



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

**Financial Statements and Federal Single Audit  
Report**

**Housing Authority of Chelan County  
and the City of Wenatchee**

**For the period January 1, 2017 through December 31, 2017**

**Published September 20, 2018**

**Report No. 1022229**





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

September 20, 2018

Board of Commissioners  
Housing Authority of Chelan County and the City of Wenatchee  
Wenatchee, Washington

**Report on Financial Statements and Federal Single Audit**

Please find attached our report on the Housing Authority of Chelan County and the City of Wenatchee's financial statements and compliance with federal laws and regulations.

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

Sincerely,

Pat McCarthy  
State Auditor  
Olympia, WA

## TABLE OF CONTENTS

Schedule of Findings and Questioned Costs.....	4
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	6
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance With the Uniform Guidance .....	9
Independent Auditor's Report on Financial Statements.....	12
Financial Section.....	16
About the State Auditor's Office.....	75

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

### **Housing Authority of Chelan County and the City of Wenatchee January 1, 2017 through December 31, 2017**

#### **SECTION I – SUMMARY OF AUDITOR’S RESULTS**

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

#### **Financial Statements**

We issued an unmodified opinion on the fair presentation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).

##### **Internal Control over Financial Reporting:**

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

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

#### **Federal Awards**

##### **Internal Control over Major Programs:**

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

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

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

### **Identification of Major Federal Programs:**

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

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

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was \$750,000.

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

## **SECTION II – FINANCIAL STATEMENT FINDINGS**

None reported.

## **SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None reported.

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

**Housing Authority of Chelan County and the City of Wenatchee  
January 1, 2017 through December 31, 2017**

Board of Commissioners  
Housing Authority of Chelan County and the City of Wenatchee  
Wenatchee, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Housing Authority of Chelan County and the City of Wenatchee, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements, and have issued our report thereon dated September 13, 2018.

Our report includes a reference to other auditors who audited the financial statements of the Bello Rio, LLC Tax Credit Partnership, as described in our report on the Housing Authority's financial statements. This report includes our consideration of the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors. The financial statements of the Bello Rio, LLC Tax Credit Partnership were not audited in accordance with *Government Auditing Standards* and accordingly this report does not including reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Bello Rio, LLC Tax Credit Partnership. Also, as discussed in Note 8 to the financial statements, the 2016 financial statements have been restated to correct a misstatement.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit of the financial statements, we considered the Housing Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on

the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority's internal control.

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

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

## COMPLIANCE AND OTHER MATTERS

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

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

## PURPOSE OF THIS REPORT

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

limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in cursive script that reads "Pat McCarthy". The signature is written in black ink and is positioned above the printed name.

Pat McCarthy

State Auditor

Olympia, WA

September 13, 2018



**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR  
EACH MAJOR FEDERAL PROGRAM AND REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH THE UNIFORM GUIDANCE**

**Housing Authority of Chelan County and the City of Wenatchee  
January 1, 2017 through December 31, 2017**

Board of Commissioners  
Housing Authority of Chelan County and the City of Wenatchee  
Wenatchee, Washington

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM**

We have audited the compliance of the Housing Authority of Chelan County and the City of Wenatchee, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Housing Authority’s major federal programs for the year ended December 31, 2017. The Housing Authority’s major federal programs are identified in the accompanying Schedule of Findings and Questioned Costs.

**Management’s Responsibility**

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

**Auditor’s Responsibility**

Our responsibility is to express an opinion on compliance for each of the Housing Authority’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain

reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### **Opinion on Each Major Federal Program**

In our opinion, the Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.

## **REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

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

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

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

### **Purpose of this Report**

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

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

Pat McCarthy  
State Auditor  
Olympia, WA

September 13, 2018

# INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

## **Housing Authority of Chelan County and the City of Wenatchee January 1, 2017 through December 31, 2017**

Board of Commissioners  
Housing Authority of Chelan County and the City of Wenatchee  
Wenatchee, Washington

### **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of the Housing Authority of Chelan County and the City of Wenatchee, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements as listed on page 16.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Bello Rio, LLC Tax Credit Partnership, which represents 10 percent, 13 percent and 3 percent, respectively of the Housing Authority's assets, net position and revenues. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Bello Rio, LLC Tax Credit Partnership, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free

from material misstatement. The financial statements of the Bello Rio, LLC Tax Credit Partnership were not audited in accordance with *Government Auditing Standards*.

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

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

## **Opinion**

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of Chelan County and the City of Wenatchee, as of December 31, 2017, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Matters of Emphasis – Correction of Prior Year Misstatement**

As discussed in Note 8 to the financial statements, the 2016 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary

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

### ***Supplementary and Other Information***

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

### ***Supplementary and Other Information***

The Combining Schedule of Net Pension, Combining Schedule of Revenue, Expenses and Change in Net Position, and Combining Schedule of Cash Flows are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

## **OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we have also issued our report dated

September 13, 2018 on our consideration of the Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority's internal control over financial reporting and compliance.

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Pat McCarthy  
State Auditor  
Olympia, WA

September 13, 2018

## **FINANCIAL SECTION**

### **Housing Authority of Chelan County and the City of Wenatchee January 1, 2017 through December 31, 2017**

#### **REQUIRED SUPPLEMENTARY INFORMATION**

Management's Discussion and Analysis – 2017

#### **BASIC FINANCIAL STATEMENTS**

Statement of Net Position – 2017

Statement of Revenue, Expenses, and Change in Net Position – 2017

Statement of Cash Flows – 2017

Notes to Financial Statements – 2017

#### **REQUIRED SUPPLEMENTARY INFORMATION**

Schedule of Proportionate Share of Net Pension Liability – PERS 1, PERS 2/3 – 2017

Schedule of Employer Contributions – PERS 1, PERS 2/3 – 2017

#### **SUPPLEMENTARY AND OTHER INFORMATION**

Schedule of Expenditures of Federal Awards – 2017

Notes to Schedule of Expenditures of Federal Awards – 2017

Financial Data Schedule – 2017

Combining Schedule of Net Position – 2017

Combining of Revenues, Expenses, and Change in Fund Net Position – 2017

Combining Schedule of Cash Flows – 2017



# HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

## MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2017

The Housing Authority of Chelan County and the City of Wenatchee's (the Housing Authority) management's discussion and analysis (MD&A) is designed to:

- Assist the reader in focusing on significant financial issues;
- Provide an overview of the Housing Authority's financial activity;
- Identify changes in the Housing Authority's financial position;
- Provide information on challenges in the next and subsequent years; and
- Identify individual program issues and concerns.

The MD&A focuses on the current year's activities. Please read it in conjunction with the Housing Authority's financial statements.

### ***Financial Statements***

The financial statements of the Housing Authority report information about the Housing Authority as a whole using accounting methods similar to those used by private sector companies. They display the financial position and activity of the Housing Authority. These statements include:

1. Statement of Net Position. This reports total assets and deferred outflows of resources and total liabilities and deferred inflows of resources with the difference between the two totals reported as net position. Assets and liabilities are presented in order of liquidity. They are classified as "Current" and "Noncurrent". Liabilities whose maturities are greater than one year are reported in two components – the amount due within one year and the amount due in more than one year. The net position is one way to measure the Housing Authority's financial health. Over time, increases or decreases in the Housing Authority's net position are one indicator of its financial health.

Net Position presents the available liquid assets, net of liabilities, for the Housing Authority. These are called "Unrestricted". Total net position is reported in three broad categories:

- Net Investment in Capital Assets – This component of net position consists of all capital assets, net of accumulated depreciation, and capital-related deferred outflows of resources reduced by the outstanding balances of any capital related borrowings and deferred inflows of resources.
- Restricted – This component of net position consists of restricted by creditors, grantors, laws, regulations or others reduced by related liabilities and deferred inflows of resources.
- Unrestricted – This component of net position consists of all net position that does not meet the definitions for "Net Investment in Capital Assets" or "Restricted."

# HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

## MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2017

### ***Financial Statements (Continued)***

2. Statement of Revenues, Expenses, and Change in Net Position – This statement is similar to an income statement and includes operating revenues, such as rental income and other tenant revenue, operating expenses, such as administrative expenses, utilities, housing assistance payments, maintenance and depreciation, and nonoperating revenues and expenses, which include grant revenue, interest income, and interest expense.

The focus of the Statement of Revenues, Expenses, and Change in Net Position is the “Change in Net Position.” This is similar to Net Income or Loss.

3. Statement of Cash Flows – This statement shows net cash provided by, or used for, operating activities, noncapital financing activities, capital and related financing activities, and investing activities. It presents information regarding where cash came from and what it was used for.
4. Notes to Financial Statements – The notes to the financial statements provide useful information regarding the Housing Authority’s significant accounting policies, explain significant account balances and activities, certain material risks, estimates, obligations, commitments, contingencies, and subsequent events, if any.

### ***Housing Authority Programs***

Many of the programs maintained by the Housing Authority are required by the Department of Housing and Urban Development (HUD). Others are segregated to enhance accountability and control.

The Housing Authority’s programs are as follows:

1. Tenant Based Housing Choice Voucher Program – Under the Tenant Based Housing Choice Voucher Program, the Housing Authority administers contracts with independent landlords. The Housing Authority subsidizes the tenant’s rent through a Housing Assistance Payment (HAP) made to the landlord. This program consists of Housing Choice Vouchers and Veterans Affairs Supportive Housing (VASH). The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides funding to enable the Housing Authority to structure a lease that sets the tenants’ rent at 30% of adjusted household income.
2. Project Based Housing Choice Voucher Program – Under the Project Based Housing Choice Voucher Program, the Housing Authority rents units that it owns to low-income households, Garten Haus is elderly only, Lake Chelan Community Apartments, Emerson Manor, and Wenatchee House are elderly/disabled. They receive Rental Assistance and operate under HUD Regulations. Entiat Gardens is multi-family and receives Rental Assistance through HUD, but the facility is managed following Rural Development regulations. The program is administered under an ACC with HUD. HUD provides funding to enable the Housing Authority to structure a lease that sets the tenants’ rent at 30% of adjusted household income.

# HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

## MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2017

### ***Housing Authority Programs (Continued)***

3. Rural Development – Under the Rural Development program, the Housing Authority rents units it owns to low-income families. There are a total of 11 projects: Washington Square, Wenatchee II, Applewood, Heritage Glen, Chelan Bluff, Vista Del Rio, and Columbia Pointe are for farmworker families; Man\*Sun Villa and Chelan Gardens are for elderly/disabled families; River Run and Gibson Gardens are for multi-family. Rural Development provides funding to enable the Housing Authority to structure a lease that sets the tenant's rent at 30% of adjusted household income.
4. Tax Credit –Bello Rio, LLC is a rent-restricted property for low-income farmworkers.
5. State/Local – The Housing Authority received funds from Office of Community Development for Vista Del Rio, Bello Rio, LLC, Lake Chelan Community Apartment Apartments, Chelan Bluff, Heritage Glen, and Columbia Pointe. The Housing Authority also received HOME funds for Morning Sun Park.
6. General – This represents non-HUD resources developed from a variety of activities, including management fees from projects and various grants.

### ***Financial Highlights***

- The Housing Authority maintained an average occupancy rate of 96%.
- The Housing Authority's revenues decreased from 2016 to 2017. Revenues were approximately \$7.57 million and \$7.11 million for 2016 and 2017, respectively. The total expenses for all the Housing Authority's programs decreased by approximately \$544,000 (6%). Total expenses were approximately \$8.40 million and \$7.85 million for 2016 and 2017, respectively.

### ***Financial Analysis of the Housing Authority***

The Statement of Net Position and the Statement of Revenue, Expenses, and Change in Net Position report information about the Housing Authority's activities to help determine the overall financial health of the organization. Economic conditions, population growth, and new or changed government legislation would also need to be considered when analyzing the Housing Authority's activities.

Certain resources of the Housing Authority are restricted for future use, such as cash reserves required by the U.S. Department Housing and Urban Development and USDA Rural Development.

In 2017, beginning net position was restated for the correction of an error in classification of four forgivable loans that were presented as recoverable grants and recognized as grant revenue in prior years ranging from 1999 to 2010. For comparability purposes in this management discussion and analysis, we have presented these corrections as if they occurred in 2016.

# HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

## MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2017

### ***An Overview of the Housing Authority-Wide Financial Position and Operations***

The Housing Authority's overall financial position and operations for the past two years are summarized below based on the information included in the current and prior financial statements.

### STATEMENTS OF NET POSITION

December 31, 2017 and 2016

	2017	2016
<b>ASSETS</b>		
Current and Other Assets	\$ 3,615,618	\$ 3,696,509
Capital Assets	32,094,919	32,452,025
Total Assets	35,710,537	36,148,534
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Outflow of Resources Related to Pensions	387,749	609,897
Total Assets and Deferred Outflows of Resources	\$ 36,098,286	\$ 36,758,431
<b>LIABILITIES</b>		
Current Liabilities	\$ 1,640,426	\$ 1,133,021
Long-Term Liabilities	20,968,111	21,557,244
Total Liabilities	22,608,537	22,690,265
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Inflow of Resources Related to Pensions	186,533	23,597
<b>NET POSITION</b>		
Net Invested in Capital Assets	11,356,502	11,887,892
Restricted	2,044,445	1,951,474
Unrestricted	(97,731)	205,203
Total Net Position	13,303,216	14,044,569
Total Liabilities, Deferred inflows of Resources , and Net Position	\$ 36,098,286	\$ 36,758,431

### Total Assets

The Housing Authority's total assets at December 31, 2017 were approximately \$35.71 million, a decrease of \$440,000 from December 31, 2016. This is due in part to the decrease in capital assets during the year of approximately \$357,000 as well as a decrease in other accounts receivable of approximately \$120,000.

### Deferred Outflows of Resources

Deferred outflows of resources related to pensions decreased by \$222,000. This was due to a decrease in the Housing Authorities proportionate share of collective net pension liabilities. See Note 5.

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2017**

***An Overview of the Housing Authority-Wide Financial Position and Operations (Continued)***

Total Liabilities

Total liabilities decreased by approximately \$82,000 in 2017 compared to 2016. Although current liabilities increased by approximately \$507,000 in 2017 due to a increases in accounts payable and current portion of long term debt, long term liabilities decreased by approximately \$589,000 due to principal payments on debt. See Note 4.

Deferred Inflows of Resources

Deferred inflows of resources related to pensions increased by \$163,000.

Total Net Position

The Housing Authority's Net Position decreased by approximately \$741,000 due to expenses exceeding revenue.

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2017**

**STATEMENTS OF REVENUE, EXPENSES, AND CHANGE IN NET POSITION**

Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>OPERATING REVENUES</b>		
Tenant Revenue - Rent	\$ 2,297,133	\$ 2,209,711
Other Revenue	21,524	38,189
<b>NONOPERATING REVENUES</b>		
HUD Operating Subsidies	3,551,687	4,133,679
Grants	1,031,842	870,457
Interest	98,348	102,864
Other Nonoperating Revenue	110,642	218,125
Total Revenues	<u>7,111,176</u>	<u>7,573,025</u>
<b>OPERATING EXPENSES</b>		
Administrative	340,655	343,425
Utilities	660,180	620,651
Maintenance	1,126,764	1,189,424
General	1,635,558	1,887,901
Housing Assistance Payments	2,497,640	2,806,276
Depreciation	1,192,077	1,138,198
Miscellaneous Expense	15,051	4,036
<b>NONOPERATING EXPENSES</b>		
Interest Expense	384,604	406,896
Total Expenses	<u>7,852,529</u>	<u>8,396,807</u>
<b>CHANGE IN NET POSITION</b>	(741,353)	<u>(823,782)</u>
<b>TOTAL NET POSITION - JANUARY 1, As Originally Stated</b>		19,311,472
<b>RESTATEMENT, Correction of an Error</b>		<u>(4,443,121)</u>
<b>TOTAL NET POSITION - JANUARY 1, As Restated</b>	<u>14,044,569</u>	<u>14,868,351</u>
<b>TOTAL NET POSITION - DECEMBER 31</b>	<u>\$ 13,303,216</u>	<u>\$ 14,044,569</u>

HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2017

***An Overview of the Housing Authority-Wide Financial Position and Operations (Continued)***

Major Factors Affecting the Statement of Revenues, Expenses, and Change in Net Position

Tenant revenues and government grants, when added together and compared between 2017 and 2016, show a decrease of approximately \$460,000 primarily due to a decrease in HUD Operating Subsidies.

***Capital Assets and Debt Administration***

Capital Assets

As of year-end, the Housing Authority had approximately \$32.09 million invested, net of depreciation, in a variety of capital assets. This represents a net decrease of approximately \$357,000 from the previous year. Net decrease would include all additions, disposals, and depreciation. The capital assets are reflected in the following schedule:

	2017	2016
Land	\$ 3,487,579	\$ 3,487,579
Buildings and Improvements	42,784,377	42,643,763
Furnishings and Equipment	523,812	523,812
Total	46,795,768	46,655,154
Less: Accumulated Depreciation	(15,408,614)	(14,216,537)
Construction in Progress	707,765	13,408
Total	<u>\$ 32,094,919</u>	<u>\$ 32,452,025</u>

The decrease to the capital assets in 2017 was due to depreciation in excess of capital asset additions during the year. See Note 3 of the financial statements for further information.

Debt Outstanding

At year-end, the Housing Authority had approximately \$20.74 million in notes outstanding, which is comparable to the prior year after the reclassification of recoverable grants that previously were recorded as debt. See Note 4 to the compiled financial statements for further information.

Additional debt to be issued is based on needs of the Housing Authority and future expected acquisitions.

***Pension Liability***

At year-end the Housing Authority's statement of net position includes deferred outflows of resources related to pensions of \$387,749, deferred inflows of resources related to pensions of \$186,533, net pension liability of \$961,863 and pension expense of \$199,240. See note 6 of the financial statements for further information.

# HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

## MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2017

### ***Economic Factors Affecting the Housing Authority's Future***

The majority of the Housing Authority's funding is from federal agencies in the form of operating subsidies, grants and housing choice. Congress and the federal government continue to cut federal subsidies due to federal budget priorities. Additionally, due to the fact that the Wenatchee School District is vacating all of its rental properties, the Housing Authority will be losing this management revenue by October 2018.

The Housing Authority focuses on maintaining and strengthening existing programs and seeking long-term solutions to counter the decline in federal support all the while providing housing for low-income residents is ongoing. Some long-term ideas involve providing property management to private landlords and seek ways to increase the housing stock in surrounding communities within Chelan and Douglas counties.

Efforts are being made to project base, Section 8 Vouchers in our community, so that existing housing stock continues to remain affordable to families. Currently, Chelan and Douglas counties have a 0% vacancy rate making it very difficult for low-income families to find suitable housing in a timely fashion. This negatively impacts our overall lease up rate with the Section 8 Housing Choice Voucher Program.

The Housing Authority continues to pursue strategies to strengthen its' overall net position by converting the ownership structure of properties, from Housing Authority owned, to LLC limited partnerships, with the Housing Authority as general managing partner. This all allows for equity contributions to fund housing activities and shift dependency away from federal programs.

Finally, the Housing Authority continues to seek assistance through Rural Development's MPR program to rehabilitate properties that have deferred maintenance and many accessibility issues that need to be brought into compliance.

### ***Request for Information***

This financial report is designed to provide a general overview of the Housing Authority's accountability for all those interested. If you should have additional questions regarding the financial information, please contact our office in writing at the following address:

Housing Authority of Chelan County and the City of Wenatchee  
Attn: Toni Peterson  
1555 S. Methow Street  
Wenatchee, Washington 98801



**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**

**STATEMENT OF NET POSITION  
DECEMBER 31, 2017**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$ 1,216,543
Restricted Cash:	
Tenant Deposits	229,883
Cash Reserves	2,044,445
Total Cash and Cash Equivalents	<u>3,490,871</u>
Accounts Receivable:	
Tenants	52,137
Other, net of allowance for doubtful accounts	44,634
Prepaid Expenses	<u>27,976</u>
Total Current Assets	<u>3,615,618</u>

**NONCURRENT ASSETS**

Land	3,487,579
Land Improvements	4,517,191
Buildings and Improvements	38,267,186
Furnishings and Equipment	<u>523,812</u>
Total	<u>46,795,768</u>
Less: Accumulated Depreciation	<u>15,408,614</u>
Net Capital Assets	<u>31,387,154</u>
Construction in Progress	<u>707,765</u>
Total Capital Assets	<u>32,094,919</u>
 Total Assets	 <u><u>\$ 35,710,537</u></u>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred Outflows of Resources Related to Pensions	<u><u>\$ 387,749</u></u>
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*See accompanying Notes to Financial Statements.*

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**

**STATEMENT OF NET POSITION (CONTINUED)**  
**DECEMBER 31, 2017**

**CURRENT LIABILITIES**

Current Portion of Long-Term Debt	\$ 786,705
Accounts Payable:	
Trade	443,274
Unearned Revenue	42,660
Payroll Taxes Payable	36,696
Compensated Absences Payable	80,234
Accrued Payroll Payable	47,123
Accrued Interest Payable	24,961
Tenant Deposits Payable	178,773
Total Current Liabilities	<u>1,640,426</u>

**NONCURRENT LIABILITIES**

Family Self-Sufficiency Payable	54,536
Long-Term Debt, Net of Current Portion	19,951,712
Net Pension Liability	961,863
Total Noncurrent Liabilities	<u>20,968,111</u>

Total Liabilities	<u><u>\$ 22,608,537</u></u>
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**DEFERRED INFLOWS OF RESOURCES**

Deferred Inflows of Resources Related to Pensions	<u><u>\$ 186,533</u></u>
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**NET POSITION**

Net Investment in Capital Assets	\$ 11,356,502
Restricted	2,044,445
Unrestricted	<u>(97,731)</u>
Total Net Position	<u><u>\$ 13,303,216</u></u>

*See accompanying Notes to Financial Statements.*

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**

**STATEMENT OF REVENUE, EXPENSES, AND CHANGE IN NET POSITION  
YEAR ENDED DECEMBER 31, 2017**

**OPERATING REVENUE**

Tenant Rental Revenue	\$ 2,297,133
Other Operating Revenue	21,524
Total Operating Revenue	<u>2,318,657</u>

**OPERATING EXPENSES**

Housing Assistance Payments	2,497,640
Administrative Salaries	325,711
Utilities	660,180
Depreciation	1,192,077
Maintenance Salaries	519,273
Maintenance and Repairs	607,491
Site Manager Salaries	470,989
Office Expense	147,264
Payroll Taxes	166,216
Payroll Benefits	477,855
Administration Fees	14,944
Travel and Training	62,708
Accounting and Auditing Fees	59,899
Insurance	73,329
Advertising	7,175
Legal Fees	35,049
Bad Debts	135,074
Miscellaneous	15,051
Total Operating Expenses	<u>7,467,925</u>

**OPERATING LOSS** (5,149,268)

**NONOPERATING REVENUE (EXPENSES)**

HUD Operating Subsidies	3,551,687
Other Nonoperating Grants	1,031,842
Interest Income - Reserves	1,418
Interest Income - Other	96,930
Other Nonoperating Revenue	110,642
Interest Expense	(384,604)
Total Nonoperating Revenue	<u>4,407,915</u>

**CHANGE IN NET POSITION** (741,353)

Net Position - Beginning of Year, As Originally Stated 18,487,690

Restatement - Correction of an Error (4,443,121)

Net Position - Beginning of Year, As Restated 14,044,569

**NET POSITION - END OF YEAR** \$ 13,303,216

*See accompanying Notes to Financial Statements.*

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**

**STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2017**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from Tenants	\$ 2,611,230
Cash Paid to Employees	(2,133,533)
Cash Paid to Suppliers	(3,955,091)
Net Cash Used by Operating Activities	<u>(3,477,394)</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Nonoperating Grants	4,138,671
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**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Proceeds from Long-Term Debt	508,500
Proceeds from Capital Grants	204,695
Purchases of Capital Assets	(834,971)
Principal Paid on Capital Debt	(347,624)
Interest Paid on Capital Debt	(386,505)
Other Nonoperating Receipts	110,642
Net Cash Used by Capital and Related Financing Activities	<u>(745,263)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest Received	96,930
Reserve Interest Received	1,418
Net Cash Provided by Investing Activities	<u>98,348</u>

**NET INCREASE IN CASH AND CASH EQUIVALENTS**

14,362

Cash and Cash Equivalents - Beginning of Year

3,476,509

**CASH AND CASH EQUIVALENTS - END OF YEAR**

\$ 3,490,871

*See accompanying Notes to Financial Statements.*

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**

**STATEMENT OF CASH FLOWS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2017**

**RECONCILIATION OF OPERATING LOSS TO NET CASH**

**USED BY OPERATING ACTIVITIES**

Operating Loss	\$ (5,149,268)
Adjustments to Reconcile Operating Loss to Net Cash	
Used by Operating Activities:	
Depreciation	1,192,077
(Increase) Decrease in Operating Assets and Deferred Outflows:	
Accounts Receivable	122,046
Prepaid Expenses	(3,808)
Deferred Outflows Related to Pensions	222,148
Increase (Decrease) in Operating Liabilities and Deferred Inflows:	
Accounts Payable	312,777
Unearned Revenue	837
Payroll Taxes Payable	3,537
Compensated Absences Payable	2,928
Accrued Payroll Payable	113
Tenant Deposits Payable	(1,043)
Accounts Payable Other	(24,791)
Family Self-Sufficiency Payable	29,305
Net Pension Liability	(347,188)
Deferred Inflows Related to Pensions	162,936
	<hr/>
Net Cash Used by Operating Activities	<u><u>\$ (3,477,394)</u></u>

*See accompanying Notes to Financial Statements.*

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and Operations**

The Housing Authority is a municipal corporation established pursuant to Chapter 35.82 RCW as a special purpose government entity that provides low-income housing to a variety of individuals in Chelan and Douglas Counties and is supported primarily through user charges and government grants. The Housing Authority was incorporated on April 21, 1981 and is governed by an 11-member board of directors appointed by the Chelan County Commissioners and the mayors of various cities within the counties. The following is a summary of the most significant policies:

**A. Reporting Entity**

These financial statements present the Housing Authority and its component unit. The component unit discussed below is included in the Housing Authority's reporting entity as a blended component unit because of the significance of its operational or financial relationship with the Housing Authority.

**B. Low Income Housing Tax Credit Entity (Component Unit)**

Bello Rio, LLC, an entity legally separate from the Housing Authority, is governed by the 11-member board comprised of the commissioners of the Housing Authority. For financial reporting purposes, Bello Rio, LLC is reported as if it were part of the Housing Authority's operations because it shares the same governing body as the Housing Authority.

**C. Basis of Accounting and Presentation**

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

The Housing Authority has elected to report as a single-enterprise proprietary fund and uses the economic resources measurement focus and full accrual basis of accounting. The proprietary fund is composed of a number of programs. These programs are designed to provide low-income individuals with housing.

HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Organization and Operations (Continued)**

C. Basis of Accounting and Presentation (Continued)

The Housing Authority constructed and operates apartment units at sites in Chelan County for low-income agricultural workers. Funds for construction were provided by a combination of grants and mortgage notes from Rural Development, a division of the United States Department of Agriculture. Thirty-six units in the Washington Square project were ready for occupancy, and rental operations began May 1, 1984. Thirty-four units in the Wenatchee II project were placed into operation on January 22, 1987. Thirty-five units in the Applewood project were placed into operation on December 1, 1994. Thirty-five units in the Heritage Glen project were placed into operation on June 1, 2002. Eighteen of these units are set aside for seasonal workers. Twenty-two units in the Chelan Bluff project were placed into operation September 2007. Twenty-four units in the Vista Del Rio project were placed into operation in June 2009. Twenty-four units in the Columbia Pointe project were placed into operation in June 2009.

Twenty-one units in the Man\*Sun Villa project were acquired from Chelan-Douglas Housing Association on September 1, 1993. The project provides housing for low-income senior citizens and the disabled in Manson, Washington. Thirty-two units in the Garten Haus project were acquired from Garten Haus Associates Limited Partnership on September 22, 1998. The project provides housing for low-income senior citizens in Leavenworth, Washington. Eighteen units in the River Run project were acquired from Nahahum Cove Associates on February 29, 2000. The project provides housing for low-income families in Cashmere, Washington. Twenty units in the Gibson Gardens project were acquired from Gibson Gardens Limited Partnership on May 2, 2003. The project provides housing for low-income families in Chelan, Washington. Sixteen units in the Chelan Gardens project were acquired from Chelan Gardens Limited Partnership on May 2, 2003. The project provides housing for low-income senior citizens and the disabled in Chelan, Washington. Twenty-six units in the Entiat Gardens project were acquired from Entiat Gardens Limited Partnership on May 2, 2003. The project provides housing for low-income families in Entiat, Washington.

Fifty units in the Wenatchee House Apartments project were acquired on February 25, 2014. The project provides housing for low-income senior citizens and the disabled in Wenatchee, Washington. Thirty-five units in the Emerson Manor project were acquired on February 25, 2014. The project provides housing for low-income senior citizens and the disabled in Wenatchee, Washington. Twenty-eight units in the Lake Chelan Community apartments were acquired on March 26, 2015. The project provides housing for low-income senior citizens and the disabled in Chelan, Washington.

In addition, the Housing Authority operates the Housing Choice Voucher Program (formerly Section Rental/Certificate Program) and the Veterans Affairs Supportive Housing (VASH) Program to provide rental assistance to low-income tenants of nonproject housing as a contract agency through HUD.

HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Organization and Operations (Continued)**

D. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Housing Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

E. Accounts Receivable

Accounts receivable include amounts due from tenants and other government entities. The Housing Authority utilizes the allowance method for recording bad debts. Accounts receivable are carried at the amount considered by management to be collectible. Accounts receivable over 90 days as of December 31, 2017, totaled \$19,968.

F. Capital Assets

Capital assets are defined by the Housing Authority as assets with an initial, individual cost of more than \$5,000 and an anticipated life or of more than one year. Capital assets are recorded at cost. Major expenses for capital assets, including capital leases and major repairs that increase useful lives, are capitalized. Maintenance, repairs, and minor renewals are accounted for as expenses when incurred. Donated capital assets are recorded at acquisition value at the date of donation. In the case of the sale of a significant operating unit or system, the original cost is removed from the capital asset accounts, accumulated depreciation is charged with the accumulated depreciation related to the property sold, and the net gain or loss on disposition is credited or charged to income.

Depreciation is computed on the straight-line method with useful lives of three to 40 years.

Preliminary costs incurred for proposed projects are deferred pending construction of the facility. Costs relating to projects ultimately constructed are transferred to the project; charges that relate to abandoned projects are expensed.

G. Operating Revenues/Expenses

Operating revenues result from fees and charges from providing services in connection with the ongoing operations of providing low-income housing. Operating subsidies and grants are reported as nonoperating revenues and are presented as cash flows from noncapital financing activities in the statement of cash flows. Operating expenses are those expenses that are directly incurred in the operation of providing low-income housing.



HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Organization and Operations (Continued)

H. Compensated Absences

Compensated absences are absences for which employees will be paid for vacation. The Housing Authority records unpaid leave for compensated absences as an expense and liability when incurred.

Vacation pay, which may be accumulated up to 240 hours, is payable upon resignation, retirement, or death.

I. Pensions

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

J. Net Position

Net Investment in Capital Assets – This component of net position consists of all capital assets, net of accumulated depreciation, and capital related deferred outflows of resources reduced by the outstanding balances of any capital related borrowings and deferred inflows of resources.

Restricted – This component of net position consists of restricted by creditors, grantors, laws, regulations or others reduced by related liabilities and deferred inflows of resources.

At December 31, 2017, restricted net position attributable to Housing Choice Vouchers consists of the following:

Housing Choice Voucher (Unspent)	\$ 20,459
Other Cash Reserves	1,959,207
Total Restricted Net Position	<u>\$ 1,979,666</u>

HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Organization and Operations (Continued)**

J. Net Position (Continued)

a) Housing Choice Voucher Cash Balance at Year-End:

Unspent Housing Choice Voucher funding at year-end is considered restricted. The amount unspent funding at December 31, 2017 is \$20,459.

b) Required Cash Reserves

Replacement reserves required by HUD and USDA are considered restricted. The amount of required cash reserves at December 31, 2017 is \$1,959,207.

Unrestricted – This component of net position consists of all net position that does not meet the definitions for “Net investment in capital assets” or “Restricted.”

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

L. Interproject Eliminations

The Housing Authority presents its financial information for the entire government, which includes several projects. Interproject transactions and balances have been eliminated. See supplemental schedules on pages 40 through 49 for project presentations and eliminations.

**NOTE 2 DEPOSITS**

The Housing Authority's bank balance at December 31, 2017 was \$3,490,871.

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

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**NOTE 3 CAPITAL ASSETS**

Capital asset activities for the year ended December 31, 2017 were as follows:

	Balance January 1, 2017	Increases	Deletions	Balance December 31, 2017
<b>CAPITAL ASSETS NOT BEING DEPRECIATED</b>				
Land	\$ 3,487,579	\$ -	\$ -	\$ 3,487,579
Construction in Progress	13,408	872,766	(178,409)	707,765
Total Capital Assets not Being Depreciated	3,500,987	872,766	(178,409)	4,195,344
<b>CAPITAL ASSETS BEING DEPRECIATED</b>				
Land Improvements	4,451,906	65,285	-	4,517,191
Apartment Buildings and Furnishings	38,191,857	75,329	-	38,267,186
Nondwelling Furniture and Equipment	523,812	-	-	523,812
Total Capital Assets Being Depreciated	43,167,575	140,614	-	43,308,189
Less: Accumulated Depreciation				
Land Improvements	2,043,493	143,666	-	2,187,159
Apartment Buildings and Furnishings	11,684,933	1,035,907	-	12,720,840
Nondwelling Furniture and Equipment	488,111	12,504	-	500,615
Total Accumulated Depreciation	14,216,537	1,192,077	-	15,408,614
Net Capital Assets Being Depreciated	28,951,038	(1,051,463)	-	27,899,575
<b>TOTAL NET CAPITAL ASSETS</b>	<u>\$ 32,452,025</u>	<u>\$ (178,697)</u>	<u>\$ (178,409)</u>	<u>\$ 32,094,919</u>

HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017

**NOTE 4 LONG-TERM DEBT**

The Housing Authority has long-term loans secured by capital assets. These loans were used to acquire capital assets that provide low-income housing. They are being repaid from revenues generated by the Housing Authority.

A note to Rural Development, payable at \$681 per month, including interest at 1%, is due September 2039. The note is secured by the land and apartment buildings of the Washington Square project. \$ 159,698

A note to Rural Development, payable at \$1,563 per month, including interest at 1%, is due September 2039. The note is secured by the land and apartment buildings of the Washington Square project. 366,444

A note to Rural Development, payable at \$354 per month, including interest at 1%, is due September 2039. The note is secured by the land and apartment buildings of the Wenatchee II project. 83,063

A note to Rural Development, payable at \$141 per month, including interest at 1%, is due September 2039. The note is secured by the land and apartment buildings of the Wenatchee II project. 33,037

A note to Rural Development, payable at \$1,953 per month, including interest at 1%, is due September 2039. The note is secured by the land and apartment buildings of the Wenatchee II project. 457,958

A note to Rural Development, payable at \$1,378 per month, including interest at 13.25% adjusted by an interest credit to 1%, is due August 2032. The note is secured by the land and apartment buildings of the Man\*Sun Villa project. 458,351

A note to Rural Development, payable at \$714 per month, including interest at 5.75% adjusted by an interest credit to 1%, is due February 2044. The note is secured by the land and apartment buildings of the Man\*Sun Villa project. 243,807

A note to Rural Development, payable at \$2,985 per month, including interest at 1%, is due November 2027. The note is secured by the land and apartment buildings of the Applewood project. 313,585

A note to Rural Development, payable at \$1,378 per month, including interest at 7.125% adjusted by an interest credit to 1%, is due February 2030. The note is secured by the land and apartment buildings of the River Run project. 284,234

A note to Rural Development, payable at \$424 per month, including interest at 7.125% adjusted by an interest credit to 1%, is due February 2030. The note is secured by the land and apartment buildings of the River Run Project. 87,524

HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017

**NOTE 4 LONG-TERM DEBT (CONTINUED)**

A note to Rural Development is deferred to November 1, 2018. The full principal loan amount will be due and payable on or before October 2047. The note is secured by the land and apartment buildings of the River Run Project.	\$ 62,963
A note to KeyBank, payable at \$4,055 per month, including interest at 6.375%, is due with a balloon payment October 2018. The note is secured by the land and apartment buildings of the Garten Haus project.	381,815
A note to the Washington State Housing Finance Commission, payable in semiannual installments of \$5,663, including interest at 3%, is due with a balloon payment October 1, 2018. The note is secured by the land and apartment buildings of the Garten Haus project.	105,445
A note to the Office of Rural and Farmworker Housing, payable in the amount of the principal amount including interest at 3.5%, is due April 15, 2019. The note is secured by the land and apartment buildings of the Garten Haus project.	166,917
A noninterest bearing note to Housing Finance Unit, payable at \$4,598 per year, is due December 2051. The note is secured by the land of the Heritage Glen project, but takes a subordinate position to the Rural Development loan on this project.	159,732
A note to Housing Finance Unit, payable at \$15,203 per year, including interest at 1%, is due December 2051. The note is secured by the apartment buildings of the Heritage Glen project, but takes a subordinate position to the Rural Development loan on this project.	444,484
A note to Rural Development, payable at \$2,382 per month, including interest at 1%, is due June 1, 2034. The note is secured by the apartment buildings of the Heritage Glen project.	447,756
A note to Housing Finance Unit, payable at \$3,476 per quarter, including interest at 1%, is due October 2047. The funds are for predevelopment costs associated with Chelan Bluff.	359,931
A note to Rural Development, payable at \$2,295 per month, including 1% interest, is due November 2038. The note is secured by the land and apartment buildings of the Chelan Bluff project.	523,284
A note to Rural Development, payable at \$665 per month, including 1% interest, is due in November 2039. The note is secured by the land and apartment buildings of the Vista Del Rio project.	156,946
A note to Washington Community Reinvestment Association, payable at \$1,266 per month, including interest at 6.25%, is due June 2049. The note is secured by the land, apartment buildings, and revenues of the Vista Del Rio project.	209,144

# HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017

### NOTE 4 LONG-TERM DEBT (CONTINUED)

A noninterest bearing note to Washington State Department of Commerce is deferred for 40 years. The full principal loan amount will be due and payable on or before October 31, 2045. The note is secured by the land of the Bello Rio, LLC project.	\$ 1,846,986
A note to Banner Bank, payable at \$1,089 per month, including interest at 4.5%, is due May 2043. The note is secured by the land and apartment buildings of the Chelan Gardens project.	144,567
A note to Rural Development, payable at \$509 per month, including interest at 6% adjusted by an interest credit to 1%, is due May 2033. The note is secured by the land and apartment buildings of the Chelan Gardens project.	172,972
A note to Banner Bank, payable at \$1,730 per month, including interest at 4.5%, is due May 2033. The note is secured by the land and apartment buildings of the Entiat Gardens project.	229,737
A note to Rural Development, payable at \$2,322 per month, including interest at 6%, is due May 2031. The note is secured by the land and apartment buildings of the Entiat Gardens project.	256,405
A note to Banner Bank, payable at \$1,533 per month, including interest at 4.5%, is due May 2033. The note is secured by the land and apartment buildings of the Gibson Gardens project.	-
A note to Rural Development, payable at \$623 per month, including interest at 6% adjusted by an interest credit to 1%, is due April 2043. The note is secured by the land and apartment buildings of the Gibson Gardens project.	212,224
A note to Rural Development, payable at \$623 per month, including interest at 3.25% adjusted by an interest credit to 1%, is due October 2047. The note is secured by the land and apartment buildings of the Gibson Gardens project.	68,119
A note to the Office of Rural Farmworker Housing, payable at \$1,319.31 per month, including interest at 3.5% is due November 2035. The note is secured by the land and apartment buildings of the Gibson Gardens project.	210,501
A note to Rural Development, payable at \$900 per month, including interest at 1%, is due October 2041. The note is secured by the land and apartment buildings of the Columbia Pointe project.	222,618
A note to Banner Bank, payable at \$10,464 per month, including interest at 4.25%, is due February 28, 2044. The note is secured by the land and building of Wenatchee House.	1,984,314

HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017

**NOTE 4 LONG-TERM DEBT (CONTINUED)**

A note to Banner Bank, payable at \$7,059 per month, including interest at 4.25% is due February 28, 2044. The note is secured by the land and building of Emerson Manor.	1,338,735
A noninterest bearing note to Washington State Department of Commerce is deferred for 40 years. The full principal loan amount Will be due and payable on or before October 31, 2047. The note is secured by the land and building of Chelan Bluff.	595,500
A noninterest bearing note to Washington State Department of Commerce is deferred for 40 years. The full principal loan amount Will be due and payable on or before October 31, 2047. The note is secured by the land and building of Vista Del Rio.	1,435,000
A noninterest bearing note to Washington State Department of Commerce is deferred for 40 years. The full principal loan amount Will be due and payable on or before March 31, 2049. The note is secured by the land and building of Columbia Pointe.	1,533,773
A noninterest bearing note to Washington State Department of Commerce is deferred for 50 years. The full principal loan amount Will be due and payable on or before December 31, 2049. The note is secured by the land and building of Morning Sun Park.	878,848
A noninterest bearing note to Washington State Department of Commerce is deferred for 40 years. The full principal loan amount Will be due and payable on or before January 31, 2054. The note is secured by the land and building of Wenatchee House.	1,173,000
A noninterest bearing note to Washington State Department of Commerce is deferred for 40 years. The full principal loan amount Will be due and payable on or before January 31, 2054. The note is secured by the land and building of Emerson Manor.	829,000
A noninterest bearing note to Washington State Department of Commerce is deferred for 40 years. The full principal loan amount will be due and payable on or before January 31, 2056. The note is secured by the land and building of Lake Chelan Community Apartments.	\$ <u>2,100,000</u>
Long-Term Debt Payable after One Year	19,951,712
Long-Term Debt Payable within One Year	<u>786,705</u>
Total Long-Term Debt	<u>\$ 20,738,417</u>

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**NOTE 4 LONG-TERM DEBT (CONTINUED)**

Service requirements to maturity for mortgages are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 786,705	\$ 277,555
2019	475,171	242,657
2020	317,564	230,668
2021	327,420	220,706
2022	337,870	212,098
2023-2027	1,841,102	926,258
2028-2032	2,006,405	675,889
2033-2037	1,718,067	443,061
2038-2042	1,446,057	224,940
2043-2047	4,552,780	44,614
2048-2052	2,527,347	2,880
2053-2057	4,102,000	-
2058-2062	-	-
2063-2067	299,929	-
Total	<u>\$ 20,738,417</u>	<u>\$ 3,501,326</u>

Changes in long-term debt are as follows:

<u>Type of Debt</u>	<u>Balance 1/1/2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/2017</u>	<u>Due Within One Year</u>
Rural Development	\$ 4,663,771	\$ 131,082	\$ 183,866	\$ 4,610,987	\$ 175,408
Bank Loans	4,398,691	-	319,524	4,079,167	469,371
WSHFC	113,430	-	7,982	105,448	105,445
CTED	6,733,925	4,647,816	25,488	11,356,253	25,697
WCRA	211,195	-	2,051	209,144	2,183
Office of Rural and Farmworker Housing	13,408	377,418	13,408	377,418	8,601
Total Long-Term Debt	<u>\$ 16,134,420</u>	<u>\$ 5,156,316</u>	<u>\$ 552,319</u>	<u>\$ 20,738,417</u>	<u>\$ 786,705</u>



HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017

**NOTE 5 PENSION PLANS**

The following table represents the aggregate pension amounts for all plans subject to the requirements of the GASB Statement 68, *Accounting and Financial Reporting for Pensions* as of and for the for the year ended December 31, 2017:

Aggregate Pension Amounts - All Plans	
Pension Liabilities	\$ (961,863)
Pension Assets	-
Deferred Outflows of Resources	387,749
Deferred Inflows of Resources	(186,533)
Pension Expense/Expenditures	199,240

**State Sponsored Pension Plans**

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

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

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

Or the DRS CAFR may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov).

**Public Employees' Retirement System (PERS)**

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

HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017

NOTE 5 PENSION PLANS (CONTINUED)

**Public Employees' Retirement System (PERS) (Continued)**

**PERS Plan 1** - provides retirement, disability, and death benefits. Retirement benefits are determined as 2% of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and nonduty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

**Contributions**

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

<u>PERS Plan 1</u>	<u>Employer</u>	<u>Employee*</u>
January - June 2017:		
PERS Plan 1	6.23%	6.00%
PERS Plan 1 UAAL	4.77%	
Administrative Fee	0.18%	
<b>Total</b>	<b>11.18%</b>	<b>6.00%</b>
July - December 2017:		
PERS Plan 1	7.49%	6.00%
PERS Plan 1 UAAL	5.03%	
Administrative Fee	0.18%	
<b>Total</b>	<b>12.70%</b>	<b>6.00%</b>

HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017

NOTE 5 PENSION PLANS (CONTINUED)

**Public Employees' Retirement System (PERS) (Continued)**

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

- With a benefit that is reduced by 3% for each year before age 65; or
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of 5% for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and nonduty disability payments, a cost-of-living allowance (based on the CPI), capped at 3% annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

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

# HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017

### NOTE 5 PENSION PLANS (CONTINUED)

#### Public Employees' Retirement System (PERS) (Continued)

##### Contributions

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

	PERS Plan 2/3	Employer	Employee*
January - June 2017:			
PERS Plan 2/3		6.23%	6.12%
PERS Plan 1 UAAL		4.77%	-
Administrative Fee		0.18%	-
Employee PERS Plan 3			Varies
<b>Total</b>		<b>11.18%</b>	<b>6.12%</b>
July - December 2017:			
PERS Plan 2/3		7.49%	7.38%
PERS Plan 1 UAAL		5.03%	
Administrative Fee		0.18%	
Employee PERS Plan 3			Varies
<b>Total</b>		<b>12.70%</b>	<b>7.38%</b>

The Housing Authorities' actual PERS plan contributions were \$67,236 to PERS Plan 1 and \$94,110 to PERS Plan 2/3 for the year ended December 31, 2017.

##### Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2017 with a valuation date of June 30, 2016. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) 2007-2012 Experience Study and the 2015 Economic Experience Study.

Additional assumptions for subsequent events and law changes are current as of the 2016 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2017. Plan liabilities were rolled forward from June 30, 2016, to June 30, 2017, reflecting each plan's normal cost (using the entry-age cost method), assumed interest, and actual benefit payments.

- Inflation: 3% total economic inflation; 3.75% salary inflation
- Salary increases: In addition to the base 3.75% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- Investment rate of return: 7.5%

HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017

**NOTE 5 PENSION PLANS (CONTINUED)**

**Actuarial Assumptions (Continued)**

Mortality rates were based on the RP-2000 report's Combined Healthy Table and Combined Disabled Table, published by the Society of Actuaries. The OSA applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100% Scale BB. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

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

- How terminated and vested member benefits are valued was corrected.
- How the basic minimum COLA in PERS Plan 1 is valued for legal order payees was improved.
- The average expected remaining service lives calculation was revised.

**Discount Rate**

The discount rate used to measure the total pension liability for all DRS plans was 7.5%.

To determine that rate, an asset sufficiency test included an assumed 7.7% long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. (All plans use 7.7% except LEOFF 2, which has assumed 7.5%). Consistent with the long-term expected rate of return, a 7.5% future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue being made at contractually required rates (including PERS 2/3 employers, whose rates include a component for the PERS 1 plan liabilities). Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.5% was used to determine the total liability.

**Long-Term Expected Rate of Return**

The long-term expected rate of return on the DRS pension plan investments of 7.5% was determined using a building-block-method. In selecting this assumption, the Office of the State Actuary (OSA) reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered capital market assumptions and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns at various future times.

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**NOTE 5 PENSION PLANS (CONTINUED)**

**Estimated Rates of Return by Asset Class**

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017, are summarized in the table below. The inflation component used to create the table is 2.2% and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20 %	1.70%
Tangible Assets	5	4.90%
Real Estate	15	5.80%
Global Equity	37	6.30%
Private Equity	23	9.30%
	100	

**Sensitivity of NPL**

The table below presents the Housing Authorities proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the Housing Authorities proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage point higher (8.5%) than the current rate.

Plan	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
PERS 1	\$ 603,417	\$ 495,339	\$ 401,720
PERS 2/3	1,256,865	466,524	(181,043)

**Pension Plan Fiduciary Net Position**

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

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**NOTE 5 PENSION PLANS (CONTINUED)**

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

At June 30, 2017, the Housing Authority reported a total pension liability of \$961,863 for its proportionate share of the net pension liabilities as follows:

<u>Plan</u>	<u>Liability</u>
PERS 1	\$ (495,339)
PERS 2/3	(466,524)
Total	<u>\$ (961,863)</u>

At June 30, 2017, the Housing Authorities proportionate share of the collective net pension liabilities was as follows (only report applicable plans):

<u>Plan</u>	<u>Proportionate Share 6/30/2016</u>	<u>Proportionate Share 6/30/2017</u>	<u>Change in Proportion</u>
PERS 1	0.011065%	0.010439%	-0.000534%
PERS 2/3	0.014197%	0.013427%	-0.000630%

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

The collective net pension liability (asset) was measured as of June 30, 2017, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2016, with update procedures used to roll forward the total pension liability to the measurement date.

**Pension Expense**

For the year ended December 31, 2017, the Housing Authority recognized pension expense as follows:

<u>Plan</u>	<u>Pension Expense</u>
PERS 1	\$ (163)
PERS 2/3	199,403
Total	<u>\$ 199,240</u>

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**NOTE 5 PENSION PLANS (CONTINUED)**

**Deferred Outflows of Resources and Deferred Inflows of Resources**

At December 31, 2017, the Housing Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>PERS 1</b>		
Differences Between Expected and Actual Experience	\$ -	\$ -
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	(18,485)
Changes of Assumptions	-	-
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	-	-
Contributions Subsequent to the Measurement Date	34,399	-
Total	<u>\$ 34,399</u>	<u>\$ (18,485)</u>
<b>PERS 2/3</b>		
Differences Between Expected and Actual Experience	\$ 47,270	\$ (15,343)
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	(124,364)
Changes of Assumptions	4,955	-
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	249,904	(28,341)
Contributions Subsequent to the Measurement Date	51,221	-
Total	<u>\$ 353,350</u>	<u>\$ (168,048)</u>



**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**NOTE 5 PENSION PLANS (CONTINUED)**

**Deferred Outflows of Resources and Deferred Inflows of Resources**

<u>All Plans</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 47,270	\$ (15,343)
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	(142,849)
Changes of Assumptions	4,955	-
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	249,904	(28,341)
Contributions Subsequent to the Measurement Date	85,620	-
Total	<u>\$ 387,749</u>	<u>\$ (186,533)</u>

Deferred outflows of resources related to pensions resulting from the Housing Authorities contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the following year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>PERS 1</u>
2018	\$ (12,494)
2019	3,945
2020	(917)
2021	(9,019)
2022	-
Thereafter	-
Total	<u>\$ (18,485)</u>

<u>Year Ending December 31,</u>	<u>PERS 2/3</u>
2018	\$ 83,209
2019	106,945
2020	(875)
2021	(54,518)
2022	(295)
Thereafter	(385)
Total	<u>\$ 134,081</u>

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**NOTE 6 RELATED PARTIES**

The Columbia Valley Housing Association (CVHA), an affiliate, was organized as a separate nonprofit entity in 1996 to purchase land for development of low-income, single family, dwelling units. CVHA contracts with the Housing Authority to provide bookkeeping and accounting services. As of December 31, 2017, the Housing Authority had recorded receivables of \$473 from the CVHA.

**NOTE 7 RISK MANAGEMENT**

The Housing Authority is not facing any unnecessary risk and has no settlements that exceeded the insurance coverages traditionally insured with property and casualty insurance. Management is unaware of any loss exposures that may need specialized coverages traditionally excluded in property and casualty insurance.

The Housing Authority is a member of the Housing Authorities Risk Retention Pool (HARRP). Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), 55 public housing authorities in the states of Washington, Oregon, and California originally formed HARRP in March 1987. HARRP was created for the purposes of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and/or jointly contracting for risk management services. HARRP currently has a total of 92 members in the states of Washington, Oregon, Nevada, and California. Thirty-six of the 92 members are Washington public housing entities.

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

HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017

**NOTE 7 RISK MANAGEMENT (CONTINUED)**

General and automobile liability coverages are written on an occurrence basis, without member deductibles. Errors and omissions coverage (which includes employment practices liability) is written on a claims made basis, and the members are responsible for 10% of the incurred costs of the claims. (Due to special underwriting circumstances, some members may be subject to a greater errors and omissions co-payment.) The property coverage offered by HARRP is on a replacement cost basis with deductibles ranging from \$1,000 to \$25,000. Fidelity coverage, with limits of \$100,000 (with options up to \$500,000) for employee dishonesty and forgery or alteration and \$10,000 for theft are also provided, with deductibles the same as property.

Coverage limits for general liability, errors and omissions, and property are \$2,000,000 per occurrence and \$2,000,000 annual aggregate. (Some members have chosen greater property limits for higher valued properties.) Limits for automobile liability are \$1,000,000/\$1,000,000. HARRP self-insures the full layer of coverage for liability lines (\$2,000,000 per occurrence and \$2,000,000 annual aggregate). There is no purchased reinsurance above this limit. For property, HARRP retains \$2,000,000 and \$63,000,000 of reinsurance from St. Paul/Travelers Insurance Company for a combined total of \$65,000,000. The HARRP board of directors determines the limits and coverage terms at its sole discretion.

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

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

**NOTE 8 RESTATEMENT**

**Recoverable Grants**

During 2017, management re-evaluated four recoverable grants received from the Department of Commerce and determined that these grants should have been recognized as forgivable loans instead of being recorded as grant revenue in the year the assets associated with the agreements were placed in service. As a result, net position as of January 1, 2017 has been decreased by \$4,443,121 and long-term debt was increased by \$4,443,121.

HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017

**NOTE 8    RESTATEMENT (CONTINUED)**

**Investment in Limited Partnership**

Effective January 1, 2016, the Housing Authority, as the continuing government, absorbed its former component unit, Morning Sun Park Limited Partnership due to dissolution of the partnership. The carrying values of the assets, liabilities, and net position of the limited partnership were recognized by the Housing Authority and reported in the combining schedules in the 2016 financial statements; however, the Investment in the Limited Partnership of \$697,205 was not removed from the General Fund column of the combining schedule of net position. As a result of discovering this error, the Housing Authority has decreased net position in the General Fund by \$697,205 and also decreased the Investment in Limited Partnership by \$697,205. The overall effect on net position was zero due to the fact that this activity was eliminated in the combined statement of net position.

# HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

## SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY PENSION PLANS, PERS 1 AND PERS 2/3 AS OF JUNE 30, 2017

	2017		2016		2015	
<b>PERS Plan 1</b>						
Employer's Proportion of the Net Pension Liability (Asset)		0.010439%		0.011065%		0.005301%
Employer's Proportionate Share of the Net Pension Liability	\$	495,339	\$	349,451	\$	277,292
Employer's Covered Payroll	\$	1,368,849	\$	1,315,536	\$	609,040
Employer's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll		36.19%		26.56%		45.53%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		61.24%		57.03%		59.10%
<b>PERS Plan 2/3</b>						
Employer's Proportion of the Net Pension Liability (Asset)		0.013427%		0.014197%		0.006877%
Employer's Proportionate Share of the Net Pension Liability	\$	466,524	\$	236,601	\$	245,719
Employer's Covered Payroll	\$	1,368,849	\$	1,315,536	\$	609,040
Employer's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll		34.08%		17.99%		40.35%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		90.97%		85.82%		89.20%

Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the Housing Authority will present information for only those years for which information is available.

# HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

## SCHEDULE OF EMPLOYER CONTRIBUTIONS PENSION PLANS, PERS 1 AND PERS 2/3 AS OF DECEMBER 31, 2017

	2017	2016	2015
<b>PERS Plan 1</b>			
Statutorily or Contractually Required Contributions	\$ 67,236	\$ 64,635	\$ 54,935
Contributions in Relation to the Statutorily or Contractually Required Contributions	(67,236)	(64,635)	(54,935)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Payroll	\$ 1,372,279	\$ 1,355,035	\$ 1,249,985
Contributions as a Percentage of Covered Payroll	4.90%	4.77%	4.39%
<b>PERS Plan 2/3</b>			
Statutorily or Contractually Required Contributions	\$ 94,110	\$ 84,419	\$ 70,566
Contributions in Relation to the Statutorily or Contractually Required Contributions	(94,110)	(84,419)	(70,566)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Payroll	\$ 1,372,279	\$ 1,355,035	\$ 1,249,985

Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the Housing Authority will present information for only those years for which information is available.

**Housing Authority of Chelan County and the City of Wenatchee**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2017**

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Note
				From Pass- Through Awards	From Direct Awards	Total	
Rural Housing Service, Department Of Agriculture	Farm Labor Housing Loans and Grants	10.405	56-004- 911157595 01 1	-	366,444	366,444	-
Rural Housing Service, Department Of Agriculture	Farm Labor Housing Loans and Grants	10.405	56-004- 911157595 01 1	-	159,698	159,698	-
Rural Housing Service, Department Of Agriculture	Farm Labor Housing Loans and Grants	10.405	56-004- 911157595 02 5	-	457,958	457,958	-
Rural Housing Service, Department Of Agriculture	Farm Labor Housing Loans and Grants	10.405	56-004- 911157595 02 5	-	83,063	83,063	-
Rural Housing Service, Department Of Agriculture	Farm Labor Housing Loans and Grants	10.405	56-004- 911157595 02 5	-	33,037	33,037	-
Rural Housing Service, Department Of Agriculture	Farm Labor Housing Loans and Grants	10.405	56-004- 911157595 02 5	-	313,585	313,585	-
Rural Housing Service, Department Of Agriculture	Farm Labor Housing Loans and Grants	10.405	56-004- 911157595 04 9	-	447,756	447,756	-
Rural Housing Service, Department Of Agriculture	Farm Labor Housing Loans and Grants	10.405	56-004- 911157595 07 4	-	523,284	523,284	-
Rural Housing Service, Department Of Agriculture	Farm Labor Housing Loans and Grants	10.405	56-004- 911157595 11 6	-	156,947	156,947	-
Rural Housing Service, Department Of Agriculture	Farm Labor Housing Loans and Grants	10.405	56-004- 911157595 12 8	-	222,618	222,618	-
Rural Housing Service, Department Of Agriculture	Farm Labor Housing Loans and Grants	10.405	56-004- 911157595 13 0	-	-	-	-
			<b>Total CFDA 10.405:</b>	-	<b>2,764,390</b>	<b>2,764,390</b>	-
Rural Housing Service, Department Of Agriculture	Rural Rental Housing Loans	10.415	56-004- 911157595 03 7	-	458,351	458,351	-
Rural Housing Service, Department Of Agriculture	Rural Rental Housing Loans	10.415	56-004- 911157595 03 7	-	243,807	243,807	-
Rural Housing Service, Department Of Agriculture	Rural Rental Housing Loans	10.415	56-004- 911157595 03 7	-	63,411	63,411	-
Rural Housing Service, Department Of Agriculture	Rural Rental Housing Loans	10.415	56-004- 911157595 06 2	-	284,234	284,234	-
Rural Housing Service, Department Of Agriculture	Rural Rental Housing Loans	10.415	56-004- 911157595 06 2	-	87,524	87,524	-

The accompanying notes are an integral part of this schedule.

Rural Housing Service, Department Of Agriculture	Rural Rental Housing Loans	10.415	56-004-911157595 06 2	-	19,130	-
Rural Housing Service, Department Of Agriculture	Rural Rental Housing Loans	10.415	56-004-911157595 06 2	-	62,963	-
Rural Housing Service, Department Of Agriculture	Rural Rental Housing Loans	10.415	56-004-911157595 08 6	-	172,972	-
Rural Housing Service, Department Of Agriculture	Rural Rental Housing Loans	10.415	56-004-911157595 08 6	-	7,053	-
Rural Housing Service, Department Of Agriculture	Rural Rental Housing Loans	10.415	56-004-911157595 10 4	-	256,405	-
Rural Housing Service, Department Of Agriculture	Rural Rental Housing Loans	10.415	56-004-911157595 09 8	-	212,224	-
Rural Housing Service, Department Of Agriculture	Rural Rental Housing Loans	10.415	56-004-911157595 09 8	-	6,113	-
Rural Housing Service, Department Of Agriculture	Rural Rental Housing Loans	10.415	56-004-911157595 09 8	-	68,119	-
<b>Total CFDA 10.415:</b>				-	<b>1,942,306</b>	-
<b>Section 8 Project-Based Cluster</b>						
Office Of Housing-federal Housing Commissioner, Department Of Housing And Urban Development	Section 8 Housing Assistance Payments Program	14.195	WA19M000104	-	160,787	-
Office Of Housing-federal Housing Commissioner, Department Of Housing And Urban Development	Section 8 Housing Assistance Payments Program	14.195	WA19R000018	-	203,667	-
Office Of Housing-federal Housing Commissioner, Department Of Housing And Urban Development	Section 8 Housing Assistance Payments Program	14.195	WA190038002	-	213,160	-
Office Of Housing-federal Housing Commissioner, Department Of Housing And Urban Development	Section 8 Housing Assistance Payments Program	14.195	WA19M000050	-	72,804	-
Office Of Housing-federal Housing Commissioner, Department Of Housing And Urban Development	Section 8 Housing Assistance Payments Program	14.195	WA190015002	-	298,000	-
<b>Total Section 8 Project-Based Cluster:</b>				-	<b>948,418</b>	-
<b>Housing Voucher Cluster</b>						
Office Of Public And Indian Housing, Department Of Housing And Urban Development	Section 8 Housing Choice Vouchers	14.871	WA064	-	2,765,806	-

The accompanying notes are an integral part of this schedule.



Office Of Public And Indian Housing, Department Of Housing And Urban Development	Total Housing Voucher Cluster:	-	2,765,806	2,765,806	-
	14.896      WA064      Family Self-Sufficiency Program	-	42,067	42,067	-
	Total Federal Awards Expended:	-	8,462,987	8,462,987	-

**Housing Authority of Chelan County and the City of Wenatchee**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**January 1, 2017 through December 31, 2017**

**NOTE 1 – BASIS OF ACCOUNTING**

The Housing Authority prepares the Schedule of Expenditures of Federal Awards on the same basis of accounting as the Housing Authority's financial statements. The Housing Authority uses the accrual basis of accounting for all programs receiving federal financial assistance.

**NOTE 2 – PROGRAM COSTS**

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

**NOTE 3 – RURAL RENTAL HOUSING LOAN SUBSIDY CREDIT**

The Rural Housing Service provides the Rural Rental Housing Loan Subsidy Credit for ManSun Villa, River Run, Chelan Gardens, and Gibson Gardens to reduce the effective interest rate of the loan. The Housing Authority records interest expense on the loan net of the subsidy credit.

**NOTE 4 – HOUSING CHOICE VOUCHER PROGRAM EXPENDITURES**

HUD interprets federal awards expended for the Housing Choice Voucher program (CFDA 14.871) as the net ACC subsidy for the fiscal year (Section 8 dollars received net of year-end adjustments) which was \$2,765,806 in 2017. Actual expenditures for 2017 were \$2,973,844.

**NOTE 5 – INDIRECT COST RATE**

The amount expended includes \$0 claimed as an indirect cost recovery using an approved indirect cost rate of 10 percent. The Housing Authority of Chelan County and the City of Wenatchee has elected to use the 10 percent de-minimis indirect cost rate allowed under Uniform Guidance.

HA Of Chelan Co and the City of Wenatchee (WA064)

Wenatchee, WA

Entity Wide Balance Sheet Summary

12/31/2017

	14.896 PIH Family Self- Sufficiency Program	10.415 Rural Rental Housing Loans	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	1 Business Activities	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	10.405 Farm Labor Housing Loans and Grants	Subtotal	Total
111 Cash - Unrestricted	-	335,130	143,215	21,325	191,178	434,896	90,799	-	1,216,543
112 Cash - Restricted - Modernization and Development	-	-	-	-	-	-	-	-	-
113 Cash - Other Restricted	-	288,231	74,995	162,758	64,779	276,057	1,232,161	-	2,088,981
114 Cash - Tenant Security Deposits	-	41,081	-	14,791	8,550	41,649	68,376	-	175,347
115 Cash - Restricted for Payment of Current Liabilities	-	-	-	-	-	-	-	-	-
<b>100 Total Cash</b>	-	<b>665,342</b>	<b>218,210</b>	<b>198,874</b>	<b>264,507</b>	<b>752,602</b>	<b>1,391,336</b>	-	<b>3,490,871</b>
121 Accounts Receivable - PHA Projects	-	-	-	-	-	-	-	-	-
122 Accounts Receivable - HUD Other Projects	-	-	-	-	-	-	-	-	-
124 Accounts Receivable - Other Government	-	-	-	-	4,917	-	-	-	4,917
125 Accounts Receivable - Miscellaneous	-	1	-	-	-	1	-	-	2
126 Accounts Receivable - Tenants	-	17,301	1	4,475	3,445	1,473	25,442	-	52,137
126.1 Allowance for Doubtful Accounts - Tenants	-	-	-	-	-	-	-	-	-
126.2 Allowance for Doubtful Accounts - Other	-	-	-	-	-	-	-	-	-
127 Notes, Loans, & Mortgages Receivable - Current	-	-	-	-	-	-	-	-	-
128 Fraud Recovery	-	-	174,716	-	-	-	-	-	174,716
128.1 Allowance for Doubtful Accounts - Fraud	-	-	(135,000)	-	-	-	-	-	(135,000)
129 Accrued Interest Receivable	-	-	-	-	-	-	-	-	-
<b>120 Total Receivables, Net of Allowances for Doubtful</b>	-	<b>17,302</b>	<b>39,717</b>	<b>4,475</b>	<b>8,362</b>	<b>1,474</b>	<b>25,442</b>	-	<b>96,772</b>
131 Investments - Unrestricted	-	-	-	-	-	-	-	-	-
132 Investments - Restricted	-	-	-	-	-	-	-	-	-
132.1 Investments - Restricted for Payment of Current	-	-	-	-	-	-	-	-	-
142 Prepaid Expenses and Other Assets - Tenants	-	-	-	6,900	21,076	-	-	-	27,976
143 Inventories	-	-	-	-	-	-	-	-	-
143.1 Allowance for Obsolete Inventories	-	-	-	-	-	-	-	-	-
144 Inter Program Due From	-	-	-	-	73,696	-	-	-	73,696
145 Assets Held for Sale	-	-	-	-	-	-	-	-	-
<b>150 Total Current Assets</b>	-	<b>682,644</b>	<b>257,927</b>	<b>210,249</b>	<b>367,641</b>	<b>754,076</b>	<b>1,416,778</b>	-	<b>3,689,315</b>
161 Land	-	427,240	-	220,582	246,803	1,190,950	1,402,004	-	3,487,579
162 Buildings	-	3,859,846	-	3,857,070	1,848,079	7,334,965	21,367,226	-	38,267,186
163 Furniture, Equipment & Machinery - Dwellings	-	-	-	-	-	-	-	-	-
164 Furniture, Equipment & Machinery - Administration	-	77,778	22,967	17,432	177,394	17,438	210,803	-	523,812
165 Leasehold Improvements	-	239,675	-	778,438	384,344	24,721	3,090,013	-	4,517,191
166 Accumulated Depreciation	-	(1,951,261)	(22,967)	(1,384,702)	(1,323,673)	(1,103,939)	(9,622,072)	-	(15,408,614)
167 Construction in Progress	-	412,183	-	-	18,881	276,701	-	-	707,765
168 Infrastructure	-	-	-	-	-	-	-	-	-
<b>160 Total Capital Assets, Net of Accumulated</b>	-	<b>3,065,461</b>	-	<b>3,488,820</b>	<b>1,351,828</b>	<b>7,740,836</b>	<b>16,447,974</b>	-	<b>32,094,919</b>
171 Notes, Loans and Mortgages Receivable - Non-Current	-	-	-	-	-	-	-	-	-
172 Grants Receivable - Non-Current	-	-	-	-	-	-	-	-	-
173 Grants Receivable - Non-Current	-	-	-	-	-	-	-	-	-
174 Other Assets	-	-	-	-	-	-	-	-	-
176 Investments in Joint Ventures	-	-	-	-	-	-	-	-	-
<b>180 Total Non-Current Assets</b>	-	<b>3,065,461</b>	-	<b>3,488,820</b>	<b>1,351,828</b>	<b>7,740,836</b>	<b>16,447,974</b>	-	<b>32,094,919</b>
<b>200 Deferred Outflow of Resources</b>	-	-	-	-	<b>387,749</b>	-	-	-	<b>387,749</b>
<b>290 Total Assets and Deferred Outflow of Resources</b>	-	<b>3,748,105</b>	<b>257,927</b>	<b>3,699,069</b>	<b>2,107,218</b>	<b>8,494,912</b>	<b>17,864,752</b>	-	<b>36,171,983</b>
311 Bank Overdraft	-	-	-	-	-	-	-	-	-
312 Accounts Payable <= 90 Days	-	303,871	3,980	18,855	24,790	87,912	18,386	-	457,794
313 Accounts Payable >90 Days Past Due	-	-	-	-	-	-	-	-	-
321 Accrued Wage/Payroll Taxes Payable	-	-	-	-	83,819	-	-	-	83,819
322 Accrued Compensated Absences - Current Portion	-	8,614	13,546	2,349	22,466	11,009	22,250	-	80,234
324 Accrued Contingency Liability	-	-	-	-	-	-	-	-	-
325 Accrued Interest Payable	-	4,844	-	-	-	15,447	4,670	-	24,961
331 Accounts Payable - HUD PHA Programs	-	-	-	-	-	-	-	-	-
332 Account Payable - PHA Projects	-	-	-	-	-	-	-	-	-
333 Accounts Payable - Other Government	-	-	-	-	-	-	-	-	-
341 Tenant Security Deposits	-	42,195	-	14,785	9,128	42,507	70,158	-	178,773
342 Unearned Revenue	-	24,355	-	1,708	764	1,069	14,764	-	42,660
343 Current Portion of Long-term Debt - Capital	-	60,676	-	-	-	657,666	168,363	-	786,705
343.1 Current Portion of Long-term Debt - Operating	-	-	-	-	-	-	-	-	-
345 Other Current Liabilities	-	-	-	-	-	-	-	-	-
346 Accrued Liabilities - Other	-	-	-	-	-	-	-	-	-
347 Inter Program - Due To	-	-	-	55,662	-	2,890	625	-	59,177
348 Loan Liability - Current	-	-	-	-	-	-	-	-	-
<b>310 Total Current Liabilities</b>	-	<b>444,555</b>	<b>17,526</b>	<b>93,359</b>	<b>140,967</b>	<b>718,500</b>	<b>299,216</b>	-	<b>1,714,123</b>
349 Long-term Debt, Net of Current - Capital	-	2,370,728	-	1,846,986	878,848	7,521,560	7,333,590	-	19,951,712
352 Long-term Debt, Net of Current - Operating Borrowings	-	-	-	-	-	-	-	-	-
353 Non-current Liabilities - Other	-	-	54,536	-	-	-	-	-	54,536
354 Accrued Compensated Absences - Non Current	-	-	-	-	-	-	-	-	-
355 Loan Liability - Non Current	-	-	-	-	-	-	-	-	-
356 FASB 5 Liabilities	-	-	-	-	961,863	-	-	-	961,863
357 Accrued Pension and OPEB Liabilities	-	-	-	-	-	-	-	-	-
<b>350 Total Non-Current Liabilities</b>	-	<b>2,370,728</b>	<b>54,536</b>	<b>1,846,986</b>	<b>1,840,711</b>	<b>7,521,560</b>	<b>7,333,590</b>	-	<b>20,968,111</b>
<b>300 Total Liabilities</b>	-	<b>2,815,283</b>	<b>72,062</b>	<b>1,940,345</b>	<b>1,981,678</b>	<b>8,240,060</b>	<b>7,632,806</b>	-	<b>22,682,234</b>

HA Of Chelan Co and the City of Wenatchee (WA064)

Wenatchee, WA

Entity Wide Balance Sheet Summary

12/31/2017

	14.896 PIH Family Self- Sufficiency Program	10.415 Rural Rental Housing Loans	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	1 Business Activities	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	10.405 Farm Labor Housing Loans and Grants	Subtotal	Total
<b>400 Deferred Inflow of Resources</b>	-	-	-	-	<b>186,533</b>	-	-	-	<b>186,533</b>
508.4 Net Investment in Capital Assets	-	634,057	-	1,641,834	472,980	(338,390)	8,946,021	-	11,356,502
511.4 Restricted Net Position	-	288,017	20,459	162,764	64,779	276,057	1,232,161	-	2,044,237
512.4 Unrestricted Net Position	-	10,748	165,406	(45,874)	(598,752)	317,185	53,764	-	(97,523)
<b>513 Total Equity - Net Assets / Position</b>	-	<b>932,822</b>	<b>185,865</b>	<b>1,758,724</b>	<b>(60,993)</b>	<b>254,852</b>	<b>10,231,946</b>	-	<b>13,303,216</b>
<b>600 Total Liabilities, Deferred Inflows of Resources and</b>	-	<b>3,748,105</b>	<b>257,927</b>	<b>3,699,069</b>	<b>2,107,218</b>	<b>8,494,912</b>	<b>17,864,752</b>	-	<b>36,171,983</b>

HA Of Chelan Co and the City of Wenatchee (WA064)										
Wenatchee, WA										
Entity Wide Revenue and Expense Summary										
12/31/2017										
			14.896 PIH Family Self- Sufficiency Program	10.415 Rural Rental Housing Loans	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	1 Business Activities	14.195 Section 8 Housing Assistance Payments Program, Special Allocations	10.405 Farm Labor Housing Loans and Grants	Total
70300	Net Tenant Rental Revenue			374,522	105	177,401	131,866	491,654	1,121,295	2,296,843
70400	Tenant Revenue - Other									-
70500	Total Tenant Revenue		-	374,522	105	177,401	131,866	491,654	1,121,295	2,296,843
70600	HUD PHA Operating Grants		42,067	203,667	2,765,806	-	-	744,842	-	3,756,382
70610	Capital Grants		-	-	-	-	-	-	-	-
70710	Management Fee		-	-	-	-	-	-	-	-
70720	Asset Management Fee		-	-	-	-	-	-	-	-
70730	Book Keeping Fee		-	-	-	-	-	-	-	-
70740	Front Line Service Fee		-	-	-	-	-	-	-	-
70750	Other Fees		-	-	-	-	-	-	-	-
70700	Total Fee Revenue		-	-	-	-	-	-	-	-
70800	Other Government Grants		-	387,754	-	-	-	-	535,445	923,199
71100	Investment Income - Unrestricted		-	241	195	7	-	184	100	727
71200	Mortgage Interest Income		-	-	-	-	-	-	-	-
71300	Proceeds from Disposition of Assets Held for Sale		-	-	-	-	-	-	-	-
71310	Cost of Sale of Assets		-	-	-	-	-	-	-	-
71400	Fraud Recovery		-	-	35,281	-	-	-	-	35,281
71500	Other Revenue		-	13,185	6,824	26,790	25,896	10,776	13,893	97,364
71600	Gain or Loss on Sale of Capital Assets		-	-	-	-	-	-	-	-
72000	Investment Income - Restricted		-	185	-	183	-	164	848	1,380
70000	Total Revenue		42,067	979,554	2,808,211	204,381	157,762	1,247,620	1,671,581	7,111,176
91100	Administrative Salaries		-	2,930	25,105	-	283,372	14,304	-	325,711
91200	Auditing Fees		-	5,412	26,567	10,700	984	6,888	9,348	59,899
91300	Management Fee		-	-	-	-	-	-	-	-
91310	Book-keeping Fee		-	-	-	-	-	-	-	-
91400	Advertising and Marketing		-	1,399	112	215	460	2,149	2,840	7,175
91500	Employee Benefit contributions - Administrative		-	1,074	8,952	-	126,616	5,012	-	141,654
91600	Office Expenses		-	17,985	30,794	5,590	63,958	15,266	23,029	156,622
91700	Legal Expense		-	4,890	13,113	395	6,871	2,580	7,200	35,049
91800	Travel		-	12,738	19,774	408	13,683	7,711	8,394	62,708
91810	Allocated Overhead		-	-	-	-	-	-	-	-
91900	Other		-	-	-	-	-	-	-	-
91000	Total Operating - Administrative		-	46,428	124,417	17,308	495,944	53,910	50,811	788,818
92000	Asset Management Fee		-	-	-	-	-	-	-	-
92100	Tenant Services - Salaries		42,067	72,506	102,741	22,449	7,163	114,185	109,878	470,989
92200	Relocation Costs		-	-	-	-	-	-	-	-
92300	Employee Benefit Contributions - Tenant Services		-	29,114	56,447	5,321	2,794	36,639	37,935	168,250
92400	Tenant Services - Other		-	-	-	-	-	-	-	-
92500	Total Tenant Services		42,067	101,620	159,188	27,770	9,957	150,824	147,813	639,239
93100	Water		-	41,465	-	11,750	13,277	25,024	128,646	220,162
93200	Electricity		-	14,732	1,178	2,030	1,338	43,459	30,873	93,610
93300	Gas		-	-	-	-	-	-	-	-
93400	Fuel		-	-	-	-	-	-	-	-
93500	Labor		-	-	-	-	-	-	-	-
93600	Sewer		-	51,721	-	11,772	10,769	56,800	69,960	201,022
93700	Employee Benefit Contributions - Utilities		-	-	-	-	-	-	-	-
93800	Other Utilities Expense		-	29,109	-	15,539	9,282	16,157	75,299	145,386
93000	Total Utilities		-	137,027	1,178	41,091	34,666	141,440	304,778	660,180
94100	Ordinary Maintenance and Operations - Labor		-	102,635	-	23,942	21,226	109,213	262,257	519,273
94200	Ordinary Maintenance and Operations - Materials		-	107,227	13,965	41,614	44,274	142,714	257,697	607,491
94300	Ordinary Maintenance and Operations Contracts		-	-	-	-	-	-	-	-
94500	Employee Benefit Contributions - Ordinary		-	49,572	-	10,039	10,668	52,477	121,568	244,324
94000	Total Maintenance		-	259,434	13,965	75,595	76,168	304,404	641,522	1,371,088
95100	Protective Services - Labor		-	-	-	-	-	-	-	-
95200	Protective Services - Other Contract Costs		-	-	-	-	-	-	-	-
95300	Protective Services - Other		-	-	-	-	-	-	-	-
95500	Employee Benefit Contributions - Protective		-	-	-	-	-	-	-	-
95000	Total Protective Services		-	-	-	-	-	-	-	-
96110	Property Insurance		-	7,910	-	7,806	18,413	12,490	26,106	72,725
96120	Liability Insurance		-	-	604	-	-	-	-	604
96130	Workmen's Compensation		-	-	-	-	-	-	-	-
96140	All Other Insurance		-	-	-	-	-	-	-	-
96100	Total Insurance Premiums		-	7,910	604	7,806	18,413	12,490	26,106	73,329
96200	Other General Expenses		-	-	12,334	-	-	-	-	12,334
96210	Compensated Absences		-	9,692	15,118	3,615	21,912	13,148	26,358	89,843
96300	Payments in Lieu of Taxes		-	-	-	-	-	-	-	-
96400	Bad debt - Tenant Rents		-	-	-	-	74	-	-	74
96500	Bad debt - Mortgages		-	-	-	-	-	-	-	-
96600	Bad debt - Other		-	-	135,000	-	-	-	-	135,000
96800	Severance Expense		-	-	-	-	-	-	-	-
96000	Total Other General Expenses		-	9,692	162,452	3,615	21,986	13,148	26,358	237,251
96710	Interest of Mortgage (or Bonds) Payable		-	162,311	-	-	-	172,738	49,555	384,604
96720	Interest on Notes Payable (Short and Long Term)		-	-	-	-	-	-	-	-
96730	Amortization of Bond Issue Costs		-	-	-	-	-	-	-	-
96700	Total Interest Expense and Amortization Cost		-	162,311	-	-	-	172,738	49,555	384,604
96900	Total Operating Expenses		42,067	724,422	461,804	173,185	657,134	848,954	1,246,943	4,154,510

HA Of Chelan Co and the City of Wenatchee (WA064)									
Wenatchee, WA									
Entity Wide Revenue and Expense Summary									
12/31/2017									
		14.896 PIH Family Self- Sufficiency Program	10.415 Rural Rental Housing Loans	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	1 Business Activities	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	10.405 Farm Labor Housing Loans and Grants	Total
97000	Excess of Operating Revenue over Operating	-	255,132	2,346,407	31,196	(499,372)	398,666	424,638	2,956,666
97100	Extraordinary Maintenance	-	-	-	-	-	-	-	-
97200	Casualty Losses - Non-capitalized	-	-	-	-	-	-	-	-
97300	Housing Assistance Payments	-	-	2,491,358	-	-	-	-	2,491,358
97350	HAP Portability-In	-	-	6,282	-	-	-	-	6,282
97400	Depreciation Expense	-	129,194	-	141,504	53,300	213,407	662,975	1,200,380
97500	Fraud Losses	-	-	-	-	-	-	-	-
97600	Capital Outlays - Governmental Funds	-	-	-	-	-	-	-	-
97700	Debt Principal Payment - Governmental Funds	-	-	-	-	-	-	-	-
97800	Dwelling Units Rent Expense	-	-	-	-	-	-	-	-
90000	Total Expenses	42,067	853,616	2,959,444	314,689	710,434	1,062,361	1,909,918	7,852,530
10010	Operating Transfer In	-	-	-	-	448,552	-	-	448,552
10020	Operating transfer Out	-	(96,609)	(14,400)	(30,288)	(16,797)	(109,098)	(181,360)	(448,552)
10030	Operating Transfers from/to Primary Government	-	-	-	-	-	-	-	-
10040	Operating Transfers from/to Component Unit	-	-	-	-	-	-	-	-
10050	Proceeds from Notes, Loans and Bonds	-	-	-	-	-	-	-	-
10060	Proceeds from Property Sales	-	-	-	-	-	-	-	-
10070	Extraordinary Items, Net Gain/Loss	-	-	-	-	-	-	-	-
10080	Special Items (Net Gain/Loss)	-	-	-	-	-	-	-	-
10091	Inter Project Excess Cash Transfer In	-	-	-	-	-	-	-	-
10092	Inter Project Excess Cash Transfer Out	-	-	-	-	-	-	-	-
10093	Transfers between Program and Project - In	-	-	-	-	-	-	-	-
10094	Transfers between Project and Program - Out	-	-	-	-	-	-	-	-
10100	Total Other financing Sources (Uses)	-	(96,609)	(14,400)	(30,288)	431,755	(109,098)	(181,360)	-
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-	29,329	(165,633)	(140,596)	(120,917)	76,161	(419,697)	(741,354)
11020	Required Annual Debt Principal Payments	-	72,449	-	-	-	98,627	166,623	337,699
11030	Beginning Equity	-	903,493	351,498	1,899,320	938,772	178,691	14,215,916	18,487,690
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	-	-	(878,848)	-	(3,564,273)	(4,443,121)
11050	Changes in Compensated Absence Balance	-	-	-	-	-	-	-	-
11060	Changes in Contingent Liability Balance	-	-	-	-	-	-	-	-
11070	Changes in Unrecognized Pension Transition	-	-	-	-	-	-	-	-
11080	Changes in Special Term/Severance Benefits	-	-	-	-	-	-	-	-
11090	Changes in Allowance for Doubtful Accounts -	-	-	-	-	-	-	-	-
11100	Changes in Allowance for Doubtful Accounts -	-	-	-	-	-	-	-	-
11170	Administrative Fee Equity	-	-	165,406	-	-	-	-	165,406
11180	Housing Assistance Payments Equity	-	-	20,459	-	-	-	-	20,459
11190	Unit Months Available	-	1,218	6,504	312	228	1,740	2,232	12,234
11210	Number of Unit Months Leased	-	1,198	5,707	310	226	1,727	2,015	11,183
11270	Excess Cash	-	-	-	-	-	-	-	-
11610	Land Purchases	-	-	-	-	-	-	-	-
11620	Building Purchases	-	-	-	-	-	-	-	-
11630	Furniture & Equipment - Dwelling Purchases	-	-	-	-	-	-	-	-
11640	Furniture & Equipment - Administrative Purchases	-	-	-	-	-	-	-	-
11650	Leasehold Improvements Purchases	-	-	-	-	-	-	-	-
11660	Infrastructure Purchases	-	-	-	-	-	-	-	-
13510	CFFP Debt Service Payments	-	-	-	-	-	-	-	-
13901	Replacement Housing Factor Funds	-	-	-	-	-	-	-	-

# HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

## COMBINING SCHEDULE OF NET POSITION DECEMBER 31, 2017

### ASSETS AND DEFERRED OUTFLOWS

	Washington Square	Wenatchee II	Applewood	Man*Sun Villa	River Run	Heritage Glen	Chelan Gardens	Entiat Gardens
<b>CURRENT ASSETS</b>								
Cash and Cash Equivalents	\$ 10,792	\$ 27,447	\$ 19,570	\$ 26,260	\$ 59,388	\$ (1,522)	\$ 57,707	\$ 96,050
Restricted Cash:								
Tenant Deposits	16,260	16,442	17,501	10,086	8,970	8,500	7,300	6,476
Cash Reserves	126,603	240,129	176,289	35,113	88,438	159,223	16,914	103,916
Total Cash and Cash Equivalents	153,655	284,018	213,360	71,459	156,796	166,201	81,921	206,442
Accounts Receivable:								
Tenants	5,023	(332)	5,664	932	191	7,350	2,088	12,083
Related Parties	-	-	-	-	-	-	-	-
Other, net of allowance for doubtful accounts	-	-	-	-	-	-	1	-
Prepaid Expenses	-	-	-	-	-	-	-	-
Total Current Assets	158,678	283,686	219,024	72,391	156,987	173,551	84,010	218,525
<b>NONCURRENT ASSETS</b>								
Land	159,463	307,860	228,311	103,100	90,000	220,606	45,000	88,860
Land Improvements	454,025	591,472	323,505	37,549	15,017	28,295	55,508	99,295
Construction in Progress	-	-	-	-	219,142	-	-	-
Apartment Buildings and Furnishings	1,768,886	1,978,671	3,257,825	966,696	672,504	3,394,139	574,033	1,010,877
Nondwelling Furniture and Equipment	24,434	32,937	48,613	19,531	36,202	42,914	4,878	12,277
Total	2,406,808	2,910,940	3,858,254	1,126,876	1,032,865	3,685,954	679,419	1,211,309
Less: Accumulated Depreciation	1,521,411	1,722,818	2,034,099	660,248	335,089	1,418,019	237,016	442,072
Net Capital Assets	885,397	1,188,122	1,824,155	466,628	697,776	2,267,935	442,403	769,237
Total Assets	\$ 1,044,075	\$ 1,471,808	\$ 2,043,179	\$ 539,019	\$ 854,763	\$ 2,441,486	\$ 526,413	\$ 987,762
<b>DEFERRED OUTFLOWS OF RESOURCES</b>								
Deferred Outflow of Resources Related to Pensions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

# HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

## COMBINING SCHEDULE OF NET POSITION (CONTINUED) DECEMBER 31, 2017

ASSETS AND DEFERRED OUTFLOWS		Gibson Gardens	Vista Del Rio	Chelan Bluff	Garten Haus	Housing Choice Voucher	Morning Sun Park, LP	Bello Rio, LLC	Columbia Pointe
<b>CURRENT ASSETS</b>									
Cash and Cash Equivalents	\$	95,725	\$ 23,928	\$ 15,660	\$ 158,711	\$ 143,215	\$ 30,945	\$ 21,325	\$ (5,076)
Restricted Cash:									
Tenant Deposits		9,149	-	9,673	8,882	54,536	8,550	14,791	-
Cash Reserves		43,850	216,370	37,624	11,968	20,459	59,047	162,758	275,923
Total Cash and Cash Equivalents		148,724	240,298	62,957	179,561	218,210	98,542	198,874	270,847
Accounts Receivable:									
Tenants									
Related Parties		2,007	3,632	2,324	(254)	1	3,445	4,475	1,781
Other, net of allowance for doubtful accounts		-	-	-	-	-	-	-	-
Prepaid Expenses		-	-	-	-	39,716	-	-	-
Total Current Assets		150,731	243,930	65,281	179,307	257,927	101,987	6,900	272,628
<b>NONCURRENT ASSETS</b>									
Land		100,280	183,365	123,309	285,000	-	-	220,582	179,090
Land Improvements		32,306	807,384	12,626	20,515	-	350,232	778,438	872,706
Construction in Progress		193,041	-	-	53,695	-	-	-	-
Apartment Buildings and Furnishings		635,736	3,560,854	3,890,803	798,789	-	1,848,079	3,857,070	3,516,048
Nondwelling Furniture and Equipment		4,890	7,938	3,145	17,438	22,967	27,829	17,432	50,822
Total		966,253	4,559,541	4,029,883	1,175,437	22,967	2,226,140	4,873,522	4,618,666
Less: Accumulated Depreciation		276,836	935,530	1,012,357	554,671	22,967	1,159,250	1,384,702	977,838
Net Capital Assets		689,417	3,624,011	3,017,526	620,766	-	1,066,890	3,488,820	3,640,828
Total Assets	\$	840,148	\$ 3,867,941	\$ 3,082,807	\$ 800,073	\$ 257,927	\$ 1,168,877	\$ 3,699,069	\$ 3,913,456
<b>DEFERRED OUTFLOWS OF RESOURCES</b>									
Deferred Outflow of Resources Related to Pensions	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -



# HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

## COMBINING SCHEDULE OF NET POSITION (CONTINUED) DECEMBER 31, 2017

### ASSETS AND DEFERRED OUTFLOWS

	Emerson Manor	Wenatchee House	Lake Chelan	Family Self Sufficiency	General	Interproject Eliminations	Total
<b>CURRENT ASSETS</b>							
Cash and Cash Equivalents	\$ 60,859	\$ 114,465	\$ 100,861	\$ -	\$ 160,233	\$ -	\$ 1,216,543
Restricted Cash:							
Tenant Deposits	9,283	13,797	9,687	-	-	-	229,883
Cash Reserves	88,946	105,455	69,688	-	5,732	-	2,044,445
Total Cash and Cash Equivalents	159,088	233,717	180,236	-	165,965	-	3,490,871
Accounts Receivable:							
Tenants	323	(565)	1,969	-	-	-	52,137
Related Parties	-	-	-	-	73,697	(73,697)	-
Other, net of allowance for doubtful accounts	-	-	1	-	4,916	-	44,634
Prepaid Expenses	-	-	-	-	21,076	-	27,976
Total Current Assets	159,411	233,152	182,206	-	265,654	(73,697)	3,615,618
<b>NONCURRENT ASSETS</b>							
Land	285,000	423,750	197,200	-	246,803	-	3,487,579
Land Improvements	-	-	4,206	-	34,112	-	4,517,191
Construction in Progress	223,006	-	-	-	18,881	-	707,765
Apartment Buildings and Furnishings	1,870,342	2,927,622	1,738,212	-	-	-	38,267,186
Nondwelling Furniture and Equipment	-	-	-	-	149,565	-	523,812
Total	2,378,348	3,351,372	1,939,618	-	449,361	-	47,503,533
Less: Accumulated Depreciation	190,549	275,453	83,266	-	164,423	-	15,408,614
Net Capital Assets	2,187,799	3,075,919	1,856,352	-	284,938	-	32,094,919
Total Assets	\$ 2,347,210	\$ 3,309,071	\$ 2,038,558	\$ -	\$ 550,592	\$ (73,697)	\$ 35,710,537
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Deferred Outflow of Resources Related to Pensions	\$ -	\$ -	\$ -	\$ -	\$ 387,749	\$ -	\$ 387,749

# HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

## COMBINING SCHEDULE OF NET POSITION (CONTINUED) DECEMBER 31, 2017

### LIABILITIES, DEFERRED INFLOWS AND NET POSITION

#### CURRENT LIABILITIES

Current Portion of Long-Term Debt

Accounts Payable:

Trade

Related Parties

Other

Unearned Revenue

Payroll Taxes Payable

Compensated Absences Payable

Accrued Payroll Payable

Accrued Interest Payable

Tenant Deposits Payable

Total Current Liabilities

#### NONCURRENT LIABILITIES

Family Self-Sufficiency Payable

Long-Term Debt, Net Current Portion

Net Pension Liability

Total Noncurrent Liabilities

Total Liabilities

#### DEFERRED INFLOWS OF RESOURCES

Deferred Inflow of Resources Related to Pensions

#### NET POSITION

Net Investment in Capital Assets

Restricted

Unrestricted

Total Net Position

	Washington Square	Wenatchee II	Applewood	Man*Sun Villa	River Run	Heritage Glen	Chelan Gardens	Entiat Gardens
\$	21,765	\$ 23,747	\$ 32,830	\$ 15,055	\$ 2,321	\$ 40,304	\$ 9,606	\$ 23,360
	5,566	2,887	3,295	16,803	148,735	2,007	2,828	7,175
	-	-	625	-	-	-	-	-
	-	-	-	-	-	-	-	-
	1,967	1,467	2,188	436	16,418	5,505	277	249
	-	-	-	-	-	-	-	-
	4,499	3,897	2,374	1,328	2,162	4,339	1,091	2,624
	438	478	261	900	667	751	816	2,153
	17,151	16,566	17,500	10,413	8,970	8,480	6,859	6,453
	51,386	49,042	59,073	44,935	179,273	61,386	21,477	42,014
	-	-	-	-	-	-	-	-
	504,377	550,311	280,755	687,103	432,400	1,011,668	307,933	462,782
	-	-	-	-	-	-	-	-
	504,377	550,311	280,755	687,103	432,400	1,011,668	307,933	462,782
	555,763	599,353	339,828	732,038	611,673	1,073,054	329,410	504,796
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
\$	-	-	-	-	-	-	-	-
	359,255	614,064	1,510,570	(235,530)	263,055	1,215,963	124,864	283,095
	126,603	240,129	176,289	35,113	88,438	159,223	16,914	103,916
	2,454	18,262	16,492	7,398	(108,403)	(6,754)	55,225	95,955
	488,312	872,455	1,703,351	(193,019)	243,090	1,368,432	197,003	482,966

# HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

## COMBINING SCHEDULE OF NET POSITION (CONTINUED) DECEMBER 31, 2017

### LIABILITIES, DEFERRED INFLOWS AND NET POSITION

#### CURRENT LIABILITIES

Current Portion of Long-Term Debt  
Accounts Payable:  
Trade  
Related Parties  
Other  
Unearned Revenue  
Payroll Taxes Payable  
Compensated Absences Payable  
Accrued Payroll Payable  
Accrued Interest Payable  
Tenant Deposits Payable  
Total Current Liabilities

	Gibson Gardens	Vista Del Rio	Chelan Bluff	Garten Haus	Housing Choice Voucher	Morning Sun Park, LP	Bello Rio, LLC	Columbia Pointe
\$	10,334	\$ 8,621	\$ 32,750	\$ 487,260	\$ -	\$ -	\$ -	8,346
	128,330	2	3,329	11,784	3,980	5,497	18,855	1,300
	-	-	-	-	-	-	55,662	-
	-	-	-	-	-	-	-	-
	6,975	217	880	406	-	764	1,708	2,540
	-	-	-	-	-	-	-	-
	1,409	3,211	1,563	2,530	13,546	1,066	2,349	2,367
	-	-	-	-	-	-	-	-
	308	1,220	1,336	3,678	-	-	-	186
	9,500	196	10,217	8,882	-	9,128	14,785	48
	156,856	13,467	50,075	514,540	17,526	16,455	93,359	14,787

#### NONCURRENT LIABILITIES

Family Self-Sufficiency Payable  
Long-Term Debt, Net Current Portion  
Net Pension Liability  
Total Noncurrent Liabilities  
Total Liabilities

	480,510	1,792,469	-	-	54,536	-	-	-
	-	-	-	166,917	-	878,848	1,846,986	1,748,045
	480,510	1,792,469	-	166,917	54,536	878,848	1,846,986	1,748,045
\$	637,366	\$ 1,805,936	\$ 1,496,040	\$ 681,457	\$ 72,062	\$ 895,303	\$ 1,940,345	\$ 1,762,832

#### DEFERRED INFLOWS OF RESOURCES

Deferred Inflow of Resources Related to Pensions

\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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#### NET POSITION

Net Investment in Capital Assets  
Restricted  
Unrestricted

\$	198,573	\$ 1,822,921	\$ 1,538,811	\$ (33,411)	\$ -	\$ 188,042	\$ 1,641,834	\$ 1,884,437
	43,850	216,370	37,624	11,968	20,459	59,047	162,758	275,923
	(39,641)	22,714	10,332	140,059	165,406	26,485	(45,868)	(9,736)

Total Net Position

\$	202,782	\$ 2,062,005	\$ 1,586,767	\$ 118,616	\$ 185,865	\$ 273,574	\$ 1,758,724	\$ 2,150,624
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**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**

**COMBINING SCHEDULE OF NET POSITION (CONTINUED)  
DECEMBER 31, 2017**

**LIABILITIES, DEFERRED INFLOWS AND  
NET POSITION**

	Emerson Manor	Wenatchee House	Lake Chelan	Family Self Sufficiency	General	Interproject Eliminations	Total
<b>CURRENT LIABILITIES</b>							
Current Portion of Long-Term Debt	\$ 28,364	\$ 42,042	\$ -	\$ -	\$ -	\$ -	\$ 786,705
Accounts Payable:							
Trade	30,316	10,479	35,333	-	19,293	(14,520)	443,274
Related Parties	-	-	-	-	-	(56,287)	-
Other	-	-	2,890	-	-	(2,890)	-
Unearned Revenue	53	424	186	-	-	-	42,660
Payroll Taxes Payable	-	-	-	-	36,696	-	36,696
Compensated Absences Payable	2,758	4,003	1,718	-	21,400	-	80,234
Accrued Payroll Payable	-	-	-	-	47,123	-	47,123
Accrued Interest Payable	4,741	7,028	-	-	-	-	24,961
Tenant Deposits Payable	9,442	14,388	9,795	-	-	-	178,773
Total Current Liabilities	75,674	78,364	49,922	-	124,512	(73,697)	1,640,426
<b>NONCURRENT LIABILITIES</b>							
Family Self-Sufficiency Payable	-	-	-	-	-	-	54,536
Long-Term Debt, Net Current Portion	2,139,371	3,115,272	2,100,000	-	-	-	19,951,712
Net Pension Liability	-	-	-	-	961,863	-	961,863
Total Noncurrent Liabilities	2,139,371	3,115,272	2,100,000	-	961,863	-	20,968,111
Total Liabilities	\$ 2,215,045	\$ 3,193,636	\$ 2,149,922	\$ -	\$ 1,086,375	\$ (73,697)	\$ 22,608,537
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred Inflow of Resources Related to Pensions	\$ -	\$ -	\$ -	\$ -	\$ 186,533	\$ -	\$ 186,533
<b>NET POSITION</b>							
Net Investment in Capital Assets	\$ 20,064	\$ (81,395)	\$ (243,648)	\$ -	\$ 284,938	\$ -	\$ 11,356,502
Restricted	88,946	105,455	69,688	-	5,732	-	2,044,445
Unrestricted	23,155	91,375	62,596	-	(625,237)	-	(97,731)
Total Net Position	\$ 132,165	\$ 115,435	\$ (111,364)	\$ -	\$ (334,567)	\$ -	\$ 13,303,216

# HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

## COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION YEAR ENDED DECEMBER 31, 2017

	Washington Square	Wenatchee II	Applewood	Man*Sun Villa	River Run	Heritage Glen	Chelan Gardens	Entiat Gardens
<b>OPERATING REVENUE</b>								
Tenant Rental Revenue	\$ 211,133	\$ 211,865	\$ 210,975	\$ 79,069	\$ 64,441	\$ 196,810	\$ 37,550	\$ 102,707
Other Operating Revenue	3,500	-	-	-	-	-	-	-
Total Operating Revenue	<u>214,633</u>	<u>211,865</u>	<u>210,975</u>	<u>79,069</u>	<u>64,441</u>	<u>196,810</u>	<u>37,550</u>	<u>102,707</u>
<b>OPERATING EXPENSES</b>								
Housing Assistance Payments	-	-	-	-	-	-	-	-
Administrative Salaries	-	-	-	-	-	-	-	-
Utilities	45,379	41,042	47,310	15,566	14,520	46,130	19,635	2,930
Depreciation	59,531	68,892	99,573	26,978	20,469	96,557	18,049	57,673
Maintenance Salaries	51,497	61,250	31,305	25,804	19,221	45,950	13,426	37,988
Maintenance and Repairs	69,870	50,441	40,643	34,163	14,547	37,935	21,508	27,216
Management Fees	25,056	23,374	24,695	14,500	12,470	18,793	10,614	27,913
Site Manager Salaries	14,016	13,832	13,830	10,422	13,661	18,562	10,747	17,601
Office Expense	5,019	5,003	5,608	5,741	7,203	4,622	3,531	24,427
Payroll Taxes	10,657	11,030	7,424	5,908	4,673	10,675	3,686	5,474
Payroll Benefits	23,632	22,052	14,072	10,691	12,086	24,147	8,555	8,005
Administration Fees	-	-	-	-	-	-	-	20,641
Travel and Training	1,337	1,215	1,167	5,221	751	1,020	1,409	-
Accounting and Auditing Fees	1,968	1,476	1,476	984	984	1,476	984	3,606
Insurance	3,423	3,281	4,603	1,572	1,373	3,075	1,064	1,476
Advertising	345	345	897	262	269	409	264	2,260
Office Rent	-	-	-	-	-	-	-	320
Legal Fees	1,515	952	2,683	1,553	917	739	1,268	-
Bad Debts	-	-	-	-	-	-	-	486
Miscellaneous	-	-	-	-	-	-	-	-
Total Operating Expenses	<u>313,287</u>	<u>304,229</u>	<u>295,328</u>	<u>159,387</u>	<u>123,144</u>	<u>310,460</u>	<u>114,740</u>	<u>238,016</u>
<b>OPERATING (LOSS) INCOME</b>	<u>(98,654)</u>	<u>(92,364)</u>	<u>(84,353)</u>	<u>(80,318)</u>	<u>(58,703)</u>	<u>(113,650)</u>	<u>(77,190)</u>	<u>(135,309)</u>
<b>NONOPERATING REVENUE (EXPENSES)</b>								
HUD Operating Subsidies	-	-	-	-	-	-	-	203,667
Other Nonoperating Grants	70,801	50,048	63,837	61,830	74,995	51,285	74,547	-
Interest Income - Reserves	83	167	121	23	57	109	11	69
Interest Income - Other	19	32	18	63,666	19,166	1	7,215	75
Other Nonoperating Revenue	624	1,395	476	90	9,655	738	187	2,230
Interest Expense	(5,360)	(5,849)	(3,285)	(75,450)	(23,051)	(9,093)	(17,167)	(26,385)
Total Nonoperating Revenue	<u>66,167</u>	<u>45,793</u>	<u>61,167</u>	<u>50,159</u>	<u>80,822</u>	<u>43,040</u>	<u>64,793</u>	<u>179,656</u>
<b>CHANGES IN NET POSITION</b>								
Net Position - Beginning of Year, Originally Stated	(32,487)	(46,571)	(23,186)	(30,159)	22,119	(70,610)	(12,397)	44,347
Restatement, Correction of an Error	520,799	919,026	1,726,537	(162,860)	220,971	1,439,042	209,400	438,619
Net Position - Beginning of Year, Restated	-	-	-	-	-	-	-	-
<b>NET POSITION - END OF YEAR</b>	<u>\$ 488,312</u>	<u>\$ 872,455</u>	<u>\$ 1,703,351</u>	<u>\$ (193,019)</u>	<u>\$ 243,090</u>	<u>\$ 1,368,432</u>	<u>\$ 197,003</u>	<u>\$ 482,966</u>

# HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

## COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION (CONTINUED) YEAR ENDED DECEMBER 31, 2017

	Gibson Gardens	Vista Del Rio	Chelan Bluff	Garten Haus	Housing Choice Voucher	Morning Sun Park, LP	Bello Rio, LLC	Columbia Pointe
<b>OPERATING REVENUE</b>								
Tenant Rental Revenue	\$ 90,755	\$ 84,370	\$ 143,967	\$ 111,517	\$ 105	\$ 132,156	\$ 177,401	\$ 62,175
Other Operating Revenue	-	-	-	-	-	-	-	-
Total Operating Revenue	90,755	84,370	143,967	111,517	105	132,156	177,401	62,175
<b>OPERATING EXPENSES</b>								
Housing Assistance Payments	-	-	-	-	2,497,640	-	-	-
Administrative Salaries	-	-	-	3,015	25,105	-	-	-
Utilities	29,633	41,764	36,845	40,752	1,178	34,642	41,091	46,308
Depreciation	22,542	118,320	98,527	32,872	-	47,676	138,836	121,575
Maintenance Salaries	16,968	32,994	19,193	31,214	-	21,043	23,942	20,088
Maintenance and Repairs	24,716	35,119	24,151	37,910	13,965	17,235	45,154	23,808
Management Fees	13,804	16,704	14,964	20,809	-	10,257	17,824	16,704
Site Manager Salaries	13,249	18,221	13,213	33,469	102,741	7,003	22,449	18,204
Office Expense	8,014	6,758	4,140	7,447	29,386	4,415	5,380	6,866
Payroll Taxes	4,621	7,325	4,994	8,675	16,249	2,983	4,876	5,685
Payroll Benefits	10,586	18,884	11,455	16,400	64,268	10,487	14,099	13,829
Administration Fees	-	-	-	-	12,334	-	9,134	-
Travel and Training	1,751	895	1,736	1,322	19,774	5,546	408	1,024
Accounting and Auditing Fees	984	984	984	1,476	26,567	984	10,700	984
Insurance	1,641	4,054	3,246	2,262	604	2,646	7,806	4,424
Advertising	284	294	256	326	112	220	215	294
Office Rent	-	-	-	-	12,000	1,200	-	-
Legal Fees	666	290	818	323	13,113	292	395	203
Bad Debts	-	-	-	-	135,000	-	-	-
Miscellaneous	3,168	563	-	2,342	3,808	-	2,668	752
Total Operating Expenses	152,627	303,169	234,522	238,614	2,973,844	166,629	344,977	280,728
<b>OPERATING (LOSS) INCOME</b>	(61,872)	(218,799)	(90,555)	(127,097)	(2,973,739)	(34,473)	(167,576)	(218,553)
<b>NONOPERATING REVENUE (EXPENSES)</b>								
HUD Operating Subsidies	-	-	-	160,878	2,765,806	-	-	-
Other Nonoperating Grants	80,330	125,057	33,076	-	-	-	-	141,341
Interest Income - Reserves	25	141	24	5	-	38	183	203
Interest Income - Other	6,171	16	18	38	195	20	7	(4)
Other Nonoperating Revenue	1,023	6,885	117	4,170	42,105	35	26,790	158
Interest Expense	(20,258)	(14,730)	(8,974)	(29,945)	-	-	-	(2,264)
Total Nonoperating Revenue	67,291	117,369	24,261	135,146	2,808,106	93	26,980	139,434
<b>CHANGES IN NET POSITION</b>								
Net Position - Beginning of Year, Originally Stated	5,419	(101,430)	(66,294)	8,049	(165,633)	(34,380)	(140,596)	(79,119)
Restatement, Correction of an Error	197,363	3,598,435	2,248,561	110,567	351,498	1,186,802	1,899,320	3,763,516
Net Position - Beginning of Year, Restated	-	(1,435,000)	(595,500)	-	-	(878,848)	-	(1,533,773)
<b>NET POSITION - END OF YEAR</b>	\$ 202,782	\$ 2,062,005	\$ 1,586,767	\$ 118,616	\$ 185,865	\$ 273,574	\$ 1,758,724	\$ 2,150,624

# HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

## COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION (CONTINUED) YEAR ENDED DECEMBER 31, 2017

	Emerson Manor	Wenatchee House	Lake Chelan	Family Self Sufficiency	General	Interproject Eliminations	Total
<b>OPERATING REVENUE</b>							
Tenant Rental Revenue	\$ 116,510	\$ 159,140	\$ 104,487	\$ -	\$ -	\$ -	\$ 2,297,133
Other Operating Revenue	-	-	-	-	466,576	(448,552)	21,524
Total Operating Revenue	116,510	159,140	104,487	-	466,576	(448,552)	2,318,657
<b>OPERATING EXPENSES</b>							
Housing Assistance Payments	-	-	-	-	-	-	2,497,640
Administrative Salaries	3,015	5,003	3,271	-	283,372	-	325,711
Utilities	28,107	36,358	36,223	-	24	-	660,180
Depreciation	50,642	85,204	44,222	-	5,624	-	1,192,077
Maintenance Salaries	22,914	33,967	21,098	-	183	-	519,273
Maintenance and Repairs	37,430	36,656	43,048	-	29,979	(58,700)	607,491
Management Fees	20,249	29,012	17,098	-	-	(324,528)	-
Site Manager Salaries	27,265	36,169	17,282	42,067	160	-	470,989
Office Expense	5,584	6,782	5,592	-	60,299	(45,600)	147,264
Payroll Taxes	8,312	11,423	5,990	-	23,025	-	166,216
Payroll Benefits	16,996	24,393	15,087	-	125,495	-	477,855
Administration Fees	-	-	-	-	-	(6,524)	14,944
Travel and Training	1,438	2,039	2,912	-	8,137	-	62,708
Accounting and Auditing Fees	1,476	2,460	1,476	-	-	-	59,899
Insurance	3,528	3,921	2,779	-	15,767	-	73,329
Advertising	1,072	400	351	-	240	-	7,175
Office Rent	-	-	-	-	-	(13,200)	-
Legal Fees	408	404	1,445	-	6,579	-	35,049
Bad Debts	-	-	-	-	74	-	135,074
Miscellaneous	(139)	(275)	-	-	1,644	-	15,051
Total Operating Expenses	228,297	313,936	217,874	42,067	560,602	(448,552)	7,467,925
<b>OPERATING (LOSS) INCOME</b>	(111,787)	(154,796)	(113,387)	(42,067)	(94,026)	-	(5,149,268)
<b>NONOPERATING REVENUE (EXPENSES)</b>							
HUD Operating Subsidies	213,160	298,000	(131,891)	42,067	-	-	3,551,687
Other Nonoperating Grants	-	-	204,695	-	-	-	1,031,842
Interest Income - Reserves	97	40	22	-	-	-	1,418
Interest Income - Other	41	61	44	-	131	-	96,930
Other Nonoperating Revenue	351	139	6,116	-	7,358	-	110,642
Interest Expense	(57,526)	(85,267)	-	-	-	-	(384,604)
Total Nonoperating Revenue	156,123	212,973	78,986	42,067	7,489	-	4,407,915
<b>CHANGES IN NET POSITION</b>							
Net Position - Beginning of Year, Originally Stated	44,336	58,177	(34,401)	-	(86,537)	-	(741,353)
Restatement, Correction of an Error	87,829	57,258	(76,963)	-	449,175	(697,205)	18,487,690
Net Position - Beginning of Year, Restated	87,829	57,258	(76,963)	-	(697,205)	697,205	(4,443,121)
<b>NET POSITION - END OF YEAR</b>	\$ 132,165	\$ 115,435	\$ (111,364)	\$ -	\$ (334,567)	\$ -	\$ 13,303,216

# HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

## COMBINING SCHEDULE OF CASH FLOWS (CONTINUED) YEAR ENDED DECEMBER 31, 2017

	Washington Square	Wenatchee II	Applewood	Man'Sun Villa	River Run	Heritage Glen	Chelan Gardens	Entiat Gardens
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
Receipts from Tenants	\$ 213,895	\$ 212,954	\$ 206,849	\$ 79,140	\$ 63,934	\$ 195,685	\$ 34,019	\$ 92,457
Cash Paid to Employees	(115,039)	(122,451)	(84,863)	(67,697)	(58,734)	(108,186)	(45,079)	(95,990)
Cash Paid to Suppliers	(136,463)	(114,560)	(112,514)	(52,747)	102,827	(105,939)	(51,120)	(102,729)
Net Cash Provided (Used) by Operating Activities	(37,607)	(24,057)	9,472	(41,304)	108,027	(18,440)	(62,180)	(106,262)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>								
Nonoperating Grants	71,109	49,483	63,763	61,682	91,191	54,955	74,414	203,736
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>								
Proceeds from Long-Term Debt	-	-	-	-	62,963	-	-	-
Proceeds from Capital Grants	-	-	-	-	(219,142)	-	-	(27,345)
Purchases of Capital Assets	(21,549)	(23,510)	(14,621)	(13,476)	(13,884)	(39,950)	(9,139)	(22,147)
Principal Paid on Capital Debt	(5,378)	(5,869)	(3,312)	(75,575)	(22,707)	(9,122)	(17,205)	(26,484)
Interest Paid on Capital Debt	624	1,395	476	90	9,655	738	187	2,230
Other Nonoperating Receipts	(26,303)	(27,984)	(49,960)	(88,961)	(183,115)	(48,334)	(26,157)	(73,746)
Net Cash Provided (Used) by Capital and Related Financing Activities	19	32	18	63,666	19,166	1	7,215	75
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
Interest Received	83	167	121	23	57	109	11	69
Reserve Interest Received	102	199	139	63,689	19,223	110	7,226	144
Net Cash Provided by Investing Activities	7,301	(2,359)	23,414	(4,894)	35,326	(11,709)	(6,697)	23,872
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	146,354	286,377	189,946	76,353	121,470	177,910	88,618	182,570
Cash and Cash Equivalents - Beginning of Year	\$ 153,655	\$ 284,018	\$ 213,360	\$ 71,459	\$ 156,796	\$ 166,201	\$ 81,921	\$ 206,442
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 98,654	\$ (92,364)	\$ (84,353)	\$ (80,318)	\$ (58,703)	\$ (113,650)	\$ (77,190)	\$ (135,309)
<b>RECONCILIATION OF OPERATING (LOSS) INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>								
Operating (Loss) Income	\$ 98,654	\$ (92,364)	\$ (84,353)	\$ (80,318)	\$ (58,703)	\$ (113,650)	\$ (77,190)	\$ (135,309)
Adjustments to Reconcile Operating (Loss) Income to Net Cash Provided (Used) by Operating Activities:								
Depreciation	59,531	68,892	99,573	26,978	20,469	96,557	18,049	37,988
Net Pension Liability	-	-	-	-	-	-	-	-
(Increase) Decrease in Operating Assets and Deferred Outflows:								
Accounts Receivable	(367)	681	(5,126)	543	(7)	79	(1,781)	(10,568)
Prepaid Expenses	-	-	-	-	-	-	-	-
Deferred Outflows Related to Pensions	-	-	-	-	-	-	-	-
Increase (Decrease) in Operating Liabilities and Deferred Inflows:								
Accounts Payable	1,755	(946)	(1,885)	12,342	146,631	(1,712)	138	878
Unearned Revenue	-	-	-	-	-	-	-	-
Payroll Taxes Payable	-	-	-	-	-	-	-	-
Compensated Absences Payable	499	(728)	263	(377)	137	286	354	431
Accrued Payroll Payable	-	-	-	-	-	-	-	-
Tenant Deposits Payable	(371)	408	1,000	(472)	(500)	-	(1,750)	318
Accounts Payable Other	-	-	-	-	-	-	-	-
Family Self-Sufficiency Payable	-	-	-	-	-	-	-	-
Deferred Inflows Related to Pensions	-	-	-	-	-	-	-	-
Net Cash Provided (Used) by Operating Activities	(37,607)	(24,057)	9,472	(41,304)	108,027	(18,440)	(62,180)	(106,262)



# HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

## COMBINING SCHEDULE OF CASH FLOWS (CONTINUED) YEAR ENDED DECEMBER 31, 2017

	Gibson Gardens	Visia Del Rio	Chelan Bluff	Garten Haus	Housing Choice Voucher	Morning Sun Park, LP	Bello Rio, LLC	Columbia Pointe
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
Receipts from Tenants	\$ 88,749	\$ 83,790	\$ 142,188	\$ 112,042	\$ (134,894)	\$ 131,154	\$ 176,615	\$ 62,208
Cash Paid to Employees	(56,593)	(88,062)	(60,147)	(106,009)	(210,907)	(54,772)	(71,900)	(69,561)
Cash Paid to Suppliers	49,350	(99,539)	(75,348)	(93,882)	(2,482,266)	(66,095)	(128,820)	(92,755)
Net Cash Provided (Used) by Operating Activities	81,506	(103,811)	6,693	(87,849)	(2,828,067)	10,287	(24,105)	(100,108)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>								
Nonoperating Grants	87,006	124,854	31,174	160,873	2,501,292	-	-	143,721
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>								
Proceeds from Long-Term Debt	278,620	-	-	166,917	-	-	-	-
Purchases of Capital Grants	-	-	-	-	-	-	-	-
Principal Paid on Capital Assets	(193,041)	-	-	(53,695)	-	-	-	(62,394)
Principal Paid on Capital Debt	(215,013)	(8,425)	(32,424)	(31,146)	-	-	-	(8,263)
Interest Paid on Capital Debt	(21,089)	(14,746)	(9,016)	(30,230)	-	-	-	(2,270)
Other Nonoperating Receipts	1,023	6,885	117	4,170	42,105	35	26,790	158
Net Cash Provided (Used) by Capital and Related Financing Activities	(149,510)	(16,286)	(41,325)	56,016	42,105	35	26,790	(72,769)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
Interest Received	6,171	16	18	38	195	20	7	(4)
Reserve Interest Received	25	141	24	5	-	38	183	203
Net Cash Provided by Investing Activities	6,196	157	42	43	195	58	190	199
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>								
Cash and Cash Equivalents - Beginning of Year	25,198	4,914	(3,416)	129,083	(284,475)	10,380	2,875	(28,957)
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>								
	123,526	235,384	66,373	50,478	502,685	88,162	195,999	299,804
	<u>\$ 148,724</u>	<u>\$ 240,298</u>	<u>\$ 62,957</u>	<u>\$ 179,561</u>	<u>\$ 218,210</u>	<u>\$ 98,542</u>	<u>\$ 198,874</u>	<u>\$ 270,847</u>
<b>RECONCILIATION OF OPERATING (LOSS) INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>								
Operating (Loss) Income	\$ (61,872)	\$ (218,799)	\$ (90,555)	\$ (127,097)	\$ (2,973,739)	\$ (34,473)	\$ (167,576)	\$ (218,553)
Adjustments to Reconcile Operating (Loss) Income to Net Cash Provided (Used) by Operating Activities:								
Depreciation	22,542	118,320	98,527	30,872	-	47,676	138,836	121,575
Net Pension Liability	-	-	-	-	-	-	-	-
(Increase) Decrease in Operating Assets and Deferred Outflows:								
Accounts Receivable	(1,507)	(608)	(1,803)	478	117,684	(1,389)	(1,228)	21
Prepaid Expenses	-	-	-	-	-	-	278	-
Deferred Outflows Related to Pensions	-	-	-	-	-	-	-	-
Increase (Decrease) in Operating Liabilities and Deferred Inflows:								
Accounts Payable	122,396	(3,070)	84	7,631	(2,298)	(1,478)	4,845	(3,431)
Unearned Revenue	-	-	-	-	-	409	428	-
Payroll Taxes Payable	-	-	-	-	-	-	-	-
Compensated Absences Payable	447	318	414	220	981	(436)	298	268
Accrued Payroll Payable	-	-	-	-	-	-	-	-
Tenant Deposits Payable	(500)	28	26	47	-	(22)	14	12
Accounts Payable Other	-	-	-	-	-	-	-	-
Family Self-Sufficiency Payable	-	-	-	-	29,305	-	-	-
Deferred Inflows Related to Pensions	-	-	-	-	-	-	-	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 81,506</u>	<u>\$ (103,811)</u>	<u>\$ 6,693</u>	<u>\$ (87,849)</u>	<u>\$ (2,828,067)</u>	<u>\$ 10,287</u>	<u>\$ (24,105)</u>	<u>\$ (100,108)</u>

# HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

## COMBINING SCHEDULE OF CASH FLOWS (CONTINUED) YEAR ENDED DECEMBER 31, 2017

	Emerson Manor	Wenatchee House	Lake Chelan	Family Self Sufficiency	General	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from Tenants	\$ 116,624	\$ 161,548	\$ 105,771	\$ -	\$ 466,502	\$ 2,611,230
Cash Paid to Employees	(91,525)	(130,098)	(76,484)	(42,067)	(377,369)	(2,133,533)
Cash Paid to Suppliers	(56,431)	(93,514)	(126,799)	-	(115,747)	(3,955,091)
Net Cash Provided (Used) by Operating Activities	(31,332)	(62,064)	(97,512)	(42,067)	(26,614)	(3,477,394)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Nonoperating Grants	212,559	296,766	(131,974)	42,067	-	4,138,671
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Proceeds from Long-Term Debt	-	-	-	-	-	508,500
Proceeds from Capital Grants	-	-	204,695	-	-	204,695
Purchases of Capital Assets	(224,299)	-	(34,961)	-	(5,473)	(834,971)
Principal Paid on Capital Debt	(27,186)	(40,296)	204,695	-	(13,408)	(347,624)
Interest Paid on Capital Debt	(57,807)	(85,683)	-	-	-	(386,505)
Other Nonoperating Receipts	351	139	6,116	-	7,358	110,642
Net Cash Provided (Used) by Capital and Related Financing Activities	(308,941)	(125,840)	380,545	-	(11,523)	(745,263)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest Received	41	61	44	-	131	96,930
Reserve Interest Received	97	40	22	-	-	1,418
Net Cash Provided by Investing Activities	138	101	66	-	131	98,348
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(127,576)	108,963	151,125	-	(38,006)	14,362
Cash and Cash Equivalents - Beginning of Year	286,664	124,754	29,111	-	203,971	3,476,509
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 159,088</u>	<u>\$ 233,717</u>	<u>\$ 180,236</u>	<u>\$ -</u>	<u>\$ 165,965</u>	<u>\$ 3,490,871</u>
<b>RECONCILIATION OF OPERATING (LOSS) INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>						
Operating (Loss) Income	\$ (111,787)	\$ (154,796)	\$ (113,387)	\$ (42,067)	\$ (94,026)	\$ (5,149,268)
Adjustments to Reconcile Operating (Loss) Income to Net Cash Provided (Used) by Operating Activities:						
Depreciation	50,642	85,204	44,222	-	5,624	1,192,077
Net Pension Liability	-	-	-	-	(347,188)	(347,188)
(Increase) Decrease in Operating Assets and Deferred Outflows:						
Accounts Receivable	203	2,664	218	-	23,859	122,046
Prepaid Expenses	-	-	-	-	(4,086)	(3,808)
Deferred Outflows Related to Pensions	-	-	-	-	222,148	222,148
Increase (Decrease) in Operating Liabilities and Deferred Inflows:						
Accounts Payable	29,347	4,615	(5,102)	-	2,037	312,777
Unearned Revenue	-	-	-	-	-	837
Payroll Taxes Payable	-	-	-	-	3,537	3,537
Compensated Absences Payable	352	505	264	-	(1,568)	2,928
Accrued Payroll Payable	-	-	-	-	113	113
Tenant Deposits Payable	(89)	(256)	1,064	-	-	(1,043)
Accounts Payable Other	-	-	(24,791)	-	-	(24,791)
Family Self-Sufficiency Payable	-	-	-	-	-	29,305
Deferred Inflows Related to Pensions	-	-	-	-	162,936	162,936
Net Cash Provided (Used) by Operating Activities	<u>\$ (31,332)</u>	<u>\$ (62,064)</u>	<u>\$ (97,512)</u>	<u>\$ (42,067)</u>	<u>\$ (26,614)</u>	<u>\$ (3,477,394)</u>

## ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

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