Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

Spokane Housing Authority

For the period January 1, 2020 through December 31, 2020

Published February 3, 2022

Report No. 1029821

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Office of the Washington State Auditor
Pat McCarthy

February 3, 2022

Board of Commissioners
Spokane Housing Authority
Spokane, Washington

Report on Financial Statements and Federal Single Audit

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

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

Sincerely,

Pat McCarthy, State Auditor

Olympia, WA

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Spokane Housing Authority
January 1, 2020 through December 31, 2020

SECTION I – SUMMARY OF AUDITOR'S RESULTS

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

Financial Statements

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

Internal Control over Financial Reporting:

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

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

Federal Awards

Internal Control over Major Programs:

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

We issued an unmodified opinion on the Housing Authority's compliance with requirements applicable to each of its major federal programs.

We reported findings that are required to be disclosed in accordance with 2 CFR 200.516(a).

Identification of Major Federal Programs

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

CFDA No.	Program or Cluster Title
14.871	Housing Voucher Cluster – Section 8 Housing Choice Vouchers
14.871	Housing Voucher Cluster – COVID-19 – Section 8 Housing Choice Vouchers
14.879	Housing Voucher Cluster – Mainstream Vouchers
14.879	Housing Voucher Cluster – COVID-19 – Mainstream Vouchers

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was $1,109,400.

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

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

See Finding 2020-001.

SCHEDULE OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Spokane Housing Authority
January 1, 2020 through December 31, 2020

2020-001 The Housing Authority had inadequate internal controls for ensuring compliance with Housing Quality Standards enforcement requirements of its Section 8 Housing Choice Vouchers program.

CFDA Number and Title:	14.871 Section 8 Housing Choice Vouchers 14.871 COVID-19 Section 8 Housing Choice Vouchers
Federal Grantor Name:	U.S. Department of Housing and Urban Development
Federal Award/Contract Number:	WA055VO / WA055AF
Pass-through Entity Name:	N/A
Pass-through Award/Contract Number:	N/A
Questioned Cost Amount:	$0

Description of Condition

During fiscal year 2020, the Housing Authority spent $35,546,851 under the Section 8 Housing Choice Vouchers program. The Housing Choice Vouchers program (HCVP) provides rental assistance to help very low-income families afford decent, safe, and sanitary rental housing.

Federal regulations require recipients to establish and maintain internal controls that ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

The Housing Authority must inspect units leased to families at least every two years to determine if they meet federal Housing Quality Standards (HQS). For units under Housing Authority Payment (HAP) contract that fail to meet HQS, the Housing Authority must require owners to correct any cited life-threatening HQS deficiencies within 24 hours of inspections. Owners must correct all other HQS deficiencies within 30 calendar days of inspections or within a specified Housing

Authority-approved extension. The Housing Authority must keep documentation demonstrating compliance with HQS enforcement requirements.

The Housing Authority's established internal controls were ineffective for ensuring compliance with the program's HQS enforcement requirements. Although the Housing Authority had internal controls for requiring owners to correct HQS deficiencies within 30 calendar days of inspections, it did not establish effective controls for requiring owners to correct any cited life-threatening HQS deficiencies within 24 hours of inspections, as the program requires.

We consider this internal control deficiency to be a material weakness that led to material noncompliance. This issue was not reported as a finding in the prior audit.

Cause of Condition

The Housing Authority provides housing inspection training to employees; however, personnel responsible for conducting the HQS inspections did not follow procedures for ensuring owners corrected the cited life-threatening deficiencies within 24 hours of inspections. During its monitoring of the program, the Housing Authority did not identify that personnel had not followed up with some owners who were cited for life-threatening deficiencies to ensure they corrected them timely.

Effect of Condition

Using non-statistical sampling, we tested 21 failed inspections and found six with cited life-threatening HQS deficiencies. The Housing Authority did not have documentation demonstrating it followed up on the inspections and required the owners to correct the life-threatening HQS deficiencies within 24 hours of inspections. The Housing Authority re-inspected the units within 30 days and verified owners corrected the deficiencies. Because the Housing Authority did not follow up on life-threatening HQS deficiencies within 24 hours of inspections, it cannot demonstrate that the housing units met HQS.

Recommendation

We recommend the Housing Authority strengthen internal controls for ensuring it complies with HQS enforcement requirements. Specifically, the Housing Authority should follow up on cited life-threatening HQS deficiencies and require owners to correct them within 24 hours of inspections, as the program requires.

Housing Authority's Response

Spokane Housing Authority acknowledges the above reference finding. Although personnel responsible for conducting the HQS inspections and ensuring owners corrected the cited life-threatening deficiencies were trained on policy and procedure, SHA did not establish the internal controls to ensure proper follow-up was made. Since the audit, SHA has established a Housing Support Specialist position, which will log life-threatening HQS deficiencies as documented on the HQS inspector's reports daily and follow-up with the landlord within the 24-hour timeframe to ensure that repairs have been addressed and completed. If repairs have been made pursuant to the directive given by the inspector, then a letter will be sent to the landlord and tenant indicating that the 24-hour hazards have been fixed. If the landlord fails to comply within the 24-hour timeframe, then the unit fails, and a Notice of Termination of HAP letter will be sent to the landlord and tenant. SHA will work with the tenant to start the process of locating a new unit that passes HQS. The log of deficiencies will be reviewed by the Inspections Coordinator regularly as an additional internal control.

Auditor's Remarks

We appreciate the Housing Authority's commitment to resolve this finding and thank the Housing Authority for its cooperation and assistance during the audit. We will review corrective action taken during the next audit.

Applicable Laws and Regulations

Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), section 516, Audit findings, establishes reporting requirements for audit findings.

Title 2 CFR Part 200, Uniform Guidance, section 303, Internal controls, describes the requirements for auditees to maintain internal controls over federal programs and comply with federal program requirements.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its *Codification of Statements on Auditing Standards*, section 935, Compliance Audits, paragraph 11.

Title 24 CFR Part 982, *Section 8 Tenant-Based Assistance: Housing Choice Voucher Program*, section 404, *Maintenance: Owner and family responsibility; PHA remedies*, establishes enforcement requirements for housing quality standards.

INDEPENDENT AUDITOR'S REPORT

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Spokane Housing Authority
January 1, 2020 through December 31, 2020

Board of Commissioners
Spokane Housing Authority
Spokane, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of the Spokane Housing Authority, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements, and have issued our report thereon dated January 5, 2022.

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

As discussed in Note 18 to the 2020 financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the Housing Authority is unknown. Management's plans in response to this matter are also described in Note 18.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

COMPLIANCE AND OTHER MATTERS

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

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

PURPOSE OF THIS REPORT

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

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

Pat McCarthy, State Auditor

Olympia, WA

January 5, 2022

INDEPENDENT AUDITOR'S REPORT

Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance

Spokane Housing Authority
January 1, 2020 through December 31, 2020

Board of Commissioners
Spokane Housing Authority
Spokane, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited the compliance of the Spokane Housing Authority, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Housing Authority's major federal programs for the year ended December 31, 2020. The Housing Authority's major federal programs are identified in the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Housing Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Federal Award Findings and Questioned Costs as Finding 2020-001. Our opinion on each major federal program is not modified with respect to these matters.

Housing Authority's Response to Findings

The Housing Authority's response to the noncompliance findings identified in our audit is described in the accompanying Schedule of Federal Award Findings and Questioned Costs. The Housing Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal*

control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Federal Award Findings and Questioned Costs as Finding 2020-001, that we consider to be a material weakness.

Housing Authority's Response to Findings

The Housing Authority's response to the internal control over compliance findings identified in our audit is described in the accompanying Schedule of Federal Award Findings and Questioned Costs. The Housing Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

Pat McCarthy, State Auditor

Olympia, WA

January 5, 2022

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

Spokane Housing Authority
January 1, 2020 through December 31, 2020

Board of Commissioners
Spokane Housing Authority
Spokane, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the Spokane Housing Authority, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements as listed on page 19.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Cornerstone II – The Borning Building Limited Partnership, Cornerstone II – Helena Apartments Limited Partnership, Martindale Apartments Limited Partnership, Parsons Limited Liability Limited Partnership, Cedar Haven Limited Liability Limited Partnership and Wilbur and Cook Affordable Portfolio Limited Liability Limited Partnership (the Partnerships), which in aggregate 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 the Partnerships, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Housing Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Spokane Housing Authority, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As discussed in Note 18 to the 2020 financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the Housing Authority is unknown. Management's plans in response to this matter are also described in Note 18. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed on page 19 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial

statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

The combining statements for the Housing Authority's programs and tax credit partnerships are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2022 on our consideration of the Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our

testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority's internal control over financial reporting and compliance.

Pat McCarthy, State Auditor

Olympia, WA

January 5, 2022

FINANCIAL SECTION

Spokane Housing Authority
January 1, 2020 through December 31, 2020

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2020

BASIC FINANCIAL STATEMENTS

Statement of Net Position – 2020
Statement of Revenues, Expenses and Changes in Net Position – 2020
Statement of Cash Flows – 2020
Notes to Basic Financial Statements – 2020

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportional Share of the Net Pension Liability – PERS 1, PERS 2/3 – 2020
Schedule of Employer Contributions – PERS 1, PERS 2/3 – 2020

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Expenditures of Federal Awards – 2020
Notes to the Schedule of Expenditures of Federal Awards – 2020
Supplemental Financial Data Schedule – 2020
Actual Modernization Cost Certificate – WA01PO55501-18 – 2020
Actual Modernization Cost Certificate – WA01PO55501-19 – 2020
Combining Statement of Net Position – 2020
Combining Statement of Revenues, Expenses, and Changes in Net Position – 2020
Combining Statement of Cash Flows – 2020
Combining Statement of Net Position – Component Units – 2020
Combining Statement of Revenues, Expenses, and Changes in Net Position – Component Units – 2020
Combining Statement of Cash Flows – Component Units – 2020

The Spokane Housing Authority ("SHA" or the "Authority") is pleased to present its basic financial statements for the year ended December 31, 2020, which have been prepared in accordance with U.S. generally accepted accounting principles (GAAP). GAAP requires the inclusion of three basic financial statements: the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows. The basic financial statements provide both long-term and short-term information about the Authority's overall financial condition. The basic financial statements also include notes that provide additional information and more detailed data.

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

This narrative overview and analysis of the Authority's financial performance during the year ended December 31, 2020 with comparative data for the period ended December 31, 2019 is provided as a supplement to SHA's basic financial statements. It is presented in conformance with the Government Accounting Standards Board (GASB) financial reporting model as set forth in GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments,* as amended by GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus.*

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

FINANCIAL HIGHLIGHTS

- Total net position increased by $8.5 million from December 31, 2019 to December 31, 2020. The Authority experienced an increase of $4.4 million in operating revenues and capital contributions in 2020, an increase in operating expenses by $3.8 million, and non-operating revenues increased by $6.4 million. In 2020, the Authority recognized $6.4 million in gain from residential home sales and the sale of its former administration building resulting in a significant difference in non-operating revenues from 2019 to 2020.

- Assets and deferred outflows of resources of the Authority exceeded liabilities and deferred inflows of resources at December 31, 2020 by $54.6 million (net position), representing an increase of $8.5 million over December 31, 2019. Of this amount approximately $49.7 million (unrestricted net position) may be used to meet ongoing obligations, $3.5 million is invested in capital assets net of related debt and $1.3 million is restricted as to its allowable usage.

- The Authority's current ratio that measures liquidity increased during the period to 24.71% from 6.86%. Current assets increased by $10.4 million as a result of the residential home sales as well as the sale of its former administrative building. Current liabilities decreased by 36% or $426 thousand during the period whereas 2019 included large construction costs payable on the renovation of the Authority's new administrative building.

- Noncurrent assets decreased from December 31, 2019 to December 31, 2020 by $2.4 million primarily from a $2.9 million payment received toward the Wilbur and Cook Affordable Portfolio developer fee note.

- Capital assets decreased by $299 thousand or 4.6% primarily from the completion of the rehabilitation of the Authority's new administrative building offset by the sale of several of the Authority's residential homes and the sale of its former administrative building.

- The Authority's noncurrent liabilities decreased by $21 thousand or .4% over the reporting period from scheduled debt service payments.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

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

- ***Statement of Net Position*** **-** present the assets, liabilities, deferred outflows of resources, deferred inflows of resources and net position of the Authority at the end of the fiscal year. The difference between the total assets and deferred outflow of resources and the total liabilities and deferred inflow of resources equals the Authority's net position. Assets and liabilities are presented in the order of liquidity and are classified as "current" (convertible to cash within one year) and "noncurrent". Over time, increases or decreases in net position may serve as useful indicators of the Authority's financial health.

- ***Statement of Revenues, Expenses, and Changes in Net Position*** **-** present information showing how the Authority's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported for some items that will only result in cash flows in future years.

- ***Statement of Cash Flows*** report how the Authority's cash and cash equivalents were used in and provided by its operating, noncapital financing, capital and related financing, and investing activities during the period reported. The net of these activities is added to the beginning year cash balance to reconcile to the cash and cash equivalents balances as of December 31, 2020. The Authority uses the direct method of presenting cash flows, which includes a reconciliation of operating activities to operating income. These statements provide answers to such questions as where did cash come from, how was cash used, and what was the change in the cash balance during the year.

- ***Notes to the Basic Financial Statements*** provide financial statement disclosures that are an integral part of the basic financial statements. Such disclosures are essential to a comprehensive understanding of the information provided in the basic financial statements.

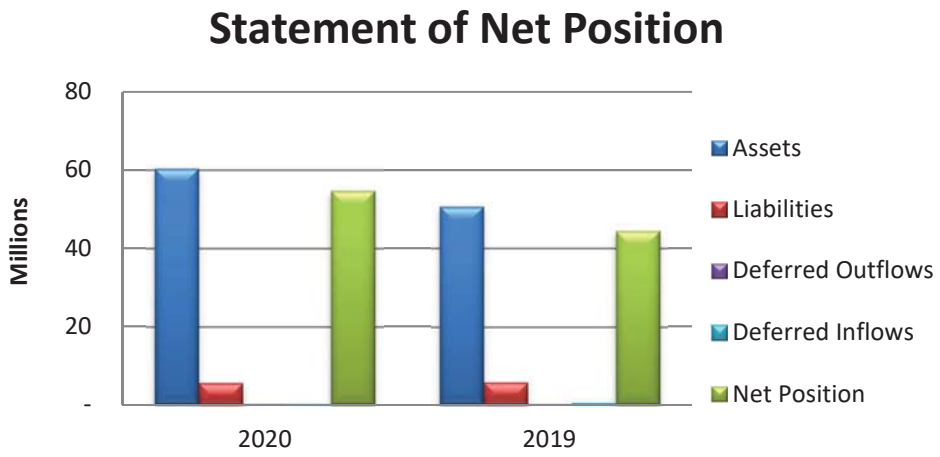
FINANCIAL ANALYSIS

Statement of Net Position

The following table summarizes the Statement of Net Position as of December 31, 2020 and December 31, 2019:

	December 31, 2020	December 31, 2019
Assets		
Current Assets, Unrestricted	$16,898,879	6,545,193
Other Current Assets, Restricted	1,510,534	1,487,586
Noncurrent Assets, Restricted	-	-
Other Noncurrent Assets	35,707,182	38,114,309
Capital Assets, Net	6,135,161	6,433,852
Total Assets	60,251,756	52,580,940
Deferred Outflows of Resources	356,097	$ 280,863
Liabilities		
Current Liabilities	745,123	$ 1,171,134
Long-term Liabilities	4,917,864	4,939,158
Total Liabilities	5,662,987	6,110,292
Deferred Inflows of Resources	351,072	$ 665,376
Net Position		
Net Investment in Capital Assets	3,540,451	3,744,866
Restricted	1,338,938	1,454,774
Unrestricted	49,714,405	40,886,495
Total Net Position	$54,593,794	$46,086,135

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



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

Total assets of the Authority at December 31, 2020 and December 31, 2019 amounted to $60.3 million and $52.6 million, respectively, an increase of approximately 14.6%. The significant components of current assets are unrestricted cash, receivables, inventories, prepaid items, current receivables from partnerships, and restricted cash. Capital assets include land, buildings, equipment, leasehold improvements, construction in progress and intangible assets. All capital assets except for land and construction in progress are shown net of accumulated depreciation. The primary changes in assets from December 31, 2019 to December 31, 2020 were decreases to long term notes receivable issued to tax credit component units and income from the sales of former public housing residential homes and the former administration building.

Total liabilities of the Authority were $5.7 million and $6.1 million at December 31, 2020 and December 31, 2019, respectively, representing an decrease of $447 thousand or 7.3%. Current liabilities include accounts payable, tenant security deposits payable, accrued liabilities, unearned revenue, and current portions of long term debt. A liability is considered to be current if it is due within one year. Current liabilities have decreased during the period by $426 thousand from construction costs paid on the renovation of the Authority's new administration building. Noncurrent liabilities are primarily made up of the long term portion of notes and bonds payable along with their accrued interest, net pension liability, and other accrued long term liabilities. Noncurrent liabilities decreased by $21 thousand or .43% from December 31, 2019 to December 31, 2020. The decrease was primarily from the scheduled debt service payments.

Deferred outflows of resources and deferred inflows of resources are primarily related to pensions. The deferred outflows of resources primarily relate to contributions made by the Authority subsequent to the measurement date of the collective net pension liability, and deferred inflows of resources primarily relate to the difference between projected and actual earnings on the plan investments. During the period, the Authority's proportionate share of pension related deferred outflows increased by $75 thousand and pension related deferred inflows decreased by $314 thousand.

Net position represents the Authority's equity, a portion of which is restricted for certain uses. Net position is divided into three major categories. The first category, net investment in capital assets, represents the Authority's equity in land, buildings, construction in progress, and equipment, net of related capital debt outstanding. The second category, restricted net position, has external limitations on the way in which these assets can be used. The last category, unrestricted net position, is available to be used for any lawful and prudent Authority purpose. Unrestricted net position increased by $8.8 million during the period from $40.9 million to $49.7 million as a result of income from standard operations and the sale of

former public housing residential homes and the former administration building. The following table presents details regarding the changes in unrestricted net position during the year:

Unrestricted Net Position -December 30, 2019	$ 40,886,495
Change in Net Position	8,507,659
Adjustments:	
Depreciation and amortization (1)	412,056
Adjusted Change in Net Position	8,919,715
Payments on Capital Asset Long-Term Debt Borrowings	(248,275)
Additions to Capital Asset Long-Term Debt Borrowings	153,999
Modification of Debt Security to Pledge of General Revenues	-
Capital Asset Additions	(1,319,026)
Capital Asset Disposals	1,205,661
Increase in Restricted Net Position	115,836
Unrestricted Net Position - December 31, 2020	$ 49,714,405

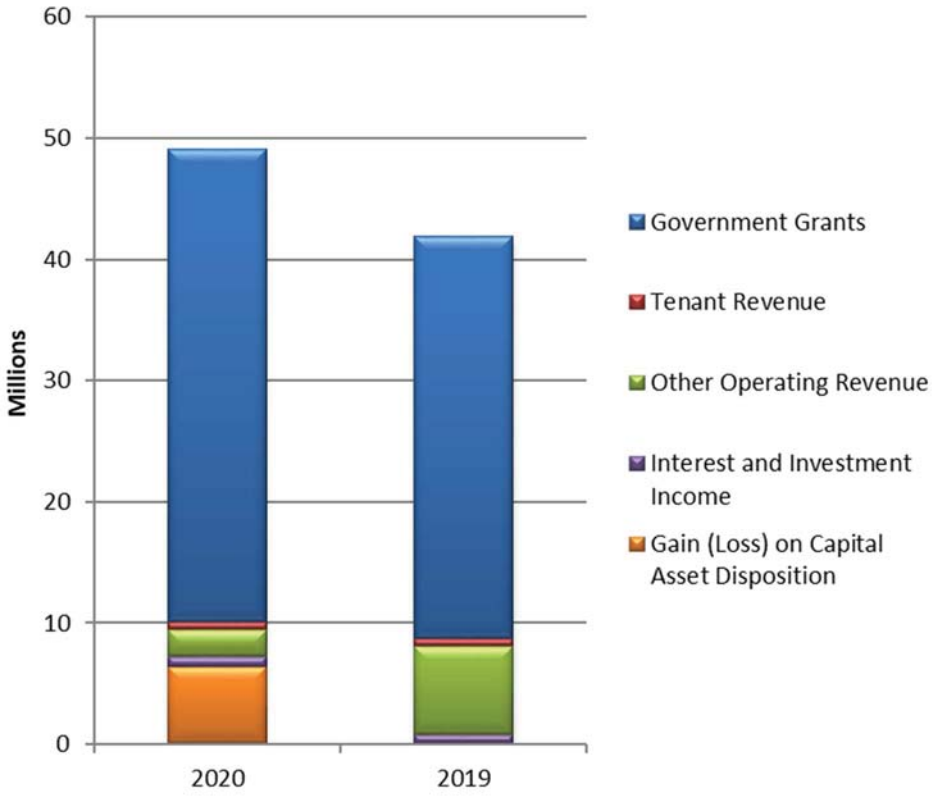
(1) Depreciation is treated as an expense and reduces the net investment in capital assets but does not have an impact on unrestricted net position.

Revenues, Expenses and Changes in Net Position

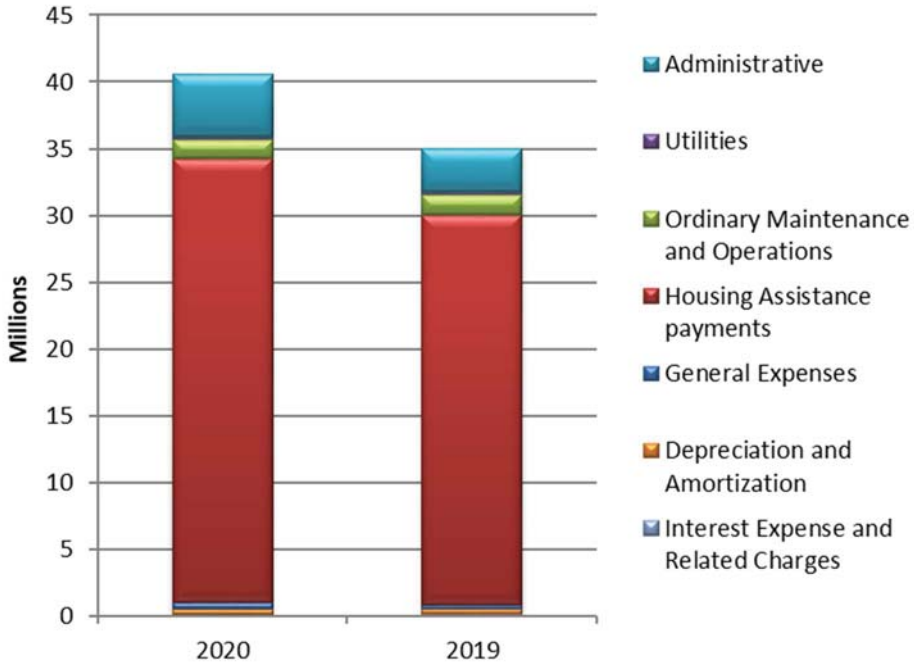
The following table compares the revenues and expenses for the current and previous fiscal years:

	December 31, 2020	December 31, 2019
Operating Revenues:		
Government Grants	$ 38,926,026	$ 34,567,179
Tenant Revenue	575,458	675,395
Other Operating Revenue	2,241,287	2,067,144
Total Operating Revenues	41,742,771	37,309,718
Operating Expenses:		
Administrative	4,637,489	3,897,413
Utilities	195,903	206,610
Ordinary Maintenance and Operations	1,453,619	1,323,804
Housing Assistance payments	33,180,967	30,327,128
General Expenses	547,464	437,668
Depreciation and Amortization	412,056	426,944
Total Operating Expenses	40,427,498	36,619,567
Operating Income	1,315,273	690,151
Nonoperating Revenues (Expenses):		
Gain (Loss) on Capital Asset Disposition	6,397,677	(24,075)
Interest Expense and Related Charges	(73,606)	(82,694)
Interest and Investment Income	868,315	857,046
Total Nonoperating Revenue (Expenses)	7,192,386	750,277
Income (Loss) Before Contributions and Special Items	8,507,659	1,440,428
Capital Contributions	-	236,961
Change in Net Position	8,507,659	1,677,389
Net Position, Beginning of Year	46,086,135	44,408,746
Net Position, End of Year	$ 54,593,794	$ 46,086,135

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



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



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

The statement of revenues, expenses, and changes in net position reflects the period ending December 31, 2020 compared to the period ended December 31, 2019. Operating revenues increased by approximately 11.8% or $4.4 million; operating expenses increased by 10.4% or approximately $3.8 million; net nonoperating revenues increased by $6.4 million; and capital contributions decreased by $237 thousand. Net position increased by $8.5 million from December 31, 2019 to December 31, 2020.

The increase in operating revenues is attributable to an increase in housing assistance funding of $2.5 million and Coronavirus Aid, Relief, and Economic Security (CARES) Act funding received of $1.7 million. The most significant increase in operating expenses was the increase in housing assistance payments of approximately $2 million as well as the expenditure of the CARES Act fund of $1.5 million. Housing assistance payments increased due to higher voucher payment standards compared to 2019 which contributed to an increase in per voucher cost. All other expense categories experienced minor inflationary increases or remained consistent from December 31, 2020 compared to December 31, 2019.

Nonoperating revenues (expenses) increased by approximately $6.4 million during the period from the sale of former public housing residential homes and the former administrative building. The difference is mainly attributable to the gains from sales of scattered site units and the Mission Administration building.

There were no Capital contributions for the period ended December 31, 2020.

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

	December 31, 2020	December 31, 2019
Land	$ 625,538	$ 1,227,563
Buildings	7,428,593	8,721,035
Equipment - Dwellings	312,985	466,915
Equipment - Administration	760,577	330,928
Leasehold Improvements	1,707,820	2,757,588
Construction In Progress	-	1,213,958
Intangible Assets	216,368	156,694
Total Capital Assets	11,051,881	14,874,681
Less Accumulated Depreciation	(4,916,720)	(8,440,829)
Total Capital Assets	$ 6,135,161	$ 6,433,852

At December 31, 20120, the Authority had $6,135,161 in capital assets, which represents a decrease of $299 thousand or 4.6% during the period. The decrease was primarily the result of the sale of the former administrative building and multiple residential home sales. The following reconciliation summarizes the change in capital assets from December 31, 2019 to December 31, 2020.

Balance at December 31, 2019	$	6,433,852
Additions		1,319,026
Transfers/Retirements - Net		(1,205,661)
Depreciation Expense		(412,056)
Total Capital Assets	$	6,135,161

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

Outstanding Debt

As of December 31, 2020, the Authority had outstanding debt of $3,503,314, a decrease of approximately $104 thousand. SHA's outstanding debt is summarized in the table below:

	December 31, 2020	December 31, 2019
Revenue Bonds:		
Hifumi En Apartments (2014)	$ 304,038	$ 330,712
Authority Office Building (New)	746,718	968,319
Direct Borrowings:		
Hifumi En Apartments	330,000	330,000
Valley 206 Apartments	417,727	417,727
SHA - Cedar West Apartments	490,877	500,348
Hifumi - DOC	148,830	
Hifumi En Apartments	1,065,124	1,059,955
	$ 3,503,314	$ 3,607,061

The Authority typically issues various types of debt obligations to finance the acquisition and construction of assets. During the period ended December 31, 2020, the Authority received a non-reimbursable grant from Department of Commerce for the renovations the Hifumi En Apartments.

All debt service payments were made during the period ended December 31, 2020 as scheduled and on time. There was also an additional $200 thousand payment on the Authority Office Building revenue bond. Additional information on SHA's outstanding debt can be found in Note 10 of the notes to the financial statements.

ECONOMIC FACTORS AFFECTING THE HOUSING AUTHORITY

The majority of SHA's funding is from HUD in the form of Housing Choice Vouchers housing assistance and administrative revenues and other various state and local grant funds. The Authority earned $37.3 million in federal dollars for its operating programs. HUD funding is dependent on congressional appropriations and related budget priorities. Therefore, federal appropriation levels for HUD programs continue to have a major impact on the Authority's budget.

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

While the near-term future is positive for federal funding of low income housing and community development, the Authority has built a reserve for flexibility through repositioning our existing housing portfolio, investing in technology, implementing cost saving measures and changes to our business practices. The Authority expects to maintain current service and program levels through 2021 and is well-positioned to respond to future changes.

The following funding impacts were experienced in 2020:

- The administrative portion of the HCV Program funding was at 81% of eligibility during calendar year 2020 and funded at 81.1% of eligibility for 2019. As of the date of these financial statements the calendar year 2020 funding is at 81% of eligibility.
- The Housing Choice Voucher Housing Assistance Payment funding was at 99.4% of eligibility in 2020 and 99.5% of eligibility in 2019. It is currently funding at 100% of eligibility for 2021.
- Housing Choice Voucher administrative fees of $1.7 million allocated to the Authority to respond to, prepare for or prevent the coronavirus from spreading.

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

On October 30, 2019, the Authority converted the Public Housing operating subsidy on its' remaining 74 public housing units to project based funding under HUD's Rental Assistance Demonstration (RAD) program, and transferred the funding to the Cedar West Apartments, a project in the Authority's portfolio, and Claire View Apartments, a nonaffiliated, nonprofit affordable housing project. Sales of the single family residential homes began in early 2020 with 33 units sold by December 31, 2020 generating net proceeds of $6.2 million. We anticipate all sales to be made by June 30, 2022, generating an estimated additional net proceeds of $9.3 million. Proceeds from the sales are to be used for affordable housing purposes as defined in Housing Notice 2019-01 and Public Housing Notice 2019-23 (RAD Notice REV4). The Authority is looking to increase acquisition and new construction of additional low income housing units.

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

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the worldwide spread of a deadly new virus, COVID-19. In the weeks following the declaration, precautionary measures to slow the spread of the virus have been ordered. These measures include closing schools, colleges and universities, cancelling public events, prohibiting public and private gathering, and requiring people to stay home unless they are leaving for an essential function. In mid-March 2020, the Governor also proclaimed a moratorium on evictions preventing landlords from seeking

evictions, unlawful detainer orders, assisting in evictions, enforcing agreements to vacate, assessing late fees or other charges for non-payments, or from increasing rents or deposits. The eviction moratorium has been extended through October 31, 2021. The Authority has complied with the Governor's proclamations and implemented deferment/repayment plans for all tenants who are experiencing income changes and are unable to pay rent. With these efforts, rent collection have remained roughly stable at an average of 96.52% from April 2020 – December 2020. As of the end of September 2021, average rents collected increased to 98.16%

The multi-family renters market in the Spokane area continued to remain very robust in 2020 with overall average apartment vacancy at below 1% and average rental rates increasing approximately 12.6% over the year, third-fastest growth among the nation's 100 largest cities. A prolonged lockdown in 2020 due to Covid combined with the eviction moratorium have helped push apartment vacancy rates to all time lows, prompting a rise in rental rates due to higher demand and shortage of available units. The trend of increasing rents was met with an increase in funding for families participating in the Housing Choice Voucher program; HUD applied a 11.1% inflation factor to 2021 Housing Choice Voucher Housing Assistant Payment funding. Many low income households who qualify for housing vouchers are finding the private rental stock unaffordable, despite increases the Authority had made in the voucher payment standards within HUD limits over the last several years. The continuing increase in rental prices reduce the buying power of the voucher and the supply of units accessible to them. It remains difficult, especially for families, to find affordable rental units in Spokane. The Authority is continuing efforts to support voucher holders with additional increases to voucher payment standards, housing search assistance and incentive funds for landlords.

REQUESTS FOR INFORMATION

This financial report is designed to provide the reader with a general overview of the Authority's finances and to demonstrate the Authority's financial accountability over its resources. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer/Deputy Director of the Spokane Housing Authority. The Authority's offices are located at 25 W. Nora Avenue, Spokane, WA 99205.

Spokane Housing Authority, Washington
Statement of Net Position
December 31, 2020

	Primary Government	Component Units
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 16,131,390	$ 1,431,892
Receivables (Net)	322,243	202,040
Inventories	2,052	-
Prepaids and Other Assets	136,488	62,156
Receivable from Component Units	306,706	-
Restricted Assets:		
Cash and Cash Equivalents	1,489,026	2,796,772
Tenant Security Deposits	21,508	288,359
Total Current Assets	18,409,413	4,781,219
Noncurrent Assets:		
Capital Assets:		
Land	625,538	2,576,941
Buildings	7,428,593	109,331,913
Equipment - Dwellings	312,985	2,597,440
Equipment - Administration	760,577	242,677
Leasehold Improvements	1,707,820	2,467,052
Construction In Progress	-	14,009
Intangible Assets	216,368	-
Accumulated Depreciation	(4,916,720)	(20,297,707)
Total Capital Assets (Net)	6,135,161	96,932,325
Notes Receivable from Component Units	32,531,108	-
Interest Receivable from Component Units	2,927,370	-
Other Noncurrent Assets	248,704	384,166
Total Noncurrent Assets	41,842,343	97,316,491
TOTAL ASSETS	$ 60,251,756	$ 102,097,710
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pensions	$ 356,097	$ -
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$ 356,097	$ -

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

Spokane Housing Authority, Washington
Statement of Net Position (Continued)
December 31, 2020

	Primary Government	Component Units
LIABILITIES		
Current Liabilities:		
Accounts Payable	$ 190,738	$ 156,273
Accounts Payable - Intergovernment	10,931	-
Tenant Security Deposits	21,508	288,359
Accrued Wages and Payroll Taxes	166,994	-
Accrued Compensated Absences, Current Portion	43,957	-
Accrued Interest Payable	6,670	79,871
Unearned Revenue	154,583	61,215
Other Current Liabilities	81,808	18,749
Current Portion of Long-Term Debt	67,934	432,578
Payable to Housing Authority	-	306,706
Total Current Liabilities	745,123	1,343,751
Noncurrent Liabilities:		
Accrued Compensated Absences, Net of Current	365,164	-
Long-Term Debt, Net of Current	3,435,380	62,159,874
Accrued Interest Payable, Net of Current	31,368	3,149,473
Net Pension Liability	1,085,952	-
Other Noncurrent Liabilities	-	186,510
Total Noncurrent liabilities	4,917,864	65,495,857
TOTAL LIABILITIES	$ 5,662,987	$ 66,839,608
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows Related to Pensions	$ 351,072	$ -
TOTAL DEFERRED INFLOWS OF RESOURCES	$ 351,072	$ -
NET POSITION		
Net Investment in Capital Assets	$ 3,540,451	$ 34,339,873
Restricted For:		
Housing Assistance Payments	673,032	-
Capital Replacement Reserves	4,028	1,285,264
Operating and Other Reserves	661,878	1,511,508
Unrestricted	49,714,405	(1,878,543)
TOTAL NET POSITION	$ 54,593,794	$ 35,258,102

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

Spokane Housing Authority, Washington
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2020

	Primary Government	Component Units
OPERATING REVENUES:		
Tenant Rental Revenue	$ 570,778	$ 5,593,666
HUD Operating Subsidies	37,302,447	-
Other Government Grants	1,623,579	33,765
Other Tenant Revenue	4,680	93,817
Fee Revenue	413,234	-
Other Revenue	1,828,053	85,870
TOTAL OPERATING REVENUES	41,742,771	5,807,118
OPERATING EXPENSES:		
Administrative:		
Administrative Wages	3,033,155	376,309
Auditing Fees	49,765	56,600
Employee Benefit Contributions	862,896	168,758
Management and Bookkeeping Fees	-	347,708
Other Operating Expenses	682,204	157,564
Tenant Services	9,469	1,978
	4,637,489	1,108,917
Utilities:		
Electricity	85,170	193,161
Natural Gas	6,749	42,373
Water	27,203	108,614
Sewer	76,629	430,429
Other Utilities Expenses	152	6,898
	195,903	781,475
Ordinary Maintenance and Operations:		
Contract Costs	740,493	653,391
Maintenance and Operations Wages	520,295	335,743
Employee Benefit Contributions	175,087	163,118
Materials and Other	17,744	108,918
	1,453,619	1,261,170
General Expenses:		
Housing Assistance Payments	33,180,967	-
Insurance Premiums	61,798	171,659
Other General Expenses	485,666	193,990
Depreciation and Amortization	412,056	3,462,427
	34,140,487	3,828,076
TOTAL OPERATING EXPENSES	40,427,498	6,979,638
OPERATING INCOME (LOSS)	$ 1,315,273	$ (1,172,520)

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

Spokane Housing Authority, Washington
Statement of Revenues, Expenses and Changes in Net Position (Continued)
For the Year Ended December 31, 2020

	Primary Government	Component Units
NONOPERATING REVENUES (EXPENSES):		
Gain (Losses) on Capital Asset Disposition	6,397,677	(963)
Interest Expense and Related Charges	(73,606)	(1,880,953)
Interest and Investment Income	868,315	2,629
TOTAL NONOPERATING REVENUES (EXPENSES)	7,192,386	(1,879,287)
Income (Loss) Before Capital Contributions	8,507,659	(3,051,807)
CAPITAL CONTRIBUTIONS - PARTNERSHIPS	-	3,057,655
CHANGE IN NET POSITION	8,507,659	5,848
NET POSITION, BEGINNING OF YEAR	46,086,135	35,252,254
NET POSITION, END OF YEAR	$ 54,593,794	$ 35,258,102

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

Spokane Housing Authority, Washington
Statement of Cash Flows
For the Year Ended December 31, 2020

	Primary Government
CASH FLOWS FROM OPERATING ACTIVITES:	
Receipts from Tenants and Others	$ 604,456
Receipts from Government Operating Grants	38,984,330
Payments for Housing Assistance	(33,164,803)
Payments to Employees and on behalf of Employees	(4,863,962)
Payments to Suppliers for Goods and Services	(2,203,995)
Other Receipts	2,207,717
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	1,563,743
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Advances - Partnerships	2,686
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	2,686
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchases and Construction of Capital Assets	(1,884,079)
Proceeds from Sale of Capital Assets	7,587,042
Proceeds from Issuance of Capital Debt	153,999
Principal Paid on Capital Debt	(257,746)
Interest Paid on Capital Debt	(63,163)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINACING ACTIVITIES	5,536,053
CASH FLOWS FROM INVESTING ACTIVITIES:	
Issuance of Notes - Partnerships	(54,752)
Payments Received on Notes - Partnerships	3,271,708
Interest Received	32,493
NET CASH PROVIDED (USED) BY INVESTING ACTIVITY	3,249,449
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	10,351,931
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	7,289,993
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 17,641,924
RECONCILIATION OF CASH AND CASH EQUIVALENTS	
TO THE STATEMENT OF NET POSITION:	
Cash and Cash Equivalents - Unrestricted	$ 16,131,390
Cash and Cash Equivalents - Restricted	1,489,026
Tenant Security Deposits	21,508
	$ 17,641,924

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

Spokane Housing Authority, Washington
Statement of Cash Flows (Continued)
For the Year Ended December 31, 2020

	Primary Government
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating Income (Loss)	$ 1,315,273
Adjustments to Reconcile Operating Income (Loss) to Net Cash	
Provided by Operating Activities:	
Depreciation and Amortization Expense	412,056
Changes in Operating Assets and Liabilities:	
(Increase) Decrease in Assets:	
Receivables (Net)	(81,840)
Inventories	(285)
Prepaids and Other Assets	(26,878)
Other Noncurrent Assets	25,993
Increase (Decrease) in Liabilities:	
Accounts Payable - Operations	121,538
Accounts Payable - Intergovernment	(31,881)
Tenant Security Deposits	(11,304)
Accrued Wages and Taxes Payable	24,890
Accrued Compensated Absences	81,322
Unearned Revenue	145,950
Other Liabilities	(29,673)
Net Pension Liability	8,120
Changes in Deferred Outflows and Inflows:	
(Increase) in Deferred Outflows of Resources	(75,234)
Increase in Deferred Inflows of Resources	(314,304)
Total Reconciling Adjustments	248,470
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 1,563,743

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

NOTE 1 —SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

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

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

A. Reporting Entity:

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

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

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

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

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

Discretely Presented Component Units:

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

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

All of the component units described below have a December 31st year end. The financial statements of the component units are audited separately and are presented as of December 31, 2020. Copies of these audited statements can be obtained by contacting the Housing Authority. Although these component units do not follow government accounting standards, for presentation purposes certain transactions and balances may be reflected differently in the Authority's financial statement than in the separately issued statement in order to conform to the presentation and classifications of the Authority's statements.

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

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

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

Cedar Haven, Limited Liability Limited Partnership – A Washington state limited liability limited partnership formed on April 3, 2015 to rehabilitate and manage the Cedar West Apartments and Woodhaven Apartments. The 146 affordable units were placed in service in February 2016. Pursuant to the Amended and Restated Agreement of Limited Liability Limited Partnership, dated September 30, 2015, as amended December 31, 2019, the Authority serves as the General Partner with .01% ownership; CREA Corporate Tax Credit EF 43 LLC is the Limited Partner with 99.989% ownership and CREA SLP, LLC is the Special Limited Partner with .001% ownership

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

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

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

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

Programs Administered by the Spokane Housing Authority:

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

Housing Choice Voucher Program

The Authority administers the Housing Choice Voucher Program, Mainstream Voucher Program, Moderate Rehabilitation Single Room Occupancy Program and the Veterans' Affairs Supportive Housing Program, which utilizes existing privately owned family rental housing units to provide decent and affordable housing to low-income families. Funding of the programs is provided by federal housing assistance contributions from HUD, pursuant to Section 8 of the U.S. Housing Act. Generally, tenants pay up to 30% of their income towards rent and the Authority pays for the difference between the approved landlord contract rent and the rent paid by the tenants. The Authority received an allocation of 5,420 vouchers from HUD, which equates to 65,040 voucher units months per calendar year. The management of the programs is actively monitored and activities are planned to comply with HUD's leasing provisions on a calendar year basis. The Authority has administrative responsibility for the Housing Choice Voucher programs in Spokane, Stevens, Pend Oreille, Whitman, Lincoln and Ferry Counties, and administers the Mainstream Voucher Program across the State of Washington for several jurisdictions.

Public Housing Program

The Authority's Public Housing Program consisted of a single asset management project ("AMP"), which collected both operating and capital fund subsidy. This AMP was an accumulation of 74 housing units comprising of single family homes and duplexes referred to as scattered sites and is located within the City of Spokane, City of Spokane Valley, and Spokane County. On October 30, 2019, the units of this remaining AMP converted from the public housing program to long-term, project-based Section 8 rental assistance utilizing the HUD Rental Assistance Demonstration Program. As of December 31, 2020, 32 of the 74 housing units have been sold for net proceeds of $6,214,373. The remaining 41 units are scheduled to be sold by June 30, 2022. Proceeds from the sales are to be used for affordable housing purposes as defined in Housing Notice 2019-01 and Public Housing Notice 2019-23 (RAD Notice REV4).

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

Capital Fund Programs (CFP):

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

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

Other Grant Programs:

The Authority administers the following grant programs:

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

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

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

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

Better Health Together – Better Health Together (BHT) entered a Memorandum of Understanding with SHA for the Better Health Through Housing (BHH) Grant to connect individuals with housing who are experiencing homelessness, have co-morbid challenges, and who access hospital emergency department for or more time annually. The Washington State Department of Commerce provides funding for the program.

Affordable Housing:

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

B. ***Measurement Focus, Basis of Accounting***

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

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

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

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

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

of accounting used is similar to businesses in the private sector; thus, these funds are maintained on the full accrual basis of accounting.

Revenues are recognized when earned and expenses are recorded in the period incurred regardless of the timing of cash flows. For financial reporting purposes, the Authority considers its HUD grants associated with operations as operating revenue because these funds more closely represent revenues generated from operating activities rather than non-

operating activities. HUD grants associated with capital acquisition and improvements are considered capital contributions and are presented after non-operating activity on the accompanying statement of revenues, expenses and changes in net position.

C. ***Cash and Cash Equivalents*** — It is the Authority's policy to invest all temporary cash surpluses in low-risk short-term investments of a liquid nature. This amount is classified on the Statement of Net Position as cash and cash equivalents. For purposes of the Statement of Cash Flows, the Authority considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents.

D. ***Receivables*** — Accounts receivable consist primarily of amounts due from tenants for rent and other charges and cost reimbursements due from grantors. Annually, tenant receivable balances are analyzed and the allowance for doubtful accounts is estimated and adjusted in accordance with historical experience. Other receivable allowances are established for uncertain collectibles. No allowances existed on December 31, 2020, other than the allowance for tenant accounts receivable.

E. ***Inventories***— Inventories belonging to the Authority as of December 31, 2020 consisted of office supplies of $2,052. Inventories are valued by the first in, first-out method (FIFO), which approximates the market value.

F. ***Prepaid and Other Assets*** — Prepaid and other assets represent amounts paid in advance of the period which the expenses benefit. Prepaid items consist primarily of the current portion of insurance premiums, ongoing maintenance and service contracts, annual software licenses and postage.

G. ***Restricted Assets*** — Restricted assets contain cash or cash equivalents that are restricted by federal or state regulation or statute to the use of particular programs or grants. The total of the Authority restricted cash as of December 31, 2020 was $1,510,534. Component Units as of December 31, 2020 had restricted cash of $3,085,131. The balances consist of the following:

	2020	
	Primary Government	Component Units
Section 8 reserves	$ 823,120	$ -
Tenant security deposits	21,508	288,359
Capital Replacement Reserves	4,028	1,285,264
Operating and Other Reserves	661,878	1,511,508
Total	$ 1,510,534	$ 3,085,131

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

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

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

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

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

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

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

I. ***Deferred Outflows/Inflows of Resources*** — A deferred outflow of resources is not an asset and is defined as a consumption of net position that is applicable to a future reporting period. The Authority has recorded $356,097 in deferred outflows of resources as of December 31, 2020 related to pensions. A deferred inflow of resources is not a liability and is defined as an acquisition of net position that is applicable to a future reporting period. The Authority has recorded $351,072 in deferred inflows of resources as of December 31, 2020 related to pensions.

J. ***Compensated Absences*** — Compensated absences are absences for which employees will be paid such as vacation and sick leave. The Authority records unpaid leave for compensated absences as an expense and liability when incurred and adjusts the liability and expense at year-end to meet the requirement of GASB Statement No. 16, *Accounting for Compensated Absences.* All regular full-time and part-time employees accrue paid time off leave based on position and the number of years of service. Unused paid time off may accumulate up to a maximum of 1000 hours. Employees are paid for up to 400 hours at the employee's current pay rate upon resignation, retirement, or death. Liabilities for other compensated absences, such as holidays, do not vest and are not considered material. The Authority's liability for future payment of compensated absences as of December 31, 2020 was $409,121.

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

L. ***Pensions*** — For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefits payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

M. Long-Term Debt — See Note 10, Long-Term Debt.

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

N. ***Revenue Recognition*** — Operating subsidies received from HUD and other grantors are generally recognized during the periods to which they relate and all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted. Receipts from the Public Housing Capital Grant Program and other reimbursement-based grants are recognized when the related expenses are incurred. Tenant revenues are recognized during the period of occupancy.

O. ***Revenue and Expenses*** — All revenues and expenses related to the operations of the Authority and its component units are classified as operating revenues and expenses. Non-operating revenues include capital grants and contributions, interest and investment income, gain (losses) on capital asset disposition, and special items gain (loss). Non-operating expenses include interest expense and related charges.

P. ***Tax Status*** — The Authority is qualified as a tax-exempt organization under the provisions of Section 115(1) of the Internal Revenue Code. Under state law (RCW 35.82.210) the Authority is exempt from all taxes imposed by cities, counties, the state or any political subdivision thereof. Accordingly, no provision for income taxes is reflected in the accompanying statements. Pursuant to agreements with the City of Spokane and Spokane County, the Authority makes a Payment in Lieu of Taxes (PILOT) to reimburse the City and County for services provided.

The component units, as partnerships, are required to file IRS form 1065, U.S. Return of Partnership Income and Schedule K-1, which reports the taxable income or loss to be reported by the respective partners allocated in accordance with their percentage of ownership. Management of the partnerships have evaluated the Partnerships' tax positions and concluded that there are no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of FASB ASC 740-10, regarding the reporting of uncertainty in income taxes. With few exceptions, the Partnerships are no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2013.

Q. ***Use of Estimates*** — The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. These estimates are based on management's best knowledge of current events and actions the Authority may undertake in the future. Actual results may ultimately differ from those estimates.

R. ***Budgetary Accounting and Control***– The Authority prepares an annual budget which is presented to the Board of Commissioners and adopted through the passage of a budget resolution prior to the beginning of the fiscal year. Budgets are not, however, legally adopted nor required for financial statement presentation. The Authority maintains budgetary control by not permitting total operating expenses and expenditures for individual programs to exceed their respective budget amounts without the appropriate approvals. All budget amounts lapse at year-end. Encumbrance accounting is not used as an extension of formal budget control.

NOTE 2 — STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

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

NOTE 3 — ADOPTION OF NEW ACCOUNTING STANDARDS:

The Governmental Accounting Standards Board (GASB) issued three new statements, which the Authority adopted during the twelve months ended December 31, 2020:

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* establishes accounting requirements for interest cost incurred before the end of a construction period. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. This Statement is effective

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

for fiscal years beginning after December 15, 2020, as amended by GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The Authority's early adoption of this GASB Standard in 2020 did not have a material impact on the Authority's financial statements.

Statement No. 93, *Replacement of Interbank Offered Rates* addresses accounting and financial reporting implications that result from the replacement of an IBOR (Interbank Offered Rate) – most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing their rates with other reference rates. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021 as amended by GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The Authority's early adoption of this GASB Standard in 2020 did not have a material impact on the Authority's financial statements.

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and no. 84, and a supersession of GASB Statement No. 32,* The objectives of this statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plane) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement are effective as follows:

- The requirements in (1) paragraph 4 of this Statement as it applies to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans and (2) paragraph 5 of this statement are effective immediately. The Authority's adoption of this GASB Standard in 2020 did not have a material impact on the Authority's financial statements.
- The requirements in paragraphs 6-9 of this Statement are effective for fiscal years beginning after June 15, 2021.
- All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

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

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

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

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

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

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement is effective for fiscal years beginning after June 15, 2022.

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

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and no. 84, and a supersession of GASB Statement No. 32,* The objectives of this statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plane) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement are effective as follows:

- The requirements in (1) paragraph 4 of this Statement as it applies to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans and (2) paragraph 5 of this statement are effective immediately.
- The requirements in paragraphs 6-9 of this Statement are effective for fiscal years beginning after June 15, 2021.
- All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

NOTE 4 — Deposits and Investments:

A. *Deposits*

Cash and cash equivalents consist of the following at December 31, 2020 for the Authority and component units:

	2020	
	Primary Government	Component Units
Cash in demand deposits	$ 17,167,846	$ 4,517,023
Local government investment pool	474,078	-
Total deposits	$ 17,641,924	$ 4,517,023

Custodial Credit Risk

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

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

B. *Investments*

The Authority's cash management and investment policy requires that all available cash funds are to be managed to preserve the value of cash resources and to earn the maximum return on funds until they are disbursed. Safety and preservation of capital through prudent stewardship of the Authority's cash funds is a primary objective of the policy. The policy does not permit the Authority to invest in any securities that would be considered as speculative or leveraged investments.

NOTE 4 — Deposits and Investments (continued):

Washington State Law (RCW 35.82.070(6)) limits investments by housing authorities to those investments that are legal for savings banks. In general, permitted investments include: bonds or other obligations issued or guaranteed by the United States; bonds or other obligations issued by any state, county, city, town, special district, or other municipal corporation; time, money market, or savings deposits in qualified public depositories; or loans secured by real property.

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

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

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

Interest Rate Risk

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

Credit Risk

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

Custodial Credit Risk

Custodial Credit risk is the risk that, in the event of failure of the counterparty to a transaction, the Authority will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. The Authority does not have a formal policy for custodial credit risk. As of December 31, 2020, all deposits and investments were insured or registered, and held by the Authority or its agent in the Authority's name, or uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Authority's name, or investment pools that are not classified since the investments are not evidenced by securities that exist in physical or book entry form deposits may not be returned to it. Therefore, the investments are not exposed to custodial risk. The Authority's policy allows for safekeeping of securities either by the agent or a third-party custodian as is the case for the Local Government Investment Pool.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of an investment in a single issuer (not including investments issued or guaranteed by the U.S. government, investments in a mutual fund, or external investment pools). At December 31, 2020, the Authority's investments were limited to investments that were guaranteed by the U.S. Government or to investments in external investment pools.

NOTE 5 — RECEIVABLES

Receivables consisted of the following amounts due to the Authority and component units as of December 31, 2020:

	Primary Government	Component Units
HUD - Housing Choice Voucher Program	$ 14,232	$ -
HUD - Other programs	21,494	-
Other Governments	247,644	-
Tenants accounts receivable - net	26,739	191,427
Other accounts receivable	12,134	10,613
Total receivables, net of allowance	$ 322,243	$ 202,040

NOTE 6 — NOTES AND INTEREST RECEIVABLE FROM COMPONENT UNITS:

The Authority has entered into various loan agreements with its discretely presented component units for acquisition and construction purposes. Changes in notes and interest receivable from component units to the primary government during the twelve months ended December 31, 2020 are summarized in the following table:

	Balance at January 1, 2020	Additions	Reductions	Balance at December 31, 2020	Due Within One Year
Cedar Haven LLLP					
Developer Fee Note	$ 1,157,502	$ -	$ 158,613	$ 998,889	$ -
Seller Financed Note	5,000,000	-	-	5,000,000	-
Sponser Note A	-	54,752	-	54,752	-
Accrued Interest on Notes	594,586	157,853	11,575	740,864	-
	6,752,088	212,605	170,188	6,794,505	-
Parsons LLLP					
Developer Fee Note	100,562	-	51,516	49,046	-
Seller Financed Note	2,225,000	-	-	2,225,000	-
Sponser Note A	700,000	-	-	700,000	-
Sponser Note B	340,000	-	-	340,000	-
Accrued Interest on Notes	296,121	110,998	754	406,365	-
	3,661,683	110,998	52,270	3,720,411	-
Wilbur and Cook Affordable Portfolio LLLP					
Developer Fee Note	7,450,000	-	3,061,579	4,388,421	
Sponser Note A	15,300,000	-	-	15,300,000	
Sponser Note B	3,475,000	-	-	3,475,000	
Accrued Interest on Notes	1,200,841	579,300	-	1,780,141	
	27,425,841	579,300	3,061,579	24,943,562	
Notes Receivable from Component Units	35,748,064	54,752	3,271,708	32,531,108	-
Interest Receivable from Component Units	2,091,548	848,151	12,329	2,927,370	-
	$ 37,839,612	$ 902,903	$ 3,284,037	$ 35,458,478	$ -

Cedar Haven LLLP Notes Receivable

A. Developer Fee Note – Issued on October 1, 2017, for $1,372,618 in connection with the acquisition and development of Cedar Haven LLLP. Any installment of the developer fee not paid when otherwise due shall be deferred with interest at the annual rate of 1% and shall be paid from available cash flows of the Partnership in the priority set forth in the Amended and Restated Agreement of Limited Liability Limited Partnership. Any unpaid balance shall be

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

unconditionally due and payable on the earlier of December 31, 2029, or the date of liquidation of the Partnership. The note is considered to be non-current since repayment is subject to available cash flow of the partnership. For the year ended December 31, 2020 accrued interest on the note was $7,493.

B. Seller Financed Note – A promissory note in the amount of $5,000,000 dated September 30, 2015, was issued in connection with the acquisition of the leasehold in two apartment complexes with 146 units by Cedar Haven LLLP. No annual payments are required on the principle or the interest that accrues at the compounding rate of 2.64% per annum. The note is considered to be non-current as repayment is subject to available cash flows of the Partnership in the priority set forth in the Amended and Restate Agreement of Limited Liability Limited Partnership. The note shall be due and payable in all events on or before December 31, 2055. For the year ended December 31, 2020 accrued interest on the note was $733,372.

C. Sponsor Note A – A promissory note in the amount up to $250,000 dated October 30, 2019, was issued in connection with the conversion of four units to ADA units. The notes bears no interest and no annual payments are required on the principle. The note is considered to be non-current as repayment is subject to available cash flows of the Partnership in the priority set forth in the Amended and Restate Agreement of Limited Liability Limited Partnership. The note shall be due and payable in all events on or before December 31, 2055.

Parsons LLLP Notes Receivable

A. Developer Fee Note – Issued on November 20, 2017, for $151,233 in connection with the acquisition and development of Parsons LLLP. Any installment of the developer fee not paid when otherwise due shall be deferred with interest at the annual rate of 1% and shall be paid from available cash flows of the Partnership in the priority set forth in the Amended and Restated Agreement of Limited Liability Limited Partnership. Any unpaid balance shall be unconditionally due and payable on the earlier of December 31, 2029, or the date of liquidation of the Partnership. The note is considered to be non-current since repayment is subject to available cash flow of the partnership. For the year ended December 31, 2020, accrued interest on the note was $368.

B. Seller Financed Note – A promissory note in the amount of $2,225,000 dated January 29, 2016, was issued in connection with the acquisition of the leasehold in the 50-unit Parsons Apartment complex by Parsons LLLP. No annual payments are required on the principle or the interest that accrues at the compounding rate of 5% annually during the construction period and thereafter at 3.1% compounded annually. The note is considered to be non-current as repayment is subject to available cash flows of the Partnership in the priority set forth in the Amended and Restated Agreement of Limited Liability Limited Partnership. The note shall be due and payable in all events on or before December 31, 2056. For the year ended December 31, 20120, accrued interest on the note was $292,411.

C. Sponsor Note A – A promissory note in the amount of $700,000 dated January 29, 2016, was issued in connection with the acquisition and development of Parsons LLLP. No annual payments are required on the principle or the interest that accrues at 3.1% compounded annually. The note is considered to be non-current as repayment is subject to available cash flows of the Partnership in the priority set forth in the Amended and Restated Agreement of Limited Liability Limited Partnership. The note shall be due and payable in all events on or before December 31, 2056. For the year ended December 31, 2020 accrued interest on the note was $76,849.

D. Sponsor Note B – A promissory note in the amount of $340,000 dated January 29, 2016, was issued in connection with the acquisition and development of Parsons LLLP. No annual payments are required on the principle or the interest that accrues at the compounding rate of 3.1% annually. The note is considered to be non-current as repayment is subject to available cash flows of the Partnership in the priority set forth in the Amended and Restated Agreement of Limited Liability Limited Partnership. The note shall be due and payable in all events on or before December 31, 2056. For the year ended December 31, 2020, accrued interest on the note was $36,737.

Wilbur and Cook Affordable Portfolio LLLP Notes Receivable

A. Developer Fee Note – Issued on September 1, 2017, in connection with the acquisition and development of Wilbur and Cook Affordable Portfolio LLLP. As of December 31, 2020, the balance of the note was $4,388,421. Any installment of the developer fee not paid when otherwise due shall be deferred with no interest and shall be paid

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

from available cash flows of the Partnership in the priority set forth in the Amended and Restated Agreement of Limited Liability Limited Partnership. Any unpaid balance shall be unconditionally due and payable on or before December 31, 2032 in accordance with the Development Agreement dated September 1, 2017 between the Partnership and the Authority or the date of liquidation of the Partnership. The note is considered to be non-current since repayment is subject to available cash flow of the partnership.

B. ***Sponsor Note A*** – A promissory note in the amount of $15,300,000 dated September 14, 2017, was issued in connection with the acquisition and development of Wilbur and Cook Affordable Portfolio LLLP. No annual payments are required on the principle or the interest that accrues at 2.9% compounded annually. The note is considered to be non-current as repayment is subject to available cash flows of the Partnership in the priority set forth in the Amended and Restated Agreement of Limited Liability Limited Partnership. The note shall be due and payable in all events on or before December 31, 2057. For the year ended December 31, 2020 accrued interest on the note was $1,513,762.

C. ***Sponsor Note B*** – A promissory note in the amount of $3,475,000 dated September 14, 2017, was issued in connection with the acquisition and development of Wilbur and Cook Affordable Portfolio LLLP. No annual payments are required on the principle or the interest that accrues at the compounding rate of 2.9% annually. The note is considered to be non-current as repayment is subject to available cash flows of the Partnership in the priority set forth in the Amended and Restated Agreement of Limited Liability Limited Partnership. The note shall be due and payable in all events on or before December 31, 2057. For the year ended December 31, 2020 accrued interest on the note was $266,378.

NOTE 7 — CAPITAL ASSETS:

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

Primary Government:

Changes in capital assets of the primary government during the period ended December 31, 2020 are shown below:

	January 1, 2020	Additions	Dispositions/ transfers	December 31, 2020
Capital Assets Not Depreciated:				
Land	$ 1,227,563	$ -	$ (602,025)	$ 625,538
Construction In Progress	1,213,958	783,196	(1,997,154)	-
Total Capital Assets Not Depreciated	2,441,521	783,196	(2,599,179)	625,538
Capital Assets Being Depreciated:				
Buildings	8,721,035	-	(1,292,442)	7,428,593
Leasehold Improvements	2,757,588	23,402	(1,073,170)	1,707,820
Equipment	797,843	452,754	(177,035)	1,073,562
Intangible Assets	156,694	59,674	-	216,368
Total Capital Assets Being Depreciated	12,433,160	535,830	(2,542,647)	10,426,343
Accumulated Depreciation:				
Buildings	6,170,462	219,721	(2,996,945)	3,393,238
Leasehold Improvements	1,534,520	110,358	(771,109)	873,769
Equipment	690,153	64,252	(168,111)	586,294
Intangible Assets	45,694	17,725	-	63,419
Total Accumulated Depreciation	8,440,829	412,056	(3,936,165)	4,916,720
Total Capital Assets	$ 6,433,852	$ 906,970	$ (1,205,661)	$ 6,135,161

NOTE 7 — CAPITAL ASSETS (continued):

Capital asset additions of $1,319,026 are attributable to the renovations of the new administrative building with the remaining as small improvements and administration equipment purchases. Net capital asset dispositions and transfers of $5,141,826 represent transfers from construction in progress for placed in service assets related to the completion of the remodel of the 25 W. Nora Avenue administrative building as well as the disposition in December 2020 of the former administrative building located at 55 W. Mission and the ongoing sale of the former Public Housing scattered sites homes.

Preliminary costs incurred for proposed projects are postponed pending construction of the project. Costs relating to projects ultimately constructed are transferred to the project. Charges that relate to abandoned projects are expensed.

Component Units:

Changes in capital assets of the component units during the period ended December 31, 2020 are shown below:

	January 1, 2020	Additions	Dispositions/ transfers	December 31, 2020
Capital Assets Not Depreciated:				
Land	$ 2,576,941	$ -	$ -	$ 2,576,941
Construction In Progress	-	14,009	-	14,009
Total Capital Assets Not Depreciated	2,576,941	14,009	-	2,590,950
Capital Assets Being Depreciated:				
Buildings	109,280,183	51,730	-	109,331,913
Leasehold Improvements	2,434,445	32,607	-	2,467,052
Equipment	2,643,710	201,392	(4,985)	2,840,117
Total Capital Assets Being Depreciated	114,358,338	285,729	(4,985)	114,639,082
Accumulated Depreciation:				
Buildings	15,641,625	3,024,625	-	18,666,250
Leasehold Improvements	315,910	151,116	(4,019)	463,007
Equipment	916,064	252,386	-	1,168,450
Total Accumulated Depreciation	16,873,599	3,428,127	(4,019)	20,297,707
Total Capital Assets	$ 100,061,680	$ (3,128,389)	$ (966)	$ 96,932,325

Capital Assets additions for component units of $299,793 are primarily attributable to a new Radon system at Heritage Heights Apartments and Westfall Village Apartments (Wilbur and Cook Affordable Portfolio, LLLP) and a new security system at Cornerstone Courtyard (Cornerstone Courtyard – Borning Building LP; with the remaining additions being small improvements made throughout the property portfolio. During the twelve-month period ended December 31, 2020 the Component Units did not incur interest costs related to the acquisition and construction of capital assets.

NOTE 8 —CONSTRUCTION COMMITMENTS:

There were no significant components of construction in progress for the primary government on December 31, 2020. Construction in progress represents expenses to date on projects for which authorization total $183,473. The following schedule shows the significant components of construction in progress for the component units on December 31, 2020:

	Project Authorization	Expended through 12/31/2020	Committed
Cedar Haven - Cedar West ADA Project	183,473	14,009	169,464
	$ 183,473	$ 14,009	$ 169,464

NOTE 9 — OTHER NONCURRENT ASSETS:

Noncurrent assets consist of the following on December 31, 2020:

	Primary Government	Component Units
Financing Costs, Net of Accumulated Amortization	$ -	$ 384,166
Partnership Management Fee Receivable	186,510	-
Other Noncurrent Assets	62,194	
Total Noncurrent Assets	$ 248,704	$ 384,166

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

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

A summary of changes in long-term debt and long-term liabilities for the period ended December 31, 2020 is as follows:

	Balance at January 1 2020	Additions	Reductions	Balance at December 31, 2020	Due Within One Year
Revenue Bonds:					
Washington Trust Bank					
Hifumi En Apartments (2014)	330,712		(26,674)	304,038	25,410
Banner Bank					
Authority Administrative Building	968,319	-	(221,601)	746,718	33,007
Total Revenue Bonds	1,299,031	-	(248,275)	1,050,756	58,417
Direct Borrowings:					
City of Spokane:					
Hifumi En Apartments	330,000	-	-	330,000	-
Spokane County					
SHA - Valley 206	417,727	-		417,727	-
State of Washington Department of Commerce					
SHA - Cedar West	500,348	-	(9,471)	490,877	9,517
Hifumi En Apartments	-	148,830	-	148,830	
Hifumi En Apartments	1,059,955	5,169	-	1,065,124	-
Total Direct Borrowings	2,308,030	153,999	(9,471)	2,452,558	9,517
Total Long-Term Debt	3,607,061	153,999	(257,746)	3,503,314	67,934
Accrued Compensated Absences	327,799	353,836	(272,514)	409,121	43,957
Net Pension Liability	1,077,832	8,120	-	1,085,952	-
Accrued Interest Payable	27,595	17,337	(6,894)	38,038	6,670
Total Noncurrent Liabilities	$ 5,040,287	$ 533,292	$ (537,154)	$ 5,036,425	$ 118,561

Washington Trust Bank – Hifumi En Apartments (2014) – Issued September 23, 2014, for $459,780 for the refunding of the Washington Trust Bank – Hifumi En Apartments (2004) note. The interest rate on the new note is the Five-Year Federal Home Loan Bank Intermediate/Long Term, Fixed Rate Advance plus 2.5% adjusted at the five-year anniversary. As of December 31, 2020, the rate was 5.00% with monthly payments of $3,552. Debt service is paid from revenues of the Hifumi En Apartments and is secured by a deed of trust on the property. There is no prepayment penalty and upon default, lender may declare the entire unpaid principal balance and all accrued unpaid interest immediately due. The final payment is due October 5, 2024. For the year ended December 31, 2020, accrued interest on the note was $1,279.

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

Banner Bank – Authority Administrative Building – Issued July 27, 2018, in the original amount of $1,000,000, to purchase the office building at 25 W. Nora Avenue for the administrative offices of the Authority with monthly payments of $5,558 at 4.50% interest per annum for 15 years. Debt service is paid from general revenues of the Authority and is secured by a deed of trust on the property. Final payment is due August 1, 2033. A prepayment premium of 3% is applied if prepayment is within the first year of this note, 2% for prepayment in the second year and 1% in the third through fifth years of the note. Upon an event of default, lender may declare the entire unpaid principal balance on this note and all accrued unpaid interest immediately due. For the year ended December 31, 2020, accrued interest on the note was $3,550.

City of Spokane – Hifumi En – Direct borrowing issued for the renovation of eleven units at Hifumi En Apartments; in the amount of $330,000. The note bears interest of 3% compounding monthly. Payment of principal and interest shall be deferred during the HOME Affordability Period which is ten (10) years beginning after Project Completion (February 5, 2019). Principal and interest shall then be payable in equal amortized installments on the first day of each month commencing immediately after the HOME Affordability Period ends in the amount required to fully amortize the outstanding principal and accrued interest on this note during the remaining City Affordability Period. The City Affordability Period is twenty (20) years beginning after Project Completion. There is no prepayment penalty and upon default, the City may declare the debt incurred hereunder and immediately due and payable. For the year ended December 31, 2020, accrued interest on the note was $31,368.

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

State of Washington Department of Commerce – SHA-Cedar West – In the initial amount of $498,342 to remediate mold at the Cedar West Apartments. The note was amended on April 1, 2016, whereas the second deed of trust held by the State of Washington Department of Commerce was released and terminated in exchange for a pledge of the Authority's general revenues. The new loan balance was restated at $528,477 ($498,342, original loan amount plus $30,135 accrued interest through March 31, 2016) and shall accrue interest at .5% per annum. Payment of $11,972 shall be made annually on March 31st through the maturity date of March 31, 2066. If the property is sold or its use changes to something other than that stated in Section 2.05 of the contract prior to the commitment period, the balance plus an amount representing the Department's shared appreciation shall be due and payable within 30 days of sale or change of use. For the year ended December 31, 2020, accrued interest on the note was $1,841. No change in the use of the property had taken place as of fiscal year ended December 31, 2020.

State of Washington Department of Commerce – Hifumi En Apartments – Elevator modernization, for $148,830. The commitment period for this grant began on August 14, 2019, and will continue for 15 years, ending on August 13, 2034. This is a recoverable grant earning 0% interest and will have no expectation of repayment if the terms and conditions of the contract have been met through the commitment period. However, if the property is sold, refinanced, transferred, the use changes during the commitment period, or the is materially out of compliance with the terms and conditions of the contract, the award amount, plus a proportional share of the appreciated value of the property will be due and payable within thirty (30) days of such event.

State of Washington Department of Commerce – Hifumi En Apartments – Purchase the Hifumi En Apartments, for $995,000. A portion of the note, $450,000, accrues interest at 1.0% compounded quarterly. This portion of the note is deferred for thirty years until July 1, 2036, at which time payments of $15,971 are due quarterly thereafter. The remainder of the note, $545,000, is a recoverable grant if after forty years the use of the property does not change from its current use as housing for the low income and disabled. In the event the property is sold, refinanced, or the property is not used as required by the contract prior to the end of the 40-years required, lender shall be entitled to the unpaid principal balance of this note and any accrued interest. The note is secured by a second deed of trust on the property. Deferred interest totaling $5,169 was

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

capitalized during the period ended December 31, 2020. No change in the use of the property had taken place as of the end of fiscal year ended December 31, 2020.

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

Year ended December 31,	Principal	Interest	Total
2021	67,934	50,916	118,850
2022	71,580	47,270	118,850
2023	74,617	44,234	118,851
2021	272,125	39,378	311,503
2025	50,107	28,565	78,672
2026-2030	698,601	209,009	907,610
2031-2035	701,362	132,801	834,163
2036-2040	476,412	37,645	514,057
2041-2045	362,742	16,535	379,277
2046-2050	544,186	92,615	636,801
2051-2055	55,824	4,036	59,860
2056-2060	57,233	2,626	59,859
2061-2065	58,679	1,181	59,860
2066-2070	11,912	60	11,972
	$ 3,503,314	$ 706,871	$ 4,210,185

B. ***Conduit Debt***

RCW 35.82 provides that Housing Authorities are authorized to facilitate the issuance of tax-exempt non-recourse revenue bonds to finance housing projects. Conduit revenue bonds issued by the Authority are payable from revenues derived as a result of the project activities funded by the revenue bonds and are secured by deeds of trust on the underlying projects. The bonds are neither a liability nor contingent liability of the Authority nor a lien on any of its properties or revenues other than for the project for which they are issued. The outstanding revenue bonds are not recorded in the Authority's financial statements, as they represent conduit debt obligation under GASB Interpretation No. 2. The Authority as of December 31, 2020 is not participating in conduit debt transactions.

C. ***General Revenue Pledge***

The Authority issues certain bonds and notes that are secured by the general revenues of the Authority. For some borrowings, revenues from the properties are intended to be the primary source of repayment and the general revenues of the Authority would be used only if those revenues are not sufficient to cover the required payments. For the period ended December 31, 2020 general revenues were $4,529,049 and the total pledged revenues are as follows:

	Principal balance at December 31, 2020	Total Future Revenues Pledged	Proportion of Annual Debt Service Pledged to 2020 General Revenues	Term of Commitment	Average Annual Debt Service
General revenues are primary repayment source:					
State of Washington Department of Commerce: Cedar West	$ 490,877	$ 550,712	0.26%	2066	$ 11,972
Promissory Note: Nora Office Building	746,718	1,026,288	1.47%	2033	66,700
	$ 1,237,595	$ 1,577,000			$ 78,672

General Revenues Calculation: $ 4,529,049

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

D. Long Term Debt – Component Units

A summary of changes in long-term debt and long-term liabilities for component units for the period ended December 31, 2020 is as follows:

	Balance at January 1, 2020	Additions	Reductions	Balance at December 31, 2020	Due Within One Year
Revenue Bonds:					
Cedar Haven LLLP	$ 6,275,434	$ -	$ (81,835)	$ 6,193,599	$ 92,979
Parsons LLLP	974,065	-	(12,643)	961,422	14,365
Wilbur and Cook LLLP	17,978,673	-	(238,891)	17,739,782	269,809
Total Bonds Payable	25,228,172	-	(333,369)	24,894,803	377,153
Direct Borrowings:					
City of Spokane:					
Martindale Apartments LP	500,000	-	-	500,000	-
Cornerstone II -The Borning Building LP	220,407	-	(4,739)	215,668	5,425
Cornerstone II -The Borning Building LP	88,477	-	-	88,477	-
Washington State Department of Commerce					
Martindale Apartments LP	2,235,830	-	-	2,235,830	-
Cornerstone II -The Borning Building LP	980,000	-	(35,000)	945,000	35,000
Cornerstone II - Helena Apartments LP	960,000	-	(15,000)	945,000	15,000
Spokane Housing Authority					
Cedar Haven LLLP - Seller Financing Note	5,000,000	-	-	5,000,000	-
Parsons LLLP - Seller Financing Note	2,225,000	-	-	2,225,000	-
Cedar Haven LLLP - Developer Fee Note	1,157,501	-	(158,613)	998,888	-
Parsons LLLP - Developer Fee Note	100,562	-	(51,517)	49,045	-
Wilbur and Cook LLLP - Developer Fee Note	7,450,000	-	(3,061,579)	4,388,421	-
Cedar Haven LLLP - Sponser Note A	-	54,752	-	54,752	-
Parsons LLLP - Sponser Note A	700,000	-		700,000	-
Parsons LLLP - Sponser Note B	340,000	-		340,000	-
Wilbur and Cook LLLP - Sponser Note A	15,300,000	-	-	15,300,000	-
Wilbur and Cook LLLP - Sponser Note B	3,475,000	-	-	3,475,000	-
Federal Home Loan Bank			-		
Cornerstone II -The Borning Building LP	200,000	-	-	200,000	-
Washington State HFC					
Martindale Apartments LP	663,532	-	-	663,532	-
Total Direct Borrowings	41,596,309	54,752	(3,326,448)	38,324,613	55,425
Debt Issuance Cost	(666,401)	-	39,437	(626,964)	
Total long-term debt	66,158,080	54,752	(3,620,380)	62,592,452	432,578
Accrued Interest Payable	2,303,983	1,036,354	(110,993)	3,229,344	79,871
Non-current liabilities - Other	212,503	47,502	(73,495)	186,510	-
Total noncurrent liabilities	$68,674,566	$ 1,138,608	$ (3,804,868)	$ 66,008,306	$ 512,449

Cedar Haven LLLP – Revenue Bond – Per the original Promissory Note dated September 30, 2015, the original Interim Renovation Loan ($11,500,000) which was issued for acquisition and development of the Cedar Haven LLLP, was converted upon completion of the renovation, into a Term Loan in the amount of $6,450,000 on October 31, 2017. An interest-only payment was due on the first day of the first full calendar month following date of conversion followed by monthly payments of principal and interest commencing the first day of the second full month following the conversion date with an interest rate of 4.25% with a final payment of principal and interest due October 1, 2034. The final payment will be for all principal and accrued interest not yet paid, together with any other unpaid amounts under the note. A prepayment fee will be charged

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

if the loan is paid in advance before the two-year period prior to the Term Loan maturity date. Upon an event of default, lender may declare the entire unpaid principal balance on this note and all accrued unpaid interest immediately due. The note is secured by a deed of trust on the partnership's leasehold interest in Cedar West Apartments and Woodhaven Apartments. For the year ended December 31, 2020, accrued interest on the bond was $21,936.

Parsons LLLP – Revenue Bond – Per the original Promissory Note dated January 26, 2016, the original Interim Renovation Loan ($3,100,000) which was issued for acquisition and development of the Parsons LLLP, was converted upon completion of the renovation, into a Term Loan in the amount of $1,000,000 on December 15, 2017. An interest-only payment was due on the first day of the first full calendar month following date of conversion followed by monthly payments of principal and interest commencing the first day of the second full month following the conversion date with an interest rate of 4.25% with a final payment of principal and interest due February 1, 2035. The final payment will be for all principal and accrued interest not yet paid, together with any other unpaid amounts under the note. A prepayment fee will be charged if the loan is paid in advance before the two-year period prior to the Term Loan maturity date. Upon an event of default, lender may declare the entire unpaid principal balance on this note and all accrued unpaid interest immediately due. The note is secured by a deed of trust on the partnership's leasehold interest in Parsons Apartments. For the year ended December 31, 2020, accrued interest on the bond was $3,405.

Wilbur and Cook Affordable Portfolio LLLP – Revenue Bond – Per the original Promissory Note dated September 14, 2017, the original Interim Renovation Loan ($33,350,000) which was issued for the acquisition and development of the Wilbur and Cook Affordable Portfolio, was converted upon completion of the renovation, into a Term Loan in the amount of $18,000,000 on November 13, 2019. An interest only payment was due on the first day of the first full calendar month following date of conversion followed by monthly payments of principal and interest commencing the first day of the second full month following the conversion date with an interest rate of 3.625% with a final payment of principal and interest due June 1, 2036. The final payment will be for all principal and accrued interest not yet paid, together with any other unpaid amounts under the note. A prepayment fee will be charged if the loan is paid in advance before the two-year period prior to the Term Loan maturity date. Upon an event of default, lender may declare the entire unpaid principal balance on this note and all accrued unpaid interest immediately due. The note is secured by a deed of trust on the partnership's leasehold interest in Heritage Heights Apartments, Westfall Village Apartments and Valley 206 Apartments. For the year ended December 31, 2020, accrued interest on the bond was $53,589.

City of Spokane – Martindale Apartments LP – Direct borrowing issued in 2010 in the amount of $500,000 for remediation of lead-based paint at the Agnes Kehoe Apartments, with simple interest rate of 0.75%. Payments of principal and interest are deferred until forty-one years from January 31, 2012. One payment of $500,000 will be due and payable on January 31, 2053. The loan is secured by a deed of trust on the partnership's leasehold interest in Agnes Kehoe Place. For the year ended December 31, 2020, accrued interest on the note was $36,899.

City of Spokane – Cornerstone II – The Borning Building LP – Direct borrowing issued in 2006 in the amount of $250,000 for rehabilitation of the Cornerstone Courtyard, interest rate at 5.32%. Payments of principal and interest were deferred until December 1, 2007, after which time monthly payments of $1,397 began for the 30-year term of the note. The loan is secured by a deed of trust on the partnership's leasehold interest in the Cornerstone Courtyard Apartments. In the event of default in the payment of any amount due, the entire unpaid principal amount of this note, together with accrued interest, shall immediately become due and payable. For the year ended December 31, 2020, accrued interest on the bond was $941.

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

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

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

entitled to the unpaid principal balance of this note and any accrued interest and an amount representing the prorated, appreciated value of the property as defined in the contract. For the year ended December 31, 2020, accrued interest on the note was $85,590.

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

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

Spokane Housing Authority – Cedar Haven LLLP – Seller Financing Note –Direct borrowing in the amount of $5,000,000 dated September 30, 2015, was issued to Cedar Haven LLLP in connection with the acquisition of the leasehold in two apartment complexes with 146 units. No annual payments are required on the principle or the interest that accrues at the compounding rate of 2.64% per annum. The note is considered to be non-current as repayment is subject to available cash flows of the Partnership in the priority set forth in the Amended and Restated Agreement of Limited Liability Limited Partnership. The note shall be due and payable in all events on or before December 31, 2055, and is secured by a deed of trust on the partnership's leasehold interest in Cedar West Apartments and Woodhaven Apartments. In the event of default, the entire principal debt, or so much thereof as may remain unpaid at the time, and all interest, fees and charges accrued thereon, shall become due and payable immediately. For the year ended December 31, 2020, accrued interest on the note was $733,372.

Spokane Housing Authority – Parsons LLLP – Seller Financing Note – Direct borrowing in the amount of $2,225,000 dated January 29, 2016, was issued to Parsons LLLP in connection with the acquisition of the leasehold in the 50 unit Parsons Apartment complex. No annual payments are required on the principle or the interest that accrues at the compounding rate of 5% annually during the construction period and thereafter at 3.1% compounded annually. The note is considered to be non-current as repayment is subject to available cash flows of the Partnership in the priority set forth in the Amended and Restated Agreement of Limited Liability Limited Partnership. The note shall be due and payable in all events on or before December 31, 2056, and is secured by a deed of trust on the partnership's leasehold interest in the Parsons Apartments. In the event of default, the entire principal debt, or so much thereof as may remain unpaid at the time, and all interest, fees and charges accrued thereon, shall become due and payable immediately. For the year ended December 31, 2020, accrued interest on the note was $292,411.

Spokane Housing Authority – Cedar Haven LLLP – Developer Fee Note - Issued on October 1, 2017, for $1,372,619 in connection with the acquisition and development of Cedar Haven LLLP. As of December 31, 2020, the balance of the note was $998,888. Any installment of the developer fee not paid when otherwise due shall be deferred with interest at the annual rate of 1% and shall be paid from available cash flows of the Partnership in the priority set forth in the Amended and Restated Agreement of Limited Liability Limited Partnership. Any unpaid balance shall be unconditionally due and payable on the earlier of December 31, 2029, or the date of liquidation of the Partnership. The note is secured by a deed of trust on the partnership's leasehold interest in Cedar West Apartments and Woodhaven Apartments. The note is considered to be non-current since repayment is subject to available cash flow of the partnership. For the year ended December 31, 2020, accrued interest on the note was $7,493.

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

Spokane Housing Authority - Parsons LLLP – Developer Fee Note - Issued on November 20, 2017, for $151,233 in connection with the acquisition and development of Parsons LLLP. As of December 31, 2020, the balance of the note was $49,045. Any installment of the developer fee not paid when otherwise due shall be deferred with interest at the annual rate of 1% and shall be paid from available cash flows of the Partnership in the priority set forth in the Amended and Restated Agreement of Limited Liability Limited Partnership. Any unpaid balance shall be unconditionally due and payable on the earlier of December 31, 2029, or the date of liquidation of the Partnership. The note is secured by a deed of trust on the partnership's leasehold interest in the Parsons Apartments. The note is considered to be non-current since repayment is subject to available cash flow of the partnership. For the year ended December 31, 2020, accrued interest on the note was $368.

Spokane Housing Authority Wilbur and Cook Affordable Portfolio LLLP – Developer Fee Note - Issued on September 1, 2017, for $7,450,000 in connection with the acquisition and development of Wilbur and Cook Affordable Portfolio LLLP. As of December 31, 2020, the balance of the note was $4,338,421. Any installment of the developer fee not paid when otherwise due shall be deferred with no interest and shall be paid from available cash flows of the Partnership in the priority set forth in the Amended and Restated Agreement of Limited Liability Limited Partnership. Any unpaid balance shall be unconditionally due and payable on or before December 31, 2032, in accordance with the Development Agreement dated September 1, 2017 between the Partnership and the Authority or the date of liquidation of the Partnership. The note is considered to be non-current since repayment is subject to available cash flow of the partnership.

Spokane Housing Authority Parsons LLLP – Sponsor Note A – promissory note in the amount of $700,000 dated January 29, 2016, was issued in connection with the acquisition and development of Parsons LLLP. No annual payments are required on the principle or the interest that accrues at 3.1% compounded annually. The note is considered to be non-current as repayment is subject to available cash flows of the Partnership in the priority set forth in the Amended and Restate Agreement of Limited Liability Limited Partnership. The note shall be due and payable in all events on or before December 31, 2056 and is secured by a deed of trust on the partnership's leasehold interest in the Parsons Apartments. In the event of default, the entire principal debt, or so much thereof as may remain unpaid at the time, and all interest, fees and charges accrued thereon, shall become due and payable immediately. For the year ended December 31, 2020 accrued interest on the note was $76,849.

Spokane Housing Authority Parsons LLLP – Sponsor Note B – Direct borrowing in the amount of $340,000 dated January 29, 2016, was issued in connection with the acquisition and development of Parsons LLLP. No annual payments are required on the principle or the interest that accrues at the compounding rate of 3.1% annually. The note is considered to be non-current as repayment is subject to available cash flows of the Partnership in the priority set forth in the Amended and Restated Agreement of Limited Liability Limited Partnership. The note shall be due and payable in all events on or before December 31, 2056 and is secured by a deed of trust on the partnership's interest in the Parsons Apartments. In the event of default, the entire principal debt, or so much thereof as may remain unpaid at the time, and all interest, fees and charges accrued thereon, shall become due and payable immediately. For the year ended December 31, 2020 accrued interest on the note was $36,737.

Spokane Housing Authority Wilbur and Cook Affordable Portfolio LLLP – Sponsor Note A – A promissory note in the amount of $15,300,000 dated September 14, 2017, was issued in connection with the acquisition and development of Wilbur and Cook Affordable Portfolio LLLP. No annual payments are required on the principle or the interest that accrues at 2.9% compounded annually. The note is considered to be non-current as repayment is subject to available cash flows of the Partnership in the priority set forth in the Amended and Restate Agreement of Limited Liability Limited Partnership. The note shall be due and payable in all events on or before December 31, 2057 and is secured by a deed of trust in the partnership's interest in Heritage Heights Apartments, Westfall Village Apartments, and Valley 206 Apartments. In the event of default, the entire principal debt, or so much thereof as may remain unpaid at the time, and all interest, fees and charges accrued thereon, shall become due and payable immediately. For the year ended December 31, 2020 accrued interest on the note was $1,513,762.

Spokane Housing Authority Wilbur and Cook Affordable Portfolio LLLP – Sponsor Note B – A promissory note in the amount of $3,475,000 dated September 14, 2017, was issued in connection with the acquisition and development of Wilbur and Cook Affordable Portfolio LLLP. No annual payments are required on the principle or the interest that accrues at the compounding rate of 2.9% annually. The note is considered to be non-current as repayment is subject to available cash flows of the Partnership in the priority set forth in the Amended and Restate Agreement of Limited Liability Limited Partnership. The note

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

shall be due and payable in all events on or before December 31, 2057 and is secured by a deed of trust in the partnership's interest in Heritage Heights Apartments, Westfall Village Apartments, and Valley 206 Apartments. In the event of default, the entire principal debt, or so much thereof as may remain unpaid at the time, and all interest, fees and charges accrued thereon, shall become due and payable immediately. For the year ended December 31, 2020 accrued interest on the note was $266,378.

Federal Home Loan Bank – Cornerstone II – The Borning Building LP – Direct borrowing issued July 31, 2006, in the amount of $200,000 for rehabilitation of the Cornerstone Courtyard, with the interest rate of 1.5%. Principal and interest payments are deferred for 40 years, until July 31, 2046, at which time the entire unpaid principal balance and accrued interest is due. The loan is secured by a deed of trust on the partnership's leasehold interest in the Cornerstone Courtyard Apartments. In the event a default is made in the payment of any amount payable, then, at the option of holder, subject to the applicable cure periods set forth in the loan agreement, the entire indebtedness evidenced hereby shall become immediately due and payable. For the year ended December 31, 2020 accrued interest on the note was $47,940.

Washington State Housing Finance Commission – Martindale Apartments LP – Issued in 2008 in the amount of $663,532 refinancing the Washington Trust Loan used to acquire the property. The loan is issued at 0% interest with payments deferred for 40 years. Accordingly, payment will be due on December 31, 2048. The loan is secured by a deed of trust on the partnership's leasehold interest in Agnes Kehoe Place. In the event the property is sold, or the property is not used as required by the loan agreement, lender shall be entitled to the unpaid principal balance of this note and any accrued interest. For the year ended December 31, 2020 accrued interest on the note was $51,674.

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

Year ended December 31,	Principal	Interest	Total
2021	$ 393,141	$ 991,403	$ 1,384,544
2022	408,032	976,512	1,384,544
2023	423,509	961,036	1,384,545
2024	439,587	944,955	1,384,542
2025	456,309	928,234	1,384,543
2026-2030	3,604,100	4,468,597	8,072,697
2031-2035	12,454,711	3,550,288	16,004,999
2036-2040	12,754,168	265,447	13,019,615
2041-2045	253,073	25,866	278,939
2046-2050	1,576,110	369,980	1,946,090
2051-2055	7,789,712	10,056,048	17,845,760
2056-2060	22,040,000	48,173,414	70,213,414
	$ 62,592,452	$ 71,711,780	$ 134,304,232

E. ***Arbitrage Compliance***

The Authority periodically monitors for the existence of any rebate of arbitrage interest associated with its tax-exempt debt. The rebate is based on the differential between the interest earnings from the investment of bond proceeds as compared to the interest expense associated with the respective bonds. As of December 31, 2020, the Authority estimates that no arbitrage rebate exists in conjunction with its debt reserve funds, and therefore no liability exists.

F. ***Unamortized Debt Issue Costs***

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

NOTE 11 — LEASES:

A. *Operating Leases*

The Authority leases various office equipment under non-cancelable operating leases. The total costs for such leases for the Authority was $16,167 for the period ended December 31, 2020 and $11,664 for the component units for the period ended December 31, 2020. Future lease commitments are as follows:

Operating Leases

Year Ending Dec 31,	Primary Government	Component Units
2021	$ 14,647	$ 11,664
2022	2,488	11,664
2023	-	972
	$ 17,135	$ 24,300

B. *Capital Leases*

The Authority has no current capital lease obligations as of December 31, 2020.

NOTE 12 — PENSION PLANS:

The following table represents the aggregate pension amounts for all plans for the year 2020:

Aggregate Pension Amounts - All Plans		
Pension liabilities	$	(1,085,952)
Pension assets	$	-
Deferred outflows of resources	$	356,097
Deferred inflows of resources	$	(351,072)
Pension expense/expenditures	$	54,557

State Sponsored Pension Plans

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

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

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

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

NOTE 12 — PENSION PLANS (continued):

Public Employees' Retirement System (PERS)

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

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

Contributions –

The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the State Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2020 were as follows:

PERS Plan 1 Actual Contribution Rates:		Employer	Employee
January - August 2020:			
PERS Plan 1		7.92%	6.00%
PERS Plan 1 UAAL		4.76%	
Administrative Fee		0.18%	
	Total	12.86%	6.00%
September - December 2020			
PERS Plan 1		7.92%	6.00%
PERS Plan 1 UAAL		4.87%	
Administrative Fee		0.18%	
	Total	12.97%	6.00%

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

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

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

NOTE 12 — PENSION PLANS (continued):

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

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

Contributions

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

PERS Plan 2/3		
Actual Contribution Rates:	Employer 2/3	Employee 2
January - August 2020:		
PERS Plan 2/3	7.92%	7.90%
PERS Plan 1 UAAL	4.76%	
Administrative Fee	0.18%	
Employee PERS Plan 3		varies
Total	12.86%	7.90%
September - December 2020		
PERS Plan 2/3	7.92%	7.90%
PERS Plan 1 UAAL	4.87%	
Administrative Fee	0.18%	
Employee PERS Plan 3		varies
Total	12.97%	7.90%

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

The Spokane Housing Authority's actual PERS plan contributions were $164,482 to PERS Plan 1 and $271,509 to PERS Plan 2/3 for the period ended December 31, 2020.

Actuarial Assumptions

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

Additional assumptions for subsequent events and law changes are current as of the 2019 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2020. Plan liabilities

NOTE 12 — PENSION PLANS (continued):

were rolled forward from June 30, 2019, to June 30, 2020, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

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

Mortality rates were developed using the Society of Actuaries' Pub. H-2020 mortality rates, which vary by member status, as the base table. The OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society Actuaries, to project mortality rates for every year after the 2010 base table. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

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

- OSA updated its demographic assumptions based on the results of its latest demographic experience study. See OSA's 2013-2018 Demographic Experience Study at leg.wa.gov/osa.
- OSA updated the Early Retirement Factors and Joint-and-Survivor factors used in its model to match the ones implemented by DRS on October 1, 2020. These factors are used to value benefits for members who elect to retire early and for survivors of members that die prior to retirement.
- The valuation includes liabilities and assets for Plan 3 members purchasing Total Allocation Portfolio annuities when determining contribution rates and funded status.
- OSA simplified its modeling of medical premium reimbursements for survivors of duty-related deaths in LEOFF 2.
- OSA changed its method of updating certain data items that change annually, including the public safety duty-related death lump sum and Washington state average wage OSA set these values at 2018 and will project them into the future using assumptions until the next Demographic Experience Study in 2025. See leg.wa.gov/osa for more information on this method change.

Discount Rate

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

To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA's assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.4 percent was used to determine the total liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on DRS pension plan investments of 7.4 percent was determined using a building-block method. In selecting this assumption, the Office of the State Actuary (OSA) reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMA's) and simulated expected investment returns provided by the *Washington State Investment Board*

NOTE 12 — PENSION PLANS (continued):

(WSIB). The WSIB uses the CMA's and their target asset allocation to simulate future investment returns at various time horizons.

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents WSIB's most recent long-term estimate of broad economic inflation.

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

Sensitivity of the Net Pension Liability/(Asset)

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

	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
PERS 1	$ 925,655	$ 739,013	$ 576,241
PERS 2/3	2,158,747	346,939	(1,145,086)
	$ 3,084,402	$ 1,085,952	$ (568,845)

Pension Plan Fiduciary Net Position

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

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

At June 30, 2020, the Spokane Housing Authority reported a total pension liability of $1,085,952 for its proportionate share of the net pension liabilities as follows:

	Liability (or Asset)
PERS 1	$ 739,013
PERS 2/3	346,939
TOTAL	$ 1,085,952

NOTE 12 — PENSION PLANS (continued):

At June 30, 2020 the Spokane Housing Authority's proportionate share of the collective net pension liabilities was as follows:

	Proportionate Share 6/30/19	Proportionate Share 6/30/20	Change in Proportion
PERS 1	0.021133%	0.020932%	-0.000201%
PERS 2/3	0.027303%	0.027127%	-0.000176%

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

LEOFF Plan 1 allocation percentages are based on the total historical employer contribution to LEOFF 1 from 1971 through 2000 and the retirement benefit payments in fiscal year 2020. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2020, the state of Washington contributed 87.12 percent of LEOFF 1 employer contributions and all other employers contributed the remaining 12.88 percent of employer contributions. LEOFF 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. The allocation method the plan chose reflects the projected long-term contribution effort based on historical data.

In fiscal year 2020, the state of Washington contributed 39 percent of LEOFF 2 employer contributions pursuant to RCW 41.26.725 and all other employers contributed the remaining 61 percent of employer contributions.

The collective net pension liability (asset) was measured as of June 30, 2020, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2019, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended December 31, 2020, the Spokane Housing Authority recognized pension expense as follows:

	Pension Expense
PERS 1	$ 29,010
PERS 2/3	25,547
TOTAL	$ 54,557

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2020, the Spokane Housing Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Net difference between projected and actual investment earnings on pension plan investments	$ -	$ 4,115
Changes of assumptions	$ -	$ -
Changes in proportion and differences between contributions and proportionate share of contributions	$ -	$ -
Contributions subsequent to the measurement	$ 86,012	$ -
TOTAL	$ 86,012	$ 4,115

NOTE 12 — PENSION PLANS (continued):

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 124,199	$ 43,480
Net difference between projected and actual investment earnings on pension plan investments	$ -	$ 17,619
Changes of assumptions	$ 4,941	$ 236,989
Changes in proportion and differences between contributions and proportionate share of contributions	$ -	$ 48,869
Contributions subsequent to the measurement	$ 140,945	$ -
TOTAL	$ 270,085	$ 346,957

Total All Plans	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 124,199	$ 43,480
Net difference between projected and actual investment earnings on pension plan investments	$ -	$ 21,734
Changes of assumptions	$ 4,941	$ 236,989
Changes in proportion and differences between contributions and proportionate share of contributions	$ -	$ 48,869
Contributions subsequent to the measurement	$ 226,957	$ -
TOTAL	$ 356,097	$ 351,072

Deferred outflows of resources related to pensions resulting from the Spokane Housing Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	PERS 1	PERS 2/3
2021	$ (18,672)	$ (156,576)
2022	(587)	(47,028)
2023	5,697	(6,451)
2024	9,447	22,976
2025	-	(14,392)
Thereafter	-	(16,346)
TOTAL	$ (4,115)	$ (217,817)

NOTE 13— COMPONENT UNITS:

Pursuant to the criteria set forth in Governmental Accounting and Financial Reporting Standards and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*; GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units – An Amendment of GASB Statement No. 14;* and GASB Statement No. 80, *Blending Requirement for Certain Component Units,* the limited partnerships are defined as component units and are discretely presented in the financial statements of the Authority. The fiscal year end of all the tax credit limited partnerships is December 31st. Accordingly, the financial results included in the accompanying financial statements are for the year ended December 31, 2020.

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

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

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

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

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

The partnership agreement for the Cornerstone II – The Borning Building LP stipulates that partnership management fees be paid to the Authority in the amount of $15,000 annually for services rendered in managing the business of the partnership. The fee is to be paid to the extent cash flow is available and if net cash flow is not available, the fee shall accrue. For the year ended December 31, 2020, the partnership management fee expense was $15,000. Total partnership management fees owed as of December 31, 2020 was $154,006. Pursuant to the Property Management and Operating Agreement for the Cornerstone Courtyard, the partnership is required to pay the Authority a monthly management fee for its daily operation of the project. Effective June 2008, the fee equals 8% of the project's monthly gross rental income excluding vacancies and concessions. For the period ended December 31, 2020 the property management fee incurred and paid was $29,789.

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

NOTE 13— COMPONENT UNITS (continued):

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

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

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

The partnership agreement for the Cornerstone II – Helena Apartments LP stipulates that partnership management fees be paid to the Authority in the amount of $7,500 annually for services rendered in managing the business of the partnership. The fee is to be paid to the extent cash flow is available and if net cash flow is not available, the fee shall not accrue. For the period ended December 31, 20120 the partnership management fee expense was $7,500. Total partnership management fees owed as of December 31, 2020 was $7,500.

Pursuant to the Property Management and Operating Agreement for the Pearl on Adams, the partnership is required to pay the Authority a monthly management fee for its daily operation of the project. Effective in 2009, the fee equals 7% of the project's monthly gross rental income excluding vacancies and concessions. For the period ended December 31, 2020 the property management fee incurred and paid was $17,362.

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

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

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

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

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

The partnership agreement for the Martindale Apartments, LP dated November 12, 2010, stipulates that an annual noncumulative partnership management fee be paid to the Authority in an amount up to $25,000 annually for services rendered in managing the business of the partnership. The fee is to be paid to the extent cash flow is available and if net cash flow is not available, the fee shall not accrue. For the period ended December 31, 2020 the partnership management fee expense was $25,000. Total partnership management fees owed as of December 31, 2020 was $25,000.

Pursuant to the Property Management and Operating Agreement for the Agnes Kehoe Place, the partnership is required to pay the Authority a monthly management fee for its daily operation of the project. Effective in 2012, the fee equals 7.5% of

NOTE 13— COMPONENT UNITS (continued):

the project's monthly gross rental income excluding vacancies and concessions. For the period ended December 31, 2020 the property management fee incurred and paid was $27,185.

Cedar Haven, LLLP – was formed on April 3, 2015, for the purpose of acquiring, developing, leasing, operating and managing the Cedar West Apartments and Woodhaven Apartments. The partnership was formed pursuant to the provisions of the Washington Uniform Limited Partnership Act, RCW 25.10. The initial general partner was the Spokane Housing Authority with .01% share of ownership in the project, and the initial limited partner was SHA Initial Limited Party LLC, of which Spokane Housing Authority is the sole member, with ownership of 99.99%. On September 30, 2015, CREA Cedar Haven, LLC was admitted as the new limited partner with 99.989% ownership, and CREA SLP, LLC was admitted as the special limited partner with .001% ownership. On December 31, 2019, CREA Cedar Haven, LLC withdrew from the partnership and CREA Corporate Tax Credit Fund 43 LLC was admitted as the replacement limited partner.

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

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

The Spokane Housing Authority holds legal title to the property, and on September 30, 2015, a financing lease agreement was entered into between the Authority and Cedar Haven, LLLP which required an initial capitalized rent of $9,025,000. Of this amount, $4,025,000 was paid in cash and the remainder was paid through the issuance of an Authority issued seller financed note. Annual base rent of $10,000 per year is payable each January 1 through December 31, 2114, unless terminated earlier. The annual base rent will increase 5% commencing on January 1, 2026, and every tenth January 1 thereafter. The annual base rent is to be paid to the extent cash flow is available and shall accrue annually. Any unpaid amounts shall bear interest at 2.64%. For the period ended December 31, 2020, the annual base rent expense was $10,000. Total base rent payable to the Authority along with accrued interest as of December 31, 2020 was $0. The lease allows the limited partnership to remain the owner for federal income tax purposes and gives it an equity interest in all improvements to the property plus debt service payments.

Pursuant to the Property Management and Operating Agreement for Cedar West Apartments and Woodhaven Apartments, the partnership is required to pay the Authority a monthly management fee for its daily operation of the project. Effective in 2015, the fee equals 5% of the project's monthly effective gross income excluding vacancies, concessions and allowances. For the period ended December 31, 2020 the property management fee incurred and paid was $61,208.

Pursuant to the Development Agreement for Cedar Haven, LLLP, the Authority is entitled to a development fee in the amount of $2,350,000. As of December 31, 2020, the developer fee note payable to the Authority was $998,888 and bears interest at 1% per annum. Payments are to be paid from available cash flow as defined in the Partnership Agreement for Cedar Haven LLLP. The unpaid balance of development fee must be paid in full by December 31, 2029. As of December 31, 2020 interest payable on the developer fee was $7,493.

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

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

NOTE 13— COMPONENT UNITS (continued):

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

The Spokane Housing Authority holds legal title to the property, and on January 29, 2016, a financing lease agreement was entered into between the Authority and Parsons, LLLP which required an initial capitalized rent of $2,925,000. Of this amount, $700,000 was paid in cash and the remainder was paid through the issuance of an Authority issued seller financed note. Annual base rent of $10,000 per year is payable each January 1 through December 31, 2115, unless terminated earlier. The annual base rent will increase 5% commencing on January 1, 2027, and every tenth January 1 thereafter. The annual base rent is to be paid to the extent cash flow is available and shall accrue annually. Any unpaid amounts shall bear interest at 2.65%. For the period ended December 31, 2020, the annual base rent expense was $10,000. Total base rent payable to the Authority along with accrued interest as of December 31, 2020 was $0. The lease allows the limited partnership to remain the owner for federal income tax purposes and gives it an equity interest in all improvements to the property plus debt service payments.

Pursuant to the Property Management and Operating Agreement for the Parsons Apartments, the partnership is required to pay the Authority a monthly management fee for its daily operation of the project. Effective in 2016, the fee equals 5% of the project's monthly effective gross income excluding vacancies, concessions and allowances. For the period ended December 31, 2020 the property management fee incurred and paid was $22,725.

Pursuant to the Development Agreement for Parsons, LLLP, the Authority is entitled to a development fee in the amount of $725,000. As of December 31, 2020, the developer fee note payable to the Authority was $49,045 and bears interest at 1% per annum. Payments are to be paid from available cash flow as defined in the Partnership Agreement for Parsons LLLP. The unpaid balance of development fee must be paid in full by December 31, 2029. As of December 31, 2020 interest payable on the developer fee was $368.

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

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

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

The Spokane Housing Authority holds legal title to the property, and on September 14, 2017, a financing lease agreement was entered into between the Authority and Wilbur and Cook Affordable Portfolio, LLLP which required an initial capitalized rent of $31,400,000. Of this amount, $16,100,000 was paid in cash and the remainder was paid through the issuance of an Authority issued seller financed note. Annual base rent of $1 per year is payable each January 1 through December 31, 2116, unless terminated earlier. The annual base rent will increase 5% commencing on January 1, 2028, and every tenth January 1 thereafter. The annual base rent is to be paid to the extent cash flow is available and shall accrue annually. Any unpaid amounts shall bear interest at 2.60%. For the period ended December 31, 2020, the annual base rent expense was $1. Total base rent payable to the Authority along with accrued interest as of December 31, 2020 was $4. The lease allows the limited partnership to remain the owner for federal income tax purposes and gives it an equity interest in all improvements to the property plus debt service payments.

NOTE 13— COMPONENT UNITS (continued):

Pursuant to the Property Management and Operating Agreement for Heritage Heights Apartments, Westfall Village Apartments and Valley 206 Apartments, the partnership is required to pay the Authority a monthly management fee for its daily operation of the project. Effective in 2017, the fee equals 6% of the project's monthly effective gross income excluding vacancies, concessions and allowances. For the period ended December 31, 2020 the property management fee incurred and paid was $189,439.

Pursuant to the Development Agreement for Wilbur and Cook Affordable Portfolio, LLLP, the Authority is entitled to a development fee in the amount of $7,700,000. As of December 31, 2020, the developer fee payable to the Authority was $4,388,421. Any development fee not paid by the fourth installment of the Limited Partner's capital contribution will be paid from available cash flow as defined in the Partnership Agreement for Wilbur and Cook Affordable Portfolio, LLLP and will bear no interest. The unpaid balance of development fee must be paid in full on or before December 31, 2032, in accordance with the Development Agreement dated September 1, 2017 between the Partnership and the Authority or the date of liquidation of the Partnership.

NOTE 14 —RISK MANAGEMENT:

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

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

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

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

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

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

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

NOTE 14 —RISK MANAGEMENT (continued):

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

NOTE 15 — CONTINGENCIES AND LITIGATION:

There are no material contingent liabilities to record in the Authority's financial statements as of December 31, 2020. In the opinion of management, the Authority's insurance policies are adequate to pay all known or pending claims.

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

NOTE 16 — SPECIAL ITEM:

Significant transactions or events that are either unusual in nature or infrequent in occurrence and are within the control of management are classified as special items. During the period ending December 31, 2020 there were no special items to report.

NOTE 17 — EXTRAORDINARY ITEMS:

Significant transactions or events that are either unusual in nature or infrequent in occurrence and are also not within the control of management are classified as extraordinary items. During the period ending December 31, 2020 there were no extraordinary items to report.

NOTE 18 — COVID-19 PANDEMIC:

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of a deadly new virus known as COVID-19. In the months following the declaration, precautionary measures to slow the spread of the virus were ordered. These measures included closing schools, cancelling public events, limiting public events, limiting public and private gatherings, and restricting business operations, travel and non-essential activities.

In mid-March 2020, the Governor of the State of Washington first proclaimed a moratorium on evictions. The original moratorium applied only to dwellings that are captured in the Landlord Tenant Act and prevented a landlord from evicting or seeking an unlawful detainer order, prohibited landlords from serving any eviction order, or otherwise assisting in an eviction and provided exceptions for property damage, danger posed by a person to the safety/health of other or property. The Governor has subsequently proclaimed several amendments expanding the original proclamation to include non-exclusively: prohibitions on enforcement of agreements to vacate; prohibitions on landlords from requiring a non-paying tenant to move to a lesser unit, and preventing landlords from threatening to take action against tenants; prohibition on landlords from assessing or threatening to assess late fees or other charges for non-payments; and prohibitions on landlords from increasing rent or deposits for residential and commercial units. The Authority has complied with the Governor's proclamations and immediately communicated with residents implementing deferment/repayment plans for all tenants who are experiencing income changes and are unable to pay rent. With these efforts, rent collections had remained roughly stable at an average of 96.52% from April 2020 through December 2020. As of the end of September 2021 average rents collected increased to 98.16%.

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

NOTE 19 — SUBSEQUENT EVENTS:

Events that occur after the financial statement date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the financial statement date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the financial statement date require disclosure in the accompanying notes to the financial statements. Management has evaluated events and transactions occurring after December 31, 2020 through the date the financial statements were available for issuance, for recognition or disclosure in the financial statements and concluded that the following require disclosure:

- On January 7, 2021, the Authority made a principal payment of $744,710 towards its Administrative Building bond issued to Banner Bank paying the note in full. A prepayment penalty of $7,447 was incurred.
- On June 10, 2021, the Authority was awarded 224 Emergency Housing Vouchers (EHV) authorized by the American Rescue Plan (ARP) Act of 2021. EHV's were provided to help assist individuals and families who are (1) homeless, (2) at risk of homelessness, (3) felling, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking, or (4) recently homeless. The Authority was awarded an authorized budget for 2021 of $1,431,732 in Housing Assistance Payment (HAP) funds and $1,106,028 in administrative funds to include $784,000 for participant services.
- On June 21, 2021, the Authority executed a purchase and sale agreement to purchase a parcel of land located at 960 E 3rd Avenue. Earnest money of $15,000 was paid in connection with the execution of the agreement. The purchase of the property is contingent upon a feasibility period in which the earnest money will be refunded if the Authority does not give notice of satisfaction of the feasibility period within 90 days of the date of execution of the agreement. Following the 90-day feasibility period, a 60-day financing contingency period begins in which the earnest money is refundable unless the Authority gives notice that the financing condition is satisfied or waived.
- On July 13, 2021, the Authority executed a purchase and sale agreement to purchase a parcel of land located adjacent to its' Hifumi En Apartment complex. Earnest money of $2,500 was paid in connection with the execution of the agreement. The purchase of the property is contingent upon a 90-day due diligence period in which the earnest money will be refunded if the Authority gives notice to terminate the agreement within the period. Following the due diligence period, a 60-day financing contingency period begins in which the earnest money is refundable if the Authority does not waive the financing contingency.
- On August 16, 2021, the Authority was awarded a $95,000 Washington State Department of Ecology grant to fund a Phase I Environmental Site Assessment and investigation into the 960 E 3rd Avenue parcel as part of its feasibility. The grant is forgiven if the Authority completes the assessment and does not purchase the property. If the Authority purchases the property, the grant is forgivable if the land is restricted for affordable housing use for no less than 30 years.

Spokane Housing Authority, Washington
Schedule of Proportional Share of the Net Pension Liability
PERS Plan 1 and PERS Plan 2/3
As of June 30, 2020 (measurement date)
Last 10 Fiscal Years*

PERS # 1	2013	2014	2015	2016	2017	2018	2019	2020
Employer's proportion of the net pension liability (asset)	0.026766%	0.024856%	0.022717%	0.022955%	0.022005%	0.021386%	0.211330%	0.020932%
Employer's proportionate share of the net pension liabilitiy	$1,564,005	$1,252,133	$1,188,310	$1,232,792	$1,044,154	$ 955,106	$ 812,627	$ 739,013
Covered payroll**	$2,858,418	$2,733,973	$2,603,865	$2,765,005	$2,774,922	$2,854,061	$2,968,308	$3,167,798
Employer's proportionate share of the net pension liabilty as a percentage of covered payroll	54.72%	45.80%	45.64%	44.59%	37.63%	33.46%	27.38%	23.33%
Plan fiduciary net position as a percentage of the total pension liability		61.19%	59.10%	57.03%	61.24%	63.22%	67.12%	68.64%
PERS # 2/3	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Employer's proportion of the net pension liability (asset)	0.033966%	0.031303%	0.029346%	0.029377%	0.028304%	0.027319%	0.273030%	0.027127%
Employer's proportionate share of the net pension liabilitiy	$1,450,353	$ 632,747	$1,048,549	$1,479,109	$ 983,429	$ 466,448	$ 265,205	$ 346,939
Covered Payroll**	$2,858,418	$2,733,973	$2,603,865	$2,765,005	$2,774,922	$2,854,061	$2,968,308	$3,167,798
Employer's proportionate share of the net pension liabilty as a percentage of covered payroll	50.74%	23.14%	40.27%	53.49%	35.44%	16.34%	8.93%	10.95%
Plan fiduciary net position as a percentage of the total pension liability		93.29%	82.20%	85.82%	90.97%	95.77%	96.36%	97.22%

*Until a full 10-year trend in compiled, only information for those years available is presented.
**Covered payroll is the payroll on which contributions to a pension plan are based (GASB 82, par. 5)

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

NOTE 1 - CHANGES OF BENEFIT TERMS:
There were no changes in the benefit terms for the Pension Plans.

NOTE 2 - CHANGES OF ASSUMPTIONS:
There were no changes in methods and assumption since the last valuation.

Spokane Housing Authority, Washington
Schedule of Employer Contributions
PERS Plan 1 and PERS Plan 2/3
For the Year Ended December 31, 2020
Last 10 Fiscal Years*

PERS # 1	2013	2014	2015	2016***	2017	2018	2019	2020
Contractually required contributions	$ 69,414	$ 110,020	$ 104,473	$ 195,173	$ 137,343	$ 146,653	$ 152,773	$ 164,482
Contributions in relation to the contractually required contributions	$ (69,414)	$ (110,020)	$ (104,473)	$ (195,173)	$ (137,343)	$ (146,653)	$ (152,773)	$ (164,482)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll**	$2,858,418	$2,733,973	$2,603,865	$4,127,567	$2,815,675	$2,901,448	$3,061,719	$3,384,620
Contributions as a percentage of covered payroll	2.43%	4.02%	4.01%	4.73%	4.88%	5.05%	4.99%	4.86%
PERS # 2/3	**2013**	**2014**	**2015**	**2016*** **	**2017**	**2018**	**2019**	**2020**
Contractually required contributions	$ 131,809	$ 132,238	$ 130,657	$ 254,480	$ 190,127	$ 217,532	$ 238,656	$ 271,509
Contributions in relation to the contractually required contributions ***	$ (131,809)	$ (132,238)	$ (130,657)	$ (254,480)	$ (190,127)	$ (217,532)	$ (238,656)	$ (271,509)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll**	$2,858,418	$2,733,973	$2,603,865	$4,127,567	$2,815,675	$2,901,448	$3,061,719	$3,384,620
Contributions as a percentage of covered payroll	4.61%	4.84%	5.02%	6.17%	6.75%	7.50%	7.79%	8.02%

*Until a full 10-year trend in compiled, only information for those years available is presented.
**Covered payroll is the payroll on which contributions to a pension plan are based (GASB 82, par. 5)
*** Contributions are acutal employer contributions to the plan. For PERS 1 this includes the portion of PERS 2/3 contributions that fund the PERS 1 UAAL. Contributions do not include employer-apid member contributions (GASB 82, Par.8)
**** 2016 is an 18-month reporting period. The Authoirty's fiscal year end was changed from June 30 to December 31

Notes to the Schedule of Employer Contributions:

NOTE 1 - CHANGES OF BENEFIT TERMS:
There were no changes in the benefit terms for the Pension Plans.

NOTE 2 - CHANGES OF ASSUMPTIONS:
There were no changes in methods and assumption since the last valuation.

NOTE 3 - CHANGES OF FISCAL YEAR END:
An eighteen-month reporting period (July 1, 2015 - December 31, 2016) is reported for 2016. The fiscal year end of the Authority was changed from June 30 to December 31.

Spokane Housing Authority
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass-Through Awards	From Direct Awards	Total		
ASST SECRETARY FOR HOUSING--FEDERAL HOUSING COMMISSIONER, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Multifamily Housing Service Coordinators	14.191	WA19HS10006	-	51,959	51,959	-	1,2,3
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via County of Spokane)	Home Investment Partnerships Program	14.239	2017-0002-1147	80,606	-	80,606	-	1,2,3
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via City of Spokane)	Home Investment Partnerships Program	14.239	OPR2019-0374	24,010	-	24,010	-	1,2,3
			Total CFDA 14.239:	**104,616**	**-**	**104,616**	-	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Washington Department of Health)	Housing Opportunities for Persons with AIDS	14.241	CBO23414	145,871	-	145,871	-	1,2,3
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Washington Department of Health)	Housing Opportunities for Persons with AIDS	14.241	CVO25321	27,288	-	27,288	-	1,2,3

The accompanying notes are an integral part of this schedule.

Spokane Housing Authority
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass-Through Awards	From Direct Awards	Total		
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Washington Department of Health)	Housing Opportunities for Persons with AIDS	14.241	CBO23534	89,676	-	89,676	-	1,2,3
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Washington Department of Health)	Housing Opportunities for Persons with AIDS	14.241	CBO025032	23,413	-	23,413	-	1,2,3
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Washington Department of Health)	Housing Opportunities for Persons with AIDS	14.241	CVO25357	59,468	-	59,468	-	1,2,3
			Total CFDA 14.241:	**345,716**	**-**	**345,716**	-	
Section 8 Project-Based Cluster								
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Section 8 Moderate Rehabilitation Single Room Occupancy	14.249	WA055SRO003	-	116,064	116,064	-	1,2,3
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Section 8 Moderate Rehabilitation Single Room Occupancy	14.249	WS055SRO006	-	310,702	310,702	-	1,2,3
			Total Section 8 Project-Based Cluster:	**-**	**426,766**	**426,766**	-	

The accompanying notes are an integral part of this schedule.

Spokane Housing Authority
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass-Through Awards	From Direct Awards	Total		
ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Public and Indian Housing	14.850	WA055-000002	-	252	252	-	1,2,3
Housing Voucher Cluster								
ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	COVID 19 - Section 8 Housing Choice Vouchers	14.871	WA055VO/WA055AF	-	1,432,436	1,432,436	-	1,2,3
ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Section 8 Housing Choice Vouchers	14.871	WA055VO/WA055AF	-	34,114,415	34,114,415	-	1,2,3
			Total CFDA 14.871:	**-**	**35,546,851**	**35,546,851**	-	
ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	COVID 19 - Mainstream Vouchers	14.879	WA055VO/WA055AF	-	9,554	9,554	-	1,2,3
ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Mainstream Vouchers	14.879	WA055VO/WA055AF	-	494,275	494,275	-	1,2,3
			Total CFDA 14.879:	**-**	**503,829**	**503,829**	-	
			Total Housing Voucher Cluster:	**-**	**36,050,680**	**36,050,680**	-	
			Total Federal Awards Expended:	**450,332**	**36,529,657**	**36,979,989**	**-**	

The accompanying notes are an integral part of this schedule.

Spokane Housing Authority, Washington
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

NOTE 1 — BASIS OF ACCOUNTING:

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

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

NOTE 2 — FEDERAL DE MINIMIS INDIRECT COST RATE:

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

NOTE 3 — PROGRAM COSTS:

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

Spokane Housing Authority, Washington
Supplemental Financial Data Schedule
December 31, 2020

Line Item #	Account description	Low Rent Scattered Sites WA055000002	14.871 Housing Choice Vouchers	14.HCC HCV CARES	6.1 Component Units - Discretely Presented	2 State/ Local	1 Business Activities
111	Cash-unrestricted	$ 29,569	$ 3,157,917	$ -	$ 1,431,892	$ 195	$ 9,288,933
112	Cash-restricted-modernization and development	-	-	-	-	-	525,118
113-030	Cash-other restricted	-	610,401	146,005	2,796,772	-	-
114	Cash-tenant security deposits	-	-	-	288,359	-	18,708
115	Cash - Restricted for payment of current liability	-	675	-	-	-	-
100	Total Cash	29,569	3,768,993	146,005	4,517,023	195	9,832,759
121	Accounts receivable - PHA projects	-	9,891	-	-	-	-
122-020	Accounts receivable - HUD other projects - Capital fund	-	-	-	-	-	-
122-030	Accounts receivable - HUD other projects - Other	-	14,232	-	-	-	-
124	Account receivable - other government	-	-	-	-	159,862	4,494
125-040	Account receivable - miscellaneous - Tax Credit	-	-	-	5,213	-	-
125-050	Account receivable - miscellaneous - Other	86	373	-	5,400	-	130
126.0	Accounts receivable - tenants	-	-	-	191,427	-	23,437
126.1	Allowance for doubtful accounts - tenants	-	-	-	-	-	-
127	Notes, Loans, & Mortgages Receivable - Current	-	-	-	-	-	-
128	Fraud recovery	-	-	-	-	-	-
128.1	Allowance for doubtful accounts - fraud	-	-	-	-	-	-
129	Accrued interest receivable	-	-	-	-	-	2,927,370
120	Total receivables, net of allowance for doubtful accounts	86	24,496	-	202,040	159,862	2,955,431
131	Investments - unrestricted	-	-	-	-	-	-
132	Investments - restricted	-	-	-	-	-	-
135	Investments - Restricted for payment of current liability	-	-	-	-	-	-
142	Prepaid expenses and other assets	-	39,165	-	62,156	-	15,290
143	Inventories	-	-	-	-	-	-
143.1	Allowance for obsolete inventories	-	-	-	-	-	-
144-010	Inter program - due from	-	-	-	-	-	-
145	Assets held for sale	-	-	-	-	-	-
150	Total Current Assets	29,655	3,832,654	146,005	4,781,219	160,057	12,803,480
161	Land	-	-	-	2,576,941	-	455,538
162	Buildings	-	-	-	109,331,913	-	3,763,672
163	Furniture, equipment and machinery - dwellings	-	-	-	2,597,440	-	312,985
164	Furniture, equipment and machinery - administration	-	318,448	-	242,677	-	104,006
165	Leasehold improvements	-	104,293	-	2,467,052	-	1,698,518
166	Accumulated depreciation	-	(59,072)	-	(20,297,707)	-	(4,510,428)
167	Construction in progress	-	-	-	14,009	-	-
168	Infrastructure	-	-	-	-	-	-
160	Total capital assets, net of accumulated depreciation	-	363,669	-	96,932,325	-	1,824,291
171	Notes, Loans, & mortgages receivable – Non-current	-	-	-	-	-	32,531,108
172	Notes, Loans, & mortgages receivable – Non-current - past due	-	-	-	-	-	-
173	Grants receivable – Non-current	-	-	-	-	-	-
174	Other assets	-	-	-	384,166	-	4
176	Investment in joint venture	-	-	-	-	-	-
180	Total Non-current Assets	-	363,669	-	97,316,491	-	34,355,403
190	Total Assets	29,655	4,196,323	146,005	102,097,710	160,057	47,158,883
200	Deferred outflow of Resources	-	128,195	-	-	-	21,366
290	Total Assets and Deferred Outflow of Resources	$ 29,655	$ 4,324,518	$ 146,005	$ 102,097,710	$ 160,057	$ 47,180,249

Spokane Housing Authority, Washington
Supplemental Financial Data Schedule (Continued)
December 31, 2020

14.239 HOME Investment Partnerships Program	14.241 Housing Opportunities for Person with Aids	14.879 Mainstream Vouchers	14.MSC Mainstream CARES	8 Other Federal Program 1	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.191 Multifamily Housing Service Coordinators	COCC	COCC CARES	Subtotal	ELIM	Total
$ -	$ -	$ 8,065	$ -	$ -	$ 362,677	$ -	$ 3,284,034	$ -	$ 17,563,282	$ -	$ 17,563,282
-	-	-	-	-	-	-	-	-	525,118	-	525,118
-	-	51,700	4,083	-	-	-	140,788	-	3,749,749	-	3,749,749
-	-	-	-	-	-	-	2,800	-	309,867	-	309,867
-	-	-	-	-	10,256	-	-	-	10,931	-	10,931
-	-	59,765	4,083	-	372,933	-	3,427,622	-	22,158,947	-	22,158,947
-	-	-	-	-	-	-	-	-	9,891	-	9,891
-	-	-	-	-	-	-	-	-	-	-	-
-	-	3,856	-	-	3,662	13,976	-	-	35,726	-	35,726
18,401	54,996	-	-	-	-	-	-	-	237,753	-	237,753
-	-	-	-	-	-	-	306,706	-	311,919	-	311,919
27	579	-	-	-	801	-	10,138	-	17,534	-	17,534
-	-	-	-	-	-	-	3,302	-	218,166	-	218,166
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	2,927,370	-	2,927,370
18,428	55,575	3,856	-	-	4,463	13,976	320,146	-	3,758,359	-	3,758,359
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	82,033	-	198,644	-	198,644
-	-	-	-	-	-	-	2,052	-	2,052	-	2,052
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	164,423	-	164,423	164,423	-
-	-	-	-	-	-	-	-	-	-	-	-
18,428	55,575	63,621	4,083	-	377,396	13,976	3,996,276	-	26,282,425	164,423	26,118,002
-	-	-	-	-	-	-	170,000	-	3,202,479	-	3,202,479
-	-	-	-	-	-	-	3,664,921	-	116,760,506	-	116,760,506
-	-	-	-	-	-	-	-	-	2,910,425	-	2,910,425
-	-	-	-	-	-	-	338,123	-	1,003,254	-	1,003,254
-	-	-	-	-	-	-	121,377	-	4,391,240	-	4,391,240
-	-	-	-	-	-	-	(347,220)	-	(25,214,427)	-	(25,214,427)
-	-	-	-	-	-	-	-	-	14,009	-	14,009
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	3,947,201	-	103,067,486	-	103,067,486
-	-	-	-	-	-	-	-	-	32,531,108	-	32,531,108
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	248,700	-	632,870	-	632,870
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	4,195,901	-	136,231,464	-	136,231,464
18,428	55,575	63,621	4,083	-	377,396	13,976	8,192,177	-	162,513,889	164,423	162,349,466
-	-	-	-	-	-	-	206,536	-	356,097	-	356,097
$ 18,428	$ 55,575	$ 63,621	$ 4,083	$ -	$ 377,396	$ 13,976	$ 8,398,713	$ -	$ 162,869,986	$ 164,423	$ 162,705,563

Spokane Housing Authority, Washington
Supplemental Financial Data Schedule (Continued)
December 31, 2020

Line Item #	Account description	Low Rent Scattered Sites WA055000002	14.871 Housing Choice Vouchers	14.HCC HCV CARES	6.1 Component Units - Discretely Presented	2 State/ Local	1 Business Activities
311	Bank overdraft	$ -	$ -	$ -	$ -	$ -	$ -
312	Accounts payable <= 90 days	-	71,744	-	462,979	2,358	15,141
313	Accounts payable > 90 days past due	-	-	-	-	-	-
321	Accrued wage/payroll taxes payable	-	-	-	-	-	-
322	Accrued compensated absences - current portion	-	23,652	-	-	-	2,143
324	Accrued contingency liability	-	-	-	-	-	-
325	Accrued interest payable	-	-	-	3,229,344	-	34,488
331	Accounts payable - HUD PHA Programs	-	675	-	-	-	-
332	Accounts payable - PHA Projects	-	-	-	-	-	-
333	Accounts payable - other government	-	-	-	-	-	-
341	Tenant security deposits	-	-	-	288,359	-	18,708
342	Unearned Revenue	-	-	146,005	61,215	-	4,495
343	Current portion of long-term debt - capital projects/mortgage revenue bonds	-	-	-	432,578	-	25,410
344	Current portion of long-term debt - operating borrowings	-	-	-	-	-	9,517
345	Other current liabilities	-	-	-	18,749	-	201
346	Accrued liabilities - other	-	-	-	-	-	-
347	Inter program - due to	-	-	-	-	55,266	4,494
348	Loan liability - current	-	-	-	-	-	-
310	Total Current Liabilities	-	96,071	146,005	4,493,224	57,624	114,597
351	Capital Projects/ Mortgage Revenue Bonds	-	-	-	62,159,874	-	1,822,582
352	Long-term debt, net of current - operating borrowings	-	-	-	-	-	899,087
353	Non-current liabilities - other	-	-	-	186,510	-	-
354	Accrued compensated absences- Non-current	-	106,774	-	-	-	27,819
355	Loan liability – Non-current	-	-	-	-	-	-
356	FASB 5 Liabilities	-	-	-	-	-	-
357-010	Accrued Pension and OPEB Liability	-	390,943	-	-	-	65,158
350	Total Non-Current Liabilities	-	497,717	-	62,346,384	-	2,814,646
300	Total Liabilities	-	593,788	146,005	66,839,608	57,624	2,929,243
400	Deferred Inlow of Resources	-	126,386	-	-	-	21,065
508.4	Net Investment in Capital Assets	-	363,669	-	34,339,873	-	(23,701)
511.4	Restricted Net Position	-	611,076	-	2,796,772	-	525,118
512.4	Unrestricted Net Position	29,655	2,629,599	-	(1,878,543)	102,433	43,728,524
513	Total Equity - Net Assets/Position	29,655	3,604,344	-	35,258,102	102,433	44,229,941
600	Total Liabilities, Deferred Inflow of Resources, and Equity - Net Assets/Position	$ 29,655	$ 4,324,518	$ 146,005	$ 102,097,710	$ 160,057	$ 47,180,249

Spokane Housing Authority, Washington
Supplemental Financial Data Schedule (Continued)
December 31, 2020

14.239 HOME Investment Partnerships Program	14.241 Housing Opportunities for Person with Aids	14.879 Mainstream Vouchers	14.MSC Mainstream CARES	8 Other Federal Program 1	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.191 Multifamily Housing Service Coordinators	COCC	COCC CARES	Subtotal	ELIM	Total
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	2,397	-	-	-	-	99,098	-	653,717	-	653,717
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	166,994	-	166,994	-	166,994
-	-	-	-	-	-	-	18,162	-	43,957	-	43,957
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	3,550	-	3,267,382	-	3,267,382
-	-	-	-	-	10,256	-	-	-	10,931	-	10,931
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	2,800	-	309,867	-	309,867
-	-	-	4,083	-	-	-	-	-	215,798	-	215,798
-	-	-	-	-	-	-	33,007	-	490,995	-	490,995
-	-	-	-	-	-	-	-	-	9,517	-	9,517
-	-	-	-	-	-	-	10,735	-	29,685	-	29,685
-	-	-	-	-	-	-	70,872	-	70,872	-	70,872
42,956	56,400	-	-	-	-	5,307	-	-	164,423	164,423	-
-	-	-	-	-	-	-	-	-	-	-	-
42,956	56,400	2,397	4,083	-	10,256	5,307	405,218	-	5,434,138	164,423	5,269,715
-	-	-	-	-	-	-	713,711	-	64,696,167	-	64,696,167
-	-	-	-	-	-	-	-	-	899,087	-	899,087
-	-	-	-	-	-	-	-	-	186,510	-	186,510
-	-	-	-	-	-	-	230,571	-	365,164	-	365,164
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	629,851	-	1,085,952	-	1,085,952
-	-	-	-	-	-	-	1,574,133	-	67,232,880	-	67,232,880
42,956	56,400	2,397	4,083	-	10,256	5,307	1,979,351	-	72,667,018	164,423	72,502,595
-	-	-	-	-	-	-	203,621	-	351,072	-	351,072
-	-	-	-	-	-	-	3,200,483	-	37,880,324	-	37,880,324
-	-	51,700	-	-	10,256	-	140,788	-	4,135,710	-	4,135,710
(24,528)	(825)	9,524	-	-	356,884	8,669	2,874,470	-	47,835,862	-	47,835,862
(24,528)	(825)	61,224	-	-	367,140	8,669	6,215,741	-	89,851,896	-	89,851,896
$ 18,428	$ 55,575	$ 63,621	$ 4,083	$ -	$ 377,396	$ 13,976	$ 8,398,713	$ -	$ 162,869,986	$ 164,423	$ 162,705,563

Spokane Housing Authority, Washington
Supplemental Financial Data Schedule (Continued)
December 31, 2020

Line Item #	Account description	Low Rent Scattered Sites WA055000002	14.871 Housing Choice Vouchers	14.HCC HCV CARES	6.1 Component Units - Discretely Presented	2 State/ Local	1 Business Activities
70300	Net tenant rental revenue	$ -	$ -	$ -	$ 5,593,666	$ -	$ 711,884
70400	Tenant revenue - other	-	-	-	93,817	-	4,680
70500	Total Tenant Revenue	-	-	-	5,687,483	-	716,564
70600-000	HUD PHA operating grants	252	34,982,237	1,558,739	-	-	-
70610	Capital grants	-	-	-	3,057,655	-	-
70710	Management Fee	-	-	-	-	-	-
70720	Asset Management Fee	-	-	-	-	-	-
70730	Book-Keeping Fee	-	-	-	-	-	-
70740	Front Line Service Fee	-	-	-	-	-	-
70750	Other Fees	-	-	-	-	-	-
70700	Total Fee Revenue	-	-	-	-	-	-
70800	Other government grants	-	-	-	33,765	1,171,706	-
71100-000	Investment income - unrestricted	353	3,131	-	2,629	-	510
71200	Mortgage interest income	-	-	-	-	-	848,151
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-	-
71310	Cost of sale of assets	-	-	-	-	-	-
71400	Fraud recovery	-	57,868	-	-	-	-
71500	Other revenue	-	553,940	-	85,870	-	49,763
71600	Gain or loss on sale of capital assets	-	-	-	(963)	-	5,586,068
72000	Investment income - restricted	-	-	-	-	-	-
70000	Total Revenue	$ 605	$ 35,597,176	$ 1,558,739	$ 8,866,439	$ 1,171,706	$ 7,201,056

Spokane Housing Authority, Washington
Supplemental Financial Data Schedule (Continued)
December 31, 2020

14.239 HOME Investment Partnerships Program	14.241 Housing Opportunities for Person with Aids	14.879 Mainstream Vouchers	14.MSC Mainstream CARES	8 Other Federal Program 1	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.191 Multifamily Housing Service Coordinators	COCC	COCC CARES	Subtotal	ELIM	Total
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 134,843	$ -	$ 6,440,393	$ 275,949	$ 6,164,444
-	-	-	-	-	-	-	-	-	98,497	-	98,497
-	-	-	-	-	-	-	134,843	-	6,538,890	275,949	6,262,941
-	-	228,658	9,554	-	469,110	53,897	-	-	37,302,447	-	37,302,447
-	-	-	-	-	-	-	-	-	3,057,655	-	3,057,655
-	-	-	-	-	-	-	872,766	146,768	1,019,534	1,019,534	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	488,137	-	488,137	488,137	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	413,234	-	413,234	-	413,234
-	-	-	-	-	-	-	1,774,137	146,768	1,920,905	1,507,671	413,234
103,866	348,007	-	-	-	-	-	-	-	1,657,344	-	1,657,344
-	-	11	-	-	314	-	16,003	-	22,951	158	22,793
-	-	-	-	-	-	-	-	-	848,151	-	848,151
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	628	-	-	-	58,496	-	58,496
-	-	-	-	-	-	-	1,165,854	-	1,855,427	-	1,855,427
-	-	-	-	-	-	-	811,609	-	6,396,714	-	6,396,714
-	-	-	-	-	-	-	-	-	-	-	-
$ 103,866	$ 348,007	$ 228,669	$ 9,554	$ -	$ 470,052	$ 53,897	$ 3,902,446	$ 146,768	$ 59,658,980	$ 1,783,778	$ 57,875,202

Spokane Housing Authority, Washington
Supplemental Financial Data Schedule (Continued)
December 31, 2020

Line Item #	Account description	Low Rent Scattered Sites WA055000002	14.871 Housing Choice Vouchers	14.HCC HCV CARES	6.1 Component Units - Discretely Presented	2 State/ Local	1 Business Activities
91100	Administrative salaries	$ -	$ 410,497	$ 735,060	$ 316,189	$ 48,361	$ 193,044
91200	Auditing fees	-	35,369	-	56,600	-	-
91300	Management Fee	-	793,431	146,768	347,708	-	58,599
91310	Book-Keeping Fee	-	475,177	-	-	-	-
91400	Advertising and Marketing	-	-	-	13,961	-	635
91500	Employee benefit contributions - administrative	-	151,848	264,402	160,707	24,019	55,853
91600	Office Expenses	268	161,895	56,533	89,893	43,885	108,318
91700	Legal Expense	-	76	-	25,357	-	8,488
91800	Travel	-	3,049	-	6,026	-	1,806
91810	Allocated Overhead	-	-	-	-	-	-
91900	Other	-	-	-	22,327	-	4,133
91000	Total Operating-Administrative	268	2,031,342	1,202,763	1,038,768	116,265	430,876
92000	Asset Management Fee	-	-	-	-	-	-
92100	Tenant services - salaries	-	-	-	-	-	-
92200	Relocation Costs	-	-	-	-	-	-
92300	Employee benefit contributions - tenant services	-	-	-	-	-	-
92400	Tenant services - other	-	-	8,145	1,978	-	370
92500	Total Tenant Services	-	-	8,145	1,978	-	370
93100	Water	-	-	-	108,614	-	25,560
93200	Electricity	-	-	-	193,161	-	59,011
93300	Gas	-	-	-	42,373	-	2,091
93400	Fuel	-	-	-	-	-	-
93500	Labor	-	-	-	-	-	-
93600	Sewer	-	-	-	430,429	-	73,778
93700	Employee benefit contributions - utilities	-	-	-	-	-	-
93800	Other utilities expense	-	-	-	6,898	-	152
93000	Total Utilities	-	-	-	781,475	-	160,592
94100	Ordinary maintenance and operations - labor	-	-	-	321,277	-	81,990
94200	Ordinary maintenance and operations - materials and other	-	-	-	108,918	-	17,744
94300-000	Ordinary Maintenance and Operations Contracts	-	332,725	96,943	555,494	1,626	118,950
94500	Employee benefit contribution - ordinary maintenance	-	-	-	157,102	-	31,394
94000	Total Maintenance	-	332,725	96,943	1,142,791	1,626	250,078
95100	Protective services - labor	-	-	-	-	-	-
95200	Protective services - other contract costs	-	-	-	13,163	-	1,426
95300	Protective services - other	-	-	-	-	-	-
95500	Employee benefit contributions - protective services	-	-	-	-	-	-
95000	Total Protective Services	-	-	-	13,163	-	1,426
96110	Property Insurance	-	-	-	136,618	-	14,973
96120	Liability Insurance	-	-	-	22,922	-	2,999
96130	Workmen's Compensation	-	3,349	6,025	14,067	230	3,389
96140	All other Insurance	-	18,563	-	12,119	-	4,668
96100	Total Insurance Premiums	-	21,912	6,025	185,726	230	26,029

Spokane Housing Authority, Washington
Supplemental Financial Data Schedule (Continued)
December 31, 2020

14.239 HOME Investment Partnerships Program	14.241 Housing Opportunities for Person with Aids	14.879 Mainstream Vouchers	14.MSC Mainstream CARES	8 Other Federal Program 1	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.191 Multifamily Housing Service Coordinators	COCC	COCC CARES	Subtotal	ELIM	Total
$ 2,271	$ 4,730	$ 2,709	$ 6,266	$ -	$ 2,041	$ 111	$ 1,395,457	$ -	$ 3,116,736	$ -	$ 3,116,736
-	-	240	-	-	243	23	13,890	-	106,365	-	106,365
-	-	9,648	-	-	11,088	-	-	-	1,367,242	1,019,534	347,708
-	-	6,030	-	-	6,930	-	-	-	488,137	488,137	-
-	-	-	-	-	-	-	-	-	14,596	-	14,596
897	1,910	2,007	2,109	-	845	43	343,157	-	1,007,797	-	1,007,797
2,658	9,540	10,477	-	-	11,682	-	171,920	76,165	743,234	36,340	706,894
-	-	-	-	-	-	-	25,682	-	59,603	-	59,603
-	76	-	-	-	-	-	20,788	-	31,745	-	31,745
-	-	-	-	-	-	-	-	-	-	-	-
-	431	-	-	-	-	-	39	-	26,930	-	26,930
5,826	16,687	31,111	8,375	-	32,829	177	1,970,933	76,165	6,962,385	1,544,011	5,418,374
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	954	11,447	-	11,447
-	-	-	-	-	-	-	-	954	11,447	-	11,447
-	-	-	-	-	-	-	1,643	-	135,817	-	135,817
-	-	-	-	-	-	-	26,159	-	278,331	-	278,331
-	-	-	-	-	-	-	4,658	-	49,122	-	49,122
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	2,851	-	507,058	-	507,058
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	7,050	-	7,050
-	-	-	-	-	-	-	35,311	-	977,378	-	977,378
-	-	-	-	-	-	-	396,163	-	799,430	-	799,430
-	-	-	-	-	-	-	-	-	126,662	-	126,662
197	35	11,839	1,149	-	91	51,782	105,617	18,113	1,294,561	-	1,294,561
-	-	-	-	-	-	-	127,800	-	316,296	-	316,296
197	35	11,839	1,149	-	91	51,782	629,580	18,113	2,536,949	-	2,536,949
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	14,589	-	14,589
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	14,589	-	14,589
-	-	-	-	-	-	-	6,944	-	158,535	-	158,535
-	-	-	-	-	-	-	237	-	26,158	-	26,158
7	22	14	30	-	8	-	18,625	-	45,766	-	45,766
-	-	-	-	-	-	-	13,414	-	48,764	-	48,764
7	22	14	30	-	8	-	39,220	-	279,223	-	279,223

Spokane Housing Authority, Washington
Supplemental Financial Data Schedule (Continued)
December 31, 2020

Line Item #	Account description	Low Rent Scattered Sites WA055000002	14.871 Housing Choice Vouchers	14.HCC HCV CARES	6.1 Component Units - Discretely Presented	2 State/ Local	1 Business Activities
96200	Other general expenses	$ -	$ 242,656	$ -	$ 128,842	$ 2,114	$ 236,607
96210	Compensated absences	-	28,550	118,560	74,586	4,437	15,777
96300	Payments in lieu of taxes	-	-	-	4,044	-	-
96400	Bad debt - tenant rents	-	-	-	61,104	-	1,159
96500	Bad debt - mortgages	-	-	-	-	-	-
96600	Bad debt - other	-	-	-	-	-	-
96800	Severance expense	-	-	-	-	-	-
96000	Total Other General Expenses	-	271,206	118,560	268,576	6,551	253,543
96710	Interest of Mortgage (or Bonds) Payable	-	-	-	1,880,953	-	34,153
96720	Interest on Notes Payable (Short and Long Term)	-	-	-	-	-	158
96730	Amortization of Bond Issue Costs	-	-	-	34,298	-	-
96700	Total Interest Expense and Amortization Cost	-	-	-	1,915,251	-	34,311
96900	Total Operating Expenses	268	2,657,185	1,432,436	5,347,728	124,672	1,157,225
97000	Excess Revenue Over Operating Expenses	337	32,939,991	126,303	3,518,711	1,047,034	6,043,831
97100	Extraordinary maintenance	-	-	-	84,734	-	-
97200	Casualty losses- Non-capitalized	-	-	-	-	-	-
97300-000	Housing assistance payments	-	30,598,100	-	-	1,048,534	-
97350	HAP Portability-in	-	504,365	-	-	-	-
97400	Depreciation expense	-	24,486	-	3,428,129	-	225,547
97500	Fraud losses	-	-	-	-	-	-
97600	Capital Outlays - Governmental Funds	-	-	-	-	-	-
97700	Debt Principal Payments - Governmental Funds	-	-	-	-	-	-
97800	Dwelling units rent expense	-	-	-	-	-	-
90000	Total Expenses	268	33,784,136	1,432,436	8,860,591	1,173,206	1,382,772
10010	Operating transfer in	-	-	-	-	-	-
10020	Operating transfer out	-	-	-	-	-	-
10030	Operating transfers from / to primary government	-	-	-	-	-	-
10040	Operating transfers from / to component unit	-	-	-	-	-	-
10050	Proceeds from Notes, Loans & Bonds	-	-	-	-	-	-
10060	Proceeds from Property Sales	-	-	-	-	-	-
10070	Extraordinary items, net gain/loss	-	-	-	-	-	-
10080	Special items, net gain/loss	-	-	-	-	-	-
10091	Inter Project Excess Cash Transfer In	-	-	-	-	-	-
10092	Inter Project Excess Cash Transfer Out	-	-	-	-	-	-
10093	Transfers between Programs and Projects - in	-	-	-	-	-	-
10094	Transfers between Programs and Projects - out	-	-	-	-	-	-
10100	Total other financing sources (uses)	-	-	-	-	-	-
10000	Excess (Deficiency) of Revenue Over (Under) Expenses	$ 337	$ 1,813,040	$ 126,303	$ 5,848	$ (1,500)	$ 5,818,284

Spokane Housing Authority, Washington
Supplemental Financial Data Schedule (Continued)
December 31, 2020

14.239 HOME Investment Partnerships Program	14.241 Housing Opportunities for Person with Aids	14.879 Mainstream Vouchers	14.MSC Mainstream CARES	8 Other Federal Program 1	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.191 Multifamily Housing Service Coordinators	COCC	COCC CARES	Subtotal	ELIM	Total
$ 2,087	$ 340	$ 675	$ -	$ -	$ 28	$ -	$ -	$ -	$ 613,349	$ -	$ 613,349
-	-	-	-	-	-	-	107,426	-	349,336	-	349,336
-	-	-	-	-	-	-	-	-	4,044	-	4,044
-	-	-	-	-	-	-	-	-	62,263	-	62,263
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
2,087	340	675	-	-	28	-	107,426	-	1,028,992	-	1,028,992
-	-	-	-	-	-	-	39,453	-	1,954,559	-	1,954,559
-	-	-	-	-	-	-	-	-	158	158	-
-	-	-	-	-	-	-	-	-	34,298	-	34,298
-	-	-	-	-	-	-	39,453	-	1,989,015	158	1,988,857
8,117	17,084	43,639	9,554	-	32,956	51,959	2,821,923	95,232	13,799,978	1,544,169	12,255,809
95,749	330,923	185,030	-	-	437,096	1,938	1,080,523	51,536	45,859,002	239,609	45,619,393
-	-	-	-	-	-	-	-	-	84,734	-	84,734
-	-	-	-	-	-	-	-	-	-	-	-
96,499	328,632	450,636	-	-	393,810	-	-	-	32,916,211	239,609	32,676,602
-	-	-	-	-	-	-	-	-	504,365	-	504,365
-	-	-	-	-	-	-	162,023	-	3,840,185	-	3,840,185
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
104,616	345,716	494,275	9,554	-	426,766	51,959	2,983,946	95,232	51,145,473	1,783,778	49,361,695
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
$ (750)	$ 2,291	$ (265,606)	$ -	$ -	$ 43,286	$ 1,938	$ 918,500	$ 51,536	$ 8,513,507	$ -	$ 8,513,507

Spokane Housing Authority, Washington
Supplemental Financial Data Schedule (Continued)
December 31, 2020

Line Item #	Account description	Low Rent Scattered Sites WA055000002	14.871 Housing Choice Vouchers	14.HCC HCV CARES	6.1 Component Units - Discretely Presented	2 State/ Local	1 Business Activities
11020	Required Annual Debt Principal Payments	$ -	$ -	$ -	$ 388,108	$ -	$ 26,674
11030	Beginning equity	29,318	1,665,001	-	35,252,254	103,933	39,274,682
11040	Prior period adjustments, equity transfers, and correction of errors	-	126,303	(126,303)	-	-	(863,025)
11170	Administrative Fee Equity	-	2,993,268	-	-	-	-
11180	Housing Assistance Payments Equity	-	611,076	-	-	-	-
11190	Number of Unit Months Available	-	63,768	-	5,121	1,353	1,380
11210	Unit Months Leased	-	63,357	-	4,863	1,353	1,029
11270	Excess Cash	29,633	-	-	-	-	-
11610	Land Purchases	-	-	-	-	-	-
11620	Building Purchases	-	-	-	-	-	-
11630	Furniture & Equipment-Dwelling Purchases	-	-	-	-	-	-
11640	Furniture & Equipment-Administrative Purchases	-	-	-	-	-	-
11650	Leasehold Improvements Purchases	-	-	-	-	-	-
11660	Infrastructure Purchases	-	-	-	-	-	-
13510	CFFP Debt Service Payments	-	-	-	-	-	-
13901	Replacement Housing Factor Funds	-	-	-	-	-	-

Spokane Housing Authority, Washington
Supplemental Financial Data Schedule (Continued)
December 31, 2020

14.239 HOME Investment Partnerships Program	14.241 Housing Opportunities for Person with Aids	14.879 Mainstream Vouchers	14.MSC Mainstream CARES	8 Other Federal Program 1	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.191 Multifamily Housing Service Coordinators	COCC	COCC CARES	Subtotal	ELIM	Total
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 36,602	$ -	$ 451,384	$ -	$ 451,384
(23,778)	(3,116)	326,830	-	222,086	101,768	6,731	4,382,680	-	81,338,389	-	81,338,389
-	-	-	-	(222,086)	222,086	-	914,561	(51,536)	-	-	-
-	-	-	-	-	-	-	-	-	2,993,268	-	2,993,268
-	-	-	-	-	-	-	-	-	611,076	-	611,076
150	593	1,278	-	-	924	-	12	-	74,579	-	74,579
150	593	804	-	-	855	-	12	-	73,016	-	73,016
-	-	-	-	-	-	-	-	-	29,633	-	29,633
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	1,966,245	-	1,966,245	-	1,966,245
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	150,660	-	150,660	-	150,660
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-

Actual Modernization Cost Certificate

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

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

Capital Fund Program (CFP)

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

Do not send this form to the above address.

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

PHA Name:	Modernization Project Number:
Spokane Housing Authority	WA01PO55501-18

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	$ 165,426.00
B.	Funds Disbursed	$ 165,426.00
C.	Funds Expended (Actual Modernization Cost)	$ 165,426.00
D.	Amount to be Recaptured (A–C)	$ 0.00
E.	Excess of Funds Disbursed (B-C)	$ 0.00

2. That all modernization work in connection with the Modernization Grant has been completed;
3. That the entire Actual Modernization Cost or liabilities therefor incurred by the PHA have been fully paid;
4. That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work;
5. That the time in which such liens could be filed has expired, and
6. That for any years in which the grantee is subject to the audit requirements of the Single Audit Act, 31 U.S.C. § 7501 et seq., as amended, the grantee has or will perform an audit in compliance with said requirements.
7. Please mark one:

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

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

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.
Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012, 31 U.S.C. 3729, 3802)

Name & Title of Authorized Signatory (type or print clearly):
Pamela Tietz, Executive Director

Signature of Executive Director (or Authorized Designee):
X

Date: 7/28/2020

For HUD Use Only

Verified by: Cherie Shanks, 07/28/2020

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

Approved for Audit (Director, Office of Public Housing)

Digitally signed by: CHARRON ALFONSO
DN: CN = CHARRON ALFONSO C = US O = U.S. Government OU = Department of Housing and Urban Development, Office of Administration
Date: 2020.07.28 10:42:36 -07'00'

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)

Actual Modernization Cost Certificate

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

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

Capital Fund Program (CFP)

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

Do not send this form to the above address.

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

PHA Name:	Modernization Project Number:
Spokane Housing Authority	WA01PO55501-19

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

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

A.	Funds Approved	$ 160,747.00
B.	Funds Disbursed	$ 160,747.00
C.	Funds Expended (Actual Modernization Cost)	$ 160,747.00
D.	Amount to be Recaptured (A–C)	$ 0.00
E.	Excess of Funds Disbursed (B-C)	$ 0.00

2. That all modernization work in connection with the Modernization Grant has been completed;
3. That the entire Actual Modernization Cost or liabilities therefor incurred by the PHA have been fully paid;
4. That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work;
5. That the time in which such liens could be filed has expired; and
6. That for any years in which the grantee is subject to the audit requirements of the Single Audit Act, 31 U.S.C. § 7501 et seq., as amended, the grantee has or will perform an audit in compliance with said requirements.
7. Please mark one:

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

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

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

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

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

Pamela Tietz, Executive Director

Signature of Executive Director (or Authorized Designee):

X

Date: 4/21/2020

For HUD Use Only

Verified by: Cherie Shanks, 07/24/2020

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

Approved for Audit (Director, Office of Public Housing)

X

Digitally signed by: CHARRON ALFONSO
DN: CN = CHARRON ALFONSO C = US O = U.S. Government OU = Department of Housing and Urban Development, Office of Administration
Date: 2020.07.27 06:49:50 -07'00'

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)

Spokane Housing Authority, Washington
Combining Statement of Net Position
December 31, 2020

	Section 8	Public Housing - Scattered Sites	RAD Scattered Sites	Hifumi En Apts	Grants
ASSETS					
Current Assets:					
Cash and Cash Equivalents	$ 3,528,659	$ 29,569	$ 6,328,436	$ 114,780	$ 195
Receivables (Net)	32,815	86	17,699	5,738	247,841
Inventories	-	-	-	-	-
Prepaids and Other Assets	39,165	-	8,201	6,554	-
Receivable from Component Units	-	-	-	-	-
Interprogram Due From	-	-	-	-	-
Restricted Assets:					
Cash and Cash Equivalents	823,120	-	-	-	-
Tenant Security Deposits	-	-	11,513	7,195	-
Total Current Assets	4,423,759	29,655	6,365,849	134,267	248,036
Noncurrent Assets:					
Capital Assets:					
Land	-	-	405,538	50,000	-
Buildings	-	-	2,367,852	1,395,820	-
Equipment - Dwellings	-	-	198,999	113,986	-
Equipment - Administration	318,448	-	54,383	49,623	-
Leasehold Improvements	6,391	-	985,396	713,122	-
Intangible Assets	97,902	-	-	-	-
Accumulated Depreciation	(59,072)	-	(3,305,116)	(1,205,312)	-
Total Capital Assets (Net)	363,669	-	707,052	1,117,239	-
Notes Receivable from Component Units	-	-	-	-	-
Interest Receivable from Component Units	-	-	-	-	-
Other Noncurrent Assets	-	-	-	-	-
Total Noncurrent Assets	363,669	-	707,052	1,117,239	-
TOTAL ASSETS	$ 4,787,428	$ 29,655	$ 7,072,901	$ 1,251,506	$ 248,036

	Section 8	Scattered Sites	RAD Scattered Sites	Hifumi En	Grants
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows Related to Pensions	$ 128,195	$ -	$ -	$ -	$ -
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$ 128,195	$ -	$ -	$ -	$ -

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

Spokane Housing Authority, Washington
Combining Statement of Net Position (Continued)
December 31, 2020

Development	Other Business Activities	Central Office Cost Center	Subtotal	Eliminating Entries	Total
$ 2,845,717	$ -	$ 3,284,034	$ 16,131,390	$ -	$ 16,131,390
130	4,494	13,440	322,243	-	322,243
-	-	2,052	2,052	-	2,052
535	-	82,033	136,488	-	136,488
-	-	306,706	306,706	-	306,706
-	-	164,423	164,423	(164,423)	-
525,118	-	140,788	1,489,026	-	1,489,026
-	-	2,800	21,508	-	21,508
3,371,500	4,494	3,996,276	18,573,836	(164,423)	18,409,413
-	-	170,000	625,538	-	625,538
-	-	3,664,921	7,428,593	-	7,428,593
-	-	-	312,985	-	312,985
-	-	338,123	760,577	-	760,577
-	-	2,911	1,707,820	-	1,707,820
-	-	118,466	216,368	-	216,368
-	-	(347,220)	(4,916,720)	-	(4,916,720)
-	-	3,947,201	6,135,161	-	6,135,161
32,531,108	-	-	32,531,108	-	32,531,108
2,927,370	-	-	2,927,370	-	2,927,370
4	-	248,700	248,704	-	248,704
35,458,482	-	4,195,901	41,842,343	-	41,842,343
$ 38,829,982	$ 4,494	$ 8,192,177	$ 60,416,179	$ (164,423)	$ 60,251,756

Development	Other Business Activities	Central Office Cost Center	Subtotal	Eliminating Entries	Total
$ 21,366	$ -	$ 206,536	$ 356,097	$ -	$ 356,097
$ 21,366	$ -	$ 206,536	$ 356,097	$ -	$ 356,097

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

Spokane Housing Authority, Washington
Combining Statement of Net Position (Continued)
December 31, 2020

	Section 8	Public Housing - Scattered Sites	RAD Scattered Sites	Hifumi En Apts	Grants
LIABILITIES					
Current Liabilities:					
Accounts Payable	$ 74,141	$ -	$ 2,860	$ 12,233	$ 2,358
Accounts Payable - Intergovernment	10,931	-	-	-	-
Tenant Security Deposits	-	-	11,513	7,195	-
Accrued Wages and Payroll Taxes	-	-	-	-	-
Accrued Compensated Absences, Current Portion	23,652	-	-	-	-
Accrued Interest Payable	-	-	-	1,279	-
Unearned Revenue	150,088	-	954	3,541	-
Other Current Liabilities	-	-	187	14	-
Current Portion of Long-Term Debt	-	-	-	25,410	-
Interprogram Due To	-	-	-	-	159,929
Total Current Liabilities	258,812	-	15,514	49,672	162,287
Noncurrent Liabilities:					
Accrued Compensated Absences, Net of Current	106,774	-	-	-	-
Long-Term Debt, Net of Current	-	-	-	1,822,582	-
Accrued Interest Payable, Net of Current	-	-	-	31,368	-
Net Pension Liability	390,943	-	-	-	-
Total Noncurrent Liabilities	497,717	-	-	1,853,950	-
TOTAL LIABILITIES	$ 756,529	$ -	$ 15,514	$ 1,903,622	$ 162,287
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows Related to Pensions	$ 126,386	$ -	$ -	$ -	$ -
TOTAL DEFERRED INFLOWS OF RESOURCES	$ 126,386	$ -	$ -	$ -	$ -
NET POSITION					
Net Investment in Capital Assets	$ 363,669	$ -	$ 707,052	$ (730,753)	$ -
Restricted For:					
Housing Assistance Payments	673,032	-	-	-	-
Capital Replacement Reserves	-	-	-	-	-
Operating and Other Reserves	-	-	-	-	-
Unrestricted	2,996,007	29,655	6,350,335	78,637	85,749
TOTAL NET POSITION	$ 4,032,708	$ 29,655	$ 7,057,387	$ (652,116)	$ 85,749

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

Spokane Housing Authority, Washington
Combining Statement of Net Position (Continued)
December 31, 2020

Development	Other Business Activities	Central Office Cost Center	Subtotal	Eliminating Entries	Total
$ 48	$ -	$ 99,098	$ 190,738	$ -	$ 190,738
-	-	-	10,931	-	10,931
-	-	2,800	21,508	-	21,508
-	-	166,994	166,994	-	166,994
2,143	-	18,162	43,957	-	43,957
1,841	-	3,550	6,670	-	6,670
-	-	-	154,583	-	154,583
-	-	81,607	81,808	-	81,808
9,517	-	33,007	67,934	-	67,934
-	4,494	-	164,423	(164,423)	-
13,549	4,494	405,218	909,546	(164,423)	745,123
27,819	-	230,571	365,164	-	365,164
899,087	-	713,711	3,435,380	-	3,435,380
-	-	-	31,368	-	31,368
65,158	-	629,851	1,085,952	-	1,085,952
992,064	-	1,574,133	4,917,864	-	4,917,864
$ 1,005,613	$ 4,494	$ 1,979,351	$ 5,827,410	$ (164,423)	$ 5,662,987
$ 21,065	$ -	$ 203,621	$ 351,072	$ -	$ 351,072
$ 21,065	$ -	$ 203,621	$ 351,072	$ -	$ 351,072
$ -	$ -	$ 3,200,483	$ 3,540,451	$ -	$ 3,540,451
-	-	-	673,032	-	673,032
-	-	4,028	4,028	-	4,028
525,118	-	136,760	661,878	-	661,878
37,299,552	-	2,874,470	49,714,405	-	49,714,405
$ 37,824,670	$ -	$ 6,215,741	$ 54,593,794	$ -	$ 54,593,794

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

Spokane Housing Authority, Washington
Combining Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended December 31, 2020

	Section 8	Public Housing - Scattered Sites	RAD Scattered Sites	Hifumi En Apts	Grants
OPERATING REVENUES:					
Tenant Rental Revenue	$ -	$ -	$ 391,412	$ 320,472	$ -
HUD Operating Subsidies	37,248,298	252	-	-	53,897
Other Government Grants	-	-	-	-	1,623,579
Other Tenant Revenue	-	-	2,653	2,027	-
Fee Revenue	-	-	-	-	-
Other Revenue	612,436	-	-	891	-
TOTAL OPERATING REVENUES	37,860,734	252	394,065	323,390	1,677,476
OPERATING EXPENSES:					
Administrative:					
Administrative Wages	1,303,683	-	16,763	38,188	59,910
Auditing Fees	35,852	-	-	-	23
Employee Benefit Contributions	430,637	-	8,116	15,515	27,128
Management & Bookkeeping Fees	1,449,072	-	35,810	21,784	-
Other Operating Expenses	243,712	268	13,290	14,894	56,590
Tenant Services	8,145	-	-	370	-
	3,471,101	268	73,979	90,751	143,651
Utilities:					
Electricity	-	-	10,635	48,376	-
Natural Gas	-	-	1,432	659	-
Water	-	-	22,835	2,725	-
Sewer	-	-	42,188	31,590	-
Other Utilities Expenses	-	-	-	152	-
	-	-	77,090	83,502	-
Ordinary Maintenance and Operations:					
Contract Costs	442,747	-	64,763	41,263	53,640
Maintenance and Operations Wages	-	-	26,893	16,450	-
Employee Benefit Contributions	-	-	13,407	8,584	-
Materials and Other	-	-	7,073	10,671	-
	442,747	-	112,136	76,968	53,640
General Expenses:					
Housing Assistance Payments	31,946,911	-	-	-	1,473,665
Insurance Premiums	18,563	-	15,282	6,491	-
Other General Expenses	243,359	-	340	819	4,541
Depreciation and Amortization	24,486	-	116,294	109,253	-
	32,233,319	-	131,916	116,563	1,478,206
TOTAL OPERATING EXPENSES	36,147,167	268	395,121	367,784	1,675,497
OPERATING INCOME (LOSS)	$ 1,713,567	$ (16)	$ (1,056)	$ (44,394)	$ 1,979

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

Spokane Housing Authority, Washington
Combining Statement of Revenues, Expenses, and Changes in Net Position (Continued)
For the Year Ended December 31, 2020

Development	Other Business Activities	Central Office Cost Center	Subtotal	Eliminating Entries	Total
$ -	$ -	$ 134,843	$ 846,727	$ (275,949)	$ 570,778
-	-	-	37,302,447	-	37,302,447
-	-	-	1,623,579	-	1,623,579
-	-	-	4,680	-	4,680
-	-	1,920,905	1,920,905	(1,507,671)	413,234
33,517	15,355	1,165,854	1,828,053	-	1,828,053
33,517	15,355	3,221,602	43,526,391	(1,783,620)	41,742,771
151,171	-	1,463,440	3,033,155	-	3,033,155
-	-	13,890	49,765	-	49,765
34,018	-	347,482	862,896	-	862,896
-	1,005	-	1,507,671	(1,507,671)	-
95,196	-	294,594	718,544	(36,340)	682,204
-	-	954	9,469	-	9,469
280,385	1,005	2,120,360	6,181,500	(1,544,011)	4,637,489
-	-	26,159	85,170	-	85,170
-	-	4,658	6,749	-	6,749
-	-	1,643	27,203	-	27,203
-	-	2,851	76,629	-	76,629
-	-	-	152	-	152
-	-	35,311	195,903	-	195,903
-	14,350	123,730	740,493	-	740,493
41,346	-	435,606	520,295	-	520,295
10,996	-	142,100	175,087	-	175,087
-	-	-	17,744	-	17,744
52,342	14,350	701,436	1,453,619	-	1,453,619
-	-	-	33,420,576	(239,609)	33,180,967
867	-	20,595	61,798	-	61,798
236,607	-	-	485,666	-	485,666
-	-	162,023	412,056	-	412,056
237,474	-	182,618	34,380,096	(239,609)	34,140,487
570,201	15,355	3,039,725	42,211,118	(1,783,620)	40,427,498
$ (536,684)	$ -	$ 181,877	$ 1,315,273	$ -	$ 1,315,273

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

Spokane Housing Authority, Washington
Combining Statement of Revenues, Expenses, and Changes in Net Position (Continued)
For the Year Ended December 31, 2020

	Section 8	Public Housing - Scattered Sites	RAD Scattered Sites	Hifumi En Apts	Grants
NONOPERATING REVENUES (EXPENSES):					
Gain (Losses) on Capital Asset Disposition	-	-	5,586,068	-	-
Interest Expense and Related Charges	-	-	-	(31,844)	-
Interest and Investment Income	3,456	353	312	154	-
TOTAL NONOPERATING REVENUES (EXPENSES)	3,456	353	5,586,380	(31,690)	-
Income (Loss) Before Capital Contributions, and Transfers	1,717,023	337	5,585,324	(76,084)	1,979
TRANSFERS	-	-	-	-	-
CHANGE IN NET POSITION	1,717,023	337	5,585,324	(76,084)	1,979
NET POSITION, BEGINNING OF YEAR	2,315,685	29,318	1,472,063	(576,032)	83,770
NET POSITION, END OF YEAR	$ 4,032,708	$ 29,655	$ 7,057,387	$ (652,116)	$ 85,749

Spokane Housing Authority, Washington
Combining Statement of Revenues, Expenses, and Changes in Net Position (Continued)
For the Year Ended December 31, 2020

Development	Other Business Activities	Central Office Cost Center	Subtotal	Eliminating Entries	Total
-	-	811,609	6,397,677	-	6,397,677
(2,467)	-	(39,453)	(73,764)	158	(73,606)
848,195	-	16,003	868,473	(158)	868,315
845,728	-	788,159	7,192,386	-	7,192,386
309,044	-	970,036	8,507,659	-	8,507,659
(863,025)	-	863,025	-	-	-
(553,981)	-	1,833,061	8,507,659	-	8,507,659
38,378,651	-	4,382,680	46,086,135	-	46,086,135
$ 37,824,670	$ -	$ 6,215,741	$ 54,593,794	$ -	$ 54,593,794

Spokane Housing Authority, Washington
Combining Statement of Cash Flows
For the Year Ended December 31, 2020

	Section 8	Public Housing - Scattered Sites	RAD Scattered sites	Hifumi En Apts	Grants
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from Tenants and Others	$ -	$ -	$ 384,003	$ 325,219	$ -
Receipts from Government Operating Grants	37,391,228	252	-	-	1,592,850
Payments for Housing Assistance	(31,929,157)	-	-	-	(1,475,255)
Payments to Employees and on behalf of Employees	(1,857,936)	-	(65,179)	(78,737)	(87,038)
Payments to Suppliers for Goods and Services	(2,469,758)	(10,615)	(211,487)	(199,122)	(66,386)
Other Receipts	616,078	-	-	891	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	1,750,455	(10,363)	107,337	48,251	(35,829)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers	-	-	-	-	-
Principal on Operating Debt Received	-	-	-	-	-
Advances - Partnerships	-	-	-	-	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	-	-	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Purchase and Construction of Capital Assets	(354,765)	-	(13,769)	(153,245)	-
Proceeds from Sale of Capital Assets	-	-	6,218,238	-	-
Proceeds from Issuance of Capital Debt	-	-	-	153,999	-
Principal Paid on Capital Debt	-	-	-	(34,079)	-
Interest Paid on Capital Debt	-	-	-	(21,277)	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(354,765)	-	6,204,469	(54,602)	-
CASH FLOWS FROM INVESTING ACTIVITIES:					
Issuance of Notes - Partnerships	-	-	-	-	-
Payments Received on Notes - Partnerships	-	-	-	-	-
Interest Received	3,456	353	312	154	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	3,456	353	312	154	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,399,146	(10,010)	6,312,118	(6,197)	(35,829)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,952,633	39,579	27,831	128,172	36,024
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 4,351,779	$ 29,569	$ 6,339,949	$ 121,975	$ 195

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

Spokane Housing Authority, Washington
Combining Statement of Cash Flows (Continued)
For the Year Ended December 31, 2020

Development	Other Business Activities	Central Office Cost Center	Subtotal	Eliminating Entries	Total
$ -	$ -	$ 134,843	$ 844,065	$ (239,609)	$ 604,456
-	-	-	38,984,330	-	38,984,330
-	-	-	(33,404,412)	239,609	(33,164,803)
(255,487)	-	(2,519,585)	(4,863,962)	-	(4,863,962)
(332,825)	(17,216)	(414,656)	(3,722,065)	1,518,070	(2,203,995)
33,386	17,216	3,058,216	3,725,787	(1,518,070)	2,207,717
(554,926)	-	258,818	1,563,743	-	1,563,743
(863,025)	-	863,025	-	-	-
-	-	7,405	7,405	(7,405)	-
-	-	2,686	2,686	-	2,686
(863,025)	-	873,116	10,091	(7,405)	2,686
-	-	(1,362,300)	(1,884,079)	-	(1,884,079)
-	-	1,368,804	7,587,042	-	7,587,042
-	-	-	153,999	-	153,999
(9,471)	-	(221,601)	(265,151)	7,405	(257,746)
(2,502)	-	(39,542)	(63,321)	158	(63,163)
(11,973)	-	(254,639)	5,528,490	7,563	5,536,053
(54,752)	-	-	(54,752)	-	(54,752)
3,271,708	-	-	3,271,708	-	3,271,708
12,373	-	16,003	32,651	(158)	32,493
3,229,329	-	16,003	3,249,607	(158)	3,249,449
1,799,405	-	893,298	10,351,931	-	10,351,931
1,571,430	-	2,534,324	7,289,993	-	7,289,993
$ 3,370,835	$ -	$ 3,427,622	$ 17,641,924	$ -	$ 17,641,924

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

Spokane Housing Authority, Washington
Combining Statement of Cash Flows (Continued)
For the Year Ended December 31, 2020

	Section 8	Public Housing - Scattered Sites	RAD Scattered sites	Hifumi En Apts	Grants
RECONCILIATION OF CASH AND CASH EQUIVALENTS					
TO THE STATEMENT OF NET POSITION:					
Cash and Cash Equivalents - Unrestricted	$ 3,528,659	$ 29,569	$ 6,328,436	$ 114,780	$ 195
Cash and Cash Equivalents - Restricted	823,120	-	-	-	-
Tenant Security Deposits	-	-	11,513	7,195	-
	$ 4,351,779	$ 29,569	$ 6,339,949	$ 121,975	$ 195
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH					
PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating Income (Loss)	$ 1,713,567	$ (16)	$ (1,056)	$ (44,394)	$ 1,979
Adjustments to Reconcile Operating Income (Loss) to Net Cash					
Provided (Used) by Operating Activities:					
Depreciation and Amortization Expense	24,486	-	116,294	109,253	-
Changes in Operating Assets and Liabilities:					
(Increase) Decrease in Assets:					
Receivables (Net)	31,371	(86)	7,717	1,542	(89,017)
Inventories	-	-	-	-	-
Prepaids and Other Assets	(3,022)	-	2,334	(4,160)	-
Other Noncurrent Assets	-	-	-	-	-
Increase (Decrease) in Liabilities:					
Accounts Payable - Operations	(10,538)	(10,261)	(671)	(15,110)	51,209
Accounts Payable - Intergovernment	(31,881)	-	-	-	-
Tenant Security Deposits	-	-	(11,408)	104	-
Accrued Wages and Taxes Payable	-	-	-	-	-
Accrued Compensated Absences	13,694	-	-	-	-
Unearned Revenue	150,088	-	(6,031)	1,893	-
Other Liabilities	-	-	158	(877)	-
Net Pension Liability	2,923	-	-	-	-
Changes in Deferred Outflows and Inflows:					
(Increase) in Deferred Outflows of Resources	(27,084)	-	-	-	-
Increase in Deferred Inflows of Resources	(113,149)	-	-	-	-
Total Reconciling Adjustments	36,888	(10,347)	108,393	92,645	(37,808)
NET CASH PROVIDED (USED) BY					
OPERATING ACTIVITIES	$ 1,750,455	$ (10,363)	$ 107,337	$ 48,251	$ (35,829)

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

Spokane Housing Authority, Washington
Combining Statement of Cash Flows (Continued)
For the Year Ended December 31, 2020

Development	Other Business Activities	Central Office Cost Center	Subtotal	Eliminating Entries	Total
$ 2,845,717	$ -	$ 3,284,034	$ 16,131,390	$ -	$ 16,131,390
525,118	-	140,788	1,489,026	-	1,489,026
-	-	2,800	21,508	-	21,508
$ 3,370,835	$ -	$ 3,427,622	$ 17,641,924	$ -	$ 17,641,924
$ (536,684)	$ -	$ 181,877	$ 1,315,273	$ -	$ 1,315,273
-	-	162,023	412,056	-	412,056
(130)	1,861	(9,157)	(55,899)	(25,941)	(81,840)
-	-	(285)	(285)	-	(285)
(203)	-	(21,827)	(26,878)	-	(26,878)
(1)	-	25,994	25,993	-	25,993
48	(1,861)	82,781	95,597	25,941	121,538
-	-	-	(31,881)	-	(31,881)
-	-	-	(11,304)	-	(11,304)
-	-	24,890	24,890	-	24,890
4,928	-	62,700	81,322	-	81,322
-	-	-	145,950	-	145,950
-	-	(28,954)	(29,673)	-	(29,673)
488	-	4,709	8,120	-	8,120
(4,514)	-	(43,636)	(75,234)	-	(75,234)
(18,858)	-	(182,297)	(314,304)	-	(314,304)
(18,242)	-	76,941	248,470	-	248,470
$ (554,926)	$ -	$ 258,818	$ 1,563,743	$ -	$ 1,563,743

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

Spokane Housing Authority, Washington
Combining Statement of Net Position – Component Units
December 31, 2020

	Cornerstone II - The Borning Building LP (Cornerstone Courtyard)	Cornerstone II - Helena Apartments LP (Pearl on Adams)	Martindale Apartments LP (Agnes Kehoe (Agnes Kehoe Place)	Parsons LLLP (Parsons Apts)	Cedar Haven LLLP (Cedar West Apt & (Woodhaven Apts)	Wilbur and Cook Affordable Portfolio LLLP (Heritage Heights, Valley 206 & Westfall Village)	Total
ASSETS							
Current Assets:							
Cash and Cash Equivalents	$ 6,142	$ 240,882	$ 120,940	$ 85,637	$ 182,974	$ 795,317	$ 1,431,892
Receivables (Net)	22,456	7,982	5,584	2,197	57,169	106,652	202,040
Prepaids and Other Assets	4,157	5,998	8,937	9,446	19,163	14,455	62,156
Restricted Assets:							
Cash and Cash Equivalents	150,889	516,986	550,610	120,559	348,793	1,108,935	2,796,772
Tenant Security Deposits	19,758	13,293	17,673	15,694	67,551	154,390	288,359
Total Current Assets	203,402	785,141	703,744	233,533	675,650	2,179,749	4,781,219
Noncurrent Assets:							
Capital Assets:							
Land	285,532	225,835	115,574	-	-	1,950,000	2,576,941
Buildings	10,442,344	6,702,274	10,919,833	6,206,194	17,906,304	57,154,964	109,331,913
Equipment - Dwellings	271,862	111,917	146,643	289,075	715,391	1,062,552	2,597,440
Equipment - Administration	118,351	22,284	51,161	25,242	20,151	5,488	242,677
Leasehold Improvements	90,457	104,420	36,951	55,779	775,277	1,404,168	2,467,052
Construction In progress	-	-	-	-	14,009	-	14,009
Accumulated Depreciation	(5,187,379)	(2,896,305)	(3,738,173)	(814,634)	(2,373,929)	(5,287,287)	(20,297,707)
Total Capital Assets (Net)	6,021,167	4,270,425	7,531,989	5,761,656	17,057,203	56,289,885	96,932,325
Other Noncurrent Assets	551	-	37,954	26,102	60,748	258,811	384,166
Total Noncurrent Assets	6,021,718	4,270,425	7,569,943	5,787,758	17,117,951	56,548,696	97,316,491
TOTAL ASSETS	$ 6,225,120	$ 5,055,566	$ 8,273,687	$ 6,021,291	$ 17,793,601	$ 58,728,445	$ 102,097,710

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

Spokane Housing Authority, Washington
Combining Statement of Net Position – Component Units (Continued)
December 31, 2020

	Cornerstone II - LP (Cornerstone Courtyard)	Cornerstone II - LP (Pearl on Adams)	Martindale Apartments LP (Agnes Kehoe (Agnes Kehoe Place)	Parsons LLLP (Parsons Apts)	Cedar Haven LLLP (Cedar West Apt & (Woodhaven Apts)	Wilbur and Cook Affordable Portfolio LLLP (Heritage Heights, Valley 206 & Westfall Village)	Total
LIABILITIES							
Current Liabilities:							
Accounts Payable	$ 23,685	$ 13,352	$ 23,859	$ 8,031	$ 33,201	$ 54,145	$ 156,273
Tenant Security Deposits	19,758	13,293	17,673	15,694	67,551	154,390	288,359
Accrued Interest Payable	941	-	-	3,405	21,936	53,589	79,871
Unearned Revenue	2,321	9,101	682	3,236	9,835	36,040	61,215
Other Current Liabilities	3,269	2,121	2,816	-	300	10,243	18,749
Current Portion of Long-Term Debt	40,425	15,000	-	14,365	92,979	269,809	432,578
Payable to Housing Authority	80,610	6,442	8,849	(21,629)	43,589	188,845	306,706
Total Current Liabilities	171,009	59,309	53,879	23,102	269,391	767,061	1,343,751
Noncurrent Liabilities:							
Long-Term Debt, Net of Current	1,349,936	874,190	3,374,611	4,068,209	11,995,123	40,497,805	62,159,874
Accrued Interest Payable, Net of Current	47,940	-	174,163	406,365	740,865	1,780,140	3,149,473
Other Noncurrent Liabilities	154,006	7,500	25,000	-	-	4	186,510
Total Noncurrent Liabilities	1,551,882	881,690	3,573,774	4,474,574	12,735,988	42,277,949	65,495,857
TOTAL LIABILITIES	$ 1,722,891	$ 940,999	$ 3,627,653	$ 4,497,676	$ 13,005,379	$ 43,045,010	$ 66,839,608
NET POSITION							
Net Investment in Capital Assets	$ 4,630,806	$ 3,381,235	$ 4,157,378	$ 1,679,082	$ 4,969,101	$ 15,522,271	$ 34,339,873
Restricted For:							
Restricted net assets:	-	-	-	-	-	-	-
Capital Replacement Reserves	16,578	156,687	173,712	120,559	348,793	468,935	1,285,264
Operating and Other Reserves	134,311	360,299	376,898	-	-	640,000	1,511,508
Unrestricted	(279,466)	216,346	(61,954)	(276,026)	(529,672)	(947,771)	(1,878,543)
TOTAL NET POSITION	$ 4,502,229	$ 4,114,567	$ 4,646,034	$ 1,523,615	$ 4,788,222	$ 15,683,435	$ 35,258,102

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

Spokane Housing Authority, Washington
Combining Statement of Revenues, Expenses and Changes in Net Position–Component Units
For the Year Ended December 31, 2020

	Cornerstone II - The Borning Building LP (Cornerstone Courtyard)	Cornerstone II - Helena Apartments LP (Pearl on Adams)	Martindale Apartments LP (Agnes Kehoe (Agnes Kehoe Place)	Parsons LLLP (Parsons Apts)	Cedar Haven LLLP (Cedar West Apt & (Woodhaven Apts)	Wilbur and Cook Affordable Portfolio LLLP (Heritage Heights, Valley 206 & Westfall Village)	Total
OPERATING REVENUES:							
Tenant Rental Revenue	$ 362,522	$ 243,313	$ 362,926	$ 330,614	$ 1,211,638	$ 3,082,653	$ 5,593,666
Other Government Grants	-	-	-	33,765	-	-	33,765
Other Tenant Revenue	5,348	2,919	3,697	3,836	24,266	53,751	93,817
Other Revenue	5,776	321	428	9,501	249	69,595	85,870
TOTAL OPERATING REVENUES	373,646	246,553	367,051	377,716	1,236,153	3,205,999	5,807,118
OPERATING EXPENSES:							
Administrative:							
Administrative Wages	24,508	12,116	36,455	35,777	87,642	179,811	376,309
Auditing Fees	8,500	8,500	8,500	7,950	7,950	15,200	56,600
Employee Benefit Contributions	9,590	4,764	17,011	14,345	42,117	80,931	168,758
Management & Bookkeeping Fees	29,789	17,362	27,185	22,725	61,208	189,439	347,708
Other Operating Expenses	16,832	10,649	14,844	13,068	29,528	72,643	157,564
Tenant Services	-	-	270	1,544	-	164	1,978
	89,219	53,391	104,265	95,409	228,445	538,188	1,108,917
Utilities:							
Electricity	20,252	11,858	28,762	19,450	40,022	72,817	193,161
Natural Gas	9,205	3,761	8,665	4,827	5,246	10,669	42,373
Water	4,649	4,849	3,775	2,556	27,543	65,242	108,614
Sewer	38,346	26,328	38,351	37,594	82,682	207,128	430,429
Other Utilities Expenses	1,117	991	991	762	1,023	2,014	6,898
	73,569	47,787	80,544	65,189	156,516	357,870	781,475
Ordinary Maintenance and Operations:							
Contract Costs	62,672	32,007	65,101	33,798	136,165	323,648	653,391
Maintenance and Operations Wages	30,501	21,781	22,467	21,553	71,665	167,776	335,743
Employee Benefit Contributions	14,942	11,833	10,784	11,483	35,075	79,001	163,118
Materials and Other	10,747	5,360	11,449	4,904	21,340	55,118	108,918
	118,862	70,981	109,801	71,738	264,245	625,543	1,261,170
General Expenses:							
Insurance Premiums	12,356	6,331	8,465	7,701	23,942	112,864	171,659
Other General Expenses	16,486	11,197	35,170	15,154	37,375	78,608	193,990
Depreciation and Amortization	406,709	255,366	408,104	191,584	539,655	1,661,009	3,462,427
	435,551	272,894	451,739	214,439	600,972	1,852,481	3,828,076
TOTAL OPERATING EXPENSES	717,201	445,053	746,349	446,775	1,250,178	3,374,082	6,979,638
OPERATING INCOME (LOSS)	$ (343,555)	$ (198,500)	$ (379,298)	$ (69,059)	$ (14,025)	$ (168,083)	$ (1,172,520)

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

Spokane Housing Authority, Washington
Combining Statement of Revenues, Expenses and Changes in Net Position–Component Units (Continued)
For the Year Ended December 31, 2020

	Cornerstone II - The Borning Building LP (Cornerstone Courtyard)	Cornerstone II - Helena Apartments LP (Pearl on Adams)	Martindale Apartments LP (Agnes Kehoe (Agnes Kehoe Place)	Parsons LLLP (Parsons Apts)	Cedar Haven LLLP (Cedar West Apt & (Woodhaven Apts)	Wilbur and Cook Affordable Portfolio LLLP (Heritage Heights, Valley 206 & Westfall Village)	Total
NONOPERATING REVENUES (EXPENSES):							
Gain (Loss) on Capital Asset Disposition	(696)	-	-	-	(267)	-	(963)
Interest Expense and Related Charges	(16,441)	(1,943)	(26,315)	(165,635)	(434,217)	(1,236,402)	(1,880,953)
Interest and Investment Income	414	1,482	579	-	-	154	2,629
TOTAL NONOPERATING REVENUES (EXPENSES)	(16,723)	(461)	(25,736)	(165,635)	(434,484)	(1,236,248)	(1,879,287)
Income (Loss)	(360,278)	(198,961)	(405,034)	(234,694)	(448,509)	(1,404,331)	(3,051,807)
CAPITAL CONTRIBUTIONS - PARTNERSHIP	-	-	-	-	-	3,057,655	3,057,655
CHANGE IN NET POSITION	(360,278)	(198,961)	(405,034)	(234,694)	(448,509)	1,653,324	5,848
NET POSITION, BEGINNING OF YEAR	4,862,507	4,313,528	5,051,068	1,758,309	5,236,731	14,030,111	35,252,254
NET POSITION, END OF YEAR	$ 4,502,229	$ 4,114,567	$ 4,646,034	$ 1,523,615	$ 4,788,222	$ 15,683,435	$ 35,258,102

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

Spokane Housing Authority, Washington
Combining Statement of Cash Flows – Component Units
For the Year Ended December 31, 2020

	Cornerstone II - LP (Cornerstone Courtyard)	Cornerstone II - LP (Pearl on Adams)	Martindale Apartments LP (Agnes Kehoe (Agnes Kehoe Place)	Parsons LLLP (Parsons Apts)	Cedar Haven LLLP (Cedar West Apt & (Woodhaven Apts)	Wilbur and Cook Affordable Portfolio LLLP (Heritage Heights, Valley 206 & Westfall Village)	Total
CASH FLOWS FROM OPERATING ACTIVITIES:							
Receipts from Tenants and Others	$ 361,627	$ 255,854	$ 367,329	$ 337,364	$ 1,201,513	$ 3,048,121	$ 5,571,808
Receipts from Government Operating Grants	-	-	-	33,765	-	-	33,765
Payments to Employees and on behalf of Employees	(79,541)	(50,494)	(86,717)	(83,158)	(236,499)	(507,519)	(1,043,928)
Payments to Suppliers for Goods and Services	(190,719)	(143,886)	(242,905)	(188,039)	(500,165)	(1,137,241)	(2,402,955)
Other Receipts	5,776	321	428	9,501	249	69,595	85,870
NET CASH PROVIDED (USED) BY OPERATING ACITVITIES	97,143	61,795	38,135	109,433	465,098	1,472,956	2,244,560
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
Capital Contributions	-	-	-	-	-	3,057,645	3,057,645
Purchase and Construction of Capital Assets	(91,804)	(8,790)	(11,169)	(12,117)	(56,672)	(125,285)	(305,837)
Principal Paid on Capital Debt	(39,739)	(15,000)	-	(64,160)	(185,696)	(3,300,470)	(3,605,065)
Interest Paid on Capital Debt	(10,628)	-	(18,559)	(38,503)	(254,635)	(593,827)	(916,152)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACITIVITIES	(142,171)	(23,790)	(29,728)	(114,780)	(497,003)	(961,937)	(1,769,409)
CASH FLOWS FROM INVESTING ACTIVITIES:							
Interest Received	414	1,482	579	-	-	154	2,629
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	414	1,482	579	-	-	154	2,629
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(44,614)	39,487	8,986	(5,347)	(31,905)	511,173	477,780
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	221,403	731,674	680,237	227,237	631,223	1,547,469	4,039,243
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 176,789	$ 771,161	$ 689,223	$ 221,890	$ 599,318	$ 2,058,642	$ 4,517,023
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:							
Cash and Cash Equivalents - Unrestricted	$ 6,142	$ 240,882	$ 120,940	$ 85,637	$ 182,974	$ 795,317	$ 1,431,892
Cash and Cash Equivalents - Restricted	150,889	516,986	550,610	120,559	348,793	1,108,935	2,796,772
Tenant Security Deposits	19,758	13,293	17,673	15,694	67,551	154,390	288,359
	$ 176,789	$ 771,161	$ 689,223	$ 221,890	$ 599,318	$ 2,058,642	$ 4,517,023
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:							
Operating Income (Loss)	$ (343,555)	$ (198,500)	$ (379,298)	$ (69,059)	$ (14,025)	$ (168,083)	$ (1,172,520)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:							
Depreciation and Amoritization Expense	406,709	255,366	408,104	191,584	539,655	1,661,009	3,462,427
Change in Operating Assets and Liabilities:							
(Increase) Decrease in Assets:							
Receivables (Net)	(17,834)	(3,627)	6,013	215	(30,873)	(58,569)	(104,675)
Prepaid and Other Assets	(403)	(743)	(1,136)	(1,089)	(2,526)	39,827	33,930
(Increase) Decrease in Liabilities:							
Accounts Payable - Operations	75,456	652	4,136	(13,390)	(35,693)	(30,430)	731
Tenant Security Deposits	1,741	1,645	476	1,349	7,654	4,005	16,870
Unearned Revenue	751	8,242	(623)	324	820	14,954	24,468
Other Liabilities	(25,722)	(1,240)	463	(501)	86	10,243	(16,671)
Total Reconciling Adjustments	440,698	260,295	417,433	178,492	479,123	1,641,039	3,417,080
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 97,143	$ 61,795	$ 38,135	$ 109,433	$ 465,098	$ 1,472,956	$ 2,244,560

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

Spokane Housing Authority

25 W. Nora Ave.
Spokane, WA 99205
www.spokanehousing.org

CORRECTIVE ACTION PLAN FOR FINDINGS REPORTED UNDER UNIFORM GUIDANCE

Spokane Housing Authority
January 1, 2020 through December 31, 2020

This schedule presents the corrective action planned by the Housing Authority for findings reported in this report in accordance with Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Finding ref number:	**Finding caption:**
2020-001	The Housing Authority had inadequate internal controls for ensuring compliance with Housing Quality Standards enforcement requirements of its Section 8 Housing Choice Vouchers program.

Name, address, and telephone of Authority contact person:

Lori McGowan, Chief Financial Officer
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Corrective action the auditee plans to take in response to the finding:

Spokane Housing Authority acknowledges the above reference finding. Although personnel responsible for conducting the HQS inspections and ensuring owners corrected the cited life-threatening deficiencies were trained on policy and procedure, SHA did not establish the internal controls to ensure proper follow-up was made. Since the audit, SHA has established a Housing Support Specialist position, which will log life-threatening HQS deficiencies as documented on the HQS inspector's reports daily and follow-up with the landlord within the 24-hour timeframe to ensure that repairs have been addressed and completed. If repairs have been made pursuant to the directive given by the inspector, then a letter will be sent to the landlord and tenant indicating that the 24-hour hazards have been fixed. If the landlord fails to comply within the 24-hour timeframe, then the unit fails, and a Notice of Termination of HAP letter will be sent to the

landlord and tenant. SHA will work with the tenant to start the process of locating a new unit that passes HQS. The log of deficiencies will be reviewed by the Inspections Coordinator regularly as an additional internal control.
Anticipated date to complete the corrective action: 2/1/2022

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