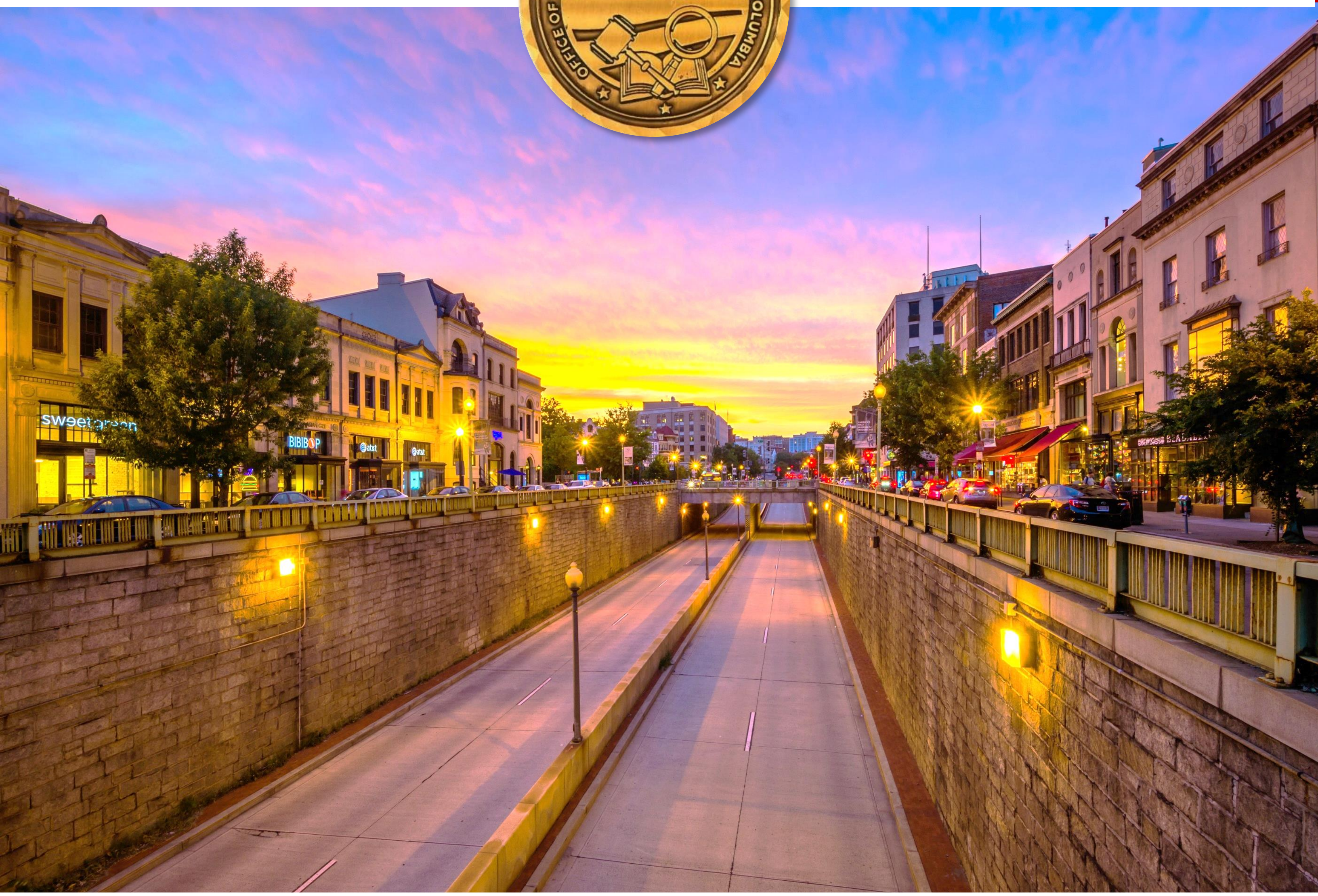
OFFICE OF THE
INSPECTOR GENERAL
DISTRICT OF COLUMBIA GOVERNMENT

AUDIT REPORT

District of Columbia Housing Authority

Financial Statements and Independent Auditor's Reports
Fiscal Year 2024
OIG No. 24-2-10HY

March 17, 2025 (Rev.)



DANIEL W. LUCAS
INSPECTOR GENERAL

OUR MISSION

We independently audit, inspect, and investigate matters pertaining to the District of Columbia government in order to:

- prevent and detect corruption, mismanagement, waste, fraud, and abuse;
- promote economy, efficiency, effectiveness, and accountability;
- inform stakeholders about issues relating to District programs and operations; and
- recommend and track the implementation of corrective actions.

OUR VISION

We strive to be a world-class Office of the Inspector General that is customer focused and sets the standard for oversight excellence!

OUR VALUES

Accountability: We recognize that our duty extends beyond oversight; it encompasses responsibility. By holding ourselves accountable, we ensure that every action we take contributes to the greater good of the District.

Continuous Improvement: We view challenges not as obstacles, but as opportunities for growth. Our commitment to continuous improvement drives us to evolve, adapt, and enhance our practices.

Excellence: Mediocrity has no place in our lexicon. We strive for excellence in every facet of our work.

Integrity: Our integrity is non-negotiable. We act with honesty, transparency, and unwavering ethics. Upholding the public's trust demands nothing less.

Professionalism: As stewards of oversight, we maintain the utmost professionalism. Our interactions, decisions, and conduct exemplify the dignity of our role.

Transparency: Sunlight is our ally. Transparency illuminates our processes, decisions, and outcomes. By sharing information openly, we empower stakeholders, promote understanding, and reinforce our commitment to accountability.

MEMORANDUM

To: Keith Pettigrew, Executive Director
District of Columbia Housing Authority

Heather Mueller, Chief Financial Officer
District of Columbia Housing Authority

Raymond Skinner, Board Chair
Stabilization and Reform Board of Commissioners

From: Daniel W. Lucas
Inspector General

Date: March 17, 2025 (As corrected April 8, 2025)

Subject: **District of Columbia Housing Authority Annual Financial Statements**
OIG No. 24-2-10HY

This revised memorandum retransmits the final *District of Columbia Housing Authority Financial Statements and Independent Auditor's Reports* for fiscal year 2024. SB & Company (SBC) provided the Office of the Inspector General these reports as part of the annual audit of the District of Columbia's general-purpose financial statements for fiscal year 2024.

We received SBC's report on March 14, 2025. In this report, SBC noted 14 material weaknesses and 6 significant deficiencies relating to the Authority's financial reporting. Due to the significance of these issues, SBC did not express an opinion on the agency's financial statements. SBC also issued 20 recommendations to improve the effectiveness of operational and programmatic internal controls. (See OIG Report No. 24-2-10HY(a).)[1]

Should you have questions or concerns, please contact me or Dr. Slemo Warigon, Assistant Inspector General for Audits, at (202) 792-5684.

[1] Due to a clerical error in our March 17, 2025, publication, we incorrectly stated that SBC "concluded that the financial statements are presented fairly in all material respects." However, SBC did not render an opinion on the financial statements. We also revised the number of recommendations to accurately reflect 20 recommendations.

DISTRICT OF COLUMBIA HOUSING AUTHORITY

Financial Statements and Supplemental Schedules Together with Reports of Independent Public Accountants

For the Year Ended September 30, 2024

DISTRICT OF COLUMBIA HOUSING AUTHORITY

Financial Statements and Supplemental Schedules Together with Reports of Independent Public Accountants

SEPTEMBER 30, 2024

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Certified Public
Accountants &
SBC Business Advisors

**REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS
ON THE AUDIT OF THE FINANCIAL STATEMENTS**

To the Mayor, Members of the Council of the Government of the District of Columbia,
the Inspector General of the Government of the District of Columbia, and the
Board of Commissioners of the District of Columbia Housing Authority

Disclaimer of Opinion

We were engaged to audit the financial statements of the business-type activities and the aggregate discretely presented component units, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the District of Columbia Housing Authority's (the Authority) basic financial statements as listed in the table of contents.

We do not express an opinion on the accompanying financial statements of the Authority. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the accompanying financial statements.

We did not audit the financial statements of Highland Residential, L.P. or Parkway Overlook II, LP, which represent 100 percent of the assets, liabilities, net position, revenues, and expenses of the aggregate discretely presented component units as of December 31, 2023. Those statements were audited by another auditor whose reports expressed unmodified opinions on those financial statements and have been furnished to us, and our opinion, insofar as it relates to the amounts included for Highland Residential, L.P. and Parkway Overlook II, LP, is based solely on the reports of the other auditors.

Basis for Disclaimer of Opinion

During the year ended September 30, 2024, the Authority implemented a new computerized accounting system. Because of the implementation of the new accounting system and other issues, we noted numerous material misstatements and accounts that we could not obtain sufficient audit evidence to verify amounts in the accompanying financial statements. As of the date of our audit report, management has not rectified its system deficiencies, corrected all misstatements, or provided support for certain balances related to assets, liabilities, net position, revenue, expenses, and cash flow.

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 controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility was to conduct an audit of the Authority's financial statements in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* and to issue an auditor's report. However, because of the matters described in the *Disclaimer of Opinion* section of our report, we were unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are required to be independent of the Authority and to meet other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We were unable to apply certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America because of the matters described in the *Basis for Disclaimer of Opinion* section. We do not express an opinion or provide any assurance on the information.

Other Report on Supplementary Information

We were engaged for the purpose of forming an opinion on the basic financial statements as a whole. The Supplementary Information included in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* section, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

Certified Public
Accountants &
SBC Business Advisors

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have issued our report dated February 25, 2025, on our consideration of the Authority's internal controls over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal controls over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal controls over financial reporting and compliance.

Washington, D.C.
February 25, 2025

SB & Company, LLC

DISTRICT OF COLUMBIA HOUSING AUTHORITY

Management's Discussion & Analysis
September 30, 2024

Introduction

The District of Columbia Housing Authority (DCHA, or the Authority) provides quality affordable housing to extremely low- through moderate-income households, fosters sustainable communities, and cultivates opportunities for residents to improve their lives. DCHA is an independent public agency that provides housing assistance to almost ten percent of the City's population. As a landlord, property manager, voucher administrator, and real estate developer, DCHA is a key player in the provision, preservation, and production of affordable housing in the District of Columbia.

DCHA offers readers of the Authority's financial statements a narrative overview and analysis of our financial activities for the fiscal year ended September 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information in the financial statements and notes to the financial statements (which immediately follow this discussion).

DCHA is a Moving-to-Work (MTW) designated housing authority and as such, is allowed certain regulatory flexibility to design and test innovative approaches to local housing and policy issues. MTW also allows DCHA to combine Public Housing Operating, Capital Fund Program, and Housing Choice Voucher funding awarded by the U.S. Department of Housing and Urban Development (HUD) into one single budget with the flexibility to fund services and initiatives that would more effectively serve our clients. The Amended MTW agreements with HUD and the 39 MTW designated housing authorities were extended to FY 2028.

In FY 2024, DCHA continued to aggressively seek ways to utilize the agency's MTW authority to fulfill its mission and strategic goals in ways that are reflective of local housing needs, while implementing activities designed to meet one or more or the MTW statutory objectives.

Management's Discussion & Analysis
September 30, 2024

Financial Highlights

Statements of Net Position (Table 1) - Net Position may serve over time as a useful indicator of whether the Authority's financial position is improving or deteriorating. DCHA's net position increased by $4.5 million and totaled $526.2 million on September 30, 2024. Table 1 reflects the Summarized Statements of Net Position as of September 30, 2024 and 2023.

Table 1
Summarized Statements of Net Position

	9/30/2024	9/30/2023	Total Change	% Change
Assets				
Current Assets	$ 272,495,112	$ 280,536,642	$ (8,041,530)	-2.9%
Capital Assets, Net	484,990,723	440,377,359	44,613,364	10.1%
Other Noncurrent Assets	161,619,741	114,660,935	46,958,806	41.0%
Total Assets	919,105,576	835,574,936	83,530,640	10.0%
Liabilities and Deferred Inflows Of Resources				
Current Liabilities	214,380,465	128,354,952	86,025,513	67.0%
Noncurrent Liabilities	113,792,164	119,743,375	(5,951,211)	-5.0%
Total Liabilities	328,172,629	248,098,327	80,074,302	32.3%
Deferred Inflows of Resources	64,719,313	65,779,371	(1,060,058)	-1.6%
Total Liabilities and Deferred Inflows of Resources	392,891,942	313,877,698	79,014,244	25.2%
Net Position				
Net Investment in Capital Assets	372,748,454	346,369,123	26,379,331	7.6%
Restricted Net Position	50,222,951	16,038,706	34,184,245	213.1%
Unrestricted Net Position	103,242,229	159,289,409	(56,047,180)	-35.2%
Total Net Position	526,213,634	521,697,238	4,516,396	0.9%
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 919,105,576	$ 835,574,936	$ 83,530,640	10.0%

Assets – DCHA's total assets equaled $919.1 million as of September 30, 2024, up 10.0% from the previous year. Of this amount, $485.0 million is accounted for as net capital assets detailed more fully in Table 3 of this report.

Current assets decreased by a net of $8.0 million:

- Cash and investments decreased $42.8 million.
- Accounts receivable increased $35.0 million.

Liabilities – At September 30, 2024, DCHA had outstanding liabilities of $328.2 million, an increase of 32.3% from the prior year.

Current liabilities increased by a net amount of $86.0 million. Current liabilities increased primarily due to an increase in accounts payable and accrued liabilities.

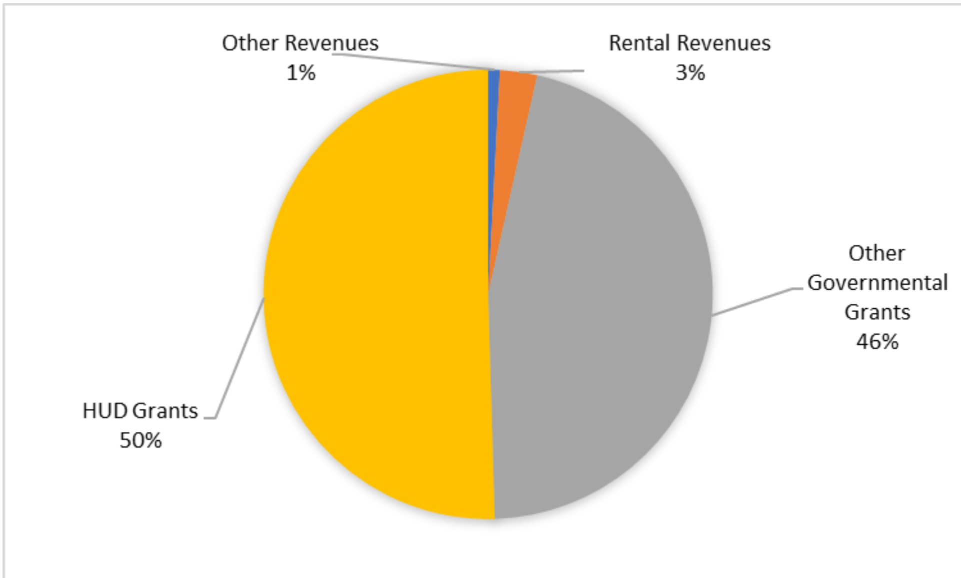
Noncurrent liabilities decreased by $6.0 million, primarily due to a decrease in long-term debt due to regularly scheduled payments. Details of long-term debt is shown in table 4 and described in additional detail in Note 8.

Deferred Inflows of Resources – At September 30, 2024, DCHA had deferred inflows of resources of $64.7 million related to a Public-Private Partnership Arrangement for 1133 North Capitol discussed further in Note 9.

Net Position – $372.7 million of DCHA's net position reflects its investment in capital assets, less any outstanding related debt used to acquire those assets. DCHA's capital assets are used to provide housing and services to District of Columbia citizens. Consequently, investments in capital assets are not available for future spending. Although DCHA's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Capital asset and related debt activity disclosed in Notes 6 and 8, respectively.

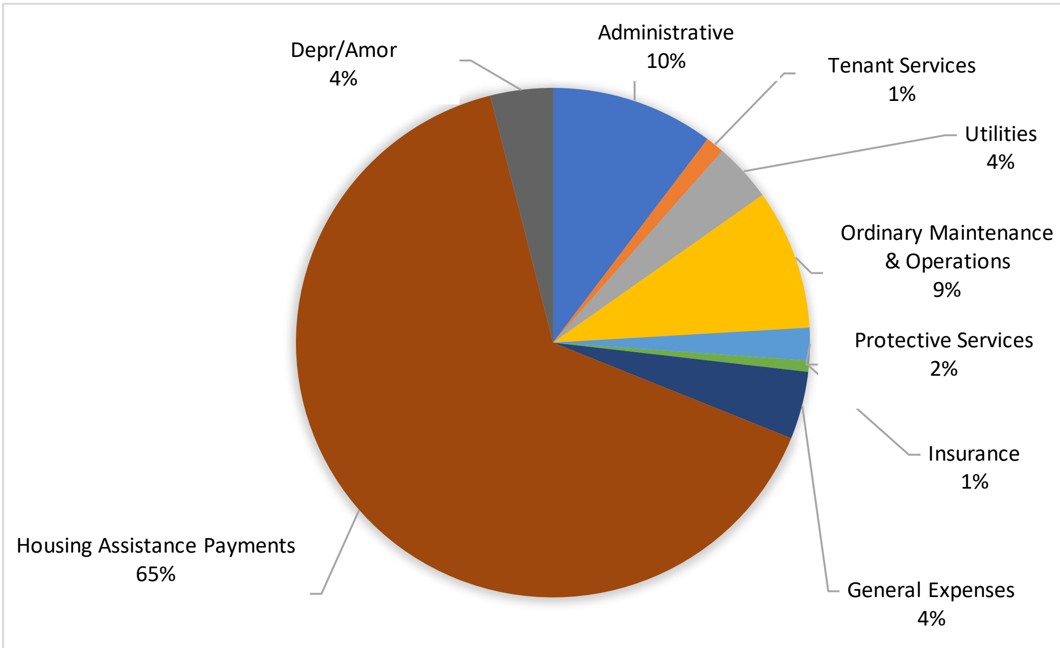
DCHA's restricted net position of $50.2 million is restricted for future public housing projects, housing assistance payments, and public housing capital improvement needs. These restrictions are articulated in the HUD Annual Contributions Contract and HUD Regulatory agreements.

Fiscal Year 2024 Financial Highlights



Total Operating Revenues for 2024	$ 722,555,605
Rental Revenues	19,339,881
HUD Grants	364,641,755
Other Governmental Grants	332,473,840
Other Revenues	6,100,129

Fiscal Year 2024 Operating Expenses



Total Operating Expenses for 2024	$ 718,062,126
Administrative	73,711,487
Tenant Services	8,428,432
Utilities	26,725,363
Ordinary Maintenance & Operations	63,906,576
Protective Services	14,866,429
Insurance	5,061,405
General Expenses	30,796,638
Housing Assistance Payments	466,318,760
Depreciation/Amortization	28,247,036

Management's Discussion & Analysis
September 30, 2024

Statement of Revenues, Expenses, and Changes in Net Position (Table 2) – DCHA's total net position increased by $4.5 million, in 2024, primarily due to HUD and locally funded capital grants that resulted in new construction. The other key elements in changes in revenues and expenses are shown in Table 2.

Table 2
Statements of Revenues, Expenses, and Changes in Net Position

	2024	2023	Variance	% Variance
Operating Revenues				
Rental Revenues	$ 19,339,881	$ 16,367,303	$ 2,972,578	18.2%
HUD Grants	364,641,755	354,706,422	9,935,333	2.8%
Other Governmental Grants	332,473,840	280,048,903	52,424,937	18.7%
Other Revenues	6,100,129	15,199,891	(9,099,762)	-59.9%
Total Revenues	722,555,605	666,322,519	56,233,086	8.4%
Operating Expenses				
Administrative	73,711,487	58,246,371	15,465,116	26.6%
Tenant Services	8,428,432	2,697,014	5,731,418	212.5%
Utilities	26,725,363	30,325,152	(3,599,789)	-11.9%
Ordinary Maintenance & Operation	63,906,576	55,919,427	7,987,149	14.3%
Protective Services	14,866,429	12,851,451	2,014,978	15.7%
Insurance	5,061,405	4,358,234	703,171	16.1%
General Expenses	30,796,638	13,278,960	17,517,678	131.9%
Housing Assistance Payments	466,318,760	447,174,125	19,144,635	4.3%
Depreciation/Amortization	28,247,036	31,176,185	(2,929,149)	-9.4%
Total Operating Expenses	718,062,126	656,026,919	62,035,207	9.5%
Nonoperating Revenues (Expenses)				
Interest Income	3,306,154	1,841,481	1,464,673	79.5%
Interest Expense	(3,283,237)	(4,630,084)	1,346,847	-29.1%
Gain on Sale of Capital Assets	-	283,913	(283,913)	-100.0%
Total Nonoperating Revenues (Expenses)	22,917	(2,504,690)	2,527,607	-100.9%
Income Before Contributions	4,516,396	7,790,910	(3,274,514)	-42.0%
Capital Contributions	-	28,357,562	(28,357,562)	-100.0%
Change in Net Position	4,516,396	36,148,472	(31,632,076)	-87.5%
Net Position - Beginning of Year	521,697,238	485,548,766	36,148,472	7.4%
Net Position - End of Year	$ 526,213,634	$ 521,697,238	$ 4,516,396	0.9%

Operating Revenues – Total operating revenues for DCHA increased $56.2 million, or 8.4% from 2023 to a total of $722.6 million. Operating revenues increased primarily due to a $52.4 million increase in other governmental grants and a $10.0 million increase in HUD grants revenue.

Operating Expenses - The agency has been focused on rebuilding and stabilizing operations, with increased expenditures across multiple areas to support recovery and growth. The key drivers of these increases include:

- Administrative Costs: Growth in personnel and consulting services to support the three-year recovery plan.
- Ordinary Maintenance: Increased spending on maintenance materials to expedite unit turnover and boost occupancy rates.
- Protective Services: Hiring and training additional staff, along with purchasing necessary materials to support the expanded team.
- General Expenses: Higher overall costs associated with stabilizing operations and addressing urgent needs.
- Utilities decreased due to paying lower rates through its suppliers- DCHA is paying 66% less for electricity than through the PEPCO tariff rates, and through the wholesale gas marketer the average PGC DCHA is paying 27% lower than the average rate.

Capital Contributions decreased by $28.4 million due to a decrease in capital fund draws during the year, dependent upon active construction projects.

Capital Assets – DCHA's total investment in capital assets, including construction in progress, as of September 30, 2024, totaled $485.0 million, net of accumulated depreciation and amortization, an increase of $44.6 million, or 10.1%, from 2023. This investment in capital assets includes land, buildings, building improvements, furniture and equipment, construction in progress, and right to use assets. Additional details follow in the table below (Table 3):

	2024	2023	Variance	% Change
Land	$ 98,185,682	$ 98,585,955	$ (400,273)	-0.4%
Buildings and Improvements	668,974,506	672,305,256	(3,330,750)	-0.5%
Right to Use Asset - Buildings	56,731,562	46,922,273	9,809,289	20.9%
Furniture and Equipment	98,838,444	97,700,454	1,137,990	1.2%
Right to Use Equipment - SBITA	5,314,648	5,314,648	-	0.0%
Construction in Progress	145,079,132	81,404,348	63,674,784	78.2%
	1,073,123,974	1,002,232,934	70,891,040	7.1%
Accumulated Dep/Amort	(588,133,251)	(561,855,575)	(26,277,676)	4.7%
Total Capital Assets	$ 484,990,723	$ 440,377,359	$ 44,613,364	10.1%

- $669.0 million represents buildings and improvements, a net decrease of $3.3 million, primarily due to the capitalizations of completed construction projects.
- $98.8 million represents furniture and equipment, a net increase of $1.1 million, primarily due to the capitalizations of equipment purchased in connection with the ECIP program.
- $145.1 million represents the value of assets under construction related to new construction and modernization activities generally funded by capital grants, as well as grants received from the District of Columbia for the funding of construction related to public improvements/infrastructure. Current year additions exceeded the capitalization of completed construction projects in connection with continued construction and development projects, including improvements of Public Housing properties.
- $62.1 million represents right to use assets for long-term, noncancelable contracts in accordance with GASB 87 and 96, discussed further in Note 6.

Debt Administration – As of fiscal year end, DCHA had $66.3 million of long-term notes and mortgages payable as reflected in the following table which represents a decrease of $12.6 million from the prior fiscal year due to routine payments (Table 4).

	2024	2023	Variance	% Change
Long-Term Debt Payable	$ 66,326,509	$ 78,936,789	$ (12,610,280)	-16.0%

For additional detail pertaining to the Authority's long-term debt, please see Note 9 to the financial statements within this report.

Currently Known Facts or Conditions Expected to Have a Significant Effect on Financial Position – The current federal budget deficit will continue having a significant impact on the Authority's operating budget due to our historical reliance on such federal sources. The Authority will continue to explore alternative funding options to lessen this dependency through its development activities and pursuit of other grants.

Historically, the federal government has played a principal role in providing funding for low income housing developments and housing authorities since prior to the National Housing Act of 1937. While federal support for affordable housing has fluctuated with each administration, there has been a long-term record of nationwide financial support. However, there are discussions at the federal level recommending decreased funding for the public housing and housing choice voucher programs, two of the largest programs administered by the Authority.

While we acknowledge the aforementioned challenges and face these political and economic realities head-on, we remain committed more than ever to our mission including future development and the expansion of quality affordable housing. Our strategy for accomplishing this includes growing and preserving appropriate residential assets and fostering local development and relationships with our community partners and other stakeholders. We are confident our strategy will allow us to attain these goals and continue to strengthen and enhance the Authority's ability to address the housing and quality of life challenges facing the DC community both now and in the future.

Management's Discussion & Analysis
September 30, 2024

DCHA is in the process of converting certain Low Rent Public Housing Units into the Rental Assistance Demonstration (RAD) program. DCHA has been awarded various Commitments to enter into Housing Assistance Payment (CHAP) by HUD on the following Developments:

PIC Development	Project Name	Number of Converting Units
DC001001650	Judiciary House	263
DC001001290	MELVO	136
DC001004430	Potomac Gardens	208
DC001003104	Wheeler Creek	148
	Total	755

Once these units are converted to the Rental Assistance Demonstration (RAD) program, these units will be taken out of our Public Housing Inventory.

Economic Factors and Next Year's Budgets and Rates

The following factor was considered in preparing the Authority's budget for the year ending September 30, 2025:

- DCHA management to update for budget impacts HUD Grant funding
- DC Local Grant funding
- Economic performance and job creation

Requests for Information

This financial report is designed to provide a general overview of DCHA's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

The Office of the Chief Financial Officer
District of Columbia Housing Authority
300 7th Street, S.W., 10th Floor
Washington, D.C. 20024
(202) 535-2878

DISTRICT OF COLUMBIA HOUSING AUTHORITY

Statement of Net Position – Business-Type Activities and Discretely Presented Component Units
As of September 30, 2024

	Business-Type Activities	Discretely Presented Component Units
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents, Unrestricted	$ 146,620,839	$ 1,442,087
Cash and Cash Equivalents, Restricted	52,018,665	26,305,534
Investments, Unrestricted	1,000,000	-
Accounts Receivable, Net	72,271,959	2,229,000
Inventory, Net	583,649	-
Prepaid Expenses and Other Assets	-	218,347
Total Current Assets	272,495,112	30,194,968
NONCURRENT ASSETS		
Capital Assets, Not Being Depreciated/Amortized	243,264,814	21,828,346
Capital Assets, Net of Depreciation/Amortization	241,725,909	83,694,135
Notes and Mortgages Receivable, Net	102,204,357	-
Other Noncurrent Assets	59,415,384	292,539
Total Noncurrent Assets	646,610,464	105,815,020
Total Assets	$ 919,105,576	$ 136,009,988
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts Payable	$ 35,170,190	$ 68,520
Accrued Liabilities	69,739,615	4,659,251
Accrued Compensated Absences, Current	2,126,991	-
Unearned Revenue	89,566,147	-
Tenant Security Deposits	395,644	82,410
Lease and SBITA Liability, Current	4,200,189	-
Current Portion of Long-Term Debt	13,181,689	863,766
Total Current Liabilities	214,380,465	5,673,947
NONCURRENT LIABILITIES		
Other Noncurrent Liabilities	3,753,830	1,994,702
Developer Fees Payable	-	6,820,154
Lease and SBITA Liability, Net of Current	54,631,653	-
Long-Term Debt, Net of Current	53,144,820	97,966,010
Accrued Compensated Absences, Net of Current	2,261,861	-
Total Noncurrent Liabilities	113,792,164	106,780,866
Total Liabilities	328,172,629	112,454,813
DEFERRED INFLOWS OF RESOURCES - PUBLIC PRIVATE PARTNERSHIP	64,719,313	-
Total Liabilities and Deferred Inflows of Resources	392,891,942	112,454,813
NET POSITION		
Net Investment in Capital Assets	372,748,454	27,107,519
Restricted	50,222,951	-
Unrestricted	103,242,229	(3,552,344)
Total Net Position	526,213,634	23,555,175
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 919,105,576	$ 136,009,988

The accompanying notes to the financial statements are an integral part of this financial statement.

DISTRICT OF COLUMBIA HOUSING AUTHORITY

Statements of Revenues, Expenses, and Changes in Net Position – Business-Type Activities and Discretely Presented Component Units
For the Year Ended September 30, 2024

	Business-Type Activities	Discretely Presented Component Units
OPERATING REVENUES		
Rental Revenues	$ 19,339,881	$ 4,544,558
HUD Grants	364,641,755	-
Other Governmental Grants	332,473,840	3,828,928
Other Revenues	6,100,129	379,605
Total Operating Revenues	722,555,605	8,753,091
OPERATING EXPENSES		
Administrative	73,711,487	1,407,261
Tenant Services	8,428,432	-
Utilities	26,725,363	2,265,219
Ordinary Maintenance and Operations	63,906,576	1,582,492
Protective Services	14,866,429	-
Insurance	5,061,405	353,230
General Expenses	30,796,638	1,040,556
Housing Assistance Payments	466,318,760	-
Depreciation and Amortization	28,247,036	5,105,582
Total Operating Expenses	718,062,126	11,754,340
OPERATING INCOME (LOSS)	4,493,479	(3,001,249)
NONOPERATING REVENUES (EXPENSES)		
Interest Income	3,306,154	759,267
Interest Expense	(3,283,237)	(3,885,336)
Total Nonoperating Expenses	22,917	(3,126,069)
CHANGE IN NET POSITION	4,516,396	(6,127,318)
Total Net Position - Beginning of Year	521,697,238	29,682,493
TOTAL NET POSITION - END OF YEAR	$ 526,213,634	$ 23,555,175

The accompanying notes to the financial statements are an integral part of this financial statement.

DISTRICT OF COLUMBIA HOUSING AUTHORITY

Statement of Cash Flows – Business-Type Activities
For the Year Ended September 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Dwelling Rentals	$ 19,366,622
HUD and Other Government Grants	670,244,123
Other Receipts	6,100,129
Payments for Administrative and General	(82,888,737)
Payments for Housing Operations and Tenant Services	(113,926,800)
Payments to Landlords and Resident Benefits	(466,318,760)
Net Cash Provided by Operating Activities	32,576,577
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of Capital Assets	(62,815,855)
Principal Paid on Capital Debt	(12,113,167)
Lease and SBITA Payments	(497,113)
Interest Paid on Capital Debt	(3,283,237)
Net Cash Used by Capital and Related Financing Activities	(78,709,372)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Income	3,306,154
Net Cash Provided by Investing Activities	3,306,154
NET DECREASE IN CASH AND CASH EQUIVALENTS	(42,826,641)
Cash and Cash Equivalents - Beginning of Year	242,466,145
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 199,639,504
RECONCILIATION OF CASH FLOWS TO STATEMENT OF NET POSITION	
Cash and Cash Equivalents, Unrestricted	$ 146,620,839
Cash and Cash Equivalents, Restricted	52,018,665
Investments, Unrestricted	1,000,000
Total	$ 199,639,504

The accompanying notes to the financial statements are an integral part of this financial statement.

Statement of Cash Flows – Business-Type Activities (continued)
For the Year Ended September 30, 2024

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income	$ 4,493,479
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:	
Depreciation and Amortization	28,247,036
Provision for Bad Debts	6,125,958
Changes in Operating Assets and Liabilities:	
Accounts Receivable	(41,129,588)
Inventory	(277,968)
Prepaid Expenses	166,594
Other Assets	(47,711,756)
Accounts Payable	16,920,615
Accrued Compensated Absences	(1,219,370)
Accrued Expenses	59,862,736
Unearned Revenue	8,132,158
Deferred Inflows of Resources	(1,060,058)
Tenant Security Deposits	26,741
Net Cash Provided by Operating Activities	$ 32,576,577

The accompanying notes to the financial statements are an integral part of this financial statement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Organization

The District of Columbia Housing Authority (DCHA or the Authority) was established as an independent authority of the District of Columbia government. DCHA's purpose is to provide decent, safe, and sanitary dwellings and related facilities for persons and families of low and moderate income in the District as prescribed by the U.S. Department of Housing and Urban Development (HUD). DCHA is governed by an eleven-member Board of Commissioners consisting of Mayoral appointees, an ex-officio Commissioner (Deputy Mayor for Planning and Economic Development), elected Resident Commissioners, a labor representative, a member selected by the advocate community and a Housing Choice Voucher Program representative.

Reporting Entity

As required by accounting principles generally accepted in the United States of America, the basic financial statements of the reporting entity are reported as an enterprise fund. They include those of DCHA and all component units. Component units are separate legal entities in which officials of a primary government are financially accountable for the entity, or in which the nature and significance of the relationship between the entity and the primary government are such that to exclude the entity from the financial reporting entity would render the basic financial statements misleading or incomplete. The decision to include a component unit in the reporting entity was made by applying the criteria set forth in Section 2100 and 2600 of the Codification of Governmental Accounting and Financial Reporting Standards and Statement No 61, (amended) of the Governmental Accounting Standards Board: The Financial Reporting Entity. Based upon the application of these criteria, the reporting entity includes DC Housing Enterprises (DCHE), Northwest One/Temple Courts Redevelopment Corporation (Temple Courts), Construction Services Administration (CSA), Community Vision Inc. (Community Vision), DC Housing Solutions, Inc. (DC Housing Solutions), Capital City Housing Corporation (Capital City), Oak Street Preservation LLC (Oak Street), Affordable Housing, Inc., and Colorado Columbia LLC. These component units are blended for financial reporting purposes under the "blended component units" column of the combining financial schedules presented in the "Supplementary Information" section of this report.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reporting Entity (continued)

DCHA determined, based on the criteria above that two entities should be presented as discretely presented component units in DCHA's financial statements:

- Highland Residential, L.P – Highland Residential, L.P.'s purpose is to develop, own and operate an apartment complex. CHP, a blended component unit of DC Housing Solutions, is the sole member of Highland Residential GP, LLC which is the 0.01% general partner of Highland Residential, L.P. The financial statements of Highland Residential, L.P. are included in DCHA's statements as a discretely presented component unit. The partnership has a calendar year-end and accordingly, the amounts included are as of and for the respective year-end that falls within DCHA's September 30, 2024 year-end. Separate financial statements are issued for the discretely presented component unit, prepared in accordance with Financial Accounting Standards Board (FASB) guidance, and can be obtained by contacting the Chief Financial Officer at the DCHA, 100 M St. SE, Washington, DC 20003.
- Parkway Overlook II, L.P. – Parkway Overlook II, LP's purpose is to develop, own and operate an apartment complex. CHP, a blended component unit of DC Housing Solutions, is the sole member of Parkway Overlook II GP, LLC which is the 0.01% general partner of Parkway Overlook II, LP The financial statements of Parkway Overlook II, LP are included in DCHA's statements as a discretely presented component unit. The partnership has a calendar year-end and accordingly, the amounts included are as of and for the respective year-end that falls within DCHA's September 30, 2022 year-end. Separate financial statements are issued for the discretely presented component unit, prepared in accordance with Financial Accounting Standards Board (FASB) guidance, and can be obtained by contacting the Chief Financial Officer at the DCHA, 100 M St. SE, Washington, DC 20003.

There were no additional entities required to be included in the reporting entity under these criteria in the current fiscal year. Furthermore, DCHA is not included in any other reporting entity as a component unit on the basis of such criteria.

Basis of Presentation and Accounting

In accordance with uniform financial reporting standards for HUD housing programs, the basic financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

Based upon compelling reasons offered by HUD, DCHA reports its basic financial statements as an enterprise fund, which uses the accrual basis of accounting and the flow of economic resources measurement focus. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. The Authority is required to follow all statements of Governmental Accounting Standards Board (GASB).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of Programs

HUD-Subsidized Programs

Moving to Work Program (MTW): The objective of this program is to provide greater flexibility for DCHA in providing housing, support services, and modernization services for the communities DCHA assists as well as provides resources and opportunities for the residents within DCHA's properties. DCHA is allowed to combine funding from the Low Rent Public Housing, Capital Fund Program, and the Housing Choice Voucher Program (partial funding) for use by all three programs.

Low Rent Public Housing: This type of housing consists of apartments and single-family dwellings owned and operated by DCHA. Funding is provided by tenant rent payments and subsidies provided from HUD.

Capital Fund Program: Substantially all additions to land, buildings, and equipment are accomplished through the Capital Fund Program. This program adds to, replaces, or materially upgrades deteriorated portions of DCHA's housing units. HUD provides annual funding based upon a predetermined formula applied nationwide.

Housing Choice Voucher Program: The Section 8 Housing Choice Voucher Program also allows for existing housing units to be used for low-income housing. HUD provides annual funding for housing assistance payments as well as annual funding for related administrative expenses. DCHA has some vouchers included under the MTW Program, but other vouchers are not included.

Mainstream Vouchers Program: This program assists nonelderly persons with disabilities. Aside from assisting a special population, the program policies are the same as the Housing Choice Voucher program.

Emergency Housing Vouchers (EHV) Program: This program is available through the American Rescue Plan Act (ARPA). Through EHV, HUD is providing housing choice vouchers to local Authority's in order to assist individuals and families who are homeless, at-risk of homelessness, fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking, or were recently homeless or have a high risk of housing instability. Funding and financial reporting for EHV is separate from the regular tenant-based voucher program.

Section 8 Moderate Rehabilitation Program: This program provides for the rehabilitation of housing units, which then must be rented to low-income individuals for a contracted period of time. Under this program, developers must obtain their own rehabilitation financing and then HUD subsidizes rents.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of Programs (continued)

HUD-Subsidized Programs (continued)

Section 8 Single Room Occupancy (SRO) Program: This program provides for the rehabilitation of housing units, which then must be rented to low income individuals for a contracted period of time. Individuals have a single room and share common areas.

ROSS: This program provides funding for a program coordinator who works with residents to locate training opportunities, job placements, and employers. Residents set goals to become independent from welfare assistance.

Blended Component Units

DC Housing Enterprises (DCHE): This entity was organized as a nonprofit corporation under the District of Columbia Nonprofit Corporation Act, to be operated exclusively for charitable purposes by engaging in activities that enhance the supply of affordable housing as well as related community development and to acquire an interest in real property located in Washington, D.C., toward these purposes. DCHE is solely owned and operated by DCHA. DCHE has been able to provide services in a time sensitive manner to secure and maintain distressed property throughout the District of Columbia, as well as perform expedited construction or construction management services for the District of Columbia.

Northwest One/Temple Courts Redevelopment Corporation (Temple Courts): This entity was organized as a District of Columbia instrumentality and as a subsidiary of DCHA to acquire Temple Courts, relocate all residents through a de-occupancy process and to demolish the building after the apartments were determined not to be viable. Currently, there is a parking lot which is being managed by DCHA while the land is being held for future development.

Construction Services Administration, LLC (CSA): This entity was created as a for-profit limited liability company for purposes of undertaking construction management and administration services for the District of Columbia governmental agencies and public and private organizations. The CSA provides services for a fee that covers the cost of operations with any residual funds reverting to its sole member, DCHA. The CSA's major customers are the District of Columbia Department of Parks and Recreation and DCHA.

Community Vision Inc. (Community Vision): This entity supports the Authority by engaging in activities that may include, without limitation, developing, financing, managing, monitoring, and engaging in social service programming; and providing technical assistance to social service governmental and nongovernmental agencies that provide social service and other types of assistance that will enhance, expand, and foster self-sufficiency for low and moderate-income individuals and families residing in DCHA properties.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of Programs (continued)

Blended Component Units (continued)

DC Housing Solutions, Inc. (DC Housing Solutions): The DC Housing Solutions, Inc., a wholly owned nonprofit entity of the Authority, was formed as an instrument to facilitate the development of affordable housing and related facilities. In accordance with its mission, DC Housing Solutions, Inc. subsequently formed Capitol Housing Partners, LLC to provide certain construction and completion guarantees. Capitol Housing Partners is 100% owner of Parkway Overlook, LP. The LP is the owner entity of Parkway Overlook development project.

Capital City Housing Corporation (Capital City): DCHA assumed control of Capital City Housing Corporation, and thereby assumed control of Oak Street Apartments, Ltd which is a privately managed 51-unit apartment complex.

Oak Street Preservation LLC (Oak Street): Successor owner of Oak Street Apartments and acquired debt from Capital City Housing Corporation.

Affordable Housing Corporation of the District of Columbia: This entity is a not for profit District of Columbia entity, formed to facilitate ownership in various DCHA projects. This Corporation is currently dormant.

Colorado Columbia LLC: Under the Rental Assistance Demonstration (RAD) program, two developments were converted from public housing. Colorado (a 21-unit project) and Columbia (a 23-unit project) are both owned by Colorado Columbia LLC which is fully owned by DCHA.

Investments in Real Estate Ventures: DCHA has ownership interest in various LLCs and GPs that have very small ownership interest in various limited partnerships that provide residential low and moderate income subsidized units located throughout Washington D.C. However, they are not component units of DCHA and therefore are not reported. These investments are accounted for on the equity method.

Copies of financial statements for each blended component (if available) can be obtained by a written request to: District of Columbia Housing Authority, Attn: Chief Financial Officer, 100 M St. SE, Washington, D.C. 20003.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

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

Cash and Cash Equivalents

DCHA considers all highly liquid investments (including restricted investments) with a maturity of three months or less when purchased to be cash equivalents.

Accounts Receivable – Net of Allowance

Accounts receivable are made up of amounts due from HUD, District of Columbia, mixed finance projects, landlords and tenants in the Housing Choice Voucher Program (HCVP), including Moving to Work (MTW) vouchers, non-MTW vouchers, non-Federal program vouchers, and tenants in Low Income Public Housing (LIPH). All accounts receivable balances are reviewed to determine whether they are collectible. Allowance account estimates are established based on the historical data and tenant's estimated ability to pay. See Note 3 for a breakout of allowances as of September 30, 2024.

Notes and Mortgages Receivable

DCHA has notes receivable from Mixed Finance Projects. The Authority advances loans to third-party developers in conjunction with multi-lender mixed income financing arrangements for new construction. The developer generally agrees to designate a specific number of units for public housing during the life of the note. A lump-sum payment of principal and interest, if applicable, is due at maturity, which is normally 40 years. These 40-year notes are supported by promissory notes and are collateralized by the respective properties. No currently known facts lead the Authority to believe there is a probability of default on these loans. An allowance for a loss contingency has not been recorded as both of the following criteria have not been met: 1) the amount of the loss can be reasonably estimated, and 2) information available prior to issuance of the financial statements indicates that it is probable that an asset had been impaired, or a liability had been incurred at the date of the financial statements. It is implicit in this condition that it must be probable that one or more future events will occur confirming the fact of the loss. The Authority's policy is to evaluate these notes each year and determine if an allowance is necessary.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Notes and Mortgages Receivable (continued)

Interest income on these notes is recognized as accrued. Due to the long-term nature of the loans and their respective payment terms, the Authority utilizes a conservative approach and recognizes a 100% allowance for the accrued interest related to these notes. Accrued interest receivable and the corresponding loss allowance balances was $31,028,122, as of September 30, 2024.

DCHA has notes receivable from several homeownership programs known as Soft Second Mortgages. Based on the structure of these loans with the homeowners described in the Notes Receivable related to homeownership receivables, management has established a full allowance of $20,791,920, for these notes receivable due to the collectability of the notes and have put all of the notes on a nonaccrual status.

Interprogram Receivables and Payables

Interprogram receivables/payables, when present, are all current, and are the result of the use of one designated program as the common paymaster for shared costs of DCHA. Cash settlements are made periodically, and all interprogram balances net zero. Offsetting due to/due from balances are eliminated for the basic financial statement presentation.

Investments

Investments are recorded at amortized cost which management estimates approximates fair value. Investment instruments consist only of items specifically approved for public housing agencies by HUD. Investments are to be either insured or collateralized using the dedicated method. Under the dedicated method of collateralization, all deposits and investments over the federal depository insurance coverage are collateralized with securities held by DCHA's agent in DCHA's name. It is DCHA's policy that all funds on deposit are collateralized in accordance with HUD requirements. As of September 30, 2024, all of DCHA's deposits were not collateralized or covered by insurance.

Inventory

Inventory (consisting of materials and supplies) is valued at cost using the approximate first in, first out (FIFO) method. If inventory is reviewed for obsolescence, DCHA establishes an allowance for obsolete inventory when required.

Prepaid Expenses

Payments made to vendors for goods or services that will benefit periods beyond the fiscal year-end are recorded as prepaid expenses.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

Capital assets are stated at historical cost. Depreciation commences on modernization and development additions in the year following completion.

Maintenance and repairs expenditures are charged to operations when incurred. Betterments in excess of $5,000 are capitalized. When buildings and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations.

Depreciation is calculated using the straight-line method over the estimated useful lives of each major class of depreciable capital assets as follows:

Buildings	40 Years
Building Improvements	10 to 20 Years
Furniture and Equipment	5 to 7 Years

DCHA has been and is currently involved in various demolition activities in conjunction with its modernization and development programs. In accordance accounting principles generally accepted in the United States of America, DCHA reviews such assets for impairment and when impaired makes the necessary adjustments and footnote disclosures. As of September 30, 2024, DCHA believes it has no impairments.

Leases

DCHA is a lessee for noncancelable leases of office space. DCHA recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the statement of net position. DCHA recognizes lease liabilities with an initial, individual value of $5,000 or more.

At the commencement of a lease, DCHA initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight line basis over the shorter of the lease term or the useful life of the underlying asset.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

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

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

DCHA monitors change in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities as current and noncurrent on the statement of net position.

Subscription-Based Information Technology Arrangements (SBITA)

SBITA assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received form the SBITA vendor at the commencement of the SBITA term. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets.

Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation and sick leave. A liability for compensated absences that is attributable to services already rendered and that are not contingent on a specific event that is outside the control of DCHA and its employees, is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of DCHA and its employees are accounted for in the period in which such services are rendered or in which such events take place.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences (continued)

Employees earn annual leave at rates ranging from 13 days per year for the first three years of service up to a maximum of 26 days per year at the beginning of their fifteenth (15th) year of service. Annual leave up to 240 hours can accumulate and carry over from one year to the next. Upon termination or death, accumulated annual leave is paid in a lump sum.

Net Position

Accounting principles generally accepted in the United States of America for state and local governments require that resources be classified for accounting and reporting purposes into the following three net position categories:

Net Investment in Capital Assets – Capital assets, net of accumulated depreciation and outstanding principal balances of debt that are attributable to the acquisition, construction or improvement of those assets.

Restricted – Restricted assets whose use by DCHA is subject to externally imposed stipulations that can be fulfilled by actions of DCHA pursuant to those stipulations or that expire by the passage of time. Such assets include assets restricted for capital acquisitions and debt service.

Unrestricted – Assets that are not subject to externally imposed stipulations. The unrestricted net position may be designated for specific purposes by action of management or the DCHA Board or may otherwise be limited by contractual agreements with outside parties.

Certain assets including cash and investments may be classified as restricted net position on the Statement of Net Position because their use is restricted for specific purposes. It is DCHA's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Litigation Losses

DCHA recognizes estimated losses related to litigation in the period in which the occasion giving rise to the loss occurred, the claim is known, and the amount is estimable.

Annual Contribution Contracts

Annual contribution contracts provide that HUD shall have the authority to audit and examine the records of public housing authorities. Accordingly, final determination of the DCHA's financing and contribution status for the Annual Contribution Contracts is the responsibility of HUD based upon financial reports submitted by DCHA.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Risk Management

DCHA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. DCHA carries commercial insurance for all risks of loss, including workers' compensation, employee health, accident insurance, general liability, fire and extended coverage, fidelity bond, automobile, and director and officers liability. Settlements have not exceeded insurance coverage in each of the past three fiscal years. Additionally, there have been no significant reductions in insurance coverage from the prior year.

Operating Revenues and Expenses

The principal operating revenues of DCHA's enterprise fund are charges to customers for rents and services. Operating expenses for DCHA's enterprise fund include the cost of providing housing and services, administrative expenses and depreciation on capital assets. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Deferred Inflow

In addition to liabilities, the statement of net position includes a separate section for deferred inflow of resources. Deferred inflow of resources represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Authority's deferred inflow of resources reported on the statement of net position represent payments for a lease term that relates to future periods. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

New Accounting Pronouncements

The standards adopted by GASB that will become effective in future years are listed below:

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The primary objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement will take effect for DCHA's financial statements starting with the fiscal year that ends September 30, 2025.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The primary objective of this Statement is to provide users of financial statements with essential information about risks related to a organizations vulnerabilities due to certain concentrations or constraints. The requirements of this Statement will take effect for DCHA's financial statements starting with the fiscal year that ends September 30, 2025.

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements.* The primary objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues of the reporting model.

- Management's Discussion and Analysis
- Unusual or Infrequent Items
- Presentation of the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position
- Major Component Unit Information
- Budgetary Comparison Information

The requirements of this Statement will take effect for DCHA's financial statements starting with the fiscal year that ends September 30, 2026.

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets.* The primary objective of this Statement is to provide detailed information about capital assets in the notes to the financial statements. It requires certain capital assets like right to use, subscription agreement assets, public-private arrangement assets, and intangible assets to be disclosed by separate class of assets. It also requires assets held for sale to be disclosed separately. The requirements of this Statement will take effect for DCHA's financial statements starting with the fiscal year that ends September 30, 2026.

DCHA is analyzing the effects of adopting these standards and will adopt all by their effective dates.

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Business Type Activities

HUD Deposit and Investment Restrictions: HUD requires authorities to invest excess HUD program funds in obligations of the United States, certificates of deposit or any other federally insured instruments.

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS (continued)

Business Type Activities (continued)

HUD also requires that deposits of HUD program funds be fully insured or collateralized at all times. Acceptable security includes Federal Deposit Insurance Corporation (FDIC)/Federal Savings and Loan Insurance Corporation (FSLIC) insurance and the market value of securities purchased and pledged to the political subdivision. Pursuant to HUD restrictions, obligations of the United States are allowed as security for deposits. Obligations furnished as security must be held by DCHA or with an unaffiliated bank or trust company for the account of DCHA.

As of September 30, 2024, $52,018,665, of DCHA's deposits and investments were restricted for purposes of modernization and development or other externally imposed requirements. The remaining deposits and investments of $147,620,839 were not restricted, and were available on demand.

Interest rate risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from rising interest rates, DCHA's investment policy limits its investment portfolio to maturities not to exceed two years at time of purchase.

The Wells Fargo Government Money Market Fund invests primarily in short-term, high-quality fixed-income securities such as U.S. Government obligations, bank obligations, corporate bonds, commercial paper, municipal securities, asset- and mortgage-backed securities, and repurchase agreements. The Government Money Market Fund is managed to meet the requirements of Rule 2a-7 under the Investment Company Act of 1940, as amended. It can be reasonably expected to have a fair value that will be unaffected by interest rate changes because the interest rates are variable and the principal can be recovered on demand. As of September 30, 2024, the cost of the money market mutual fund approximated fair value. The Debt Securities are held with Wells Fargo and represent a Federal Home Loan Bank obligation.

Credit Risk and Concentration of Credit Risk: This is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. DCHA's investment policy is that none of its total portfolio may be invested in securities of any single issuer, other than the U.S. Government, its agencies and instrumentalities. As of September 30, 2024, DCHA did not have investments in any one issuer that represent 5% or more of their total investments and the Wells Fargo Government Money Market Fund was rated AAA-mf by Moody's.

Custodial Credit Risk: This is the risk that in the event of the failure of the counterparty, DCHA will not be able to recover the value of its investments or collateral securities that are held by the counterparty.

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS (continued)

Business Type Activities (continued)

As of September 30, 2024, DCHA deposits had a carrying amount of $198,639,504, and a bank balance of $205,555,794. Of the bank balances held in various financial institutions, certain amounts were covered by federal depository insurance collateral held under the dedicated method. As of September 30, 2024, $30,225,974, was not collateralized for various financial institutions and was related to bank accounts for the blended component units.

Fair Value Measurements: DCHA categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 are significant unobservable inputs. All remaining investments represented a certificate of deposit and money market mutual funds which are not subject to the fair value measurement requirements.

3. ACCOUNTS RECEIVABLE

Accounts receivable of the business-type activities as of September 30, 2024, consisted of the following:

	Amount	Allowance for Doubtful Accounts	Net
PHA Projects	$ 228,452	$ -	$ 228,452
HUD Other Projects	3,482,286	-	3,482,286
Other Government	5,504,920	-	5,504,920
Miscellaneous	63,527,012	(2,356,782)	61,170,230
Due from Tenants and Landlords	17,654,463	(17,348,913)	305,550
Accrued Interest on Notes	31,028,122	(31,028,122)	-
Receivable and Mortgages, Current	1,580,521	-	1,580,521
Total	$ 123,005,776	$ (50,733,817)	$ 72,271,959

4. NOTES AND MORTGAGES RECEIVABLE

Notes and mortgages receivable consists of amounts related to the sale of townhouses primarily from the HOPE VI program for various homeownership projects and advances to mixed finance entities for the construction of low-income housing.

For homeownership notes and mortgages receivable the loan terms for each property are listed in the following table and all loans are noninterest bearing soft second mortgages. Each property has a separate type of loan and forgiveness attributes.

4. NOTES AND MORTGAGES RECEIVABLE (continued)

Each mixed finance note is subordinated and also subject to certain cash flows being available before principal and interest is due. Accrued interest is recorded each year along with a valuation allowance. Interest income is recorded either when received or in the period that collection becomes certain. DCHA has entered into long-term land leases that can range up to ninety-nine years with each mixed finance related entity.

Notes and mortgages receivable of the business-type activities as of September 30, 2024, consist of the following:

Borrower	Originated	Interest Rate	Due Date	Principal Balance	Interest Receivable	Program
Total Bryant Street/Others	Various	Various	20 yrs	$ 618,145	$ -	BA
Total Capital Gateway	Various	Various	20 yrs	5,142,817	-	BA
Total Capper Townhouses Ph I,II	Various	Various	30 yr	4,011,986	-	BA
Total Eastgate (aka Glenncrest)	Various	Various	20 yrs	6,493,560	-	BA
Total Frontiers	Various	Various	20 yrs	487,101	-	BA
Total H/O Group - Non-Profit	Various	Various	20 yrs	227,666	-	BA
Total Henson Ridge	Various	Various	20 yrs	332,014	-	BA
Total Scattered Sites	Various	Various	20 yr	1,214,514	-	BA
Total Sheridan Station Townes, LLC	Various	Various	15 yrs	730,097	-	BA
Total Sheridan Townes LLC - 16 Owners	Various	Various	20 yrs	63,290	-	BA
Total Wheeler Creek	Various	Various	15 yrs	1,470,730	-	BA
		Subtotal Homeowner Loans		20,791,920	-	
Highland Residential, LP*	2014	0.00%	10/23/2044	3,975,000	-	BA
Highland Residential, LP*	2016	0,00%	10/23/2044	6,577,713	-	BA
Highland Residential, LP*	2017	0.00%	10/23/2044	2,300,000	-	LR
Accessibuild I, LP	2008	8.00%	12/1/2049	2,900,000	3,730,559	COCC
Edgewood Seniors LP	2001	0.25%	11/1/2041	7,000,000	1,641,505	COCC
Rental Rehab Financial Assistance	Various	0.00%	Various	547,000	214,607	COCC
Somerset Cavalier Partners, LLC	2007	1.00%	7/27/2047	4,782,258	780,863	COCC
Eastgate Senior	2005	0.33%	10/31/2049	6,433,853	109,614	LR
FDS Residential II LP	2005	0.50%	2/28/2047	2,000,000	149,139	LR
FDS Residential II LP	2007	0,50%	2/28/2047	1,764,556	113,110	LR
Sheridan Limited Partnership	2012	0.00%	4/30/2050	1,146,749	-	LR
Sheridan Station III	2012	0.00%	4/30/2050	8,240,205	208,919	LR
Capper Residential I, LP	2008	0.00%	5/30/2051	6,257,928	3,338,460	LR
Capper Residential II, LP	2010	1.00%	10/14/2026	7,664,036	3,338,460	LR
Capper Senior I LP	2004	0.25%	12/22/2046	12,146,225	529,568	LR
Capper Senior II LP	200	0.25%	10/20/2047	8,157,927	506,938	LR
Capper Senior II LP	2008	4.89%	10/20/2047	2,023,202	2,481,996	LR
Capper Senior II LP	2005	4,89%	10/20/2047	1,883,000	2,115,342	LR
East Capitol Family Rental LP	2005	0,22%	5/1/2049	11,640,678	117,491	LR
East Capitol Senior Rental LP	2000	2.82%	12/9/2045	3,783,485	399,285	LR
Eastgate Family Rental LP	2006	0.25%	11/30/2050	12,483,117	136,063	LR
FDS Residential I LP	2002	0.50%%	10/24/2042	7,202,017	641,689	LR
Gibson Plaza Apartments	2010	0.00%	1/1/2052	6,519,811	3,141,069	LR
Highland Residential	2014	2.89%	10/23/2044	4,739,000	1,426,676	LR
Highland Residential, LP	2014	0,00%	10/23/2049	3,300,000	-	LR
Matthews Memorial Terrace	2010	0,00%%	9/1/2050	6,847,689	935,935	LR
Oxford Manor, LP	2006	5.02%	11/30/2046	3,572,128	5,055,237	LR
Sheridan Station I	2010	0.00%	4/30/2050	10,872,004	73,918	LR
Square 882N Owner, LLC	2014	4,50%	12/31/2048	2,400,000	1,056,000	LR
TCB/Fairlawn Marshall Housing, LP	2009	5.00%	1/6/2046	3,824,189	3,843,538	LR

4. NOTES AND MORTGAGES RECEIVABLE (continued)

Borrower	Originated	Interest Rate	Due Date	Principal Balance	Interest Receivable	Program
Victor Square (Parkside Senior, L.P.)	2010	0.00%	2/10/2051	$ 5,000,000	$ 319,975	LR
Wheeler Creek LP	1999	0.25%	12/31/2038	11,990,656	682,998	LR
Wheeler Creek LP	1999	0,25%	11/28/2049	3,640,000	166,644	LR
Phyllis Wheatley YWCA	2015	1.50%	9/29/2055	1,500,000	161,240	LR
Barry Farm Redevelopment Associated, Ll	201	0.00%	Various	7,384,164	-	LR
Deanwood Hils LLC	2016	1.50%	10/27/2058	1,991,489	117,932	LR
William Smith	2020	0.00%	3/28/2022	950,000	-	LR
Parkway Overlook II, LP*	2018	2.66%	2/8/2049	2,400,000	331,189	BCU
Parkway Overlook II, LP*	2018	2.66%	2/8/2048	1,512,981	198,830	SL
		Subtotal Mixed Finance Loans		199,353,060	38,064,789	
		Total Notes Receivable		220,144,980	38,064,789	
		Less: Allowance for Uncollective Notes		116,360,102	38,064,789	
		Net Notes Receivable		$ 103,784,878	$ -	

*Related Party
BA - Business Activities
SL - State and Local
BCU - Blended Component Unit
LR - Low-Rent Public Housing
COCC - Central Office Cost Center

5. OTHER ASSETS

Other assets of the business-type activities as of September 30, 2024 consisted of the following:

Investment in Other Entities	$ 1,563,125
Capital Grant Development Costs	42,298,302
Other Assets	15,553,957
Total	$ 59,415,384

6. CAPITAL ASSETS, LEASES, AND SBITAS

The following is a summary of changes in capital assets for the fiscal year ended September 30, 2024 and December 31, 2023 for the business-type activities and discretely presented component units, respectively:

Business-Type Activities

	Balance October 1 2023	Additions	Deletions	Transfers Adjustments	Balance September 30 2024
Not Being Depreciated:					
Land	$ 98,585,955	$ -	$ (400,273)	$ -	$ 98,185,682
Construction in Progress	81,404,348	63,674,784	-	-	145,079,132
Total Not Being Depreciated	179,990,303	63,674,784	(400,273)	-	243,264,814
Depreciable					
Buildings and Improvements	672,305,256	-	(3,330,750)	-	668,974,506
Right-to-Use Asset - Buildings	46,922,273	9,809,289	-	-	56,731,562
Furniture and Equipment	97,700,454	1,137,990	-	-	98,838,444
Right-to-Use Equipment - SBITA	5,314,648	-	-	-	5,314,648
Total Depreciable Capital Assets	822,242,631	10,947,279	(3,330,750)	-	829,859,160
Accumulated Depreciation	(558,872,219)	(24,736,299)	1,969,360	-	(581,639,158)
Accumulated Amortization	(2,983,356)	(3,510,737)	-	-	(6,494,093)
Total Capital Assets, Being Depreciated/Amortized, Net	260,387,056	(17,299,757)	(1,361,390)	-	241,725,909
Total	$ 440,377,359	$ 46,375,027	$ (1,761,663)	$ -	$ 484,990,723

6. CAPITAL ASSETS, LEASES, AND SBITAS (continued)

Discretely Presented Component Unit – Highland Residential, L.P.

	Balance January 1 2023	Additions	Transfers	Balance December 31 2023
Not Being Depreciated:				
Land	$ 13,215,826	$ -	$ -	$ 13,215,826
Total Not Being Depreciated	13,215,826	-	-	13,215,826
Depreciable:				
Buildings and Improvements	60,991,047	-	-	60,991,047
Furniture and Equipment	1,272,773	-	-	1,272,773
Total Depreciable Capital Assets	62,263,820	-	-	62,263,820
Accumulated Depreciation	(26,964,428)	(2,144,779)	-	(29,109,207)
Total Capital Assets, Being Depreciated, Net	35,299,392	(2,144,779)	-	33,154,613
Total	$ 48,515,218	$ (2,144,779)	$ -	$ 46,370,439

Discretely Presented Component Unit – Parkway Overlook II, L.P.

	Balance January 1 2023	Additions	Transfers	Balance December 31 2023
Not Being Depreciated:				
Land	$ 8,612,520	$ -	$ -	$ 8,612,520
Total	8,612,520	-	-	8,612,520
Depreciable:				
Buildings and Improvements	57,767,502	-	-	57,767,502
Furniture and Equipment	5,242,263	-	-	5,242,263
Total Depreciable Capital Assets	63,009,765	-	-	63,009,765
Accumulated Depreciation	(9,523,435)	(2,946,808)	-	(12,470,243)
Total Capital Assets, Being Depreciated, Net	53,486,330	(2,946,808)	-	50,539,522
Total	$ 62,098,850	$ (2,946,808)	$ -	$ 59,152,042

7. ACCRUED LIABILITIES

Other accrued liabilities of the business-type activities as of September 30, 2024, consisted of the following:

Accrued Wages and Benefits Payable	$ 2,280,655
Accrued Interest Payable	129,846
Other	67,329,114
Total	$ 69,739,615

8. LONG-TERM DEBT

Long-term debt of the business-type activities at September 30, 2024 consisted of the following direct borrowings:

The following schedule summarizes changes in noncurrent liabilities of the business-type activities for the year ended September 30, 2024:

	9/30/2023 Balance	Additions	Reductions	9/30/2024 Balance	Current Portion	Long-Term Portion
Direct Borrowings:						
Notes and Bonds Payable	$ 78,936,789	$ -	$ (12,610,280)	$ 66,326,509	$ 13,181,689	$ 53,144,820
Lease Liability	44,917,704	9,809,289	(356,814)	54,370,179	3,047,217	51,322,962
SBITA Liability	4,952,436	-	(490,773)	4,461,663	1,152,972	3,308,691
Accrued Compensated Absences	5,608,222	-	(1,219,370)	4,388,852	2,126,991	2,261,861
Total	$ 134,415,151	$ 9,809,289	$ (14,677,237)	$ 129,547,203	$ 19,508,869	$ 110,038,334

The following schedule summarizes changes in noncurrent liabilities of the discretely presented component units for the year ended December 31, 2023:

Discretely Presented Component Unit - Highland Residential, LP

	12/31/2022 Balance	Additions	Reductions	12/31/2023 Balance	Current Portion	Long-Term Portion
Mortgage and Notes Payable	$ 36,603,084	$ -	$ (838,416)	$ 35,764,668	$ 299,862	$ 35,464,806
Developer Fee Payable	2,215,361	-	-	2,215,361	-	2,215,361
Developer Fee Accrued Interest	386,100	67,347	-	453,447	-	453,447
Asset Management Fee Payable	371,971	77,464	(83,281)	366,154	-	366,154
Total	$ 39,576,516	$ 144,811	$ (921,697)	$ 38,799,630	$ 299,862	$ 38,499,768

Discretely Presented Component Unit - Parkway Overlook II, LP

	12/31/2022 Balance	Additions	Reductions	12/31/2023 Balance	Current Portion	Long-Term Portion
Mortgage and Notes Payable	$ 64,807,337	$ -	$ (1,742,229)	$ 63,065,108	$ 563,904	$ 62,501,204
Developer Fee Payable	4,027,964	-	-	4,027,964	-	4,027,964
Developer Fee Accrued Interest	45,642	77,740	-	123,382	-	123,382
Due to Affiliates	1,630,015	-	(91,723)	1,538,292	-	1,538,292
Asset Management Fees Payable	71,122	19,134	-	90,256	-	90,256
Total	$ 70,582,080	$ 96,874	$ (1,833,952)	$ 68,845,002	$ 563,904	$ 68,281,098

The Authority leases certain operating and office facilities for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through to 2040 and provide for various renewal options. The Authority has utilized an incremental borrowing rate of 3.28%.

8. LONG-TERM DEBT (continued)

Total future minimum lease payments as of September 30, 2024, under the lease agreements were as follows:

Date	Principal	Interest	Totals
2025	$ 3,047,217	$ 1,728,618	$ 4,775,835
2026	3,231,420	1,625,907	4,857,328
2027	3,434,378	1,516,747	4,951,125
2028	3,646,437	1,400,794	5,047,231
2029	3,868,161	1,277,734	5,145,895
2030 - 2034	16,151,475	4,436,154	20,587,628
2035 - 2039	18,528,432	1,701,569	20,230,001
2040	2,462,658	110,919	2,573,577
Total	$ 54,370,179	$ 13,798,441	$ 68,168,620

The future minimum payments as of September 30, 2024 for SBITA agreement were as follows:

The SBITA arrangements have an interest rate of 3.28% and expires in 2025 and 2028, respectively, with future payments as follows:

Date	Principal	Interest	Totals
2025	$ 1,152,972	$ 128,282	$ 1,281,254
2026	1,066,975	92,580	1,159,555
2027	1,102,502	57,052	1,159,554
2028	1,139,214	20,341	1,159,555
Total	$ 4,461,663	$ 298,255	$ 4,759,918

Public Housing Energy Performance Contract (EPC) Refinanced

On February 9, 2018, DCHA entered into a loan agreement with Capital One Public Funding, LLC in the original amount of $2,864,346. Interest accrues at a rate of 4.05% per annum. Monthly payments are $25,148, which include principal and interest. The loan matures on February 9, 2030. The debt is secured by an escrow account and the underlying energy performance equipment. Failure to pay for a period of 30 days, after written notice, may result in full payment being due or return of the collateralized equipment. The principal amount outstanding as of September 30, 2024, was $1,465,521.

8. LONG-TERM DEBT (continued)

ECIP II Tranche I

On March 9, 2018, DCHA entered into a loan agreement with Capital One Public Funding, LLC in the original amount of $43,259,660. Interest accrues at a rate of 4.05% per annum. Monthly payments are $379,802, which include principal and interest. The loan matures on March 9, 2030. The debt is secured by an escrow account and the underlying energy performance equipment. Failure to pay for a period of 30 days, after written notice, may result in full payment being due or return of the collateralized equipment. The principal amount outstanding as of September 30, 2024, was $22,394,826.

ECIP II Tranche II

On April 1, 2018, DCHA entered into a loan agreement with Sterling National Bank in the original amount of $24,870,390. Interest accrues at a rate of 4.05% per annum. Monthly payments are $218,352, which include principal and interest. The loan matures on April 10, 2030. The debt is secured by an escrow account and the underlying energy performance equipment. Failure to pay for a period of 30 days, after written notice, may result in full payment being due or return of the collateralized equipment. The principal amount outstanding as of September 30, 2024, was $13,073,786.

ECIP II Tranche III

On May 17, 2018, DCHA entered into a loan agreement with City National Bank in the original amount of $17,675,022. Interest accrues at a rate of 4.05% per annum. Monthly payments are $155,179, which include principal and interest. The loan matures on May 17, 2030. The debt is secured by an escrow account and the underlying energy performance equipment. Failure to pay for a period of 30 days, after written notice, may result in full payment being due or return of the collateralized equipment. The principal amount outstanding as of September 30, 2024, was $9,414,752.

Public Housing Capital Fund Financing Program (CFFP)

On May 1, 2005, DCHA entered into a loan agreement with the District of Columbia Housing Finance Agency to fund certain capital improvements including land acquisition, site improvements and building construction. The loan was funded by a bond issue in the principal amount of $76,045,000. Repayment of the loan is funded through contributions from HUD under the CFFP. The Authority pledges and assigned, as security for the loan, the capital grant funds paid by HUD pursuant to the Capital Fund Financing Amendment. Payments are made directly to the lender thereby reducing the amount available to draw by DCHA under the Capital Fund grants. In the event of default (failure to pay, failure to execute annual ACC amendment), the issue may apply undisbursed proceeds to the repayment, subject to the prior written consent of HUD. Payments on the bond began July 1, 2006 and are payable semi-annually thereafter through the July 1, 2025 maturity date. The debt is subject to semi-annual interest and principal payments. Principal and interest payments made during the year were $5,090,000 and $521,750, respectively, and the principal amount outstanding as of September 30, 2024, was $5,345,000.

8. LONG-TERM DEBT (continued)

Other Public Housing Notes

DCHA has a note payable to the Department of Housing and Community Development (DCHD) with a principal balance of $1,700,000. The note is due 40 years from the execution date of November 21, 2005, and is secured by a Financing Statement and the Assignment of Deed of Trust and does not accrue interest.

In 2011, DCHA entered into a loan agreement with DCHD to fund 35 affordable rental units (Phase I) and seven affordable rental housing units as part of a 125-unit mixed income housing development (Phase II). The loan commitment available for Phase I development is $1,327,000, with a 40-year term. The loan commitment available for Phase II development is $1,772,400, with a 40-year term. The interest rates are 0% per annum, and no monthly principal payments are required. The loans are secured by a Deed of Trust. The outstanding balances are due (a) 40 years following the date of loan closing, or (b) six months following the date on which the rental units are no longer operated and maintained as rental units assisted by operating subsidy from the United States Department of HUD. All principal, interest, and other amounts due in connection with this note which is not paid within fifteen days of the date such amount is due shall be subject to a default interest rate, as determined by the lender. The total outstanding balance was $3,038,163, as of September 30, 2024.

Oak Street Preservation

Oak Street Preservation entered into a 35-year loan agreement with Wells Fargo Bank in November 2015 in the amount of $7,910,000. Interest accrues at a rate of 3.61% per annum. Monthly payments are $33,197, which include principal and interest and total $398,364 each year. The last payment is due in December 2050. The indebtedness is secured by deed of trust on the property. If a monetary event of default occurs and is continuing for a period of thirty days, the entire unpaid principal balance, any accrued interest, and all other amounts payable to the lender shall at once become due and payable. Principal and interest payments made during the year were $151,676 and $246,699, respectively, and the principal amount outstanding as of September 30, 2024, was $6,758,450.

Business Activities

Williston Preservation has a note payable to Wells Fargo with an interest rate of 3.17% and matures in December 2049. The principal balance as of September 30, 2024 was $3,136,011. This mortgage note is insured by the FHA and is collateralized by the First Deed of Trust on the property. If a monetary event of default occurs and is continuing for a period of thirty days, the entire unpaid principal balance, any accrued interest, and all other amounts payable to the lender shall at once become due and payable. Monthly interest and principal of $15,959 is payable on the loan.

8. LONG-TERM DEBT (continued)

Business Activities (continued)

Principal and interest payments due over the next five years, for successive five-year periods and in the aggregate are as follows:

EPC REFINANCED

Date	Principal	Interest	Totals
2025	$ 246,970	$ 54,803	$ 301,773
2026	257,161	44,612	301,773
2027	267,771	34,002	301,773
2028	278,819	22,954	301,773
2029	290,725	11,048	301,773
2030	124,075	1,665	125,740
Total	$ 1,465,521	$ 169,084	$ 1,634,605

ECIP II TRANCHE I

Date	Principal	Interest	Totals
2025	$ 3,717,401	$ 840,220	$ 4,557,621
2026	3,870,782	686,839	4,557,621
2027	4,030,491	527,129	4,557,620
2028	4,196,791	360,830	4,557,621
2029	4,391,322	166,299	4,557,621
2030	2,188,039	48,048	2,236,087
Total	$ 22,394,826	$ 2,629,365	$ 25,024,191

ECIP II TRANCHE II

Date	Principal	Interest	Totals
2025	$ 2,129,980	$ 490,239	$ 2,620,219
2026	2,217,864	402,355	2,620,219
2027	2,309,374	310,846	2,620,220
2028	2,404,659	215,560	2,620,219
2029	2,524,933	95,286	2,620,219
2030	1,486,976	41,484	1,528,460
Total	$ 13,073,786	$ 1,555,770	$ 14,629,556

ECIP II TRANCHE III

Date	Principal	Interest	Totals
2025	$ 1,508,654	$ 348,406	$ 1,857,060
2026	1,570,902	285,948	1,856,850
2027	1,635,717	220,914	1,856,631
2028	1,703,206	153,196	1,856,402
2029	1,788,684	67,718	1,856,402
2030	1,207,589	33,610	1,241,199
Total	$ 9,414,752	$ 1,109,792	$ 10,524,544

8. LONG-TERM DEBT (continued)

Public Housing CFFP Note

Date	Principal	Interest	Totals
2025	$ 5,345,000	$ 267,250	$ 5,612,250

Other Public Housing Notes

Date	Principal	Interest	Totals
2043 - 2047	$ 1,700,000	$ -	$ 1,700,000
2048 - 2051	3,038,163	-	3,038,163
Total	$ 4,738,163	$ -	$ 4,738,163

Blended Component Unit Notes

Date	Principal	Interest	Totals
2025	$ 157,236	$ 241,132	$ 398,368
2026	163,008	235,361	398,369
2027	141,200	229,378	370,578
2028	175,193	223,176	398,369
2029	209,185	216,974	426,159
2030 - 2034	977,270	797,601	1,774,871
2035 - 2039	1,170,272	821,573	1,991,845
2040 - 2044	1,401,391	590,454	1,991,845
2045 - 2049	1,678,154	313,691	1,991,845
2050 - 2051	685,541	36,677	722,218
Total	$ 6,758,450	$ 3,706,017	$ 10,464,467

Business Activities Notes

Date	Principal	Interest	Totals
2025	$ 76,448	$ 115,055	$ 191,503
2026	79,333	112,170	191,503
2027	82,326	109,176	191,502
2028	85,433	106,069	191,502
2029	88,540	102,962	191,502
2030 - 2034	478,029	376,521	854,550
2035 - 2039	575,296	382,215	957,511
2040 - 2044	692,355	265,156	957,511
2045 - 2049	833,233	124,279	957,512
2050 - 2051	145,018	5,820	150,838
Total	$ 3,136,011	$ 1,699,423	$ 4,835,434

8. LONG-TERM DEBT (continued)

Combined Notes Payable

Date	Principal	Interest	Totals
2025	$ 13,181,689	$ 2,357,105	$ 15,538,794
2026	8,159,050	1,767,285	9,926,335
2027	8,466,879	1,431,445	9,898,324
2028	8,844,101	1,081,785	9,925,886
2029	9,293,389	660,287	9,953,676
2030 - 2034	6,461,978	1,298,929	7,760,907
2035 - 2039	1,745,568	1,203,788	2,949,356
2040 - 2044	2,093,746	855,610	2,949,356
2045 - 2049	4,211,387	437,970	4,649,357
2050 - 2051	3,868,722	42,497	3,911,219
Total	$ 66,326,509	$ 11,136,701	$ 77,463,210

Notes payable of the discretely presented component units at December 31, 2023 consist of the following:

Discretely Presented Component Unit – Highland Residential, L.P.

Mortgage Payable

Highland Residential L.P. entered into a first mortgage agreement on October 1, 2014 with the District of Columbia Housing Finance Agency (DCHFA), in the original amount of $35,510,000, funded with proceeds from the issuance of Multifamily Housing Revenue Bonds, Series 2014 (the Bonds). The Bonds are made up of a $21,600,000, permanent period loan and a $13,910,000, construction period loan. The note is secured by the property. In connection with this loan, the Partnership is subject to various lender restrictions and requirements as stated in the trust indenture between DCHFA and the Trustee. Pursuant to the bond purchase agreement, as of October 1, 2014, the total principal amount of the Bonds was purchased from DCHFA by Capital One, N.A. and Citibank, N.A. in the aggregate principal amounts of $25,510,000 and $10,000,000, respectively. Payments of principal and interest will be made directly to Capital One and Citibank. All other terms of the loan shall remain in place as set forth in the trust indenture. Commencing on the bond closing date of October 23, 2014, the Bonds bore interest at a tax-exempt fixed rate of 4.6% per annum. Interest was payable monthly in arrears, commencing November 1, 2014, and payments of interest-only were due during the construction period. During 2018, the construction portion of the bonds of $13,910,000, were paid in full from capital contributions from the investor limited partner. Following conversion, monthly amortizing principal and interest payments are due through April 23, 2033, the maturity date.

As of December 31, 2023, the outstanding principal balance was $20,165,671. During the year ended December 31, 2023, $1,033,892, of interest was incurred, of which $80,663, remains payable.

8. LONG-TERM DEBT (continued)

Discretely Presented Component Unit – Highland Residential, L.P. (continued)

Seller Note

Highland Residential L.P. entered into a loan agreement (the Seller Note) on October 23, 2014, with DCHA, an affiliate of the general partner, in the original amount of $4,739,000. Commencing on the date of the note, interest shall accrue at a fixed rate of 2.98% per annum, compounding annually on the 15th day of January of each year. Payments of principal and interest shall be made from project surplus net cash flow and project available net capital proceeds at times and pari passu in right of payment in all other respects to the outstanding authority notes, in the amount and in the order of priority as provided in the partnership agreement. Payments shall be due and payable no later than thirty days after distribution of project surplus net cash flow or project available net capital proceeds. The entire outstanding principal amount of the note and any unpaid interest is due at maturity on October 23, 2044.

During the year ended December 31, 2023, $172,963, of interest was incurred and $1,418,839, remains payable as of December 31, 2023. The Seller Note was entered into by the Partnership in exchange for the acquisition of the Project. In accordance with the accounting guidance for business combinations under common control, the Seller Note, and the associated interest is included as a component of the general partners' equity on the statement of partners' equity (deficit) included in the financial statements of Highland Residential L.P. Therefore, the loan balance is not included as a liability.

Authority Notes

Highland Residential L.P. entered into a loan agreement on October 23, 2014, with DCHA, an affiliate of the general partner, in the original amount of $10,552,713. The loan is evidenced by two promissory notes in the amounts of $3,975,000, (Authority Note A) and $6,577,713, (Authority Note B). DCHA was awarded Capital Fund Recovery Competition (CFRC) funds under the American Recovery and Reinvestment Act in the amount of $6,577,713, which comprises Authority Note B, for energy efficient improvements of the Project, which will be substantially rehabilitated. Additionally, DCHA has provided a Program Income Funds loan in the amount of $3,975,000, which comprises Authority Note A. Both promissory notes bear no interest during the term of the loans. Upon stabilization, as defined in the partnership agreement, principal payments shall be due to the extent that surplus cash exists at the end of each fiscal year. Payments of principal on one authority note shall be pari passu with the other Authority note and the Seller Note. Any unpaid principal shall be due at maturity. Authority Note A has a maturity date of October 23, 2044, and Authority Note B has a maturity date of October 23, 2049. As of December 31, 2023, the outstanding principal balance of $10,552,713, remains payable.

8. LONG-TERM DEBT (continued)

Discretely Presented Component Unit – Highland Residential, L.P. (continued)

Authority Notes (continued)

On March 18, 2016, Highland Residential L.P. entered into another loan agreement with DCHA in the original amount of $3,300,000. The proceeds of the loan will be used to rehabilitate, construct, and equip the development. The loan bears no interest during the term of the loan. Upon stabilization, as defined in the partnership agreement, principal payments shall be due to the extent that surplus cash exists at the end of each fiscal year and any payment on the loan shall be subordinate in right of payment to the Seller Note, Authority Note A and Authority Note B. Any outstanding principal shall be due at maturity on October 23, 2044. As of December 31, 2023, the outstanding principal balance of $3,300,000, remains payable.

On November 20, 2017, Highland Residential L.P. obtained an additional loan from DCHA, in the original amount of $2,300,000. The proceeds of the loan were used to rehabilitate, construct, and equip the development. The loan bears no interest during the term of the loan. Upon stabilization, as defined in the partnership agreement, principal payments shall be due to the extent that surplus cash exists at the end of each fiscal year and any payment on the loan shall be subordinate in right of payment to the Seller Note, Authority Note A, Authority Note B, and Authority Note $3.3M. Any outstanding principal shall be due at maturity on October 23, 2044. As of December 31, 2023, the outstanding principal balance of $2,300,000, remains payable.

The following table reflects amortization of long-term debt as of December 31, 2023:

Date	Principal	Interest	Totals
2024	$ 299,862	$ 1,056,698	$ 1,356,560
2025	315,832	1,041,535	1,357,367
2026	332,652	1,025,565	1,358,217
2027	350,369	1,008,745	1,359,114
2028	368,086	991,925	1,360,011
2029 - 2033	2,052,425	4,758,341	6,810,766
2034 - 2038	4,102,038	5,477,941	9,579,979
2039 - 2043	6,224,354	4,302,203	10,526,557
2044 - 2048	16,063,139	991,925	17,055,064
2049 - 2049	5,655,911	-	5,655,911
Total	$ 35,764,668	$ 20,654,878	$ 56,419,546

8. LONG-TERM DEBT (continued)

Discretely Presented Component Unit – Parkway Overlook II, L.P.

District of Columbia Housing Finance Agency (DCHFA) Mortgage

Parkway Overlook II, LP entered into a first mortgage agreement on February 7, 2018, with DCHFA, in the original amount of $38,041,000, funded with proceeds from the issuance of Multifamily Housing Bonds (the Bonds). The mortgage consists of 2018 Series Multifamily Tax-Exempt Mortgage-Backed Bonds (M-TEBS), in the amount of $22,041,000, and 2018 Series Multifamily Housing Revenue Bonds, in the amount of $16,000,000. In connection with this mortgage, the Partnership is subject to various lender restrictions, fees and requirements stated in the trust indenture between the District of Columbia Housing Finance Agency and the Trustee. The 2018 Series M-TEBS bear interest at a tax-exempt fixed rate of 3.50% per annum and have a maturity date of March 1, 2036. The 2018 Series Multifamily Housing Revenue Bonds bear interest at a fixed rate of 2.00% per annum and were paid off in full on their maturity date of September 1, 2020. As of December 31, 2023, the outstanding principal balance of $21,325,147 remains payable.

DHCD Housing Production Trust Funds Loan

Parkway Overlook II, LP entered into a loan agreement on February 7, 2018, with the Department of Housing and Community Development (DHCD) in an amount not to exceed $20,100,000. The loan bears interest at a rate of 3.00% per annum and has a maturity date of February 7, 2058. Payments of principal and interest will be deferred until the earlier of the Deferral Period, as defined, or 120 days after the end of the calendar year in which the Deferral Period occurs. The loan will be payable in annual installments, paid solely out of Available Cash Flow, as defined. As of December 31, 2022, $20,100,000, of the loan has been drawn and remains outstanding. Interest incurred during 2023 was $603,000, and accrued interest of $3,309,811, remains payable.

Solar for All Note

Parkway Overlook II, LP entered into a loan agreement on February 7, 2018, with DCHA, an affiliate of the general partner, in the original amount of $1,246,079. On August 1, 2018, the note was amended to increase the original principal amount by an additional $266,902, to a total of $1,512,981. The note bears interest at 2.66% per annum, compounding annually. Principal and interest payments shall be due no later than 90 days following the end of each fiscal year to the extent that Cash Flow or Net Proceeds exist as defined in the Amended and Restated Agreement of Limited Partnership. All accrued and unpaid interest and loan principal shall become due and payable in full on February 7, 2048. As of December 31, 2023, the outstanding principal balance of $1,512,981, remains payable. Interest incurred during 2023 was $44,999, and accrued interest of $223,694, remains payable.

8. LONG-TERM DEBT (continued)

Discretely Presented Component Unit – Parkway Overlook II, L.P. (continued)

Seller Note

Parkway Overlook II, LP entered into a loan agreement (the Seller Note) on February 7, 2018 with Parkway Overlook LP, the general partner, in the original amount of $2,400,000. Commencing on the date of the note, interest shall accrue at a fixed rate of 2.66% per annum, compounding annually. Payments of principal and interest shall be made from available cash flow or net proceeds, as defined by the amended and restated agreement of limited partnership. Payments shall be due and payable no later than ninety days following the end of each fiscal year for any year in which the funds are available. The entire outstanding principal amount of the note and any unpaid interest is due at maturity on February 7, 2048. For the period ending December 31, 2022, $70,602, of interest was incurred. As of December 31, 2022, $324,821, of interest remains payable. The Seller Note was entered into by the Partnership in exchange for the acquisition of the Project. In accordance with the accounting guidance for business combinations under common control, the Seller Note and the associated interest is included as a component of the general partners' equity on the statement of partners' equity (deficit) included in the financial statements of Parkway Overlook II, L.P. Therefore, the loan balance is not included as a liability.

The following table reflects amortization of long-term debt as of December 31, 2023:

Date	Principal
2024	$ 563,904
2025	595,684
2026	623,436
2027	652,484
2033 - 2037	39,016,619
2048 - 2049	1,512,981
2047 - 2050	-
2058	20,100,000
Total	$ 63,065,108

9. PUBLIC-PRIVATE AND PUBLIC-PUBLIC PARTNERSHIPS

Public-Private Partnership Arrangement for 1133 North Capitol

In May of 2022, the Authority entered into a public-public partnership arrangement with North Capitol Owner 1 LLC, North Capitol Owner 2 LLC, and North Capitol Owner 3 LLC (NCO), under which NCO will demolish, re-construct, operate, maintain, and retain rents from the 1133 North Capitol property for the next 99 years. At the end of the arrangement, the property will be transferred back to the Authority. The Authority received from NCO a lump-sum payment of $53,562,718, in May of 2022. During 2023, an additional $12,718,785, was received. The total consideration will be amortized over the life of the agreement, beginning in January 2023 through to January 2122. The Authority reports a deferred inflow of resources in the amount of $64,719,313, as of September 30, 2024 pursuant to the public-public partnership arrangement.

10. PENSION PLANS

DCHA provides two defined contribution pension plans through approved outside fiduciaries for eligible full-time employees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The plans are administered by the Office of Finance and Treasury of the Government of the District of Columbia.

The first plan, the Civil Service plan, exists for those employees who were with DCHA prior to October 1, 1987, or were prior federal employees. Employees under this plan have been fully vested since October 1, 1987. The plan is administered by the Civil Service Administration. DCHA contributed an amount equal to 8.5% of covered employees' payroll to the Civil Service plan amounting to $211,036 and employees contributed $173,639 for the year ended September 30, 2024.

The second plan, the District plan, exists for individuals who became employees of DCHA after September 30, 1987. Employees under this plan are eligible for coverage after one year of employment with the Authority. An employee becomes fully vested after five years of creditable service in covered employment or when becoming disabled or upon death. Annual contributions for, and interest forfeited by, employees who leave employment before five years of service are used to reduce DCHA's current period contribution requirement. DCHA contributed approximately 5.0% of covered employees' payroll to the District plan amounting to $2,835,443 for the year ended September 30, 2024.

The total contributions by DCHA and employees for both plans for the year ended September 30, 2024 was $3,220,118. The plan reports can be obtained by writing the District of Columbia Office of Finance and Treasury, 1350 Pennsylvania Avenue, NW, Washington, D.C. 20004.

11. COMMITMENTS AND CONTINGENCIES

In January 2002, DCHA entered into various Memorandums of Agreement with agencies of the District of Columbia to provide construction management services.

Administrative fees are earned for construction management and administration services provided to customer projects. Revenue is recognized on a cost plus variable percent basis upon submission of contract costs. Advance payments are recorded as unearned revenues until services have been rendered.

Contract costs include all direct material, labor and certain indirect costs related to contract performance. Provisions for estimated losses on contracts in-progress are made in the period in which such losses are determined. Changes in job performance, job conditions, and estimated profitability may result in revisions to costs and income and are recognized in the period in which the revisions are determined.

DCHA is engaged in new construction and modernization programs funded by HUD. In this regard, DCHA has entered into multi-year construction-type contracts with approximately a Note $22,105,264 remaining until completion.

DCHA is a defendant in various legal claims arising in the ordinary course of business, which includes employee and tenant discrimination claims, torts, and contract disputes. DCHA plans to vigorously defend these claims and has recorded an accrual for its estimate of the settlement of these claims. After discussions with its legal counsel, DCHA believes that it has adequate legal defenses and that the results of the litigation will not have a material effect on these financial statements.

DCHA is subject to numerous laws and regulations. HUD, as well as other internal and external auditors, conducts inquiries and/or investigations regarding the compliance by DCHA and its programs with such laws and regulations. Management believes that there may be findings that result from these inquiries and/or investigations. The significance of such findings on DCHA cannot be determined; however, management does not believe them to be material.

DCHA's homeownership program assists low-income families to purchase houses by subsidizing the difference between the appraisal cost of the home and how much each family can afford. DCHA owns the properties that it sells to the buyers. Upon settlement of the property, these amounts are listed as trusts whereby DCHA enters into a promissory agreement with the purchaser for the amount of the trust. The promissory notes that have a forgivable provision are amortized over their respective holding periods and others that have an equity provision entitling DCHA to a share of any future gain upon sale of the property are recorded when received.

11. COMMITMENTS AND CONTINGENCIES (continued)

Grants and Contracts

Most grants and cost-reimbursable contracts specify the types of expenditure for which the grant or contract funds may be used. The expenditures made by DCHA under some of these grants and contracts are subject to audit. To date, DCHA has not been notified of any significant unallowable costs relating to its grants and contracts. In the opinion of management, the expenditures that have been made for grants and contracts were made in accordance with the provisions of such grans and contracts. In the opinion of management, any adjustments for unallowable costs that would result from audits will not have a material effect on DCHA's financial statements.

Commitments

Total outstanding construction commitments as of September 30, 2024 were $71,551,072.

12. CONDENSED FINANCIAL STATEMENTS

	Housing Authority	Blended Component Units	Total
Current assets	$ 232,338,006	$ 40,157,106	$ 272,495,112
Noncurrent assets	565,474,934	81,135,530	646,610,464
Total assets	$ 797,812,940	$ 121,292,636	$ 919,105,576
Current liabilities	$ 186,982,859	$ 27,397,606	$ 214,380,465
Noncurrent liabilities	101,828,374	11,963,790	113,792,164
Total liabilities	288,811,233	39,361,396	328,172,629
Deferred inflows of resources	64,719,313	-	64,719,313
Net position	$ 444,282,394	$ 81,931,240	$ 526,213,634
Operating revenue	$ 719,230,674	$ 3,324,931	$ 722,555,605
Operating expenses	707,158,506	10,903,620	718,062,126
Operating income (loss)	12,072,168	(7,578,689)	4,493,479
Interest income	993,635	2,312,519	3,306,154
Interest expense	(3,283,237)	-	(3,283,237)
Change in net position	9,782,566	(5,266,170)	4,516,396
Net position beginning of year	434,499,828	87,197,410	521,697,238
Net position end of year	$ 444,282,394	$ 81,931,240	$ 526,213,634

SUPPLEMENTARY INFORMATION

Combining Statements of Net Position – Discretely Presented Component Units
As of September 30, 2024

	December 31, 2023		
	Highland Residential, L.P.	Parkway Overlook II, LP	Total
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents, Unrestricted	$ 289,736	$ 1,152,351	$ 1,442,087
Cash and Cash Equivalents, Restricted	3,232,196	23,073,338	26,305,534
Accounts Receivable, Net	1,910,373	318,627	2,229,000
Prepaid Expenses and Other Assets	134,888	83,459	218,347
Total Current Assets	5,567,193	24,627,775	30,194,968
NONCURRENT ASSETS			
Capital Assets, Not Being Depreciated	13,215,826	8,612,520	21,828,346
Capital Assets, Net of Depreciation	33,154,613	50,539,522	83,694,135
Other Noncurrent Assets	6,207	286,332	292,539
Total Noncurrent Assets	46,376,646	59,438,374	105,815,020
Total Assets	$ 51,943,839	$ 84,066,149	$ 136,009,988
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES			
Accounts Payable	$ 68,520	$ -	$ 68,520
Accrued Liabilities	98,411	4,560,840	4,659,251
Tenant Security Deposits	1,173	81,237	82,410
Current Portion of Long-Term Debt	299,862	563,904	863,766
Total Current Liabilities	467,966	5,205,981	5,673,947
NONCURRENT LIABILITIES			
Other Noncurrent Liabilities	366,154	1,628,548	1,994,702
Developer Fee Payable	2,668,808	4,151,346	6,820,154
Long-Term Debt, Net of Current	35,464,806	62,501,204	97,966,010
Total Noncurrent Liabilities	38,499,768	68,281,098	106,780,866
Total Liabilities	38,967,734	73,487,079	112,454,813
NET POSITION			
Net Investment in Capital Assets	10,605,771	16,501,748	27,107,519
Unrestricted	2,370,334	(5,922,678)	(3,552,344)
Total Net Position	12,976,105	10,579,070	23,555,175
Total Liabilities and Net Position	$ 51,943,839	$ 84,066,149	$ 136,009,988

DISTRICT OF COLUMBIA HOUSING AUTHORITY

**Combining Statements of Revenues, Expenses, and Changes in Net Position –
Business-Type Activities and Discretely Presented Component Units
Year Ended September 30, 2024**

	Year Ended December 31, 2023		
	Highland Residential, L.P.	Parkway Overlook II, LP	Total
OPERATING REVENUES			
Rental Revenues	$ 867,465	$ 3,677,093	$ 4,544,558
Other Governmental Grants	3,828,928	-	3,828,928
Other Revenues	44,880	334,725	379,605
Total Operating Revenues	4,741,273	4,011,818	8,753,091
OPERATING EXPENSES			
Administrative	746,810	660,451	1,407,261
Utilities	1,434,766	830,453	2,265,219
Ordinary Maintenance and Operations	803,481	779,011	1,582,492
Insurance	142,236	210,994	353,230
General	178,735	861,821	1,040,556
Depreciation and Amortization	2,144,779	2,960,803	5,105,582
Total Operating Expenses	5,450,807	6,303,533	11,754,340
OPERATING INCOME (LOSS)	(709,534)	(2,291,715)	(3,001,249)
NONOPERATING REVENUE (EXPENSES)			
Interest Income	106	759,161	759,267
Interest Expense	(1,101,239)	(2,784,097)	(3,885,336)
Net Nonoperating Expenses	(1,101,133)	(2,024,936)	(3,126,069)
DECREASE IN NET POSITION	(1,810,667)	(4,316,651)	(6,127,318)
Total Net Position - Beginning of Year	14,786,772	14,895,721	29,682,493
TOTAL NET POSITION - END OF YEAR	$ 12,976,105	$ 10,579,070	$ 23,555,175

DISTRICT OF COLUMBIA HOUSING AUTHORITY

Entity-Wide Balance Sheet Summary
September 30, 2024

Item# Line Item#	Accounts Description	Project Total	14.881 MTW Demonstration Program	14.OPS MTW Demonstration Low Rent	14.CFP MTW Demonstration Capital Fund	14.871 Housing Choice Vouchers	14.871 Emergency Housing Vouchers	14.856 Sect 8 Moderate Rehabilitation	14.249 Sect 8 Single Room Occupancy
	CURRENT ASSETS								
	CASH								
111	Unrestricted	$ 10,787,055	$ 33,046,073	$ -	$ -	$ -	$ 53,422	$ 199,541	$ 231,630
113	Other Restricted	29,897,450	8,189,659	-	-	3,037,762	1,622,437		
114	Tenant Security Deposits	361,645	-	-	-	-	-		
100	Total Cash	41,046,150	41,235,732	-	-	3,037,762	1,675,859	199,541	231,630
	ACCOUNTS AND NOTES RECEIVABLE								
121	PHA Projects	154,546	-	-	-	-	-	-	-
122	HUD Other Projects	3,470,851	-	-	-	-	-	-	-
124	Other Government	-	-	-	-	-	-	-	-
125	Miscellaneous	1,724,345	5,132,666	-	-	393,933	72,492	2,857	-
126	Tenants	17,440,302	-	-	-	-	-	-	-
126.1	Allowance for Doubtful Accounts - Tenants	(15,306,075)	(2,426,420)	-	-	(137,392)	-	-	-
126.2	Allowance for Doubtful Accounts - Other	(23,547,453)	-	-	-	-	(18,123)	(1,811)	-
127	Notes, Loans, and Mortgages Receivable - Current	19,936	-	-	-	-	-	104,417	180,186
129	Accrued Interest Receivable	22,764,418	-	-	-	-	-	-	-
120	Total Receivables, Net of Allowances for Uncollectibles	6,720,870	2,706,246	-	-	256,541	54,369	105,463	180,186
131	Investments - Unrestricted	-	-	-	-	-	-	-	-
142	Prepaid Expenses and Other Assets	316,205	481	-	-	-	-	-	-
143	Inventories	131,120	-	-	-	-	-	-	-
143.1	Allowance for Obsolete Inventories	-	-	-	-	-	-	-	-
144	Inter-Program - Due From	22,972,517	-	-	-	-	1,894,981	3,014,068	1,837,228
150	Total Current Assets	71,186,862	43,942,459	-	-	3,294,303	3,625,209	3,319,072	2,249,044
	NONCURRENT ASSETS								
	FIXED ASSETS					-	-	-	-
161	Land	25,615,912	-	-	-	-	-	-	-
162	Buildings	644,921,271	203,016	-	-	-	-	-	-
163	Furniture, Equipment, and Mach - Dwellings	452	-	-	-	-	-	-	-
164	Furniture, Equipment, and Mach - Admin.	67,314,620	1,954,036	-	-	-	-	-	-
165	Leasehold Improvements	1,340,478	-	-	-	-	-	-	-
166	Accumulated Depreciation	(545,431,165)	(2,136,651)	-	-	-	-	-	-
167	Construction in Progress	58,435,164	-	-	-	-	-	-	-
168	Infrastructure	12,474,407	-	-	-	-	-	-	-
160	Total Fixed Assets, Net of Accumulated Depreciation	264,671,139	20,401	-	-	-	-	-	-
171	Notes, Loans and Mortgages Receivable - Noncurrent	88,301,086	-	-	-	-	-	-	-
174	Other Assets	2,656,155	-	-	-	-	-	-	-
180	Total Noncurrent Assets	355,628,380	20,401	-	-	-	-	-	-
190	Total Assets	$ 426,815,242	$ 43,962,860	$ -	$ -	$ 3,294,303	$ 3,625,209	$ 3,319,072	$ 2,249,044

DISTRICT OF COLUMBIA HOUSING AUTHORITY

Entity-Wide Balance Sheet Summary (continued)
September 30, 2024

Item# Line Item#	Accounts Description	14.879 Mainstream Vouchers	14.870 ROSS	Central Office Cost Center	State Local	Business Activities	Blended Component Units	Elimination	Total Entity	Discrete Component Units
	CURRENT ASSETS									
	CASH									
111	Unrestricted	$ 29,858	$ -	$ 32,702,032	$ 9,775,009	$ 29,497,476	$ 30,298,743	$ -	$ 146,620,839	$ 1,456,629
113	Other Restricted	-	-	332,800	5,944,880	-	2,598,033	-	51,623,021	4,883,435
114	Tenant Security Deposits	-	-	-		14,007	19,992	-	395,644	82,410
100	Total Cash	29,858	-	33,034,832	15,719,889	29,511,483	32,916,768	-	198,639,504	6,422,474
	ACCOUNTS AND NOTES RECEIVABLE									
121	PHA Projects	-	-	73,906	-	-	-	-	228,452	-
122	HUD Other Projects	11,435	-	-	-	-	-	-	3,482,286	-
124	Other Government	-	-	-	2,032,647	-	3,472,273	-	5,504,920	-
125	Miscellaneous	33,116	-	8,712,080	44,370,963	1,943,521	1,141,039	-	63,527,012	1,849,290
126	Tenants	-	-	-	-	-	214,161	-	17,654,463	379,710
126.1	Allowance for Doubtful Accounts - Tenants	-	-	-	(211,068)	-	(150,260)	-	(18,231,215)	-
126.2	Allowance for Doubtful Accounts - Other	(5,609)	-	(8,214,008)	(715,598)	-	-	-	(32,502,602)	-
127	Notes, Loans, and Mortgages Receivable - Current	-	-	1,275,982	-	-	-	-	1,580,521	-
129	Accrued Interest Receivable	-	-	8,196,294	-	67,410	-	-	31,028,122	-
120	Total Receivables, Net of Allowances for Uncollectibles	38,942	-	10,044,254	45,476,944	2,010,931	4,677,213	-	72,271,959	2,229,000
131	Investments - Unrestricted	-	-	-	-	-	2,563,125	-	2,563,125	21,325,147
142	Prepaid Expenses and Other Assets	-	-	7,463	-	5,744	-	-	329,893	218,347
143	Inventories	-	-	485,055	-	-	-	-	616,175	-
143.1	Allowance for Obsolete Inventories	-	-	(32,526)	-	-	-	-	(32,526)	-
144	Inter-Program - Due From	84,298	-	93,821,928	63,240,139	-	-	(187,250,036)	(384,877)	-
150	Total Current Assets	153,098	-	137,361,006	124,436,972	31,528,158	40,157,106	(187,250,036)	274,003,253	30,194,968
	NONCURRENT ASSETS									
	FIXED ASSETS									
161	Land	-	-	5,819,997	-	10,653,522	56,096,251	-	98,185,682	1,800,000
162	Buildings	-	-	53,360,295	-	3,197,777	12,008,636	-	713,690,995	118,758,549
163	Furniture, Equipment, and Mach - Dwellings	-	-	6,998,341	-	-	-	-	6,998,793	6,515,036
164	Furniture, Equipment, and Mach - Admin.	-	-	22,006,853	86,034	-	478,108	-	91,839,651	-
165	Leasehold Improvements	-	-	3,028,169	-	-	-	-	4,368,647	20,028,346
166	Accumulated Depreciation	-	-	(33,362,237)	-	(897,149)	(6,306,049)	-	(588,133,251)	(41,579,450)
167	Construction in Progress	-	-	7,135,347	59,191,142	3,061,895	17,255,584	-	145,079,132	-
168	Infrastructure	-	-	359,433	-	-	127,234	-	12,961,074	-
160	Total Fixed Assets, Net of Accumulated Depreciation	-	-	65,346,198	59,277,176	16,016,045	79,659,764	-	484,990,723	105,522,481
171	Notes, Loans and Mortgages Receivable - Noncurrent	-	-	10,086,910	-	4,294,990	(478,629)	-	102,204,357	-
174	Other Assets	-	-	7,582,855	43,015,501	2,698,337	1,954,395	-	57,907,243	292,539
180	Total Noncurrent Assets	-	-	83,015,963	102,292,677	23,009,372	81,135,530	-	645,102,323	105,815,020
190	Total Assets	$ 153,098	$ -	$ 220,376,969	$ 226,729,649	$ 54,537,530	$ 121,292,636	$ (187,250,036)	$ 919,105,576	$ 136,009,988

DISTRICT OF COLUMBIA HOUSING AUTHORITY

Entity-Wide Balance Sheet Summary (continued)
September 30, 2024

Item# Line Item#	Accounts Description	Project Total	14.881 MTW Demonstration Program	14.OPS MTW Demonstration Low Rent	14.CFP MTW Demonstration Capital Fund	14.871 Housing Choice Vouchers	14.871 Emergency Housing Vouchers	14.856 Sect 8 Moderate Rehabilitation	14.249 Sect 8 Single Room Occupancy
	CURRENT LIABILITIES								
312	Accounts Payable <=90 Dats	$ 11,082,592	$ -	$ -	$ -	$ -	$ -	$ -	$ -
321	Accrued Wage/Payroll Taxes Payable	510,486	403,102	-	-	-	-	-	-
322	Accrued Compensated Absences - Current	402,291	265,744	-	-	-	10,049	2,359	3,198
325	Accrued Interest Payable	64,910	-	-	-	-	-	-	-
331	Accounts Payable - HUD PHA Programs	-	-	-	-	-	-	128,271	43,124
332	Accounts Payable - PHA Projects	-	-	-	-	-	-	-	-
333	Accounts Payable - Other Government	-	-	-	-	-	-	-	-
341	Tenant Security Deposits	361,645	-	-	-	-	-	-	-
342	Unearned Revenues	1,080,214	6,104	-	-	1,351	545,488	-	-
343	Current Portion of Long-Term Debt - Capital Projects	12,794,073	-	-	-	-	-	-	-
344	Current Portion of Long-term Debt - Operating Borrowings	4,044,813	-	-	-	-	-	-	-
345	Other Current Liabilities	486,888	549,731	-	-	-	-	-	-
346	Accrued Liabilities - Other	3,937,639	-	-	-	-	-	-	-
347	Interprogram - Due to	71,817,942	47,005,498	-	-	1,166,373	-	-	-
310	Total Current Liabilities	106,583,493	48,230,179	-	-	1,167,724	555,537	130,630	46,322
	NONCURRENT LIABILITIES								
351	Long-Term Debt, Net of Current - Capital Projects/Mortgage Revenue	30,267,035	-	-	-	-	-	-	-
352	Long-Term Debt, Net of Current - Operating Borrowings	20,714,034	-	-	-	-	-	-	-
353	Noncurrent Liabilities - Other	-	1,069,055	-	-	5,666	-	-	-
354	Accrued Compensated Absences - Noncurrent	446,815	235,659	-	-	-	8,911	2,041	2,836
350	Total Noncurrent Liabilities	51,427,884	1,304,714	-	-	5,666	8,911	2,041	2,836
300	Total Liabilities	158,011,377	49,534,893	-	-	1,173,390	564,448	132,671	49,158
400	**DEFERRED INFLOWS OF RESOURCES**	-	-	-	-	-	-	-	-
	NET POSITION								
508.4	Net Investment in Capital Assets	212,328,123	20,401	-	-	-	-	-	-
511.4	Restricted Net Position	29,904,802	7,120,603	-	-	3,032,096	1,622,437	-	-
512.4	Unrestricted Net Position	26,570,940	(12,713,037)	-	-	(911,183)	1,438,324	3,186,401	2,199,886
513	Total Net Position	268,803,865	(5,572,033)	-	-	2,120,913	3,060,761	3,186,401	2,199,886
600	Total Liabilities and Net Position	$ 426,815,242	$ 43,962,860	$ -	$ -	$ 3,294,303	$ 3,625,209	$ 3,319,072	$ 2,249,044

DISTRICT OF COLUMBIA HOUSING AUTHORITY

Entity-Wide Balance Sheet Summary (continued)
September 30, 2024

Item# Line Item#	Accounts Description	14.879 Mainstream Vouchers	14.870 ROSS	Central Office Cost Center	State Local	Business Activities	Blended Component Units	Elimination	Total Entity	Discrete Component Units
	CURRENT LIABILITIES									
312	Accounts Payable <=90 Dats	$ -	$ -	$ 20,908,747	$ 1,874,827	$ -	$ 1,304,024	$ -	$ 35,170,190	$ 68,520
321	Accrued Wage/Payroll Taxes Payable	-	-	1,367,067	-	-	-	-	2,280,655	-
322	Accrued Compensated Absences - Current	1,556	-	1,275,583	166,211	-	-	-	2,126,991	-
325	Accrued Interest Payable	-	-	-	-	9,697	55,239	-	129,846	3,968,216
331	Accounts Payable - HUD	-	-	150,000	-	-	-	-	321,395	-
332	Accounts Payable - PHA Projects	-	-	1,275,982	-	-	-	-	1,275,982	-
333	Accounts Payable - Other Government	-	-	3,507,606	-	-	(118,252)		3,389,354	3,034,962
341	Tenant Security Deposits	-	-	-	-	14,007	19,992	-	395,644	82,410
342	Unearned Revenues	-	-	1,566,385	85,860,806	3,935	501,864	-	89,566,147	-
343	Current Portion of Long-Term Debt - Capital Projects	-	-	6,340	-	-	-	-	12,800,413	-
344	Current Portion of Long-Term Debt - Operating Borrowings	-	-	-	-	-		-	4,044,813	-
345	Other Current Liabilities	-	-	47,903,518	310,207	287,952	1,636,532	-	51,174,828	-
346	Accrued Liabilities - Other	-	-	245,669	4,381,701	33,333	2,569,213	-	11,167,555	691,035
347	Interprogram - Due to	-	-	-	-	45,831,229	21,428,994	(187,250,036)	-	-
310	Total Current Liabilities	1,556	-	78,206,897	92,593,752	46,180,153	27,397,606	(187,250,036)	213,843,813	7,845,143
	NONCURRENT LIABILITIES									
	Long-Term Debt, Net of Current -									
351	Capital Projects/Mortgage Revenue	-	-	44,911,364	-	3,136,011	-	-	78,314,410	98,829,776
	Long-Term Debt, Net of Current -							-		
352	Operating Borrowings	-	-	-	-	-	11,963,790	-	32,677,824	-
353	Noncurrent Liabilities - Other	-	-	-	-	-	-	-	1,074,721	5,779,894
354	Accrued Compensated Absences - Noncurrent	1,380	-	1,416,823	147,396	-	-	-	2,261,861	-
350	Total Noncurrent Liabilities	1,380	-	46,328,187	147,396	3,136,011	11,963,790	-	114,328,816	104,609,670
300	Total Liabilities	2,936	-	124,535,084	92,741,148	49,316,164	39,361,396	(187,250,036)	328,172,629	112,454,813
400	**DEFERRED INFLOWS OF RESOURCES**	-	-	64,719,313	-	-	-	-	64,719,313	-
	NET POSITION									
508.4	Net Investment in Capital Assets	-	-	20,428,494	59,277,176	12,880,034	67,814,226	-	372,748,454	6,692,705
511.4	Restricted Net Position	-	-	-	5,944,980	-	2,598,033	-	50,222,951	-
512.4	Unrestricted Net Position	150,162	-	10,694,078	68,766,345	(7,658,668)	11,518,981	-	103,242,229	16,862,470
513	Total Net Position	150,162	-	31,122,572	133,988,501	5,221,366	81,931,240	-	526,213,634	23,555,175
600	Total Liabilities and Net Position	$ 153,098	$ -	$ 220,376,969	$ 226,729,649	$ 54,537,530	$ 121,292,636	$ (187,250,036)	$ 919,105,576	$ 136,009,988

DISTRICT OF COLUMBIA HOUSING AUTHORITY

Entity-Wide Revenue and Expense Summary
September 30, 2024

Item# Line Item#	Accounts Description	Project Total	14.881 MTW Demonstration Program	14.OPS MTW Demonstration Low Rent	14.CFP MTW Demonstration Capital Fund	14.HCV MTW Housing Choice Vouchers	14.871 Housing Choice Vouchers	14.871 Emergency Housing Vouchers	14.856 Sect 8 Moderate Rehabilitation	14.249 Sect 8 Single Room Occupancy
	REVENUE									
70300	Net Tenant Rental Revenue	$ 18,160,634	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
70400	Tenant Revenue - Other	150,891	6,935	-	-	-	-	-	-	-
70500	Total Tenant Revenue	18,311,525	6,935	-	-	-	-	-	-	-
70600	HUD PHA Operating Grants	-	-	66,716,273	1,093,279	252,231,549	18,165,850	18,723,007	1,760,140	1,723,860
70610	Capital Grants	-	-	-	24,701,657	-	-	-	-	-
70710	Management Fee	-	-	-	-	-	-	-	-	-
70720	Asset Management Fee	-	-	-	-	-	-	-	-	-
70730	Bookkeeping Fee	-	-	-	-	-	-	-	-	-
70800	Other Governmental Grants	154,546	-	-	-	-	-	-	-	-
71100	Investment Income - Unrestricted	248,089	60,608	-	-	-	-	-	-	-
71300	Proceeds from Disposal of Assets Held for Sale	-	-	-	-	-	-	-	-	-
71310	Cost of Sale of Assets	-	-	-	-	-	-	-	-	-
71400	Fraud Recovery	-	-	-	-	-	-	-	-	-
71500	Other Revenue	1,207,443	5,928	-	-	-	-	-	-	-
71600	Gain or Loss on Sale of Capital Assets	-	-	-	-	-	-	-	-	-
72000	Investment Income - Restricted	16,082	-	-	-	-	-	-	-	-
70000	Total Revenue	19,937,685	73,471	66,716,273	25,794,936	252,231,549	18,165,850	18,723,007	1,760,140	1,723,860
	EXPENSES									
	Administrative:									
91100	Administrative Salaries	6,150,572	7,346,478	-	-	-	-	286,759	63,317	80,519
91200	Auditing Fees	152,954	81,944	-	-	-	-	3,399	797	1,082
91300	Management Fee	5,859,521	25,085,934	-	-	-	142,596	209,681	43,730	58,230
91310	Book-keeping Fee	-	1,041,885	-	-	-	89,123	53,423	-	-
91400	Advertising and Marketing	-	-	-	-	-	-		-	-
91500	Employee Benefit Contributions - Administrative	2,800,421	1,150,605	-	-	-	-	51,587	15,176	26,007
91600	Office Expense	934,507	645,967	-	-	-	-	24,964	5,860	12,896
91700	Legal Expense	-	-	-	-	-	-		-	-
91800	Travel	-	-	-	-	-	-		-	-
91900	Other	1,867,950	608,416	-	-	-	6,102	25,357	5,174	2,065
	Total Administrative	17,765,925	35,961,229	-	-	-	237,821	655,170	134,054	180,799
	Tenant Services:									
92000	Asset Management Fee	-	-	-	-	-	-	-	-	-
92100	Salaries	835,240	263,069	-	-	-	-	15,313	3,594	4,857
92200	Relocation Costs	198,119	647	-	-	-	-	24	5	8
92300	Employee Benefit Contributions	548,058	276,251	-	-	-	-	11,795	2,768	3,754
92400	Other	-	806,960	-	-	-	26,041	1,919,130	-	-
	Total Tenant Services	1,581,417	1,346,927	-	-	-	26,041	1,946,262	6,367	8,619
	Utilities:									
93100	Water	14,371,391	-	-	-	-	-	-	-	-
93200	Electricity	8,354,155	-	-	-	-	-	-	-	-
93300	Gas	3,785,449	-	-	-	-	-	-	-	-
93500	Labor	-	-	-	-	-	-	-	-	-
93600	Sewer	-	-	-	-	-	-	-	-	-
93700	Employee Benefits Contributions - Utilities	-	-	-	-	-	-	-	-	-
93800	Other Utilities Expense	-	-	-	-	-	-	-	-	-
	Total Utilities	26,510,995	-	-	-	-	-	-	-	-
	Ordinary Maintenance and Operations:									
94100	Labor	346,444	-	-	-	-	-	-	-	-
94200	Materials and Other	3,866,712	-	-	-	-	-	-	-	-
94300	Contracts	24,841,551	229,919	-	-	-	-	9,611	2,256	3,059
94500	Employee Benefits Contribution	19,974,716	-	-	-	-	-	-	-	-
	Total Ordinary Maintenance and Operations	49,029,423	229,919	-	-	-	-	9,611	2,256	3,059

DISTRICT OF COLUMBIA HOUSING AUTHORITY

Entity-Wide Revenue and Expense Summary (continued)
September 30, 2024

Item# Line Item#	Accounts Description	14.879 Mainstream Vouchers	14.870 ROSS	Central Office Cost Center	State Local	Business Activities	Blended Component Units	Elimination	Total Entity	Discrete Component Units
	REVENUE									
70300	Net Tenant Rental Revenue	$ -	$ -	$ -	$ -	$ 557,135	$ 432,426	$ -	$ 19,150,195	$ 8,373,486
30400	Tenant Revenue - Other	-	-	-	-	20,185	11,675	-	189,686	-
30500	Total Tenant Revenue	-	-	-	-	577,320	444,101	-	19,339,881	8,373,486
70600	HUD PHA Operating Grants	2,069,046	359,352	-	-	-	1,799,399	-	364,641,755	-
70610	Capital Grants	-	-	-	-	-	-	-	24,701,657	-
70710	Management Fee	-	-	38,381,450	-	-	-	(38,381,450)	-	-
70720	Asset Management Fee	-	-	-	-	-	-	-	-	-
70730	Bookkeeping Fee	-	-	1,191,450	-	-	-	-	1,191,450	-
70800	Other Governmental Grants	-	-	-	307,617,637	-	-	-	307,772,183	-
71100	Investment Income - Unrestricted	-	-	-	439,194	229,662	2,312,519	-	3,290,072	-
71300	Proceeds from Disposal of Assets Held for Sale	-	-	-	-	-	-	-	-	-
71310	Cost of Sale of Assets	-	-	-	-	-	-	-	-	-
71400	Fraud Recovery	-	-	-	-	-	-	-	-	-
71500	Other Revenue	-	-	2,068,573	5,752	539,552	1,081,431	-	4,908,679	379,605
71600	Gain or Loss on Sale of Capital Assets	-	-	-	-	-	-	-	-	-
72000	Investment Income - Restricted	-	-	-	-	-	-	-	16,082	-
70000	Total Revenue	2,069,046	359,352	41,641,473	308,062,583	1,346,534	5,637,450	(38,381,450)	725,861,759	8,753,091
	EXPENSES									
	Administrative:									
91100	Administrative Salaries	41,165	-	20,522,708	4,697,315	32,088	104,451	-	39,325,372	588,940
91200	Auditing Fees	526	-	65,755	15,307	-	10,500	-	332,264	-
91300	Management Fee	30,616	-		6,822,046	19,360	109,736	(38,381,450)	-	-
91310	Book-keeping Fee	7,020	-		-	-	-	-	1,191,451	-
91400	Advertising and Marketing	-	-	-	-	-	-	-	-	-
91500	Employee Benefit Contributions - Administrative	4,609	-	1,766,562	833,947	9,020	38,897	-	6,696,831	-
91600	Office Expense	3,837	-	8,235,514	1,035,121	26,269	283,139	-	11,208,074	-
91700	Legal Expense	-	-	3,342,499	-	-	2,505,804	-	5,848,303	-
91800	Travel	-	-	-	-	-	769	-	769	-
91900	Other	2,818	-	3,418,005	155,992	37,613	73,426	-	6,202,918	545,744
	Total Administrative	90,591	-	37,351,043	13,559,728	124,350	3,126,722	(38,381,450)	70,805,982	1,134,684
	Tenant Services:									
92000	Asset Management Fee	-	-	-	-	-	-	-	-	-
92100	Salaries	123	251,547	191,130	253,021	-	-	-	1,817,894	-
92200	Relocation Costs	4	-	-	404	-	-	-	199,211	-
92300	Employee Benefit Contributions	9	107,805	250,792	102,318	-	-	-	1,303,550	-
92400	Other	-	-	88,923	2,260,123	-	6,600	-	5,107,777	-
	Total Tenant Services	136	359,352	530,845	2,615,866	-	6,600	-	8,428,432	-
	Utilities:									
93100	Water	-	-	4,026	-	23,980	98,523	-	14,497,920	-
93200	Electricity	-	-	34,512	-	3,981	46,884	-	8,439,532	-
93300	Gas	-	-	-	-	894	1,568	-	3,787,911	-
93500	Labor	-	-	-	-	-	-	-	-	-
93600	Sewer	-	-	-	-	-	-	-	-	-
93700	Employee Benefits Contributions - Utilities	-	-	-	-	-	-	-	-	-
93800	Other Utilities Expense	-	-	-	-	-	-	-	-	2,265,219
	Total Utilities	-	-	38,538	-	28,855	146,975	-	26,725,363	2,265,219
	Ordinary Maintenance and Operations:									
94100	Labor	-	-	3,418,626	-	-	-	-	3,765,070	-
94200	Materials and Other	-	-	392,543	-	56,225	101,939	-	4,417,419	-
94300	Contracts	-	-	2,162,050	(162,433)	1,004,569	5,549,991	-	33,640,573	1,582,492
94500	Employee Benefits Contribution	-	-	2,014,009	-	16,366	78,423	-	22,083,514	-
	Total Ordinary Maintenance and Operations	-	-	7,987,228	(162,433)	1,077,160	5,730,353	-	63,906,576	1,582,492

DISTRICT OF COLUMBIA HOUSING AUTHORITY

Entity-Wide Revenue and Expense Summary (continued)
September 30, 2024

Item# Line Item#	Accounts Description	Project Total	14.881 MTW Demonstration Program	14.OPS MTW Demonstration Low Rent	14.CFP MTW Demonstration Capital Fund	14.HCV MTW Housing Choice Vouchers	14.871 Housing Choice Vouchers	14.871 Emergency Housing Vouchers	14.856 Sect 8 Moderate Rehabilitation	14.249 Sect 8 Single Room Occupancy
	EXPENSES (continued)									
	Protective Services:									
95100	Labor	$ 12,843,506	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
95200	Other Contract Costs	-	-	-	-	-	-	-	-	-
95300	Other	-	-	-	-	-	-	-	-	-
95500	Employee Benefit Contributions	1,760,118	-	-	-	-	-	-	-	-
70610	Total Protective Services	14,603,624	-	-	-	-	-	-	-	-
96110	Property Insurance	1,512,584	-	-	-	-	-	-	-	-
96120	Liability Insurance	1,375,458	270,943	-	-	-	-	8,913	2,092	2,836
96140	All Other Insurance	436,212	120,640	-	-	-	-	1,354	317	430
96100	Total Insurance Premiums	3,324,254	391,583	-	-	-	-	10,267	2,409	3,266
	General Expenses:									
96200	Other General Expenses	14,728,196	-	-	-	-	-	1,435	337	457
96210	Compensated Absences	-	-	-	-	-	-	-	-	-
96300	Payment In Lieu of Taxes	-	-	-	-	-	-	-	-	-
96400	Bad Debt - Tenant Rents	6,125,958	-	-	-	-	-	-	-	-
96500	Bad Debt - Mortgages	-	-	-	-	-	-	-	-	-
96600	Bad Debt - Other	6,754,415	-	-	-	-	-	-	-	-
96800	Severance Expense	-	-	-	-	-	-	-	-	-
96000	Total General Expenses	27,608,569	-	-	-	-	-	1,435	337	457
96710	Interest of Mortgage Payable	926,247	-	-	-	-	-	-	-	-
96720	Interest on Notes Payable	1,741,905	-	-	-	-	-	-	-	-
96730	Amortization of Bond Issue Costs	-	-	-	-	-	-	-	-	-
96700	Total Interest Expense and Amortization Cost	2,668,152	-	-	-	-	-	-	-	-
96900	Total Operating Expenses	143,092,359	37,929,658	-	-	-	263,862	2,622,745	145,423	196,200
97000	Excess of Operating Revenue Over Operating Expenses	(123,154,674)	(37,856,187)	66,716,273	25,794,936	252,231,549	17,901,988	16,100,262	1,614,717	1,527,660
97100	Extraordinary Maintenance	-	-	-	-	-	-	-	-	-
97300	Housing Assistance Payments	-	211,645,792	-	-	-	17,098,385	15,373,925	1,539,849	1,426,735
97350	Hap Portability-in	-	-	-	-	-	-	-	-	-
97400	Depreciation Expense	27,612,953	5,075	-	-	-	-	-	-	-
97800	Dwelling Units Rent Expense	-	-	-	-	-	-	-	-	-
90000	Total Expenses	170,705,312	249,580,525	-	-	-	17,362,247	17,996,670	1,685,272	1,622,935
	Other Financing Sources (Uses):									
10010	Operating Transfer In	93,979,858	344,742,759	-	-	-	-	-	-	-
10020	Operating Transfer Out	(829,693)	(101,759,221)	(66,716,273)	(25,794,936)	(252,231,549)	-	-	-	-
10030	Operating Transfers from/to Primary Government	-	-	-	-	-	-	-	-	-
10040	Operating Transfers from/to Component Unit	-	-	-	-	-	-	-	-	-
10080	Special Items (Net Gain/Loss)	-	-	-	-	-	-	-	-	-
10093	Transfers Between Programs and Projects - In	-	-	-	-	-	-	-	-	-
10094	Transfers Between Programs and Projects - Out	-	-	-	-	-	-	-	-	-
10100	Total Other Financing Sources (Uses)	93,150,165	242,983,538	(66,716,273)	(25,794,936)	(252,231,549)	-	-	-	-
10000	**EXCESS (DEFICIENCY) OR REVENUE OVER (UNDER) EXPENSES**	$ (57,617,462)	$ (6,523,516)	$ -	$ -	$ -	$ 803,603	$ 726,337	$ 74,868	$ 100,925
	Memo Account Information									
11020	Required Annual Debt Principal Payments	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
11030	Beginning Equity	325,893,958	951,483	-	-	-	1,317,310	2,334,424	357,775	2,098,961
11040	Prior Period Adjustments, Equity Transfers Correction	527,369	-	-	-	-	-	-	2,753,758	-
11170	Administrative Fee Equity	-	-	-	-	-	(911,183)	-	-	-
11180	Housing Assistance Payments Equity	-	-	-	-	-	3,032,096	-	-	-
11190	Unit Months Available	86,905	169,982	-	-	-	78,300	8,484	-	2,268
11210	Number of Unit Months leased	55,838	124,384	-	-	-	76,325	7,123	-	1,607
11270	Excess Cash	(70,099,477)	-	-	-	-	-	-	-	-
11620	Building Purchases	-	-	-	-	-	-	-	-	-
13510	CFFP Debt Services Payments	-	-	-	-	-	-	-	-	-
13901	Replacement Housing Factor Funds	-	-	-	-	-	-	-	-	-

DISTRICT OF COLUMBIA HOUSING AUTHORITY

Entity-Wide Revenue and Expense Summary (continued)
September 30, 2024

Item# Line Item#	Accounts Description	14.879 Mainstream Vouchers	14.87 ROSS	Central Office Cost Center	State Local	Business Activities	Blended Component Units	Elimination	Total Entity	Discrete Compone Units
	EXPENSES (continued)									
	Protective Services:									
95100	Labor	$ -	$ -	$ 262,805	$ -	$ -	$ -	$ -	$ 13,106,311	$ -
95200	Other Contract Costs	-	-	-	-	-	-	-	-	-
95300	Other	-	-	-	-	-	-	-	-	-
95500	Employee Benefit Contributions	-	-	-	-	-	-	-	1,760,118	-
70610	Total Protective Services	-	-	262,805	-	-	-	-	14,866,429	-
96110	Property Insurance	-	-	1,586	-	13,291	135,392	-	1,662,853	-
96120	Liability Insurance	-	-	356,336	147,429	286	64,137	-	2,228,430	-
96140	All Other Insurance	210	-	365,307	22,396	10,886	212,370	-	1,170,122	353,230
96100	Total Insurance Premiums	210	-	723,229	169,825	24,463	411,899	-	5,061,405	353,230
	General Expenses:									
96200	Other General Expenses	222	-	199,669	23,729	158,503	83,542	-	15,196,090	995,559
96210	Compensated Absences	-	-	-	-	-	-	-	-	-
96300	Payment In Lieu of Taxes	-	-	-	-	-	-	-	-	-
96400	Bad Debt - Tenant Rents	-	-	-	-	-	-	-	6,125,958	-
96500	Bad Debt - Mortgages	-	-	-	-	-	-	-	-	-
96600	Bad Debt - Other	-	-	2,400,000	-	-	320,175	-	9,474,590	384,921
96800	Severance Expense	-	-	-	-	-	-	-	-	-
96000	Total General Expenses	222	-	2,599,669	23,729	158,503	403,717	-	30,796,638	1,380,480
96710	Interest of Mortgage Payable	-	-	-	-	-	-	-	926,247	3,058,722
96720	Interest on Notes Pauable	-	-	-	-	87,949	527,136	-	2,356,990	-
96730	Amortization of Bond Issue Costs	-	-	-	-	-	-	-	-	13,995
913100	Total Interest Expense and Amortization Cost	-	-	-	-	87,949	527,136	-	3,283,237	3,072,717
96900	Total Operating Expenses	91,159	359,352	49,493,357	16,206,715	1,501,280	10,353,402	(38,381,450)	223,874,062	9,788,822
97000	Excess of Operating Revenue Over Operating Expenses	1,977,887	-	(7,851,884)	291,855,868	(154,746)	(4,715,952)	-	501,987,697	(1,035,731)
97100	Extraordinary Maintenance	-	-	-	-	-	-	-	-	-
97300	Housing Assistance Payments	1,915,964	-	-	217,318,110	-	-	-	466,318,760	-
97350	Hap Portability-in	-	-	-	-	-	-	-	-	-
97400	Depreciation Expense	-	-	-	-	78,791	550,217	-	28,247,036	5,091,587
97800	Dwelling Units Rent Expense	-	-	-	-	-	-	-	-	-
90000	Total Expenses	2,007,123	359,352	49,493,357	233,524,825	1,580,071	10,903,619	(38,381,450)	718,439,858	14,880,409
	Other Financing Sources (Uses):									
10010	Operating Transfer In	-	-	9,248,011	-	-	-	(447,970,628)	-	-
10020	Operating Transfer Out	-	-	-	(4,400,000)	-	-	447,970,628	(3,761,044)	-
10030	Operating Transfers from/to Primary Government	-	-	-	-	-	-	-	-	-
10040	Operating Transfers from/to Component Unit	-	-	-	-	-	-	-	-	-
10080	Special Items (Net Gain/Loss)	-	-	-	-	-	-	-	-	-
10093	Transfers Between Programs and Projects - In	-	-	-	-	-	-	-	-	-
10094	Transfers Between Programs and Projects - Out	-	-	-	-	-	-	-	-	-
10100	Total Other Financing Sources (Uses)	-	-	9,248,011	(4,400,000)	-	-	-	(3,761,044)	-
10000	**EXCESS (DEFICIENCY) OR REVENUE OVER (UNDER) EXPENSES**	$ 61,923	$ -	$ 1,396,127	$ 70,137,758	$ (233,537)	$ (5,266,169)	$ -	$ 3,660,857	$ (6,127,318)
	Memo Account Information									
11020	Requied Annual Debt Principal Payments	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
11030	Beginning Equity	88,239	-	29,398,276	63,850,741	5,454,903	87,197,410	-	518,943,480	29,682,493
11040	Prior Period Adjustments, Equity Transfers Correction	-	-	328,169	-	-	-	-	3,609,296	-
11170	Administrative Fee Equity	-	-	-	-	-	-	-	(911,183)	-
11180	Housing Assistance Payments Equity	-	-	-	-	-	-	-	3,032,096	-
11190	Unit Months Available	1,080	-	-	-	-	-	-	347,019	-
11210	Number of Unit Months leased	936	-	-	-	-	-	-	266,213	-
11270	Excess Cash	-	-	-	-	-	-	-	(70,099,477)	-
11620	Building Purchases	-	-	-	-	-	-	-	-	-
13510	CFFP Debt Services Payments	-	-	-	-	-	-	-	-	-
13901	Replacement Housing Factor Funds	-	-	-	-	-	-	-	-	-

Certified Public
Accountants &
SBC Business Advisors

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

To the Mayor, Members of the Council of the Government of the District of Columbia,
the Inspector General of the Government of the District of Columbia, and the
Board of Commissioners of the District of Columbia Housing Authority

We were engaged to audit, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities and the aggregate discretely presented component units, of the District of Columbia Housing Authority (the Authority) as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our disclaimer of an opinion dated February 25, 2025. Our report disclaims an opinion on such financial statements because we were not able to obtain sufficient audit evidence on certain assets, liabilities, net position, revenues, expenses, and cash flows to form an opinion.

We did not audit the financial statements of Highland Residential, L.P. or Parkway Overlook II, LP, which represent 100 percent of the assets, liabilities, net position, revenues, and expenses of the aggregate discretely presented component units as of and for the year ended December 31, 2023. Those financial statements were audited by another auditor, whose reports expressed unmodified opinions have been furnished to us, and our opinion, insofar as it relates to the amounts included for Highland Residential, L.P. and Parkway Overlook II, LP is based solely on the reports of the other auditor. Those audits were not performed in accordance with *Government Auditing Standards.*

Report on Internal Controls Over Financial Reporting

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

Our consideration of internal controls was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal controls that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal controls that we consider to be material weaknesses and significant deficiencies.

Certified Public Accountants & Business Advisors
SBC

A *deficiency in internal controls* 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 controls, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2024-01 to 2024-14 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal controls that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2024-15 to 2024-20 to be significant deficiencies.

Report on Compliance and Other Matters

In connection with our engagement to audit the financial statements of the Authority, 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 engagement, 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*. However, if the scope of our work had been sufficient to enable us to express an opinion on the basic financial statements, other instances of noncompliance or other matters may have been identified and reported herein.

The Authority's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the findings identified in our engagement and described in the accompanying schedule of findings and responses. The Authority's responses were not subjected to the other auditing procedures applied in the engagement to audit the financial statements and, accordingly, we express no opinion on the responses.

Purpose of This Report

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

SB + Company, LLC

Washington, D.C.
February 25, 2025

Schedule of Findings and Responses
For the Year Ended September 30, 2024

Finding: 2024-01
Type of Finding: Material Weakness – Cash Adjustment

Condition:
During our audit, we identified approximately $6 million of cash recorded in the general ledger that did not exist in the bank. Management indicated that this balance has been carried forward for several years.

Criteria:
Strong internal controls require that all cash accounts be supported by appropriate documentation and exist in the bank, enabling accurate bank account reconciliations. Additionally, old balances in the general ledger should be cleared promptly and written off if they do not represent valid cash.

Cause:
The Authority did not maintain sufficient internal controls over financial reporting, resulting in the lack of proper documentation and account reconciliation for certain accounts.

Effect:
The absence of supporting documentation for certain financial reconciliations led to inaccurate account balances, which necessitated audit adjustments.

Recommendation:
SBC recommends that the Authority perform monthly bank reconciliations in a timely manner and write off any unsupported balances in the general ledger.

Management's Response:
Management acknowledges the recommendation, and with the FY2024 software conversion to Yardi, has begun performing electronic bank reconciliations on a monthly basis with the help of fee accountants that is continuing into FY2025. OFM also hired an Accounting Manager in FY24 to help oversee staff and implement a monthly closing checklist for all bank reconciliations, and staff has moved to recording entries on a daily basis in FY2025. OFM explained to the audit team that the balance was imported to the new YARDI software system as a beginning balance at the general ledger level during the software conversion, and was an error on the books. While this was a finding, OFM proposed adjusting journal entries to the auditor to correct moving forward.

DISTRICT OF COLUMBIA HOUSING AUTHORITY

Schedule of Findings and Responses
For the Year Ended September 30, 2024

Finding: 2024-02
Type of Finding: Material Weakness – Financial Statement Closing and Verification of Balances

Condition:
SBC noted that the Authority's financial statements were not closed in a timely manner. Additionally, there was no validation to ensure that all material account balances in the general ledger were supported and accurate. This resulted in the submission of materially misstated unaudited financial statements to the U.S. Department of Housing and Community Development (HUD). The deficiencies in the close process resulted in SBC being unable to obtain sufficient audit evidence to verify or determine the proper accounting for $72 million in unsupported receivables, $58 million in unsupported in other assets, $136 million in unsupported liabilities, and $90 million in unsupported unearned revenue.

Criteria:
The Authority must implement a formal financial statement closing process that ensures all material account balances are verified to guarantee the accuracy and completeness of the financial statements.

Cause:
The Authority lacked adequate controls over the financial statement closing process and the verification process for account balances.

Effect:
The year-end closing process was delayed, and did not identify material misstatements in the final account balances causing material uncorrected balances in the unaudited financial statements submitted to HUD. There was a disclaimer of opinion issued on the financial statements as of and for the year ended September 30, 2024 because the necessary support to identify incorrect or unsupported account balances was not in place or could not be found.

Recommendation:
SBC recommends that the Authority establish a formal closing process that reconciles and analyzes all material account balances. This process should include specific timelines, defined responsibilities, appropriate supervisory reviews, and the necessary standard journal entries.

Management's Response:
Management acknowledges the recommendation. DCHA's management team went through several changes in the last few years and there have been delays in producing financial statements in a timely manner. Additionally, audits were not completed timely for FY21, FY22 and FY23. All three audits were completed in FY24 as was a financial and payroll software conversion. A closing process was also developed and implementation begun in FY24.

It was communicated with the auditors that the HUD Financial Data System (FDS) reports submitted in January are draft financials. There are always adjustments between the unaudited statements and audited financials, because the actual audit happens after the unaudited statements are submitted to HUD. In this case, the agency was audited before the draft financials were submitted to HUD, and the unaudited financials became part of the final audit. The final audit is due to HUD every year by June 30th. The unaudited statements were not materially misstated; rather, as part of the regular audit process, the updated adjusted statements will be included in the final audit.

Management does agree with the recommendations. In FY2025 OFM began implementing best practices and formalizing monthly checklists to ensure FY2025 conforms with applicable requirements and meets deadlines.

Finding: 2024-03
Type of Finding: Material Weakness – Journal Entry Authorization, Review and Approval

Condition:
SBC identified several journal entries that were not reviewed properly by management. Additionally, one material journal entry was prepared but not posted, and no supporting documentation or approval sign-off was available for the adjustments entered. Management does not have a formal process for standard closing journal entries, or formal review, approval, and required documentation to support journal entries.

Criteria:
The Authority must maintain an adequate journal entry authorization and approval process to ensure that all journal entries recorded in the general ledger are reviewed by appropriate management personnel, ensuring accuracy and completeness.

Cause:
Lack of documentation indicating that journal entries were properly approved and recorded.

Effect:
The absence of proper journal entry review and authorization could allow errors, misstatements, or irregularities to go undetected in the financial statements.

Recommendation:
SBC recommends that management review and enhance its journal entry approval process. This should ensure that all journal entries are properly reviewed, approved, and supported by adequate documentation. Standard monthly and year-end journal entries should be established as part of the closing process.

Management's Response:
Management acknowledges the recommendation. In FY2024, new procedures were put in place for preparing, reviewing and posting journal entries in the general ledger. Staff were trained in these protocols and procedures. In FY2025, additional procedures have been put in place, and staff has moved to daily recording of entries to facilitate smooth monthly closings. Backup to support the entries is saved with each journal entry within the software system. OFM management reviews and approves the entries.

Finding: 2024-04
Type of Finding: Material Weakness – Capital Asset System

Condition:
SBC noted that capital assets were maintained in an Excel file, which is manually updated.

Criteria:
The Authority must maintain an adequate capital asset system with controls to ensure the capital asset system is reconciled to the general ledger and that all capital assets are properly accounted for.

Cause:
The Authority has not implemented a formal capital asset management system.

Effect:
Maintaining capital assets in an Excel spreadsheet is inadequate for the volume of assets the Authority manages. This increases the likelihood of errors and misstatements, making it difficult to maintain proper asset control.

Recommendation:
SBC recommends that management implement its new capital asset system. This process should include verifying and tagging all assets for control purposes. Unverified assets should be written off, and accumulated depreciation should be updated to ensure the accuracy of balances in the general ledger.

Management's Response:
Management acknowledges the recommendation. In FY2025, the fixed asset module in YARDI was implemented, and all the recording and tracking of fixed assets is being maintained in the system going forward. Procedures have been created, staff have been trained, and management will monitor compliance with the new procedures.

Finding: 2024-05
Type of Finding: Material Weakness – Construction in Progress (CIP) Transfers

Condition:
SBC noted that the Authority did not actively monitor or review Construction in Progress (CIP) transfers to ensure that completed project costs were properly transferred out of CIP and recorded in the appropriate capital asset categories for depreciation.

Criteria:
The Authority must maintain proper controls over CIP to ensure that amounts are reconciled to the general ledger and accurately reported. Management should monitor CIP throughout the year.

Cause:
The Authority did not maintain sufficient control over CIP or ensure that transfers to capital assets were completed accurately at year-end.

Effect:
CIP may be overstated in the financial statements, and related disclosures may be misstated. Additionally, assets may not be properly depreciated when placed in service.

Recommendation:
SBC recommends that management implement adequate controls over CIP, establish criteria for transferring project costs out of CIP, and ensure proper supporting documentation for the transfers to appropriate asset classes. Construction management should play a key role in determining when a project is placed in service and communicate this information to the finance team.

Management's Response:
Management acknowledges the recommendation. In FY2025, the team is incorporating and recording these activities through the fixed asset module in YARDI. A consultant is also working in FY2025 with staff on training, processes, and CIP reconciliation to date and going forward.

Finding: 2024-06
Type of Finding: Material Weakness – Depreciation Expense

Condition:
SBC noted that depreciation was calculated manually in spreadsheets, and the calculation was not reviewed or approved by management.

Criteria:
The Authority must maintain proper controls over the depreciation process, including reviewing the useful lives of assets, to ensure that depreciation amounts are accurate and complete.

Cause:
The Authority's depreciation calculation process is overly simplistic and lacks detailed review.

Effect:
Depreciation of capital assets and related accumulated depreciation could be misstated in the financial statements, leading to inaccurate financial reporting.

Recommendation:
SBC recommends that the Authority implement a capital assets system to track capital assets, which will enable accurate depreciation calculations by the system. Management should ensure proper review and approval of depreciation expense.

Management's Response:
Management acknowledges this recommendation. The fixed asset module in YARDI has been implemented in FY2025 and all the recording and tracking of fixed assets will be maintained in the system going forward. Depreciation entries were handled by consultants for FY24, with the assistance of OFM management staff, and backup was provided to the auditors during the engagement.

Finding: 2024-07
Type of Finding: Material Weakness – Disposals of Capital Assets

Condition:
SBC noted that the Authority did not actively monitor or account for disposals, lost assets, or non-usable capital assets.

Criteria:
The Authority must maintain proper controls over the disposal of capital assets, ensuring that assets no longer in service are removed from the capital asset records.

Cause:
The Authority did not identify or remove capital assets that were no longer in service from the financial records.

Effect:
Capital assets and related depreciation could be misstated in the financial statements due to the inclusion of assets that no longer exist, have been disposed of, or are not usable.

Recommendation:
SBC recommends that the Authority establish a process that includes periodic physical observation of certain capital assets and reporting of disposed, replaced, or non-usable assets to finance to ensure that all disposed or non-usable capital assets are removed from fixed asset records annually.

Management's Response:
Management acknowledges the recommendation. While implementing the fixed asset module in FY2025, management determined that cleanup was needed for the fixed assets carried on the books over several years. Consultants are assisting management with this endeavor in FY2025.

Finding: 2024-08
Type of Finding: Material Weakness – Monitoring of Loans and Mortgages Receivable

Condition:
SBC noted that the Authority lacked a formal process for servicing and monitoring its loans and mortgages receivable. The department that previously monitored the loan portfolio was eliminated, leaving no one responsible for tracking collections, loan impairments, or non-compliance with loan terms.

Criteria:
The Authority must maintain an adequate monitoring process for loans and mortgage receivables to ensure proper servicing and collections, timely identification of potential impaired loans, follow up on uncollected principal and interest that should be paid, and properly evaluate the collectability of loans and mortgages.

Cause:
There was no formal process in place for servicing or monitoring loans and mortgages receivable, or a team responsible for this function. The Authority has reestablished the department responsible for this function, but they are presently accumulating documentation for loans and mortgages and establishing contact with the borrowers.

Effect:
Loans and mortgages receivable could be overstated in the financial statements, the allowance for loan losses could be understated, and the Authority may fail to collect amounts owed or identify loans in default.

Recommendation:
SBC recommends that the Authority implement a formal process to monitor all loans and mortgages receivable, with regular updates provided to finance when conditions change.

Management's Response:
Management agreed on the observation and recommendation. Previous management disbanded the Asset Management department that was overseeing the Authority's mixed finance and other properties owned by other entities and maintaining loans and mortgage receivables. Starting in FY2025 Management re-established the Office of Asset Management (OAM) to oversee this process. OAM is fully functioning at this point in FY 2025, with the department establishing procedures and tracking these activities going forward.

Finding: 2024-09
Type of Finding: Material Weakness – Loan Loss Allowance Methodology

Condition:
SBC noted that the Authority lacks a formal methodology for establishing a loan loss allowance for loans and mortgages receivable, and management does not review or update the allowance annually.

Criteria:
The Authority must maintain an adequate and documented methodology for determining loan loss allowances.

Cause:
Absence of a formal methodology and management oversight for loan loss allowances.

Effect:
Without a proper loan loss allowance, loans and mortgages receivable may be overstated in the financial statements because management has not estimated the probability of collections and recorded the appropriate allowance for uncollectible loans and mortgages.

Recommendation:
SBC recommends that management implement a structured loans and mortgages loss allowance methodology, subject to periodic review. This methodology should include an analysis of loan segmentation by type, conditions of underlaying collateral, and history.

Management's Response:
Management acknowledges the recommendation. In FY2025, Management reestablished the Office of Asset Management to monitor and manage third-party owned affordable housing properties to which DCHA has loaned money. The OAM team will work with OFM to create a revised loan loss allowance methodology and policy, which is also a part of the 3-year Recovery Plan for both departments.

Finding: 2024-10
Type of Finding: Material Weakness – Accounting for Unearned Revenue and Revenue Recognition

Condition:
SBC identified unusually high unearned revenue and lower related revenue compared to the prior period in the unaudited amount from the financial statement close process. Our review and audit of the unearned revenue revealed that unearned revenue was overstated at year-end by over $200 million, leading to understated revenue. We were not able to obtain sufficient audit evidence to determine what the unearned revenue balance should have been as of September 30, 2024.

Criteria:
The Authority must maintain internal controls to ensure the accuracy and completeness of unearned revenue and properly recognize revenue in the correct reporting period.

Cause:
Lack of adequate controls over accounting and reporting of unearned revenue in the general ledger, resulting in inaccurate revenue recognition.

Effect:
There is a risk of material misstatement in financial statement line items and related disclosures concerning unearned revenue and recognized revenue.

Recommendation:
SBC recommends that management review and enhance its processes for unearned revenue and revenue recognition, integrating them into the month-end close process with oversight from management. The amount of grants received should be accounted for in a grants management system that tracks and properly accounts for all grant dollars by grant, the basis of revenue recognition by grant, and determines when grant billings should occur. The deferred revenue in the general ledger at year-end should be reconciled to the grant accounting system.

Management's Response:
Management acknowledges the recommendation. The Finance department is working with consultants in FY2025 on monthly revenue procedures. Previous practice was to reconcile everything at year-end, which is not a best practice. OFM staff is now recording entries daily in real-time to improve the accuracy of the books moving forward. OFM is moving these reconciliations to month-end close in FY2025.

Finding: 2024-11
Type of Finding: Material Weakness – Internal and Interim Financial Statement Review

Condition:
SBC found that the Authority does not have a formal review process to review and approval of internal and interim financial statements and financial information provided to senior management for oversight.

Criteria:
The Authority must establish internal controls over financial reporting to ensure internal and interim financial statements are accurate and complete.

Cause:
Lack of a structured review and approval process for internal and interim financial statements to identify reporting irregularities or misstatements.

Effect:
Potential misstatements may go undetected throughout the year, only surfacing during the year-end close.

Recommendation:
SBC recommends that management implement a formalized review and approval process for internal and interim financial statements and information. This process should identify the type of financial information and key performance measures that will be presented to senior management, the frequency of the reporting, and key items of focus with a briefing. This will allow senior management to monitor, review, and know the financial condition of the Authority, its operating results for the period, how it compares to budget, progress on major financial priorities, how it stands against key performance measures, and what are financial and controls areas that require attention.

Management's Response:
Management acknowledges the recommendation. Management disagrees in part, however, as OFM provides internal monthly financial reports to the Office of Executive Director (OED) and the Board of Commissioners' Finance Committee. OFM also provides a budget-to-actual report monthly to the Board of Commissioners. OFM meets monthly to assess department progress towards goals and objectives as outlined in the 2024 DCHA Recovery Plan. OFM will also establish processes to ensure management and monitoring of all FY24 audit recommendations and findings, and provide regular updates on implementation of management response to OED and Board of Commissioners' Finance Committee. For the first time ever, OFM created an internal budget book for FY2025 shared with management and the Budget and Audit Committee. OFM will continue to expand and make this public for FY2026. OFM will continue on a path of transparency with management and external stakeholders.

Finding: 2024-12
Type of Finding: Material Weakness – Grant Accounting Process

Condition:
SBC noted that grant revenue was improperly accounted for at year-end, requiring an audit adjustment.

Criteria:
The Authority must maintain internal controls to ensure grant accounting is accurate, complete, and revenue recognition is timely and accurate.

Cause:
Inadequate controls over grant revenue accuracy and completeness.

Effect:
Misstatements in financial statements and note disclosures regarding grants and related accounts.

Recommendation:
SBC recommends that management enhances its grant revenue accounting processes, ensuring proper revenue recognition and unearned revenue assessment, integrated into the month-end close process.

Management's Response:
Management acknowledges the recommendation. As noted above with respect to related matters, Management is working with consultants in FY2025 to update procedures to ensure that grant revenue is reconciled monthly rather than at year end.

Finding: 2024-13
Type of Finding: Material Weakness – Reconciliation of Transfers and Inter-entity

Condition:
SBC identified several unsupported inter-entity account balances and transfers, and that certain inter-entity balances on the general ledger of each entity did not agree to each other.

Criteria:
The Authority does not reconcile all inter-entity balances and transfers as part of the close process.

Cause:
Lack of controls over financial statement analysis, leading to unaddressed unsupported balances.

Effect:
Unreconciled balances increase the risk of misstatements, errors, and irregularities in the financial statements.

Recommendation:
SBC recommends that the Authority establishes a formal financial statement process to analyze and ensure inter-entity balances are properly accounted for and that the same amount is recorded in each entity's general ledger. They should also reconcile all inter-entity balances and transfers as part of the close process.

Management's Response:
Management acknowledges the recommendation. Going back several years, the agency had not been properly reconciling interfunds. Management identified this issue in FY 24 and is working with consultants in FY2025 to reconcile and settle the interfunds, while also working on monthly processes as part of the month-end close to settle in real time going forward.

Finding: 2024-14
Type of Finding: Material Weakness – Risk Assessment and Mitigation Strategy

Condition:
SBC noted that the Authority has not conducted a formal financial, internal controls, and key operating systems risk assessment, established its risk mitigation strategy, established order of priority to implement improvements, and developed a system to monitor progress on addressing the issues. Such a process would have identified the areas requiring attention sooner and would allow senior management to develop a strategy to improve the conditions and monitor the process in addressing the issues.

Criteria:
The Authority must perform risk assessments to identify the financial control and operating procedures that need improvement, develop a plan to make improvements and monitor progress.

Cause:
Lack of an organizational risk assessment and strategy for improvement.

Effect:
Without risk assessment and mitigation, financial statements remain vulnerable to misstatements and internal controls to material weaknesses and significant deficiencies will continue to exist. There is also the risk of loss of financial opportunities, risk of misappropriation of assets, and a much higher risk of fraud.

Recommendation:
SBC recommends that management conduct risk assessments covering all aspects of financial, internal controls, and key operating systems. After the assessment of the risk, management should develop a risk mitigation strategy that establishes the order of priority to implement improvements, develop a system to monitor progress on addressing the issues, and report to senior management on status. The formal risk assessment and mitigation strategy should be developed, documented, monitored, and communicated to key stakeholders.

Management's Response:
Management acknowledges the recommendation. In one year, Management completed three audits that prior agency leaders had not, and a complete software conversion has occurred. The FY24 audit commenced while the FY23 audit was still being completed. While the foregoing were all necessary, these factors created a compressed time period for implementation of prior audit findings and completion of other important tasks. Risk assessments on our current state would help us improve operations moving forward. In FY2025, a solicitation for risk assessment over the entire agency operations is planned.

Schedule of Findings and Responses
For the Year Ended September 30, 2024

Finding: 2024-15
Type of Finding: Significant Deficiency – Insufficient Collateralization of Cash Deposits

Condition:
The Authority is required to have sufficient insurance or collateral that its banks should pledge that is sufficient to cover all the deposits the Authority has at any point in time at its banks. As of September 30, 2024, the Authority did not provide us with support that it had adequate insurance or collateral that its banks had pledged to protect its deposits.

Criteria:
All bank deposits should be fully collateralized or insured to mitigate the risk of fund loss in the event of a bank failure.

Cause:
The Authority either lacked collateral agreements with banks or did not have enough pledged collateralized to cover all deposits.

Effect:
Without proper collateralization, the Authority faces potential risk of financial losses and noncompliance of policy.

Recommendation:
SBC recommends that the Authority establish a Treasury management function responsible for monitoring that they have sufficient collateral. This function can also implement controls such as monitoring cash flow needs, consolidating bank accounts, monitoring debt compliance, and performing other treasury management functions.

Management's Response:
Management acknowledges the recommendation. This has not been an issue raised in prior audits. Management will consult with the financial institutions which DCHA conducts businesses with in FY2025 to address this issue.

Finding: 2024-16
Type of Finding: Significant Deficiency over Financial Reporting – Classification of Restricted and Unrestricted Cash

Condition:
The Authority relies solely on the general ledger to determine whether accounts are restricted instead of a process to monitor which cash received represents restrictions based on the funding agreement related to the receipts.

Criteria:
Under some funding agreements, the unspent funds received must be restricted from other funds to be spent for a specific purpose. Accounting principles generally accepted in the United States of America requires such funds be separately presented in the financial statements.

Cause:
The Authority does not have a systematic approach to identify accounts with legal or contractual restrictions.

Effect:
Relying only on the general ledger may lead to misclassification of accounts and inaccurate financial reporting if the balances are incorrect resulting in noncompliance with funding agreements.

Recommendation:
SBC recommends that the Authority establish a system to track unspent funds that have legal or contractual restrictions and ensure they are properly recognized in the financial statements.

Management's Response:
Management acknowledges the recommendation. Management had advised the audit team to consult with the Authority's former audit firm (CLA) and use their workpapers to identify the nature of those cash categories, as they had been established in consultation with CLA and had been maintained accordingly for a number of years. Management will review with consultants in FY2025, however, to make changes to implement this recommendation.

Finding: 2024-17
Type of Finding: Significant Deficiency over Financial Reporting – Lack of a Non-Accrual Loan Policy

Condition:
The Authority does not have a formal policy to identify loans for which the accrual of interest should be discontinued until its principal has been paid in full.

Criteria:
A clear and documented policy must be in place to properly identify when collection of principal and interest has a risk high enough that management stops accruing interest on the loans for financial reporting purposes. In addition, the policy should address any collections from the borrower to reduce principal until all principal is repaid and then recognize any other collections then collected as interest income (nonaccrual loan).

Cause:
Management has not determined when to place a loan on a nonaccrual status so they continue to accrue interest and then have large uncollectible accrued interest balances instead of determining which loans should be put on a nonaccrual status.

Effect:
Without a formal policy, the Authority may accrue interest on loans that have a significant doubt of collection and the Authority may not put those loans on the non-accrual status.

Recommendation:
SBC recommends that the Authority establish a nonaccrual loan policy. Also, as part of the loans and mortgages receivable monitoring process, the department should inform finance when a loan or mortgage meets the criteria for nonaccrual and stop accruing interest on the loan or mortgage.

Management's Response:
Management acknowledges the recommendation. While financial policies were established in 2006, Management plans to update them in FY25 with provisions that reflect this recommendation.

Finding: 2024-18
Type of Finding: Significant Deficiency over Financial Reporting – Inaccurate Inventory Accounting

Condition:
The Authority does not have a perpetual inventory system that always keeps track of the inventory on hand. Instead, the Authority capitalizes all inventory purchases during the year into inventory and adjusts the inventory down to the actual inventory on hand at year-end after taking a physical count of inventory. As of September 30, 2024, inventory after closing the books was overstated by approximately $2.4 million because the adjustment to reduce the inventory balance was not recorded. Also, the physical inventory count was performed at the end of October 2024 instead of on September 30, 2024.

Criteria:
The Authority must implement a formal inventory process to ensure year-end balances are complete and accurate. Management should verify that recorded inventory aligns with physical counts.

Cause:
The Authority lacks a perpetual inventory system and did not post the manual adjustment to correct inventory.

Effect:
Inventory balances in the financial statements may be inaccurate and incomplete.

Recommendation:
SBC recommends that management establish a structured inventory count process as part of year-end procedures. Physical inventory counts should be reconciled with system records, reviewed by accounting personnel, and adjust the general ledger balance accordingly.

Management's Response:
Management acknowledges the recommendation. Management will work with IT, Finance, and Property Management Operations to review inventory systems, create procedures between departments, and update the inventory policy to reflect current practice with the new software system.

Finding: 2024-19
Type of Finding: Significant Deficiency over Financial Reporting – Accounting for Retainage Payable

Condition:
Approximately $2.5 million of the $7.53 million year-end retainage payable balance as of September 30, 2024 lacked supporting documentation.

Criteria:
The Authority must maintain proper controls and supporting documentation for retainage payable to ensure completeness and accuracy.

Cause:
The Authority does not have formalized controls or procedures over retainage payable accounts. In addition, management should reconcile the general ledger balance to the supporting contract payable detail in the contract management system.

Effect:
There is a risk that the retainage payable balance is incomplete or misstated.

Recommendation:
SBC recommends that management improves its accounting for retainage payable and ensure the balance in the contract system agrees with the general ledger balance. The retainage payable in the general ledger should be reconciled to the individual retainage payables to the individual contracts in the contract system.

Management's Response:
Management acknowledges the recommendation. Retainage has been tracked in the past in excel spreadsheets. In FY2025, staff is working to automate and track retainage in the Yardi software construction module. Staff is also working with consultants to help with the automation, train staff, and create procedures around the new software system.

Finding: 2024-20
Type of Finding: Significant Deficiency over Financial Reporting – Lack of Physical Asset Verification

Condition:
The Authority does not have a formalized process to periodically physically verify that movable capital assets still exist and are in use.

Criteria:
Adequate controls over physical asset verification are necessary to ensure accurate financial reporting.

Cause:
The Authority lacks established procedures for tracking and verifying physical capital assets.

Effect:
Without regular verification, asset balances may be overstated or inaccurate.

Recommendation:
SBC recommends that the Authority implement a system to periodically verify the existence of capital assets through physical observation and remove any assets that cannot be located or are not being used from the capital assets ledger and adjust the general ledger.

Management's Response:
Management acknowledges this recommendation. Management will work with the Office of Financial Management, IT Department, and Property Management Operations departments to update policies and procedures around inventory between departments. In FY2025 the agency plans to issue a solicitation for risk assessment of the entire agency operations, which includes inventory management, to ensure best practices are followed throughout the Authority.

Management's Response to Findings:
The draft of the FY2024 financial statement audit, which was received by the District of Columbia Housing Authority (DCHA) in February 2025, provided an exhaustive, in-depth assessment of the fiscal year ending Sept. 30, 2024.

DCHA values the draft audit's insights, which restated several issues that were previously identified in the 2022 HUD Report and also identified additional weaknesses that must be addressed. The draft audit underscored that the challenges facing DCHA are threaded throughout systems as a result of more than a decade of mismanagement and neglect. Efforts to correct these foundational flaws began in 2024 following a comprehensive agency evaluation that resulted in the development and issuance of the Three-Year Recovery Plan. The Recovery Plan established internal department goals and objectives for remedying inefficiencies and fortifying systems.

DCHA will expand upon these ongoing efforts – work that commenced last year – by incorporating the FY24 auditor's recommendations into its recovery work. Management is committed to improving operations to achieve efficiencies; strengthening policies and procedures governing fiscal analysis, oversight and controls; and engaging internal departments to ensure staff understanding of their roles and responsibilities in ensuring compliance.

As more areas for improvement are discovered, DCHA will reevaluate and refine corrective measures to support our aim to reshape the agency into a competent, efficient and well-functioning provider of low-income and affordable housing in the District.

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