



YEAR ENDED
June 30,
2022



FINANCIAL STATEMENTS & SUPPLEMENTARY DATA
THE HOUSING AUTHORITY
OF WASHINGTON COUNTY
A COMPONENT UNIT OF WASHINGTON COUNTY, OREGON

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**THE HOUSING AUTHORITY OF
WASHINGTON COUNTY
(A Component Unit of Washington County, Oregon)**

Governing Body Under ORS 456.095

Housing Authority Board of Directors
Washington County, Oregon
155 North First Avenue
Hillsboro, Oregon 97124-3091

Board of Directors as of June 30, 2022

| <u>Name</u> | <u>Term Expires</u> |
|----------------------------------|---------------------|
| Kathryn Harrington * Director | December 31, 2022 |
| Nafisa Fai* Director | December 31, 2024 |
| Pam Treece * Director | December 31, 2022 |
| Roy Rogers * Director | December 31, 2024 |
| Jerry Willey * Director | December 31, 2022 |
| Caroline Roper Director | December 31, 2022 |
| Michael Savara Director | December 31, 2023 |

* Directors also serve on the Washington County Board of Commissioners

Housing Authority Administrative Staff

Komi Kalevor, Executive Director

Washington County Administrative Staff

Tanya Ange, County Administrator

Greg Munn, Chief Finance Officer

Komi Kalevor, Director, Department of Housing Services

YaLing Huang-Dressel, Housing Services Controller

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**THE HOUSING AUTHORITY OF
WASHINGTON COUNTY**

(A Component Unit of Washington County, Oregon)

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March 31, 2023

To the Housing Authority Board of Directors and Citizens of
Washington County, Oregon:

The Housing Authority of Washington County (the Authority) is pleased to present audited financial statements for the fiscal year that ended June 30, 2022. This report consists of management's representations concerning the finances of the Authority. Consequently, responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures rests with management. Generally accepted accounting principles (GAAP) require that Management provide a narrative introduction, overview and analysis to accompany the Basic Financial Statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the independent auditor's report on the basic financial statements.

Housing Authority Programs

The Authority strives to provide opportunities for low-income individuals and families to obtain decent, safe, and affordable housing in Washington County in a variety of ways:

- The Section 8 Housing Choice Voucher program is the largest program administered by the Authority. It provides rental subsidies to low-income households. Under the program, the Authority provides a subsidy that is the difference between the "payment standard" established for a given unit size and up to 40 percent of the participant's income. The Authority is responsible to maintain a program waiting list, determine the applicant's eligibility, inform the applicant of program requirements, ensure that the rental unit selected by the participant meets housing quality standards, enter a housing assistance payment contract with the owner, respond to landlord/client issues, and recertifies each resident's income annually per the U.S. Department of Housing and Urban Development (HUD) guidelines to maintain housing eligibility. The Authority is authorized to serve up to 3,185 households with vouchers throughout the fiscal year 2021-22, subject to housing assistance payment funding availability.
- Family Self-Sufficiency (FSS). An interest-bearing escrow account is established by the Authority for each participating FSS family. Any increases in the family's rent as a result of increased earned income during the family's participation in the program result in a credit to the family's escrow account. Once a family graduates from the program, they may access the escrow and use it for any purpose, such as purchasing a home, starting a business, or paying for education.
- The Low Rent Public Housing program provides housing directly to 244 families in Authority-owned, HUD-subsidized rental housing. These units, primarily single-family dwellings and duplexes, were acquired by the Authority between 1979 and 1996. Rent is based on income, and HUD provides an operating subsidy and capital improvement funds.
- The Authority owns two Project-Based Section 8 rental properties for low-income seniors, Holly Tree Village in Beaverton and Tarkington Square in Hillsboro, totaling 188 units. Like the regular Section 8 program, the rent is based on income, and the Authority receives an operating subsidy to supplement rent receipts. Other subsidized properties include a 12-unit US Department of Agriculture-supported property,

Kaybern Terrace, two houses of Specialty Housing for developmentally disabled persons, three rental units acquired with federal NSP (Neighborhood Stabilization Program) funds, and five units from County tax foreclosures.

- The Authority serves as the sole member of the HAWC Cornelius Village LLC and the HAWC Aloha Inn LLC.
 - HAWC Cornelius Village LLC owns Cornelius Village Apartments, a 14-unit multi-family apartment located in Cornelius.
 - HAWC Aloha Inn LLC acquired Aloha Inn in January 2021. This property will be converted to a regulated affordable housing project with 54 studio bedrooms located in Aloha.
- The Authority owns 84 units of regulated affordable housing, in 7 locations, which do not receive direct rental subsidies. These units are priced for families earning under 60% of the area median income (AMI). The Authority co-owns 711 units of affordable housing in Beaverton, wherein 40% of the units are priced for families earning under 60% area median income, and 60% of the units are priced for families earning under 80% area median income.

Strategic Planning 2017-2027 Initiatives

The Authority's 2017-2027 Strategic Plan sets forth the strategic direction of the Authority by describing the Authority's mission, its guiding values and a set of core strategies for each program and division of the Authority. In the last year, the authority has made progress including these major initiatives:

- The Authority was recently awarded Moving to Work (MTW) status by the Department of Housing and Urban Development (HUD). The Authority is now actively working to implement several new key projects and HUD approved initiatives including rent reform activities. This is being done in partnership with MDRC who was hired by HUD to work with the authority.
- The Authority is partnering with the Beaverton School District to create a homeless program for families of homeless students. This is being done in accordance with HUD MTW approval and flexibility.
- The Authority partnered with the State of Oregon to create a program to assist rent burdened seniors in a project with expiring affordability called Woodspring. State funds are being utilized for this program.
- The Authority fully utilized the Emergency Housing Vouchers (EHV) allocated by congress and HUD as an emergency response to the pandemic and the crisis of homelessness.
- The Authority continues to participate in the Family Self Sufficiency (FSS) program to assist our federal housing clients in increasing their earned income and finding meaningful employment.
- The Authority has allocated project-based vouchers into several new affordable housing developments throughout the County. That allows the authority to help drive affordable housing development and increase the supply in a high-cost County.
- The Authority owns several affordable housing developments throughout Washington County. In June 2022, the Authority closed on a transaction to rehabilitate five of our properties. The properties are now part of a tax credit partnership that will ensure their long-term viability for our community.
- The Authority utilized Metro Affordable Housing Bond and Washington County Housing Production Opportunity Fund to acquire a hotel in Aloha and began the conversion process to turn it into 54 units of Permanent Supportive Housing for homeless individuals.

- The Authority is also responsible for development and portfolio management, either directly or through a wholly-owned affiliate that may work with developers, financial institutions and government agencies to build or acquire/rehabilitate thriving affordable housing communities in Washington County. The Authority serves as a Special Limited Partner for the following current and developing projects.
 - 264-unit Fields Apartments in Tigard
 - 81-unit Viewfinder in Tigard
 - 36-unit Valfre at Avenida 26 in Forest Grove
 - 144-unit Terrace Glen in Tigard

Respectfully Submitted,



Komi Kalevor
Executive Director



YaLing Huang-Dressel
Housing Services Controller



Talbot, Korvola & Warwick, LLP 14945 SW Sequoia Parkway, Suite 150, Portland, Oregon 97224
P 503.274.2849 F 503.274.2853 www.tkw.com

INDEPENDENT AUDITOR'S REPORT

Housing Authority Board of Directors
Washington County Board of Commissioners
Housing Authority of Washington County
Hillsboro, Oregon

Report on the Audit of the Financial Statements

Unmodified and Disclaimer of Opinions

We have audited the governmental activities of the Housing Authority of Washington County, Hillsboro, Oregon, (the Authority), a component unit of Washington County, Oregon, as of and for the year ended June 30, 2022, and the related notes to the financial statements, and we were not engaged to audit the discretely presented component unit of the Authority, which collectively comprise the Authority's basic financial statements as listed in the Table of Contents.

Disclaimer of Opinion on Discretely Presented Component Unit

We do not express an opinion on the accompanying financial statements of the discretely presented component unit of the Authority. Because of the significance of the matter described in the Basis for Disclaimer of Opinion on the Discretely Presented Component Unit section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the discretely presented component unit.

Unmodified Opinion on the Governmental Activities

In our opinion, based on our audit and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Authority as of June 30, 2022, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Quatama Housing, LP (Quatama) and Willow Creek Crossing Limited Partnership (Willow Creek), equity investments of the Authority which represent approximately three and one percent, respectively, of total assets at June 30, 2022, nine and three percent, respectively, of total net position, and zero and zero percent, respectively, of total revenues for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Quatama and Willow Creek are based solely on the report of the other auditors.

Basis for Disclaimer of Opinion on Discretely Presented Component Unit

The financial statements of HAWC AHP4 Limited Partnership (AHP4), the discretely presented component unit of the Authority, have not been audited, and we were not engaged to audit the AHP4 financial statements as part of the Authority's basic financial statements.



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INDEPENDENT AUDITOR'S REPORT (Continued)

Basis for Unmodified Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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. The financial statements of Quatama and Willow Creek were not audited in accordance with *Government Auditing Standards*.

Responsibilities of Management for the Financial Statements

The Authority's 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Auditor's Responsibilities for the Audit of the Discretely Presented Component Unit

Our responsibility is to conduct an audit of the Authority's financial statements in accordance with GAAS and *Government Auditing Standards* and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion on the Discretely Presented Component Unit section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the discretely presented component unit.

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.

Auditor's Responsibilities for the Audit of the Governmental Activities

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

INDEPENDENT AUDITOR'S REPORT (Continued)

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The Other Supplementary Information, as listed in the Table of Contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is required by the U.S. Department of Housing and Urban Development who considers it to be an essential part of financial reporting. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

INDEPENDENT AUDITOR'S REPORT (Continued)

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Letter of Transmittal, as listed in the Table of Contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

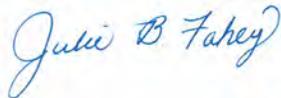
In connection, with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2023, 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.

Other Reporting Required by Oregon Minimum Standards

In accordance with *Minimum Standards for Audits of Oregon Municipal Corporations*, we have also issued our report dated March 31, 2023, on our consideration of the Authority's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance.



For Talbot, Korvola & Warwick, LLP
Portland, Oregon
March 31, 2023

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**THE HOUSING AUTHORITY OF
WASHINGTON COUNTY
(A Component Unit of Washington County, Oregon)**

Management's Discussion and Analysis

June 30, 2022

As management of the Housing Authority of Washington County (the Authority), a component unit of Washington County, Oregon, we offer readers of the Authority's financial statements this narrative overview and analysis of financial activities for the fiscal year ended June 30, 2022. We encourage readers to consider information presented here in conjunction with the financial statements, which begin on page 15. All amounts in this Management's Discussion and Analysis, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The assets of the Authority exceeded its liabilities and deferred inflow of resources at the close of the most recent fiscal year by \$35,050. Of this amount \$10,204 (unrestricted net position) may be used to meet the Authority's ongoing obligations to citizens and creditors.
- The Authority's total net position increased by \$10,145. The growth was due to the operating income of \$10,656, non-operating net loss of \$808, and capital contributions of \$297.
- The Authority's debt decreased by \$14,054.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements comprise two components: 1) financial statements and 2) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Basic Financial Statements

The basic financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business. For purposes of financial statement presentation, the Authority is classified as an enterprise fund type, and financial statements present only business-type activities.

The *Statement of Net Position* provides information about the Authority's assets, liabilities, and deferred inflow of resources, with the difference reported as the net position. Over time, increases or decreases in the net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

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

The *Statement of Cash Flows* presents information showing how the Authority's cash and cash equivalents changed during the most recent fiscal year.

**THE HOUSING AUTHORITY OF
WASHINGTON COUNTY
(A Component Unit of Washington County, Oregon)**

Management's Discussion and Analysis

June 30, 2022

The *Notes to Basic Financial Statements* provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

The basic financial statements and related notes can be found on pages 15 through 27 of this report.

Authority Financial Analysis

Assets, Liabilities, Deferred Inflow of Resources, and Net Position

The following provides a summary of the Authority's net position for 2022 compared to 2021.

| | Dollars in thousands | | |
|------------------------------------------|-----------------------------|-------------|---------------|
| | 2022 | 2021 | Change |
| Assets: | | | |
| Assets, excluding capital assets | \$ 59,065 | 29,078 | 29,987 |
| Capital assets | 31,414 | 30,168 | 1,246 |
| Total assets | 90,479 | 59,246 | 31,233 |
| Liabilities: | | | |
| Other current and restricted liabilities | 2,396 | 7,228 | (4,832) |
| Long-term liabilities | 12,826 | 26,781 | (13,955) |
| Total liabilities | 15,222 | 34,009 | (18,787) |
| Deferred inflow of resources | 40,207 | 332 | 39,875 |
| Net position: | | | |
| Net investment in capital assets | 17,838 | 4,058 | 13,780 |
| Restricted | 7,008 | 3,294 | 3,714 |
| Unrestricted | 10,204 | 17,553 | (7,349) |
| Total net position | \$ 35,050 | 24,905 | 10,145 |

As noted earlier, the net position may serve over time as a useful indicator of an entity's financial position. In the case of the Authority, assets exceeded liabilities and deferred inflow of resources by \$35,050 at the close of the most recent fiscal year.

Assets increased by \$31,233 during FY2021-22. Assets excluding capital assets increased \$29,987, contributing to this increase were additional funding in intergovernmental revenues, profit in equity of investment in partnership, development fees, cash flow distribution from Quatama Housing Limited Partnership and notes receivable from the HAWC AHP4 Limited Partnership. Capital assets increased by \$1,246, due to \$1,702 depreciation expense, and offset by \$2,221 construction in progress of Aloha Inn, and \$727 capital improvements for existing portfolio.

**THE HOUSING AUTHORITY OF
WASHINGTON COUNTY
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Management's Discussion and Analysis

June 30, 2022

Liabilities decreased by \$18,787. Current and restricted liabilities decreased by \$4,832 and long-term liabilities decreased by \$13,955.

Net investment in capital assets has a balance of \$17,838, the restricted net position totals \$7,008, consists of \$548 restricted by HUD for future housing assistance payments (HAP), \$1,118 cash restricted by a County loan agreement for debt service, \$4 insurance reserve \$1,838 reserves for replacement of assets required by loan agreements and \$3,500 set-aside for the HAWC AHP4 project required by the investor member.

The total net position of the Authority increased by \$10,145. The net investment in capital assets increased by \$13,780. The restricted net position increased by \$3,714, and the unrestricted net position decreased by \$7,349.

**THE HOUSING AUTHORITY OF
WASHINGTON COUNTY
(A Component Unit of Washington County, Oregon)**

Management's Discussion and Analysis

June 30, 2022

Change in Net Position

The following provides a summary of the Authority's change in net position for 2022 compared to 2021:

| | Dollars in thousands | | |
|-----------------------------------------------|-----------------------------|---------------|----------------|
| | 2022 | 2021 | Change |
| Operating revenues: | | | |
| Intergovernmental revenues | \$ 67,072 | 45,710 | 21,362 |
| Rental income | 8,007 | 7,018 | 989 |
| Other revenue | 5,686 | 3,791 | 1,895 |
| Total operating revenues | <u>80,765</u> | <u>56,519</u> | <u>24,246</u> |
| Operating expenses: | | | |
| Housing assistance payments | 58,224 | 36,529 | 21,695 |
| Repairs and maintenance | 2,386 | 2,366 | 20 |
| Administrative costs | 6,054 | 5,365 | 689 |
| Utilities | 856 | 778 | 78 |
| Depreciation | 1,702 | 1,539 | 163 |
| Other | 887 | 727 | 160 |
| Total operating expenses | <u>70,109</u> | <u>47,304</u> | <u>22,805</u> |
| Operating income: | <u>10,656</u> | <u>9,215</u> | <u>1,441</u> |
| Non-operating revenues (expenses): | | | |
| Gain on sale of assets | 95 | 2 | 93 |
| Profit in equity of investment in partnership | 256 | 1,238 | (982) |
| Loss on investments | (232) | 167 | (399) |
| Interest and amortization | (927) | (1,072) | 145 |
| Total non-operating revenues (expenses) | <u>(808)</u> | <u>335</u> | <u>(1,143)</u> |
| Net income before capital contributions | <u>9,848</u> | <u>9,550</u> | <u>298</u> |
| Capital contributions | <u>297</u> | <u>259</u> | <u>38</u> |
| Increase in net position | 10,145 | 9,809 | 336 |
| Net position, beginning of year | <u>24,905</u> | <u>15,096</u> | <u>9,809</u> |
| Net position, end of year | <u>\$ 35,050</u> | <u>24,905</u> | <u>10,145</u> |

Total operating revenues increased by \$24,246, or 42.9% from the prior year. Intergovernmental revenues increased \$21,362 or 46.7% mainly due to the increase of the Housing Assistance Payment receipts and Landlord Compensation Fund from Oregon Housing Community Service (OHCS). Rental income increased by \$989 or 14.1%. Other revenue increased by \$1,895 or 50.0%

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Management's Discussion and Analysis

June 30, 2022

primarily due to the increase of development fees, cash flow distribution from Quatama Housing Limited Partnership and settlement from HUD 2012 Operating Reserve Offset Lawsuit.

Total operating expenses increased by \$22,805, or 48.2%. This increase is primarily due to the \$21,695 increase in the housing assistance payments, which includes \$3,489 from HUD and \$18,206 from OHCS, \$20 increase in repairs and maintenance, \$689 increase in administrative costs, \$78 increase in utilities, \$163 increase in depreciation and \$160 increase in other operating expenses.

Non-operating revenues (expenses) decreased by \$1,143 mainly due to lower profit recognized in equity of investment in partnership and GASB 31 interest adjustment.

Capital contributions increased by \$38.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2022, the Authority's capital assets were \$31,414 (net of accumulated depreciation). Capital assets include land, buildings, improvements, vehicles, and office equipment.

During FY2021-22 net capital assets increased by \$1,246, this net increase was primarily attributable to \$2,948 in capital asset additions offset by \$1,702 of depreciation.

Additional detail may be found on page 24 in the Notes to Basic Financial Statements.

Debt and Obligations

At the end of the current fiscal year, the Authority had total obligations outstanding of \$13,280. Of this amount, \$10,810 consisted of a note payable to Washington County, \$1,539 of the Cornelius Village finance closed in November 2019, and \$931 of notes to other lenders. Additional detail may be found on pages 24-25 in the Notes to Basic Financial Statements.

Budget Information

The Authority is not subject to Oregon Local Budget Law.

Contacting the Authority's Financial Management

This financial report is designed to provide a general overview of the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the Executive Director, Housing Authority of Washington County, 161 NW Adams Ave., Suite 2000, Hillsboro, OR 97124-3082, (503) 846-4794.

BASIC FINANCIAL STATEMENTS

**THE HOUSING AUTHORITY OF
WASHINGTON COUNTY
(A Component Unit of Washington County, Oregon)**

Statement of Net Position

June 30, 2022

| | Housing Authority of Washington County | Discretely Presented Component Unit |
|-----------------------------------------------------|----------------------------------------------|-------------------------------------------|
| Assets | | |
| Current assets: | | |
| Unrestricted cash and cash equivalents | \$ 18,534,961 | — |
| Restricted cash and cash equivalents | 1,268,783 | 217,101 |
| Accounts receivable, net | 1,873,909 | — |
| Other current assets | 127,355 | 52,113 |
| Total current assets | 21,805,008 | 269,214 |
| Noncurrent assets: | | |
| Restricted cash and cash equivalents | 6,640,705 | — |
| Contracts receivable | 18,224 | — |
| Notes receivable | 26,300,000 | — |
| Investments in partnerships | 4,301,118 | — |
| Leased assets, non-depreciable | — | 2,820,000 |
| Leased assets, depreciable, net | — | 37,090,000 |
| Capital assets, non-depreciable | 13,323,048 | 7,912,674 |
| Capital assets, depreciable, net | 18,091,327 | — |
| Total noncurrent assets | 68,674,422 | 47,822,674 |
| Total assets | 90,479,430 | 48,091,888 |
| Liabilities | | |
| Current liabilities: | | |
| Accounts payable and other liabilities | 878,095 | 715,382 |
| Unearned revenue | 413,597 | — |
| Accrued interest payable | 9,078 | — |
| Current portion of notes and contracts payable | 645,659 | — |
| Current liabilities payable from restricted assets: | | |
| Tenant and other deposits | 449,371 | 217,101 |
| Total current liabilities | 2,395,800 | 932,483 |
| Noncurrent liabilities: | | |
| Notes and contracts payable | 12,633,805 | 43,767,262 |
| Deposits payable from restricted assets | 192,143 | — |
| Total non-current liabilities | 12,825,948 | 43,767,262 |
| Total liabilities | 15,221,748 | 44,699,745 |
| Deferred Inflow of Resources | | |
| Deferred refunding gain | 297,192 | — |
| Deferred inflow leases | 39,910,000 | — |
| Total deferred inflow of resources | 40,207,192 | — |
| Net Position | | |
| Net investment in capital assets | 17,837,719 | 4,055,412 |
| Restricted | 7,008,110 | — |
| Unrestricted | 10,204,661 | (663,269) |
| Total net position | \$ 35,050,490 | 3,392,143 |

See accompanying notes to basic financial statements.

**THE HOUSING AUTHORITY OF
WASHINGTON COUNTY
(A Component Unit of Washington County, Oregon)**

Statement of Revenues, Expenses and Changes in Net Position

| | Housing Authority of Washington County For the year ended June 30, 2022 | Discretely Presented Component Unit from June 9 to June 30, 2022 |
|-----------------------------------------------------|-------------------------------------------------------------------------------------|------------------------------------------------------------------------------|
| Operating revenues: | | |
| Intergovernmental revenue, HUD PHA operating grants | \$ 38,658,438 | — |
| Intergovernmental revenue, local grants | 28,236,761 | — |
| Intergovernmental revenue, County subsidy | 176,961 | — |
| Rental income | 8,007,232 | 149,742 |
| Other | 5,685,977 | 3,623 |
| Total operating revenues | 80,765,369 | 153,365 |
| Operating expenses: | | |
| Housing assistance payments | 58,224,496 | — |
| Repairs and maintenance | 2,386,161 | 29,527 |
| Administrative costs | 6,053,458 | 28,025 |
| Utilities | 856,399 | 31,670 |
| Depreciation | 1,701,961 | — |
| Other | 887,195 | 12,030 |
| Total operating expenses | 70,109,670 | 101,252 |
| Operating income | 10,655,699 | 52,113 |
| Non-operating revenues (expenses): | | |
| Gain on sale of capital assets | 95,250 | — |
| Profit in equity of investment in partnership | 256,018 | — |
| Loss on investments | (232,030) | — |
| Interest and amortization | (927,421) | — |
| Total non-operating revenues (expenses) | (808,183) | — |
| Income before capital contributions | 9,847,516 | 52,113 |
| Capital contributions | | |
| HUD nonoperating contribution | 297,687 | — |
| Partner contributions | — | 3,340,030 |
| Total capital contributions | 297,687 | 3,340,030 |
| Increase in net position | 10,145,203 | 3,392,143 |
| Net position, beginning of year | 24,905,287 | — |
| Net position, end of year | \$ 35,050,490 | 3,392,143 |

See accompanying notes to basic financial statements.

**THE HOUSING AUTHORITY OF
WASHINGTON COUNTY
(A Component Unit of Washington County, Oregon)**

Statement of Cash Flows

For the year to date as of June 30, 2022

| | |
|------------------------------------------------------------------------------------------|-----------------------------|
| Cash flows from operating activities: | |
| Cash received for services provided | \$ 77,438,779 |
| Cash payments for labor and benefits | (4,991,755) |
| Cash payments for goods and services | (65,720,855) |
| Net cash provided by operating activities | <u>6,726,169</u> |
| Cash flows from capital and related financing activities: | |
| Capital grants | 297,687 |
| Acquisition of capital assets, net | (2,948,487) |
| Decrease in contracts receivable | 28,611 |
| Current maturities and principal payments of notes payable | (14,053,605) |
| Interest paid on notes payable | (983,936) |
| Advance to partnership | (500,000) |
| Proceeds from prepayment of leased capital assets | 14,110,000 |
| Proceeds from disposal of capital assets | 95,250 |
| Net cash used for capital and related financing activities | <u>(3,954,480)</u> |
| Cash flows from investing activities: | |
| Loss on investments | (232,030) |
| Increase in investment in partnership | (259,568) |
| Net cash used for investing activities | <u>(491,598)</u> |
| Net increase in cash and cash equivalents | 2,280,091 |
| Cash and cash equivalents at beginning of year | <u>24,164,358</u> |
| Cash and cash equivalents at end of year (1) | <u><u>\$ 26,444,449</u></u> |
| Reconciliation of operating income to net cash provided from operating activities: | |
| Operating income | \$ 10,655,699 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | |
| Depreciation expense | 1,701,961 |
| Changes in assets and liabilities: | |
| Increase in accounts receivable, net | (823,097) |
| Increase in other current assets | (96,786) |
| Decrease in accounts payable | (1,920,482) |
| Decrease in deposits payable | (287,633) |
| Decrease in unearned revenue | (2,503,493) |
| Net cash provided by operating activities | <u>\$ 6,726,169</u> |
| (1) Cash and cash equivalents are reflected on the Statement of Net Position as follows: | |
| Current assets - unrestricted | \$ 18,534,961 |
| Current assets - restricted | 1,268,783 |
| Noncurrent assets - restricted | 6,640,705 |
| | <u>\$ 26,444,449</u> |
| Supplemental disclosure of non-cash transactions | |
| Profit in equity of investment in partnership | \$ 256,018 |
| Note receivable recorded in lieu of cash lease payments | 25,800,000 |
| | <u>26,056,018</u> |

See accompanying notes to basic financial statements.

**THE HOUSING AUTHORITY OF
WASHINGTON COUNTY
(A Component Unit of Washington County, Oregon)**

Notes to Basic Financial Statements

June 30, 2022

(1) The Authority and Summary of Significant Accounting Policies

The Authority

The Housing Authority of Washington County (Authority) is a municipal corporation established under Oregon Revised Statutes, Chapter 456, to provide low-cost housing to individuals meeting criteria established by the U.S. Department of Housing and Urban Development (HUD). As provided by statute, the Housing Authority of Washington County Board of Directors is the governing body of the Authority, appointed by the Washington County (County), Oregon Board of County Commissioners. HUD provides the Authority with grants for the modernization of low-income housing. In addition, HUD provides rental subsidies and administrative fees for the operation of the program.

The Authority, under the criteria of the Governmental Accounting Standards Board (GASB), is considered a blended component unit of Washington County, Oregon. The Authority is presented as an Enterprise Fund in Washington County's Comprehensive Annual Financial Report.

The governmental reporting entity consists of the Authority, as the primary government, and its component units. Component units are legally separate organizations for which the Board of Directors is financially accountable or other organizations whose nature and significant relationship with the Authority are such that the exclusion would cause the Authority's financial statements to be misleading or incomplete. The basic financial statements include three blended component units. The blended component units are considered part of the Authority's operations, and so financial information from these units are combined with information of the Authority.

Blended Component Units

The Authority's operations include three blended component units, which are included in the basic financial statements and consists of legally separate entities for which the Authority is financially accountable.

Aloha Park Apartments, LLC, an Oregon single asset entity with the Authority serving as the sole member of the Aloha Park Apartments, LLC and its Executive Director serving as the sole manager, was formed to meet the refinance requirements of Aloha Park Apartments, an 80-unit multi-family apartment complex for which the Authority assumed ownership on October 15, 2010 with a mortgage balance of \$250,637. All 80-units are affordable, consisting of 8 subsidized HUD Section 8 Project-based and 72 non-subsidized affordable units. This LLC was dissolved, the property returned to the Authority, then leased to the HAWC APH4 Limited Partnership on June 9, 2022.

HAWC Cornelius Village LLC, an Oregon limited liability company with the Authority serving as the sole member of the HAWC Cornelius Village LLC and its Executive Director serving as the sole manager, was formed to acquire Cornelius Village Apartments, a 14-unit multi-family apartment located at 122 N. 29th Avenue in Cornelius. This LLC is considered a blended component unit of the Authority.

HAWC Aloha Inn LLC, an Oregon limited liability company with the Authority serving as the sole member of the HAWC Aloha Inn LLC and its Executive Director serving as the sole manager, was formed to acquire Aloha Inn property located at 3333 SW 198th Avenue, Aloha. This property will be converted to a regulated affordable housing project with 54 studio bedrooms. This LLC is considered a blended component unit of the Authority.

The financial statements for these blended component units are included in Note 9.

**THE HOUSING AUTHORITY OF
WASHINGTON COUNTY
(A Component Unit of Washington County, Oregon)**

Notes to Basic Financial Statements

June 30, 2022

Discretely Presented Component Unit (unaudited)

The Authority follows the guidance provided by the Governmental Accounting Standards Board (GASB) for the relationship of housing authorities as general partners of limited low-income tax credit partnerships whereby the limited partners have majority ownership but have delegated the majority of their rights regarding the operations of the partnership to the housing authority. The Authority exercises the majority of control over day-to-day operations.

Five multiple family properties (332 units) were leased to a low-income tax credit partnership, HAWC APH4 Limited Partnership (AHP4), on June 9, 2022. The Authority is the sole member of the HAWC APH4 GP, LLC which is the general partner and owns 0.008% investment in the HAWC APH4 Limited Partnership. The Authority has 0.001% investment in the APH4 as well. The limited partnership has a December 31 year-end and complete financial statements may be obtained by contacting the Executive Director, Housing Authority of Washington County, 161 NW Adams Ave., Suite 2000, Hillsboro, OR 97124-3082. APH4 is considered a discretely presented component unit of the Authority.

Measurement Focus and Basis of Accounting

The Authority's financial statements are prepared on the flow of economic resources measurement focus. With this measurement focus, all assets, liabilities and deferred inflow of resources are included in the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (e.g. revenues) and decreases (e.g. expenses) affecting the net position of the Authority. Revenues are recorded at the time they are earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of the related cash flows.

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, liabilities, deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Restricted vs. Unrestricted Net Position

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

Revenues and Expenses

Revenues and expenses are distinguished between operating and non-operating. Operating revenues are generated through the Authority providing assisted housing in HUD-mandated programs and from tenants of Authority-owned properties. Operating expenses include the costs associated with the payment of rental assistance and managing Authority-owned properties. Revenues and expenses generated from interest or other activities are treated as non-operating.

**THE HOUSING AUTHORITY OF
WASHINGTON COUNTY
(A Component Unit of Washington County, Oregon)**

Notes to Basic Financial Statements

June 30, 2022

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, cash and cash equivalents consists of cash on hand, amounts deposited in checking accounts and pooled funds held and invested by Washington County, Oregon. This treatment is in conformity with GASB Statement No. 9, which states that deposits in cash management pools that have the general characteristics of demand deposit accounts are appropriately classified as cash equivalents.

Accounts Receivable

Accounts receivable consist primarily of receivables for federal grants, tenant rent, and tenant repayment agreements related to tenant unreported income. Management reviews the accounts receivable balance for likelihood of collection and records an allowance for doubtful accounts based on the type and age of the individual receivable.

Other Current Assets

Other current assets consist of supplies inventory and prepaid expenses.

Restricted Assets, Liabilities, and Net Position

Assets, the use of which is restricted to specific purposes by statute or bond indenture and related liabilities, are segregated on the Statement of Net Position.

Contracts Receivable

The Authority holds one second mortgage and one third mortgage for low-income home purchasers in the amount of \$18,224.

The Authority also holds one second mortgage for a low-income home purchaser in the original amount of \$101,250, which is not reflected in the Statement of Net Position, as the mortgage is incrementally forgiven 50% over thirty years, and is forgiven in full upon death of the purchaser, providing the purchaser uses the property as a primary dwelling during this time. The likelihood of early payment is indeterminable.

Notes Receivable

Notes receivable includes \$25,800,000 of sponsor acquisition financing loan for the HAWC AHP4 Limited Partnership and \$500,000 of promissory note for the Valfre at Avenida 26 Limited Partnership.

Investments in Partnerships

Investments in partnerships represent the Authority's equity interest in Quatama Housing Limited Partnership, Willow Creek Crossing Limited Partnership, and Tigard Triangle Limited Partnership. These investments are accounted using the equity method. Under the equity method, the initial investment is recorded at cost and increased or decreased by the Authority's share of income or loss and is increased by contributions and decreased by distributions. Investment in Quatama Housing Limited Partnership of \$2,991,649 and investment in Willow Creek Crossing Limited Partnership of \$1,049,781 were recorded as of December 31, 2021, the latest available audited financial statements; and investment in Tigard Triangle Limited Partnership of \$259,688 was recorded as of June 30, 2022.

**THE HOUSING AUTHORITY OF
WASHINGTON COUNTY
(A Component Unit of Washington County, Oregon)**

Notes to Basic Financial Statements

June 30, 2022

Capital Assets

Capital asset items purchased are recorded at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are recorded at acquisition value at the time received.

Major additions, improvements and replacements with an acquisition cost of more than \$5,000 and a useful life of more than one year are capitalized. Normal maintenance and repairs are charged to operations as incurred. Gains or losses realized from sales of capital assets are reflected in the Statement of Revenues, Expenses and Changes in Net Position.

Depreciation is computed on capital assets placed in service using the straight-line method over their estimated useful lives as follows:

| | |
|--------------------------------|----------|
| Buildings | 30 years |
| Building and site improvements | 15 years |
| Office equipment | 7 years |
| Vehicles | 5 years |
| Computer hardware | 5 years |
| Computer software | 3 years |

Unearned Revenue

Unearned revenue consists primarily of prepaid rent received from tenants, advanced grant payments received from HUD programs and payments received from non-HUD sources that have not been earned as of June 30, 2022.

Deferred Inflows of Resources

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and therefore will not be recognized as an inflow of resources (revenue) until that time. The Authority's deferred inflow amount is associated with the refunding of the 2009 Full Faith & Credit Obligation issued by the County (see Note 4). The deferred refunding gain on refunded debt is amortized using the straight-line method over the shortest remaining original life of the debt instruments refunded.

Vested Compensated Absences, Sick Pay, Other Post-Employment Obligation, and Net Pension Liability

The Authority's personnel are exclusively contracted Washington County employees. Accordingly, the liability of vested compensated absences, sick pay, other post-employment obligation, and net pension liability are recorded by the County.

**THE HOUSING AUTHORITY OF
WASHINGTON COUNTY
(A Component Unit of Washington County, Oregon)**

Notes to Basic Financial Statements

June 30, 2022

(2) Cash and Cash Equivalents

Deposits with Financial Institutions

The Authority's deposits with financial institutions are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). As required by Oregon Revised Statutes, deposits in excess of federal depository insurance were held at a qualified depository for public funds. All qualified depositories for public funds are included in the multiple financial institution collateral pool that is maintained by and in the name of the Office of the State Treasurer. As a result, the Authority's remaining deposits in excess of FDIC insurance are considered to be fully collateralized.

Credit Risk

Cash and cash equivalents include pooled cash and investments held by Washington County, Oregon on behalf of the Authority. Reference should be made to the Washington County, Oregon Annual Comprehensive Financial Report for June 30, 2022 for information with respect to credit risk.

**THE HOUSING AUTHORITY OF
WASHINGTON COUNTY
(A Component Unit of Washington County, Oregon)**

Notes to Basic Financial Statements

June 30, 2022

Custodial Credit Risk

Washington County, Oregon maintains a common cash and investment pool for all County funds including those of the Authority. The types of investments in which the County may invest are restricted by State of Oregon Statutes and a Board adopted investment policy. Authorized investments include general obligations of the United States Government and its agencies, certain bonded obligations of Oregon municipalities, bankers' acceptances, certain high-grade commercial paper, repurchase agreements, and the State of Oregon Local Government Investment Pool, among others.

At June 30, 2022, the Authority's cash and cash equivalents are comprised of the following:

| | | |
|-------------------------------------------------------------|----|-------------------|
| Bank accounts | \$ | 9,104,921 |
| Reserves held by lenders | | 571,698 |
| Accounts administered by subcontracted management companies | | 3,544,064 |
| Deposits with Washington County Investment Pool | | <u>13,223,766</u> |
| Total cash and cash equivalents | \$ | <u>26,444,449</u> |

Cash and cash equivalents are reflected on the Statement of Net Position as follows:

| | | |
|--------------------------------------------------|----|-------------------|
| Unrestricted: | | |
| Cash and cash equivalents | \$ | 18,534,961 |
| Restricted for: | | |
| Affordable housing county bond reserve | | 1,118,200 |
| AHP4 set-aside | | 3,500,000 |
| Replacement reserves | | 1,838,550 |
| Retainage in escrow | | 3,699 |
| Restricted for payment of current liabilities | | 1,256,896 |
| Restricted for payment of noncurrent liabilities | | <u>192,143</u> |
| Total restricted | | <u>7,909,488</u> |
| Total cash and cash equivalents | \$ | <u>26,444,449</u> |

**THE HOUSING AUTHORITY OF
WASHINGTON COUNTY
(A Component Unit of Washington County, Oregon)**

Notes to Basic Financial Statements

June 30, 2022

(3) Capital Assets

Capital asset activity is as follows:

| | Balance June 30, 2021 | Additions | Disposals | Transfers | Balance June 30, 2022 |
|---------------------------------------------|--------------------------------------|--------------------|------------------|------------------|--------------------------------------|
| Capital assets not being depreciated: | | | | | |
| Land | \$ 10,547,757 | — | — | — | 10,547,757 |
| Construction in progress | 553,797 | 2,633,857 | — | (412,363) | 2,775,291 |
| Total capital assets not being depreciated | <u>11,101,554</u> | <u>2,633,857</u> | <u>—</u> | <u>(412,363)</u> | <u>13,323,048</u> |
| Capital assets being depreciated: | | | | | |
| Buildings and improvements | 57,003,705 | 314,630 | — | 412,363 | 57,730,698 |
| Office equipment and other | 107,640 | — | — | — | 107,640 |
| Vehicles | 280,596 | — | — | — | 280,596 |
| Total capital assets being depreciated | <u>57,391,941</u> | <u>314,630</u> | <u>—</u> | <u>412,363</u> | <u>58,118,934</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings and improvements | (37,953,366) | (1,694,017) | — | — | (39,651,383) |
| Office equipment and other | (107,640) | — | — | — | (107,640) |
| Vehicles | (260,640) | (7,944) | — | — | (268,584) |
| Total accumulated depreciation | <u>(38,325,646)</u> | <u>(1,701,961)</u> | <u>—</u> | <u>—</u> | <u>(40,027,607)</u> |
| Total capital assets being depreciated, net | <u>19,066,295</u> | <u>(1,387,331)</u> | <u>—</u> | <u>412,363</u> | <u>18,091,327</u> |
| Total capital assets, net | <u>\$ 30,167,849</u> | <u>1,246,526</u> | <u>—</u> | <u>—</u> | <u>31,414,375</u> |

(4) Long-term Debt

Washington County Loan Agreement

On November 5, 2009, Washington County issued \$28,985,000 in Full Faith and Credit Refunding Obligations, Series 2009, to defease and refund the Authority's outstanding Revenue Bonds Series 1999A, 2001A and B, and 2002A, in return for a promissory note issued on behalf of the County requiring payments by the Authority to the County sufficient to pay the semi-annual bond payments required by the Full Faith and Credit Refunding Obligations. The Authority also issued second trust deeds to the County to secure the debt. The County's 2009 Full Faith & Credit Obligation was refunded on June 5, 2019 with net premium of \$2,170,000. The promissory note issued to the County was amended to \$24,030,000. New 2019 Full Faith & Credit Refunding Obligation was partially defeased on June 9, 2022 when five multiple family properties (332 units) were sold to a low-income tax credit partnership, HAWC APH4 Limited Partnership. The promissory note issued to the County was amended to \$11,400,000. The proceeds of \$11,035,000 were deposited in an irrevocable trust fund with an escrow agent to provide funds for future debt service payments on the defeased bonds. As a result, this portion is considered defeased and the liability was removed from the Statement of Net Position. As of June 30, 2022, \$11,035,000 of the 2019 Full Faith & Credit Refunding Obligation was considered defeased.

**THE HOUSING AUTHORITY OF
WASHINGTON COUNTY
(A Component Unit of Washington County, Oregon)**

Notes to Basic Financial Statements

June 30, 2022

Cornelius Village Apartments Acquisition Loan

The Authority acquired a 14-unit multi-family apartment in November 2019 with \$500,000 from Washington County, \$385,000 from the Authority and \$1,570,000 from a Berkadia Bank acquisition loan.

Notes and Contracts Payable

Changes in long-term notes and contracts payable are as follows:

| Notes | Amount Issued | Interest Rates | Outstanding June 30, 2021 | Increase | Decrease | Outstanding June 30, 2022 |
|--------------------------------------------------------------------|------------------|-------------------|---------------------------------|----------|---------------------|---------------------------------|
| Farmer's Home Administration Office of Community Development | \$ 361,000 | 9 to 9.5% | \$ 289,899 | — | (7,576) | 282,323 |
| HOME contracts | 652,310 | 0% | 648,573 | — | — | 648,573 |
| Washington County Loan Agreement | 1,104,300 | 3.0% | 500,000 | — | (500,000) | — |
| Berkadia Bank Mortgage, Aloha Park Apartments | 24,030,000 | 3 to 5.0% | 22,435,000 | — | (11,625,000) | 10,810,000 |
| Berkadia Bank Mortgage, Cornelius Village Apartments | 2,107,100 | 4.18% | 1,899,871 | — | (1,899,871) | — |
| | 1,570,000 | 5.34% | 1,559,726 | — | (21,158) | 1,538,568 |
| | | | <u>\$ 27,333,069</u> | <u>—</u> | <u>(14,053,605)</u> | <u>13,279,464</u> |

Future maturities of notes and contracts payable principal and interest are as follows:

| Fiscal year ending June 30, | Notes and Contracts Payable | |
|-----------------------------|-----------------------------|---------------------|
| | Principal | Interest |
| 2023 | \$ 645,659 | \$ 598,879 |
| 2024 | 682,497 | 566,290 |
| 2025 | 719,926 | 531,362 |
| 2026 | 757,302 | 494,735 |
| 2027 | 794,855 | 456,183 |
| 2028-2032 | 4,084,298 | 1,735,141 |
| 2033-2037 | 3,889,232 | 614,005 |
| 2038-2042 | 1,057,122 | 132,782 |
| Due on sale of property | 648,573 | — |
| | <u>\$ 13,279,464</u> | <u>\$ 5,129,377</u> |

Current and future maturities at year-end are summarized as follows:

| | |
|------------------------|----------------------|
| Current maturities | \$ 645,659 |
| Non-current maturities | <u>12,633,805</u> |
| | <u>\$ 13,279,464</u> |

**THE HOUSING AUTHORITY OF
WASHINGTON COUNTY
(A Component Unit of Washington County, Oregon)**

Notes to Basic Financial Statements

June 30, 2022

(5) Transactions with Related Parties

The Authority paid Washington County \$675,498 for administrative, vehicle maintenance, legal and allocated overhead expenses, and \$3,895,798 for salaries and benefits for contracted employees. The Authority received \$176,961 from Washington County to support affordable housing development.

(6) Insured Risks

Potential liabilities for workers' compensation, liability/casualty and unemployment compensation claims are covered under the self-insurance plans maintained by Washington County, Oregon. Accordingly, insurance reserves are recorded by the County. Reference should be made to the Washington County, Oregon Annual Comprehensive Financial Report for the year ended June 30, 2022 for treatment of insurance risks. Potential liabilities for property and general liability are covered under the Housing Authorities Risk Retention Pool (HARRP). Claims incurred by the Authority are submitted and paid by the Risk Retention Pool. During the past three fiscal years there were no settlements which exceeded insurance coverage.

(7) Conduit Debt Obligations

The Authority has issued multi-family Housing Revenue Bonds to provide financial assistance to private sector entities for the construction, acquisition and rehabilitation of affordable housing. The bonds are fully secured by letters of credit and are payable solely from payments received from the developer on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private sector entity served by the bond issuance. The bonds do not constitute a debt or pledge of the faith and credit of the Authority, the County, or the State and, accordingly, have not been reported in the accompanying basic financial statements.

As of June 30, 2022, there was one series of multi-family Housing Revenue Bond outstanding, with an aggregate principal amount payable of \$26,837,962.

(8) Litigation

The Authority has various claims and pending legal proceedings outstanding. These proceedings are, in the opinion of management, ordinary routine matters incidental to the normal business conducted by the Authority. In the opinion of management, the ultimate disposition of such proceedings are not expected to have a material adverse financial effect on the Authority.

**THE HOUSING AUTHORITY OF
WASHINGTON COUNTY
(A Component Unit of Washington County, Oregon)**

Notes to Basic Financial Statements

June 30, 2022

(9) Blended Component Units

Condensed financial information for the blended component units is as follows:

| | Aloha Park Apartments, LLC | HAWC Cornelius Village LLC | HAWC Aloha Inn LLC |
|----------------------------------------|-------------------------------------------|-------------------------------------------|-----------------------------------|
| Assets: | | | |
| Assets, excluding capital assets | \$ — | 42,443 | (120,751) |
| Capital assets | — | 2,263,140 | 8,290,887 |
| Total assets | <u>—</u> | <u>2,305,583</u> | <u>8,170,136</u> |
| Liabilities: | | | |
| Other current & restricted liabilities | — | 81,463 | 307,686 |
| Long-term debt | — | 1,516,237 | — |
| Total liabilities | <u>—</u> | <u>1,597,700</u> | <u>307,686</u> |
| Net position: | | | |
| Net investment in capital assets | — | 724,572 | 8,290,887 |
| Restricted | — | 10,851 | — |
| Unrestricted (deficit) | — | (27,540) | (428,437) |
| Total net position | <u>\$ —</u> | <u>707,883</u> | <u>7,862,450</u> |
| | | | |
| | Aloha Park Apartments, LLC | HAWC Cornelius Village LLC | HAWC Aloha Inn LLC |
| | through June 9, 2022 | | |
| Operating revenues: | | | |
| Intergovernmental revenues | \$ — | — | 2,157,461 |
| Rental income | 533,329 | 196,527 | 459,000 |
| Other revenue | 10,350 | 4,349 | — |
| Total operating revenues | <u>543,679</u> | <u>200,876</u> | <u>2,616,461</u> |
| Operating expenses | <u>495,052</u> | <u>174,876</u> | <u>294,738</u> |
| Operating income | <u>48,627</u> | <u>26,000</u> | <u>2,321,723</u> |
| Non-operating revenue (expense) | <u>810,694</u> | <u>(83,820)</u> | <u>(8,826)</u> |
| Change in net position | 859,321 | (57,820) | 2,312,897 |
| Net position, beginning of year | <u>(859,321)</u> | <u>765,703</u> | <u>5,549,553</u> |
| Net position, end of year | <u>\$ —</u> | <u>707,883</u> | <u>7,862,450</u> |

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OTHER SUPPLEMENTARY INFORMATION

**THE HOUSING AUTHORITY OF
WASHINGTON COUNTY
(A Component Unit of Washington County, Oregon)**
Financial Data Schedule
June 30, 2022

| FDS # | Assets | Housing Choice Vouchers | Main Stream | EHV | Low Rent Public Housing | Business Activities | HAWC Total |
|---------|----------------------------------------------------------------------|----------------------------|----------------|---------------|----------------------------|------------------------|-------------------|
| | Current assets | | | | | | |
| | Cash | | | | | | |
| 111 | Unrestricted | \$ 1,574,089 | — | — | 2,618,727 | 14,342,145 | 18,534,961 |
| 112 | Restricted - modernization and development | — | — | — | — | 1,838,550 | 1,838,550 |
| 113 | Other restricted | 673,955 | 43,574 | 10,387 | — | 4,621,899 | 5,349,815 |
| 114 | Tenant security deposits | — | — | — | 90,007 | 137,133 | 227,140 |
| 115-020 | Restricted for payment of current liabilities, FSS | 220,619 | — | — | — | — | 220,619 |
| 115-030 | Restricted for payment of current liabilities | — | — | 72,246 | — | 201,118 | 273,364 |
| 100 | Total cash | <u>2,468,663</u> | <u>43,574</u> | <u>82,633</u> | <u>2,708,734</u> | <u>21,140,845</u> | <u>26,444,449</u> |
| | Receivables | | | | | | |
| 121 | Accounts receivable - PHA projects | 84,528 | — | — | — | — | 84,528 |
| 122 | Accounts receivable - HUD other projects | 108,046 | — | — | 30,788 | — | 138,834 |
| 124 | Accounts receivable - other governments | — | — | — | — | 25,597 | 25,597 |
| 125 | Accounts receivable - miscellaneous | — | — | — | — | 848,961 | 848,961 |
| 126 | Accounts receivable - tenants | 2,703 | — | — | 80,135 | 749,851 | 832,689 |
| 126.1 | Allowance for doubtful accounts - tenants | — | — | — | (60,567) | (28,911) | (89,478) |
| 128 | Fraud recovery | 63,255 | — | — | 4,116 | — | 67,371 |
| 128.1 | Allowance for doubtful accounts - fraud | (31,244) | — | — | (3,349) | — | (34,593) |
| 120 | Total receivables net of allowances for doubtful accounts | <u>227,288</u> | <u>—</u> | <u>—</u> | <u>51,123</u> | <u>1,595,498</u> | <u>1,873,909</u> |
| 142 | Prepaid expenses and other assets | — | — | — | — | 122,355 | 122,355 |
| 143 | Inventories | — | — | — | 10,000 | — | 10,000 |
| 143.1 | Inventories - allowance for obsolete | — | — | — | (5,000) | — | (5,000) |
| 150 | Total current assets | <u>2,695,951</u> | <u>43,574</u> | <u>82,633</u> | <u>2,764,857</u> | <u>22,858,698</u> | <u>28,445,713</u> |
| | Non-current assets | | | | | | |
| | Capital assets | | | | | | |
| 161 | Land | — | — | — | 3,824,630 | 6,723,127 | 10,547,757 |
| 162 | Buildings | — | — | — | 17,915,302 | 39,815,396 | 57,730,698 |
| 164 | Furniture, equipment and machinery - administration | 39,702 | — | — | 291,816 | 56,717 | 388,235 |
| 166 | Accumulated depreciation | (27,691) | — | — | (16,073,063) | (23,926,852) | (40,027,606) |
| 167 | Construction in progress | — | — | — | — | 2,775,291 | 2,775,291 |
| 160 | Total capital assets, net | <u>12,011</u> | <u>—</u> | <u>—</u> | <u>5,958,685</u> | <u>25,443,679</u> | <u>31,414,375</u> |
| 171 | Notes, loans and mortgages receivable non-current | — | — | — | — | 26,318,224 | 26,318,224 |
| 176 | Investment in partnership | — | — | — | — | 4,301,118 | 4,301,118 |
| 180 | Total non-current assets | <u>12,011</u> | <u>—</u> | <u>—</u> | <u>5,958,685</u> | <u>56,063,021</u> | <u>62,033,717</u> |
| | Total assets | <u>2,707,962</u> | <u>43,574</u> | <u>82,633</u> | <u>8,723,542</u> | <u>78,921,719</u> | <u>90,479,430</u> |
| 290 | Total assets | <u>\$ 2,707,962</u> | <u>43,574</u> | <u>82,633</u> | <u>8,723,542</u> | <u>78,921,719</u> | <u>90,479,430</u> |
| | Liabilities and net position | | | | | | |
| | Liabilities | | | | | | |
| | Current liabilities | | | | | | |
| 312 | Accounts payable | \$ 130,002 | — | — | 110,592 | 550,117 | 790,711 |
| 325 | Accrued interest payable | — | — | — | — | 9,078 | 9,078 |
| 333 | Accounts payable - other government | — | — | — | 87,384 | — | 87,384 |
| 341 | Tenant security deposits | — | — | — | 90,007 | 138,745 | 228,752 |
| 342 | Unearned revenue | — | — | 72,246 | 7,501 | 333,850 | 413,597 |
| 343 | Current portion of long-term debt, capital projects | — | — | — | — | 645,659 | 645,659 |
| 345 | Other current liabilities | 220,619 | — | — | — | — | 220,619 |
| 310 | Total current liabilities | <u>350,621</u> | <u>—</u> | <u>72,246</u> | <u>295,484</u> | <u>1,677,449</u> | <u>2,395,800</u> |
| | Non-current liabilities | | | | | | |
| 351 | Long-term debt, capital projects | — | — | — | — | 12,633,805 | 12,633,805 |
| 353 | Other non-current liabilities | 192,143 | — | — | — | — | 192,143 |
| 350 | Total non-current liabilities | <u>192,143</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>12,633,805</u> | <u>12,825,948</u> |
| 300 | Total liabilities | <u>542,764</u> | <u>—</u> | <u>72,246</u> | <u>295,484</u> | <u>14,311,254</u> | <u>15,221,748</u> |
| 400 | Deferred inflow of resources | — | — | — | — | 40,207,192 | 40,207,192 |
| | Total liabilities and deferred inflows | <u>\$ 542,764</u> | <u>—</u> | <u>72,246</u> | <u>295,484</u> | <u>54,518,446</u> | <u>55,428,940</u> |
| | Net position | | | | | | |
| 508.4 | Net investment in capital assets | 12,011 | — | — | 5,958,685 | (28,042,977) | 17,837,719 |
| 511.4 | Restricted net position | 493,699 | 43,574 | 10,387 | — | 6,460,450 | 7,008,110 |
| 512.4 | Unrestricted net position | 1,659,488 | — | — | 2,469,373 | 6,075,800 | 10,204,661 |
| 513 | Total net position | <u>2,165,198</u> | <u>43,574</u> | <u>10,387</u> | <u>8,428,058</u> | <u>24,403,273</u> | <u>35,050,490</u> |
| 600 | Total liabilities and net position | <u>\$ 2,707,962</u> | <u>43,574</u> | <u>82,633</u> | <u>8,723,542</u> | <u>78,921,719</u> | <u>90,479,430</u> |

The Real Estate Assessment Center (REAC), established by the U.S. Department of Housing and Urban Development, requires the submission of certain financial data under the Uniform Financial Reporting Standards for Public Housing Authorities. This Financial Data Schedule is prepared pursuant to these requirements, consistent with accounting principles generally accepted in the United States of America, and is presented in the form specified by REAC.

**THE HOUSING AUTHORITY OF
WASHINGTON COUNTY
(A Component Unit of Washington County, Oregon)**
Financial Data Schedule
For the year ended June 30, 2022

| FDS # | Housing Choice Vouchers | Main Stream | FSS Grant | EHV | CARES HCV & Mainstream | Operating Fund | Capital Fund | Aloha Park LLC through June 9, 2022 | Business Activities | HAWC Total |
|---------------------------------------|----------------------------|------------------|---------------|----------------|------------------------------|-------------------|-----------------|----------------------------------------------|------------------------|-------------------|
| Revenues and expenses | | | | | | | | | | |
| Revenues | | | | | | | | | | |
| 70300 | \$ — | — | — | — | — | 967,481 | — | 533,329 | 6,506,422 | 8,007,232 |
| 70400 | — | — | — | — | — | 7,030 | — | 10,282 | 84,147 | 101,459 |
| 70600 | 33,786,000 | 2,221,383 | 79,772 | 808,116 | 761,786 | 1,001,381 | — | — | — | 38,658,438 |
| 70610 | — | — | — | — | — | — | 297,687 | — | — | 297,687 |
| 70800 | — | — | — | — | — | — | — | — | 28,236,761 | 28,236,761 |
| 71100 | — | — | — | — | — | — | — | 93 | (232,123) | (232,030) |
| 71400 | — | — | — | — | — | 1,500 | — | — | — | 1,500 |
| 71400 | 11,888 | — | — | — | — | — | — | — | — | 11,888 |
| 71500 | 129,793 | — | — | — | — | — | — | 68 | 5,697,287 | 5,827,148 |
| 71600 | — | — | — | — | — | 101,250 | — | — | (6,000) | 95,250 |
| 70000 | 33,927,681 | 2,221,383 | 79,772 | 808,116 | 761,786 | 2,078,642 | 297,687 | 543,772 | 40,286,494 | 81,005,333 |
| Operating expenses | | | | | | | | | | |
| 91100 | 630,080 | — | — | 52,268 | 440,205 | 235,193 | — | 67,415 | 614,794 | 2,039,955 |
| 91200 | 25,505 | — | — | — | — | 12,401 | — | 11,100 | 7,404 | 56,410 |
| 91300 | — | — | — | — | — | — | — | 25,307 | 273,241 | 298,548 |
| 91400 | 4,027 | — | — | — | — | 1,354 | — | 1,278 | 14,043 | 20,702 |
| 91500 | 381,950 | — | — | 33,483 | 268,009 | 135,310 | — | 12,352 | 197,891 | 1,028,995 |
| 91600 | 38,467 | — | — | 212 | 7,072 | 5,258 | — | 11,435 | 128,754 | 191,188 |
| 91700 | 1,725 | — | — | — | — | — | — | 4,234 | 27,242 | 33,201 |
| 91800 | 114 | — | — | 26 | — | 731 | — | 169 | 7,366 | 8,406 |
| 91810 | 660,853 | — | — | 15,735 | — | 396,140 | — | — | 355,027 | 1,427,755 |
| 91900 | 117,701 | — | — | 1,239 | 46,500 | 79,295 | — | 7,294 | 451,057 | 703,086 |
| 92100 | — | — | 49,026 | — | — | — | — | — | — | 49,026 |
| 92200 | — | — | — | — | — | 11,614 | — | — | 55,145 | 66,759 |
| 92300 | — | — | 30,746 | — | — | — | — | — | — | 30,746 |
| 92400 | 13,083 | — | — | 83,504 | — | — | — | 232 | 1,852 | 98,671 |
| 93100 | — | — | — | — | — | 38,450 | — | 22,570 | 185,988 | 247,008 |
| 93200 | — | — | — | — | — | 8,739 | — | 10,340 | 93,807 | 112,886 |
| 93300 | — | — | — | — | — | 3,073 | — | — | 22,395 | 25,468 |
| 93600 | — | — | — | — | — | 46,590 | — | 41,395 | 340,378 | 428,363 |
| 93800 | — | — | — | — | — | 7,462 | — | — | 35,212 | 42,674 |
| 94100 | — | — | — | — | — | 312,349 | — | 48,158 | 341,083 | 701,590 |
| 94200 | — | — | — | — | — | 113,631 | — | 12,912 | 204,187 | 330,730 |
| 94300 | — | — | — | — | — | 105,598 | — | 87,893 | 885,304 | 1,078,795 |
| 94500 | — | — | — | — | — | 177,960 | — | 15,042 | 72,829 | 265,831 |
| 96110 | — | — | — | — | — | 79,856 | — | 16,088 | 218,418 | 314,362 |
| 96120 | 4,491 | — | — | — | — | 4,650 | — | 1,595 | 13,766 | 24,502 |
| 96140 | 872 | — | — | — | — | 3,051 | — | 9,203 | 4,415 | 17,541 |
| 96200 | 79,351 | — | — | — | — | 27,391 | — | 28,735 | 225,380 | 360,857 |
| 96300 | — | — | — | — | — | 87,384 | — | — | — | 87,384 |
| 96400 | — | — | — | — | — | 46,700 | — | — | 6 | 35,843 |
| 96710 | — | — | — | — | — | — | — | 134,624 | 827,540 | 962,164 |
| 96810 | — | — | — | — | — | — | — | — | (34,743) | (34,743) |
| 96900 | 1,958,219 | — | 79,772 | 186,467 | 761,786 | 1,940,180 | — | 569,377 | 5,605,618 | 11,101,419 |
| 97000 | 31,969,462 | 2,221,383 | — | 621,649 | — | 138,462 | 297,687 | (25,605) | 34,680,876 | 69,903,914 |
| Other expenses | | | | | | | | | | |
| 97100 | — | — | — | — | — | — | — | — | 9,215 | 9,215 |
| 97300 | 30,882,644 | 2,145,840 | — | 611,262 | — | — | — | — | 24,560,627 | 58,200,373 |
| 97350 | 24,123 | — | — | — | — | — | — | — | — | 24,123 |
| 97400 | 7,944 | — | — | — | — | 326,112 | — | 60,299 | 1,307,606 | 1,701,961 |
| 90000 | 32,872,930 | 2,145,840 | 79,772 | 797,729 | 761,786 | 2,266,292 | — | 629,676 | 31,483,066 | 71,037,091 |
| Other financing sources (uses) | | | | | | | | | | |
| 10010 | — | — | — | — | — | — | — | 945,225 | — | 945,225 |
| 10020 | — | — | — | — | — | — | — | — | (945,225) | (945,225) |
| 10030 | — | — | — | — | — | — | — | — | 176,961 | 176,961 |
| 10100 | — | — | — | — | — | — | — | 945,225 | (768,264) | 176,961 |
| 10000 | \$ 1,054,751 | 75,543 | — | 10,387 | — | (187,650) | 297,687 | 859,321 | 8,035,164 | 10,145,203 |
| Memo Account Information | | | | | | | | | | |
| 11020 | \$ — | — | — | — | — | — | — | — | — | — |
| 11030 | 1,110,447 | (31,969) | — | — | — | 8,318,021 | — | (859,321) | 16,368,109 | 24,905,287 |
| 11170 | 1,671,499 | — | — | — | — | — | — | — | — | 1,671,499 |
| 11180 | 526,886 | — | — | 10,387 | — | — | — | — | — | 537,273 |
| 11190 | 35,015 | 2,136 | — | 1,068 | — | 2,928 | — | 960 | 6,730 | 48,837 |
| 11210 | 31,522 | 2,018 | — | 539 | — | 2,895 | — | 938 | 6,225 | 44,137 |
| 11620 | \$ — | — | — | — | — | — | 297,687 | — | — | 297,687 |

The Real Estate Assessment Center (REAC), established by the U.S. Department of Housing and Urban Development, requires the submission of certain financial data under the Uniform Financial Reporting Standards for Public Housing Authorities. This Financial Data Schedule is prepared pursuant to these requirements, consistent with accounting principles generally accepted in the United States of America, and is presented in the form specified by REAC.

Actual Modernization Cost Certificate

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

OMB Approval No. 2577-0157 (exp. 01/31/2017)

Capital Fund Program (CFP)

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

Do not send this form to the above address.

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

| | |
|-------------------------------------------------------------------|--------------------------------------------------------------|
| PHA Name: Housing Authority of Washington County | Modernization Project Number: OR16022501-19 |
|-------------------------------------------------------------------|--------------------------------------------------------------|

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

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

| | |
|-----------------------------------------------|---------------|
| A. Funds Approved | \$ 677,818.00 |
| B. Funds Disbursed | \$ 677,818.00 |
| C. Funds Expended (Actual Modernization Cost) | \$ 677,818.00 |
| D. Amount to be Recaptured (A-C) | \$ |
| E. Excess of Funds Disbursed (B-C) | \$ |

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

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

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

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

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

7. Please mark one:

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

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

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

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

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

Komi P. Kalevor, Executive Director

Signature of Executive Director (or Authorized Designee):

X *Komi P. Kalevor*

Date:

2/8/2022

For HUD Use Only

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

Approved for Audit (Director, Office of Public Housing)

X

Date:

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

Approved: (Director, Office of Public Housing)

X

Date:

**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***

&

**REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH OREGON STATE REGULATIONS**



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT

Housing Authority Board of Directors
Washington County Board of Commissioners
Housing Authority of Washington County
Hillsboro, Oregon

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 Housing Authority of Washington County, Hillsboro, Oregon (the Authority), a component unit of Washington County, Oregon, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 31, 2023. Our report includes a reference to other auditors who audited the financial statements of Quatama Housing, LP (Quatama) and Willow Creek Crossing LP (Willow Creek), equity investments of the Authority, as described in our report on the Authority's financial statements. The financial statements of Quatama and Willow Creek were not audited in accordance with *Government Auditing Standards*. Our report includes a disclaimer of opinion on the financial statements of the discretely presented component unit, HAWC AHP4 Limited Partnership (AHP4), as AHP4 has not been audited.

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 opinion 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 a 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control that we consider to be a significant deficiency, described below and in the Washington County, Oregon's Federal Grant Programs reporting of the Schedule of Findings and Questioned Costs as finding number 2022-001.



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**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 (Continued)**

INDEPENDENT AUDITOR'S REPORT (Continued)

Report on Internal Control Over Financial Reporting (Continued)

As a result of the audit, it was determined that the Authority excluded a newly created sub fund of the Authority's enterprise financial reporting in submitting the trial balance and preparing the financial statements for audit. This resulted in an understatement of assets and change in net position of approximately \$542,000. An adjustment was posted to the trial balance and the financial statements were corrected.

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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Talbot, Kosvoff & Warwick, LLP

Portland, Oregon
March 31, 2023



Talbot, Korvola & Warwick, LLP 14945 SW Sequoia Parkway, Suite 150, Portland, Oregon 97224
P 503.274.2849 F 503.274.2853 www.tkw.com

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
OREGON STATE REGULATIONS**

Housing Authority Board of Directors
Washington County Board of Commissioners
Housing Authority of Washington County
Hillsboro, Oregon

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 Housing Authority of Washington County, Hillsboro, Oregon (the Authority), a component unit of Washington County, Oregon, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 31, 2023. Our report includes a reference to other auditors who audited the financial statements of Quatama Housing, LP (Quatama) and Willow Creek Crossing LP (Willow Creek), equity investments of the Authority, as described in our report on the Authority's financial statements. Our report includes a disclaimer of opinion on the financial statements of the discretely presented component unit, HAWC AHP4 Limited Partnership (AHP4), as AHP4 has not been audited. This report under Oregon State Regulations does not include Quatama, Willow Creek or AHP4.

Compliance

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules 162-10-000 through 162-10-330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, 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.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- Deposit of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions, and repayment.
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
OREGON STATE REGULATIONS (Continued)**

Compliance (Continued)

In connection with our testing, nothing came to our attention that caused us to believe the Authority was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules 162-10-000 through 162-10-330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control that we consider to be a significant deficiency and have communicated the deficiency in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* to management and the Board of Directors and Board of Commissioners dated March 31, 2023.

Purpose of This Report

This report is intended solely for the information and use of the Board of Directors, Board of County Commissioners, Oregon Secretary of State Audits Division, and management and is not intended to be and should not be used by anyone other than these specified parties.

Talbot, Kowoloff & Warwick, LLP

Portland, Oregon
March 31, 2023

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111 NE Lincoln St., Hillsboro, OR 97124-3082

503-846-4794

www.co.washington.or.us