



PIERCE COUNTY HOUSING AUTHORITY

603 South Polk Street, Tacoma, WA 98444 | 253-620-5400

INFORMATION PACKET FOR THE PIERCE COUNTY HOUSING AUTHORITY BOARD OF COMMISSIONERS REGULAR MEETING

HYBRID BUILDING B/ZOOM

WEDNESDAY, OCTOBER 26th, 2022, 3:30 PM



PIERCE COUNTY HOUSING AUTHORITY

603 South Polk Street, Tacoma, WA 98444 | 253-620-5400

AGENDA FOR THE REGULAR MEETING OF THE BOARD OF COMMISSIONERS

Wednesday, October 28th, 2022

Location: PCHA Building B & Online Via Zoom

Time: 3:30 PM

ROLL CALL

PUBLIC COMMENT (5 MINUTES PER SPEAKER)

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COMMISSIONER'S CORNER

EXECUTIVE SESSION IF NEEDED

The Board may hold an executive session for purposes allowed under the Open Public Meetings Act.

Legal purposes include: to consider acquisition or sale of real estate; to review negotiations of publicly bid contracts; to receive and evaluate complaints or charges brought against a public officer or employee; to evaluate the qualifications of an applicant for public employment; to review the performance of a public employee; and to discuss with legal counsel matters relating to agency enforcement actions, litigation, or potential litigation. Before convening in executive session, the Board Chair will publicly announce the purpose for the executive session and the time when the executive session is expected to conclude.

Under RCW 42.30.110, an executive session may be held for the purpose of receiving and evaluating complaints against or reviewing the qualifications of an applicant for public employment or reviewing the performance of a public employee, consultation with legal counsel regarding agency enforcement actions, or actual or potential agency litigation; considering the sale or acquisition of real estate; and/or reviewing professional negotiations.

ADJOURNMENT



PIERCE COUNTY HOUSING AUTHORITY

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OLD BUSINESS



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MINUTES FOR THE SEPTEMBER 28, 2022 MEETING OF THE BOARD OF COMMISSIONERS

Date: Wednesday, September 28, 2022

Location: PCHA Building B
& Hybrid Via Zoom

In Attendance: Chairperson Mark Martinez
Vice Chairperson Narva Walton
Commissioner Blaksley
Commissioner Miller
Commissioner Stewart

Also in Attendance: Jim Stretz, Executive Director
Tina McLeod, Director of Operations
Sean McKenna, Director of Project Management
Tamara Meade, Director of Supported Housing Programs
Riley Guerrero, Administrative Coordinator
Christine Smith, CPA*

*In Attendance Via Zoom

Chairperson Martinez called the meeting to order at 3:34 PM.

PUBLIC COMMENT

Chairperson Martinez asked for public comment.

There was no public comment.

OLD BUSINESS

Chairperson Martinez asked the Board to consider a motion approving the minutes of the regular board meeting held on August 24th, 2022. Commissioner Stewart so moved. Chairperson Martinez abstained as he was not present for the aforementioned meeting. Commissioner Miller was absent for the vote.

In Favor

Opposed

Abstain

Absent

Commissioner Blaksley	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Commissioner Miller	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Commissioner Stewart	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Vice Chairperson Walton	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chairperson Martinez	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

A motion was then considered to approve the cash disbursements totaling \$3,761,361.44 for the month of August, 2022. The motion was so moved by Commissioner Stewart and seconded by Vice Chairperson Walton. A vocal vote was taken with the following results. Commissioner Miller was absent for this vote.

Commissioner Blaksley	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Commissioner Miller	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Commissioner Stewart	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Vice Chairperson Walton	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chairperson Martinez	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

NEW BUSINESS

New staff were introduced by Director Christina McLeod, of the Department of Affordable Housing. She introduced to the Board Alisha Brown, Resident Services Specialist, Lawanda Lambert, Assistant Property Manager, and Whitney Grays, Assistant Property Manager, as well as reintroduced existing Assistant Property Manager Kendal Stearns. They were welcomed to the organization by Chairperson Martinez.

Resolution 1918 to adopt the updated FSS Action Plan was considered by the Board of Commissioners. Vice Chairperson Walton so moved, and Commissioner Stewart seconded. Changes made to the previous FSS Action Plan were described by Director of Supported Housing Tamara Meade. They included new annual reporting requirements, new regulations for the escrow accounts on non-graduating participants, and changes to portability. A vocal vote was taken with the following results. Commissioner Miller was absent for this vote.

	In Favor	Opposed	Abstain	Absent
Commissioner Blaksley	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Commissioner Miller	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Commissioner Stewart	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Vice Chairperson Walton	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chairperson Martinez	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolution 1918 was hereafter adopted by the Pierce County Housing Authority Board of Commissioners.

Resolution 1919 to Approve the Raise of the Capitalization Threshold to \$5,000 was considered by the Board of Commissioners. This was so moved by Vice Chairperson Walton and seconded by

Commissioner Blaksley. The resolution was explained by Executive Director Jim Stretz, who noted the recommended threshold is \$5,000.00 and that an exception is being made, as per state guidelines, for small and attractive assets to be depreciated. A vocal vote was taken with the following results. Commissioner Miller was absent for this vote.

	In Favor	Opposed	Abstain	Absent
Commissioner Blaksley	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Commissioner Miller	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Commissioner Stewart	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Vice Chairperson Walton	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chairperson Martinez	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolution 1919 was hereafter adopted by the Pierce County Housing Authority Board of Commissioners.

Resolution 1920 to Adopt the Meal and Refreshment Policy was considered by the Board of Commissioners. This was so moved by Commissioner Stewart and seconded by Vice-Chairperson Walton. Commissioner Miller arrived at the meeting and participated in the discussion. The policy was explained by Executive Director Jim Stretz as a formalization of standard practice as outlined in the May 1987 WSAG opinion on the topic of expenditures on refreshments for public entities. A vocal vote was taken with the following results.

	In Favor	Opposed	Abstain	Absent
Commissioner Blaksley	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Commissioner Miller	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Commissioner Stewart	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Vice Chairperson Walton	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chairperson Martinez	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolution 1920 was hereafter adopted by the Pierce County Housing Authority Board of Commissioners.

STRATEGIC FOCUS:

In response to previous board meetings' conversations, a strategic focus schedule was developed and presented to the Board, with topics ranging from month-to-month. Commissioner Miller stated appreciation for this proposal being responsive to the spirit of conversations had at previous meetings. Discussion ensued as to the allotment of time per scheduled item. During discussion of the Public Outreach portion of the Strategic Focus Schedule, Commissioner Miller inquired as to whether a positioning plan had been drawn up to convey PCHA's public positions. Executive Director Stretz answered that the closest item was the Five-Year Plan. A preliminary plan was agreed to be put together.

Commissioner Miller inquired as to whether there was usually discretion in the budget for priorities to be made. Director Meade answered that budgets have historically operated from the top-down and had little room for prioritization. Commissioner Blaksley inquired as to whether further training opportunities were available for the commissioners, including training on reading and interpreting the budgets and balance sheets provided by PCHA. Commissioner Miller requested that a dashboard report be drawn up in which the Commissioners could be given adequate and streamlined information to understand the Authority's financial position.

EXECUTIVE REPORT & DEPARTMENTAL UPDATES

Executive Director Jim Stretz presented highlights of the Executive report, including the upcoming release of the 2021 SAO report, the upcoming union negotiations, and the proposal from BDO on economic consequences of a potential merger between Tacoma Housing Authority and Pierce County Housing Authority.

A discussion ensued as to whether the economic benefits of a Section 18 disposition have changed since the initial decision was made. Commissioner Miller moved that a committee be formed to determine if the economic benefits to disposition were still of comparable value to the previous estimates. Commissioner Stewart seconded the motion. A vocal vote was taken with the following result.

	In Favor	Opposed	Abstain	Absent
Commissioner Blaksley	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Commissioner Miller	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Commissioner Stewart	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Vice Chairperson Walton	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chairperson Martinez	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Chairperson Martinez appointed Commissioners Walton and Blaksley. He reiterated the HUD position that prioritized the repositioning of public housing and reinvestment of proceeds, and the Chair was in concurrence.

COMMISSIONER'S CORNER

Vice-Chairperson Walton inquired as to the status of any conversations about a potential merger with the Tacoma Housing Authority. Chairperson Martinez clarified that these conversations stemmed from outside the agency, and that the proposals seemed to have stopped. Discussion with THA showed a mutual lack of endorsement for the proposal.

EXECUTIVE SESSION

No Executive Session was called.

The meeting was adjourned at 6:00 PM.

Voucher Approval

I, the undersigned, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered or the labor performed as described, or that any advance payment is due and payable pursuant to a contract or is available as an option for full or partial fulfillment of a contractual obligation, and that the claim is a just, due and unpaid obligation against the Pierce County Housing Authority, and that I am authorized to authenticate and certify to said claim in the amount of:

\$_____ This ____ day of October 2022

Date Range	Transaction ID#	Bank Account	Total
September 1- September 30, 2022	Check#88477-88557	Gen Ops	\$303,638.71
September 1- September 30, 2022	EFT#7822-7882	Gen Ops	\$135,172.44
September 1- September 30, 2022	Check#6164-6192	LIPH Management	\$2,783.00
September 1- September 30, 2022	Check#270681-271605	Section 8	\$2,725,251.70
September 1- September 30, 2022	EFT#3514746-351743	Section 8	\$95,319.24
September 1- September 30, 2022	Void Checks 350902, 351068, 351176, 351193, 351196	Section 8	\$-2,862.49
September 23, 2022	Payroll period 9/16	Payroll	\$82,175.16
September 23, 2022	Payroll Taxes ADP	Payroll	\$24,797.90
September 6, 2022	Payroll Period 8/31	Payroll	\$78,722.15
September 6, 2022	Payroll Taxes ADP	Payroll	\$23,934.88

Auditing Officer

Please see the following page for a breakdown of all checks paid in September.



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NEW BUSINESS



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LETTER OF SUPPORT FOR THE PIERCE COUNTY COMMUNITY FIRST VILLAGE

Tacoma Rescue Mission has asked for support for its proposed microhome community, the Community First Village, which would provide housing for up to 250 chronically homeless residents of Pierce County and provide them with employment through microenterprises on site, as well as mental health and substance abuse resources. The proposed location is near Spanaway, along Spanaway Loop Road and the Cross Base Highway.

Pierce County Housing Authority proposes to sign a letter of support for the project to move forward with planning and construction. This letter would not obligate use of any PCHA resources or vouchers towards the project, and only flag that this Authority, in its mission to promote safe, decent, sanitary housing for all Pierce County, welcomes an organization creating more housing for some of our highest-need, greatest-barrier residents.

The letter is on the following page. A link to the full County proposal is as follows:

https://issuu.com/pierceco/docs/thevillage_proposal_digital_full

Express your support for a proposed microhome village designed to provide hope, dignity and purpose for the chronically homeless in unincorporated Pierce County



Houses at Mobile Loaves and Fishes' Community First! Village in Austin. Photo by Gabriel C. Pérez/KUT News

WHAT IS THE MICROHOME COMMUNITY MODEL?

Pierce County leaders are working to establish a planned community of microhomes, work opportunities, and on-site physical and mental health care, patterned after the stunningly successful CommunityFirst! Village near Austin, Texas. This new community would address the biggest challenge to homelessness in Pierce County: permanent housing for the chronically homeless. No homeless housing strategy is credible without addressing the chronically homeless. We are committed to creating housing for those who are the most challenging to permanently house successfully.

OVERVIEW

We are planning 250 microhomes for the formerly chronic homeless, a place for community gatherings and meals, on-site healthcare, and microeconomic opportunities in unincorporated Pierce County.

Following a competitive process, the County contracted with The Rescue Mission to develop a feasibility study and develop a full proposal. The feasibility study can be read [here](#).

The full proposal is being discussed with the Pierce County Council the week of October 17, 2022. View the Pierce County Village proposal [here](#). The full proposal includes:

- A development plan that includes a timeline and costs for at least 150 living units.
- Project location(s) and a plan to acquire such location(s).
- Land acquisition costs.
- Regulatory, zoning, and permitting requirements to effect development.
- An identified owner, operator-provider, and developer.
- Operating pro forma showing a credible plan to pay for operating costs, which may include letters of support from additional funders.
- A 7-year development plan for funding capital and operating expenses.
- A transportation plan for residents.

YOUR SUPPORT CAN HELP

Please help the Tacoma Rescue Mission make this community a reality for the people who need a safe, supportive place to live. We want to demonstrate to the County Council that our community is ready to come together and create permanent, accountable and successful solutions to address chronic homelessness.

Name

Organization

Add my signature in support of the community
microhome model.

×

draw type

You may draw or type your signature

Please provide any additional comments:

Submit



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STRATEGIC FOCUS: YEAR IN REVIEW

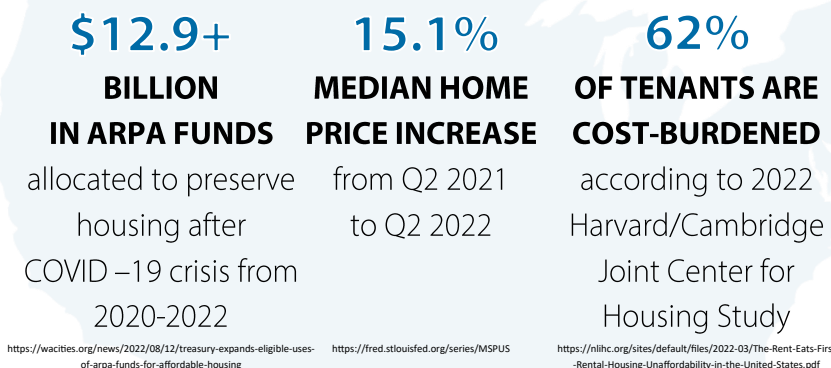
2022: Year in Review

FOR AFFORDABLE HOUSING

2022 saw incredible challenges towards the creation and preservation of affordable housing, from turbulence in the rental and homeownership markets to the lingering effects of the COVID-19 Pandemic, but also was the year in which supported housing became a major legislative priority, especially for those experiencing homelessness. Innovations and never-before-seen funding at the local, state, and federal level are spurring new approaches to housing and homelessness, which are made all the more necessary by growing wealth disparities, racial reckonings in the housing market, and rapid population shifts around urban cores. Overall, affordable housing providers have faced a tumultuous but auspicious year, with hopes that housing remains at the forefront of the body politic's consciousness into 2023.

ACROSS THE NATION

The Statistics that Define a Crisis



HUD's View of 2022

- 🏠 2022 HUD BUDGET: \$68.7 Billion
 - 🏠 More than \$54.5 Billion for housing programs across the board
 - 🏠 \$2.8 Billion allocated for Admin Fees—an historic high
- 🏠 Implementation of the Emergency Housing Voucher Program
 - 🏠 35,000 people diverted from homelessness
 - 🏠 Program utilized \$4.9 Billion of ARP Act funding from 2021
- 🏠 Despite allowing only a 3.1% raise to the Fair Market Rent for Pierce County between 2021 and 2022, a new methodology employed by HUD to track rental costs increased the Fair Market Rent by 12.5% for 2023, signaling a response to the rapidly increasing prices seen throughout the year
- 🏠 Chicago Housing Authority is facing ongoing scrutiny from investigative journalists at ProPublica and the South Side community for their disposition of Public Housing properties to for-profit developers
- 🏠 Federal disaster assistance for Alaska, Arkansas, Colorado, Florida, Hawai'i, Iowa, Kansas, Maine, Massachusetts, Missouri, Montana, Nebraska, Tennessee, Virginia, Washington, and Puerto Rico, routed through FEMA and HUD, point to increasing costs associated with climate catastrophes
- 🏠 HUD's recent audit of the Washington D.C. Housing Authority, which found gross mismanagement and nearly 2,000 units of vacant housing, was nationally publicized in the Washington Post



ACTION NEWS IN HOUSING FROM 2022

- 🏠 Houston moves over 25,000 people experiencing homelessness into apartments over 10 years, reducing homelessness at twice the national average rate
- 🏠 Los Angeles considers a "Mansion Tax" — a one-time 4-5% tax on the sales of all homes costing over \$5 million—which would fund affordable housing with an estimated \$900 million per year
- 🏠 Battles for rent control play out nationwide and are particularly heated in Kansas City, where over 4,300 tenants have organized into KC Tenants, a nascent tenants' union

Local Housing Context

- Over 37% of Washington households are renters. 36.7% of households are renters in Pierce County.
- In 2020, ALICE (Asset Limited, Income Constrained, Employed) standards show that 28% of working households in Washington are “on a financial tightrope,” which grows to 31% in Pierce County. Due to the economic crises of the last two years, this number can be assumed to be an underestimate for current conditions.
- Washington rents went up 8% between January of this year and July. They are up 19% from 2020. Pierce County rents increased by 39.7% year-over-year, the 8th highest increase in the nation. Seattle rents have only increased by 8% since 2020.
- Puget Sound Regional Council forecasts that 140,870 units of housing will be needed in Pierce County by 2044, and at least 78,750 of them must be affordable for those making under 80% AMI. To meet this target, 3,580 affordable units must be built each year.

Pierce County has experienced a difficult year in housing. Rents have risen tremendously with support programs straining to keep pace, and high-profile changes to landlord-tenant law have resulted in both additional tenant protections, and legal backlogs and confusion for all parties. Inflation in both the costs of staple goods and the rental market are stretching working-class families’ budgets tighter than they’ve been in a generation.

However, promising developments are picking up steam, particularly in the City of Tacoma. Washington State has started the Homeowner Assistance Fund to deliver grants to homeowners impacted by COVID-19, and Pierce County has formed SSHA³P, which coordinates housing efforts between fifteen municipalities and the county. A number of impactful projects are also in development from a variety of organizations.

The Fair Market?

\$1162 vs \$1642

HUD FMR for a one bedroom Apartment in Tacoma/Pierce County

Average rent for a one bedroom apartment in Tacoma/Pierce County*

* from apartments.com & similar sites

STATE & SOUND

2022 for Pierce County, WA

Pierce County News Watchlist

On October 11th, Tacoma City Council passed a camping ban for a ten block radius around any temporary shelter, effectively outlawing encampments for the majority of the downtown area. Penalties include up to a \$250 fine or 30 days in jail. Advocates say this will increase public safety, and critics argue it will criminalize poverty and create additional financial barriers for people experiencing homelessness to achieve stability. Fights to repeal the ban will continue as winter weather gets more severe.

Pierce County has extended its Eviction Resolution Pilot Program into the Eviction Prevention Project. The EPP will connect up to 400 tenants with financial resources and housing counseling from January 2023 to December 2024. Pierce County Housing Authority has submitted a grant application to administer part of the program out of our offices.

Seattle-based developer & conservatory organization Forterra has come under scrutiny after the Snoqualmie Tribe withdrew their support for a grant submitted to the USDA to create affordable housing in Tacoma’s Hilltop neighborhood. The Tribe alleges that the nonprofit claimed the Tribe pledged lumber and financial resources that had never been discussed for the project, and that Forterra refused to provide the Tribe with a copy of the grant application to review before or after submission. Forterra has not disputed these allegations, and the story will be closely followed as it develops.

Pierce County Affordable Project Pipeline

Community First Village TRM 250 Micro Homes Chronically Homeless	Lincoln District Phase I LIHI 77 Units Seniors, Extremely Low Income	Shiloh Baptist THA/Shiloh Baptist Church 60 Units Very Low Income	15th & Tacoma Ave KWA 87 Units Seniors, Low Income	Housing Hilltop THA 231 Units Low—Extremely Low
Motel Conversions Multiple (Non- & for-Profit) 300+ Units Low Income	Gravelly Lake Commons LASA 24 Units Very Low Income	PCHA Disposition PCHA 150+ Units Low — Extremely Low Income	Freedom Village GMH 734 Units Veterans	Mercy Aviva Crossing MH NW 70 Units Low—Very Low Income

Making Strides



Measuring 2022 for PCHA

Pierce County Housing Authority has faced not only the national challenges of COVID-19, worker shortages, and rapid inflation, but also local complications of living in an extremely competitive rental market, and the internal difficulties of a software conversion and continued recovery from high-profile operations and controls failures in 2019.

However, in 2022 we hit the ground running by finalizing the long-discussed transition to Yardi Voyager, submitted a Section 18 Demo/Disposition application that was over 20 years in the making, have begun transitioning our physical data servers onsite instead of hosting them with a third party, and have begun planning the best use of the 108th street campus as our agency grows. PCHA has made great strides across the board in 2022, and despite the adversities of a tumultuous year in local, national, and global history, has come a long way since December of '21.



Yard(i)-by-Yard(i)

The End is In Sight on the Long Road to New Software

🏠 A false-start partial transfer in 2021 led to data issues in our 7/1 go-live, as well as unexpected data-transfer snags based on the compatibility of Yardi and our legacy system, Encompass HAB

🏠 Most errors were corrected with line-by-line reviews over the course of July and August. The remaining errors are imbedded in back-end code, and are being worked on by Yardi Client Success teams and Wise Consulting

🏠 Issues were dominantly due to an incomplete transfer in known areas, and all data can still be accessed in our legacy system. No information from before 7/1 has been lost or destroyed, and all current information is being tracked in Yardi's systems.

🏠 Final reconciliations are scheduled to be completed by 12/31, so that 2023 will start with smooth operations

🏠 Yardi is relatively new to serving Public Housing Authorities, and is building both appropriate systems and familiarity at a staffing-level with our programs. This has resulted in more staff-time than anticipated spent interfacing with Yardi personnel to explain our reporting, tracking, and financial needs.

🏠 With several larger Housing Authorities in our area set to join YARDI within the next 1-3 years, we expect to see even more usability and functionality be added to YARDI's PHA programs - already far beyond our legacy software.

🏠 Despite a bumpy start, Yardi has already streamlined workflows, allowed for digital communication with landlords, tenants, applicants, and vendors, and has made financial tracking more transparent and controlled.

1996

- PCHA begins using HAB Encompass to manage its portfolio

December 2020

- PCHA enters talks to convert to YARDI Voyager software to establish stronger internal controls and modernize its workflows

July, 2022

- 7/1: Yardi Go-Live Date
- Errors were discovered in the data-transfer, leaving some records only accessible on the legacy software
- Line-By-Line corrections begin

August, 2022

- HAP check runs audited and corrected
- 8/30: YARDI convention in San Diego brought new information and face-to-face interactions to the PCHA team

December, 2022

- 12/31: Projected date of final reconciliation for all departments and final retirement of the legacy system



Supported Housing

73% to 51%

PCHA EHV Lease Rate versus National EHV Lease Rate - This new program contained 62 vouchers, and met an incredible need in the local community for hard-to-house people experiencing chronic homelessness

100% staffed after 3 years of short-staffing

HQS inspections restarted after COVID stoppage, allowing staff back in resident homes to ensure quality of housing

19 New Housing Choice Vouchers



Project Management

Submitted Section 18 Application after over 15 years of consideration

Negotiated right-of-way easement with Pierce County for road extension project

Commenced exploration of improving and expanding 108th st. property

Applied for and receiving \$180,000 CDBG Grant from the City of Lakewood



Affordable Housing

Reassessed rental rates for the first time since 2018 or longer in order to improve PCHA financial position while still keeping rents at or below HUD Fair Market Rates

Introduced a 3-year phased-system for rental increases for transparency, maneuverability, and tenant retention

Implemented W/S/G charges with Finance generating an income of \$840,000/year

Increased staff from 3 to 5, towards pre-COVID levels of 7

Existing staff showed incredible resilience amidst the daily challenges from not being fully staffed, daily exposure to COVID threat while serving public, navigating unexpected emergencies from guest gun violence brought onto our properties to apartment fires to serious bio-hazard clean-ups to first lease renewals since pre-COVID to software conversion



Finance

100% Staff Retention, with the exception of one retirement after over 20 years of service at PCHA



Executive

2021 Financial Audit completed in September with no significant findings or deficiencies

Contracted with TDJ CPA for additional financial services and conversion assistance

Interviews for CFO ongoing

Hired additional administrative staff for greater interdepartmental coordination



Maintenance

From Jan-Oct, Maintenance completed almost 1,350 work orders - 150 per maintenance specialist.

An All-Hands strategy was used to quickly turn units at buildings that had a large volume of work orders, which was incredibly successful as specialists worked to mitigate work orders that PCHA had been unable to complete during COVID-19

Maintenance completed the re-striping and numbering of the Chateau Rainier and Lakewood Village parking lots to improve safety and resident satisfaction.

Finished painting of exterior balconies at Chateau Rainier



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EXECUTIVE REPORT & DIVISION UPDATES

GENERAL UPDATES

- SAO finished its Financial Audit for 2021
- SAO began then stopped their Accountability Audit to restart after we were fully converted to Yardi
- SAO 2019 and 2020 Accountability Audit to be finalized 10-31-22
- The leadership Team and staff representatives have begun negotiating the Union contract that is up on 12-31-22
- One candidate interviewed for the Director of Finance position interested in possible contract work
- Contract with BDO signed to evaluate the economic benefits of merging THA and PCHA.
- Yardi conversion is progressing, targeting 12-31-22 to be final
- Submitted proposal to Pierce County \$2,000,000 Eviction Prevention Project NOFA

REVIEW OF REQUEST TO FORM COMMISSIONER COMMITTEES FROM FORMER COMMISSIONER SALLY PROTER SMITH

June 26, 2020

To: Chair Martinez and Commissioners

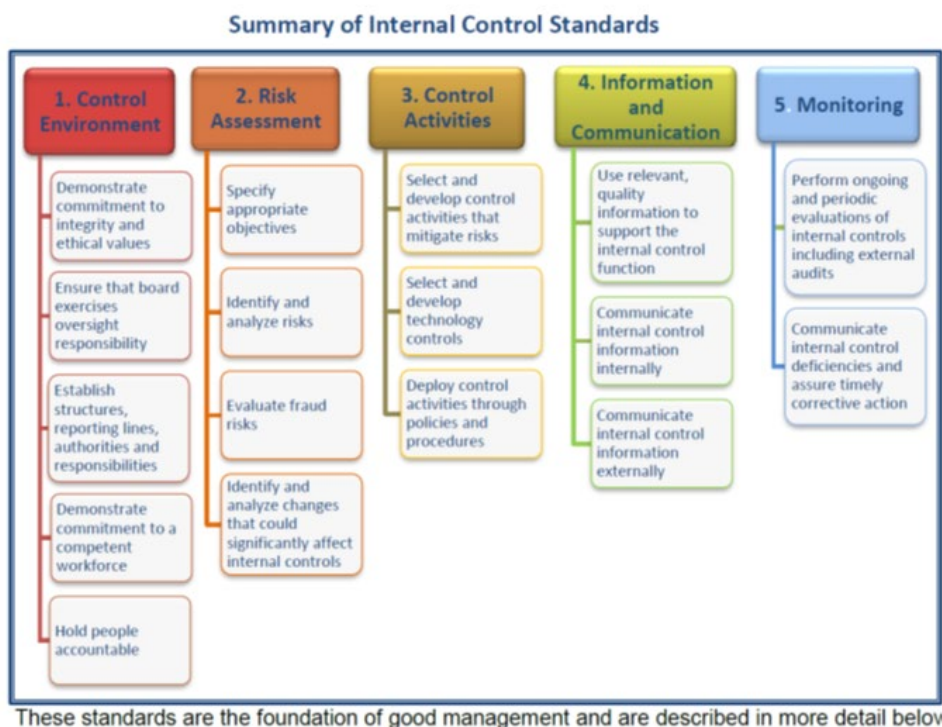
From: Commissioner Sally Porter Smith

RE: Recommendation for Establishment of Two Board Committees

Chair Martinez and Commissioners,

Please review the revised description and scope of work responsive to the different fiduciary oversight and monitoring responsibilities of the Board of Commissioners.

The generally recognized Summary of Internal Controls Standards identifies tasks associated with each standard. Committee responsibilities directly correspond with specific Standards and support the corrective action plans submitted to HUD and the SAO.



The Committees, each through specific assignments assists the Board in:

- Monitoring the agency's ability to meet statutory, regulatory, and contractual obligations
- Assuring the Housing Authority meets obligations on audit recommendations
- Review internal controls to safeguard the agency's assets
- Safeguard the financial integrity of the PHA, preventing fraud, waste, mismanagement, and abuse
- Review and monitor budgets, contracts, and other financial documents
- Conduct monthly reviews of budgets with actual expenses and revenues

The specific responsibilities assigned to each committee follow:

Finance and Internal Audit Committee

Purpose: The committee is the liaison between the board and the fiscal operation. The Committee provides PCHA staff Board feedback and direction regarding the preparation and presentation of financial statements and documents to support the Board in fulfilling its fiduciary responsibilities.

Monthly responsibilities

- Participate in a monthly review with staff of financial statements and previews monthly Financial Board Report
- Work with staff to ensure the financial reports provide accurate, reliable, up-to-date financial information needed by Board to execute their roles in monitoring, overseeing and decision making
- May review specific corrective plans and progress reports as part of the monthly meeting agenda
- May preview and provide feedback about new financial policies, procedures, and annual budget plans as part of the monthly meeting agenda

Annual responsibilities

- Conducts, in coordination with PCHA staff an annual internal controls risk assessment utilizing the Washington State Auditor's recommended Segregation of Duties risk assessment
- Performs periodic reviews of selected internal controls. Other Board members may be asked to assist as appropriate
- Reviews the Authority's overall insurance and bonding for adequate coverage
- Participates with the Chair in the annual audit process and may recommend areas of focus of the audit to the Auditor
- May participate in the selection of fee accountants/financial services and independent auditing

Membership: The Chair shall appoint one to two Commissioners to serve one-year term, announced at the Annual Meeting of Commissioners. The Chair is an ex-officio member of the Committee. The Chair may also appoint Non-board members recruited for specific expertise/knowledge. Their role is advisory. Example of appointees who might be recruited include lawyers, accountants, bankers, financial professionals, or real estate/development professionals. Conflict of interest must be reviewed prior to appointment.

Compliance Committee

Purpose:

1. The Committee works to improve risk management through the management of an anonymous reporting service to facilitate the reporting of fraud or abuse, questionable accounting or auditing practices and ethical breaches.
2. The Committee assists the Board and the Authority in creating and supporting the Control Environment by reinforcing an ethical tone from the Board and providing oversight regarding communication to employees and external stakeholders encouraging each to speak up regarding ethical concerns.

The Committee reports directly to the Board.

Responsibilities of the Committee:

- Establish and manage an anonymous ethical reporting service to permit the confidential, anonymous reporting of concerns about fraud or abuse and questionable accounting or auditing practices or other ethical breaches to the appropriate responsible parties.
- May participate with the Finance/Internal Audit Committee and PCHA staff in an annual internal controls risk assessment utilizing the Washington State Auditor's recommended Segregation of Duties risk assessment
- May participate in coordination with the Finance/Internal Audit Committee the periodic internal audit of selected internal controls
- **May participate in annual Auditor process as appropriate**

Membership: The Chair shall appoint one to two Commissioners to serve one-year term, announced at the Annual Meeting of Commissioners. The Chair is an ex-officio member of the Committee.

Actions to facilitate:

1. Resolution to Adopt Committees
2. Update by-laws to include the Committees
3. Establish meetings and/or processes with PCHA Executive Team to facilitate work
4. Participate in training provided by anonymous reporting services contractor



Tacoma/Pierce County
Habitat
for Humanity®

investing in equity through affordable homeownership

Tacoma/Pierce County Habitat for Humanity and the Housing Trust Fund have had a history of successful collaboration. Now, we have a new opportunity to partner and invest in communities that have historically been excluded from homeownership.

a unique opportunity

PCHA has submitted their application signaling their intent to divest their portfolio of single-family homes around Pierce County. **We plan to purchase 60 units at appraised value to maintain permanent affordability**, funded by philanthropic donations, government funding, and homeowner investment.

the ask & the breakdown

We are advocating for a direct appropriation of \$9.9 million from the capital budget to fund a portion of the acquisition.

Intended Use	Amount	Per Unit Amount
Acquisition of units	\$7,500,000	\$125,000
Rehab and construction	\$1,500,000	\$25,000
Developer fee	\$900,000	
TOTAL	\$9,900,000	

the outcome

When completed, **60 moderate-income families (50-80% AMI) will become first-time homeowners**. Using our established Maintenance and Construction processes, we will rehabilitate and prepare homes for move-in efficiently and effectively. Meanwhile, our Family Services team will partner with first-time homebuyers, offering housing counseling and financial guidance to set homebuyers up for success. **Many of the households will be recruited in partnership with the Tacoma Urban League**, ensuring that we begin to address inequities in homeownership with this unique collaborative project.

who we are

Anchored in our goal to provide affordable homeownership opportunities, Tacoma/Pierce County Habitat has been building, repairing, and investing in the community since 1985.

who we serve

Tacoma/Pierce County Habitat for Humanity partners with qualified families to build and own affordable homes in safe communities. We are currently partnering with the Tacoma Urban League as well as participating in HDC's Black Home Initiative. These partnerships **directly address racial inequity by preparing Black households for homeownership**. To date, 60% of Tacoma Habitat homeowners are BIPOC community members.

why habitat?

We were built for this! Habitat is an experienced developer, builder, mortgage lender, and advocate for housing affordability for diverse community members and groups.

We also offer preparatory services from HUD-certified housing counselors to ensure families are ready for homeownership.

contact us

Liz Crouse
Policy and Advocacy Manager
lcrouse@tpc-habitat.org
253-219-0161

Sherrana Kildun
Chief Philanthropy Officer
skildun@tpc-habitat.org

tpc-habitat.org

   @TacomaHabitat

a track record of success

since 2007, Habitat and HTF's partnership has resulted in...

69 homes built for first-time homeowners in Pierce County

50-80% Percent AMI range of homeowners served at Tyler Court

22-34% Percent of total costs per home made possible by public funding

\$1.56 million in Housing Trust Fund contributions



tyler court

Completed in 2020, Tyler Court exemplifies the benefits of the partnership of HTF and Habitat.

current projects



madison meadows

Tacoma/Pierce County Habitat for Humanity's Madison Meadow neighborhood will be four townhouse-style duplexes (a total of eight units) on S Madison St just south of S 67th St in Tacoma's South End. Habitat also owns the adjacent property along S Proctor St, where an additional nineteen units will be constructed over the next two to three years.

Construction at Madison Meadow began in May 2022 and is expected to go until summer '23. The **Washington State Housing Trust Fund** has provided **\$400,000** for Madison Meadow.

american lake townhomes

American Lake Townhomes will consist of six duplexes on Boat Street in the Tillicum neighborhood of Lakewood. The **Washington State Housing Trust Fund** has provided **\$464,000** for this project.

permanent affordability

Tacoma Habitat's **resale-restricted model** will bridge the gap between market-rate homes and moderate-income households. This model ensures that Habitat homes purchased today can be resold to moderate-income families for generations to come, thereby creating permanent affordability.

How the model works:

- The homeowner buys only the house—not the land—making the purchase price more affordable.
- The land is leased by the homeowners, from Tacoma/Pierce County Habitat, in a long-term, renewable and inheritable lease (with a 99-year term).
- Homeowners agree to sell the home at a restricted price to an income-qualified buyer, ensuring ongoing affordability.



Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

Pierce County Housing Authority

For the period January 1, 2021 through December 31, 2021

Published September 30, 2022

Report No. 1031215



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**Office of the Washington State Auditor
Pat McCarthy**

September 30, 2022

Board of Commissioners
Pierce County Housing Authority
Tacoma, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on the Pierce County 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

Americans with Disabilities

In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at webmaster@sao.wa.gov.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Pierce County Housing Authority January 1, 2021 through December 31, 2021

SECTION I – SUMMARY OF AUDITOR’S RESULTS

The results of our audit of the Pierce County 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 basic financial statements 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 no deficiencies that we consider to be material weaknesses.

We issued an unmodified opinion on the Housing Authority’s compliance with requirements applicable to its major federal program.

We reported no findings that are required to be disclosed in accordance with 2 CFR 200.516(a).

Identification of Major Federal Programs

The following program was selected as a major program in our audit of compliance in accordance with the Uniform Guidance.

<u>CFDA No.</u>	<u>Program or Cluster Title</u>
14.871	Housing Voucher Cluster – Section 8 Housing Choice Vouchers
14.871	COVID 19 – Housing Voucher Cluster – Section 8 Housing Choice Vouchers
14.871	Housing Voucher Cluster – Emergency Housing Vouchers

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was \$973,806.

The Housing Authority did not qualify as a low-risk auditee under the Uniform Guidance.

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.



Pierce County Housing Authority
From the Desk of Jim Stretz, Executive Director
jstretz@pchawa.org
253-620-5406 Direct | 253.620.5400 Main
603 South Polk St, Bldg A, Tacoma, WA 98444
www.pchawa.org

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Pierce County Housing Authority January 1, 2021 through December 31, 2021

This schedule presents the status of findings reported in prior audit periods.

Audit Period: January 1, 2020 through December 31, 2020	Report Ref. No.: 1030215	Finding Ref. No.: 2020-001
Finding Caption: The Housing Authority's internal controls over accounting and financial reporting were inadequate for ensuring accurate and timely reporting.		
Background: We identified a significant deficiency in internal controls as follows: <ul style="list-style-type: none">a) In fiscal year 2020, the Housing Authority had not been able to hire a full-time Finance Director. The Housing Authority continues to rely on a consultant for preparing financial statements and reporting, and management does not provide adequate oversight and review.b) The Housing Authority's secondary review of the financial statements was inadequate for detecting and preventing errors before submitting the annual financial report for audit.		
Status of Corrective Action: (check one) <div style="display: flex; justify-content: space-between;"><div><input checked="" type="checkbox"/> Fully Corrected</div><div><input type="checkbox"/> Partially Corrected</div><div><input type="checkbox"/> Not Corrected</div><div><input type="checkbox"/> Finding is considered no longer valid</div></div>		
Corrective Action Taken: <i>Pierce County Housing Authority has taken steps to correct this which include having Jim Stretz as Executive Director and transitioning from having one person from a consulting firm preparing financial statements and reporting to having a Washington based CPA firm with a team of consultants to act a Finance Director. The change in dynamics will ensure accurate compilation as well an appropriate level of review takes place. The new consulting firm will work closely with Jim to ensure management does provide adequate oversight and review. Please, note that the primary reason the Pierce County Housing Authority continues to use consulting firm as opposed to hiring a Finance Director is the potential impending merger</i>		

with Tacoma Housing Authority at which time any / all Pierce County Housing Authority financed staff would be without employment. We continue to actively seek a qualified Finance Director through use of recruitment firms, trade associations and word of mouth; however, given the situation we have yet to receive qualified candidates willing to take the position considering the merger possibility.

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*

Pierce County Housing Authority January 1, 2021 through December 31, 2021

Board of Commissioners
Pierce County Housing Authority
Tacoma, 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 Pierce County Housing Authority, as of and for the year ended December 31, 2021, 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 September 28, 2022.

REPORT ON 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

In addition, we noted certain matters that we will report to the management of the Housing Authority in a separate letter dated September 28, 2022.

REPORT ON 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 its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

A handwritten signature in black ink, reading "Pat McCarthy". The signature is fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly legible.

Pat McCarthy, State Auditor

Olympia, WA

September 28, 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

Pierce County Housing Authority January 1, 2021 through December 31, 2021

Board of Commissioners
Pierce County Housing Authority
Tacoma, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on Each Major Federal Program

We have audited the compliance of the Pierce County Housing Authority, with the types of compliance requirements identified as subject to audit 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, 2021. The Housing Authority's major federal programs are identified in the auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

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, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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)* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

Performing an audit in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Housing Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances;
- Obtain an understanding of the Housing Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the

effectiveness of the Housing Authority's internal control over compliance. Accordingly, no such opinion is expressed; and

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

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

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

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.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

September 28, 2022

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Pierce County Housing Authority January 1, 2021 through December 31, 2021

Board of Commissioners
Pierce County Housing Authority
Tacoma, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of the Pierce County Housing Authority, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Pierce County Housing Authority, as of December 31, 2021, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Housing Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Matter of Emphasis

As discussed in Note 14 to the 2021 financial statements, as a result of the COVID-19 pandemic, the full extent of the direct or indirect financial impact on the Authority is unknown. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control. Accordingly, no such opinion is expressed;

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority's ability to continue as a going concern for a reasonable period of time; and
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Housing Authority's basic financial statements. 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 form is supplementary information required by HUD. This supplementary information is 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.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 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 the effectiveness of the Housing Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

September 28, 2022

FINANCIAL SECTION

Pierce County Housing Authority January 1, 2021 through December 31, 2021

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2021

BASIC FINANCIAL STATEMENTS

Statement of Net Position – 2021

Statement of Revenues, Expenses and Changes in Net Position – 2021

Statement of Cash Flows – 2021

Notes to Financial Statements – 2021

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportionate Share of Net Pension Liability – PERS 1, PERS 2/3 – 2021

Schedule of Employer Contributions – PERS 1, PERS 2/3 – 2021

Schedule of Changes in Total OPEB Liability and Related Ratios – 2021

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Expenditures of Federal Awards – 2021

Notes to the Schedule of Expenditures of Federal Awards – 2021

Financial Data Schedule – 2021

**PIERCE COUNTY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Introduction

This Management's Discussion and Analysis (MD&A) of the Pierce County Housing Authority (Authority) provides an introduction and overview to the financial statements for the year ended December 31, 2021. The Pierce County Housing Authority presents this discussion and analysis of its financial performance during the fiscal year ended December 31, 2021 relative to fiscal year ended 2020, to assist the reader in focusing on and understanding significant financial issues.

The primary focus of the Authority's financial statements is its single enterprise fund encompassing all programs and blended component units administered by the Pierce County Housing Authority. Like all operating entities, the Covid-19 Pandemic had a significant positive and negative effects on Authority's financial results. The information contained in the MD&A should be considered in conjunction with the Authority's financial statements and related notes to same.

Overview of the Financial Statements

. The financial statements are comprised of three individual statements. The statements include:

- Statement of Net Position
- Statement of Revenues, Expense, and Changes in Net Position
- Statement of Cash Flows

The Statement of Net Position presents information on the assets, deferred outflows or resources, liabilities, and deferred inflows of resources with the differences between them being reported as Net Position. Over time, increases or decreases in Net Position serve as a useful indicator of whether the financial situation of the Authority is improving or deteriorating after considering other relevant information. Net Position is comprised of three individual components:

- Net Investment in Capital Assets consists of capital asset balances net of accumulated depreciation less any outstanding balances of related debt associated with the acquisition of these assets.
- Restricted component of net position consists of resources that are restricted by limitations placed on these resources by an external source or imposed by law through enabling legislation.
- Unrestricted component of net position represents the remaining resources available that do not meet the definition of the above categories. The unrestricted component of Net Position is the amount available for future year appropriations and operations.

The Statement of Revenues, Expenses, and Changes in Net Position reports the operating and non-operating revenues, operating expenses and non-operating expenses of the Authority for the year ended December 31, 2021, that determine the change in net position for the fiscal year.

The Statement of Cash Flows reports cash activities for the fiscal year resulting from operating activities, investing activities, non-capital financing activities, and capital and related financing activities. The net result of these activities represents the increase or decrease of the cash equivalent account balance for the year ended December 31, 2021.

Program Information

Assisted Housing Programs

Low Income Public Housing: The Authority owns and operates 125 single family, scattered site units in Pierce County, Washington. Under the low-income public housing program, the Authority rents units that it owns to low-income households. The program is operated under an annual contributions contract with HUD, and HUD provides operating subsidy and capital funding to enable the Authority to provide housing at a rent that is based on a percentage of household income. The capital fund program is the primary funding source for physical improvements to the Authority's properties.

Capital Funds Grants: Under the same Annual Contributions Contract. The Authority receives additional funding from HUD for physical and management improvements to its units within the Low-Income Public Housing Program. This program provides funding for large-scale improvements or unplanned emergencies that are not covered by the operating subsidy amount previously mentioned

Section 8 Housing Choice Vouchers: The Authority administers a program of rental assistance payments to private and public owners on behalf of eligible low-income families under Section 8 of the Housing and Urban Development Act of 1974. The assistance provides payments covering the difference between the maximum rental as approved by HUD on a dwelling unit, and the amount of rent contribution by a participating family based on the families documented income. The objective of the program is to empower the tenant with making the choice of where they want to live and assisting them in obtaining affordable housing. The Authority currently administers approximately 2,810 vouchers among the various Section 8 Programs include Housing Choice Voucher, Homeownership, Non-Elderly Disabled (NED), and Veterans Affairs Supportive Housing (VASH) programs.

Rural Development Program: The Rural Development Housing Program is a 20-unit community constructed from low- cost loans provided by the Department of Agriculture benefiting rural residents classified as elderly or disabled. The apartment complex is subsidized by the Department of Agriculture through Rural Rental Assistance payments tenants typically pay rent, which is 30 percent of their adjusted gross income. The remaining portion of rent is provided by Rural Development in the form of rental assistance.

Non-Assisted/Business Activities Programs: The Authority owns and manages several additional apartment communities throughout Pierce County. Three of larger communities are owned by the following blended component units:

- Chateau Rainier Apartments LLC;
- DeMark Apartments LLC; and
- Lakewood Village Apartments, LLC

These 656 units provide additional types of affordable housing in the County of Pierce with little public financial support, beyond project-based vouchers representing a small percentage of the units.

Financial Highlights

- The Pierce County Housing Authority's net position increased from \$9,546,270 to \$10,576,257, an increase of \$1,029,987 or 10%. Total assets also increased by \$938,746 or 3%.
- Total program revenue increased from \$39,595,932 to \$41,194,739, an increase of \$1,598,807 or 4% primarily from restitution and net- recovery (\$2,931,349) of prior year's employee theft.
- Total expenses increased by \$1,680,100 or 4%, from \$38,478,320 to \$40,158,420 for the current year. Taking out the increase of tenant assistance payments covered by government grants, total expenses increased.

Housing Authority Activities & Highlights

The Authority's overall financial position and operations for the past two years are summarized below the table lists the summary of net position for the year ended December 31, 2021, and December 31, 2019.

Summary Statement of Net Position As of December 31, 2021 and 2020

<u>Category</u>	12/31/2021	12/31/2020	Change \$	Change %
Current and Other Assets	\$ 10,356,899	\$ 9,785,647	\$ 571,252	6%
Capital Assets	\$ 22,452,792	\$ 22,085,299	\$ 367,493	2%
Total Assets	\$ 32,809,691	\$ 31,870,946	\$ 938,745	3%
Deferred Outflow of Resources	\$ 243,904	\$ 225,424	\$ 18,480	8%
Current Liabilities	\$ 2,472,526	\$ 3,192,988	\$ (720,462)	-29%
Non Current Liabilities	\$ 18,059,676	\$ 19,045,048	\$ (985,372)	-5%
Total Liabilities	\$ 20,532,202	\$ 22,238,036	\$ (1,705,834)	-8%
Deferred Inflow of Resources	\$ 1,945,136	\$ 312,064	\$ 1,633,072	84%
Unrestricted	\$ 7,371,842	\$ 5,243,155	\$ 2,128,687	29%
Restricted	\$ 413,664	\$ 470,071	\$ (56,407)	-14%
Net Investment in Capital Assets	\$ 2,790,751	\$ 3,833,044	\$ (1,042,293)	-37%
Total Net Position	\$ 10,576,257	\$ 9,546,270	\$ 1,029,987	10%

Current Assets

Current assets increased by \$571,252 during the current year. Unrestricted cash and investments increased by \$852,053, primarily due to an excess of operating revenues over operating expenses. In addition, restricted cash increased by \$236,445 and accounts receivable – HUD increased by \$400,472, while restricted cash for the payment of current liabilities decreased by \$906,195.

Capital Assets

Capital assets increased from \$22,085,299 to \$22,452,792 during the current year. This will be discussed in more detail in other sections.

Current Liabilities

Current liabilities decreased by \$720,462 from the previous year. This is primarily due to a decrease in unearned revenue in the amount of \$892,589 related to HCV CARES Act funds that was earned in the current year. The increase was offset by a increased in accrued liabilities – other in the amount of \$102,117.

Noncurrent Liabilities

Noncurrent liabilities decreased from a 2020 balance of \$19,045,048 to a 2021 balance of \$18,059,676, a net decrease of \$985,372. Notable variances from the previous year included the following items;

- The noncurrent portion of the capital debt decreased by \$359,607.
- The pension/OPEB liability decreased from a 2020 balance of \$2,197,848 to a 2021 balance of \$1,587,689.

Net Position

The net position of the Authority increased by \$1,029,987, or 10%, from the previous fiscal year. This was primarily related to the special item charge in the amount of \$2,931,349 related to recovery and partial restitution from the former, convicted CFO and the reduction of expenses of \$1.2 million exclusive of Housing Assistance Payments covered by government grants. Of the total net position, unrestricted net position increased by \$2,128,687 and restricted net position decreased by \$56,407.

Summary Statement of Revenues & Expenses and Changes in Net Position
Years Ended December 31, 2021 and 2020

<u>Category</u>	<u>12/31/2021</u>	<u>12/31/2020</u>	<u>Change \$</u>	<u>Change %</u>
Program Revenues:				
Tenant Revenue	\$ 6,909,559	\$ 6,925,554	\$ (15,995)	0%
Government Grants	\$ 32,460,187	\$ 31,575,769	\$ 884,418	3%
Other Revenue	\$ 1,824,993	\$ 1,094,609	\$ 730,384	40%
Total Revenue	\$ 41,194,739	\$ 39,595,932	\$ 1,598,807	4%
Expenses:				
Operating, Excluding Depreciation	\$ 38,584,115	\$ 36,884,597	\$ 1,699,518	4%
Depreciation	\$ 1,574,305	\$ 1,593,723	\$ (19,418)	-1%
Total Expenses	\$ 40,158,420	\$ 38,478,320	\$ 1,680,100	4%
Nonoperating Revenues				
Interest Income	\$ 668	\$ 2,392	\$ (1,724)	-258%
Gain or Loss on Disposition of Capital Assets	\$ (7,000)	\$ (9,938)	\$ 2,938	-42%
Total Nonoperating Revenues	\$ (6,332)	\$ (7,546)	\$ 1,214	-19%
Excess (Deficiency) Before Special Items	\$ 1,029,987	\$ 1,110,066	\$ (80,079)	-8%
Special Items/Casualty Losses	\$ -	\$ 2,931,349	\$ (2,931,349)	100%
Change in Net Position	\$ 1,029,987	\$ 4,041,415	\$ (3,011,428)	-292%
Net Position, Beginning of Year	\$ 9,546,270	\$ 5,504,855	\$ 4,041,415	42%
Net Position, End of Year	\$ 10,576,257	\$ 9,546,270	\$ 1,029,987	10%

Results of Operations

Program revenues of the Authority are generated principally from dwelling rents and HUD grants. The Authority's revenue increased by \$1,598,807 or 4% compared to the previous fiscal year. Significant changes in revenue accounts consist of the following items:

- Government grants increased by \$884,418 due in part to Cares Act Grants and an increase in operating subsidy proration.
- Other revenue increased from \$1,094,609 in 2020 to \$1,824,993 in 2021. Revenues related to port in activity of the HCV program increased by \$678,126. The Component Unit and Business Activities other revenue also by \$16,381 and \$17,130, respectively.

Total operating expenses increased by \$1,680,100 due to an increase in housing assistance all of which was covered by Federal grants. Significant variances between the years include the following:

- Administration decreased by \$166,746 or 6%.

- Maintenance costs increased by \$1,023,842 or 37% from the prior year. The following provided below gives an analysis of cost categories associated with the increase:
 - Materials increased by \$248,995; and
 - Maintenance contracts increased by \$796,086.
- General/insurance expenses increased by \$264,999 due primarily to higher insurance costs in the amount of \$52,586, and other general expenses by \$182,030.
- Housing assistance payments increased by \$454,818, or 2%. This was due to portability in HAP costs increasing by \$457,570 from the prior year.

Capital Assets

As of December 31, 2021, the Authority's capital assets totaled \$19,606,823. This investment includes land, building improvements, equipment, and construction in progress, net of accumulated depreciation.

<u>Category</u>	12/31/2021	12/31/2020	Change \$	Change %
Land	\$ 5,270,117	\$ 5,270,117	\$ -	0%
Buildings	\$ 36,062,789	\$ 36,062,789	\$ -	0%
Equipment	\$ 3,831,615	\$ 3,866,538	\$ (34,923)	-1%
Accumulated Depreciation	\$ (25,588,749)	\$ (24,240,575)	\$ (1,348,174)	5%
Construction in Progress	\$ 31,051	\$ 29,673	\$ 1,378	4%
Total Net Fixed Assets	\$ 19,606,823	\$ 20,988,542	\$ (1,381,719)	-7%

The decrease in equipment is due to the disposal of assets. Please refer to Note 6 of the financial statements.

Long-Term Debt Activity

There are various debt requirements related to projects and programs of the agency. Debt was reduced by \$359,607. There was no additional debt incurred during the year. Please refer to note 8 of the financial statements.

Economic Factors

HUD has renewed the Housing Choice Voucher Program and estimated the funding levels for the 2022 calendar at \$30,713,000. The operating subsidy for the Low Rent Housing Program is estimated to be funded at \$317,403.

The estimated amount of funding for the 2022 calendar year for the Housing Choice Voucher Program will include the proration of administrative fees at 84% and HAP funding at 100% with an inflation factor of 1.03%.

Request for Information

This financial report is designed to provide a general overview of the Authority's accountability for all those interested.

If you should have additional questions regarding the financial information, you can contact our office in writing at the following address:

Pierce County Housing Authority
Attn: Jim Stretz, Executive Director
Tacoma, Washington

PIERCE COUNTY HOUSING AUTHORITY
STATEMENT OF NET POSITION
DECEMBER 31, 2021

Current Assets:

Cash and Cash Equivalents:	
Unrestricted	\$ 7,523,128
Restricted	2,088,405
Accounts Receivable (Net of Allowance)	657,345
Prepaid Items	76,626
Inventory	11,395
Total Current Assets	<u>10,356,899</u>

Noncurrent Assets:

Capital Assets	
Land & Construction in Progress	5,301,168
Other Capital Assets, Net of Depreciation	14,305,655
Total Capital Assets	<u>19,606,823</u>
Other Non-Current Assets	
Notes, Loans, and Mortgages Receivable	1,046,105
Net Pension Asset	1,799,864
Total Other Non-Current Assets	<u>2,845,969</u>
Total Noncurrent Assets	<u>22,452,792</u>
Total Assets	<u>32,809,691</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows-Pension	239,650
Deferred Outflows-OPEB	4,254
Total Deferred Outflows of Resources	<u>243,904</u>

See accompanying notes to the financial statements.

PIERCE COUNTY HOUSING AUTHORITY
STATEMENT OF NET POSITION - CONTINUED
DECEMBER 31, 2020

LIABILITIES

Current Liabilities:

Accounts Payable	835,635
Wages/Payroll Payable	61,069
Unearned Revenue	230,493
Accrued Employee Leave (current)	128,903
Interest Payable	77,267
Tenant Security Deposits	303,078
Bonds and Notes Payable (current)	361,276
Total OPEB Liability-Current Portion	4,254
Other	470,551

Total Current Liabilities	2,472,526
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Noncurrent Liabilities:

Accrued Employee Leave (net of current)	18,989
Bonds and Notes Payable (net of current)	16,454,796
Net Pension Liability	171,535
Total OPEB Liability-Noncurrent Portion	1,411,900
Other	2,456

Total Noncurrent Liabilities	18,059,676
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Total Liabilities	20,532,202
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DEFERRED INFLOWS OF RESOURCES

Deferred Inflows-Pension	1,945,136
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Total Deferred Inflows of Resources	1,945,136
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NET POSITION

Net Investment in Capital Assets	2,790,751
Restricted for:	
Housing Assistance Payments	308,799
Net Pension Asset	94,378
Other	10,487
Unrestricted	7,371,842

Total Net Position	\$ 10,576,257
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See accompanying notes to the financial statements.

PIERCE COUNTY HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2021

OPERATING REVENUES

Tenant Revenue	\$ 6,909,559
Operating Grants	32,460,187
Other Revenue	1,824,993
Total Operating Revenues	<u>41,194,739</u>

OPERATING EXPENSES

Administrative	2,629,983
Tenant Services	184,089
Utilities	914,336
Maintenance	2,747,354
Insurance/General	1,251,544
Housing Assistance Payments	29,893,637
Depreciation	1,574,305
Total Operating Expenses	<u>39,195,248</u>

<i>Net Operating Income (Loss)</i>	<u>1,999,491</u>
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NONOPERATING REVENUES (EXPENSES)

Interest Income	668
Interest Expense	(963,172)
Gain or Loss on Disposition of Capital Assets	(7,000)
Net Nonoperating Revenues (Expenses)	<u>(969,504)</u>

<i>NET INCOME (LOSS) BEFORE CONTRIBUTIONS</i>	<u>1,029,987</u>
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<i>CHANGE IN NET POSITION</i>	1,029,987
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<i>NET POSITION-BEGINNING OF YEAR</i>	9,546,270
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<i>NET POSITION-END OF YEAR</i>	<u>\$ 10,576,257</u>
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See accompanying notes to the financial statements.

PIERCE COUNTY HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash Received from Grantor	\$ 31,295,271
Cash Received from Tenants	6,794,259
Cash Received from Misc. Sources	1,827,976
Cash Payments to Employees	(1,565,178)
Cash Payments to Vendors	(6,248,350)
Cash Payments for Rental Assistance	(30,302,210)
Net Cash Provided in Operating Activities	<u>1,801,768</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest Received	668
Net Cash Received on Mortgages Receivable	50,479
Net Cash Provided by Investing Activities	<u>51,147</u>

CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Interest Paid on Long Term Debt	(964,646)
Principal Reduction on Long Term Debt	(339,425)
Property and Equipment Purchased	(307,067)
Net Cash Used in Financing Activities	<u>(1,611,138)</u>

Net Increase in Cash	241,777
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Cash and Cash Equivalents-Beginning of Year	<u>9,369,756</u>
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Cash and Cash Equivalents-End of Year	<u><u>9,611,533</u></u>
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Reconciliation to Cash Accounts:

Cash Equivalents-Unrestricted	7,523,128
Cash Equivalents-Restricted	2,088,405

Total Cash Equivalents	<u><u>\$ 9,611,533</u></u>
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See accompanying notes to the financial statements.

PIERCE COUNTY HOUSING AUTHORITY
STATEMENT OF CASH FLOWS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2021

***RECONCILIATION OF NET OPERATING INCOME TO CASH
PROVIDED IN OPERATING ACTIVITIES:***

Net Operating Income	\$ 2,007,199
Adjustments to Reconcile Net Income to Net Cash Provided in Operating Activities:	
Depreciation	1,574,305
Adjustment to Capital Assets	107,655
Increase in Accounts Receivable (Operations)	(512,735)
Decrease in Prepaid Expenses	183,259
Decrease in Accounts Payable	(27,435)
Increase in Wages/Compensated Absences	21,628
Increase in Tenant Security Deposits	19,267
Decrease in Unearned Revenue	(774,835)
Increase in Other current Liabilities	5,484
Increase in Other Noncurrent Liabilities	1,116
Increase in Other Assets	(1,799,864)
Increase in Deferred Inflows	1,633,072
Decrease in Pension Liability	(512,247)
Decrease in OPEB Liability	(97,913)
Increase in Deferred Outflows	(18,480)
Net Cash Provided in Operating Activities	<u>\$ 1,809,476</u>

See accompanying notes to the financial statements.

PIERCE COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Pierce County Housing Authority (the Authority) was organized pursuant to the laws of the State of Washington. These financial statements have been prepared in conformity with generally accepted accounting principles as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Housing Authority's significant accounting policies are described in the following notes.

A. Reporting Entity

The purpose of the Authority is to provide safe, decent, sanitary and affordable housing to low income families in Pierce County, Washington, and to operate the housing programs in accordance with federal legislation administered through the U.S. Department of Housing and Urban Development (HUD) under provisions of the National Housing Act of 1937. The Authority was created in 1978 by an act of Pierce County, Washington.

The governing body of the Authority is its Board of Commissioners, which is comprised of six members, five of whom are appointed by the Pierce County Executive and ratified by the County Council and one, which is appointed by the Authority Board of Commissioners. The Board appoints an Executive Director to administer the affairs of the Authority. The Authority is not considered a component unit of Pierce County, as the Board of Commissioners independently oversees the Authority's operations and Pierce County is not financially accountable for the Authority. Financial accountability is defined as appointment of a majority of the entities board and either (a) the ability to impose the primary government's will, or (b) the Authority will provide a financial benefit to, or impose a financial burden on, the primary government.

On January 26, 2012, the Authority's Board of Commissioners adopted a resolution relating to the organization of a nonprofit corporation, Housing Successes, to support the Authority in its goals. On July 10, 2014, the IRS provided a final determination of the tax-exempt status of Housing Successes. While considered a component unit of the Authority, there was no fiscal activity during the year.

During 2014, the Authority established three separate Limited Liability Companies: Chateau Rainier Apartments LLC, DeMark Apartments LLC and Lakewood Village Apartments LLC, for the purpose of debt refunding. The refunding occurred in 2015 and the Authority transferred all assets and liabilities to these three separate legal entities. The Authority implemented the provisions of GASB Statement No. 80 Blending Requirements for Certain Component units, an amendment of GASB Statement No. 14. This statement requires that "A component unit should be included in the reporting entity financial statements using the blended method if the component unit is organized as a not-for-profit corporation in which the primary government is the sole corporate member." These three legally separate entities are considered blended component units. Disclosure of these component units are provided in these notes to financial statements.

The accompanying financial statements include all programs, and organizations for which the Board of Commissioners is financially accountable.

B. Program Accounting

The accounts of the Authority are organized on the basis of programs, each of which is considered a separate accounting entity. The operations of each entity are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, net position, revenues and expenses as appropriate. Resources are allocated to and accounted for in individual programs based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The operations of the Authority combine the two following major programs that account for separate business-type activities. The

PIERCE COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Authority uses sub-accounts within these major programs to account for certain funding streams that require separate accounting by State law, HUD regulations or by loan agreements. The two major programs described below are combined into a single enterprise fund for reporting purposes.

Assisted Housing Programs

This major program is used to account for the various HUD and other housing assistance programs administered by the Authority such as Section 8, Low-Income Public Housing (LIPH) and Rural Development (RD) programs.

Programs Administered for Assisted Housing

Public Housing: This program accounts for low-rent public housing projects developed and operated by the Authority. HUD provided development grants to allow the Authority to purchase real estate for use in the program and provides operating subsidies and capital improvement grants for ongoing management of the projects. There are 124 single family homes being operated in this program.

Section 8 Housing Choice Voucher Programs: The Section 8 programs provide housing assistance payments for up to approximately 2,577 households who live in private and Authority owned housing. These programs were authorized by Section 8 of the National Housing Act and provide housing assistance payments to landlords and lenders to subsidize rental and mortgage payments for low-income persons.

Rural Development: This program provides for special needs populations in rural areas. Rural Development provides both rent subsidies and interest rate subsidies for this specific project which serves 20 elderly or disabled low income households.

While dwelling rent is recognized as operating revenues, the major portion of operating revenues in the Assisted Housing Programs is the HUD Annual Contributions. These operating grants are reported as operating revenue in the statement of revenues, expenses and changes in net position. Revenues and expenses related to financing or investing activities are treated as non-operating revenues and expenses in the statement of revenues, expenses and changes in net position. Capital contributions are treated as non-operating revenue.

Affordable Housing Program

This major program is used to account for various business type activity programs administered by the Authority that do not have on-going federal subsidies to fund operations.

Programs Administered for Affordable Housing

Apartments: The operation of 8 multi-family housing projects, consisting of 670 units that are financed and operated in a manner similar to private business enterprises are included in this group. Costs (expenses, including depreciation) of providing services to the general public, on a continuing basis, are recovered primarily through rental revenues. Revenues and expenses related to financing or investing activities are treated as non-operating revenues and expenses in the statement of revenues, expenses and changes in net position.

5H Homeownership: This program accounts for the sale of public housing program homes to current residents. Homes sold under this program are transferred from the Assisted Housing Program to the Homeownership program sub-account within the Affordable Housing program at its net book value. The proceeds of the sales are a combination of cash, for privately financed first mortgages, and second mortgage notes receivable. The Authority holds a "silent second" mortgage that bears no interest. These mortgages are due upon sale of the property or at such time as the family can afford to pay at least \$50 per month in debt service as determined under

PIERCE COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

program guidelines. Since the timing of repayment of these notes is uncertain, the investment in the related notes receivable have not been discounted. As such, these notes are stated at their face value in the accompanying statement of net position.

Measurement Focus and Basis of Accounting

Basis of Accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. All of the Authority's programs are considered business-type activities, which use the economic resources measurement focus and the accrual basis of accounting. Under this basis of accounting, revenues are recognized when they are earned and expenses recognized when incurred. Substantially all transactions in the Affordable Housing Program are considered to be exchange type transactions. Annual HUD Contributions reflected in the Assisted Housing Program are considered to be voluntary non-exchange transactions. Revenues for such transactions are recorded when eligible payments have been earned.

The Authority presents a classified statement of net position, which distinguishes between short- term and long-term assets and liabilities. The criterion used to determine whether an asset or liability is long or short-term is one year. This means that assets that are expected to convert to cash or will benefit the ensuing year's operations are treated as current assets. Likewise, liabilities that will likely be settled within the ensuing year are treated as current liabilities. Certain liabilities, such as Unclaimed Property and Compensated Absences, are classified into current and long- term portions based upon estimates of the amounts that will be settled during the ensuing year.

C. Specific Assets, Liabilities and Revenue Recognition Policies

1. Cash, Cash Equivalents and Investments

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits, balances held by the servicer of the notes and short-term investments with original maturities of three months or less from the date of acquisition. Investments are reported at fair value.

The Housing Authority is authorized to invest in financial instruments that have been HUD approved. Generally, these financial instruments consist of direct obligations of the Federal Government, obligations of Federal Government agencies, demand and savings accounts, and Certificates of Deposits. Types and amounts of investments held at fiscal year-end are described in a subsequent note on investments.

2. Restricted Assets

Restricted cash and investments include assets to be used for tenant security deposits, excess HAP funding, and Family Self Sufficiency ("FSS") funds held in escrow for families who successfully fulfill the program requirements.

3. Budget

The Authority maintains a budget for management purposes. Budgetary data is not required for financial statement presentation.

4. Investments

Investments are reported at fair value which is based on quoted market prices. For investments in open-end money market mutual funds, fair value is determined by the fund's current share price. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends are included in the statement of revenues, expenses, and changes in net position.

5. Tenant Receivables and Recognition of Bad Debts

Tenant receivables are stated at net rent amounts. Tenant accounts are generally collectible for 60 days. For account balances in excess of 60 days, the balances are considered to be uncollectable. These amounts are charged off as a bad debt (operating cost).

PIERCE COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

6. Maintenance Inventory

The Housing Authority's inventory balances consist of expendable supplies held for consumption. The inventory is valued at cost. The Housing Authority uses the first-in, first-out basis in determination of cost.

7. Capital Assets

Capital assets are recorded at cost. Costs in excess of \$200 that materially add to the productive capacity and extend the life of an asset longer than one year are capitalized, while maintenance and repair costs are expensed as incurred. Donated capital assets are valued at acquisition cost. Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and Improvements	15 – 40 years
Equipment	5 years

8. Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation and sick leave. Vacation pay, which may be accumulated up to 120 hours annually, is payable to the employee based upon terms of the collective bargaining agreement or employment policy whichever is applicable. An employee may accrue up to a maximum of 480 hours of sick pay and is payable upon terms of the collective bargaining agreement or employment policy whichever is applicable. Vested and accumulated vacation and sick leave are reported as expenses and classified into current and long-term portions in the applicable program.

9. Deferred Inflow/Outflow of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Authority, deferred outflows of resources are reported for pension related activities.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources include pension. Deferred inflows of resources related to pension are reported on the statement of net position.

10. Net Position

Net position represents the difference between assets, deferred outflows of resources, deferred inflows of resources, and liabilities.

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings that have been used for the acquisition, construction or improvement of those assets.

Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Authority applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

11. Operating Revenues and Expenses

An enterprise fund distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the Authority's enterprise fund are charges to tenants for rent and operating subsidies from HUD. Operating expenses for the enterprise fund include the costs of facility maintenance, housing assistance payments, administrative expenses, and depreciation

PIERCE COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

12. Capital Contributions

Capital contributions arise from the contributions of capital assets or from grants or outside contributions of resources restricted to capital acquisition and construction.

13. Pensions

For purposes of measuring the net pension liability/asset, deferred outflows of resources and deferred inflows of resources related to them, and the associated expenses, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the State's pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The State's pension systems report investments at fair value.

14. Use of Estimates

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

15. Inter-Program Receivables and Payables

During the normal course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "inter-program due from" or "inter-program due to" have been eliminated in the preparation of the basic financial statements. In addition, offsetting inter-program operating transfers between individual programs have also been eliminated in the preparation of the financial statements.

NOTE 2: OPERATING BUDGETS

The Authority is not required to prepare an agency-wide budget. Certain program regulations require a program budget be prepared. Budgetary data is not required for financial statement presentation.

NOTE 3: CASH AND INVESTMENTS

The Housing Authority's policies regarding cash and investment balances are discussed in Note 1.D. The composition of the Housing Authority's cash, cash equivalents and investments on December 31, 2021, was as follows:

<i>Item</i>	<i>Balance</i>
Cash on hand, deposits in banks, savings deposits	\$9,611,533
Investments	-----
Total	\$9,611,533

Custodial credit risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investment. The Housing Authority's bank balances in the amount of \$9,611,533 were secured through federal depository insurance or collateralized securities at December 31, 2021. The Housing Authority had no custodial credit risk for its investments as of December 31, 2021.

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Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority's policy minimizes the risk by staggering the maturity dates of its investments as well as limiting the weighted average maturities to one year.

Credit risk

Credit risk is defined as the risk that an issuer or other counterparts to an investment in debt securities will not fulfill its obligation.

Concentration of credit risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Investments are concentrated to one primary financial institution.

The Authority had no custodial credit risk for its investments as of December 31, 2021.

Investments

The Authority's investment policy authorizes investments that meets objectives such as security, liquidity, and return on investment, while conforming to all Federal, State, and local statutes. It is the Authority's policy to invest only in instruments permitted by the U.S. Department of Housing and Urban Development.

Fair Value Measurements

The Authority categorizes its fair value measurements within the fair value hierarchy established by general accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and level 3 inputs are significant unobservable inputs.

The Authority has no investment balances as of December 31, 2021.

NOTE 4: ACCOUNTS RECEIVABLE

Accounts receivable balance consists of the following items as of December 31, 2021. All receivables are considered collectible.

<i>Accounts Receivable Item</i>	<i>Amount</i>
HUD	\$ 400,472
Tenants	303,647
Other	123,529
Allowance for Doubtful Accounts	(170,303)
Total	\$ 657,345

NOTE 5: NOTES RECEIVABLE

Notes held by the Authority under its Homeownership and Low-Income Public Housing Programs are stated at the face value of unpaid second mortgages and unpaid rental account debt. Because the ultimate timing of receipt of these funds is uncertain, no discounting of amounts to reflect the time value of money is reflected in these financial statements. Mortgage and rental account payments that are due in 2021 are classified as current assets.

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NOTE 6: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021 is reported in the following table.

	Balance at 1/1/2021	Additions	Retirements	Adjust.	Balance at 12/31/2021
Capital assets not being depreciated					
Construction in Progress	\$ 29,673	\$ 1,378	\$ -	\$ -	\$ 31,051
Land	<u>5,270,117</u>	<u>-</u>	<u>-</u>	<u>-</u>	\$ 5,270,117
Total capital assets not being depreciated	<u>5,299,790</u>	<u>1,378</u>	<u>-</u>	<u>-</u>	<u>5,301,168</u>
Capital assets being depreciated					
Buildings and Improvements	36,062,788	-	-	-	36,062,788
Intangible Assets	89,224	-	-	-	89,224
Furniture and Equipment	<u>3,777,315</u>	<u>211,709</u>	<u>247,022</u>	<u>391</u>	3,742,393
Total capital assets, being depreciated	<u>\$ 39,929,327</u>	<u>\$ 211,709</u>	<u>\$ 247,022</u>	<u>\$ 391</u>	<u>\$ 39,894,405</u>
Less Accumulated depreciation for:					
Buildings and Improvements	\$ 21,067,879	\$ 1,322,412	\$ -	\$ (2,434)	\$ 22,387,857
Furniture and Equipment	<u>3,172,697</u>	<u>254,461</u>	<u>225,002</u>	<u>(1,263)</u>	<u>3,200,893</u>
Total Accumulated Depreciation	<u>24,240,576</u>	<u>1,576,873</u>	<u>225,002</u>	<u>(3,697)</u>	<u>25,588,750</u>
Total capital assets, being depreciated, net	<u>\$ 15,688,751</u>	<u>\$ (1,365,164)</u>	<u>\$ 22,020</u>	<u>\$ 4,088</u>	<u>\$ 14,305,655</u>
Net Capital Assets	<u>\$ 20,988,541</u>	<u>\$ (1,363,786)</u>	<u>\$ 22,020</u>	<u>\$ 4,088</u>	<u>\$ 19,606,823</u>

NOTE 7: ACCRUED LEAVE

As of December 31, 2021, the Accrued Leave balance was \$147,892. Of this amount, \$128,903 was classified as current, with the remaining portion of \$18,989 classified as noncurrent.

Balance as of 1/1/2021	Increases	Decreases	Balance as of 12/31/2021	Due within 1 Year
<u>\$ 138,551</u>	<u>\$ 29,139</u>	<u>\$ 19,798</u>	<u>\$ 147,892</u>	<u>\$ 128,903</u>

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NOTE 8: NONCURRENT LIABILITIES

Changes in noncurrent liabilities for the year ended December 31, 2021 are as follows:

Program/Component Unit	Balance as of Jan. 1, 2021	Additions	Retirements	Balance as of Dec. 31, 2021	Due Within 1 Year	Maturity	Interest Rate
Chateau Rainier FNMA Loan	\$ 9,497,108	\$ -	\$ 177,807	\$ 9,319,301	\$ 188,136	Year 2046	5.66%
Demark FNMA Loan	3,011,278	-	56,378	2,954,900	59,653	Year 2046	5.66%
Lakewood Village FNMA Loan	4,185,880	-	78,369	4,107,511	82,922	Year 2046	5.66%
Montgrove Manor Project - SHB 2060	65,000	-	-	65,000	-	Year 2041	0.00%
Rural Development Loan	396,232	-	26,872	369,360	30,565	Year 2030	1.00%
Compensated Absences	138,551	29,139	19,798	147,892	128,903		
Net Pension Liability	683,782	-	512,247	171,535			
Total OPEB Liability	1,514,067	-	97,913	1,416,154	4,254		
Other Liabilities	1,339	1,117	-	2,456			
Total	\$19,493,237	\$ 30,256	\$ 969,384	\$ 18,554,109	\$ 494,433		

Direct Borrowing

Chateau Rainier Apartments LLC

In 2016, the Chateau Rainier Apartments, LLC obtained a FNMA loan for the purpose of refinancing the existing debt in the amount of \$10,250,000. The loan carries an interest rate of 5.66% and matures in 2046. Monthly payments are \$59,231. Future minimum principal and interest payments related to the loan are as follows:

Year	Principal Due	Interest Due	Total Payments
FY 2022	188,136	522,642	710,778
FY 2023	199,065	511,712	710,777
FY 2024	210,629	500,148	710,777
FY 2025	222,865	487,913	710,778
FY 2026	235,812	474,966	710,778
FY 2027-2031	1,401,164	2,152,725	3,553,889
FY 2032-2036	1,858,256	1,695,633	3,553,889
FY 2037-2041	2,464,460	1,089,428	3,553,888
FY 2042-2046	2,538,913	304,198	2,843,111
Total	\$ 9,319,300	\$ 7,739,365	\$ 17,058,665

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DeMark Apartments LLC

In 2016, the DeMark Apartments, LLC obtained a FNMA loan for the purpose of refinancing the existing debt in the amount of \$3,250,000. The loan carries an interest rate of 5.66% and matures in 2046. Monthly payments are \$18,781. Future minimum principal and interest payments related to the loan are as follows:

Year	Principal Due	Interest Due	Total Payments
FY 2022	59,653	165,716	225,369
FY 2023	63,118	162,250	225,368
FY 2024	66,785	158,584	225,369
FY 2025	70,664	154,704	225,368
FY 2026	74,770	150,599	225,369
FY 2027-2031	444,271	682,571	1,126,842
FY 2032-2036	589,202	537,640	1,126,842
FY 2037-2041	781,414	345,429	1,126,843
FY 2042-2046	805,023	96,454	901,477
Total	\$ 2,954,900	\$ 2,453,947	\$ 5,543,152

Lakewood Village Apartments LLC

In 2016, the Lakewood Village Apartments, LLC obtained a FNMA loan for the purpose of refinancing the existing debt in the amount of \$4,517,719. The loan carries an interest rate of 5.66% and matures in 2046. Monthly payments are \$26,106. Future minimum principal and interest payments related to the loan are as follows:

Year	Principal Due	Interest Due	Total Payments
FY 2022	82,922	230,356	313,278
FY 2023	87,739	225,539	313,278
FY 2024	92,836	220,442	313,278
FY 2025	98,229	215,049	313,278
FY 2026	103,935	209,343	313,278
FY 2027-2031	617,568	948,820	1,566,388
FY 2032-2036	819,032	747,355	1,566,387
FY 2037-2041	1,086,219	480,168	1,566,387
FY 2042-2046	1,119,031	134,076	1,253,107
Total	\$ 4,107,511	\$ 3,411,148	\$ 7,518,659

Rural Development Program

In 2014, the Authority obtaining a loan that was used to acquire an apartment complex in the amount of \$696,219. The loan carries an interest rate of 1%. Annual payments are \$26,871. Interest expense was not recorded as it was covered by interest subsidies provided by Rural Development.

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Year	Principal Due	Interest Due	Total Payments
FY 2022	30,565	-	30,565
FY 2023	32,734	-	32,734
FY 2024	35,056	-	35,056
FY 2025	37,544	-	37,544
FY 2026	40,208	-	40,208
FY 2027-2031	191,455	-	191,455
Total	\$ 367,562	\$ -	\$ 367,562

Business Activity

The Authority is carrying a loan payable for \$65,000 which was used as funding of a capital project for Montgrove Manor. The interest rate is 0.0% and will be released in 2041.

NOTE 9: NET PENSION LIABILITY

The following table represents the aggregate pension amounts for all plans for the year 2021:

Aggregate Pension Amounts – All Plans	
Pension liabilities	\$ 171,535
Pension assets	1,799,864
Deferred outflows of resources	239,650
Deferred inflows of resources	1,945,135
Pension expense/expenditures	\$ 439,338

State Sponsored Pension Plans

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

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

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

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

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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 2021 were as follows:

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

* 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-paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

- With a benefit that is reduced by three percent for each year before age 65; or

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- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

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

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

Contributions

The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2021 were as follows:

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

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

The Authority's actual PERS plan contributions were \$100,126 to PERS Plan 1 and \$166,198 to PERS Plan 2/3 for the year ended December 31, 2021.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2021 with a valuation date of June 30, 2020. The actuarial assumptions used in the

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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 2020 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2021. Plan liabilities were rolled forward from June 30, 2020, to June 30, 2021, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 2.75% total economic inflation; 3.50% salary inflation
- **Salary increases:** In addition to the base 3.50% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.4%

Mortality rates were developed using the Society of Actuaries' Pub. H-2010 mortality rates, which vary by member status, as the base table. The OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society 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.

- For purposes of the June 30, 2020 Actuarial Valuation Report (AVR), a non-contribution rate setting valuation under the current funding policy, the OSA introduced temporary method changes to produce asset and liability measures as of the valuation date.
- To produce measures at June 30, 2020, unless otherwise noted in the 2020 AVR OSA relied on the same data, assets, methods, and assumptions as the June 30, 2019, AVR. OSA projected the data forward one year reflecting assumed new hires and current members exiting the plan as expected. OSA estimated June 30, 2020, assets by relying on the Fiscal Year-end 2019 assets, reflecting actual investment performance over FY 2020, and reflecting assumed contribution amounts and benefit payments during FY 2020.

Discount Rate

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

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

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.4 percent was determined using a building-block-method. In selecting this assumption, the Office of the State Actuary (OSA) reviewed the historical experience data, considered the historical conditions that produced past annual

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investment returns, and considered Capital Market Assumptions (CMA's) and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the CMA's and their target asset allocation to simulate future investment returns at various future times.

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	2.20%
Tangible Assets	7%	5.10%
Real Estate	18%	5.80%
Global Equity	32%	6.30%
Private Equity	23%	9.30%
	100%	

Sensitivity of the Net Pension Liability/(Asset)

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

	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
PERS 1	\$292,219	\$171,535	\$66,285
PERS 2/3	\$(512,746)	\$(1,799,864)	\$(2,859,805)

* See Note 4.C of the DRS Participating Employer Financial Information report for the year ended June 30, 2021. Multiply the total net pension liability amounts for each applicable plan by your proportionate share for that plan.

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, 2021, the Authority reported a total pension liability of \$171,535 and a total pension asset of \$(1,799,864) for its proportionate share of the net pension liabilities as follows:

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	Liability (or Asset)
PERS 1	\$171,535
PERS 2/3	\$(1,799,864)
Total	\$(1,628,329)

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

	Proportionate Share 6/30/20	Proportionate Share 6/30/21	Change in Proportion
PERS 1	0.013184%	0.014046%	.000862%
PERS 2/3	0.017070%	0.018068%	.000998%

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

The collective net pension liability (asset) was measured as of June 30, 2021, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2020, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended December 31, 2021, the Authority recognized pension expense as follows:

	Pension Expense
PERS 1	\$(31,513)
PERS 2/3	\$(407, 825)
TOTAL	\$(439,338)

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ ----	\$ -----
Net difference between projected and actual investment earnings on pension plan investments	\$ ----	\$190,346
Changes of assumptions	\$ ----	\$ -----
Changes in proportion and differences between contributions and proportionate share of contributions	\$ ----	\$ -----
Contributions subsequent to the measurement date	\$47,502	\$ -----
TOTAL	\$47,502	\$190,346

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PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$87,417	\$22,065
Net difference between projected and actual investment earnings on pension plan investments	\$ -----	\$1,504,264
Changes of assumptions	\$ 2,630	\$127,820
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 21,485	\$ 100,641
Contributions subsequent to the measurement date	\$80,616	\$ -----
TOTAL	\$192,148	\$1,754,789

Total of Plans	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$87,417	\$22,065
Net difference between projected and actual investment earnings on pension plan investments	\$ -----	\$1,694,610
Changes of assumptions	\$ 2,630	\$127,820
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 21,485	\$ 100,641
Contributions subsequent to the measurement date	\$128,118	\$ -----
TOTAL	\$239,650	\$1,945,135

Deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. 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
2022	\$(50,423)
2023	\$(46,206)
2024	\$(43,689)
2025	\$(50,029)

Year ended December 31:	PERS 2/3
2022	\$(428,592)
2023	\$(401,565)
2024	\$(384,559)

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2025	\$(410,159)
2026	\$(18,458)
Thereafter	\$75

NOTE 10: OTHER POST-EMPLOYMENT BENEFITS

The following table represents the aggregate OPEB amounts for all plans subject to the requirements of GASB Statement 75 through the measurement date of June 30, 2021.

Aggregate OPEB Amounts – All Plans	
OPEB Liabilities	\$1,416,154
OPEB Assets	\$-----
Deferred Outflows of Resources	\$4,254
Deferred Inflows of Resources	\$-----
OPEB Expenses/Expenditures	\$(89,610)

Deferred outflows of \$4,254 represent subsequent payments made after the measurement date.

Plan Description

The Authority participates in a single employer plan with no qualifying trust offered through the Public Employees Benefits Board (PEBB). PEBB offers retirees access to medical, prescription drug, life dental, vision, disability and long- term care insurance. The Authority pays monthly premiums to PEBB to provide current coverage for medical and other benefits for active employees. These premiums do not pay for a portion of the PEBB benefit to future retirees. The PEBB OPEB plan does not issue a publicly available financial report.

Per RCW 41.05.065, the Public Employees' Benefits Board (PEBB), created within the Washington State Health Care Authority (HCA), is authorized to design benefits and determine the terms and conditions of employee and retired employee participation and coverage. PEBB establishes eligibility criteria for both active employees and retirees. Benefits purchased by PEBB include medical, dental, life and long-term disability.

The relationship between the PEBB OPEB plan and its member employers and their employees and retirees is not formalized in a contract or plan document. Rather, the benefits are provided in accordance with a substantive plan. A substantive plan is one in which the plan terms are understood by the employers and plan members. This understanding is based on communications between the PEBB, employers and plan members and the historical pattern of practice with regard to the sharing of benefit costs.

Eligibility

Employees must be a vested member and meet the eligibility requirements from a Washington State-sponsored retirement plan when your employer coverage, COBRA coverage, or continuation coverage ends. Employees must provide documentation for enrollment no later than 60 days after the end of the continuation coverage.

Substantially all of the Authority's employees will become eligible for these benefits if they reach normal retirement age while working for the Authority. There are currently no terminated employees or retirees who are eligible to receive these benefits.

**PIERCE COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Benefits

Upon retirement, members have access to medical, prescription drug, life dental, vision, disability and long-term care insurance. Per RCW 41.05.022, retirees who are not yet eligible for Medicare benefits may continue participation in the state's non-Medicare community-rated health insurance risk pool on a self-pay basis.

HCA administers PEBB plan benefits. For medical insurance coverage, the HCA has two claims pools: one covering employees and non-Medicare eligible retirees, and the other covering retirees enrolled in Medicare Parts A and B. PEBB plan benefits provide two different subsidies for retirees: an explicit subsidy and an implicit subsidy. In addition, there is cost-sharing between employers and employees. Each participating employer pays a portion of the premium for active employees. Retirees are responsible for paying the full premium for participating in the program, which are reduced through the subsidies.

Retirees who are enrolled in both Parts A and B of Medicare may participate in the state's Medicare community-rated health insurance risk pool. Medicare retirees receive an explicit subsidy in the form of reduced premiums. Annually, the HCA administrator recommends an amount for the next calendar year's explicit subsidy for inclusion in the Governor's budget. The final amount is approved by the State Legislature.

Membership in the PEBB plan for the Authority consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	1
Active Employees	38
Total	39

Funding Policy

The Washington Health Care Authority (HCA) administers the PEBB benefit plans. For medical insurance, HCA has two claims pools: one covering employees and non-Medicare eligible retirees and one covering retirees enrolled in Medicare Parts A and B. Each participating employer pays a portion of the premiums for active employees. For retirees, participating employees provide two different subsidies: an explicit subsidy and an implicit subsidy.

The explicit subsidy, permitted under the Revised Code of Washington (RCW) 41.05.085, is a straightforward, set dollar amount for a specific group of people. The explicit subsidy lowers the monthly premium paid by retired members enrolled in Medicare Parts A and B. PEBB determines the amount of the explicit subsidy annually.

Claims experience for employees and non-Medicare eligible retirees are pooled when determining premiums, so retired members pay a premium based on a pool of members that are, on average, younger and healthier. This results in an implicit subsidy, set up under RCW 41.05.022, from the employee group since the premiums paid by the retirees are lower than they would have been if the retirees were insured separately. The implicit and explicit subsidies funded on a pay-as-you-go basis. As such, the funded ratio is 0.

Contribution Information. Administrative costs as well as implicit subsidies are funded by required contributions (RCW 41.05.050) from participating employers. The subsidies provide monetary assistance for medical benefits. The benefits are funded on a pay-as-you-go basis. The estimated monthly cost for PEBB benefits for the reporting period for each active employee (average across all plans and tiers) is as follows:

Annual OPEB Cost and Total OPEB Liability (TOL)

The Authority's OPEB cost is calculated based upon the Annual Required Contribution of the employer (ARC).

PIERCE COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

With fewer than 100 total plan members, the Authority has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 75. The Authority's OPEB expense recorded using the alternative approach is \$(89,610). The Net OPEB Liability of \$1,416,154 is included as a noncurrent liability on the Statement of Net Position.

Actuarial Methods and Assumptions

The economic assumptions are used in the actuarial valuation to determine liabilities and benefit payments in the future. For presentation purposes, they are shown separately for non-healthcare and healthcare.

The inflation assumption is a building block component of the healthcare trend rates and reflects our office's current assumption for future inflation. This assumption is studied by our office every two years as part of the Economic Experience Study. The PEBB programs do not provide salary-based benefits, however we rely on a salary growth assumption to complete this analysis based on the GASB 75 prescribed EAN cost method. All other non-healthcare economic assumptions, including salary growth, are consistent with assumptions presented in the *June 30, 2019 Actuarial Valuation Report (AVR)*.

The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The Authority has used the alternative measurement method permitted under GASB Statement 75. A single retirement age of 55 was assumed for all active members to determine the AAL and normal cost.

A copy of the 2020 Other Post-Employment Benefits Actuarial Valuation Report can be downloaded from the Washington Office of the State Actuary located at the following website:

<http://leg.wa.gov/osa/additionalservices/Documents/Final.2020.PEBB.OPEB.AVR.pdf>

The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

<u>Actuarial Information</u>	<u>PEBB Plan</u>
Actuarial Assumptions:	
Single Discount Rate	
Beginning of Measurement Year	2.21%
End of Measurement Year	2.16%
Base Mortality Table	Pub G.H-2010
Age Setback	0 years
Mortality Improvements	MP-2017 Long-Term Rates
Projected Salary Changes	3.5% + Service-Based increases
Healthcare Trend Rates	Initial rate ranges from about 2-11%, reaching an ultimate rate of approximately 4.3% in 2075
Inflation Rate	2.75%
Post- Retirement Participation	65%
Percentage with Spouse Coverage	45%

PIERCE COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

The explicit subsidy lowers the monthly premium lowers the monthly premium paid by members over the age of 65 enrolled Medicare Parts A and B. Annually, the HCA administrator recommends an amount for the next calendar year's explicit subsidy. The final amount is approved by the state Legislature. The explicit subsidy is the lessor of 50% of the monthly premium and the maximum explicit subsidy per month

The following table presents the Authority's proportionate share of the OPEB liability calculated using the current discount rate, and the expected net OPEB liability if it were calculated using a discount rate that is one-percentage-point lower and one-percentage-point higher than the current rate.

	<u>Sensitivity Analysis</u>		
	1% Decrease (5%)	Current Rate (6%)	1% Increase (7%)
Discount Rate	\$1,758,669	\$1,416,154	\$1,151,227
Healthcare Trend	\$1,101,600	\$1,416,154	\$1,844,009

PIERCE COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 11: CONDENSED FINANCIAL INFORMATION

The following condensed financial information for blended component units of the Authority has been presented for the year ending December 31, 2021.

	<i>Condensed Statements of Net Position</i>		
	Chateau Rainier Apartments, LLC	DeMark Apartments, LLC	Lakewood Village Apartments, LLC
Current Assets	1,131,686	(135,709)	749,443
Capital Assets	4,456,672	1,537,017	4,279,243
Total Assets	5,588,358	1,401,308	5,028,686
Deferred Outflows of Resources	-	-	-
Current Liabilities	381,341	146,063	186,436
Long-Term Liabilities	9,131,232	1,255,245	4,107,564
Total Liabilities	9,512,573	1,401,308	4,294,000
Deferred Inflows of Resources	-	-	-
Net Investment in Capital Assets	(4,862,628)	(1,417,883)	171,733
Restricted Net Position	59,656	18,915	26,294
Unrestricted Net Position	878,757	(250,794)	613,551
Total Net Position	\$ (3,924,215)	\$ (1,649,762)	\$ 811,578

PIERCE COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

***Condensed Statement of Revenues, Expenses and
Changes in Net Position***

	Chateau Rainier Apartments, LLC	DeMark Apartments, LLC	Lakewood Village Apartments, LLC
Operating Revenue	2,488,404	895,110	1,447,991
Operating Expenses	2,330,602	953,105	1,290,320
Depreciation Expense	370,627	148,602	323,788
Operating income (Loss)	(212,825)	(206,597)	(166,117)
Nonoperating revenues (Expenses)	(2,747)	(3,089)	(9,087)
Change in Net Position	(215,572)	(209,686)	(175,204)
Beginning Net Position	(3,708,643)	(1,440,076)	986,782
Ending Net Position	\$ (3,924,215)	\$ (1,649,762)	\$ 811,578

Condensed Statement of Cash Flows

	Chateau Rainier Apartments, LLC	DeMark Apartments, LLC	Lakewood Village Apartments, LLC
Cash Flows from Operations	\$ (48,799)	\$ (131,848)	\$ 33,228
Net Increase (Decrease)	(48,799)	(131,848)	33,228
Beginning Cash Balance	981,544	(80,866)	597,047
Ending Cash Balance	\$ 932,745	\$ (212,714)	\$ 630,275

PIERCE COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 13: CONTINGENT LIABILITIES

The Authority receives significant financial assistance from federal, state, and local agencies in the form of grants and operating subsidies. HUD provided approximately 79% of the Authority's operating revenue in the current year. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the agreements and are subject to audit by the grantor agencies; therefore, to the extent that the Authority has not complied with rules and regulations governing the grants, if any, refunds of any money received may be required.

Management believes there are no significant contingent liabilities relating to compliance with grant rules and regulations with the exception of the Special Item described in a previous note. It is unknown at this time the potential consequences or repayments that this event may have upon respect to the grantor agencies.

NOTE 14: RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; injuries to employees; and natural disasters. The Agency maintains comprehensive insurance coverage with private carriers for vehicles, earthquake, and employee major medical and dental. Workman's compensation insurance is provided through the Washington State Department of Labor and Industries.

Coverage for property, general liability, errors and omissions, and fidelity insurance is provided by the Housing Authorities Risk Retention Pool ("HARRP"). The Authority has elected to pay for its unemployment insurance coverage through quarterly reimbursements to the Washington State Employment Security Department as provided for by RCW 50.44.060. This reimbursement method is in lieu of paying unemployment taxes.

The Authority is a member of the HARRP. Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. HARRP was created in March 1987 for the purposes of providing insurance and risk management services for housing authorities in the states of Washington, Nevada, Oregon and California.

The Authority has obtained the following coverages from HARRP: General liability coverage is written on an occurrence form basis with a limit of \$2,000,000 per occurrence, to a total of \$5,000,000 without any deductible. Errors and omissions coverage, including employment practices liability, is written on a claims made basis with a limit of \$2,000,000 per occurrence. The Authority is responsible for 10% of any incurred loss. Property loss coverage is on a replacement cost basis with a deductible of \$2,500 per occurrence. Fidelity coverage with a limit of \$1,000,000 for employee dishonesty and forgery or alteration and theft, with a deductible of \$1,000 per occurrence.

NOTE 15: SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 30, 2022, the date which the financial statements were available to be issued. Management is not aware of any subsequent events that require recognition of disclosure in the financial statements.

The Housing Authority's operations may be affected by the recent and ongoing outbreak of the coronavirus disease (Covid-19) which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption may cause an adverse impact on the Housing Authority's financial position, operations and cash flows. Possible effects may include, the reduction of tenant's dwelling rent due to the increased unemployment, absenteeism in the Housing Authority's workforce, unavailability of products and supplies, and reduced accessibility to contractors.

PIERCE COUNTY HOUSING AUTHORITY
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
AS OF JUNE 30, 2021

PERS PLAN 1

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Authority's proportion of the net pension liability	0.014046%	0.013184%	0.016619%	0.016652%	0.017061%	0.017223%	0.016029%	N/A	N/A	N/A
Authority's proportionate share of the net pension liability	\$171,535	\$465,466	\$639,060	\$743,684	\$809,558	\$924,956	\$838,466	N/A	N/A	N/A
Authority's covered payroll	\$2,058,695	\$2,010,369	\$2,120,023	\$2,263,789	\$2,285,200	\$2,243,004	\$2,049,548	N/A	N/A	N/A
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	6.91%	23.15%	30.14%	32.85%	35.43%	41.24%	40.91%	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	88.74%	68.64%	67.12%	63.22%	61.24%	57.03%	59.10%	N/A	N/A	N/A

PERS PLAN 2/3

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Authority's proportion of the net pension liability	0.018068%	0.017070%	0.021479%	0.021202%	0.021945%	0.022060%	0.020716%	N/A	N/A	N/A
Authority's proportionate share of the net pension liability/(asset)	\$(1,799,864)	\$218,316	\$208,634	\$362,005	\$762,484	\$1,108,992	\$740,194	N/A	N/A	N/A
Authority's covered payroll	\$2,058,695	\$2,010,369	\$2,120,023	\$2,263,789	\$2,285,200	\$2,243,004	\$2,049,548	N/A	N/A	N/A
Authority's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	(72.49%)	10.86%	9.84%	15.99%	33.37%	49.44%	36.11%	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability (Traditional)	120.29%	97.22%	97.77%	95.77%	90.97%	85.82%	89.20%	N/A	N/A	N/A

PIERCE COUNTY HOUSING AUTHORITY
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS
AS OF DECEMBER 31, 2021

PERS PLAN 1

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$104,629	\$97,998	\$100,098	\$122,324	\$95,994	\$111,537	\$87,763	N/A	N/A	N/A
Contributions in relation to the contractually required contributions	\$(104,629)	\$(97,998)	\$(100,098)	\$(122,324)	\$(95,994)	\$(111,537)	\$(87,763)	N/A	N/A	N/A
Contribution deficiency (excess)	\$ -----	\$ -----	\$ -----	\$ -----	\$ -----	\$ -----	\$ -----	N/A	N/A	N/A
Authority's covered payroll	\$2,483,003	\$1,999,207	\$2,120,023	\$2,263,789	\$2,285,200	\$2,243,004	\$2,049,548	N/A	N/A	N/A
Contributions as a percentage of covered payroll	4.21%	4.87%	4.72%	5.4%	4.20%	4.97%	4.28%	N/A	N/A	N/A

PERS PLAN 2/3

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$171,150	\$161,287	\$154,049	\$181,388	\$133,064	\$ 145,676	\$112,210	N/A	N/A	N/A
Contributions in relation to the contractually required contributions	\$(171,150)	\$(161,287)	\$(154,049)	\$(181,388)	\$(133,064)	\$(145,676)	\$(112,210)	N/A	N/A	N/A
Contribution deficiency (excess)	\$ -----	\$ -----	\$ -----	\$ -----	\$ -----	\$ -----	\$ -----	N/A	N/A	N/A
Authority's covered payroll	\$2,483,003	\$1,999,207	\$2,120,023	\$2,263,789	\$2,285,200	\$2,243,004	\$2,049,548	N/A	N/A	N/A
Contributions as a percentage of covered payroll	6.89%	8.02%	7.27%	8.01%	5.82%	6.49%	5.47%	N/A	N/A	N/A

PIERCE COUNTY HOUSING AUTHORITY
SCHEDULE OF CHANGES IN THE AUTHORITY'S TOTAL OPEB LIABILITY
AND RELATED RATIOS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability - beginning	1,514,067	1,152,976	1,471,127	1,414,167
Service cost	104,792	76,817	93,130	110,027
Interest	35,686	42,993	60,397	54,499
Changes in benefit terms				
Differences between expected and actual experience	(230,088)	244,147	(464,366)	(103,785)
Changes of assumptions		-	-	-
Benefit payments	(8,303)	(2,866)	(7,312)	(3,781)
Other changes		-	-	-
Total OPEB Liability - ending	<u>1,416,154</u>	<u>1,514,067</u>	<u>1,152,976</u>	<u>1,471,127</u>
 Covered-employee payroll	 2,483,003	 1,999,207	 2,120,023	 2,263,789
 Total OPEB liability as of a % of covered-employee payroll	 57.03%	 75.73%	 54.39%	 64.99%

Notes to Schedule

Until a full 10-year trend is compiled, only information for those years available is presented.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

Pierce County Housing Authority
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

Federal Agency	Federal Program	Federal CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Debt Liability Balance	Note
				From Pass-Through Awards	From Direct Awards	Total			
U.S. Department of Agriculture (UDSA)	Rural Rental Housing Loans	10.415	2021 Loan Subsidy	\$ -	\$ 27,776	\$ 27,776	\$ -	\$ 396,232	1,2,4
U.S. Department of Agriculture (UDSA)	Rural Rental Assistance Payments	10.427	2021 RD RA	\$ -	\$ 85,425	\$ 85,425	\$ -	\$ -	1,2
	Total Direct from U.S. Department of Agriculture			\$ -	\$ 113,201	\$ 113,201	\$ -	\$ 396,232	
ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Office of Public and Indian Housing)	Public and Indian Housing	14.850	2021 OFND	\$ -	\$ 365,022	\$ 365,022	\$ -	\$ -	1,2,3
ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Office of Public and Indian Housing)	Covid-19 - PH CARES Act Funding	14.850	2020 CARES Act Funding	\$ -	\$ 49,672	\$ 49,672	\$ -	\$ -	1,2
Housing Voucher Cluster ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Office of Public and Indian Housing)	Section 8 Housing Choice Vouchers	14.871	2021 HCV	\$ -	\$ 30,557,538	\$ 30,557,538	\$ -	\$ -	1,2,3
ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Office of Public and Indian Housing)	Covid-19 - HCV CARES Act Funding	14.871	2020 CARES Act Funding	\$ -	\$ 892,589	\$ 892,589	\$ -	\$ -	1,2
ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Office of Public and Indian Housing)	Emergency Housing Voucher	14.871	2021 EHV	\$ -	\$ 3,979	\$ 3,979	\$ -	\$ -	1,2,3
	Total Housing Voucher Cluster			\$ -	\$ 31,454,106	\$ 31,454,106	\$ -	\$ -	
ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Office of Public and Indian Housing)	Public Housing Capital Fund	14.872	2021 CFP	\$ -	\$ 20,387	\$ 20,387	\$ -	\$ -	1,2
ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Office of Public and Indian Housing)	Family Self-Sufficiency Program	14.896	2021 FSS	\$ -	\$ 127,509	\$ 127,509	\$ -	\$ -	1,2,3
	Total Direct from U.S. Housing and Urban Development			\$ -	\$ 32,016,696	\$ 32,016,696	\$ -	\$ -	
	Total Federal Awards Expended			\$ -	\$ 32,129,897	\$ 32,129,897	\$ -	\$ 396,232	

PIERCE COUNTY HOUSING AUTHORITY
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ending December 31, 2021

NOTE 1 – BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards is prepared on the same basis of accounting as Pierce County Housing Authority's financial statements. Since the Federal grants are considered to be either subsidy based or cost reimbursement grants, amounts reported on the Schedule of Expenditures of Federal Awards are based on revenues rather than expenses.

NOTE 2 – PROGRAM COSTS

The amounts shown as current year expenditures represent only the federal portion of the program cost. Actual program costs, including the Housing Authority's portion, may be more than shown.

NOTE 3 – INDIRECT COST RATE

The amount expended includes \$1,278,248 claimed as an indirect cost recovery using an approved indirect cost allocation plan. The Housing Authority has not elected to use the 10-percent de Minimis indirect cost rate allowed under Uniform Guidance.

NOTE 4 – RURAL RENTAL HOUSING LOAN

In 2014, the Authority was approved by the USDA Rural Housing Service to receive a loan totaling \$696,219 for the acquisition of an apartment complex. The amount listed on this schedule is the outstanding loan balance as of January 1, 2021, amounting to \$396,232. The balance of the Rural Rental Housing loan at December 31, 2021, was \$369,361.

HA Of Pierce County (WA054)
Tacoma, WA
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fisca

	Project Total	6.2 Component Unit - Blended
111 Cash - Unrestricted	\$427,498	\$725,804
112 Cash - Restricted - Modernization and Development		\$422,387
113 Cash - Other Restricted	\$184,352	\$104,865
114 Cash - Tenant Security Deposits	\$41,150	\$202,114
115 Cash - Restricted for Payment of Current Liabilities		\$171,316
100 Total Cash	\$653,000	\$1,626,486
121 Accounts Receivable - PHA Projects		
122 Accounts Receivable - HUD Other Projects		
124 Accounts Receivable - Other Government		
125 Accounts Receivable - Miscellaneous	\$1,998	
126 Accounts Receivable - Tenants	\$103,943	\$141,892
126.1 Allowance for Doubtful Accounts -Tenants	-\$12,556	-\$22,960
126.2 Allowance for Doubtful Accounts - Other	\$0	
127 Notes, Loans, & Mortgages Receivable - Current		
128 Fraud Recovery		
128.1 Allowance for Doubtful Accounts - Fraud		
129 Accrued Interest Receivable		
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$93,385	\$118,932
131 Investments - Unrestricted		
132 Investments - Restricted		
135 Investments - Restricted for Payment of Current Liability		
142 Prepaid Expenses and Other Assets		
143 Inventories		
143.1 Allowance for Obsolete Inventories		
144 Inter Program Due From		
145 Assets Held for Sale		
150 Total Current Assets	\$746,385	\$1,745,418
161 Land	\$1,980,161	\$2,027,164
162 Buildings	\$9,819,215	\$19,222,934
163 Furniture, Equipment & Machinery - Dwellings	\$427,216	\$2,018,584
164 Furniture, Equipment & Machinery - Administration	\$142,209	
165 Leasehold Improvements		

166 Accumulated Depreciation	-\$7,181,496	-\$12,995,749
167 Construction in Progress		
168 Infrastructure		
160 Total Capital Assets, Net of Accumulated Depreciation	\$5,187,305	\$10,272,933
171 Notes, Loans and Mortgages Receivable - Non-Current		
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due		
173 Grants Receivable - Non Current		
174 Other Assets	\$179,986	
176 Investments in Joint Ventures		
180 Total Non-Current Assets	\$5,367,291	\$10,272,933
200 Deferred Outflow of Resources	\$21,505	
290 Total Assets and Deferred Outflow of Resources	\$6,135,181	\$12,018,351
311 Bank Overdraft		
312 Accounts Payable <= 90 Days	\$297	
313 Accounts Payable >90 Days Past Due		
321 Accrued Wage/Payroll Taxes Payable		
322 Accrued Compensated Absences - Current Portion	\$19,266	
324 Accrued Contingency Liability		
325 Accrued Interest Payable		\$77,267
331 Accounts Payable - HUD PHA Programs		
332 Account Payable - PHA Projects		
333 Accounts Payable - Other Government		
341 Tenant Security Deposits	\$41,150	\$202,114
342 Unearned Revenue	\$19,436	\$76,057
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue		\$330,711
344 Current Portion of Long-term Debt - Operating Borrowings		
345 Other Current Liabilities	\$50,935	\$10,130
346 Accrued Liabilities - Other	\$63,451	\$33,362
347 Inter Program - Due To		
348 Loan Liability - Current		
310 Total Current Liabilities	\$194,535	\$729,641
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue		\$16,051,000
352 Long-term Debt, Net of Current - Operating Borrowings		
353 Non-current Liabilities - Other		\$109
354 Accrued Compensated Absences - Non Current	\$2,838	
355 Loan Liability - Non Current		
356 FASB 5 Liabilities		
357 Accrued Pension and OPEB Liabilities	\$64,536	
350 Total Non-Current Liabilities	\$67,374	\$16,051,109

300 Total Liabilities	\$261,909	\$16,780,750
400 Deferred Inflow of Resources	\$195,856	
508.4 Net Investment in Capital Assets	\$5,187,305	-\$6,108,778
511.4 Restricted Net Position	\$0	\$104,865
512.4 Unrestricted Net Position	\$490,111	\$1,241,514
513 Total Equity - Net Assets / Position	\$5,677,416	-\$4,762,399
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$6,135,181	\$12,018,351

I Year End: 12/31/2021

14.896 PIH Family Self-Sufficiency Program	1 Business Activities	8 Other Federal Program 1	10.415 Rural Rental Housing Loans	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding
	\$3,961,209	\$992,245	\$203,467	\$1,168,380	
			\$86,260		
				\$23,034	
	\$53,814		\$6,000		
				\$398,848	
\$0	\$4,015,023	\$992,245	\$295,727	\$1,590,262	\$0
\$0				\$400,472	
	\$11,953	\$0		\$106,818	
	\$56,838		\$974		
\$0	-\$12,796		-\$413		\$0
\$0	\$0	-\$14,760		-\$106,818	\$0
		\$2,760			
\$0	\$55,995	-\$12,000	\$561	\$400,472	\$0
	\$76,626				
	\$11,395				
	\$0				
\$0	\$4,159,039	\$980,245	\$296,288	\$1,990,734	\$0
	\$1,172,692		\$90,100		
	\$6,404,076		\$616,564		
	\$520,949		\$53,432		
	\$562,395			\$106,830	

	-5,004,725		-318,193	-88,586	
				31,051	
\$0	3,655,387	\$0	441,903	49,295	\$0
	50,000	996,105			
	1,223,908			395,970	
\$0	4,929,295	996,105	441,903	445,265	\$0
	92,705			129,694	
\$0	9,181,039	1,976,350	738,191	2,565,693	\$0
	436,802				
	61,069				
	53,466			56,171	
\$0					
	53,814		6,000		
	24,735		1,765		
			30,565		
	14,500		392	398,848	
	126,237		2,346	173,140	
\$0	770,623	\$0	41,068	628,159	\$0
	65,000		338,796		
	2,012			335	
	7,876			8,275	
	238,385			1,280,514	
\$0	313,273	\$0	338,796	1,289,124	\$0

			\$72,542		
\$0	\$1,083,896	\$0	\$379,864	\$1,917,283	\$0
	\$1,302,479			\$446,801	
	\$3,590,387		\$72,542	\$49,295	\$0
	\$0		\$0	\$23,034	\$0
\$0	\$3,204,277	\$1,976,350	\$285,785	\$129,280	\$0
\$0	\$6,794,664	\$1,976,350	\$358,327	\$201,609	\$0
\$0	\$9,181,039	\$1,976,350	\$738,191	\$2,565,693	\$0

10.427 Rural Rental Assistance Payments	14.EHV Emergency Housing Voucher	14.PHC Public Housing CARES Act Funding	Subtotal	ELIM	Total
	\$44,525		\$7,523,128		\$7,523,128
			\$508,647		\$508,647
	\$394,265		\$706,516		\$706,516
			\$303,078		\$303,078
			\$570,164		\$570,164
\$0	\$438,790	\$0	\$9,611,533	\$0	\$9,611,533
			\$400,472		\$400,472
			\$120,769		\$120,769
			\$303,647		\$303,647
\$0	\$0	\$0	-\$48,725		-\$48,725
\$0	\$0	\$0	-\$121,578		-\$121,578
			\$2,760		\$2,760
\$0	\$0	\$0	\$657,345	\$0	\$657,345
			\$76,626		\$76,626
			\$11,395		\$11,395
			\$0		\$0
\$0	\$438,790	\$0	\$10,356,899	\$0	\$10,356,899
			\$5,270,117		\$5,270,117
			\$36,062,789		\$36,062,789
			\$3,020,181		\$3,020,181
			\$811,434		\$811,434

			-\$25,588,749		-\$25,588,749
			\$31,051		\$31,051
\$0	\$0	\$0	\$19,606,823	\$0	\$19,606,823
			\$1,046,105		\$1,046,105
			\$1,799,864		\$1,799,864
\$0	\$0	\$0	\$22,452,792	\$0	\$22,452,792
			\$243,904		\$243,904
\$0	\$438,790	\$0	\$33,053,595	\$0	\$33,053,595
			\$437,099		\$437,099
			\$61,069		\$61,069
			\$128,903		\$128,903
			\$77,267		\$77,267
			\$0		\$0
			\$303,078		\$303,078
	\$108,500		\$230,493		\$230,493
			\$361,276		\$361,276
			\$474,805		\$474,805
			\$398,536		\$398,536
\$0	\$108,500	\$0	\$2,472,526	\$0	\$2,472,526
			\$16,454,796		\$16,454,796
			\$2,456		\$2,456
			\$18,989		\$18,989
			\$1,583,435		\$1,583,435
\$0	\$0	\$0	\$18,059,676	\$0	\$18,059,676

\$0	\$108,500	\$0	\$20,532,202	\$0	\$20,532,202
			\$1,945,136		\$1,945,136
	\$0	\$0	\$2,790,751		\$2,790,751
\$0	\$285,765	\$0	\$413,664		\$413,664
\$0	\$44,525	\$0	\$7,371,842		\$7,371,842
\$0	\$330,290	\$0	\$10,576,257	\$0	\$10,576,257
\$0	\$438,790	\$0	\$33,053,595	\$0	\$33,053,595

HA Of Pierce County (WA054)
Tacoma, WA
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fisca

	Project Total	6.2 Component Unit - Blended
70300 Net Tenant Rental Revenue	\$640,953	\$4,739,765
70400 Tenant Revenue - Other	\$26,261	\$75,359
70500 Total Tenant Revenue	\$667,214	\$4,815,124
70600 HUD PHA Operating Grants	\$385,409	
70610 Capital Grants		
70710 Management Fee		
70720 Asset Management Fee		
70730 Book Keeping Fee		
70740 Front Line Service Fee		
70750 Other Fees		
70700 Total Fee Revenue		
70800 Other Government Grants		
71100 Investment Income - Unrestricted	\$66	\$209
71200 Mortgage Interest Income		
71300 Proceeds from Disposition of Assets Held for Sale		
71310 Cost of Sale of Assets		
71400 Fraud Recovery		
71500 Other Revenue	\$17,271	\$16,381
71600 Gain or Loss on Sale of Capital Assets	-\$766	-\$15,132
72000 Investment Income - Restricted		
70000 Total Revenue	\$1,069,194	\$4,816,582
91100 Administrative Salaries	\$134,323	\$165,595
91200 Auditing Fees	\$14,547	\$34,289
91300 Management Fee		
91310 Book-keeping Fee		
91400 Advertising and Marketing		
91500 Employee Benefit contributions - Administrative	\$337	\$31,714
91600 Office Expenses	\$6,819	\$47,804
91700 Legal Expense	\$1,399	\$4,123
91800 Travel		
91810 Allocated Overhead	\$179,336	\$464,792
91900 Other		\$44,559

91000 Total Operating - Administrative	\$336,761	\$792,876
92000 Asset Management Fee		
92100 Tenant Services - Salaries		
92200 Relocation Costs		
92300 Employee Benefit Contributions - Tenant Services		
92400 Tenant Services - Other		
92500 Total Tenant Services	\$0	\$0
93100 Water	\$2,672	\$193,463
93200 Electricity	\$3,838	\$52,595
93300 Gas	\$225	
93400 Fuel		
93500 Labor		
93600 Sewer		\$411,727
93700 Employee Benefit Contributions - Utilities		
93800 Other Utilities Expense		\$12,647
93000 Total Utilities	\$6,735	\$670,432
94100 Ordinary Maintenance and Operations - Labor	\$105,026	\$409,054
94200 Ordinary Maintenance and Operations - Materials and Other	\$42,398	\$295,494
94300 Ordinary Maintenance and Operations Contracts	\$108,392	\$1,123,277
94500 Employee Benefit Contributions - Ordinary Maintenance	\$13,725	\$34,344
94000 Total Maintenance	\$269,541	\$1,862,169
95100 Protective Services - Labor		
95200 Protective Services - Other Contract Costs		
95300 Protective Services - Other		
95500 Employee Benefit Contributions - Protective Services		
95000 Total Protective Services	\$0	\$0
96110 Property Insurance	\$13,426	
96120 Liability Insurance	\$8,907	
96130 Workmen's Compensation	\$4,222	\$17,090
96140 All Other Insurance	\$9,934	\$207,662
96100 Total insurance Premiums	\$36,489	\$224,752
96200 Other General Expenses	\$81,858	\$57,215
96210 Compensated Absences	\$8,301	
96300 Payments in Lieu of Taxes	\$63,451	\$31,187
96400 Bad debt - Tenant Rents	\$11,823	
96500 Bad debt - Mortgages		
96600 Bad debt - Other		
96800 Severance Expense		

96000 Total Other General Expenses	\$165,433	\$88,402
96710 Interest of Mortgage (or Bonds) Payable		\$935,396
96720 Interest on Notes Payable (Short and Long Term)		
96730 Amortization of Bond Issue Costs		
96700 Total Interest Expense and Amortization Cost	\$0	\$935,396
96900 Total Operating Expenses	\$814,959	\$4,574,027
97000 Excess of Operating Revenue over Operating Expenses	\$254,235	\$242,555
97100 Extraordinary Maintenance		
97200 Casualty Losses - Non-capitalized		
97300 Housing Assistance Payments		
97350 HAP Portability-In		
97400 Depreciation Expense	\$336,362	\$843,017
97500 Fraud Losses		
97600 Capital Outlays - Governmental Funds		
97700 Debt Principal Payment - Governmental Funds		
97800 Dwelling Units Rent Expense		
90000 Total Expenses	\$1,151,321	\$5,417,044
10010 Operating Transfer In	\$20,387	
10020 Operating transfer Out	-\$20,387	
10030 Operating Transfers from/to Primary Government		
10040 Operating Transfers from/to Component Unit		
10050 Proceeds from Notes, Loans and Bonds		
10060 Proceeds from Property Sales		
10070 Extraordinary Items, Net Gain/Loss		
10080 Special Items (Net Gain/Loss)		
10091 Inter Project Excess Cash Transfer In		
10092 Inter Project Excess Cash Transfer Out		
10093 Transfers between Program and Project - In		
10094 Transfers between Project and Program - Out		
10100 Total Other financing Sources (Uses)	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$82,127	-\$600,462
11020 Required Annual Debt Principal Payments	\$0	\$312,554
11030 Beginning Equity	\$5,809,502	-\$4,161,937
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-\$49,959	\$0
11050 Changes in Compensated Absence Balance		
11060 Changes in Contingent Liability Balance		
11070 Changes in Unrecognized Pension Transition Liability		

11080 Changes in Special Term/Severance Benefits Liability		
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents		
11100 Changes in Allowance for Doubtful Accounts - Other		
11170 Administrative Fee Equity		
11180 Housing Assistance Payments Equity		
11190 Unit Months Available	1488	5724
11210 Number of Unit Months Leased	1451	5498
11270 Excess Cash	\$299,585	
11610 Land Purchases	\$0	
11620 Building Purchases	\$0	
11630 Furniture & Equipment - Dwelling Purchases	\$0	
11640 Furniture & Equipment - Administrative Purchases	\$0	
11650 Leasehold Improvements Purchases	\$0	
11660 Infrastructure Purchases	\$0	
13510 CFFP Debt Service Payments	\$0	
13901 Replacement Housing Factor Funds	\$0	

I Year End: 12/31/2021

14.896 PIH Family Self-Sufficiency Program	1 Business Activities	8 Other Federal Program 1	10.415 Rural Rental Housing Loans	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding
	\$1,265,649		\$132,988		
	\$15,535		\$13,049		
\$0	\$1,281,184	\$0	\$146,037	\$0	\$0
\$127,509				\$30,557,538	\$892,589
			\$27,776		
	\$116	\$25	\$4	\$248	
				\$35,374	
\$7,500	\$32,490		\$1,364	\$1,714,613	
	\$7,153			\$1,745	
\$135,009	\$1,320,943	\$25	\$175,181	\$32,309,518	\$892,589
	\$37,349		\$12,215	\$515,654	
	\$13,508			\$41,562	
	\$8,452		\$4,731	\$35,172	\$134,669
\$1,015	\$19,386		\$227	\$10,473	\$10,990
	\$402			\$428	
	\$363				
\$1,549	\$174,859			\$93,825	\$363,887
	\$17,513				

\$2,564	\$271,832	\$0	\$17,173	\$697,114	\$509,546
\$86,247					
\$41,262					
					\$56,580
\$127,509	\$0	\$0	\$0	\$0	\$56,580
	\$39,070		\$4,143		
	\$45,275		\$2,605		
	\$113,155		\$13,678		
			\$17,863		
\$0	\$197,500	\$0	\$38,289	\$0	\$0
	\$115,492		\$4,396		
	\$72,756		\$2,461		\$8,445
	\$318,774	\$0	\$28,600		
	\$14,909		\$1,679		
\$0	\$521,931	\$0	\$37,136	\$0	\$8,445
\$0	\$0	\$0	\$0	\$0	\$0
	\$4,821		\$174	\$3,188	
	\$54,311		\$4,761	\$17,964	\$77,251
\$0	\$59,132	\$0	\$4,935	\$21,152	\$77,251
\$4,936	\$40,726	\$1,376	\$20,900	\$236,392	\$239,388
				\$14,622	
	\$13,624		\$10		

\$4,936	\$54,350	\$1,376	\$20,910	\$251,014	\$239,388
			\$27,776		
\$0	\$0	\$0	\$27,776	\$0	\$0
\$135,009	\$1,104,745	\$1,376	\$146,219	\$969,280	\$891,210
\$0	\$216,198	-\$1,351	\$28,962	\$31,340,238	\$1,379
				\$28,417,117	
				\$1,391,095	
	\$352,862		\$20,470	\$21,594	
\$135,009	\$1,457,607	\$1,376	\$166,689	\$30,799,086	\$891,210
	\$0				
\$0	\$0	\$0	\$0	\$0	\$0
\$0	-\$136,664	-\$1,351	\$8,492	\$1,510,432	\$1,379
\$0	\$0	\$0	\$27,412	\$0	\$0
\$0	\$5,694,452	\$1,977,701	\$349,834	-\$123,282	\$0
	\$1,236,876	\$0	\$1	-\$1,185,541	-\$1,379

10.427 Rural Rental Assistance Payments	14.EHV Emergency Housing Voucher	14.PHC Public Housing CARES Act Funding	Subtotal	ELIM	Total
			\$6,779,355		\$6,779,355
			\$130,204		\$130,204
\$0	\$0	\$0	\$6,909,559	\$0	\$6,909,559
	\$334,269	\$49,672	\$32,346,986		\$32,346,986
			\$0	\$0	\$0
\$85,425			\$113,201		\$113,201
			\$668		\$668
			\$35,374		\$35,374
			\$1,789,619		\$1,789,619
			-\$7,000		-\$7,000
\$85,425	\$334,269	\$49,672	\$41,188,407	\$0	\$41,188,407
	\$1,455		\$866,591		\$866,591
			\$103,906		\$103,906
	\$500		\$215,575		\$215,575
			\$96,714		\$96,714
		\$160	\$6,512		\$6,512
			\$363		\$363
			\$1,278,248		\$1,278,248
			\$62,072		\$62,072

\$0	\$1,955	\$160	\$2,629,981	\$0	\$2,629,981
			\$86,247		\$86,247
			\$41,262		\$41,262
			\$56,580		\$56,580
\$0	\$0	\$0	\$184,089	\$0	\$184,089
		\$110	\$239,458		\$239,458
			\$104,313		\$104,313
			\$225		\$225
		\$1,270	\$539,830		\$539,830
			\$30,510		\$30,510
\$0	\$0	\$1,380	\$914,336	\$0	\$914,336
			\$633,968		\$633,968
		\$9,874	\$431,428		\$431,428
		\$38,258	\$1,617,301		\$1,617,301
			\$64,657		\$64,657
\$0	\$0	\$48,132	\$2,747,354	\$0	\$2,747,354
\$0	\$0	\$0	\$0	\$0	\$0
			\$13,426		\$13,426
			\$8,907		\$8,907
	\$3		\$29,498		\$29,498
			\$371,883		\$371,883
\$0	\$3	\$0	\$423,714	\$0	\$423,714
	\$2,021		\$684,812		\$684,812
			\$22,923		\$22,923
			\$108,272		\$108,272
			\$11,823		\$11,823

\$0	\$2,021	\$0	\$827,830	\$0	\$827,830
			\$963,172		\$963,172
\$0	\$0	\$0	\$963,172	\$0	\$963,172
\$0	\$3,979	\$49,672	\$8,690,476	\$0	\$8,690,476
\$85,425	\$330,290	\$0	\$32,497,931	\$0	\$32,497,931
\$85,425			\$28,502,542		\$28,502,542
			\$1,391,095		\$1,391,095
			\$1,574,305		\$1,574,305
\$85,425	\$3,979	\$49,672	\$40,158,418	\$0	\$40,158,418
			\$20,387	-\$20,387	\$0
			-\$20,387	\$20,387	\$0
			\$0		\$0
\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$330,290	\$0	\$1,029,989	\$0	\$1,029,989
\$0	\$0	\$0	\$339,966		\$339,966
\$0	\$0	\$0	\$9,546,270		\$9,546,270
			-\$2		-\$2

			\$178,575	\$178,575
			\$23,034	\$23,034
240	0		45468	45468
220	0		40571	40571
			\$299,585	\$299,585
			\$0	\$0
			\$0	\$0
			\$0	\$0
			\$0	\$0
			\$0	\$0
			\$0	\$0
			\$0	\$0
			\$0	\$0

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**AFFORDABLE HOUSING DIVISION BOARD REPORT
OCTOBER 2022**

The Affordable Housing team continues to provide quality customer service to residents and public of our eight affordable housing complexes while navigating the continued impacts of the pandemic, staffing, and economy.

HIGHLIGHTS**YARDI, YARDI, YARDI**

- Update regarding Tenant Account Balances – the anticipated completion of the migration of tenant account balances from old system into Yardi and then the audit of all 670+ tenant accounts is taking more time than originally anticipated. Instead of a completion of end of October 2022, it is now anticipated by end of December 2022.
 - Letter from Director of Operations McLeod will be posted on or about 10/24/2022 providing residents an update regarding this migration of data and account balances.
- Electronic miscommunication between our electronic payment platform (Zego Paylease) and our Yardi system in October 2022 causing 72 automatic rental payments not to process. Property management staff contacted all residents and worked to get payments. Meeting between Zego Paylease, Wise Consulting, and PCHA IT, Finance, and Affordable Housing to address – hopefully resolve issue(s).

RESIDENTS/TENANCIES

- Focus on coordination with maintenance specialists for making apartments rent-ready, and then making available to Project Based Voucher program (priority) and then to market, process applications, and rent to public/community (secondary).
- Apartment office schedules – we determined that we are not at capacity, including training and number of staff, to have regular Saturday staffing hours. All property management staff is working Mondays – Fridays effective October 15, 2022. A regular Saturday work schedule will be re-assessed in six months.
- Reports on Delinquencies, Vacancies, and Move-Ins/Outs will return to this monthly report after the migration of tenancy account data from legacy software system into Yardi. It is anticipated that these reporting points will be available for the January 2023 Board Meeting.
- Evictions – as previously reported PCHA is pursuing tenancy terminations for high delinquencies and/or lease violations that impact neighbors and property. Two evictions approved by Court since last report – one for non-payment of rent (approximately \$16,000 owed) and one for destruction of property (removal of all carpet, padding, damage to molding, continuing).
- Move-Ins – 9 new resident households in September 2022.

STAFFING

- Internal Recruitment for newly created position of Senior Property Manager to address daily needs of property management staff from training to resident engagement to coordinating large projects with maintenance to vendor engagement, etc. Internal recruitment open until October 21, 2022.
- Recruitment for existing vacant positions of Resident Services Specialist and Assistant Property Manager will open last week of October 2022.



Report Date 10/22/2022, McLeod, C.L.

Year In Review

- Assessment of monthly rent rates, which showed our apartment rents were 30% to 50% below HUD Fair Market Rent rates without any income restrictions on applicants/residents, resulting in increased rent rates as follows:
 - For new move-ins, first time since 2018 for most properties and longer for others, while still keeping rents at or below HUD Fair Market Rent rates
 - For Project Based Voucher program units to maximize income, without affecting participant/tenant costs, to cover operating costs like any other contracted PVB landlord
 - For existing market-rate tenancies, we created a three-year phased-in rental increases for residents who sign 12 month leases, allowing residents to plan ahead in these challenging economic times for all
- Implementation of flat rate utility fees to assist in covering the increasing costs of water, sewer, and garbage. The approximate income will be \$70,000/month or \$840,000/year.
- Staff resilience amidst the daily challenges from not being fully staffed, daily exposure to COVID threat while serving public, navigating unexpected emergencies from guest gun violence brought onto our properties to apartment fires to serious bio-hazard clean-ups to first lease renewals since pre-COVID to software conversion and residents' frustrations
- Staff recruitment, hiring, training of mission-driven staff resulting in currently five (5) property management staff versus three (3) this time last year towards our pre-COVID staffing level of seven (7)
- Parking improvements – from resurfacing to new lines to assigned spaces, depending on site, at seven of eight properties resulting in visual site improvements and improved parking management for resident retention and marketing of available housing

Report of Maintenance Division
October 2022
Staff Projects

Chateau Rainer (248 units)

B103, B107, and N202 were completed to make ready status. About 60 work orders were completed this month.

Demark (93 units)

C105 and D201 were completed to make ready status. Exterior fencing was pressure washed and entryway pillars were primed and painted, 15 exterior photo cells were replaced, and 4 new LED light fixtures were installed. 15 work orders were completed this month.

Lakewood Village (136 units)

K102 and K202 were completed to make ready status. 40 work orders were completed this month.

Low Income Public Housing (124 homes)

The roofs and gutters were cleaned at 02, 78, 86, 107, 134, 135, 139, 142, 153, and 159. Uniform Physical Conditions Standards inspections were completed at 04, 05, 16, 45, 78, 84, 85, 158 and 165. 13 work orders were completed this month.

Training and Development

This month's safety meeting will cover "Respiratory Protection" which explains how to recognize and respond to respiratory hazards, including immediately dangerous to life or health (IDLH).

Project Management Report to PCHA Board of Commissioners October 26, 2022

Section 18 Disposition

- a. **Project Timeline: Application submitted by ED, and received by HUD on 8/25/2022.**
 - i. HUD predicts approval could take in excess of 90 days
 - ii. Making weekly contact with HUD Special Applications Center (SAC) office asking for updates on review findings, need for any correction, timeline for approval, etc. Not much communication back from HUD yet. Approval date unknown.
- b. **Methods of Sale: Both at *Fair Market Value (FMV)***
 - i. **Negotiated Sale**
 1. Draft Request for Proposal (RFP) seeking affordable homeownership non-profits to purchase some homes will be ready by 10/27/2022
 - a. Expect to advertise RFP upon receipt of HUD approval letter.
 2. Survey will be sent 10/25/2022 to current residents to determine interest and capacity to purchase homes they occupy.
 - a. Formal 90-day Notice will be sent upon application approval. This formally notifies residents about need and shortest timeline for PCHA to relocate residents, and the offer to sell to residents.
 - ii. **Public Bid**
 1. Prioritized survey campaign toward current tenants, FSS participants, and other Section 8 voucher holders will begin November 1.
 - a. All prospective purchasers must independently qualify with lending institution of their choice, within reasonable time.
 - b. PCHA may accept as low as 80% of FMV without HUD approval
 2. Remaining units publicly listed via MLS.
 - a. PCHA may advertise for new Broker services so that we might preference a WMBE contractor.

Of interest

- c. City of Lakewood CBDG grant APPROVED for exterior paint at both Oakleaf and Village Square. Total amount: \$180,000. PCHA needs to sign contract and send back.
 - i. Draft Invitation to Bid (ITB) for work in process. Expect to advertise ITB week of November 1. Work start will be weather-dependent.
- d. Engaged local architect to commence with renovation plan at 1525 108th St.
 - i. Pre-development meeting with County happened on Wednesday, Sep 21. See attached meeting summary from architect.

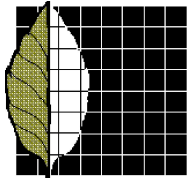
1. Rough Order of Magnitude Project cost to improve building for full occupancy as provided in schematic design *estimated* to be \$300k-\$400k. This would include site work, mechanical systems upgrade, envelope modification, and interior tenant improvement not including Furniture, Fixtures and Equipment (FFE).
- ii. Tacoma Water is in the process of declaring as surplus the .68/acre parcel on Ainsworth, adjoining 1525 108th St and the Maintenance warehouse.
 1. PCHA in communication with TW regarding acquisition. No October updates.
- e. Local fleet service maintenance business is interested in leasing a portion of a PCHA property adjoining the maintenance warehouse. Use would be for vehicle staging.
 - i. PCHA received a written Proposal to Lease Land from Equipment Experts, Inc., on 10/19/2022. Under review.

2022 Annual Plan and 2023 Five Year Plan

- f. Annual plan to be presented to RAB Sep 29. Includes expenditures for some capital work (septics, LIPH 009).
 - i. Pierce County signed letter acknowledging our plan meets their Consolidated Plan (50077-SL).
- g. Five Year Plan will require input from RAB and PCHA Board. In process.

Project Management Division highlights for fiscal year 2022

- Negotiated years-long, lingering Pierce County Right of Way easement for their road extension project.
- Commenced exploration of improving and expanding use of 108th St property.
- Submitted Section 18 Disposition application together with all necessary documentation including property appraisals.
- Applied for and receiving \$180,000 City of Lakewood CDBG grant.



James Guerrero
Architects, INC

October 3, 2022

Sean McKenna
Pierce County Housing Authority
603 Polk Street S, Building A
Tacoma, WA 98444

RE: PCHA OFFICE RELOCATION PRE-APPLICATION MEETING

Hi Sean,

This is a summary of the pre-application meeting held via Zoom on September 21, 2022.

Attendees in the meeting included:

<u>Attendee</u>	<u>Representing</u>
James Guerrero	James Guerrero Architects
Jim Stretz	Pierce County Housing Authority
Sean McKenna	Pierce County Housing Authority
Kaycee Hathaway	Pierce County Planning Department
Robert Mathis	Pierce County Building Division
Ryan Pearson	Pierce County Development Engineering

Attached are written comment from Pierce County Planning, Building and Development Engineering. The fire department representative was not available for the meeting, but we corresponded via email.

Planning Comments:

1. Proposed use of building for PCHA administrative offices is an outright allowed use in the zone.
2. The existing building is located too close to the front property line, but it can remain in its current location as an existing non-conforming condition.
3. Any proposed additions outside of the current building shell will be required to meet zoning setbacks. The proposed canopy at the front of the building does not meet the setbacks and is therefore not allowed.

Building Comments:

1. A code study will be required upon submittal of building permit.
2. Converting the warehouse area to office area requires compliance with the current energy code and energy credits will need to be met.

Development Engineering Comments:

1. In order to complete a project on the site, a right-of-way dedication of 5' along Sales Road and 10' along Ainsworth and a 20' radius at the intersection is required.

2. Street frontage improvements will be required if the work exceeds 60% of the building value. The value is based on tax records which list the property improvements value at \$268,000. A remodel of less than \$160,800 would not require street improvements.
3. Frontage improvements include a 6' wide shoulder, 5' buffer and 5' sidewalk along with street trees.
4. A TIA (traffic impact analysis) scoping letter and likely a full TIA prepared by a Traffic Engineer will be required.
5. The parking proposed at the southwest corner of the building will not be allowed. The access aisle is too close to the traffic corner.
6. The project is required to meet stormwater manual requirements. A civil engineer will be required to determine stormwater storage and treatment.

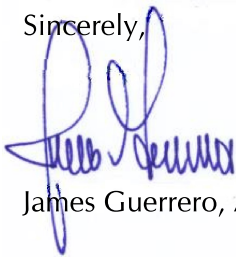
Fire Department Comments:

1. A building with this use and construction type can be un-sprinklered up to 6,200 s.f. if fire flow is provided at 2,000 gpm for 2 hour duration.
2. Certificate of water availability has been provided showing water is available at 2,000 gpm, 2 hour duration. Therefore, fire sprinklers are not required for the proposed project.

Summary:

The county is requiring right-of-way dedications of 5' along Sales Road and 10' along Ainsworth as a condition of permit approval. The proposed driveway access and parking proposed in front of the building is not allowed. Traffic and civil site engineering are required for the repurposing of the building. The building location is considered an existing non-conforming condition, and it can remain in its current location even though it does not meet building setbacks. The building can be repurposed for the PCHA administrative offices as long as the work stays within the existing building shell on the south side of the building. The proposed entry roof cannot be built as shown as it extends into the required setback. The interior reconfiguration changing the warehouse to office space is acceptable, but the changes to the building will need to meet the current building and energy code requirements. Any extensions to the building in the future are required to meet the building setbacks.

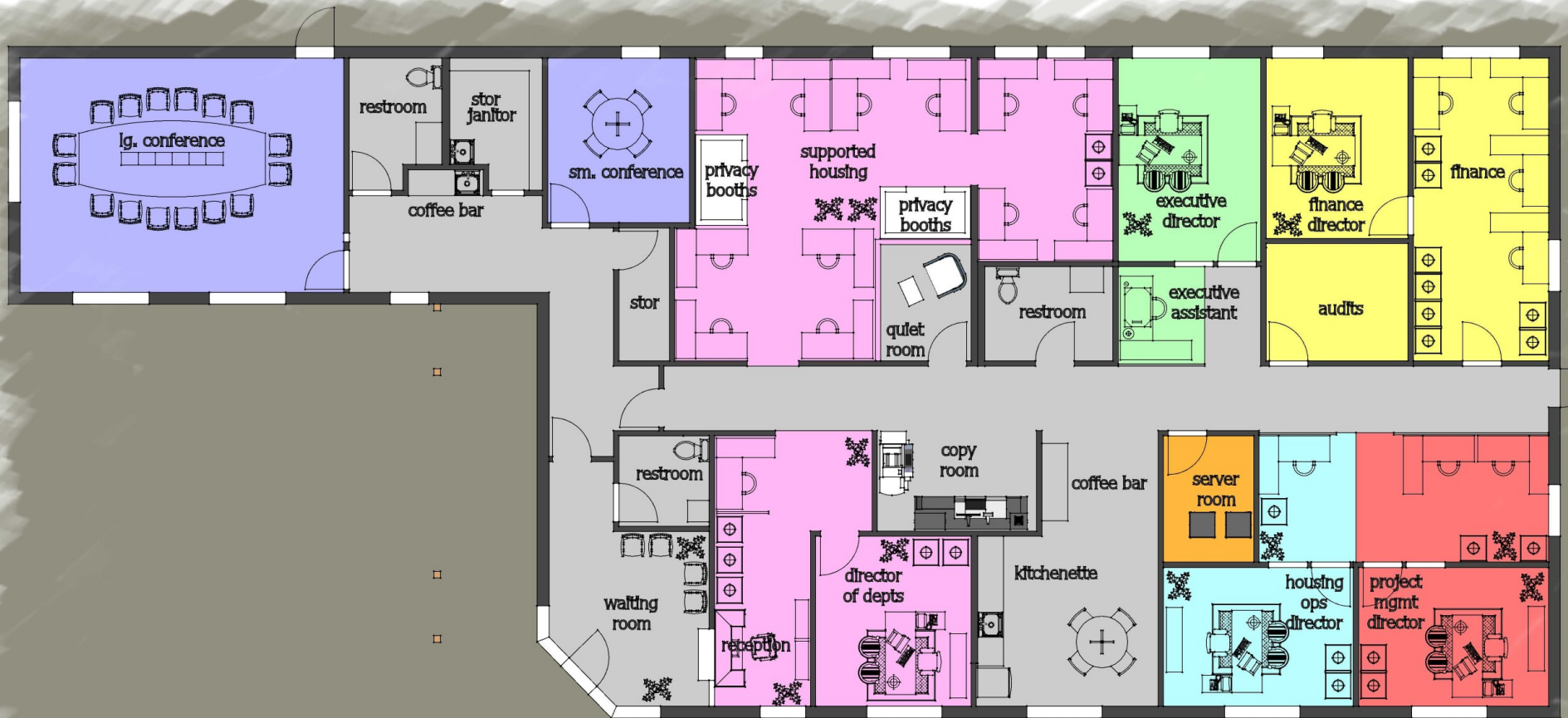
Sincerely,



James Guerrero, AIA

Attachments:

1. Online review comments for Pierce County
2. Development engineering comments
3. Fire Department email correspondence (2 pages)
4. Certificate of Water Availability (3 pages)
5. Pre-Application Drawings (3 pages)



0 4 8
Scale: 1/8" = 1'-0"



Schematic Floor Plan

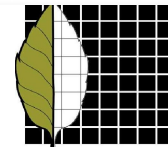
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PCHA Office Remodel Feasibility

Schematic Floor Plan

August 5, 2022

Page 3 of 3



James Guerrero
Architects, INC

James Guerrero Architects, Inc.
7520 Bridgeport Way West
Lakewood, WA 98499
Telephone (253) 581-6000
Web Site: jgarch.net

Supported Housing Board Report

October 2022

Highlights

Yardi Software Conversion

- Go live date was July 1, 2022. We have spent the majority of the last 4 months reconciling actions in our legacy database, MRI and our new database Yardi. We will continue the practice of reconciling/auditing between both databases but now the reconciliation process will include HUD's database PIC for VMS/funding purposes. October was a big month, we made lots of progress on the HCV side in Yardi. The work continues and hope to most programs reconciled between all databases and reporting modules by November 30, 2022 but no later than December 31, 2022 for year end and SEMAP (Section Eight Management Assessment Program) reporting purposes.

EHV (Emergency Housing Vouchers)

- As of October 20, 2022 the national average for leasing utilization is 50.98%. PCHA is currently sitting at 72.58%. As of October, we have leased 51 and 10 issued and looking. We have 2 referral spots open and will request referrals in November.

2023 Payment Standards

- PCHA met with THA to discuss how we can align our policies and procedures as closely as possible within regulations. They are a MTW agency with flexibility that we do not have. We have agreed to align our payment standards at 105% for 2023, this is an increase from last year's Payment Standard for PCHA and is manageable with the funding PCHA is anticipated to receive from HUD in 2023.

2022 Highlights

Emergency Housing Vouchers-

PCHA received 62 EHV's and as of today have either leased or found housing and waiting to sign a lease 83% of our allocated the vouchers. PCHA decided in the beginning to take referrals through Coordinated Entry from the hardest to house priority pools; Diversion and Shelter. PCHA felt strongly that the data showed these pools had the highest barriers to housing.

The EHV allocated vouchers have been a learning experience and has provided direction for where PCHA should go in the coming year(s) when requesting additional vouchers and/or applying for special funding through HUD.

It is not success to just house people; the success is the stability in their housing and to keep them housed. The success is finding them the resources to become and remain successfully housed which does not just include economic stability.

Success/housing stability should/will include services and resources for mental health, substance abuse, building community that doesn't hinder their stability but enhances it, etc.

New Incremental HCV (Fair Share) Vouchers

On September 28, 2022 PCHA received an additional 19 vouchers added to our baseline under the ACC (Annual Contributions Contract). These are regular HCV vouchers and must be reported in the Vouchers Management System (VMS) in the same manner. These are not special purpose vouchers with a unique reporting category and should follow the same reporting requirements as all other HCV vouchers. Per the PIH Notice, funding may only be used for leasing of new admissions. They came with additional HAP funding and Administrative Fee funding. The HCV department is currently working on the waitlist to notify families that the vouchers are available.

Staffing

After being short staffed for the last 3 years, the HCV department is finally at staffing levels that should reduce workloads of the housing specialists. We have 4 new team members that are currently in training. I will introduce them at the board meeting in November.

Yardi- New Software

PCHA started the process for the Yardi software conversion in December of 2020 and in July of 2022 finally went "live". This has been a process and created a lot of additional work but in the end, it will be better for the agency. It will streamline workflows and processes, access to landlords, participants, applicants, and partners will be electronic, so this will not only save money but will speed up communication and processes for deadlines.

WA054 HCV Leasing and Spending Projection - The Goods

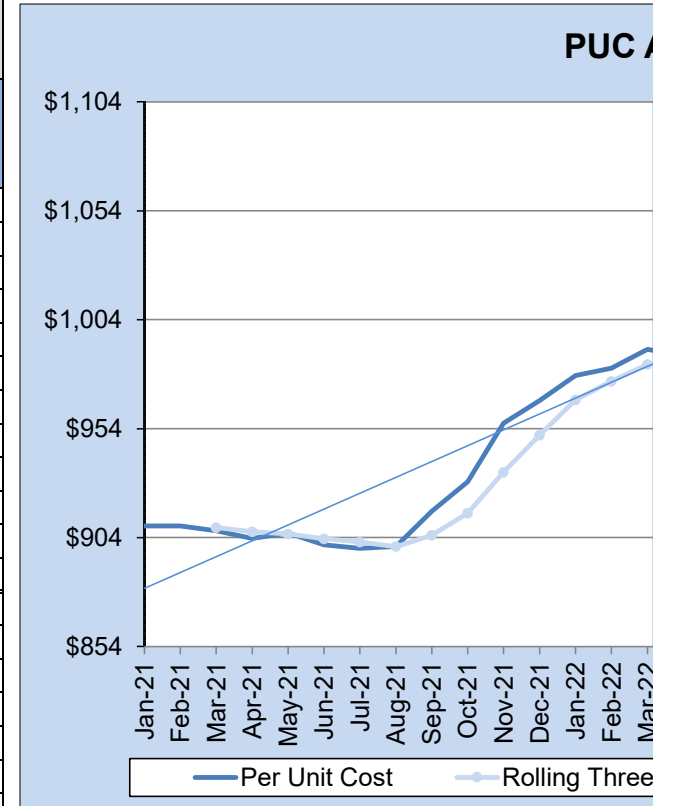
				Utilization Report:		HCV Utilization Report July 2022						Print	TYT Guide	TYT Videos
PHA Name	HA of Pierce County		PHA Number	WA054			Save	Access Additional Tools		Disclaimer				
ACC/Funding Information				Funding Proration/Offset Levels		Program Projection Variables				Leasing and Spending Outcomes: Current and Following Year Projections				
ACC	Current Year (2022)	Year 2 (2023)	Year 3 (2024)	HAP		Success Rate	58%	Annual Turnover Rate	7.2%	2022		2023		
Beginning ACC Vouchers	2,946	2,965	2,965	Year 2 (2023) Rebenchmark	107.2%				PIC EOP % as of 8/31/2022 (151 EOPs): 6.08%	UML % of ACC (UMA)	86.3%	83.0%		
Funding Components	Current Year (2022)	Year 2 (2023)	Year 3 (2024)	Year 3 (2024) Rebenchmark	100.0%	Time from Issuance to HAP Effective Date (Current: 2.74 months)				HAP Exp as % of All Funds	98.0%	97.9%		
Initial BA Funding (net offset)	\$29,290,695	\$33,199,432	\$33,313,681	Year 2 (2023) % 'Excess' Reserves Offset	70.0%	% leased in 30 days	29%		2023 Estimated Inflation Factor	HAP Exp as % of Eligibility only	105.5%	99.8%		
Offset of HAP Reserves	\$0	\$0	\$0	Year 3 (2024) % 'Excess' Reserves Offset	0.0%	% leased in 30 to 60 days	25%		8.7%	End of Year Results				
Set Aside Funding	\$0			Administrative Fees		% leased in 60 to 90 days	12%			Projected 12/31 Total HAP Reserves	\$636,971	\$705,140		
New ACC Units Funding	\$60,806	\$182,417	\$0	Year 1 (2022)	91.0%	% leased in 90 to 120 days	11%			HAP Reserves as % of ABA (Start: 7.5%)	2.2%	2.1%		
Total ABA Funding Provided	\$29,351,501	\$33,381,849	\$33,313,681	Year 2 (2023)	80.0%	% leased in 120 to 150 days	23%			"Excess" Reserves Subject To Offset	\$0	\$0		
PHA Income	\$36,826	\$0								End of Year 3 Results (2024)				
Total Cash-Supported Prior Year-End Reserves	\$2,214,923	\$636,971	\$705,140	HUD-Held Reconciliation - 12/31/2021 Cash Sufficiency Check						\$1,053,635	3.2%	Projected Total HAP Reserves ===== Reserves % BA		
				HUD-established CYE HHR	\$2,674,293		HUD-established CYE HHR							
Total Funding				HUD-estimated Restricted Net Position	(\$383,167)	\$102,271	PHA-Held Cash 12/31/2021 (VMS)	Administrative Fees Analysis		See Detail	2022		2023	
Total Funding Available	\$31,603,250	\$34,018,820	\$34,018,820	HUD-Reconciled	\$2,291,126	\$2,776,564	HUD-Reconciled (Cash Capped)	<= 7,200 UMLs (No Proration)	> 7,200 UMLs (No Proration)	Admin Fees Earned (PY: \$2,437,756)	\$2,537,949	\$2,121,745		
				Lower of H17/I17 (May Override)	\$2,214,923		Lower of H17/I17 (May Override)	Reserve Adjustment due to PY VMS Changes.	\$104.76	\$97.79	Expense	\$1,267,786	\$363,444	
				HUD-Reconciled RNP v PHA-Reported RNP						WA054 has a cost per UML of \$53.66 compared to its Earnings/UML & Size peer group of \$79.51 (a difference of -48.2%) and its state peer group (of all PHAs in the state) of \$62.43 (a difference of -16.3%).	Expense %	50.0%	17.1%	
				HUD v. PHA difference: (\$306,863.00) or -1% of Eligibility	(\$76,304)	<--EOY VMS RNP ===== EOY PHA-Reported RNP-->	(\$383,167)							

WA054 HCV Leasing and Spending Projection - The Goods

2022	UMAs	Actual UMLs	Actual HAP	Vouchers Issued/Projected to be Issued	Other Planned Additions/ Reductions	New Leasing from Issued Vouchers	Estimated Attrition	UMLs: Actual/Projected	HAP: Actual/Projected	PUC: Actual/Projected	Manual PUC Override	Year-to-Date UML %	Year-to-Date ABA Expended %	Monthly UML %	Monthly ABA Expended %
Jan-22	2,946	2,644	\$2,586,775					2,644	\$2,586,775	\$978		89.7%	105.8%	89.7%	105.8%
Feb-22	2,946	2,639	\$2,590,732					2,639	\$2,590,732	\$982		89.7%	105.8%	89.6%	105.9%
Mar-22	2,946	2,637	\$2,611,456					2,637	\$2,611,456	\$990		89.6%	106.1%	89.5%	106.8%
Apr-22	2,946	2,627	\$2,593,306					2,627	\$2,593,306	\$987		89.5%	106.1%	89.2%	106.0%
May-22	2,946	2,586	\$2,601,931					2,586	\$2,601,931	\$1,006		89.2%	106.2%	87.8%	106.4%
Jun-22	2,946	2,549	\$2,574,125					2,549	\$2,574,125	\$1,010		88.7%	106.0%	86.5%	105.2%
Jul-22	2,946	2,494	\$2,533,424					2,494	\$2,533,424	\$1,016		88.1%	105.7%	84.7%	103.6%
Aug-22	2,946	2,466	\$2,525,855					2,466	\$2,525,855	\$1,024		87.6%	105.4%	83.7%	103.3%
Sep-22	2,946	2,466	\$2,525,855	87				2,466	\$2,525,855	\$1,024		87.2%	105.1%	83.7%	103.3%
Oct-22	2,965	0	\$0		9	15	-14.8	2,475	\$2,564,446	\$1,036	\$1,036	86.8%	105.1%	83.5%	104.8%
Nov-22	2,965	0	\$0		17	13	-14.8	2,490	\$2,616,165	\$1,051	\$1,051	86.5%	105.3%	84.0%	107.0%
Dec-22	2,965	0	\$0		9	6	-14.9	2,490	\$2,642,209	\$1,061	\$1,061	86.3%	105.5%	84.0%	108.0%
Total	35,409	23,108	\$23,143,459	87	35	33	-44.6	30,562	\$30,966,279	\$1,013		86.3%	105.5%		
2023															
Jan-23	2,965			50	1	6	-14.9	2,482	\$2,658,922	\$1,071	\$1,071	83.7%	95.6%	83.7%	95.6%
Feb-23	2,965			50	1	20	-14.9	2,488	\$2,689,710	\$1,081	\$1,081	83.8%	96.1%	83.9%	96.7%
Mar-23	2,965				1	16	-14.9	2,490	\$2,717,505	\$1,091	\$1,091	83.9%	96.7%	84.0%	97.7%
Apr-23	2,965				1	11	-14.9	2,487	\$2,738,613	\$1,101	\$1,101	83.9%	97.1%	83.9%	98.4%
May-23	2,965				1	7	-14.9	2,480	\$2,759,226	\$1,113	\$1,113	83.8%	97.5%	83.6%	99.2%
Jun-23	2,965				1	10	-14.9	2,476	\$2,780,427	\$1,123	\$1,123	83.8%	97.9%	83.5%	99.9%
Jul-23	2,965				1	7	-14.9	2,469	\$2,798,863	\$1,134	\$1,134	83.7%	98.3%	83.3%	100.6%
Aug-23	2,965				1	0	-14.8	2,456	\$2,809,728	\$1,144	\$1,144	83.6%	98.6%	82.8%	101.0%
Sep-23	2,965				1	0	-14.7	2,442	\$2,828,593	\$1,158	\$1,158	83.5%	99.0%	82.4%	101.7%
Oct-23	2,965				1	0	-14.7	2,429	\$2,840,171	\$1,169	\$1,169	83.3%	99.3%	81.9%	102.1%
Nov-23	2,965				1	0	-14.6	2,415	\$2,844,025	\$1,178	\$1,178	83.1%	99.6%	81.5%	102.2%
Dec-23	2,965				1	0	-14.5	2,402	\$2,847,897	\$1,186	\$1,186	83.0%	99.8%	81.0%	102.4%
Total	35,580	0	\$0	100	15	75	-177.6	29,515	\$33,313,681	\$1,129		83.0%	99.8%		
<div> <div>Graphs</div> <div> <p>FINANCIAL - Beginning Year: Cash & Investments (VMS) of \$102,271 compares to RNP (VMS) of \$-76,304. Current: VMS Cash & Investments of \$560,790 compares to VMS NRP plus UNP of \$751,543. SPVs: Additional SPV leasing should focus on the 73 unleased VASH vouchers and the 28 unleased NED vouchers. PBVs: Currently, the PHA reports 208 leased PBVs, for a leased PBV rate of 86%. Additional leasing should focus on the 34 unleased PBVs, for which the PHA is making vacancy payments on 0. Finally, the PHA reports 0 PBVs under AHAP.</p> </div> <div>Comments (Hover for VMS Comments)</div> </div>															

HCV Leasing and Spending Projection

PUC Analysis						
Year	Month	ACTUAL Leased Units	Actual HAP	Per Unit Cost	Monthly Change	Rolling Three Month Average
2021	J	2,615	\$2,377,772	\$909.28		
2021	F	2,611	\$2,374,085	\$909.26		
2021	M	2,604	\$2,362,179	\$907.13	⬇️ -0.23%	\$908.56
2021	A	2,587	\$2,337,628	\$903.61	⬇️ -0.39%	\$906.67
2021	M	2,571	\$2,329,269	\$905.98	⬆️ 0.26%	\$905.57
2021	J	2,568	\$2,312,793	\$900.62	⬇️ -0.59%	\$903.40
2021	J	2,551	\$2,293,465	\$899.05	⬇️ -0.17%	\$901.88
2021	A	2,541	\$2,286,676	\$899.91	⬆️ 0.10%	\$899.86
2021	S	2,522	\$2,310,220	\$916.03	⬆️ 1.79%	\$904.99
2021	O	2,641	\$2,454,909	\$929.54	⬆️ 1.47%	\$915.16
2021	N	2,632	\$2,517,379	\$956.45	⬆️ 2.90%	\$934.01
2021	D	2,636	\$2,548,545	\$966.82	⬆️ 1.08%	\$950.94
2022	J	2,644	\$2,586,775	\$978.36	⬆️ 1.19%	\$967.21
2022	F	2,639	\$2,590,732	\$981.71	⬆️ 0.34%	\$975.63
2022	M	2,637	\$2,611,456	\$990.31	⬆️ 0.88%	\$983.46
2022	A	2,627	\$2,593,306	\$987.17	⬇️ -0.32%	\$986.40
2022	M	2,586	\$2,601,931	\$1,006.16	⬆️ 1.92%	\$994.55
2022	J	2,549	\$2,574,125	\$1,009.86	⬆️ 0.37%	\$1,001.06
2022	J	2,494	\$2,533,424	\$1,015.81	⬆️ 0.59%	\$1,010.61
2022	A	2,466	\$2,525,855	\$1,024.27	⬆️ 0.83%	\$1,016.65
2022	S	2,466	\$2,525,855	\$1,024.27	⬆️ 0.00%	\$1,021.45
2022	O					
2022	N					
2022	D					
2023	J					
2023	F					
2023	M					
2023	A					
2023	M					
2023	J					



Remove
Abated Units
from PUC

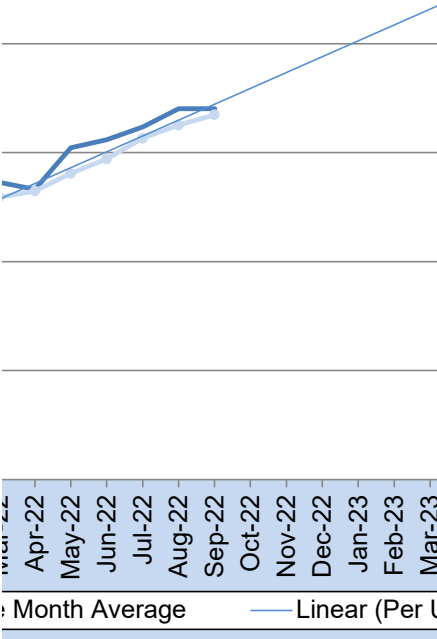
Choose PUC Method

Average Monthly Change

Material New Units at
a Material New PUC?

HCV Leasing and Spending Projection

Analysis



R-Squared, last 6 months

P H A : W A 0 5 4	Quality Assurance Check		
	Topic	TYT Input	QA Question
	Success Rate (Cell K5)	58%	Have you obtained the actual PHA success rate, rather than use the default 70%? Please address in the checklist if you use the default success rate rather than obtaining a success rate from the PHA.
	Time from Issuance to HAP Effective Date (Cells K8 -K12)	2.74	Have you obtained the actual time it takes from issuance to HAP effective date, rather than use the default 2.28 months? Please address in InfoPath if you use the default time from issuance to HAP.
	PHA-Reported RNP v. HUD-estimated RNP	0.20	If the PHA-Reported RNP is materially more/less than FMC - have you determined why? Please address in the checklist.
	End Of Participation Rate (Cell M5)	7.2%	Have you validated the auto-populated EOP rate with the PHA, i.e. checked in with them to see if the number is reasonable? Does it reflect PIC?
	Per Unit Cost Used in Projection	See "PUC.RB Analysis" Tab	Have you determined that the last actual PUC is reasonable going forward (see "PUC Analysis" Tab)? Did you discuss with the PHA? If needed, have you used the Manual PUC Override (Column M)?
	Utilization Performance: 2022 - Proj. Year End HAP Reserves %	2.2%	If 12/31 HAP Reserves show red (based on PHA size), have you discussed leasing potential or potential shortfall issues with the PHA? Please address in checklist.
	Utilization Performance: 2023 - Proj. Year End HAP Reserves %	2.1%	Ideally, you and the PHA have discussed tentative leasing plans into Year 2. Is this reflected in an issuance scenario?
	Vouchers on the Street	87	Have the most recent month's uncontracted vouchers on the street (in VMS) been entered in Column F - unless you have obtained from the PHA the ongoing number of vouchers actually issued for the last several months?
	Issuance/Leasing Scenario		Has a projected leasing scenario been discussed with the PHA for the current year? For the following year? Is this displayed in the forecast in the form of future months issuances in Column F? Please discuss.

Data Upload

Instructions		New ACC Unit Calculations		
2022 Average PUC		New Units 2022		
\$1,013.22				
Month Effective		New Units	Total Awarded BA (12 months)	Carryover into 2023
2022	January			
2022	February			
2022	March			
2022	April			
2022	May			
2022	June			
2022	July			
2022	August			
2022	September			
2022	October	19	\$243,223	\$182,417
2022	November			
2022	December			
Totals		19	\$243,223.00	\$182,417
2023 Average PUC		New Units 2023		
\$1,128.71				
Month Effective		New Units	Total Awarded BA (12 months)	Carryover into 2024
2023	January	0		
2023	February	0		
2023	March	0		
2023	April	0		
2023	May	0		
2023	June	0		
2023	July	0		
2023	August	0		
2023	September	0		
2023	October	0		
2023	November	0		
2023	December	0		
Totals		0	\$0.00	\$0