



Washington County
Oregon

THE HOUSING AUTHORITY OF WASHINGTON COUNTY

A Component Unit of Washington County, Oregon

FINANCIAL STATEMENTS & OTHER SUPPLEMENTARY INFORMATION



FOR THE FISCAL YEAR ENDED JUNE 30, 2024



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, 2024

<u>Name</u>	<u>Term Expires</u>
Kathryn Harrington* Director	December 31, 2026
Nafisa Fai* Director	December 31, 2024
Pam Treece* Director	December 31, 2026
Roy Rogers* Director	December 31, 2024
Jerry Willey* Director	December 31, 2026
Caroline Roper Director	January 1, 2027
Michael Savara Director	December 31, 2027

* Directors also serve on the Washington County Board of Commissioners

Housing Authority Administrative Staff

Molly Rogers, Executive Director, Current

Washington County Administrative Staff

Tanya Ange, County Administrator
John Styer, Interim Chief Financial Officer
Ethel Gallares, Deputy Chief Financial Officer
YaLing Huang-Dressel, Controller



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Your peace of mind is our passion.

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

Opinions

We have audited the financial statements of the business-type activities and aggregate discretely presented component units 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, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the Table of Contents.

In our opinion, based on our audit and the reports of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Authority as of June 30, 2024, and the respective changes in financial position, and, where applicable cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of HAWC AHP4 LP (AHP4), The Valfre at Avenida 26 LP (The Valfre), and HAWC AHP Phase II LP (AHP Phase II), which represent 100 percent of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for AHP4, The Valfre, and AHP Phase II are based solely on the reports of the other auditors.

We did not audit the financial statements of Quatama Housing LP (Quatama), Willow Creek Crossing LP (Willow Creek), and Terrace Glen Housing Partners LP (Terrace Glen), equity investments of the Authority which represent approximately one, one, and zero percent, respectively, of total assets at June 30, 2024, five, two, and one percent, respectively, of total net position, and zero, zero, and one percent, respectively, of total revenues for the year then ended. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Quatama, Willow Creek, and Terrace Glen are based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*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 AHP4, The Valfre, AHP Phase II, Quatama, Willow Creek, and Terrace Glen were not audited in accordance with *Government Auditing Standards*.

INDEPENDENT AUDITOR'S REPORT (Continued)

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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

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.
- 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.

INDEPENDENT AUDITOR'S REPORT (Continued)

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 GAAS, 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 the work of other auditors 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Board of Directors, 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.

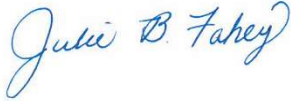
Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 23, 2025, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

INDEPENDENT AUDITOR'S REPORT (Continued)

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 April 23, 2025, 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
April 23, 2025

THE HOUSING AUTHORITY OF WASHINGTON COUNTY
(A Component Unit of Washington County, Oregon)
Management's Discussion and Analysis
June 30, 2024
(Dollars in thousands)

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, 2024. We encourage readers to consider information presented here in conjunction with the financial statements, which begin on page 11. 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 \$44,789. Of this amount \$10,995 (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 \$4,973. The growth was due to the operating income of \$288, non-operating net income of \$4,449, and capital contributions of \$236.
- The Authority's debt increased by a net amount of \$36,176.

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 *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 11 through 26 of this report.

THE HOUSING AUTHORITY OF WASHINGTON COUNTY
(A Component Unit of Washington County, Oregon)
Management's Discussion and Analysis, Continued
June 30, 2024

(Dollars in thousands)

Authority Financial Analysis

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

The following provides a summary of the Authority's net position for 2024 compared to 2023.

	Dollars in thousands		
	2024	2023	Change
Assets:			
Assets, excluding capital assets	\$ 119,761	\$ 58,637	\$ 61,124
Capital assets, net	81,494	36,610	44,884
Total assets	201,255	95,247	106,008
Liabilities:			
Other current liabilities	3,006	3,509	(503)
Long-term liabilities	49,043	12,137	36,906
Total liabilities	52,049	15,646	36,403
Deferred inflow of resources	104,417	39,783	64,634
Net position:			
Net investment in capital assets	32,685	23,700	8,985
Restricted	1,109	7,399	(6,290)
Unrestricted	10,995	8,718	2,277
Total net position	\$ 44,789	\$ 39,817	\$ 4,972

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 \$44,789 at the close of the most recent fiscal year.

Assets increased by \$106,008 during FY 2024. Assets excluding capital assets increased by \$61,124. Capital assets increased by \$44,884 due to additions to buildings and improvements \$38,296, land \$8,335, vehicles \$154 offset by depreciation of \$1,901.

Liabilities increased by \$36,403. Current liabilities decreased by \$503 and long-term liabilities increased by \$36,906.

Net investment in capital assets has a balance of \$32,685, the restricted net position totals \$1,109, consists of \$983 for outstanding HAP checks and \$126 for replacement reserves.

The total net position of the Authority increased by \$4,972. The net investment in capital assets increased by \$8,985. The restricted net position decreased by \$6,290, and the unrestricted net position increased by \$2,277.

THE HOUSING AUTHORITY OF WASHINGTON COUNTY
(A Component Unit of Washington County, Oregon)
Management's Discussion and Analysis, Continued
June 30, 2024

(Dollars in thousands)

Change in Net Position

The following provides a summary of the Authority's change in net position for 2024 compared to 2023:

	Dollars in thousands		
	2024	2023	Change
Operating revenues			
Intergovernmental revenues	\$ 48,930	\$ 45,978	\$ 2,952
Rental income	7,178	5,344	1,834
Other revenue	2,413	1,372	1,041
Total operating revenues	58,521	52,694	5,827
Operating expenses:			
Housing assistance payments	43,180	37,966	5,214
Repairs and maintenance	2,492	1,873	619
Administrative costs	7,048	6,179	869
Utilities	797	517	280
Depreciation	1,901	1,669	232
Other	2,814	979	1,835
Total operating expenses	58,232	49,183	9,049
Operating income	289	3,511	(3,222)
Non-operating revenues (expenses)			
Change in equity of investment in partnership	2,625	1,390	1,235
Gain on investments	3,863	296	3,567
Gain on extinguishment of debt	265	-	265
Interest and fiscal charges	(2,305)	(932)	(1,373)
Total non-operating revenues (expenses)	4,448	754	3,694
Income before capital contributions	4,737	4,265	472
Capital contributions	235	502	(267)
Increase in net position	4,972	4,767	205
Net assets, beginning of year	39,817	35,050	4,767
Net assets, end of year	\$ 44,789	\$ 39,817	\$ 4,972

Total operating revenues increased by \$5,827 or 11.1% from the prior year. Intergovernmental revenues increased by \$2,952 or 6.4% mainly due to the increase of the Housing Assistance Payment receipts. Rental income increased by \$1,834 or 34.3%. Other revenue increased by \$1,041 or 75.9% mainly due to a \$1,500 developer fee receipt.

**THE HOUSING AUTHORITY OF WASHINGTON COUNTY
(A Component Unit of Washington County,
Oregon) Management's Discussion and
Analysis, Continued June 30, 2024**

(Dollars in thousands)

Total operating expenses increased by \$9,049 or 18.4%. This increase is primarily due to the \$5,214 increase in housing assistance payments, \$869 increase in administrative costs, \$619 increase in repairs and maintenance, and \$1,835 increase in other expenses.

Non-operating revenue (expenses) increased by \$3,694 mainly due to the increase in change in equity of investments in partnerships of \$1,235, and gain on investments of \$3,567 based on strong market performance during the year, offset by interest and fiscal charges of \$1,373.

Capital contributions decreased by \$267 or 53.2%.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2024, the Authority's capital assets were \$81,494 (net of accumulated depreciation). Capital assets include land, buildings, improvements, vehicles, and office equipment.

During FY 2024, capital assets increased by \$44,885. This net increase was primarily attributable to \$46,786 in capital assets additions offset by \$1,901 of depreciation.

Additional detail may be found on page 19 in the Notes to Basic Financial Statements.

Debt Obligations

At the end of the current fiscal year, the Authority had total obligations outstanding of \$48,809. This amount consists of the following: loan with Banner Bank in the amount of \$20,250; loans with Oregon Housing and Community Services in the amounts of \$25,000 and \$2,646; loan with Office of Community Development in the amount of \$648; and loan with Farmer's Home Administration in the amount of \$265.

Additional detail may be found on pages 20 and 21 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.



Washington County Oregon

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Basic Financial Statements

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

	Housing Authority of Washington County June 30, 2024	Discretely Presented Component Units December 31, 2023
ASSETS		
Current assets:		
Unrestricted cash and cash equivalents	\$ 21,088,680	\$ 481,458
Restricted cash and cash equivalents	1,364,065	2,726,659
Accounts receivable, net	2,894,792	696,825
Supply inventory	5,000	-
Other current assets	280,025	37,669
Total current assets	<u>25,632,562</u>	<u>3,942,611</u>
Noncurrent assets:		
Restricted cash and cash equivalents	370,326	-
Contracts receivable	15,600	-
Notes receivable	84,584,548	-
Interest receivable	3,239,405	-
Investments in partnerships	5,918,349	-
Capital assets:		
Leased assets, non-depreciable	-	23,603,593
Leased assets, depreciable, net	-	160,919,781
Capital assets, non-depreciable	18,882,757	1,001,476
Capital assets, depreciable, net	62,611,493	11,541,244
Total noncurrent assets	<u>175,622,478</u>	<u>197,066,094</u>
Total assets	<u>201,255,040</u>	<u>201,008,705</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charges, net	-	623,562
LIABILITIES		
Current liabilities:		
Accounts payable and other liabilities	2,246,579	8,770,907
Unearned revenue	365,239	-
Accrued interest payable	2,093	1,914,942
Current portion of notes and contracts payable	10,059	64,323
Current liabilities payable from restricted assets:		
Tenant and other deposits	381,420	368,257
Total current liabilities	<u>3,005,390</u>	<u>11,118,429</u>
Noncurrent liabilities:		
Notes, contracts, and bonds payable	48,799,358	183,201,805
Deposits payable from restricted assets	243,853	-
Total non-current liabilities	<u>49,043,211</u>	<u>183,201,805</u>
Total liabilities	<u>52,048,601</u>	<u>194,320,234</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow leases	104,416,617	-
NET POSITION		
Net investment in capital assets	32,684,833	14,423,528
Restricted	1,109,118	-
Unrestricted	10,995,871	(7,111,495)
Total net position	<u>\$ 44,789,822</u>	<u>\$ 7,312,033</u>

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, 2024	Discretely Presented Component Unit for the year ended December 31, 2023
Operating revenues:		
Intergovernmental revenue, HUD PHA operating grants	\$ 48,488,048	\$ -
Intergovernmental revenue, local grants	276,626	-
Intergovernmental revenue, County subsidy	165,810	-
Rental income	7,178,082	3,956,251
Other	2,412,854	120,238
Total operating revenues	<u>58,521,420</u>	<u>4,076,489</u>
Operating expenses:		
Housing assistance payments	43,179,752	-
Repairs and maintenance	2,492,234	306,941
Administrative costs	7,048,544	1,153,520
Utilities	796,829	652,242
Depreciation	1,901,376	1,768,330
Other	2,814,180	285,387
Total operating expenses	<u>58,232,915</u>	<u>4,166,420</u>
Operating income	<u>288,505</u>	<u>(89,931)</u>
Non-operating revenues (expenses):		
Gain on sale of capital assets	170	-
Change in equity of investment in partnership	2,625,000	-
Gain on investments	3,863,306	5,205
Gain on extinguishment of debt	265,350	-
Interest and fiscal charges	(2,305,316)	(2,254,749)
Other expense	-	(1,568,945)
Total non-operating revenues (expenses)	<u>4,448,510</u>	<u>(3,818,489)</u>
Income before capital contributions	4,737,015	(3,908,420)
Capital contributions		
HUD nonoperating contribution	235,641	-
Partner contributions	-	5,358,303
Total capital contributions	<u>235,641</u>	<u>5,358,303</u>
Increase in net position	<u>4,972,656</u>	<u>1,449,883</u>
Net position, beginning of year	<u>39,817,166</u>	<u>5,862,150</u>
Net position, end of year	<u>\$ 44,789,822</u>	<u>\$ 7,312,033</u>

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 Fiscal Year Ended June 30, 2024

Cash flows from operating activities:	
Cash received for services provided	\$ 67,237,228
Cash payments for labor and benefits	(5,424,489)
Cash payments for goods and services	<u>(50,989,161)</u>
Net cash provided by operating activities	<u>10,823,578</u>
Cash flows from capital and related financing activities:	
Capital grants	235,641
Acquisition of capital assets, net	(46,786,075)
Proceeds from sale of capital assets	166
Proceeds from issuance of notes payable	47,896,000
Current maturities and principal payments of notes payable	(11,720,388)
Interest paid on notes payable	<u>(2,322,750)</u>
Net cash used for capital and related financing activities	<u>(12,697,406)</u>
Cash flows from investing activities:	
Investment income	3,863,306
Change in investments in partnerships, net	(20,027)
Issuance of notes receivable	<u>(5,000,000)</u>
Net cash used for investing activities	<u>(1,156,721)</u>
Net decrease in cash and cash equivalents	(3,030,549)
Cash and cash equivalents at beginning of year	<u>25,853,620</u>
Cash and cash equivalents at end of year (1)	<u>\$ 22,823,071</u>
Reconciliation of operating income to net cash provided from operating activities:	
Operating income	\$ 288,505
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation expense	1,901,376
Changes in assets, liabilities, and deferred inflows of resources:	
Accounts receivable	6,652
Supply inventory and other current assets	(251,834)
Interest receivable	(3,239,405)
Accounts payable	176,267
Unearned revenue	63,813
Tenant and other deposits	(6,544)
Deferred inflow leases	<u>11,884,748</u>
Net cash provided by operating activities	<u>\$ 10,823,578</u>
(1) Cash and cash equivalents are reflected on the Statement of Net Position as follows:	
Current assets - unrestricted	\$ 21,088,680
Current assets - restricted	1,364,065
Noncurrent assets - restricted	<u>370,326</u>
	<u>\$ 22,823,071</u>
Supplemental disclosure of non-cash transactions	
Lease inception	<u>\$ 53,025,000</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, 2024

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 Annual Comprehensive 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 two 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 two blended component units, which are included in the basic financial statements and consist of legally separate entities for which the Authority is financially accountable.

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 Heartwood Commons Apartments (formerly Aloha Inn) located at 3333 SW 198th Avenue, Aloha. This property was converted to a regulated affordable housing project with 54 studio bedrooms. This LLC is considered a blended component unit of the Authority.

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

Discretely Presented Component Units

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.

THE HOUSING AUTHORITY OF WASHINGTON COUNTY
(A Component Unit of Washington County, Oregon)
Notes to Basic Financial Statements, Continued
June 30, 2024

Discretely Presented Component Units (Continued)

The Authority is a partner in three discretely presented component unit limited partnerships:

HAWC AHP4 Limited Partnership (AHP4), five multiple family properties (331 units) consisting of Bonita Villa, Villager, Parkside, Aloha Park, and Ridge at Bull Mountain located in the cities of Beaverton, Tigard, and Forest Grove, Oregon, were leased from the Authority on June 9, 2022. The Authority is the sole member of the HAWC AHP4 GP, LLC which is the general partner and owns 0.008% investment in the HAWC AHP4 Limited Partnership. The Authority also has 0.001% investment as a special limited partner.

The Valfre at Avenida 26 Limited Partnership (The Valfre), a 36-unit affordable housing community located in the city of Forest Grove, Oregon. The Authority is the sole member of the HAWC Valfre, LLC which is the general partner and owns 0.005% investment in The Valfre at Avenida 26 Limited Partnership. The Authority has 0.005% investment as a special limited partner.

HAWC AHP Phase II Limited Partnership (AHP Phase II), five multiple family properties (260 units) consisting of Holly Tree, Tarkington Square, Amberwood, Marilann Terrace, and Cornelius Village located in the cities of Beaverton, Hillsboro, and Cornelius, Oregon, were leased from the Authority December 8, 2023. The Authority is the sole member of the HAWC AHP Phase II GP, LLC which is the general partner and owns 0.008% investment in the HAWC AHP4 Limited Partnership. The Authority also has 0.001% investment as a special limited partner.

The limited partnerships have 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.

Summarized financial statements for these discretely presented component units are included in Note 10.

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 and 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.

THE HOUSING AUTHORITY OF WASHINGTON COUNTY
(A Component Unit of Washington County, Oregon)
Notes to Basic Financial Statements, Continued
June 30, 2024

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.

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 for low-income home purchasers in the amount of \$15,600.

Notes Receivable

As of June 30, 2024, notes receivable includes \$25,800,000 of an acquisition financing loan for the HAWC AHP4 LP, \$500,000 of a promissory note for The Valfre at Avenida 26 LP, \$259,548 of a loan for Tigard Triangle LP, \$53,025,000 of an acquisition financing loan for the HAWC AHP Phase II LP, \$3,500,000 of a rehabilitation loan for the HAWC AHP4 LP, and \$1,500,000 as an advance to the HAWC AHP4 LP to cover cash operating needs of the LP.

These notes are used for the purpose of acquiring, constructing, and/or remodeling buildings for housing and other housing related purposes. Accrued interest receivable related to these notes is \$3,239,405 as of June 30, 2024.

THE HOUSING AUTHORITY OF WASHINGTON COUNTY
(A Component Unit of Washington County, Oregon)
Notes to Basic Financial Statements, Continued
June 30, 2024

Investments in Partnerships

Investments in partnerships represent the Authority's equity interest in six limited partnerships. 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. Investments in the following six partnerships were recorded as of December 31, 2023, the latest audited financial statements available:

Quatama Housing LP	\$ 2,379,664
Willow Creek Crossing LP	1,049,582
Terrace Glen Apartments LP	500,089
Gateway Commons Developer LLC	50
AHP4 LP	471,530
AHP Phase II LP	1,517,434
	<u>\$ 5,918,349</u>

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, 2024.

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 related to leases is the sum of the lease receivable and any payments relating to a future period which were received prior to lease commencement. These deferred inflows of resources are amortized on a straight-line basis over the lease term.

THE HOUSING AUTHORITY OF WASHINGTON COUNTY
(A Component Unit of Washington County, Oregon)
Notes to Basic Financial Statements, Continued
June 30, 2024

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.

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, 2024 for information with respect to credit risk.

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, 2024, the Authority’s cash and cash equivalents are comprised of the following:

Bank accounts	\$ 7,222,633
Reserves held by lenders	90,373
Accounts administered by subcontracted management companies	1,152,090
State of Oregon Treasurer's Local Government Investment Pool (LGIP)	4,697,842
Deposits with Washington County Investment Pool	<u>9,660,133</u>
Total cash and cash equivalents	<u>\$ 22,823,071</u>

THE HOUSING AUTHORITY OF WASHINGTON COUNTY
(A Component Unit of Washington County, Oregon)
Notes to Basic Financial Statements, Continued
June 30, 2024

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

Unrestricted:

Cash and cash equivalents \$ 21,088,680

Restricted for:

Replacement reserves 126,473

HAP funds and FSS escrow forfeiture account 982,645

Restricted for payment of current liabilities 381,420

Restricted for payment of noncurrent liabilities 243,853

Total restricted 1,734,391

Total cash and cash equivalents \$ 22,823,071

3. Capital Assets

Capital asset activity is as follows:

	Balance June 30, 2023	Additions	Deletions	Transfers	Balance June 30, 2024
Capital assets not being depreciated:					
Land	\$ 10,547,757	\$ 8,335,000	\$ -	\$ -	\$ 18,882,757
Construction in progress	4,000,000	-	-	(4,000,000)	-
Total capital assets not being depreciated	<u>14,547,757</u>	<u>8,335,000</u>	<u>-</u>	<u>(4,000,000)</u>	<u>18,882,757</u>
Capital assets being depreciated:					
Buildings and improvements	63,362,889	38,296,736	-	4,000,000	105,659,625
Office equipment and other	107,640	-	-	-	107,640
Vehicles	287,950	154,339	(20,110)	-	422,179
Total capital assets being depreciated	<u>63,758,479</u>	<u>38,451,075</u>	<u>(20,110)</u>	<u>4,000,000</u>	<u>106,189,444</u>
Less accumulated depreciation for:					
Buildings and improvements	(41,316,457)	(1,897,374)	-	-	(43,213,831)
Office equipment and other	(107,640)	-	-	-	(107,640)
Vehicles	(272,592)	(4,002)	20,110	-	(256,480)
Total accumulated depreciation	<u>(41,696,689)</u>	<u>(1,901,376)</u>	<u>20,110</u>	<u>-</u>	<u>(43,577,951)</u>
Total capital assets being depreciated, net	<u>22,061,790</u>	<u>36,549,699</u>	<u>-</u>	<u>4,000,000</u>	<u>62,611,493</u>
Total capital assets, net	<u>\$ 36,609,547</u>	<u>\$ 44,884,699</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,494,250</u>

THE HOUSING AUTHORITY OF WASHINGTON COUNTY
(A Component Unit of Washington County, Oregon)
Notes to Basic Financial Statements, Continued
June 30, 2024

4. Long-term Debt

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 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 leased to a low-income tax credit partnership, HAWC AHP4 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.

In November 2019, the Authority acquired a 14-unit multi-family apartment with various funding, including a \$1,570,000 loan from Berkadia Bank.

On December 8, 2023, the Authority leased five multiple-family properties (260 units in total) to a low-income tax credit partnership, HAWC AHP Phase II Limited Partnership. The remaining balances of the promissory note payable to the County (for the 2019 Full Faith & Credit Refunding Obligation) and the Berkadia Bank Mortgage on Cornelius Village Apartments were paid in full with the proceeds from this transaction. The proceeds of \$11,145,216 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.

On July 6, 2023, the Authority acquired Woodspring Apartments, a 172-unit multi-family complex located at 16100 SW 113th Avenue in Tigard for \$46,600,000 at the request of the community to preserve affordable housing and serve low-income households. The Authority completed this purchase with a \$25,000,000 loan from Oregon Housing & Community Services, a \$20,250,000 loan from Banner Bank and \$4,000,000 directly funded from the Authority.

On December 21, 2023, the Authority acquired a parcel of land under three acres at 15751 NW Brugger Road for \$3,675,000. This property will be used to develop approximately 75 multi-family units to serve low-income households at 40% to 60% of area median family income. The Authority completed this purchase with a \$2,646,000 loan from Oregon Housing & Community Services, and \$1,029,000 directly funded from the Authority.

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

	Amount Issued	Interest rates	Outstanding June 30, 2023	Increase	Decrease	Outstanding June 30, 2024
Farmer's Home Administration	\$ 361,000	9% to 9.5%	\$ 273,996	\$ -	\$ (9,152)	\$ 264,844
Office of Community Development	652,310	0%	648,573	-	-	648,573
Washington County Loan	11,400,000	3% to 5.0%	10,195,000	-	(10,195,000)	-
Berkadia Bank Mortgage, Cornelius Village	1,570,000	5.34%	1,516,236	-	(1,516,236)	-
Banner Bank, Woodspring	20,250,000	5.37%	-	20,250,000	-	20,250,000
Oregon Housing and Community Services, Woodspring	25,000,000	0%	-	25,000,000	-	25,000,000
Oregon Housing and Community Services, Brugger Road	2,646,000	1%	-	2,646,000	-	2,646,000
			<u>\$ 12,633,805</u>	<u>\$ 47,896,000</u>	<u>\$ (11,720,388)</u>	<u>\$ 48,809,417</u>

THE HOUSING AUTHORITY OF WASHINGTON COUNTY
(A Component Unit of Washington County, Oregon)
Notes to Basic Financial Statements, Continued
June 30, 2024

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

<u>Fiscal year ending June 30,</u>	<u>Notes and Contracts Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 10,059	\$ 1,153,679
2026	11,055	1,152,682
2027	12,151	1,151,587
2028	13,355	1,153,404
2029	20,264,678	137,151
2030-2034	2,744,309	154,819
2035-2039	105,237	19,312
2040-2044	-	-
2045-2049	-	-
2050-2054	-	-
2055-2059	25,000,000	-
Due on sale of property	648,573	-
	<u>\$ 48,809,417</u>	<u>\$ 4,922,634</u>

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

Current maturities	\$ 10,059
Non-current maturities	48,799,358
	<u>\$ 48,809,417</u>

5. Transactions with Related Parties

The Authority paid Washington County \$1,089,866 for administrative, vehicle maintenance, legal and allocated overhead expenses, and \$4,672,028 for salaries and benefits for contracted employees.

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, 2024 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.

THE HOUSING AUTHORITY OF WASHINGTON COUNTY
(A Component Unit of Washington County, Oregon)
Notes to Basic Financial Statements, Continued
June 30, 2024

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, 2024, there were two series of multi-family Housing Revenue Bonds outstanding, with an aggregate principal amount payable of \$30,763,827.

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.

9. Blended Component Units

Condensed financial information as of and for the year ended June 30, 2024 is as follows for the blended presented component units:

	HAWC Cornelius Village LLC	HAWC Aloha Inn LLC
Assets:		
Assets, excluding capital assets	\$ -	\$ 251,353
Capital assets	<u>2,128,388</u>	<u>10,001,416</u>
Total assets	<u>2,128,388</u>	<u>10,252,769</u>
Liabilities:		
Other current liabilities	<u>581,136</u>	<u>1,257,655</u>
Deferred inflow of resources:		
Deferred inflow lease	<u>1,008,974</u>	<u>-</u>
Net position:		
Net investment in capital assets	2,128,388	10,001,416
Unrestricted (deficit)	<u>(1,590,110)</u>	<u>(1,006,302)</u>
Total net position	<u>\$ 538,278</u>	<u>\$ 8,995,114</u>

THE HOUSING AUTHORITY OF WASHINGTON COUNTY
(A Component Unit of Washington County, Oregon)
Notes to Basic Financial Statements, Continued
June 30, 2024

	HAWC Cornelius Village LLC	HAWC Aloha Inn LLC
Operating revenues:		
Rental income	\$ 93,171	\$ 622,967
Other revenue	10,014	-
Total operating revenues	103,185	622,967
Operating expenses	211,813	1,437,513
Operating loss	(108,628)	(814,546)
Non-operating revenues (expenses)	-	(30,140)
Capital contributions and transfers	-	303,810
Change in net position	(108,628)	(540,876)
Net position, beginning of year	646,906	9,535,990
Net position, end of year	\$ 538,278	\$ 8,995,114

THE HOUSING AUTHORITY OF WASHINGTON COUNTY
(A Component Unit of Washington County, Oregon)
Notes to Basic Financial Statements, Continued
June 30, 2024

10. Discretely Presented Component Units

Condensed financial information as of and for the year ended December 31, 2023 is as follows for the discretely presented component units:

	HAWC AHP Phase II Limited Partnership	HAWC AHP4 Limited Partnership	The Valfre at Avenida 26 Limited Partnership	Total
ASSETS				
Current assets:				
Cash and investments	\$ 364,364	\$ 45,455	\$ 71,639	\$ 481,458
Restricted cash and investments	1,639,301	797,658	289,700	2,726,659
Accounts receivable, net	282,054	373,222	41,549	696,825
Prepaid	-	29,505	8,164	37,669
Total current assets	<u>2,285,719</u>	<u>1,245,840</u>	<u>411,052</u>	<u>3,942,611</u>
Noncurrent assets:				
Capital assets, including lease assets:				
Land, CIP, and other assets not being depreciated	18,615,998	4,987,595	1,001,476	24,605,069
Buildings, equipment and infrastructure, net of depreciation	<u>54,457,698</u>	<u>106,462,083</u>	<u>11,541,244</u>	<u>172,461,025</u>
Capital assets, net	<u>73,073,696</u>	<u>111,449,678</u>	<u>12,542,720</u>	<u>197,066,094</u>
Total assets	<u>75,359,415</u>	<u>112,695,518</u>	<u>12,953,772</u>	<u>201,008,705</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges, net	<u>-</u>	<u>564,200</u>	<u>59,362</u>	<u>623,562</u>
LIABILITIES				
Current liabilities:				
Accounts payable	124,004	258,237	72,668	454,909
Other liabilities	879,620	7,421,780	14,598	8,315,998
Tenant and other deposits	108,921	230,339	28,997	368,257
Accrued interest payable	245,709	1,669,233	-	1,914,942
Other long-term obligations, current portion	<u>-</u>	<u>-</u>	<u>64,323</u>	<u>64,323</u>
Total current liabilities	<u>1,358,254</u>	<u>9,579,589</u>	<u>180,586</u>	<u>11,118,429</u>
Noncurrent liabilities:				
Bond and bond anticipation notes payable	16,760,203	68,271,993	-	85,032,196
Noncurrent portion of other long term obligations	<u>53,025,000</u>	<u>35,505,369</u>	<u>9,639,240</u>	<u>98,169,609</u>
Total noncurrent liabilities	<u>69,785,203</u>	<u>103,777,362</u>	<u>9,639,240</u>	<u>183,201,805</u>
Total liabilities	<u>71,143,457</u>	<u>113,356,951</u>	<u>9,819,826</u>	<u>194,320,234</u>
NET POSITION				
Net investment in capital assets	3,288,493	8,236,516	2,898,519	14,423,528
Unrestricted (deficit)	<u>927,465</u>	<u>(8,333,749)</u>	<u>294,789</u>	<u>(7,111,495)</u>
Total net position	<u>\$ 4,215,958</u>	<u>\$ (97,233)</u>	<u>\$ 3,193,308</u>	<u>\$ 7,312,033</u>

	HAWC AHP Phase II Limited Partnership	HAWC AHP4 Limited Partnership	The Valfre at Avenida 26 Limited Partnership	Total
Operating revenues:				
Rental income	\$ 248,271	\$ 3,190,654	\$ 517,326	\$ 3,956,251
Other	625	54,967	64,646	120,238
Total operating revenues	248,896	3,245,621	581,972	4,076,489
Operating expenses:				
Labor and fringe benefits	10,321	510,468	57,200	577,989
Utilities	-	584,989	67,253	652,242
Professional services	12,500	323,673	29,242	365,415
Administrative costs	2,767	179,680	27,669	210,116
Depreciation and amortization	151,693	1,236,334	380,303	1,768,330
Insurance claims and premiums	-	231,766	12,918	244,684
Repairs and maintenance	-	164,347	142,594	306,941
Other	1,192	26,961	12,550	40,703
Total operating expenses	178,473	3,258,218	729,729	4,166,420
Operating income (loss)	70,423	(12,597)	(147,757)	(89,931)
Nonoperating income (expense):				
Investment income	1,204	3,999	2	5,205
Other expense	(54,705)	(1,494,790)	(19,450)	(1,568,945)
Interest expense	(168,067)	(1,776,718)	(309,964)	(2,254,749)
Total nonoperating income (expense)	(221,568)	(3,267,509)	(329,412)	(3,818,489)
Change in net position before capital	(151,145)	(3,280,106)	(477,169)	(3,908,420)
Capital contributions	4,367,103	471,861	519,339	5,358,303
Increase in net position	4,215,958	(2,808,245)	42,170	1,449,883
Net position, beginning balance	-	2,711,012	3,151,138	5,862,150
Net position, ending balance	\$ 4,215,958	\$ (97,233)	\$ 3,193,308	\$ 7,312,033

11. Subsequent Events

On July 26, 2024, the Authority formed the HAWC Aloha 209 Limited Partnership, LLC with the intent to acquire and develop an 86-unit new-construction, affordable rental housing project at 3140 SW 209th Avenue in unincorporated Washington County. The site is currently owned by Metro under its Site Acquisition Program (SAP) and the Authority is in discussions on a disposition and development agreement which also contemplates allocating Metro's remaining SAP Affordable Housing Bond funds for Washington County for this project. In addition, the Authority is seeking 4% Low-Income Housing Tax Credits and additional Oregon Housing & Community Services funds. The contemplated financing is expected to close and construction start by end 2026.

On November 4, 2024, the Authority formed the HAWC Woodspring Limited Partnership with the intent to acquire and rehab Woodspring Apartments through a new 4% Low-Income Housing Tax Credit resyndication. Woodspring Apartments is a 172-unit multi-family complex located at 16100 SW 113th Avenue in Tigard, which the Authority acquired on July 6, 2023, to prevent displacement of low-income residents as the previous regulatory agreement and safe-harbor period expired. Existing loans on the Woodspring Apartments will be assumed by this partnership at financial close of the resyndication in fall 2025 and Woodspring will be restricted as affordable housing for 60 years.

On March 10, 2025, the Authority acquired a hotel in unincorporated Washington County with the consulting support from Central City Concern to create 80-90 units of transitional housing. Funding for the acquisition and conversion to transitional housing is from \$21,656,242 of Supportive Housing Services Measure and \$2,500,000 of Oregon Health Authority/Health and Human Services. The Authority is in the process of redevelopment and community engagement.

On February 4, 2025, the Authority signed a Purchase and Sale Agreement for a 1.52-acre site in Forest Grove for \$1,550,000. This property is being proposed in the development of up to 60 units permanent supportive housing to serve formerly homeless or at-risk of homelessness adults and couples with mental illness and/or drug addiction. This project is contemplating using Metro Affordable Housing Bonds and is seeking funding from other sources including Oregon Housing & Community Services. The Authority is currently conducting site due diligence.



Washington County Oregon

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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, 2024

		14.871	14.879	14.EHV	14.EFA	6.1			
		Housing Choice Vouchers	Mainstream Vouchers	Emergency Housing Vouchers	Low Rent Public Housing	FSS Escrow Forfeitures	Business Activities	Component Units - Discretely Presented December 31, 2023	HAWC Total
FDS #	Assets								
	Current assets								
	Cash								
111	Unrestricted	\$ 2,127,633	—	39,148	2,936,814	—	15,827,263	481,458	21,412,316
112	Restricted - modernization and development	—	—	—	—	—	36,100	—	36,100
113	Other restricted	488,419	187,908	—	—	35,989	—	2,358,473	3,070,789
114	Tenant security deposits	—	—	—	91,027	—	283,933	368,186	743,146
115	Restricted for payment of current liabilities, FSS	220,013	—	—	—	—	—	—	220,013
115	Restricted for payment of current liabilities	—	—	94,112	—	—	454,712	—	548,824
100	Total cash	2,836,065	187,908	133,260	3,027,841	35,989	16,602,008	3,208,117	26,031,188
	Receivables								
121	Accounts receivable - PHA projects	85,114	—	—	82,819	—	—	—	167,933
122	Accounts receivable - HUD other projects	245,232	—	—	—	—	—	—	245,232
124	Accounts receivable - other governments	30,664	—	—	—	—	31,344	22,086	84,094
125	Accounts receivable - miscellaneous	112,155	—	—	—	—	2,166,595	5,563	2,284,313
126	Accounts receivable - tenants	236,005	—	—	8,828	—	100,747	669,176	1,014,756
126.1	Allowance for doubtful accounts - tenants	(202,964)	—	—	(1,747)	—	—	—	(204,711)
120	Total receivables net of allowances for doubtful accounts	506,206	—	—	89,900	—	2,298,686	696,825	3,591,617
142	Prepaid expenses and other assets	10,388	—	—	141,526	—	128,111	37,669	317,694
143	Inventories	—	—	—	10,000	—	—	—	10,000
143.1	Inventories - allowance for obsolete	—	—	—	(5,000)	—	—	—	(5,000)
150	Total current assets	3,352,659	187,908	133,260	3,264,267	35,989	19,028,805	3,942,611	29,945,499
	Non-current assets								
	Capital assets								
161	Land	—	—	—	3,824,630	—	15,058,127	24,605,069	43,487,826
162	Buildings	—	—	—	18,653,373	—	87,006,252	162,967,730	268,627,355
163	Furniture, equipment and machinery - administration	67,362	—	—	405,739	—	56,718	12,166,375	12,696,194
166	Accumulated depreciation	(35,697)	—	—	(16,674,608)	—	(26,867,646)	(2,673,080)	(46,251,031)
160	Total capital assets, net	31,665	—	—	6,209,134	—	75,253,451	197,066,094	278,560,344
171	Notes, loans and mortgages receivable non-current	—	—	—	—	—	87,839,553	—	87,839,553
176	Investment in partnership	—	—	—	—	—	5,918,349	—	5,918,349
180	Total non-current assets	31,665	—	—	6,209,134	—	169,011,353	197,066,094	372,318,246
	Total assets	3,384,324	187,908	133,260	9,473,401	35,989	188,040,157	201,008,705	402,263,745
200	Deferred outflow of resources	—	—	—	—	—	—	623,562	623,562
290	Total Assets and Deferred Outflow of Resources	\$ 3,384,324	187,908	133,260	9,473,401	35,989	188,040,157	201,632,267	402,887,307
	Liabilities and net position								
	Liabilities								
	Current liabilities								
312	Accounts payable	\$ 311,041	—	—	528,699	—	1,302,461	8,629,380	10,771,581
325	Accrued interest payable	—	—	—	—	—	2,093	1,914,942	1,917,035
333	Accounts payable - other government	—	—	—	104,378	—	—	—	104,378
341	Tenant security deposits	—	—	—	91,027	—	109,528	368,257	568,812
342	Unearned revenue	147,749	—	—	11,045	—	206,445	141,528	506,767
343	Current portion of long-term debt, capital projects	—	—	—	—	—	—	64,323	64,323
345	Other current liabilities	86,753	—	94,112	—	—	10,059	—	180,865
310	Total current liabilities	545,543	—	94,112	735,149	—	1,630,586	11,118,429	14,123,820
	Non-current liabilities								
351	Long-term debt, capital projects	243,853	—	—	—	—	48,799,358	183,201,805	232,245,016
350	Total non-current liabilities	243,853	—	—	—	—	48,799,358	183,201,805	232,245,016
300	Total liabilities	789,396	—	94,112	735,149	—	50,429,944	194,320,234	246,368,836
400	Deferred inflow of resources	—	—	—	—	—	104,416,617	—	104,416,617
	Total liabilities and deferred inflows	\$ 789,396	—	94,112	735,149	—	154,846,561	194,320,234	350,785,453
	Net position								
508	Net investment in capital assets	31,665	—	—	6,209,134	—	26,444,034	14,423,528	47,108,361
511	Restricted net position	270,588	187,908	—	—	35,989	614,633	—	1,109,118
512	Unrestricted net position	2,292,675	—	39,148	2,529,118	—	6,134,929	(7,111,495)	3,884,375
513	Total net position	2,594,928	187,908	39,148	8,738,252	35,989	33,193,596	7,312,033	52,101,855
	Total liabilities, Deferred Inflows of Resources and Equity - Net Assets/Position	\$ 3,384,324	187,908	133,260	9,473,401	35,989	188,040,157	201,632,267	402,887,307

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 Fiscal Year Ended June 30, 2024

		14.871	14.879	14.896	14.EHV	14.850	14.872	6.1		
		Housing Choice Vouchers	Mainstream Vouchers	FSS Grant	Emergency Housing Vouchers	Operating Fund	Capital Fund	Business Activities	Component Units - Discretely Presented Through December 31, 2023	HAWC Total
FDS #	Revenues and expenses									
	Revenues									
70300	Net tenant rental revenue	\$ —	—	—	—	1,153,902	—	5,233,929	3,957,886	10,345,717
70400	Tenant revenue - other	—	—	—	—	13,554	—	776,697	7,242	797,493
70600	HUD PHA operating grants	42,793,054	2,394,158	134,050	1,503,168	1,016,498	647,120	0	—	48,488,048
70610	Capital grants	—	—	—	—	—	235,641	0	—	235,641
70800	Other government grants	—	—	—	—	—	—	442,436	—	442,436
71100	Investment income - unrestricted	928	—	—	—	(5,653)	—	4,491,873	3,999	4,491,147
71400	Fraud recovery - unrestricted	118,338	—	—	—	—	—	0	—	118,338
71400	Fraud recovery - restricted	8,921	—	—	—	—	—	0	—	8,921
71500	Other revenue	477,447	—	50,744	—	144	—	4,023,708	111,361	4,663,404
71600	Gain on sale of assets	—	—	—	—	170	—	—	—	170
72000	Investment income - restricted	1,624	—	—	—	(1,779)	—	214	2	61
70000	Total revenues	43,400,312	2,394,158	184,794	1,503,168	2,176,836	882,761	14,968,857	4,080,490	69,591,376
	Operating expenses									
91100	Administrative salaries	1,220,994	—	—	38,404	322,603	—	392,122	577,989	2,552,112
91200	Auditing fees	26,152	—	1,759	394	15,763	—	8,112	42,766	94,946
91300	Management fee	—	—	—	—	—	—	249,826	233,720	483,546
91400	Advertising and marketing	—	—	—	—	2,807	—	3,477	26,961	33,245
91500	Employee benefit contributions	718,972	—	—	22,009	193,907	—	355,342	—	1,290,230
91600	Office expenses	54,326	—	379	896	18,711	—	153,815	—	228,127
91700	Legal expenses	3,438	—	—	—	—	—	60,067	52,124	115,629
91800	Travel expenses	6,509	—	1,497	25	2,127	—	15,388	65	25,611
91810	Allocated overhead	1,132,448	—	10,525	34,223	822,964	—	698,602	—	2,698,762
91900	Other operating	147,751	—	—	3,712	17,929	—	422,359	211,308	803,059
92100	Tenant services - salaries	—	—	82,083	—	—	—	0	—	82,083
92200	Relocation Costs	—	—	—	—	356	—	0	1,432,944	1,433,300
92300	Tenant services - benefits	—	—	50,470	—	—	—	0	—	50,470
92400	Tenant services - other	—	—	31,058	16,861	—	—	2,285	—	50,204
93100	Water	—	—	—	—	39,151	—	190,701	100,488	330,340
93200	Electricity	—	—	—	—	10,612	—	83,049	91,885	185,546
93300	Gas	—	—	—	—	4,309	—	9,776	17,380	31,465
93600	Sewer	—	—	—	—	49,774	—	275,755	236,966	562,495
93800	Other utility expense	—	—	—	—	8,604	—	3,806	205,524	217,934
94100	Maintenance salaries	—	—	—	—	406,674	—	162,276	—	568,950
94200	Materials and other	—	—	—	—	198,431	—	250,409	—	448,840
94300	Contract costs	—	—	—	—	300,811	—	974,924	306,941	1,582,676
94500	Maintenance benefits	—	—	—	—	219,248	—	57,724	—	276,972
96110	Property insurance	1,405	—	—	—	104,213	—	188,572	165,253	459,443
96120	Liability insurance	6,046	—	—	—	11,416	—	20,625	77,831	115,918
96140	Other insurance	—	—	—	—	—	—	0	1,600	1,600
96200	Other general expenses	87,799	—	7,023	948	21,353	—	1,900,783	163,445	2,181,351
96300	Payments in lieu of taxes	—	—	—	—	104,378	—	0	—	104,378
96400	Bad debt - tenant rents	70,963	—	—	—	(3,887)	—	11,864	—	78,940
96710	Interest on notes payable	1,624	—	—	—	—	—	2,314,306	2,253,545	4,569,475
96730	Bond amortization	—	—	—	—	—	—	(10,614)	—	(10,614)
96900	Total operating expenses	3,478,427	—	184,794	117,472	2,872,254	—	8,795,351	6,198,734	21,647,032
97000	Excess (deficiency) of operating revenue over operating expenses	39,921,885	2,394,158	—	1,385,696	(695,418)	882,761	6,173,506	(2,118,244)	47,944,344
	Other expenses									
97100	Extraordinary maintenance	—	—	—	—	—	—	—	21,846	21,846
97300	Housing assistance payments	39,495,589	2,297,658	—	1,386,505	—	—	—	—	43,179,752
97350	HAP portability in	8,804	—	—	—	—	—	—	—	8,804
97400	Depreciation expense	3,998	—	—	—	284,115	—	1,613,263	1,768,330	3,669,706
90000	Total expenses	42,986,818	2,297,658	184,794	1,503,977	3,156,369	—	10,408,614	7,988,910	68,527,140
	Other financing sources (uses)									
10010	Operating transfers in	—	—	—	—	827,975	—	—	—	827,975
10020	Operating transfers out	—	—	—	—	—	(827,975)	—	—	(827,975)
10100	Total other financing sources (uses)	—	—	—	—	827,975	(827,975)	—	—	—
10000	Excess (deficiency) of total revenue over (under) total expenses	\$ 413,494	96,500	—	(809)	(151,558)	54,786	4,560,242	(3,908,420)	1,064,236
	Memo Account Information									
11020	Required annual debt principal payments	\$ (1,624)	—	—	—	—	—	(3,027,688)	—	(3,029,312)
11030	Beginning equity (deficit)	\$ 2,181,434	91,408	35,989	39,957	8,835,024	—	28,633,354	5,862,150	45,679,316
11040	Prior period adjustments, equity transfers and c	\$ —	—	—	—	—	—	0	5,358,303	5,358,303
11170	Administrative fee equity	\$ 2,067,367	20,270	(33,506)	4,380	—	—	0	—	2,058,511
11180	Housing assistance payments equity	\$ 486,721	—	—	—	—	—	0	—	486,721
11190	Unit months available	36,408	2,496	—	1,068	—	—	0	—	39,972
11210	Unit months leased	33,866	1,824	—	1,012	—	—	0	—	36,702
11610	Land and land improvements	\$ —	—	—	—	—	36,219	100	—	36,319
11620	Buildings and building improvements	\$ —	—	—	—	—	199,422	135,116	—	334,538

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. 1/31/2027)

Capital Fund Program (CFP)

Public reporting burden for this collection of information is estimated to average 2.5 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. Comments regarding the accuracy of this burden estimate and any suggestions for reducing this burden can be sent to the Reports Management Officer, Office of Policy Development and Research, REE, Department of Housing and Urban Development, 451 7th St SW, Room 4176, Washington, DC 20410-5000. When providing comments, please refer to OMB Approval No. 2577-0157. HUD may not conduct or sponsor, and an applicant is not required to respond to a collection of information unless it displays a currently valid OMB control number. **Do not send this form to the above address.** This collection of information requires that each Public Housing Authority (PHA) submit information to enable HUD to initiate the fiscal closeout process. The information will be used by HUD to determine whether the modernization grant is ready to be audited and closed out. The information is essential for audit verification and fiscal close out. Responses to the collection are required by regulation. The information requested does not lend itself to confidentiality.

PHA Name: Housing Authority of Washington County Modernization Project Number: OR16P02250120

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	\$ \$750,446.00
B. Funds Disbursed	\$ \$750,446.00
C. Funds Expended (Actual Modernization Cost)	\$ \$750,446.00
D. Amount to be Recaptured (A-C)	\$ 0
E. Excess of Funds Disbursed (B-C)	\$ 0

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.

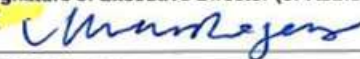
☐ B. This grant **will not** be included in the PHA's next fiscal year audit per the requirements of the Single Audit Act.

ereby certify all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. WARNING: Anyone who knowingly submits a use claim, or makes false statements is subject to criminal and civil penalties, including confinement for up to 5 years, fines, and civil penalties. (18 U.S.C. §§ 287, 1001 and 31 U.S.C. § 297)

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

Molly Rogers, Executive Director

Signature of Executive Director (or Authorized Designee):

X 


Date:

5-1-2024

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:

5-10-24

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

Approved: (Director, Office of Public Housing)

X

Date:

form HUD-53001 (10/96)

Actual Modernization Cost Certificate

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

OMB Approval No. 2577-0157 (exp. 1/31/2027)

Capital Fund Program (CFP)

Public reporting burden for this collection of information is estimated to average 2.5 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. Comments regarding the accuracy of this burden estimate and any suggestions for reducing this burden can be sent to the Reports Management Officer, Office of Policy Development and Research, REE, Department of Housing and Urban Development, 451 7th St SW, Room 4176, Washington, DC 20410-5000. When providing comments, please refer to OMB Approval No. 2577-0157. HUD may not conduct or sponsor, and an applicant is not required to respond to a collection of information unless it displays a currently valid OMB control number. **Do not send this form to the above address.** This collection of information requires that each Public Housing Authority (PHA) submit information to enable HUD to initiate the fiscal closeout process. The information will be used by HUD to determine whether the modernization grant is ready to be audited and closed out. The information is essential for audit verification and fiscal close out. Responses to the collection are required by regulation. The information requested does not lend itself to confidentiality.

PHA Name:

Housing Authority of Washington County

Modernization Project Number:

OR16P02250121

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	\$ \$784,628.00
B. Funds Disbursed	\$ \$784,628.00
C. Funds Expended (Actual Modernization Cost)	\$ \$784,628.00
D. Amount to be Recaptured (A-C)	\$ 0
E. Excess of Funds Disbursed (B-C)	\$ 0

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.

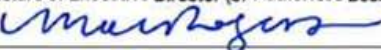
☐ B. This grant **will not** be included in the PHA's next fiscal year audit per the requirements of the Single Audit Act.

I hereby certify all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. WARNING: Anyone who knowingly submits a false claim, or makes false statements is subject to criminal and civil penalties, including confinement for up to 5 years, fines, and civil penalties. (18 U.S.C. §§ 287, 1001 and 31 U.S.C. § 3729)

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

Molly Rogers, Executive Director

Signature of Executive Director (or Authorized Designee):

X 

Date:

5-7-2024

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:

form HUD-53001 (10/96)



Washington County Oregon

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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***

&

**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**



**THE HOUSING AUTHORITY OF WASHINGTON COUNTY (A COMPONENT UNIT OF WASHINGTON COUNTY, OREGON)
WASHINGTON COUNTY, OREGON**



Your peace of mind is our passion.

**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**

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 business-type activities and aggregate discretely presented component units 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, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated April 23, 2025. Our report includes a reference to other auditors who audited the financial statements of Quatama Housing, LP (Quatama), Willow Creek Crossing LP (Willow Creek), and Terrace Glen Housing Partners LP (Terrace Glen), equity investments of the Authority, as described in our report on the Authority's financial statements. Our report also includes a reference to other auditors who audited the financial statements of HAWC AHP4 LP (AHP4), The Valfre at Avenida 26 LP (The Valfre), and HAWC AHP Phase II LP (AHP Phase II), discretely presented component units of the Authority, as described in our report on the Authority's financial statements. The financial statements of Quatama, Willow Creek, Terrace Glen, AHP4, The Valfre, and AHP Phase II were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with those financial statements reported on separately by other auditors.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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. We identified a certain deficiency in internal control, described below and in the Washington County, Oregon's Federal Grant Programs reporting of the Schedule of Findings and Questioned Costs as finding number 2024-001, that we consider to be a material weakness.

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

**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 (Continued)**

Report on Internal Control Over Financial Reporting (Continued)

The Authority has experienced significant turnover in the accounting and finance function during the fiscal year. As a result, this lack of skills, knowledge and experience of personnel has exposed the Authority to a weak control environment in recording and review of transactions. Evidence of reviews of transactions and year end reconciliations was lacking during the fiscal year, involving various accounts including accounts receivable, capital assets, partnerships, notes receivable, and other areas. With the assistance of externally contracted accountants working on behalf of the Authority's management, the Authority recorded eleven (11) adjusting journal entries during the audit with an effect of \$20.1 million in entries posted to the trial balance, and increased net income from a loss position of approximately \$730,000 to net income of approximately \$5,000,000. Additionally, it was determined that the Authority was unable to reconcile or substantiate \$410,000 in accounts receivable for the year ended June 30, 2024. This balance is included in uncorrected misstatements.

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, Kosvick & Warwick, LLP

Portland, Oregon
April 23, 2025



Your peace of mind is our passion.

**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 business-type activities and aggregate discretely presented component units 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, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated April 23, 2025. Our report includes a reference to other auditors who audited the financial statements of Quatama Housing, LP (Quatama), Willow Creek Crossing LP (Willow Creek), and Terrace Glen Housing Partners LP (Terrace Glen), equity investments of the Authority, as described in our report on the Authority's financial statements. Our report also includes a reference to other auditors who audited the financial statements of HAWC AHP4 LP (AHP4), The Valfre at Avenida 26 LP (The Valfre), and HAWC AHP Phase II (AHP Phase II), discretely presented component units of the Authority, as described in our report on the Authority's financial statements. The financial statements of Quatama, Willow Creek, Terrace Glen, AHP4, The Valfre, and AHP Phase II were not audited in accordance with Oregon State Regulations, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with those financial statements reported on separately by other auditors.

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).

**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 were not identified. We identified a certain deficiency in internal control, described in the accompanying 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*, that we consider to be a material weakness.

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, Kowolot & Warwick, LLP

Portland, Oregon
April 23, 2025



Washington County Oregon

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Washington County Oregon