENTS**

**Lessor**

As of September 30, 2024, the Authority has two lease arrangements in which it is acting as Lessor:

In July 2022, the Authority entered into a 3-year lease agreement for office space with a commercial tenant, with up to three 1-year extensions available. The Authority is assuming the full extension period will be used. The lease calls for monthly lease payments of \$1,248, and utility payments of \$118.

In February 2024, the Authority entered into a 99-year lease with one of its discretely-presented component units, SVH LLLP. The lease is for real property to be used for Sunrise Village Housing. Lease payments of \$20,000 are due annually beginning April 1, 2026, and are payable out of available cash flow as defined in the SVH LLLP Partnership Agreement, accumulating year to year if unpaid. The lease term ends in April 2122.

**HOUSING OPPORTUNITIES OF SOUTHWEST WASHINGTON**  
Notes to the Financial Statements, continued  
For the Year Ended September 30, 2024

**Note 6 – LEASE COMMITMENTS, continued**

The Authority’s schedule of future receipts included in the measurement of the lease receivable is as follows for the years ending September 30:

	Lease Receivables		
	Principal	Interest	Total Requirements
2025	\$ 12,679	21,301	33,980
2026	14,141	21,579	35,720
2027	14,864	20,856	35,720
2028	12,999	20,101	33,100
2029	204	19,796	20,000
2030-2034	1,183	98,817	100,000
2035-2039	1,509	98,491	100,000
2040-2044	1,926	98,074	100,000
2045-2049	2,458	97,542	100,000
2050-2054	3,138	96,862	100,000
2055-2059	4,004	95,996	100,000
2060-2064	5,111	94,889	100,000
2065-2069	6,523	93,477	100,000
2070-2074	8,325	91,675	100,000
2075-2079	10,625	89,375	100,000
2080-2084	13,560	86,440	100,000
2085-2089	17,307	82,693	100,000
2090-2094	22,088	77,912	100,000
2095-2099	28,191	71,809	100,000
2100-2104	35,980	64,020	100,000
2105-2109	45,920	54,080	100,000
2110-2114	58,607	41,393	100,000
2115-2119	74,799	25,201	100,000
2120-2123	35,586	24,414	60,000
	\$ 431,727	1,586,793	2,018,520

Lessee

At September 30, 2024, the Authority has two lease arrangements for office equipment in which it is acting as the Lessee. Refer to Note 5, Capital Assets, for information related to the Right to Use assets accounted for through these leases. One lease is for 20 copiers and is to be paid monthly until February 28, 2027. The second lease is for a postage machine and is to be paid quarterly until January 31, 2029.

**HOUSING OPPORTUNITIES OF SOUTHWEST WASHINGTON**

Notes to the Financial Statements, continued

For the Year Ended September 30, 2024

**Note 6 – LEASE COMMITMENTS, continued**

The Authority’s schedule of future payments included in the measurement of the lease payable is as follows for the years ending September 30:

	Lease Payables		
	Principal	Interest	Total Requirements
2025	\$ 26,083	2,225	28,308
2026	27,106	1,202	28,308
2027	12,457	283	12,740
2028	1,533	86	1,619
2029	534	7	541
	\$ 67,713	3,803	71,516

**Note 7 – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAs)**

In 2023, the Authority used its SBITA policy to evaluate financial agreements that are potential SBITAs. At September 30, 2024, the Authority has one SBITA liability for its general ledger accounting and housing management software. The agreement commenced in July 2023 and is for a noncancellable term of 2 years and an additional renewal option for another 5 years, which management intends to exercise. Payments may increase annually, not exceeding CPI.

The Authority’s schedule of future payments included in the measurement of the SBITA payable is as follows for the years ending September 30:

	SBITA Liability		
	Principal	Interest	Total Requirements
2025	\$ 46,559	16,872	63,431
2026	49,529	13,902	63,431
2027	52,689	10,742	63,431
2028	56,051	7,380	63,431
2029	59,626	3,805	63,431
	\$ 264,454	52,701	317,155

**HOUSING OPPORTUNITIES OF SOUTHWEST WASHINGTON**

Notes to the Financial Statements, continued

For the Year Ended September 30, 2024

**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.

Schedule of Direct Placement Debt Outstanding as of September 30, 2024:

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%	251,495	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 home - 18th Newberg	27,461	08/14/08	2023	4.50%	81	Not secured. No prepayment penalty.
Refinance of Admin Building loan	463,000	11/20/18	2029	4.43%	394,520	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%	375,648	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.
Refinance - Hemlock	55,282	12/28/20	2027	6.625%	26,962	Secured by deed of trust and assignment of leases and rents for all real property in Cowlitz County. Interest rate increased from 3.75% to the 5-year fixed advance rate plus a 2.9% margin, or 6.625%, on 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%	7,073	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.

*These notes are an integral part of the financial statements.*

## HOUSING OPPORTUNITIES OF SOUTHWEST WASHINGTON

Notes to the Financial Statements, continued

For the Year Ended September 30, 2024

### Note 8 – LONG TERM DEBT AND LIABILITIES, continued

#### Schedule of Direct Placement Debt Outstanding as of September 30, 2024, continued

Purpose	Original Amount	Issue Date	Fiscal Year Maturity	Interest Rate	Amount Outstanding	Other Disclosures
Refinance - Woodside West	565,574	12/28/20	2027	6.125%	512,979	Secured by deed of trust and assignment of leases and rents for all real property in Cowlitz County. Interest rate increased from 3.75% to the 5-year fixed advance rate plus a 2.9% margin, or 6.125%, on 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%	438,668	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%	1,133,056	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 to the end of the loan period, in response to the COVID-19 pandemic.
	603,443	03/16/22	2032	4.50%	564,693	Existing loan was refinanced in March 2022 with a new interest rate of 4.5% and a new maturity date of March 2032. 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	2049	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.
Acquire land and construct 17 units of elderly housing - Eagle Pointe Village	209,700	08/11/98	2049	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%	41,087	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.

*These notes are an integral part of the financial statements.*

**HOUSING OPPORTUNITIES OF SOUTHWEST WASHINGTON**

Notes to the Financial Statements, continued

For the Year Ended September 30, 2024

**Note 8 – LONG TERM DEBT AND LIABILITIES, continued**

Schedule of Direct Placement Debt Outstanding as of September 30, 2024, continued

Purpose	Original Amount	Issue Date	Fiscal Year Maturity	Interest Rate	Amount Outstanding	Other Disclosures
Purchase 39 units of elderly/disabled housing - Tulip Valley	1,238,636	08/01/95	2031	1.00%	238,568	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	4.125%	241,302	Secured by deed of trust and assignment of leases and rents for all real property in Cowlitz County. Interest rate of 3.75% increased to the 5-year fixed advance rate plus a 2.9% margin, or 4.125%, on 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%	853,754	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%	77,032	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	242,569	01/19/06	2046	1.00%	187,347	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 35 units of family housing - Riverview	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.
	360,748	01/19/06	2046	1.00%	278,602	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%	441,544	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.

*These notes are an integral part of the financial statements.*

**HOUSING OPPORTUNITIES OF SOUTHWEST WASHINGTON**

Notes to the Financial Statements, continued

For the Year Ended September 30, 2024

**Note 8 – LONG TERM DEBT AND LIABILITIES, continued**

Schedule of Direct Placement Debt Outstanding as of September 30, 2024, continued

Purpose	Original Amount	Issue Date	Fiscal Year Maturity	Interest Rate	Amount Outstanding	Other Disclosures
Purchase 18th Ave Veterans Housing	309,000	12/02/22	2033	4.00%	299,332	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.
<b>Total</b>	<u>\$ 14,280,875</u>				<u>\$ 11,317,784</u>	

Mortgage debt service requirements to maturity are as follows:

Years Ending September 30	Principal	Interest	Required Debt Service
2025	\$ 850,296	310,040	1,160,336
2026	534,681	269,766	804,447
2027	754,301	227,025	981,326
2028	269,728	190,855	460,583
2029	585,497	164,624	750,121
2030-2034	2,222,592	687,252	2,909,844
2035-2039	535,369	311,805	847,174
2040-2044	600,395	123,610	724,005
2045-2049	1,800,479	43,913	1,844,392
2050-2054	1,389,446	25,603	1,415,049
2055-2059	1,775,000	-	1,775,000
	<u>\$ 11,317,784</u>	<u>2,354,493</u>	<u>13,672,277</u>

Changes in Long-Term Liabilities

During the year ended September 30, 2024, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct placement debt:					
Mortgages	\$ 11,596,840	-	(279,056)	11,317,784	\$ 850,296
Total direct placement debt	11,596,840	-	(279,056)	11,317,784	850,296
Accrued interest	281,916	27,596	-	309,512	44,563
Pension liability	255,963	-	(31,975)	223,988	-
Lease liability	85,490	-	(17,777)	67,713	26,083
SBITA liability	308,220	-	(43,766)	264,454	46,559
FSS Escrow	204,935	47,447	-	252,382	138,523
Compensated absences	105,059	9,181	-	114,240	114,240
	<u>\$ 12,838,423</u>	<u>84,224</u>	<u>(372,574)</u>	<u>12,550,073</u>	<u>\$1,220,264</u>

*These notes are an integral part of the financial statements.*

**HOUSING OPPORTUNITIES OF SOUTHWEST WASHINGTON**

Notes to the Financial Statements, continued

For the Year Ended September 30, 2024

**Note 8 – LONG TERM DEBT AND LIABILITIES, continued**

**Component Units**

Loans

Lilac Place LLLP, a discretely-presented component unit of the Authority, 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 Lilac Place LLLP. The notes to the Authority (\$389,137) and Clark County (\$376,674) are to be paid out of residual receipts as they become available. The Umpqua Bank (formerly WCRA) mortgage loan (\$778,211) is to be paid back out of operations.

Outstanding loans for the Component Units are as follows:

	Original Amount	Issue date	Fiscal year maturity	Interest rate	Amount outstanding Dec 31, 2023
Mortgage - Lilac Place	\$ 878,642	Jan-15	2030	6.00%	\$ 778,211
2nd Mortgage - Lilac Place	215,054	Jan-14	2058	0.50%	182,728
Deferred Loan - Lilac Place	<u>200,000</u>	Jan-14	2058	0.00%	<u>193,946</u>
Long-term debt - unrelated parties	1,293,696				1,154,885
Note Payable - Lilac Place to General Partner	<u>404,467</u>	Jan-14	2058	3.28%	<u>389,137</u>
Total long-term debt	<u>\$ 1,698,163</u>				<u>\$ 1,544,022</u>

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

Years ending December 31	Principal	Interest	Required debt service
2024	\$ 23,476	47,004	70,480
2025	24,653	45,828	70,481
2026	25,901	44,580	70,481
2027	27,224	43,256	70,480
2028	28,628	41,853	70,481
2029-2033	697,291	49,725	747,016
2034-2038	25,412	3,078	28,490
2039-2043	26,053	2,437	28,490
2044-2048	26,711	1,779	28,490
2049-2053	27,386	1,104	28,490
2054-2058	288,417	77,212	365,629
2059-2062	<u>322,870</u>	<u>430,775</u>	<u>753,645</u>
	<u>\$1,544,022</u>	<u>788,631</u>	<u>2,332,653</u>

*These notes are an integral part of the financial statements.*

**HOUSING OPPORTUNITIES OF SOUTHWEST WASHINGTON**

Notes to the Financial Statements, continued

For the Year Ended September 30, 2024

**Note 8 – LONG TERM DEBT AND LIABILITIES, continued**

During the year ended December 31, 2023, the following changes occurred in the long-term liabilities for the Component Units:

	Beginning balance	Additions	Reductions	Ending Balance	Due within one year
Mortgages/Loans	\$ 1,223,028	-	(68,143)	1,154,885	\$ 23,476
Note Payable - General Partner	404,467	-	(15,330)	389,137	-
Accrued Interest	87,161	-	(69,068)	18,093	4,826
	<u>\$ 1,714,656</u>	<u>-</u>	<u>(152,541)</u>	<u>1,562,115</u>	<u>\$ 28,302</u>

**Note 9 – PENSION PLANS**

The following table represents the aggregate pension amounts for all plans for the year ended September 30, 2024:

<b>Aggregate Pension Amounts - All Plans</b>	
Pension liabilities	\$ 223,988
Pension assets	\$ 539,056
Deferred outflows of resources	\$ 673,468
Deferred inflows of resources	\$ 322,030
Pension expense/expenditures	\$ (23,509)

**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 annual comprehensive financial report (ACFR) that includes financial statements and required supplementary information for each plan. The DRS ACFR may be obtained by writing to:

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

Or the DRS ACFR may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov).

## HOUSING OPPORTUNITIES OF SOUTHWEST WASHINGTON

Notes to the Financial Statements, continued

For the Year Ended September 30, 2024

### Note 9 – PENSION PLANS, continued

#### 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.

**PERS Plan 2/3** provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the member's AFC times the member's years of service for Plan 2 and 1% of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. 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 retirement benefits are actuarially reduced if a survivor benefit is chosen. Other PERS Plan 2/3 benefits include a COLA based on the CPI, capped at 3% annually. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

**PERS Plan 3** defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. Members are eligible to withdraw their defined contributions upon separation. Members have multiple withdrawal options, including purchase of an annuity. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

**HOUSING OPPORTUNITIES OF SOUTHWEST WASHINGTON**

Notes to the Financial Statements, continued

For the Year Ended September 30, 2024

**Note 9 – PENSION PLANS, continued**

Contributions

The PERS Plan 1 member contribution rate is established by State statute at 6 percent. The PERS 1 and PERS 2/3 employer contribution rates are developed by the Office of the State Actuary, adopted by the Pension Funding Council and is subject to change by the legislature. The PERS Plan 2/3 employer rate includes a component to address the PERS Plan 1 Unfunded Actuarial Liability (UAAL).

As established by Chapter 41.34 RCW, Plan 3 defined contribution rates are set at a minimum of 5% and a maximum of 15%. PERS Plan 3 members choose their contribution rate from six options when joining membership and can change rates only when changing employers. Employers do not contribute to the defined contribution benefits

The PERS Plan defined benefit required contribution rates (expressed as a percentage of covered payroll) for the fiscal year ended September 30, 2024 were as follows:

Employer Contribution Rates				
<i>Time Frame</i>	<i>Contribution Rate</i>	<i>PERS 1 UAAL</i>	<i>Administrative Fee</i>	<i>Employer</i>
October - June	6.36%	2.97%	0.20%	9.53%
July - August	6.36%	2.47%	0.20%	9.03%
September	6.36%	2.55%	0.20%	9.11%

Employee Contribution Rates	
PERS 1	6.00%
PERS 2	6.36%
PERS 3	Varies: 5% to 15%

The Authority’s actual PERS plan contributions were \$78,508 to PERS Plan 1 and \$175,912 to PERS Plan 2/3 for the year ended September 30, 2024.

**Actuarial Assumptions**

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2024 with a valuation date of June 30, 2023. 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 *2023 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2023 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2024. Plan liabilities were rolled forward from June 30, 2023, to June 30, 2024, reflecting each plan’s normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 2.75% total economic inflation; 3.25% salary inflation
- **Salary increases:** In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.00%

*These notes are an integral part of the financial statements.*

## HOUSING OPPORTUNITIES OF SOUTHWEST WASHINGTON

Notes to the Financial Statements, continued

For the Year Ended September 30, 2024

### Note 9 – PENSION PLANS, continued

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.

Assumptions did not change from the prior contribution rate setting June 30, 2022, Actuarial Valuation Report (AVR). OSA adjusted their methods for calculating UAAL contribution rates in PERS 1 to reflect the delay between the measurement date of calculated Plan 1 rates and when the rates are collected. OSA made an adjustment to their model to reflect past inflation experience when modeling future COLAs for current annuitants in all plans except PERS1

#### Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.0 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 7.0 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 7.0 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, 2023 are summarized in the table below. The inflation component used to create the table is 2.20 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

<b>Asset Class</b>	<b>Target Allocation</b>	<b>% Long-Term Expected Real Rate of Return Arithmetic</b>
Fixed Income	19%	2.10%
Tangible Assets	8%	4.50%
Real Estate	18%	4.80%
Global Equity	30%	5.60%
Private Equity	25%	8.60%
	<b>100%</b>	

*These notes are an integral part of the financial statements.*

**HOUSING OPPORTUNITIES OF SOUTHWEST WASHINGTON**

Notes to the Financial Statements, continued

For the Year Ended September 30, 2024

**Note 9 – PENSION PLANS, continued**

**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 7.0 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 (6.0 percent) or 1-percentage point higher (8.0 percent) than the current rate.

	<b>1% Decrease 6.00%</b>	<b>Current Rate 7.00%</b>	<b>1% Increase 8.00%</b>
PERS 1	\$ 329,481	223,988	131,468
PERS 2/3	\$ 971,751	(539,056)	(1,779,849)

**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, 2024, the Authority reported its proportionate share of the net pension liabilities (assets) as follows:

<b>Plan</b>	<b>Liability or (Asset)</b>
PERS 1	\$ 223,988
PERS 2/3	\$ (539,056)

At June 30, 2024, the Authority’s proportionate share of the collective net pension liabilities was as follows:

	<b>Proportionate Share 6/30/23</b>	<b>Proportionate Share 6/30/24</b>	<b>Change in Proportion</b>
PERS 1	0.01121%	0.01261%	0.00139%
PERS 2/3	0.01445%	0.01635%	0.00190%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2024 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, 2024, the Authority recognized pension expense as follows:

	<b>Pension Expense</b>
PERS 1	\$ 32,686
PERS 2/3	(56,195)
TOTAL	\$ (23,509)

**HOUSING OPPORTUNITIES OF SOUTHWEST WASHINGTON**

Notes to the Financial Statements, continued

For the Year Ended September 30, 2024

**Note 9 – PENSION PLANS, continued**

**Deferred Outflows of Resources and Deferred Inflows of Resources**

At September 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>PERS 1</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net difference between projected and actual investment earnings on pension plan investments	\$ -	(17,923)
Contributions subsequent to the measurement date	19,166	-
<b>TOTAL</b>	\$ 19,166	(17,923)

<b>PERS 2/3</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 306,303	(1,248)
Net difference between projected and actual investment earnings on pension plan investments	-	(154,478)
Changes of assumptions	297,667	(34,153)
Changes in proportion and differences between contributions and proportionate share of contributions	1,496	(114,228)
Contributions subsequent to the measurement date	48,836	-
<b>TOTAL</b>	\$ 654,302	(304,107)

<b>TOTAL ALL PLANS</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 306,303	(1,248)
Net difference between projected and actual investment earnings on pension plan investments	-	(172,401)
Changes of assumptions	297,667	(34,153)
Changes in proportion and differences between contributions and proportionate share of contributions	1,496	(114,228)
Contributions subsequent to the measurement date	68,002	-
<b>TOTAL</b>	\$ 673,468	(322,030)

**HOUSING OPPORTUNITIES OF SOUTHWEST WASHINGTON**

Notes to the Financial Statements, continued

For the Year Ended September 30, 2024

**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, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ending September 30:	PERS 1	PERS 2/3
2025	\$ (29,661)	\$ (147,336)
2026	\$ 15,238	214,321
2027	\$ (1,613)	85,373
2028	\$ (1,887)	84,613
2029	\$ -	33,930
Thereafter	\$ -	30,458

**Note 10 – DEFERRED CONTRIBUTION PENSION PLAN**

The Authority’s Section 457 Plan is a single-employer defined contribution plan. Plan benefit terms have been established by the Washington State Department of Retirement Deferred Compensation Program (DCP) and the Authority’s personnel policy. The Authority makes matching contributions on behalf of participating employees. No assets are accumulated in trusts or equivalent arrangements by the Authority which meet the criteria in GASB 73, paragraph 101. The plan assets are administered by a third-party, which is the Washington State Department of Retirement Systems – Washington State Investment Board.

Plan assets are held in each employee’s name and are the property of the employee and are 100% vested upon contribution.

Contribution rates for employees can change annually and are limited by the State of Washington DCP regulations and the IRS Section 457 limitations. Per the DCP program, the minimum contribution is \$30 per month and cannot exceed \$19,500 per year. The Authority matches up to 5.5% of wages after 18 months of employment. Pension expense and employer contributions for the Authority was \$40,749 for the year ended September 30, 2024, and \$175 was payable to the administrator at September 30, 2024.

**Note 11 – 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 currently has a total of eight-two members, of which thirty-two are Washington entities.

## HOUSING OPPORTUNITIES OF SOUTHWEST WASHINGTON

Notes to the Financial Statements, continued

For the Year Ended September 30, 2024

### Note 11 – RISK MANAGEMENT, continued

New members originally contract for a three-year term, and thereafter automatically renew on an annual basis. Members may quit (after completion of the three-year commitment) upon giving notice to HARRP prior to their renewal date. HARRP can terminate the members after giving 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 coverages are written on an occurrence basis, without member deductibles. Errors & Omissions coverage (which includes Employment Practices Liability) is written on a claims made basis, and the members are responsible for 10% of the incurred costs of the claims. (Due to special underwriting circumstances, some members may be subject to a greater E&O co-payment.) The Property coverage offered by HARRP is on a replacement cost basis with deductibles ranging from \$5,000 to \$25,000. Fidelity coverage, with limits of \$100,000 (with options up to \$500,000) for employee dishonesty and forgery or alteration and \$10,000 for theft are also provided with deductibles the same as for Property.

Coverage limits for General Liability, Errors & Omissions and Property are \$2,000,000 per occurrence and \$4,000,000 annual aggregate. (Some members have chosen greater Property limits for higher valued properties.) Limits for Automobile Liability are \$2,000,000/\$2,000,000. HARRP self-insures \$2,000,000 per claim. The HARRP Board of Directors determines the limits and coverage terms, in its sole discretion.

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

HARRP is fully funded by member contributions that are adjusted annually by the HARRP Board on the basis of independent actuarial studies. These assessments cover loss, loss adjustment, 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.

HARRP invests its funds that are not needed for its daily operations, in accordance with the strictest provisions of the laws of the states of Washington, Oregon, California and Nevada as they relate to investments of public funds. HARRP's Investment Policy is reviewed by staff and the HARRP Board on an annual basis.

HARRP's financial transactions are subject to annual audits by independent auditors. HARRP also subjects its claims management practices to an independent audit every three years. The Washington State Auditor's Office (SAO) performs a compliance audit every other third year, as does the Division of Enterprise Services (DES) part of the Washington State Risk management department.

The HARRP Board of Directors provides general policy direction for staff. It is composed of the executive directors of nine of HARRP's members, three each from the Association of Washington Housing Authorities (AWHA), the Housing Authorities of Oregon (HAO) association and the California-Association of Housing Authorities (CAHA). HARRP's Executive Director reports to the HARRP Board of Directors and directs the members of HARRP's staff in their daily functions.

## HOUSING OPPORTUNITIES OF SOUTHWEST WASHINGTON

Notes to the Financial Statements, continued

For the Year Ended September 30, 2024

### Note 12 – LINE OF CREDIT

At September 30, 2024, 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. There were no withdrawals on the line of credit during the year ended September 30, 2024 and as of September 30, 2024, \$0 was outstanding and payable. The line of credit matures on January 1, 2025 and will not be renewed.

### Note 13 – 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 2024, the Authority charged JPCHA \$91,263 for administrative and management services, and \$442,848 in development service fees. JPCHA owed the Authority \$322,672 as of September 30, 2024.

The Authority has entered into Development Agreements with JPCHA to develop the Willapa Center and to rehabilitate the Pacific Place low-income housing projects. The Authority earned developer fees under this agreement from JPCHA of \$148,900 during fiscal year 2024, all of which was received during the fiscal year ended September 30, 2024.

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.

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, 2024, \$3,289 in development fees receivable were due from Driftwood Point Apartments, LLLP, which are included in accounts receivable in the statement of net position. Future payments are based on future available cash flows in accordance with the Development Agreement.

## HOUSING OPPORTUNITIES OF SOUTHWEST WASHINGTON

Notes to the Financial Statements, continued

For the Year Ended September 30, 2024

### Note 13 – RELATED PARTIES, continued

Driftwood Point Apartments, LLLP also contracts with the Authority to provide administrative support and property management services. In fiscal year 2024, the Authority charged Driftwood Point Apartments, LLLP \$133,402 for these administrative and management services and \$18,032 in management fees and reimbursements receivable were due from Driftwood Point Apartments, LLLP at September 30, 2024.

Lilac Place, LLLP, a discretely-presented component unit of the Authority, contracts with the Authority to provide administrative support and property management services. In fiscal year 2024, the Authority charged Lilac Place, LLLP \$328,722 for these management services, and \$33,769 in management fees and reimbursements receivable were due from Lilac Place, LLLP at September 30, 2024.

On October 27, 2021, the Authority formed Sunrise Village Housing LLLP (SVH LLLP), a Washington limited liability partnership, where the Authority was the general partner and owner. In February 2024, SVH LLLP admitted U.S. Bancorp Community Development Corporation as the limited partner with 99.99% ownership interest, while the Authority remains general partner with 0.01% ownership interest. SVH LLLP was formed for the purpose of developing and operating 40 units of low-income housing in Longview, Washington. As of the beginning of the fiscal year 2024, SVH LLLP had incurred ~\$716,000 in pre-development costs which were paid for by the Authority. Those capital assets were transferred to SVH LLLP effective October 1, 2023 along with a corresponding liability due to the Primary Government, and those assets and liabilities are reported as non-depreciable capital assets and as payables to the Primary Government in the statement of net position in the Component Units column.

SVH LLLP has entered a Development Services Agreement with Community Frameworks, and the developer fee of \$1,500,000 will be divided between Community Frameworks (65%) and the Authority (35%). The Authority's portion of this fee is \$525,000. During the year ended September 30, 2024, \$96,553 of that fee was earned by the Authority and recorded as other income in the Statement of Revenues, Expenses, and Changes in Net Position. At September 30, 2024, \$0 in developer fees are due and receivable from SVH LLLP.

See also Note 6 and Note 8 for discussion of related party lease and loan agreements.

**HOUSING OPPORTUNITIES OF SOUTHWEST WASHINGTON**  
Notes to the Financial Statements, continued  
For the Year Ended September 30, 2024

**Note 14 – DISCRETELY PRESENTED COMPONENT UNITS**

Summarized discretely presented component units' statement of net position at December 31, 2023:

<b>Assets and Deferred Outflows of Resources</b>	Lilac Place		
	LLLP	SVH LLLP	Total
Current Assets:			
Cash - Unrestricted	\$ 149,529	-	149,529
Accounts Receivable (net)	4,263	-	4,263
Prepaid Expenses	101	-	101
Restricted Cash	396,957	-	396,957
Total Current Assets	<u>550,850</u>	<u>-</u>	<u>550,850</u>
Noncurrent Assets:			
Capital Assets:			
Capital Assets, Nondepreciable	308,313	833,331	1,141,644
Capital Assets, Depreciable, Net of Depreciation	4,884,106	-	4,884,106
Capital Assets, net	<u>5,192,419</u>	<u>833,331</u>	<u>6,025,750</u>
Other Noncurrent Assets	38,830	-	38,830
Total Noncurrent Assets	<u>5,231,249</u>	<u>833,331</u>	<u>6,064,580</u>
Total Assets	<u>5,782,099</u>	<u>833,331</u>	<u>6,615,430</u>
Deferred Outflows of Resources	-	-	-
Total Assets & Deferred Outflows of Resources	<u>\$ 5,782,099</u>	<u>833,331</u>	<u>6,615,430</u>
<b>Liabilities, Deferred Inflows, and Net Position</b>			
Current Liabilities:			
Accounts Payable and Other Accrued Liabilities	\$ 16,194	-	16,194
Payable to Primary Government	47,761	833,331	881,092
Long-Term Debt, current	23,476	-	23,476
Interest Payable, current	4,826	-	4,826
Unearned Revenue	3,799	-	3,799
Tenant Security Deposits	18,750	-	18,750
Total Current Liabilities	<u>114,806</u>	<u>833,331</u>	<u>948,137</u>
Noncurrent Liabilities:			
Accrued Interest, net of current	13,267	-	13,267
Long-Term Debt, net of current portion	1,131,409	-	1,131,409
Note Payable to Primary Government	389,137	-	389,137
Total Noncurrent Liabilities	<u>1,533,813</u>	<u>-</u>	<u>1,533,813</u>
Total Liabilities	<u>1,648,619</u>	<u>833,331</u>	<u>2,481,950</u>
Deferred Inflows of Resources	-	-	-
Total Liabilities & Deferred Inflows of Resources	<u>1,648,619</u>	<u>833,331</u>	<u>2,481,950</u>
Net Position:			
Net Investment in Capital Assets	3,648,397	-	3,648,397
Restricted Net Position - Debt Service & Replacement Reserve	378,207	-	378,207
Unrestricted Net Position	106,876	-	106,876
Total Net Position	<u>4,133,480</u>	<u>-</u>	<u>4,133,480</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 5,782,099</u>	<u>833,331</u>	<u>6,615,430</u>

*These notes are an integral part of the financial statements.*

**HOUSING OPPORTUNITIES OF SOUTHWEST WASHINGTON**  
Notes to the Financial Statements, continued  
For the Year Ended September 30, 2024

**Note 14 – DISCRETELY PRESENTED COMPONENT UNITS, continued**

Summarized discretely presented component units' statement of revenues, expenses, and changes in net position at December 31, 2023:

	Lilac Place LLLP	SVH LLLP	Total
Operating Revenues:			
Net Rental Revenue	\$ 506,894	-	506,894
Other Income	16,885	-	16,885
Total Operating Revenues	<u>523,779</u>	<u>-</u>	<u>523,779</u>
Operating Expenses:			
Administrative	130,060	-	130,060
Tenant Services	25,862	-	25,862
Utilities	79,124	-	79,124
Maintenance	59,671	-	59,671
Other General Expenses	63,308	-	63,308
Depreciation and Amortization	299,226	-	299,226
Total Operating Expenses	<u>657,251</u>	<u>-</u>	<u>657,251</u>
Operating Income (Loss)	<u>(133,472)</u>	<u>-</u>	<u>(133,472)</u>
Non-operating revenues & expenses:			
Interest Expense	(69,647)	-	(69,647)
Total non-operating revenues & expenses	<u>(69,647)</u>	<u>-</u>	<u>(69,647)</u>
Change in net position	(203,119)	-	(203,119)
Net position at beginning of year	<u>4,336,599</u>	<u>-</u>	<u>4,336,599</u>
Net position at end of year	<u>\$ 4,133,480</u>	<u>-</u>	<u>4,133,480</u>

**Note 15 – COMMITMENTS**

In 2023, the Authority agreed to assist JPCHA in acquiring Alder House, a former assisted living facility in South Bend that is now vacant. The Authority initiated a Developer Services Agreement with Community Frameworks and applied for and was awarded Rapid Capital Acquisition funds. The project will be acquired by JPCHA with staffing assistance from the Authority and rehabilitated prior to leasing. For this work, the Authority will earn approximately \$500k in developer fees. The Authority has not made any guarantees related to this project, which will be wholly owned by JPCHA with funding from the Department of Commerce.

## HOUSING OPPORTUNITIES OF SOUTHWEST WASHINGTON

Notes to the Financial Statements, continued

For the Year Ended September 30, 2024

### Note 15 – COMMITMENTS, continued

The Sunrise Village Housing LLLP (SVH LLLP) construction is being financed as follows: low-income housing tax credit (LIHTC) equity contributions from the Limited Partner of \$9.8 million; a WA State HTF forgivable loan of \$3.9 million; a City of Longview HOME loan of \$442,000; a City of Longview HOME-ARP loan of \$746,000; a City of Longview Infrastructure Loan of \$250,000; and, a Sponsor loan from the Authority to the Partnership for up to \$1.6 million, which will be payable out of the SVH LLLP's available cash flow, as defined in the Partnership Agreement. The Sponsor loan is expected to be fully funded from various grant awards received by the Authority totaling \$1.6 million for the Sunrise Village Housing project. The Authority is responsible for maintaining compliance with the state and city government loans' compliance requirements, including federal award compliance requirements, and has guaranteed the loans. Sunrise Village Housing construction is expected to be completed in 2025. The project includes 40 affordable units, with 20 of those subsidized through a Project Based Voucher contract. The project will include a property office, community room, laundry facilities and a maintenance room.

In November 2023, HOSWWA signed an Inter-Local Agreement with the City of Longview such that 0.01% in sales tax revenues will be passed on to the Authority to fund affordable housing. The funds are to be utilized for development staffing, administrative fees, and development funds. As of June 2025, there is approximately \$2.5 million in the fund held by the City of Longview, which the City has pledged to provide to the Authority for these purposes. HOSWWA anticipates using these sales tax funds accumulated to date to develop the Landing at Goldfinch Grove low-income housing project and to fund an internal housing developer position.

### Note 16 – SUBSEQUENT EVENTS

In January 2025, the United States Federal Government began making significant changes to existing and future federal funding awards, freezing certain grant programs and significantly restructuring several federal agencies. The extent to which these changes will impact the Authority's operations, financial results, and cash flows, both current and future, will depend on future developments, which are highly uncertain and cannot be predicted with any measure of certainty or probability. As a result, the Authority is unable to estimate what impact, if any, the funding freeze has on the September 30, 2024 financial statements or on the Authority's future operations. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

The Authority has one non-amortizing land acquisition program (LAP) loan from WSHFC which matures in 2025 for \$553,000, plus accrued interest. In 2025, the Authority received a verbal commitment from the lender that the maturity date for this loan will be extended to allow the Authority additional time to develop low-income housing on the property securing the loan.

In June 2025, HOSWWA formed Landing at Goldfinch Grove LLLP, the purpose of which is to own, develop, maintain, and operate a low-income housing property at 5317 Ocean Beach Highway. The development of this project is expected to be funded by WA State Housing Trust Funds (HTF), WA State Connecting Housing to Infrastructure Program (CHIP) funds, and low-income housing tax credits (LIHTC).

**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 Ten Fiscal Years

<u>Year Ended June 30,</u>	<u>Employer's proportion of the net pension liability (asset)</u>	<u>Employer's proportionate share of the net pension liability (asset)</u>	<u>Employer's covered payroll</u>	<u>Employer's proportionate share of the net pension liability as a percentage of covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability (asset)</u>
2024	0.012606%	\$ 223,988	\$ 2,561,020	8.75%	84.05%
2023	0.011213%	255,963	2,015,379	12.70%	80.16%
2022	0.010566%	294,196	1,721,283	17.09%	76.56%
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%

**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 Ten Fiscal Years

<u>Year Ended June 30,</u>	<u>Employer's proportion of the net pension liability (asset)</u>	<u>Employer's proportionate share of the net pension liability (asset)</u>	<u>Employer's covered payroll</u>	<u>Employer's proportionate share of the net pension liability (asset) as a percentage of covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability / asset</u>
2024	0.016352%	\$ (539,066)	\$ 2,561,020	-21.05%	105.17%
2023	0.014451%	(592,301)	2,015,379	-29.39%	107.02%
2022	0.013780%	(511,070)	1,721,283	-29.69%	106.73%
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	1,552,456	9.01%	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%

*See Independent Auditors' Report*

REQUIRED SUPPLEMENTARY INFORMATION, continued

**Housing Authority of the City of Longview**  
**REQUIRED SUPPLEMENTARY INFORMATION - State Sponsored Plans**  
 Schedule of Employer Contributions  
 PERS 1  
 For the Years Ended September 30  
 Last Ten 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
2024	\$ 78,508	\$ (78,508)	\$ -	\$ 2,765,909	2.84%
2023	76,877	(76,877)	-	2,137,197	3.60%
2022	64,496	(64,496)	-	1,732,802	3.72%
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%

**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 Ten 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
2024	\$ 175,912	\$ (175,912)	\$ -	\$ 2,765,909	6.36%
2023	135,926	(135,926)	-	2,137,197	6.36%
2022	110,207	(110,207)	-	1,732,802	6.36%
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%

**Housing Authority of the City of Longview**  
Notes to Required Supplemental Information - Pension

As of September 30  
Last Ten Fiscal Years

**Note 1:** 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 2:** 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 3:** Change in contribution rate

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

<b>PERS 1</b>			<b>PERS 2/3</b>		
<u>From this</u>	<u>Through this</u>		<u>From this</u>	<u>Through</u>	
<u>Date</u>	<u>Date</u>	<u>Rate</u>	<u>Date</u>	<u>this Date</u>	<u>Rate</u>
9/1/2013	6/30/2015	9.21%	9/1/2013	6/30/2015	9.21%
7/1/2015	6/30/2017	11.18%	7/1/2015	6/30/2017	11.18%
7/1/2017	8/31/2018	12.70%	7/1/2017	8/31/2018	12.70%
9/1/2018	6/30/2019	12.83%	9/1/2018	6/30/2019	12.83%
7/1/2019	8/31/2020	12.86%	7/1/2019	8/31/2020	12.86%
9/1/2020	6/30/2021	12.97%	9/1/2020	6/30/2021	12.97%
7/1/2021	8/31/2022	10.25%	7/1/2021	8/31/2022	10.25%
9/1/2022	6/30/2023	10.39%	9/1/2022	6/30/2023	10.39%
7/1/2023	8/31/2023	9.39%	7/1/2023	8/31/2023	9.39%
9/1/2023	6/30/2024	9.53%	9/1/2023	6/30/2024	9.53%
7/1/2024	current	9.03% *	9/1/2023	current	9.03% *

\* Employer contribution rate includes an administrative expense rate of 0.20%

**HOUSING OPPORTUNITIES OF SOUTHWEST WASHINGTON**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended September 30, 2024

ALN / Federal Agency	Federal Agency / Program Name	Pass Through Agency	Other Identification Number	Direct Federal Expenditures	In-Direct Federal Expenditures	Total	Foot note
<b>Department of Agriculture:</b>							
10.415	Rural Rental Housing Loans		56-008-977666317-016	\$ 43,766	-	43,766	
10.415	Rural Rental Housing Loans		56-008-977666317-016	293,889	-	293,889	3b
10.415	Rural Rental Housing Loans		56-008-977666317-028	901,420	-	901,420	3a
10.415	Rural Rental Housing Loans		56-008-977666317-028	69,923	-	69,923	
10.415	Rural Rental Housing Loans		56-008-977666317-030	10,446	-	10,446	
10.415	Rural Rental Housing Loans		56-008-977666317-030	270,831	-	270,831	3c
10.415	Rural Rental Housing Loans		56-008-977666317-041	28,457	-	28,457	
10.415	Rural Rental Housing Loans		56-008-977666317-041	737,721	-	737,721	3d
	Total Assistance Listing No. 10.415			2,356,453	-	2,356,453	
10.427	Rural Rental Assistance Payments		56-008-977666317-016	159,556	-	159,556	
10.427	Rural Rental Assistance Payments		56-008-977666317-028	311,249	-	311,249	
10.427	Rural Rental Assistance Payments		56-008-977666317-030	72,751	-	72,751	
10.427	Rural Rental Assistance Payments		56-008-977666317-041	183,108	-	183,108	
	Total Assistance Listing No. 10.427			726,664	-	726,664	
	<b>Total Department of Agriculture</b>			<b>3,083,117</b>	<b>-</b>	<b>3,083,117</b>	
<b>Department of Housing &amp; Urban Development:</b>							
14.218	CDBG/Entitlement Grants	City of Longview	Rent Well	-	38,565	38,565	
	Total CDBG Entitlement Grants Cluster			-	38,565	38,565	
14.228	CDBG/State's Program and Non-Entitlement Grants in Hawaii	City of Longview	20-6221C-157	-	90,976	90,976	
14.239	Home Investment Partnerships Program	City of Longview	4854-6605-6058 - Sunrise Village	-	1,438,134	1,438,134	3h
14.239	Home Investment Partnerships Program	WA State Dept of Commerce	07-47104-004 Phoenix House	-	1,775,000	1,775,000	3f
14.239	Home Investment Partnerships Program	WA State Dept of Commerce	94-40497-2020 - Eagle Point	-	777,991	777,991	3g
14.239	Home Investment Partnerships Program	WA State Dept of Commerce	5-92-416-17B - Sylvester	-	1,153,523	1,153,523	3e
14.239	Home Investment Partnerships Program	WA State Dept of Commerce	23-42401-116	-	412,466	412,466	
	Total Assistance Listing No. 14.239			-	5,557,114	5,557,114	
14.896	Family Self-Sufficiency Program Coordinators		WA007	170,374	-	170,374	
14.871	Section 8 Housing Choice Vouchers		WA007	13,634,667	-	13,634,667	
14.871	Emergency Housing Vouchers		WA007	439,332	-	439,332	
14.879	Mainstream 5		WA007	1,217,853	-	1,217,853	
	Total Housing Voucher Cluster			15,291,852	-	15,291,852	*
	<b>Total Department of Housing and Urban Development</b>			<b>15,462,226</b>	<b>5,686,655</b>	<b>21,148,881</b>	

See Independent Auditors' Report

**HOUSING OPPORTUNITIES OF SOUTHWEST WASHINGTON**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED**  
For the Year Ended September 30, 2024

ALN / Federal Agency	Federal Agency / Program Name	Pass Through Agency	Other Identification Number	Direct Federal Expenditures	In-Direct Federal Expenditures	Total	Foot note
<b>Department of the Treasury:</b>							
21.027	COVID-19 CSLFRF	WA State Dept of Commerce	22-94121-001 - Sunrise Village	-	1,955,436	1,955,436	* 3i
			<b>Total Department of the Treasury</b>	<b>-</b>	<b>1,955,436</b>	<b>1,955,436</b>	
<b>Department of Veterans Affairs:</b>							
64.024	Veterans Grant Program		LONG000-5224-648-PD-24	775,086	-	775,086	
			<b>Total Department of Veterans Affairs</b>	<b>775,086</b>	<b>-</b>	<b>775,086</b>	
			<b>Total Expenditures of Federal Awards</b>	<b>\$ 19,320,429</b>	<b>7,642,091</b>	<b>26,962,520</b>	

\* Denotes major program

**HOUSING OPPORTUNITIES OF SOUTHWEST WASHINGTON**  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended September 30, 2024

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 award portion of the program costs. Entire program costs, including the Authority's portion, are more than shown. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The amounts shown on the schedule for the Housing Choice Voucher program (ALN 14.871), the Mainstream 5 program (ALN 14.879), and the Emergency Housing Vouchers program (ALN 14.871) represent amounts received by the Authority.

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, 2024 is \$853,754.
- 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, 2024 is \$238,568.
- 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, 2024 is \$264,380.
- 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, 2024 is \$720,146.
- 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, 2024 is \$1,133,056.
- 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, 2024 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, 2024 is \$777,991.
- h) The Authority was approved by the City of Longview to receive a loan of up to \$1,438,134, which was assigned to Sunrise Village Housing LLLP in February 2024 to build 40 units of low-income housing. The loan balance as of September 30, 2024 is \$570,057, with \$868,077 in federal awards expended but not yet drawn on the loan.

**HOUSING OPPORTUNITIES OF SOUTHWEST WASHINGTON**  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED  
For the Year Ended September 30, 2024

Note 3 – FEDERAL LOANS, continued

- i) The Authority was approved by the WA State Department of Commerce to receive a loan of up to \$3,939,435, which was assigned to Sunrise Village Housing LLLP in February 2024 to build 40 units of low-income housing. The loan balance as of September 30, 2024 is \$1,246,447, with \$708,989 in federal awards expended but not yet drawn on the loan.

Note 4 – INDIRECT COST RATE

The Authority has elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance for Department of Veterans Affairs awards. The Authority has not elected to use the 10% de minimis indirect cost rate for any other departments' awards.

Note 5 – SUB-RECIPIENTS OF FEDERAL AWARDS

No amounts expended during the year ended September 30, 2024, were passed through to sub-recipients.

Housing Authority City of Longview (WA007)

Longview, WA

Financial Data Schedule: Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2024

	14.EFA FSS Escrow Forfeiture Account	6.1 Component Unit - Discretely Presented	14.896 PIH Family Self-Sufficiency Program	1 Business Activities	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	14.880 Family Unification Program (FUP)	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$32,551	\$149,529	\$542	\$599,649		\$117,614		\$741,148		\$580,838	\$19,664		\$2,241,535		\$2,241,535
112 Cash - Restricted - Modernization and Development		\$378,207		\$199,628						\$436,557			\$1,014,392		\$1,014,392
113 Cash - Other Restricted			\$0	\$102,594		\$135		\$110,668			\$3,056		\$216,453		\$216,453
114 Cash - Tenant Security Deposits		\$18,750		\$35,248						\$41,069			\$95,067		\$95,067
115 Cash - Restricted for Payment of Current Liabilities				\$26,511			\$1,852	\$138,523	\$16,860	\$25,262	\$34,999	\$43,615	\$287,622		\$287,622
100 Total Cash	\$32,551	\$546,486	\$542	\$963,630	\$0	\$117,749	\$1,852	\$990,339	\$16,860	\$1,083,726	\$57,719	\$43,615	\$3,855,069	\$0	\$3,855,069
121 Accounts Receivable - PHA Projects								\$1,182					\$1,182		\$1,182
122 Accounts Receivable - HUD Other Projects			\$11,996	\$299		\$1,316		\$203,903		\$57,516			\$275,030		\$275,030
124 Accounts Receivable - Other Government				\$725,184			\$101,465	\$28	\$156,746				\$983,423		\$983,423
125 Accounts Receivable - Miscellaneous				\$13,475				\$138		\$250,950			\$264,563		\$264,563
126 Accounts Receivable - Tenants		\$6,117		\$6,010				\$12,980		\$9,140			\$34,247		\$34,247
126.1 Allowance for Doubtful Accounts - Tenants		-\$1,854		-\$2,330				\$0		-\$5,003			-\$9,187		-\$9,187
126.2 Allowance for Doubtful Accounts - Other			\$0	-\$65		\$0	\$0	-\$5,156	\$0	\$0			-\$5,221		-\$5,221
127 Notes, Loans, & Mortgages Receivable - Current				\$46,447									\$46,447		\$46,447
128 Fraud Recovery															
128.1 Allowance for Doubtful Accounts - Fraud															
129 Accrued Interest Receivable				\$192									\$192		\$192
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$4,263	\$11,996	\$789,212	\$0	\$1,316	\$101,465	\$213,075	\$156,746	\$312,603	\$0	\$0	\$1,590,676	\$0	\$1,590,676
131 Investments - Unrestricted															
132 Investments - Restricted															
135 Investments - Restricted for Payment of Current Liability															
142 Prepaid Expenses and Other Assets		\$101		\$93,371		\$1,776	\$70	\$16,410	\$5,012	\$67,606	\$921		\$185,267		\$185,267
143 Inventories															
143.1 Allowance for Obsolete Inventories															
144 Inter Program Due From				\$118,605									\$118,605	-\$118,605	\$0
145 Assets Held for Sale															
150 Total Current Assets	\$32,551	\$550,850	\$12,538	\$1,964,818	\$0	\$120,841	\$103,387	\$1,219,824	\$178,618	\$1,463,935	\$58,640	\$43,615	\$5,749,617	-\$118,605	\$5,631,012
161 Land		\$308,313		\$2,033,312						\$572,737			\$2,914,362		\$2,914,362
162 Buildings		\$7,715,846		\$9,854,419						\$6,634,069			\$24,204,334		\$24,204,334
163 Furniture, Equipment & Machinery - Dwellings		\$227,935		\$57,301									\$285,236		\$285,236
164 Furniture, Equipment & Machinery - Administration				\$214,955				\$89,789		\$3,022			\$307,766		\$307,766
165 Leasehold Improvements				\$3,577,632		\$2,077	\$235	\$23,150	\$2,171	\$5,223	\$656		\$3,611,144		\$3,611,144
166 Accumulated Depreciation		-\$3,059,675		-\$7,489,140		-\$1,073	-\$121	-\$71,675	-\$1,122	-\$4,578,967	-\$339		-\$15,202,112		-\$15,202,112
167 Construction in Progress		\$833,331		\$32,684					\$1,342	\$23,360			\$890,717		\$890,717
168 Infrastructure															
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$6,025,750	\$0	\$8,281,163	\$0	\$1,004	\$114	\$41,264	\$2,391	\$2,659,444	\$317	\$0	\$17,011,447	\$0	\$17,011,447
171 Notes, Loans and Mortgages Receivable - Non-Current				\$1,807,424									\$1,807,424		\$1,807,424
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due															
173 Grants Receivable - Non Current															
174 Other Assets		\$38,830		\$259,263		\$10,134		\$138,430	\$78,109	\$58,380	\$4,690		\$587,836		\$587,836
176 Investments in Joint Ventures				\$349,570									\$349,570		\$349,570
180 Total Non-Current Assets	\$0	\$6,064,580	\$0	\$10,697,420	\$0	\$11,138	\$114	\$179,694	\$80,500	\$2,717,824	\$5,007	\$0	\$19,756,277	\$0	\$19,756,277

Housing Authority City of Longview (WA007)

Longview, WA

Financial Data Schedule: Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2024

	14.EFA FSS Escrow Forfeiture Account	6.1 Component Unit - Discretely Presented	14.896 PIH Family Self-Sufficiency Program	1 Business Activities	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	14.880 Family Unification Program (FUP)	Subtotal	ELIM	Total
200 Deferred Outflow of Resources				\$311,479		\$12,661		\$172,947	\$97,586	\$72,937	\$5,859		\$673,469		\$673,469
290 Total Assets and Deferred Outflow of Resources	\$32,551	\$6,615,430	\$12,538	\$12,973,717	\$0	\$144,640	\$103,501	\$1,572,465	\$356,704	\$4,254,696	\$69,506	\$43,615	\$26,179,363	-\$118,605	\$26,060,758
311 Bank Overdraft															
312 Accounts Payable <= 90 Days		\$16,194	\$220	\$138,676			\$2,406	\$65,374	\$8,728	\$495,912			\$727,510		\$727,510
313 Accounts Payable >90 Days Past Due															
321 Accrued Wage/Payroll Taxes Payable				\$149,621									\$149,621		\$149,621
322 Accrued Compensated Absences - Current Portion				\$50,594		\$2,723	\$1,676	\$29,406	\$15,924	\$13,092	\$824		\$114,239		\$114,239
324 Accrued Contingency Liability															
325 Accrued Interest Payable		\$4,826		\$42,630						\$1,933			\$49,389		\$49,389
331 Accounts Payable - HUD PHA Programs			\$1,251										\$1,251		\$1,251
332 Account Payable - PHA Projects								\$19					\$19		\$19
333 Accounts Payable - Other Government															
341 Tenant Security Deposits		\$18,750		\$35,248						\$41,069			\$95,067		\$95,067
342 Unearned Revenue		\$3,799		\$26,511			\$1,852	\$0	\$16,860	\$25,262	\$34,999	\$43,615	\$152,898		\$152,898
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue		\$856,807		\$749,130		\$423	\$48	\$4,711	\$442	\$168,051	\$133		\$1,779,745		\$1,779,745
344 Current Portion of Long-term Debt - Operating Borrowings		\$47,761											\$47,761		\$47,761
345 Other Current Liabilities								\$138,523					\$138,523		\$138,523
346 Accrued Liabilities - Other				\$3,892									\$3,892		\$3,892
347 Inter Program - Due To			\$11,067				\$23,785		\$83,753				\$118,605	-\$118,605	\$0
348 Loan Liability - Current															
310 Total Current Liabilities	\$0	\$948,137	\$12,538	\$1,196,302	\$0	\$3,146	\$29,767	\$238,033	\$125,707	\$745,319	\$35,956	\$43,615	\$3,378,520	-\$118,605	\$3,259,915
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue		\$1,533,813		\$7,517,695		\$626	\$71	\$6,981	\$655	\$3,200,788	\$198		\$12,260,827		\$12,260,827
352 Long-term Debt, Net of Current - Operating Borrowings															
353 Non-current Liabilities - Other			\$0	\$264,949		\$135		\$110,668			\$3,056		\$378,808		\$378,808
354 Accrued Compensated Absences - Non Current															
355 Loan Liability - Non Current															
356 FASB 5 Liabilities															
357 Accrued Pension and OPEB Liabilities				\$103,594		\$4,211		\$57,520	\$32,456	\$24,258	\$1,949		\$223,988		\$223,988
350 Total Non-Current Liabilities	\$0	\$1,533,813	\$0	\$7,886,238	\$0	\$4,972	\$71	\$175,169	\$33,111	\$3,225,046	\$5,203	\$0	\$12,863,623	\$0	\$12,863,623
300 Total Liabilities	\$0	\$2,481,950	\$12,538	\$9,082,540	\$0	\$8,118	\$29,838	\$413,202	\$158,818	\$3,970,365	\$41,159	\$43,615	\$16,242,143	-\$118,605	\$16,123,538
400 Deferred Inflow of Resources				\$577,989		\$6,054		\$82,698	\$46,662	\$34,876	\$2,802		\$751,081		\$751,081
508.4 Net Investment in Capital Assets		\$3,648,397		\$14,338		-\$45	-\$5	\$29,572	\$1,294	-\$709,395	-\$14		\$2,984,142		\$2,984,142
511.4 Restricted Net Position		\$378,207		\$551,535		\$10,134	\$0	\$138,430	\$78,109	\$494,937	\$4,690		\$1,656,042		\$1,656,042
512.4 Unrestricted Net Position	\$32,551	\$106,876	\$0	\$2,747,315	\$0	\$120,379	\$73,668	\$908,563	\$71,821	\$463,913	\$20,869	\$0	\$4,545,955		\$4,545,955
513 Total Equity - Net Assets / Position	\$32,551	\$4,133,480	\$0	\$3,313,188	\$0	\$130,468	\$73,663	\$1,076,565	\$151,224	\$249,455	\$25,545	\$0	\$9,186,139	\$0	\$9,186,139
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$32,551	\$6,615,430	\$12,538	\$12,973,717	\$0	\$144,640	\$103,501	\$1,572,465	\$356,704	\$4,254,696	\$69,506	\$43,615	\$26,179,363	-\$118,605	\$26,060,758

Housing Authority City of Longview (WA007)

Longview, WA

Financial Data Schedule: Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2024

	14.EFA FSS Escrow Forfeiture Account	6.1 Component Unit - Discretely Presented	14.896 PIH Family Self-Sufficiency Program	1 Business Activities	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	14.880 Family Unification Program (FUP)	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue		\$506,894		\$1,394,653						\$554,042			\$2,455,589	-\$214,092	\$2,241,497
70400 Tenant Revenue - Other				\$15,022				\$0		\$38,016			\$53,038		\$53,038
70500 Total Tenant Revenue	\$0	\$506,894	\$0	\$1,409,675	\$0	\$0	\$0	\$0	\$0	\$592,058	\$0	\$0	\$2,508,627	-\$214,092	\$2,294,535
70600 HUD PHA Operating Grants			\$170,374			\$1,217,853		\$13,634,745			\$439,332	\$8,540	\$15,470,844		\$15,470,844
70610 Capital Grants															
70710 Management Fee															
70720 Asset Management Fee															
70730 Book Keeping Fee															
70740 Front Line Service Fee															
70750 Other Fees															
70700 Total Fee Revenue													\$0	\$0	\$0
70800 Other Government Grants				\$386,724	\$149,749		\$412,466		\$786,241	\$728,069			\$2,463,249		\$2,463,249
71100 Investment Income - Unrestricted				\$13,266						\$36			\$13,302		\$13,302
71200 Mortgage Interest Income															
71300 Proceeds from Disposition of Assets Held for Sale															
71310 Cost of Sale of Assets															
71400 Fraud Recovery								\$2,942					\$2,942		\$2,942
71500 Other Revenue	\$28,557	\$16,885		\$977,636				\$72,342					\$1,095,420	-\$27,840	\$1,067,580
71600 Gain or Loss on Sale of Capital Assets				-\$100									-\$100		-\$100
72000 Investment Income - Restricted															
70000 Total Revenue	\$28,557	\$523,779	\$170,374	\$2,787,201	\$149,749	\$1,217,853	\$412,466	\$13,710,029	\$786,241	\$1,320,163	\$439,332	\$8,540	\$21,564,284	-\$241,932	\$21,312,352
91100 Administrative Salaries		\$50,131	\$3,320	\$818,593		\$19,258	\$1,364	\$136,828	\$111,835	\$50,604	\$3,898		\$1,195,831		\$1,195,831
91200 Auditing Fees		\$8,250		\$11,018		\$2,988	\$372	\$36,248	\$569	\$3,742	\$1,041		\$64,228		\$64,228
91300 Management Fee		\$50,630											\$50,630		\$50,630
91310 Book-keeping Fee															
91400 Advertising and Marketing				\$2,049		\$3		\$51		\$1,204	\$1		\$3,308		\$3,308
91500 Employee Benefit contributions - Administrative			\$745	\$79,358		-\$3,269	\$368	-\$37,939	-\$7,403	-\$23,595	\$5,470		\$13,735		\$13,735
91600 Office Expenses		\$16,749	\$12,030	\$53,219		\$10,749	\$2,386	\$154,889	\$115,490	\$32,786	\$3,481		\$401,779	-\$128,652	\$273,127
91700 Legal Expense		\$2,016		\$11,342					\$943	\$24,295			\$38,596		\$38,596
91800 Travel		\$2,284	\$196	\$11,002		\$188	\$21	\$5,504	\$3,481	\$10,645	\$59		\$33,380		\$33,380
91810 Allocated Overhead															
91900 Other				-\$586,785		\$36,206	\$5,853	\$414,046	\$61,188	\$148,853	\$11,813		\$91,174		\$91,174
91000 Total Operating - Administrative	\$0	\$130,060	\$16,291	\$399,796	\$0	\$66,123	\$10,364	\$709,627	\$286,103	\$248,534	\$25,763	\$0	\$1,892,661	-\$128,652	\$1,764,009
92000 Asset Management Fee															
92100 Tenant Services - Salaries		\$25,862	\$116,677	\$133,256		\$36,111	\$11,938	\$390,735	\$253,619	\$24,391	\$17,919		\$1,010,508		\$1,010,508
92200 Relocation Costs															
92300 Employee Benefit Contributions - Tenant Services			\$37,406	\$14,555		\$10,745	\$3,550	\$115,915	\$69,028	\$8,843	\$5,273		\$265,315		\$265,315
92400 Tenant Services - Other	\$782			\$5,165					\$154,889				\$160,836	-\$113,280	\$47,556
92500 Total Tenant Services	\$782	\$25,862	\$154,083	\$152,976	\$0	\$46,856	\$15,488	\$506,650	\$477,536	\$33,234	\$23,192	\$0	\$1,436,659	-\$113,280	\$1,323,379
93100 Water		\$34,169		\$54,680						\$62,190			\$151,019		\$151,019
93200 Electricity		\$6,609		\$56,582					\$280	\$27,791			\$91,262		\$91,262
93300 Gas				\$7,286									\$7,286		\$7,286
93400 Fuel															
93500 Labor															
93600 Sewer		\$22,490		\$64,294						\$65,527			\$152,311		\$152,311
93700 Employee Benefit Contributions - Utilities															
93800 Other Utilities Expense		\$1,861		\$29,367					\$236	\$67,935			\$99,399		\$99,399
93000 Total Utilities	\$0	\$65,129	\$0	\$212,189	\$0	\$0	\$0	\$0	\$516	\$223,443	\$0	\$0	\$501,277	\$0	\$501,277

Housing Authority City of Longview (WA007)  
Longview, WA

Financial Data Schedule: Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2024

	14.EFA FSS Escrow Forfeiture Account	6.1 Component Unit - Discretely Presented	14.896 PIH Family Self-Sufficiency Program	1 Business Activities	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	14.880 Family Unification Program (FUP)	Subtotal	ELIM	Total
94100 Ordinary Maintenance and Operations - Labor		\$18,786		\$206,486						\$192,687			\$417,959		\$417,959
94200 Ordinary Maintenance and Operations - Materials and Other		\$16,294		\$76,077		\$49	\$6	\$549	\$376	\$48,883	\$16		\$142,250		\$142,250
94300 Ordinary Maintenance and Operations Contracts		\$38,585		\$196,735		\$4,579	\$529	\$49,786	\$2,739	\$231,072	\$1,509		\$525,534		\$525,534
94500 Employee Benefit Contributions - Ordinary Maintenance				\$63,151						\$53,949			\$117,100		\$117,100
94000 Total Maintenance	\$0	\$73,665	\$0	\$542,449	\$0	\$4,628	\$535	\$50,335	\$3,115	\$526,591	\$1,525	\$0	\$1,202,843	\$0	\$1,202,843
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
96110 Property Insurance															
96120 Liability Insurance															
96130 Workmen's Compensation															
96140 All Other Insurance		\$18,832		\$77,788		\$685	\$302	\$7,627	\$4,681	\$59,865	\$176		\$169,956		\$169,956
96100 Total Insurance Premiums	\$0	\$18,832	\$0	\$77,788	\$0	\$685	\$302	\$7,627	\$4,681	\$59,865	\$176	\$0	\$169,956	\$0	\$169,956
96200 Other General Expenses		\$39,803		\$57,247									\$97,050		\$97,050
96210 Compensated Absences				\$8,054		\$364	\$1,373	-\$2,139	-\$591	\$2,172	-\$52		\$9,181		\$9,181
96300 Payments in Lieu of Taxes				\$2,355									\$2,355		\$2,355
96400 Bad debt - Tenant Rents		\$4,674		\$194				-\$8,296		\$3,944			\$516		\$516
96500 Bad debt - Mortgages															
96600 Bad debt - Other				-\$327				\$207		-\$416			-\$536		-\$536
96800 Severance Expense															
96000 Total Other General Expenses	\$0	\$44,477	\$0	\$67,523	\$0	\$364	\$1,373	-\$10,228	-\$591	\$5,700	-\$52	\$0	\$108,566	\$0	\$108,566
96710 Interest of Mortgage (or Bonds) Payable		\$69,647		\$181,153	\$149,749	\$80	\$8	\$405	\$37	-\$1,685	\$15		\$399,409		\$399,409
96720 Interest on Notes Payable (Short and Long Term)															
96730 Amortization of Bond Issue Costs															
96700 Total Interest Expense and Amortization Cost	\$0	\$69,647	\$0	\$181,153	\$149,749	\$80	\$8	\$405	\$37	-\$1,685	\$15	\$0	\$399,409	\$0	\$399,409
96900 Total Operating Expenses	\$782	\$427,672	\$170,374	\$1,633,874	\$149,749	\$118,736	\$28,070	\$1,264,416	\$771,397	\$1,095,682	\$50,619	\$0	\$5,711,371	-\$241,932	\$5,469,439
97000 Excess of Operating Revenue over Operating Expenses	\$27,775	\$96,107	\$0	\$1,153,327	\$0	\$1,099,117	\$384,396	\$12,445,613	\$14,844	\$224,481	\$388,713	\$8,540	\$15,842,913	\$0	\$15,842,913
97100 Extraordinary Maintenance															
97200 Casualty Losses - Non-capitalized										\$380,151			\$380,151		\$380,151
97300 Housing Assistance Payments				\$17,142		\$1,058,750	\$383,650	\$12,289,898		\$3,017	\$384,111	\$8,540	\$14,145,108		\$14,145,108
97350 HAP Portability-In								\$82,035					\$82,035		\$82,035
97400 Depreciation Expense		\$299,226		\$553,404		-\$369	-\$291	-\$11	-\$2,899	\$176,935	-\$279		\$1,025,716		\$1,025,716
97500 Fraud Losses															
97600 Capital Outlays - Governmental Funds															
97700 Debt Principal Payment - Governmental Funds															
97800 Dwelling Units Rent Expense															
90000 Total Expenses	\$782	\$726,898	\$170,374	\$2,204,420	\$149,749	\$1,177,117	\$411,429	\$13,636,338	\$768,498	\$1,655,785	\$434,451	\$8,540	\$21,344,381	-\$241,932	\$21,102,449
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															

Housing Authority City of Longview (WA007)  
Longview, WA

Financial Data Schedule: Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2024

	14.EFA FSS Escrow Forfeiture Account	6.1 Component Unit - Discretely Presented	14.896 PIH Family Self- Sufficiency Program	1 Business Activities	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	14.880 Family Unification Program (FUP)	Subtotal	ELIM	Total
10060 Proceeds from Property Sales															
10070 Extraordinary Items, Net Gain/Loss															
10080 Special Items (Net Gain/Loss)				\$3,228						\$292,086			\$295,314		\$295,314
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	\$3,228	\$0	\$0	\$0	\$0	\$0	\$292,086	\$0	\$0	\$295,314	\$0	\$295,314
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$27,775	-\$203,119	\$0	\$586,009	\$0	\$40,736	\$1,037	\$73,691	\$17,743	-\$43,536	\$4,881	\$0	\$505,217	\$0	\$505,217
11020 Required Annual Debt Principal Payments	\$0	\$23,364	\$0	\$130,755	\$0	\$0	\$0	\$0	\$0	\$156,151	\$0	\$0	\$310,270		\$310,270
11030 Beginning Equity	\$4,776	\$4,336,599	\$0	\$2,727,179	\$0	\$89,732	\$72,626	\$1,002,874	\$133,481	\$292,991	\$20,664	\$0	\$8,680,922		\$8,680,922
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors			\$0	\$0		\$0		\$0		\$0			\$0		\$0
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								\$1,076,565					\$1,076,565		\$1,076,565
11180 Housing Assistance Payments Equity								\$0					\$0		\$0
11190 Unit Months Available		456	0	1524		1450	408	19735		1812	514	9	25908		25908
11210 Number of Unit Months Leased		432	0	1481		1349	408	19210		1779	482	9	25150		25150
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															

**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 aggregate discretely presented component units of the Housing Opportunities of Southwest Washington (the "Authority"), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 19, 2025. The financial statements of Lilac Place, LLLP, a discretely presented component unit, were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Lilac Place, LLLP.

**Report on 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 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 or significant deficiencies may exist that were not identified.

**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 Standard, continued***

**Report on 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, Hill & Company, P.S.*

June 19, 2025  
Seattle, Washington

**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**

***Opinion on 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, 2024. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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, 2024.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

***Responsibilities of Management for Compliance***

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

***Auditors' Responsibilities for the Audit of Compliance***

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

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

### Report on Internal Control over Compliance

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

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

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

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

*Finney, Hill & Company, P.S.*

June 19, 2025  
Seattle, Washington

**HOUSING OPPORTUNITIES OF SOUTHWEST WASHINGTON**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the year ended September 30, 2024

**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:

<u>Assistance Listing No.</u>	<u>Name of Federal Program</u>
14.871/14.879	Department of Housing and Urban Development – <i>Housing Voucher Cluster</i>
21.027	Department of the Treasury – <i>Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)</i>

Dollar threshold used to distinguish between type A and type B programs: \$808,876

Auditee qualifies as low-risk auditee? \_\_\_X\_\_\_ yes \_\_\_\_\_ no

**HOUSING OPPORTUNITIES OF SOUTHWEST WASHINGTON**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, continued**  
For the year ended September 30, 2024

**Section II – Financial Statement Findings**

**NONE**

**Section III – Federal Award Findings and Questioned Costs**

**NONE**

**HOUSING OPPORTUNITIES OF SOUTHWEST WASHINGTON**  
Schedule of Prior Year Findings and Responses

**NONE**