



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, 2021 through December 31, 2021

Published November 14, 2022

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

November 14, 2022

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,

A handwritten signature in black ink that reads "Pat McCarthy". The signature is fluid and cursive.

Pat McCarthy, State Auditor
Olympia, WA

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Housing Authority of Chelan County and the City of Wenatchee January 1, 2021 through December 31, 2021

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 of the business-type activities and the aggregate discretely presented component units in accordance with accounting principles generally accepted in the United States of America (GAAP).

Internal Control over Financial Reporting:

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

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

Federal Awards

Internal Control over Major Programs:

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

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

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

Identification of Major Federal Programs

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

<u>CFDA No.</u>	<u>Program or Cluster Title</u>
10.405	Farm Labor Housing Loans and Grants
14.195	Section 8 Project-Based Cluster – Section 8 Housing Assistance Payments Program

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

See Finding 2021-001.

SCHEDULE OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Housing Authority of Chelan County and the City of Wenatchee January 1, 2021 through December 31, 2021

2021-001 The Housing Authority's internal controls were inadequate for ensuring compliance with the Housing Quality Standards inspection requirements of its Section 8 Housing Assistance Payments Program.

CFDA Number and Title:	14.195 – Section 8 Housing Assistance Payments Program
Federal Grantor Name:	U.S. Department of Housing and Urban Development
Federal Award/Contract Number:	WA19M000104 WA19R000018 WA190038002 WA19M000050 WA190015002
Pass-through Entity Name:	N/A
Pass-through Award/Contract Number:	N/A
Questioned Cost Amount:	\$0

Description of Condition

The Housing Authority spent \$875,118 in 2021 under the Section 8 Housing Assistance Payments Program, which provides rental assistance to help low-income families afford decent, safe and sanitary rental housing.

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

The Housing Authority must inspect units leased to families at the time of initial occupancy and at least annually to determine if they meet federal Housing Quality Standards (HQS), as well as maintain inspection documentation to demonstrate compliance.

Our audit found the Housing Authority's internal controls were ineffective for ensuring compliance with the program's inspection requirements. The Housing Authority has established procedures for identifying tenants requiring inspections, but it did not perform the required unit inspections during fiscal year 2021.

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

Cause of Condition

Although the Housing Authority has established procedures for identifying tenants requiring inspections, staff did not complete inspections due to decreased staffing levels and precautions taken because of the COVID-19 pandemic, including limiting in-person contact.

Effect of Condition

We used statistical sampling to select and test 25 tenant files. We found the Housing Authority did not complete timely inspections for 19 tenants. Without timely inspections, the Housing Authority cannot demonstrate that its housing units met HQS inspection requirements and were being maintained in a decent, safe and sanitary manner.

Recommendation

We recommend the Housing Authority strengthen internal controls to ensure it complies with HQS inspection requirements.

Housing Authority's Response

Throughout the year 2021, HQS inspections were not conducted as part of the annual verification process in an effort to protect the senior residents at Wenatchee House Apartments from exposure to Covid-19. More specifically, this precaution was taken at times of the year when Covid-19 infection rates/cases were high and Housing Authority employees were testing positive at a rapid rate. The decision was made to eliminate exposure of Covid-19 to seniors who were not yet able to access Covid vaccinations. It was also made to protect our senior residents from the new Delta variant, as even when vaccinated, they remained very vulnerable to this variant. The decision to delay HQS inspections was made in accordance with the Agency's Coronavirus Action Plan. However, because HUD guidelines on the subject pertained only to the Section 8 tenant-based program, the files reviewed at

Wenatchee House were out of compliance with HUD guidelines for the time reviewed. All HQS inspections have since resumed and are now current.

Auditor's Remarks

We appreciate the steps the Authority is taking to resolve this issue. We will review the condition during our next audit.

Applicable Laws and Regulations

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

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

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

Title 24 CFR Part 880, Section 8 Housing Assistance Payments Program for New Construction, section 612, Management and occupancy reviews, establishes requirements to conduct management and occupancy reviews to determine if the owner is in compliance with the contract.

Title 24 CFR Part 884, Section 8 Housing Assistance Payments Program for New Construction, section 217, Maintenance, operations, and inspections establishes requirements to conduct periodic inspections to determine if the owner is meeting his obligation to maintain the units in Decent, Safe, and Sanitary condition and to provide the agreed upon utilities and other services.

INDEPENDENT AUDITOR'S REPORT

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

Housing Authority of Chelan County and the City of Wenatchee January 1, 2021 through December 31, 2021

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 business-type activities and the aggregate discretely presented component units of the Housing Authority of Chelan County and the City of Wenatchee, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements, and have issued our report thereon dated November 7, 2022.

Our report includes a reference to other auditors who audited the financial statements of the Bello Rio LLC, Mountain View Housing Development LLC, and Garten Haus LLLP 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 Bello Rio LLC, Mountain View Housing Development LLC, and Garten Haus LLLP were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Bello Rio LLC, Mountain View Housing Development LLC, and Garten Haus LLLP.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

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

REPORT ON COMPLIANCE AND OTHER MATTERS

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

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

PURPOSE OF THIS REPORT

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

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

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive style with a large, stylized "P" and "M".

Pat McCarthy, State Auditor

Olympia, WA

November 7, 2022

INDEPENDENT AUDITOR'S REPORT

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

Housing Authority of Chelan County and the City of Wenatchee January 1, 2021 through December 31, 2021

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

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on 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 identified as subject to audit in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Housing Authority's major federal programs for the year ended December 31, 2021. The Housing Authority's major federal programs are identified in the auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Housing Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis

for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the Housing Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Housing Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances;
- Obtain an understanding of the Housing Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control over compliance. Accordingly, no such opinion is expressed; and

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Federal Award Findings and Questioned Costs as Finding 2021-001. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the Housing Authority's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Housing Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Housing Authority's Response to Findings

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

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

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify deficiencies in internal control over compliance that we consider to be a material weakness.

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. We consider the deficiencies in internal control over compliance, as described in the accompanying Schedule of Federal Award Findings and Questioned Costs as Finding 2021-001 to be a material weakness.

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.

Housing Authority's Response to Findings

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

Government Auditing Standards requires the auditor to perform limited procedures on the Housing Authority's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Housing Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

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



Pat McCarthy, State Auditor

Olympia, WA

November 7, 2022

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Housing Authority of Chelan County and the City of Wenatchee January 1, 2021 through December 31, 2021

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the Housing Authority of Chelan County and the City of Wenatchee, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Housing Authority of Chelan County and the City of Wenatchee, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Bello Rio LLC, Mountain View Housing Development LLC, and Garten Haus LLLP, which represent 100 percent of the assets, net position and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Bello Rio LLC, Mountain View Housing Development LLC, and Garten Haus LLLP, is based solely on the reports of the other auditors. The financial statements of the Bello Rio LLC, Mountain View Housing Development LLC, and Garten Haus LLLP were not audited in accordance with Government Auditing Standards.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control. Accordingly, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority's ability to continue as a going concern for a reasonable period of time; and
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The accompanying Financial Data Schedule form is supplementary information required by HUD. 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.

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2022 on our consideration of the Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Pat McCarthy". The signature is fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly distinguishable.

Pat McCarthy, State Auditor

Olympia, WA

November 7, 2022

FINANCIAL SECTION

Housing Authority of Chelan County and the City of Wenatchee January 1, 2021 through December 31, 2021

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2021

BASIC FINANCIAL STATEMENTS

Statement of Net Position – 2021

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

Statement of Cash Flows – 2021

Notes to Financial Statements – 2021

REQUIRED SUPPLEMENTARY INFORMATION

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

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

SUPPLEMENTARY AND OTHER INFORMATION

Combining Schedule of Net Position – 2021

Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position – 2021

Schedule of Expenditures of Federal Awards – 2021

Notes to the Schedule of Expenditures of Federal Awards – 2021

Financial Data Schedule – 2021

HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2021

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." Current assets are those that will be received or utilized in one year, current liabilities are those that will be paid or performed within 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 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 assets 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 definition of "Net Investment in Capital Assets" or "Restricted."

HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2021

Financial Statements (Continued)

2. Statement of Revenues, Expenses, and Changes in Fund 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 Changes in Fund Net Position is the "Change in Net Position." This is similar to Net Income or Loss.

3. Statement of Cash Flows – This statement shows 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, 2021

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. State/Local – The Office of Community Development provided development funding for Vista Del Rio, Bello Rio, LLC, Lake Chelan Community Apartment Apartments, Chelan Bluff, Heritage Glen, and Columbia Pointe in prior years. A portion of Morning Sun Park development costs were funded in prior years with HOME funds.
5. General – This represents non-HUD resources developed from a variety of activities, including management fees from projects and various grants.
6. Component Units – Bello Rio, LLC is a low-income housing tax credit (LIHTC) rent-restricted property for low-income farmworkers. Garten Haus LLLP is a senior housing property funded by LIHTC bonds and HUD. Mountain View Housing LLLP is a property currently in construction and will be a LIHTC rent restricted property for low-income farmworkers.

Financial Highlights

- The Housing Authority maintained an average occupancy rate of 97%.
- The Housing Authority's revenues increased \$1.48 million from 2020 to 2021. Revenues were approximately \$10.19 million and \$8.72 million for 2021 and 2020, respectively. The total expenses for all the Housing Authority's programs increased by \$310,180 (3.9%). Total expenses were approximately \$8.30 million and \$7.99 million for 2021 and 2020, respectively.

Financial Analysis of the Housing Authority

The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Fund 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.

HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2021

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, 2021 and 2020		
	2021	2020
ASSETS		
Current and Other Assets	\$ 8,364,837	\$ 6,138,268
Capital Assets	27,872,884	28,076,635
Net Pension Asset	1,110,620	-
Total Assets	37,348,341	34,214,903
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflow of Resources Related to Pensions	132,155	165,885
Total Assets and Deferred Outflows of Resources	\$ 37,480,496	\$ 34,380,788
LIABILITIES		
Current Liabilities	\$ 1,112,584	\$ 1,550,463
Long-Term Liabilities	21,091,268	20,444,665
Total Liabilities	22,203,852	21,995,128
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflow of Resources Related to Pensions	1,204,564	200,912
Deferred Inflow of Resources Related to HUD	-	7,539
Total Deferred Inflows of Resources	1,204,564	208,451
NET POSITION		
Net Investment in Capital Assets	6,564,393	7,544,195
Restricted for:		
Cash Reserves	3,496,568	3,421,085
Pensions	2,307,263	-
Unrestricted	1,703,856	1,211,929
Total Net Position	14,072,080	12,177,209
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 37,480,496	\$ 34,380,788

Total Assets

The Housing Authority's total assets at December 31, 2021 were approximately \$37.3 million, an increase of approximately \$3.1 million from December 31, 2020. This is due to an increase in accounts receivable of approximately \$1.86 million and an increase in net pension assets of \$1.11 million as well as minor increases and decreases in cash and capital assets.

HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2021

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

Deferred Outflows of Resources

Deferred outflows of resources related to pensions decreased approximately by \$34,000 in 2021. This was due to changes in the Housing Authority's proportionate share of collective deferred outflows related to pensions. See Note 5.

Total Liabilities

Total liabilities increased by approximately \$209,000 primarily due to an increase in long term debt in 2021 combined with decreases in accounts payable and the net pension liability. Current liabilities decreased by approximately \$438,000 in 2021. This was primarily due to a decrease in current portion of long-term debt of approximately \$227,000 combined with a decrease in accounts payable of approximately \$223,000. The decrease in the current portion of long-term debt relates to the sale of Garten Haus to Garten Haus LLLP thus the debt was transferred to the Garten Haus LLLP. The decrease in accounts payable relates to prior year including predevelopment costs associated with Emerson Manor and Mountainview properties. Noncurrent liabilities increased by approximately \$647,000 due to proceeds received from debt, offset by current year debt payments. See Note 4.

Deferred Inflows of Resources

Deferred inflows of resources related to pensions increased by \$996,000 in 2021. This was due to changes in the Housing Authority's proportionate share of collective deferred inflows related to pensions. See Note 5.

Total Net Position

The Housing Authority's net position increased by approximately \$1.89 million in 2021 due to revenues exceeding expenses.

HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021**

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

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION		
Years Ended December 31, 2021 and 2020		
	2021	2020
OPERATING REVENUES		
Tenant Revenue - Rent	\$ 2,091,547	\$ 2,188,140
Other Revenue	333,192	106,496
NONOPERATING REVENUES		
HUD Operating Subsidies	5,035,414	4,892,861
HCV CARES Act Funding	-	516,364
Grants	850,166	907,710
Interest	77,036	77,283
Other Nonoperating Revenue	20,969	28,351
Gain on Disposal of Capital Assets	1,785,885	-
Total Revenues	10,194,209	8,717,205
OPERATING EXPENSES		
Administrative	383,673	381,793
Utilities	698,791	669,832
Maintenance	866,838	893,732
General	1,006,444	1,072,368
Housing Assistance Payments	3,914,379	3,446,697
Depreciation	1,085,143	1,100,021
Miscellaneous Expense	12,949	8,391
NONOPERATING EXPENSES		
Loan Fees	32,958	-
COVID Relief Expenses	-	61,080
Interest Expense	298,163	355,244
Total Expenses	8,299,338	7,989,158
CHANGE IN NET POSITION	1,894,871	728,047
Net Position - Beginning of Year	13,486,348	12,927,582
Restatement - Change in Accounting Principle	(1,309,139)	(1,478,420)
Net Position, Beginning of Year, As Restated	12,177,209	11,449,162
NET POSITION - END OF YEAR	<u>\$ 14,072,080</u>	<u>\$ 12,177,209</u>

HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2021

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

Total revenues increased approximately \$1.4 million in 2021 primarily due to a gain from the transfer of Garten Haus's accounts receivable to the General property, as a result of the sale to Garten LLLP.

Capital Assets and Debt Administration

Capital Assets

As of year-end, the Housing Authority had approximately \$27.87 million invested, net of depreciation, in a variety of capital assets. This represents a net decrease of approximately \$204,000 from the previous year. The net decrease includes all additions, disposals, and depreciation. The capital assets are reflected in the following schedule:

	2021	2020
Land	\$ 3,637,880	\$ 3,561,997
Buildings and Improvements	40,548,081	40,223,314
Furnishings and Equipment	289,513	297,988
Total	44,475,474	44,083,299
Less: Accumulated Depreciation	(17,105,084)	(16,663,141)
Construction in Progress	502,494	656,477
Total	\$ 27,872,884	\$ 28,076,635

The decrease in capital assets in 2021 was mainly due to depreciation. See Note 3 of the financial statements for further information.

Debt Outstanding

At year-end, the Housing Authority had approximately \$21.3 million in notes outstanding, which is a \$549,000 increase from the prior year.

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 net pension asset of \$1,110,620, deferred outflows of resources related to pensions of \$132,155, deferred inflows of resources related to pensions of \$1,204,564, net pension liability of \$106,064, and pension expense of (\$300,688). See Note 5 of the financial statements for further information.

HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2021

Economic Factors Affecting the Housing Authority's Future

Currently, Chelan and Douglas counties have a 1% 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. In addition, the significant increase in rent in the area also negatively affected affordability, making it difficult for voucher holders to find housing.

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 by limited partnership 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: Cheryl Cooper
1555 S. Methow Street
Wenatchee, Washington 98801

HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

**STATEMENT OF NET POSITION
DECEMBER 31, 2021**

	Primary Government	Discretely Presented Component Units
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 2,226,354	\$ 559,754
Restricted Cash:		
Tenant Deposits	170,344	23,721
Family Self-Sufficiency	140,308	-
Bond Escrow	-	7,265,707
Cash Reserves	3,496,568	160,577
Total Cash and Cash Equivalents	6,033,574	8,009,759
Accounts Receivable:		
Tenants	165,146	15,951
Related Parties	89,748	-
Other, Net of Allowance for Doubtful Accounts	1,996,436	-
Prepaid Expenses	79,933	670
Total Current Assets	8,364,837	8,026,380
NONCURRENT ASSETS		
Land	3,637,880	1,324,699
Land Improvements	3,767,340	778,438
Buildings and Improvements	36,780,741	5,297,070
Furnishings and Equipment	289,513	17,654
Total	44,475,474	7,417,861
Less: Accumulated Depreciation	17,105,084	1,957,341
Net Capital Assets	27,370,390	5,460,520
Construction in Progress	502,494	11,038,668
Total Capital Assets	27,872,884	16,499,188
OTHER NONCURRENT ASSETS		
Net Pension Asset	1,110,620	-
Total Assets	\$ 37,348,341	\$ 24,525,568
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows of Resources Related to Pensions	\$ 132,155	\$ -

See accompanying Notes to Financial Statements.

HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

**STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2021**

	Primary Government	Discretely Presented Component Units
CURRENT LIABILITIES		
Current Portion of Long-Term Debt	\$ 463,595	\$ -
Accounts Payable:		
Trade	133,584	2,077,398
Revolving Loan Payable	49,635	-
Other	109	1,946,499
Unearned Revenue	64,738	12,580
Payroll Taxes Payable	13,862	-
Compensated Absences Payable	58,204	4,778
Accrued Payroll Payable	47,640	-
Accrued Interest Payable	94,390	110,676
Tenant Deposits Payable	186,827	24,309
Total Current Liabilities	1,112,584	4,176,240
NONCURRENT LIABILITIES		
Family Self-Sufficiency Payable	140,308	-
Related Party Payable	-	760,668
Developer Fee Payable	-	75,351
Long-Term Debt, Net of Current Portion	20,844,896	15,868,244
Net Pension Liability	106,064	-
Total Noncurrent Liabilities	21,091,268	16,704,263
Total Liabilities	\$ 22,203,852	\$ 20,880,503
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflow of Resources Related to Pensions	\$ 1,204,564	\$ -
Deferred Inflow of Resources Related to HUD	-	-
Total Deferred Inflows of Resources	1,204,564	-
NET POSITION		
Net Investment in Capital Assets	6,564,393	630,944
Restricted for:		
Cash Reserves	3,496,568	7,426,284
Pensions	2,307,263	-
Unrestricted	1,703,856	(4,412,163)
Total Net Position	\$ 14,072,080	\$ 3,645,065

See accompanying Notes to Financial Statements.

HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

YEAR ENDED DECEMBER 31, 2021

	Primary	Discretely
	Government	Presented
		Component Units
OPERATING REVENUES		
Tenant Rental Revenue	\$ 2,091,547	\$ 263,446
Other Operating Revenue	333,192	460
Total Operating Revenues	2,424,739	263,906
OPERATING EXPENSES		
Housing Assistance Payments	3,914,379	-
Administrative Salaries	361,939	8,404
Utilities	698,791	71,108
Depreciation	1,085,143	163,239
Maintenance Salaries	412,530	33,910
Maintenance and Repairs	454,308	33,128
Management Fees	-	28,311
Site Manager Salaries	378,998	32,996
Office Expense	187,552	14,882
Payroll Taxes	122,337	8,726
Payroll Benefits	(49,937)	30,376
Administration Fees	21,734	10,281
Travel and Training	49,989	2,332
Accounting and Auditing Fees	48,176	9,714
Insurance	110,613	14,647
Advertising	4,862	409
Legal Fees	29,974	382
Amortization	30	-
Bad Debts	123,880	-
Miscellaneous	12,919	19,929
Total Operating Expenses	7,968,217	482,774
OPERATING LOSS	(5,543,478)	(218,868)
NONOPERATING REVENUES (EXPENSES)		
HUD Operating Subsidies	5,035,414	134,718
Other Nonoperating Grants	850,166	-
Interest Income - Reserves	1,038	27
Interest Income - Other	75,998	20
Other Nonoperating Revenue	20,969	3,600
Gain on Disposal of Capital Assets	1,785,885	-
Loan Fees	(32,958)	-
Interest Expense	(298,163)	(101,471)
Total Nonoperating Revenues and Expenses	7,438,349	36,894

See accompanying Notes to Financial Statements.

HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
(CONTINUED)
YEAR ENDED DECEMBER 31, 2021

	Primary Government	Discretely Presented Component Units
LOSS BEFORE CAPITAL CONTRIBUTIONS	1,894,871	(181,974)
Capital Contributions	-	2,517,900
CHANGE IN NET POSITION	1,894,871	2,335,926
Net Position - Beginning of Year	13,486,348	1,309,139
Restatement - Change in Accounting Principle	(1,309,139)	-
Net Position, Beginning of Year, As Restated	12,177,209	1,309,139
NET POSITION - END OF YEAR	\$ 14,072,080	\$ 3,645,065

HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

**STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021**

	Primary Government
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Tenants	\$ 2,715,917
Cash Paid to Employees	(1,986,145)
Cash Paid to Suppliers	(5,891,156)
Net Cash Used by Operating Activities	(5,161,384)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Nonoperating Grants	5,878,047
(Increase) Decrease in Due to/from Related Party	7,359
Net Cash Provided by Noncapital Financing Activities	5,885,406
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from Long-Term Debt	1,490,848
Proceeds from Sale of Assets	10,498
Purchases of Capital Assets	(1,218,353)
Principal Paid on Capital Debt	(467,882)
Interest Paid on Capital Debt	(332,852)
Other Nonoperating Receipts	20,969
Net Cash Used by Capital and Related Financing Activities	(496,772)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	75,998
Reserve Interest Received	1,038
Net Cash Provided by Investing Activities	77,036
NET INCREASE IN CASH AND CASH EQUIVALENTS	304,286
Cash and Cash Equivalents - Beginning of Year	5,729,288
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 6,033,574

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, 2021**

	Primary Government
RECONCILIATION OF OPERATING LOSS TO NET CASH	
USED BY OPERATING ACTIVITIES	
Operating Loss	\$ (5,543,478)
Adjustments to Reconcile Operating Loss to Net Cash	
Used by Operating Activities:	
Depreciation	1,085,143
Amortization	30
Bad Debts	123,880
(Increase) Decrease in Operating Assets and Deferred Outflows:	
Accounts Receivable	(170,286)
Prepaid Expenses	(57,884)
Net Pension Asset	(1,110,620)
Deferred Outflows Related to Pensions	33,730
Increase (Decrease) in Operating Liabilities and Deferred Inflows:	
Accounts Payable	(133,580)
Unearned Revenue	12,824
Payroll Taxes Payable	(13,068)
Compensated Absences Payable	(17,917)
Accrued Payroll Payable	(18,373)
Tenant Deposits Payable	987
Family Self-Sufficiency Payable	19,543
Net Pension Liability	(375,967)
Deferred Inflows Related to Pensions	1,003,652
Net Cash Used by Operating Activities	<u>\$ (5,161,384)</u>

See accompanying Notes to Financial Statements.

HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

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 discretely presented component units. The discretely presented component units discussed below are reported separately in the Housing Authority's financial statements due to the nature of the units governing body being separate from that of the Housing Authority.

B. Discretely Presented Component Units (Low Income Housing Tax Credit Entities)

The Housing Authority has three component units Bello Rio, LLC, Mountain View Housing LLLP, and Garten Haus LLLP all of which are entities legally separate from the Housing Authority and presented in the "Discretely Presented Component Units" column. Pursuant to the First Amended and Restated Operating Agreement, dated December 20, 2006, Housing Authority of Chelan County and the City of Wenatchee is the Managing Member and Wincopin Circle LLLP is the Investor Member for Bello Rio LLC. Pursuant to the First Amended and Restated Agreement, dated August 27, 2021, Mountain View Housing LLC is the General Partner and Wincopin Circle LLLP is the Limited Partner for Mountain View Housing LLLP. Pursuant to the First Amended and Restated Agreement, dated May 27, 2021, Garten Haus LLC is the General Partner and Wincopin Circle LLLP is the Limited Partner for Garten Haus LLLP. Bello Rio, LLC, Mountain View Housing LLP, and Garten Haus LLLP are all included in the Housing Authority's reporting since they are all fiscally dependent on the Housing Authority and the Housing Authority has financial benefits and potential financial burdens from this entity.

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, 2021

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, 2021

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 & Allowance for Uncollectible Accounts

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. Net other accounts receivable as of December 31, 2021 consisted of gross other accounts receivable of \$2,144,708, less allowance for doubtful accounts of \$148,272.

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 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 forty 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.

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.

HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Organization and Operations (Continued)

H. Compensated Absences (Continued)

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, net pension asset, 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.

For purposes of calculating the restricted net position related to the net pension asset, the (city/county/district) includes the (net pension asset only/net pension asset and the related deferred outflows and deferred inflows/net pension asset and related deferred inflows).

J. Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense) until that time. Deferred outflows of resources consist of contributions to pension plans subsequent to the June 30 measurement date and the District's proportionate share of deferred outflows related to those plans. Pension plan contributions subsequent to the measurement date are recognized as a reduction of the total net pension liability in the following year. Deferred outflows of resources related to pensions for the net difference between projected and actual earnings on plan investments are amortized over a closed five-year period. The remaining deferred outflows of resources related to pensions are amortized over the average expected service lives of all employees provided with pensions through each plan.

Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources consist of the Housing Authority's proportionate share of deferred inflows related to pension plans. Deferred inflows of resources related to pensions for the net difference between projected and actual earnings on plan investments are amortized over a closed five-year period. The remaining deferred inflows of resources related to pensions are amortized over the average expected service lives of all employees provided with pensions through each plan.

HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Organization and Operations (Continued)

K. 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 assets restricted by creditors, grantors, laws, regulations or others reduced by related liabilities and deferred inflows of resources.

At December 31, 2021, restricted net position attributable to restricted cash and reserves consists of the following:

Housing Choice Voucher (Unspent)			\$ 200,693
Other Cash Reserves			3,295,875
Total Restricted Net Position			<u>\$ 3,496,568</u>

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

Unspent Housing Choice Voucher funding at year-end is considered restricted. The amount of unspent funds or restricted balance at December 31, 2021 is \$200,693.

b) Required Cash Reserves

Replacement reserves required by HUD and USDA are considered restricted. The amount of required cash reserves at December 31, 2021 is \$3,295,875.

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.”

L. 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.

M. 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 for project presentations and eliminations.

HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

NOTE 2 DEPOSITS

The Housing Authority's bank balance at December 31, 2021 was \$6,427,044.

Custodial credit risk for deposits is the risk that, in the 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).

NOTE 3 CAPITAL ASSETS

Capital asset activities for the primary government during the year ended December 31, 2021 were as follows:

	Balance January 1, 2021	Increases	Transfers/ Retirements	Balance December 31, 2021
CAPITAL ASSETS NOT BEING DEPRECIATED				
Land	\$ 3,561,997	\$ 655,000	\$ (579,117)	\$ 3,637,880
Construction in Progress	656,477	395,344	(549,327)	502,494
Total Capital Assets Not Being Depreciated	4,218,474	1,050,344	(1,128,444)	4,140,374
CAPITAL ASSETS BEING DEPRECIATED				
Land Improvements	3,769,869	17,986	(20,515)	3,767,340
Apartment Buildings and Furnishings	36,453,445	1,006,609	(679,313)	36,780,741
Nondwelling Furniture and Equipment	297,988	5,566	(14,041)	289,513
Total Capital Assets Being Depreciated	40,521,302	1,030,161	(713,869)	40,837,594
Less: Accumulated Depreciation				
Land Improvements	(2,043,895)	(104,535)	19,344	(2,129,086)
Apartment Buildings and Furnishings	(14,322,794)	(978,155)	609,977	(14,690,972)
Nondwelling Furniture and Equipment	(296,452)	(2,452)	13,878	(285,026)
Total Accumulated Depreciation	(16,663,141)	(1,085,142)	643,199	(17,105,084)
Net Capital Assets Being Depreciated	23,858,161	(54,981)	(70,670)	23,732,510
TOTAL NET CAPITAL ASSETS	\$ 28,076,635	\$ 995,363	\$(1,199,114)	\$ 27,872,884

HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 CAPITAL ASSETS (CONTINUED)

As part of the rehabilitation of Emerson Manor the Housing Authority placed \$111,662 in service to Apartment Buildings and Furnishings which was transferred out of work in process.

Capital asset activities for the discretely presented component units during the year ended December 31, 2021 were as follows:

	Balance January 1, 2021	Increases	Transfers/ Retirements	Balance December 31, 2021
CAPITAL ASSETS NOT BEING DEPRECIATED				
Land	220,582	\$ 810,000 ▼	\$ 294,117 ▼	\$ 1,324,699
Construction in Progress	0	10,858,708 ▼	179,960 ▼	11,038,668
Total Capital Assets Not Being Depreciated	220,582	11,668,708	474,077	12,363,367
CAPITAL ASSETS BEING DEPRECIATED				
Land Improvements	778,438	-	-	778,438
Apartment Buildings and Furnishings	3,857,070	1,440,000 ▼	-	5,297,070
Nondwelling Furniture and Equipment	17,654	-	-	17,654
Total Capital Assets Being Depreciated	4,653,162	1,440,000	-	6,093,162
Less: Accumulated Depreciation				
Land Improvements	(510,234)	-	-	(510,234)
Apartment Buildings and Furnishings	(1,266,374)	(124,713) ▼	-	(1,391,087)
Nondwelling Furniture and Equipment	(17,495)	(38,525) ▼	-	(56,020)
Total Accumulated Depreciation	(1,794,103)	(163,238)	-	(1,957,341)
Net Capital Assets Being Depreciated	2,859,059	1,276,762	-	4,135,821
TOTAL NET CAPITAL ASSETS	\$ 3,079,641	\$ 12,945,470	\$ 474,077	\$ 16,499,188

As part of the construction of Mountain View Apartments the Housing Authority transferred \$181,485 of Work in Progress and \$294,117 of land from the Housing Authority to Mountain View Apartments.

HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

NOTE 4 LONG-TERM DEBT

The Housing Authority has direct borrowings 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. The following is a description of each of the primary government loans:

Description	Amount
Washington Square	
A note to Rural Development, payable at \$681 per month, including interest at 1%, is due September 2039.	\$ 132,873
A note to Rural Development, payable at \$1,563 per month, including interest at 1%, is due September 2039.	304,890
Wenatchee II	
A note to Rural Development, payable at \$354 per month, including interest at 1%, is due September 2039.	69,110
A note to Rural Development, payable at \$141 per month, including interest at 1%, is due September 2039.	27,487
A note to Rural Development, payable at \$1,953 per month, including interest at 1%, is due September 2039.	381,032
Applewood	
A note to Rural Development, payable at \$2,985 per month, including interest at 1%, is due November 2027.	188,637
Man*Sun Villa	
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.	404,516
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.	225,769
A note to the Office of Rural Farmworker Housing, payable at \$562 per month, including interest of 3.5%, due in November 2049.	119,834

HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 LONG-TERM DEBT (CONTINUED)

Description	Amount
River Run	
A note to Rural Development, is deferred for 20 years. The full principal and interest at 7.125% will be due and payable in October 2037.	\$ 87,638
A note to Rural Development, payable at \$960 per month, including interest at 7.125% adjusted by an interest credit to 1%, is due October 2047.	274,480
A note to Rural Development, payable in one regular installment, including interest at 1.0% is due on or before October 2047	974,980
Heritage Glen	
A note to Rural Development, payable at \$2,382 per month, including interest at 1%, is due June 1, 2034.	346,447
A noninterest bearing note to Washington State Department of Commerce, is deferred until future years. Loan is payable at \$4,598 per year, is due December 2051. The note takes a subordinate position to the Rural Development loan on this project.	149,382
A note to Washington State Department of Commerce, is deferred until future years. Loan is payable at \$15,203 per year, including interest at 1%, is due December 2051. The note takes a subordinate position to the Rural Development loan on this project.	420,133
Chelan Gardens	
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.	159,895
A note to Office of Rural Farmworker Housing, payable at \$736 per month, including interest of 3.5%, due in November 2049.	157,026

HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 LONG-TERM DEBT (CONTINUED)

Description	Amount
Entiat Gardens	
A note to Rural Development, payable at \$2,322 per month, including interest at 6%, is due May 2031.	\$ 200,120
A note to Banner Bank, payable at \$1,730 per month, including interest at 4.5%, is due May 2033.	184,606
Gibson Gardens	
A note to the Office of Rural Farmworker Housing, payable at \$1,319 per month, including interest at 3.5% is due November 2035.	174,216
A note to Rural Development, is deferred until future years. Loan is payable at \$623 per month, including interest at 3.25% adjusted by an interest credit to 1%, is due October 2047.	1,093,424
A note to Rural Development, is deferred until future years. A balloon payment of deferred principal and interest at 6% adjusted by an interest credit to 1%, is due January 2039. The final installment is due October 2047.	210,491
Vista Del Rio	
A note to Rural Development, payable at \$665 per month, including interest at 1%, is due in November 2039.	132,446
A noninterest bearing note to Washington State Department of Commerce. Repayment is deferred until sale, refinance, transfer, change of use, if the contractor is out of compliance with terms of the contract, or October 31, 2047. Upon completion of the deferral period, the loan will be converted to a grant with no expectation of repayment. The loan is evidenced by a Promissory Note and secured by a first Deed of Trust.	1,435,000
A note to Washington Community Reinvestment Association, payable at \$1,266 per month, including interest at 6.25%, is due June 2049.	199,533

HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 LONG-TERM DEBT (CONTINUED)

Description	Amount
Chelan Bluff	
A note to Rural Development, payable at \$2,295 per month, including interest at 1%, is due November 2038.	\$ 432,292
A note to Washington State Department of Commerce, is deferred until future years. Loan is payable at \$3,476 per quarter, including interest at 1%, is due October 2047.	333,882
A noninterest bearing note to Washington State Department of Commerce. Repayment is deferred until sale, refinance, transfer, change of use, if the contractor is out of compliance with terms of the contract, or October 31, 2047. Upon completion of the deferral period, the loan will be converted to a grant with no expectation of repayment. The loan is evidenced by a Promissory Note and secured by a first Deed of Trust.	595,500
Morning Sun Park	
A noninterest bearing note to Washington State Department of Commerce. Repayment is deferred until sale, refinance, change of use or ownership, destruction of the property or December 31, 2049. Upon completion of the deferral period, the loan will be converted to a grant with no expectation of repayment. The loan is evidenced by a Promissory Note and secured by a first Deed of Trust.	906,942
Columbia Pointe	
A note to Rural Development, payable at \$900 per month, including interest at 1%, is due October 2041.	190,852
A noninterest bearing note to Washington State Department of Commerce. Repayment is deferred until sale, refinance, transfer, change of use, if the contractor is out of compliance with terms of the contract, or March 31, 2049. Upon completion of the deferral period, the loan will be converted to a grant with no expectation of repayment. The loan is evidenced by a Promissory Note and secured by a first Deed of Trust.	1,533,773

HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 LONG-TERM DEBT (CONTINUED)

Description	Amount
Emerson Manor	
A note to Impact Capital, with monthly interest payments only. The Loan is payable in full on August 31, 2021. The note is unsecured.	\$ 129,756
A note to Banner Bank, payable at \$7,059 per month, including interest at 4.25% is due February 28, 2044.	1,217,688
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.	829,000
Wenatchee House	
A note to Banner Bank, payable at \$10,464 per month, including interest at 4.25%, is due February 28, 2044.	1,804,895
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.	1,173,000
Lake Chelan Community Apartments	
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.	2,100,000
Bavarian Village	
A note to Rural Development, payable at \$1,886 per month, including interest at 2.5%, is due December 30, 2051. Subject to the provisions of the agreement, the payment and interest will be subsidized, the monthly payments will be \$1,369 and interest will be 1%.	646,078
A noninterest bearing note to Washington State Department of Commerce. Repayment is deferred until sale, refinance, transfer, change of use, if the contractor is out of compliance with terms of the contract, or December 31, 2061. Upon completion of the deferral period, the loan will be converted to a grant with no expectation of repayment. The loan is evidenced by a Promissory Note and secured by a Deed of Trust.	1,360,868
Total Long-Term Debt	21,308,491
Long-Term Debt Payable within One Year	463,595
Long-Term Debt Payable after One Year	\$ 20,844,896

HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 LONG-TERM DEBT (CONTINUED)

Service requirements to maturity for mortgages for the primary government are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 463,595	\$ 213,142
2023	344,815	204,872
2024	356,388	196,273
2025	368,726	187,328
2026	381,904	178,021
2027-2031	1,957,691	742,173
2032-2036	1,719,147	505,477
2037-2041	1,835,268	302,012
2042-2046	811,937	74,187
2047-2051	6,959,978	79,958
2052-2056	4,102,000	-
2057-2061	1,360,868	-
2062-2066	646,174	-
Total	\$ 21,308,491	\$ 2,683,442

Changes in long-term debt for the primary government are as follows:

<u>Type of Debt</u>	<u>Balance 1/1/2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/2021</u>	<u>Due Within One Year</u>
Rural Development	\$ 6,024,493	\$ 646,078	\$ 187,363	\$ 6,483,208	\$ 207,706
Bank Loans	3,319,740	-	112,551	3,207,189	96,051
WSHFC	268,000	-	268,000	-	-
WA Department of Commerce	9,476,612	1,360,868	-	10,837,480	26,557
WCRA	202,164	-	2,631	199,533	2,801
ORFH	1,060,171	-	608,846	451,325	15,877
Impact Capital	181,260	129,981	181,485	129,756	129,756
Net Pension Liability	482,031	-	375,967	106,064	-
Family Self Sufficiency Payable	120,765	19,543	-	140,308	-
Total Long-Term Liabilities	\$ 21,135,236	\$ 2,156,470	\$ 1,736,843	\$ 21,554,863	\$ 478,748

HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 LONG-TERM DEBT (CONTINUED)

The following is a description of each of the discretely presented component units loans:

<u>Description</u>	<u>Amount</u>
Bello Rio, LLC	
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.	\$ 1,846,986
Mountain View Housing Development, LLC	
A note to Washington State Department of Commerce is deferred for 40 years. The full principal and interest at 1% will be due and payable on October 31, 2062. The note is evidenced by a Promissory Note and secured by a first Deed of Trust.	2,000,350
Garten Haus LLLP	
A note to Centennial Mortgage Inc with monthly payments of interest at 3.2% due beginning June 2021 through April 2023. Monthly payments of principal and interest of \$16,762 are due beginning April 2023 through maturity of the note on March 1, 2063. The note is secured by a mortgage deed to secure debt or deed of trust.	1,759,411
A note to Washington State Department of Commerce is deferred for 40 years. The full principal and interest at 1% compounded annually beginning February 2022 will be due and payable on April, 2062.	1,436,206
A note to Housing Authority of Chelan County bears interest at 8% calculated based on an actual 360-day basis, compounded annually and is due April 2063. During construction, payments in the amount of \$432,276 or such greater amount as may be approved by the Limited Partner. The remaining principal and interest shall be paid solely from distributions of cash flow or capital proceeds as defined in the partnership agreement.	1,825,291
The Washington State Housing Finance Commission (WSHFC) issued Multifamily Housing Revenue Series 2021 bonds on May 1, 2021, in the amount of \$7,000,000. WSHFC used the proceeds received from the sale of the \$7,000,000 Multifamily Housing Revenue Bonds to acquire a loan made by U.S. Bank National Association and assign the loan to U.S. Bank National Association. The bonds payable bear interest at a rate of 0.37%. Semiannual payments of interest are required from the bond fund beginning January 1, 2022, on January 1 and July 1 of each year until July 1, 2023, when the principal and remaining interest are due. A final installment of \$7,012,950 is due on July 1, 2023.	7,000,000
Total Long-Term Debt	15,868,244
Long-Term Debt Payable within One Year	-
Long-Term Debt Payable after One Year	\$ 15,868,244

HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 LONG-TERM DEBT (CONTINUED)

Service requirements to maturity for mortgages for discretely presented component units are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ -	\$ -
2023	7,150,855	83,484
2024	201,140	110,956
2025	201,140	110,518
2026	201,140	110,044
2027-2031	1,005,136	541,610
2032-2036	-	522,243
2037-2041	-	493,388
2042-2046	1,846,986	450,400
2047-2051	-	386,353
2052-2056	-	290,934
2057-2061	-	148,774
2062-2066	5,261,847	7,464
Total	<u>\$ 15,868,244</u>	<u>\$ 3,256,168</u>

Changes in long-term debt for discretely presented component units are as follows:

<u>Type of Debt</u>	<u>Balance 1/1/2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/2021</u>	<u>Due Within One Year</u>
WSHFC	-	7,000,000	-	7,000,000	-
WA Department of Commerce	1,846,986	3,436,556	-	5,283,542	-
CCWHA	-	1,825,291	-	1,825,291	-
Centennial Mortgage (HUD)	-	1,759,411	-	1,759,411	-
Total Long-Term Liabilities	<u>\$ 1,846,986</u>	<u>\$14,021,258</u>	<u>\$ -</u>	<u>\$ 15,868,244</u>	<u>\$ -</u>

HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

NOTE 5 PENSION PLANS

The following table represents the aggregate pension amounts for all plans for the year ended December 31, 2021:

Aggregate Pension Amounts - All Plans			
Pension Liabilities			\$ (106,064)
Pension Assets			1,110,620
Deferred Outflows of Resources			132,155
Deferred Inflows of Resources			(1,204,564)
Pension Expense			(300,688)

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 annual comprehensive financial report (ACFR) that includes financial statements and required supplementary information for each plan. The DRS ACFR may be obtained by writing to:

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

Or the DRS ACFR may be downloaded from the DRS website at 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.

PERS Plan 1

PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit.

HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5 PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

The PERS Plan 1 member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2021 were as follows:

PERS Plan 1	Employer	Employee*
January - June 2021:		
PERS Plan 1	7.92%	6.00%
PERS Plan 1 UAAL	4.87%	
Administrative Fee	0.18%	
Total	12.97%	6.00%
July - December 2021:		
PERS Plan 1	10.07%	6.00%
Administrative Fee	0.18%	
Total	10.25%	6.00%

HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

NOTE 5 PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

PERS Plan 2/3

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

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

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

PERS Plan 3

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

HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

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 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2021 were as follows:

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

The Housing Authorities' actual PERS plan contributions were \$55,800 to PERS Plan 1 and \$92,717 to PERS Plan 2/3 for the year ended December 31, 2021.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2021 with a valuation date of June 30, 2020. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2013-2018 Demographic Experience Study* and the *2019 Economic Experience Study*.

HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

NOTE 5 PENSION PLANS (CONTINUED)

Actuarial Assumptions (Continued)

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

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

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

There were no changes in assumptions since the last valuation. There were changes in methods since the last valuation.

- For purposes of the June 30, 2020 Actuarial Valuation Report (AVR), a non-contribution rate setting valuation under current funding policy, the Office of the State Actuary (OSA) introduced temporary method changes to produce asset and liability measures as of the valuation date. See high-level summary below. OSA will revert back to the methods outlined in the 2019 AVR when preparing the 2021 AVR, a contribution rate-setting valuation, which will serve as the basis for 2022 ACFR results.
- To produce measures at June 30, 2020, unless otherwise noted in the 2020 AVR, OSA relied on the same data, assets, methods, and assumptions as the June 30, 2019 AVR. OSA projected the data forward one year reflecting assumed new hires and current members exiting the plan as expected. OSA estimated June 30, 2020, assets by relying on the fiscal year end 2019 assets, reflecting actual investment performance over FY 2020, and reflecting assumed contribution amounts and benefit payments during FY 2020. OSA reviewed the actual June 30, 2020, participant and financial data to determine if any material changes to projection assumptions were necessary. OSA also considered any material impacts to the plans from 2021 legislation. See the 2020 AVR for more information.

HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

NOTE 5 PENSION PLANS (CONTINUED)

Discount Rate

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

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

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.4 percent was determined using a building-block-method. In selecting this assumption, the OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMA's) and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the CMA's and their target asset allocation to simulate future investment returns at various future times.

Estimated Rates of Return by Asset Class

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

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

HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5 PENSION PLANS (CONTINUED)

Sensitivity of the Net Pension Liability/(Asset)

The table below presents the Housing Authorities proportionate share of the net pension liability calculated using the discount rate of 7.4 percent, 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 (6.4 percent) or 1-percentage point higher (8.4 percent) than the current rate.

	1% Decrease	Current	1% Increase
Plan	(6.4%)	Discount Rate (7.4%)	(8.4%)
PERS 1	\$ 180,686	\$ 106,064	\$ 40,986
PERS 2/3	(316,394)	(1,110,620)	(1,764,665)

Pension Plan Fiduciary Net Position

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

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

At June 30, 2021, the Housing Authority reported its proportionate share of the net pension liabilities (assets) as follows:

Plan	Liability (Asset)
PERS 1	\$ 106,064
PERS 2/3	(1,110,620)

At June 30, 2021, the Housing Authorities proportionate share of the collective net pension liabilities was as follows:

Plan	Proportionate Share 6/30/2020	Proportionate Share 6/30/2021	Change in Proportion
PERS 1	0.009275%	0.008685%	-0.000590%
PERS 2/3	0.012086%	0.011149%	-0.000937%

HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5 PENSION PLANS (CONTINUED)

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

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2021 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*.

Pension Expense

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

Plan		Pension Expense
PERS 1		\$ (38,191)
PERS 2/3		(262,497)
Total		\$ (300,688)

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2021, 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
PERS 1		
Differences Between Expected and Actual Experience	\$ -	\$ -
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	(117,696)
Changes of Assumptions	-	-
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	-	-
Contributions Subsequent to the Measurement Date	22,380	-
Total	\$ 22,380	\$ (117,696)

HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5 PENSION PLANS (CONTINUED)

Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

	Deferred	Deferred
	Outflows of	Inflows of
PERS 2/3	Resources	Resources
Differences Between Expected and Actual Experience	\$ 53,941	\$ (13,615)
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	(928,218)
Changes of Assumptions	1,623	(78,872)
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	15,844	(66,163)
Contributions Subsequent to the Measurement Date	38,367	-
Total	<u>\$ 109,775</u>	<u>\$ (1,086,868)</u>

HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5 PENSION PLANS (CONTINUED)

Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

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 year ended December 31, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>			PERS 1
2022			\$ (31,178)
2023			(28,570)
2024			(27,014)
2025			(30,934)
2026			-
Thereafter			-
Total			<u>\$ (117,696)</u>
<u>Year Ending December 31,</u>			PERS 2/3
2022			\$ (268,759)
2023			(252,082)
2024			(238,642)
2025			(251,961)
2026			(3,236)
Thereafter			(780)
Total			<u>\$ (1,015,460)</u>

HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

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, 2021, the Housing Authority had recorded receivables of \$123 from the CVHA.

NOTE 7 RISK MANAGEMENT

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), fifty-five public housing authorities in the states of Washington, Oregon and California originally formed HARRP in March 1987. HARRP was created for the purposes of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and/or jointly contracting for risk management services. HARRP currently has a total of ninety-two members in the states of Washington, Oregon, Nevada and California. Thirty-six of the ninety two members are Washington public housing entities.

New members originally contract for a three year term and thereafter automatically renew on an annual basis. Members may quit (after completion of the three year commitment) upon giving notice to 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.

General and Automobile Liability coverages are written on an occurrence basis, without member deductibles. Errors & Omissions coverage (which includes Employment Practices Liability) is written on a claims made basis, and the members are responsible for 10percent of the incurred costs of the claims. (Due to special underwriting circumstances, some members may be subject to a greater E&O co-payment.) The Property coverage offered by 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 & 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.

HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

NOTE 7 RISK MANAGEMENT (CONTINUED)

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.

In the past three years (2021, 2020, and 2019), there have been no claim settlements, per occurrence or in aggregate, that have exceeded the coverage provided by excess/reinsurance contracts.

NOTE 8 RISKS AND UNCERTAINTIES

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of COVID-19. Precautionary measures to slow the spread of the virus continued throughout 2021. These measures included limitations on business operations, public events, gatherings, travel, and in-person interactions.

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

NOTE 9 PRIOR PERIOD ADJUSTMENTS

Bello Rio 2020 balances have been reclassified to be presented separately from the combined financial statements as a discretely presented component unit in the current year. Previously reported combined net position decreased by \$1,309,139.

NOTE 10 RESTATEMENT

Beginning of the year net assets have been restated to reflect a change in account principle to present Bello Rio as a discretely presented component unit. The change resulted in net assets decreasing by \$1,478,420 for the year ended December 31, 2020 and \$1,309,139 for the year ended December 31, 2021.

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, 2021

	2021	2020	2019	2018	2017	2016	2015
PERS Plan 1							
Employer's Proportion of the Net Pension Liability (Asset)							
Employer's Proportionate Share of the Net Pension Liability	0.008685%	0.009275%	0.008733%	0.009894%	0.010439%	0.011065%	0.530100%
Employer's Covered Payroll	\$ (106,064)	\$ 327,458	\$ 335,815	\$ 441,869	\$ 495,339	\$ 349,451	\$ 277,292
Employer's Proportionate Share of the Net Pension Liability as a	\$ 1,387,590	\$ 1,359,112	\$ 1,227,050	\$ 1,312,520	\$ 1,368,849	\$ 1,315,536	\$ 609,040
Percentage of Covered Payroll	-7.64%	24.09%	27.37%	33.67%	36.19%	26.56%	26.56%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.64%	68.64%	67.12%	63.22%	61.24%	57.03%	59.10%
PERS Plan 2/3							
Employer's Proportion of the Net Pension Liability (Asset)							
Employer's Proportionate Share of the Net Pension Liability	0.011149%	0.012086%	0.011273%	0.012703%	0.013427%	0.014197%	0.687700%
Employer's Covered Payroll	\$ 1,110,620	\$ 154,573	\$ 109,499	\$ 216,892	\$ 466,524	\$ 236,601	\$ 245,719
Employer's Proportionate Share of the Net Pension Liability as a	\$ 1,387,590	\$ 1,359,112	\$ 1,227,050	\$ 1,312,520	\$ 1,368,849	\$ 1,315,536	\$ 609,040
Percentage of Covered Payroll	80.04%	11.37%	8.92%	16.52%	34.08%	17.99%	17.99%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	97.22%	97.22%	97.77%	95.77%	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, 2021

	2021	2020	2019	2018	2017	2016	2015
PERS Plan 1							
Statutorily or Contractually Required Contributions	\$ 67,733	\$ 67,733	\$ 62,785	\$ 62,458	\$ 67,236	\$ 64,635	\$ 54,935
Contributions in Relation to the Statutorily or Contractually Required Contributions	(67,733)	(67,733)	(62,785)	(62,458)	(67,236)	(64,635)	(54,935)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 1,358,270	\$ 1,411,914	\$ 1,270,667	\$ 1,233,575	\$ 1,372,279	\$ 1,355,035	\$ 1,249,985
Contributions as a Percentage of Covered Payroll	4.99%	4.80%	4.94%	5.06%	4.90%	4.77%	4.39%
PERS Plan 2/3							
Statutorily or Contractually Required Contributions	\$ 111,824	\$ 111,824	\$ 98,149	\$ 92,517	\$ 94,110	\$ 84,419	\$ 70,566
Contributions in Relation to the Statutorily or Contractually Required Contributions	(111,824)	(111,824)	(98,149)	(92,517)	(94,110)	(84,419)	(70,566)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 1,358,270	\$ 1,411,914	\$ 1,270,667	\$ 1,233,575	\$ 1,372,279	\$ 1,355,035	\$ 1,249,985
Contributions as a Percentage of Covered Payroll	8.23%	7.92%	7.72%	7.50%	6.86%	6.23%	5.65%

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

COMBINING SCHEDULE OF NET POSITION – PRIMARY GOVERNMENT DECEMBER 31, 2021

	Washington Square	Wenatchee II	Applewood	Man*Sun Villa	River Run	Heritage Glen	Chelan Gardens	Entiat Gardens	Gibson Gardens
ASSETS AND DEFERRED OUTFLOWS									
CURRENT ASSETS									
Cash and Cash Equivalents	\$ 35,939	\$ 48,073	\$ 141,442	\$ 136,230	\$ 96,496	\$ 109,994	\$ 57,304	\$ 212,739	\$ 87,570
Restricted Cash:									
Tenant Deposits	18,269	17,321	19,417	10,824	9,202	19,118	8,692	5,351	10,733
Family Self-Sufficiency	-	-	-	-	-	-	-	-	-
Cash Reserves	225,840	326,772	275,265	25,640	142,825	214,131	23,312	295,403	131,901
Total Cash and Cash Equivalents	280,048	392,166	436,124	172,694	248,523	343,243	89,308	513,493	230,204
Acco units Receivable:									
Tenants	24,244	7,060	17,176	6,161	3,275	19,818	3,767	19,541	15,584
Related Parties	-	-	-	-	-	-	-	-	-
Other, net of allowance for doubtful acco units	-	-	-	-	-	-	-	-	-
Investment in Limited Partnership	-	-	-	-	-	-	-	-	-
Prepaid Expenses	3,510	3,869	3,884	2,241	2,238	3,925	1,673	3,216	2,226
Total Current Assets	307,802	403,095	457,184	181,096	254,036	366,986	94,748	536,250	248,014
NONCURRENT ASSETS									
Land	159,463	307,860	228,311	103,100	90,000	220,606	45,000	88,860	100,280
Land Improvements	454,025	552,170	308,228	37,549	15,924	14,008	55,508	113,528	137,791
Construction in Progress	-	-	-	21,364	-	-	109,422	-	-
Apartment Buildings and Furnishings	1,647,605	1,899,487	3,234,791	961,296	1,660,148	3,385,944	555,157	985,584	1,645,170
Non dwelling Furniture and Equipment	12,080	13,670	26,073	8,710	5,385	21,139	4,364	8,097	3,860
Total	2,273,173	2,773,187	3,797,403	1,132,019	1,771,457	3,641,697	769,451	1,196,069	1,887,101
Less: Accumulated Depreciation	1,609,571	1,852,034	2,361,479	746,494	457,139	1,740,776	282,395	572,996	444,436
Net Capital Assets	663,602	921,153	1,435,924	385,525	1,314,318	1,900,921	487,056	623,073	1,442,665
OTHER NONCURRENT ASSETS									
Net Pension Asset	519,566	44,708	42,458	23,593	27,458	43,535	19,855	41,130	28,884
Total Assets	\$ 1,023,360	\$ 1,368,956	\$ 1,935,566	\$ 590,214	\$ 1,595,812	\$ 2,311,442	\$ 601,659	\$ 1,200,453	\$ 1,719,563
DEFERRED OUTFLOWS OF RESOURCES									
Deferred Outflow of Resources Related to Pensions	\$ 6,182	\$ 5,320	\$ 5,052	\$ 2,807	\$ 3,267	\$ 5,180	\$ 2,363	\$ 4,894	\$ 3,437

HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE
COMBINING SCHEDULE OF NET POSITION – PRIMARY GOVERNMENT (CONTINUED)
DECEMBER 31, 2021

	Vista Del Rio	Chelan Bluff	Garten Haus	Housing Choice Voucher	HCV CARES Act Funding	Morning Sun Park, LP	Columbia Pointe	Emerson Manor
ASSETS AND DEFERRED OUTFLOWS								
CURRENT ASSETS								
Cash and Cash Equivalents	\$ 15,561	\$ (5,833)	\$ -	\$ 433,229	\$ -	\$ 121,343	\$ (2,487)	\$ 68,277
Restricted Cash:								
Tenant Deposits	-	9,271	-	-	-	9,171	-	9,676
Family Self-Sufficiency	-	-	-	140,308	-	-	-	-
Cash Reserves	316,703	36,537	-	200,693	-	-	391,862	244,124
Total Cash and Cash Equivalents	332,264	39,975	-	774,230	-	130,514	389,375	322,077
Accounts Receivable:								
Tenants	7,484	3,156	-	15	-	7,139	3,776	5,641
Related Parties	-	-	-	-	-	-	-	-
Other, net of allowance for doubtful accounts	-	-	-	8,808	-	-	-	-
Investment in Limited Partnership	-	-	-	-	-	-	-	-
Prepaid Expenses	4,275	2,685	-	13,180	-	2,211	4,233	4,522
Total Current Assets	344,023	45,816	-	796,233	-	139,864	397,384	332,240
NONCURRENT ASSETS								
Land	183,365	123,309	-	-	-	-	179,090	285,000
Land Improvements	807,384	12,626	-	-	-	344,932	872,706	2,643
Construction in Progress	-	-	-	-	-	-	-	126,957
Apartment Buildings and Furnishings	3,560,854	3,890,803	-	-	-	1848,079	3,516,048	2,220,703
Non dwelling Furniture and Equipment	8,086	3,293	-	16,226	-	20,396	50,470	222
Total	4,559,689	4,030,031	-	16,226	-	2,213,407	4,613,314	2,635,525
Less: Accumulated Depreciation	1,385,925	1,406,321	-	14,315	-	1,337,908	1,441,218	425,821
Net Capital Assets	3,173,764	2,623,710	-	1,911	-	875,499	3,172,096	2,209,704
OTHER NONCURRENT ASSETS								
Net Pension Asset	34,216	25,086	-	215,143	-	22,288	21,400	48,944
Total Assets	\$ 3,552,003	\$ 2,694,612	\$ -	\$ 1,013,287	\$ -	\$ 1,037,651	\$ 3,595,880	\$ 2,590,888
DEFERRED OUTFLOWS OF RESOURCES								
Deferred Outflow of Resources Related to Pensions	\$ 4,071	\$ 2,985	\$ -	\$ 25,600	\$ -	\$ 2,652	\$ 2,546	\$ 5,824

HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE
COMBINING SCHEDULE OF NET POSITION – PRIMARY GOVERNMENT (CONTINUED)
DECEMBER 31, 2021

	Wenatchee House	Lake Chelan	Bavarian Village	Family Self Sufficiency	General	General COVID Relief Fund	Interproject Eliminations	Total
ASSETS AND DEFERRED OUTFLOWS								
CURRENT ASSETS								
Cash and Cash Equivalents	\$ 106,902	\$ 30,384	\$ (3,049)	\$ -	\$ 536,240	\$ -	\$ -	\$ 2,226,354
Restricted Cash:								
Tenant Deposits	13,468	9,831	-	-	-	-	-	170,344
Family Self-Sufficiency	-	-	-	-	-	-	-	140,308
Cash Reserves	455,460	190,100	-	-	-	-	-	3,496,568
Total Cash and Cash Equivalents	575,830	230,315	(3,049)	-	536,240	-	-	6,033,574
Accounts Receivable:								
Tenants	1,797	19,512	-	-	-	-	-	165,146
Related Parties	-	-	-	-	102,107	-	(12,359)	89,748
Other, net of allowance for doubtful accounts	-	-	158,744	-	1828,884	-	-	1,996,436
Investment in Limited Partnership	-	-	-	-	-	-	-	-
Prepaid Expenses	6,569	3,367	2,992	-	9,117	-	-	79,933
Total Current Assets	584,166	253,194	158,687	-	2,476,348	-	(12,359)	8,364,837
NONCURRENT ASSETS								
Land								
Land Improvements	423,750	197,200	655,000	-	247,686	-	-	3,637,880
Construction in Progress	-	4,206	-	-	34,112	-	-	3,767,340
Apartment Buildings and Furnishings	3,071,736	1,737,912	959,424	-	17,197	-	-	502,494
Non dwelling Furniture and Equipment	370	296	-	-	86,776	-	-	36,780,741
Total	3,495,856	1,939,614	184,1978	-	385,771	-	-	44,977,968
Less: Accumulated Depreciation	63,1571	286,129	-	-	108,556	-	-	17,105,084
Net Capital Assets	2,864,285	1,653,485	184,1978	-	277,215	-	-	27,872,884
OTHER NONCURRENT ASSETS								
Net Pension Asset	65,451	4,147	74	-	312,994	-	-	110,620
Total Assets	\$ 3,513,932	\$ 1,948,126	\$ 2,000,739	\$ -	\$ 3,066,557	\$ -	\$ (12,359)	\$ 37,348,341
DEFERRED OUTFLOWS OF RESOURCES								
Deferred Outflow of Resources Related to Pensions	\$ 7,788	\$ 4,932	\$ 9	\$ -	\$ 37,246	\$ -	\$ -	\$ 132,155

HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE
COMBINING SCHEDULE OF NET POSITION – PRIMARY GOVERNMENT (CONTINUED)
DECEMBER 31, 2021

	Washington Square	Wenatchee II	Applewood	Man'Sun Villa	River Run	Heritage Glen	Chelan Gardens	Entiat Gardens	Gibson Gardens
LIABILITIES, DEFERRED INFLOWS AND NET POSITION									
CURRENT LIABILITIES									
Current Portion of Long-Term Debt	\$ 22,653	\$ 24,716	\$ 34,169	\$ 26,293	\$ 2,643	\$ 41,760	\$ 7,183	\$ 28,829	\$ 9,892
Accounts Payable:									
Trade	4,100	8,350	9,546	24,370	6,251	2,744	2,366	10,829	3,619
Revolving Loan Payable	-	-	-	-	-	-	47,435	-	-
Other	-	-	-	-	-	-	-	-	-
Unearned Revenue	10,227	5,203	7,438	1,389	1,733	15,356	974	5,407	14,36
Payroll Taxes Payable	1087	1420	1039	2,482	784	918	1056	943	2,065
Compensated Absences Payable	4,074	6,828	1,757	205	2,419	4,318	1,033	1,380	1,171
Accrued Payroll Payable	2,588	1,932	2,378	647	1,696	2,593	642	2,400	902
Accrued Interest Payable	383	418	770	779	30,430	7,238	687	1,823	35,714
Tenant Deposits Payable	17,165	17,979	19,927	10,531	9,701	19,523	9,198	5,766	10,858
Total Current Liabilities	62,277	66,846	77,024	66,696	55,657	94,450	70,574	57,377	65,657
NONCURRENT LIABILITIES									
Family Self-Sufficiency Payable	-	-	-	-	-	-	-	-	-
Related Party Payable	-	-	-	-	-	-	-	-	-
Long-Term Debt, Net Current Portion	415,110	452,913	154,468	723,826	1,334,455	874,202	309,738	355,897	1488,239
Net Pension Liability	4,962	4,270	4,055	2,253	2,622	4,158	1,896	3,928	2,758
Total Noncurrent Liabilities	420,072	457,183	158,523	726,079	1,337,077	878,360	311,634	359,825	1,470,997
Total Liabilities	\$ 482,349	\$ 524,029	\$ 235,547	\$ 792,775	\$ 1,392,734	\$ 972,810	\$ 382,208	\$ 417,202	\$ 1,536,654
DEFERRED INFLOWS OF RESOURCES									
Deferred Inflow of Resources Related to Pensions	\$ 56,351	\$ 48,490	\$ 46,049	\$ 25,589	\$ 29,781	\$ 47,217	\$ 21,534	\$ 44,609	\$ 31,327
Deferred Inflow of Resources - HUD	-	-	-	-	-	-	-	-	-
Total Deferred Inflow of Resources	\$ 56,351	\$ 48,490	\$ 46,049	\$ 25,589	\$ 29,781	\$ 47,217	\$ 21,534	\$ 44,609	\$ 31,327
NET POSITION									
Net Investment in Capital Assets	\$ 225,839	\$ 443,524	\$ 1,247,287	\$ (364,594)	\$ (22,780)	\$ 984,959	\$ 170,135	\$ 238,347	\$ (35,466)
Restricted for:									
Cash Reserves	225,840	326,772	275,265	25,640	142,825	214,131	23,312	295,403	13,901
Pensions	107,936	92,879	88,204	49,014	57,043	90,442	41,248	85,446	60,006
Unrestricted	(68,773)	(61418)	48,266	64,597	(524)	7,063	(34,415)	124,340	(1422)
Total Net Position	\$ 490,842	\$ 801,757	\$ 1,659,022	\$ (225,343)	\$ 176,564	\$ 1,296,595	\$ 200,280	\$ 743,536	\$ 15,019

HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

COMBINING SCHEDULE OF NET POSITION – PRIMARY GOVERNMENT (CONTINUED) DECEMBER 31, 2021

	Vista Del Rio	Chelan Bluff	Garten Haus	Housing Choice Voucher	CARES Act Funding	Morning Sun Park, LP	Columbia Pointe	Emerson Manor
LIABILITIES, DEFERRED INFLOWS AND NET POSITION								
CURRENT LIABILITIES								
Current Portion of Long-Term Debt	\$ 9,501	\$ 34,085	\$ -	\$ -	\$ -	\$ -	\$ 8,687	\$ 163,366
Accounts Payable:								
Trade	2,045	7,065	-	3,436	-	6,449	3,465	16,587
Revolving Loan Payable	-	-	-	-	-	-	-	-
Other	-	-	-	109	-	-	-	-
Unearned Revenue	602	3,173	-	-	-	2,735	748	1812
Payroll Taxes Payable	2,055	957	-	3,689	-	3,038	53	547
Compensated Absences Payable	4,194	1305	-	12,996	-	112	2,372	3,802
Accrued Payroll Payable	1,389	985	-	10,498	-	626	121	2,168
Accrued Interest Payable	1522	2,864	-	-	-	-	672	4,427
Tenant Deposits Payable	314	10,474	-	-	-	9,170	477	10,238
Total Current Liabilities	21,622	60,908	-	30,728	-	22,130	16,595	202,947
NONCURRENT LIABILITIES								
Family Self-Sufficiency Payable	-	-	-	140,308	-	-	-	-
Related Party Payable	-	-	-	-	-	-	-	-
Long-Term Debt, Net Current Portion	1,757,478	1,327,589	-	-	-	906,942	176,938	2,018,078
Net Pension Liability	3,268	2,396	-	20,546	-	2,129	2,044	4,674
Total Noncurrent Liabilities	1,760,746	1,329,985	-	160,854	-	909,071	177,982	2,017,752
Total Liabilities	\$ 1,782,368	\$ 1,390,893	\$ -	\$ 191,582	\$ -	\$ 93,1201	\$ 1734,577	\$ 2,220,699
DEFERRED INFLOWS OF RESOURCES								
Deferred Inflow of Resources Related to Pensions	\$ 37,110	\$ 27,207	\$ -	\$ 233,341	\$ -	\$ 24,173	\$ 23,210	\$ 53,084
Deferred Inflow of Resources - HUD	-	-	-	-	-	-	-	-
Total Deferred Inflow of Resources	\$ 37,110	\$ 27,207	\$ -	\$ 233,341	\$ -	\$ 24,173	\$ 23,210	\$ 53,084
NET POSITION								
Net Investment in Capital Assets	\$ 1406,785	\$ 1,262,036	\$ -	\$ 1911	\$ -	\$ (31443)	\$ 1,452,471	\$ 33,260
Restricted for:								
Cash Reserves	316,703	36,537	-	200,693	-	-	391862	244,124
Pensions	71082	52,114	-	446,950	-	46,302	44,458	101679
Unrestricted	(57,974)	(71,190)	-	(35,590)	-	70,070	(48,152)	(56,134)
Total Net Position	\$ 1,736,596	\$ 1,279,497	\$ -	\$ 613,964	\$ -	\$ 84,929	\$ 1,840,639	\$ 322,929

HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE
COMBINING SCHEDULE OF NET POSITION – PRIMARY GOVERNMENT (CONTINUED)
DECEMBER 31, 2021

	Wenatchee House	Lake Chelan	Bavarian Village	Family Self Sufficiency	General	General COVID Relief Fund	Interproject Eliminations	Total
LIABILITIES, DEFERRED INFLOWS AND NET POSITION								
CURRENT LIABILITIES								
Current Portion of Long-Term Debt	\$ 49,818	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 463,595
Accounts Payable:								
Trade	8,948	4,580	1,911	-	6,923	-	-	133,584
Revolving Loan Payable	-	-	2,200	-	-	-	-	49,635
Other	-	-	-	-	-	-	-	109
Unearned Revenue	1,383	5,122	-	-	-	-	-	64,738
Payroll Taxes Payable	982	2,311	33	-	(11,597)	-	-	13,862
Compensated Absences Payable	4,302	2,252	-	-	3,684	-	-	58,204
Accrued Payroll Payable	2,955	12,89	58	-	11,773	-	-	47,640
Accrued Interest Payable	6,561	-	-	-	102	-	-	94,390
Tenant Deposits Payable	13,776	9,555	12,175	-	-	-	-	186,827
Total Current Liabilities	88,725	25,109	16,377	-	10,885	-	-	112,584
NONCURRENT LIABILITIES								
Family Self-Sufficiency Payable	-	-	-	-	-	-	-	140,308
Related Party Payable	-	-	12,359	-	-	-	(12,359)	-
Long-Term Debt, Net Current Portion	2,928,077	2,100,000	2,006,946	-	-	-	-	20,844,896
Net Pension Liability	6,251	3,958	7	-	29,889	-	-	106,064
Total Noncurrent Liabilities	2,934,328	2,103,958	2,019,312	-	29,889	-	(12,359)	21,091,268
Total Liabilities	\$ 3,023,053	\$ 2,129,067	\$ 2,035,689	\$ -	\$ 40,774	\$ -	\$ (12,359)	\$ 22,203,852
DEFERRED INFLOWS OF RESOURCES								
Deferred Inflow of Resources Related to Pensions	\$ 70,987	\$ 44,953	\$ 80	\$ -	\$ 339,472	\$ -	\$ -	\$ 1,204,564
Deferred Inflow of Resources - HUD	-	-	-	-	-	-	-	-
Total Deferred Inflow of Resources	\$ 70,987	\$ 44,953	\$ 80	\$ -	\$ 339,472	\$ -	\$ -	\$ 1,204,564
NET POSITION								
Net Investment in Capital Assets	\$ (113,610)	\$ (446,515)	\$ (164,968)	\$ -	\$ 277,215	\$ -	\$ -	\$ 6,564,393
Restricted for:								
Cash Reserves	455,460	190,100	-	-	-	-	-	3,496,568
Pensions	135,971	86,104	154	-	650,231	-	-	2,307,263
Unrestricted	(50,141)	(50,651)	129,793	-	1,796,111	-	-	1,703,856
Total Net Position	\$ 427,680	\$ (220,962)	\$ (35,021)	\$ -	\$ 2,723,557	\$ -	\$ -	\$ 14,072,080

HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

COMBINING SCHEDULE OF NET POSITION – DISCRETELY PRESENTED COMPONENT UNITS DECEMBER 31, 2021

	Bello Rio, LLC	Mountain View Housing	Garten Haus LLLP	Total
ASSETS AND DEFERRED OUTFLOWS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 410,180	\$ 688	\$ 518,047	\$ 559,754
Restricted Cash:				
Tenant Deposits	15,048	-	8,673	23,721
Family Self-Sufficiency	-	-	-	-
Bond Escrow	-	-	7,265,707	7,265,707
Cash Reserves	78,573	-	82,004	160,577
Total Cash and Cash Equivalents	134,640	688	7,874,431	8,009,759
Accounts Receivable:				
Tenants	6,402	-	9,549	15,951
Related Parties	-	-	-	-
Other, net of allowance for doubtful accounts	-	-	-	-
Investment in Limited Partnership	-	-	-	-
Prepaid Expenses	203	-	467	670
Total Current Assets	141,245	688	7,884,447	8,026,380
NONCURRENT ASSETS				
Land	220,582	294,117	810,000	1,324,699
Land Improvements	778,438	-	-	778,438
Construction in Progress	-	5,231,037	5,807,631	11,038,668
Apartment Buildings and Furnishings	3,857,070	-	14,440,000	5,297,070
Nondepreciable Furniture and Equipment	17,654	-	-	17,654
Total	4,873,744	5,525,154	8,057,631	18,456,529
Less: Accumulated Depreciation	1929,341	-	28,000	1,957,341
Net Capital Assets	2,944,403	5,525,154	8,029,631	16,499,188
OTHER NONCURRENT ASSETS				
Net Pension Asset	-	-	-	-
Total Assets	\$ 3,085,648	\$ 5,525,842	\$ 15,914,078	\$ 24,525,568
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflow of Resources Related to Pensions	\$ -	\$ -	\$ -	\$ -

HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

COMBINING SCHEDULE OF NET POSITION – DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)
DECEMBER 31, 2021

	Bello Rio, LLC	Mountain View Housing	Garten Haus LLLP	Total
LIABILITIES, DEFERRED INFLOWS AND NET POSITION				
CURRENT LIABILITIES				
Current Portion of Long-Term Debt	\$ -	\$ -	\$ -	\$ -
Accounts Payable:				
Trade	13,180	2,033,670	30,548	2,077,398
Revolving Loan Payable	-	-	-	-
Other	-	(13,722)	1960,221	1946,499
Unearned Revenue	10,553	-	2,027	12,580
Payroll Taxes Payable	-	-	-	-
Compensated Absences Payable	3,186	-	1,592	4,778
Accrued Payroll Payable	-	-	-	-
Accrued Interest Payable	-	-	10,676	10,676
Tenant Deposits Payable	15,047	-	9,262	24,309
Total Current Liabilities	41,966	2,019,948	2,114,326	4,176,240
NONCURRENT LIABILITIES				
Family Self-Sufficiency Payable	-	-	-	-
Related Party Payable	36,475	32,293	691,900	760,668
Developer Fee Payable	-	75,351	-	75,351
Long-Term Debt, Net Current Portion	1846,986	2,000,350	12,020,908	15,868,244
Net Pension Liability	-	-	-	-
Total Noncurrent Liabilities	1883,461	2,107,994	12,712,808	16,704,263
Total Liabilities	\$ 1,925,427	\$ 4,127,942	\$ 14,827,134	\$ 20,880,503
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflow of Resources Related to Pensions	\$ -	\$ -	\$ -	\$ -
Deferred Inflow of Resources - HUD	-	-	-	-
Total Deferred Inflow of Resources	\$ -	\$ -	\$ -	\$ -
NET POSITION				
Net Investment in Capital Assets	\$ 1,097,417	\$ 3,524,804	\$ (3,991,277)	\$ 630,944
Restricted	78,573	-	7,347,711	7,426,284
Unrestricted	(15,769)	(2,126,904)	(2,269,490)	(4,412,163)
Total Net Position	\$ 1,160,221	\$ 1,397,900	\$ 1,086,944	\$ 3,645,065

HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION – PRIMARY GOVERNMENT YEAR ENDED DECEMBER 31, 2021

	Washington Square	Wenatchee II	Applewood	Man'Sun Villa	River Run	Heritage Glen	Chelan Gardens
OPERATING REVENUES							
Tenant Rental Revenue	\$ 213,112	\$ 223,311	\$ 229,784	\$ 71,429	\$ 58,206	\$ 214,904	\$ 49,861
Other Operating Revenue	-	-	-	-	-	-	-
Total Operating Revenue	213,112	223,311	229,784	71,429	58,206	214,904	49,861
OPERATING EXPENSES							
Housing Assistance Payments	-	-	-	-	-	-	-
Administrative Salaries	-	-	-	-	-	-	-
Utilities	52,556	58,088	56,833	23,210	13,940	41,694	25,295
Depreciation	53,768	62,250	95,246	24,874	54,666	86,213	15,413
Maintenance Salaries	46,394	42,985	29,793	12,606	16,660	34,240	12,182
Maintenance and Repairs	17,166	39,220	29,387	20,708	13,075	25,739	22,331
Management Fees	28,411	26,685	28,345	16,632	14,881	27,751	12,505
Site Manager Salaries	16,542	12,849	13,724	9,395	9,524	12,436	7,419
Office Expense	7,337	7,004	7,004	3,256	3,019	4,844	2,617
Payroll Taxes	8,212	6,901	5,361	2,718	3,242	6,032	2,635
Payroll Benefits	26,009	20,246	20,701	10,730	14,136	26,886	11,855
Administration Fees	-	-	-	-	-	-	-
Travel and Training	1528	2,213	3,085	3,802	2,884	3,044	1,505
Accounting and Auditing Fees	854	775	854	596	516	854	259
Insurance	5,874	6,637	6,637	3,805	3,887	6,719	2,832
Advertising	310	310	310	294	304	309	212
Office Rent	-	-	-	-	-	-	-
Legal Fees	810	704	203	10,410	96	334	181
Amortization	-	-	-	-	-	-	-
Bad Debts	-	-	-	-	-	-	-
Miscellaneous	308	292	292	173	155	297	157
Total Operating Expenses	266,079	287,169	297,775	143,209	150,985	277,392	117,398
OPERATING (LOSS) INCOME	(52,967)	(63,858)	(67,991)	(71,780)	(92,779)	(62,488)	(67,537)
NONOPERATING REVENUES (EXPENSES)							
HUD Operating Subsidies	-	-	-	-	-	-	-
Other Nonoperating Grants	73,526	50,632	53,974	72,647	68,481	70,529	64,637
Interest Income - Reserves	53	80	65	6	34	52	7
Interest Income - Other	10	15	38	63,959	4,314	24	7,185
Other Nonoperating Revenue	(2,057)	1,347	307	1013	11,167	1,159	(422)
(Loss) Gain on Disposal of Capital Assets	-	-	-	-	-	-	-
Loan Fees	-	-	-	-	-	-	-
Interest Expense	(4,499)	(4,909)	(1,993)	(72,164)	(8,965)	(3,604)	(15,267)
Total Nonoperating Revenue	67,033	47,165	52,391	65,461	75,031	68,160	56,140

HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION – PRIMARY GOVERNMENT (CONTINUED) YEAR ENDED DECEMBER 31, 2021

	Entiat Gardens	Gibson Gardens	Vista Del Rio	Chelan Bluff	Garten Haus	Housing Choice Voucher	HCV CARES Act Funding
OPERATING REVENUES							
Tenant Rental Revenue	\$ 92,871	\$ 7,1522	\$ 69,126	\$ 127,243	\$ 54,739	\$ -	\$ -
Other Operating Revenue	-	-	-	-	-	-	-
Total Operating Revenue	92,871	7,1522	69,126	127,243	54,739	-	-
OPERATING EXPENSES							
Housing Assistance Payments	-	-	-	-	-	3,914,379	-
Administrative Salaries	-	-	-	-	4,781	83,814	-
Utilities	61,247	38,834	45,092	54,900	15,784	916	-
Depreciation	40,448	60,428	108,074	98,419	11,973	740	-
Maintenance Salaries	32,562	19,825	28,687	16,463	21,142	707	-
Maintenance and Repairs	33,842	22,269	29,180	34,567	10,019	18,023	-
Management Fees	20,460	14,982	19,633	15,972	9,338	-	-
Site Manager Salaries	18,557	12,780	8,778	8,504	12,958	117,744	-
Office Expense	4,816	3,283	6,300	3,394	2,312	53,413	-
Payroll Taxes	5,564	4,053	4,218	3,283	3,853	20,816	-
Payroll Benefits	15,822	15,248	14,544	14,400	6,656	98,221	-
Administration Fees	-	-	-	-	-	21,734	-
Travel and Training	2,871	1,926	1,689	1,738	731	8,499	-
Accounting and Auditing Fees	516	516	516	596	323	21,573	-
Insurance	5,582	3,805	4,735	4,653	3,426	9,590	-
Advertising	309	284	126	300	221	-	-
Office Rent	-	-	-	-	-	12,000	-
Legal Fees	573	315	116	1,600	119	2,831	-
Amortization	-	30	-	-	-	-	-
Bad Debts	-	-	-	-	-	123,880	-
Miscellaneous	2,306	164	560	173	26	3,854	-
Total Operating Expenses	245,475	198,742	272,248	258,962	103,662	4,512,734	-
OPERATING (LOSS) INCOME	(152,604)	(127,220)	(203,122)	(131,719)	(48,923)	(4,512,734)	-
NONOPERATING REVENUES (EXPENSES)							
HUD Operating Subsidies	214,356	-	-	-	72,159	4,129,464	-
Other Nonoperating Grants	-	89,526	134,638	40,321	-	-	-
Interest Income - Reserves	69	30	78	10	9	-	-
Interest Income - Other	58	26	1	1	51	187	-
Other Nonoperating Revenue	(331)	(1573)	2,005	1,298	1,120	-	-
(Loss) Gain on Disposal of Capital Assets	-	-	-	-	-	-	-
Loan Fees	-	-	-	-	-	-	-
Interest Expense	(212,110)	(6,280)	(13,907)	(4,447)	(7,999)	-	-
Total Nonoperating Revenue	192,942	81,729	122,815	37,183	65,340	4,129,661	-

HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION – PRIMARY GOVERNMENT (CONTINUED) YEAR ENDED DECEMBER 31, 2021

	Morning Sun Park, LP	Columbia Pointe	Emerson Manor	Wenatchee House	Lake Chelan	Bavarian Village	Family Self Sufficiency
OPERATING REVENUES							
Tenant Rental Revenue	\$ 138,273	\$ 54,566	\$ 127,378	\$ 179,395	\$ 115,827	\$ -	\$ -
Other Operating Revenue	-	-	-	-	-	-	-
Total Operating Revenue	138,273	54,566	127,378	179,395	115,827	-	-
OPERATING EXPENSES							
Housing Assistance Payments	-	-	-	-	-	-	-
Administrative Salaries	-	-	13,657	18,112	10,926	-	-
Utilities	38,340	48,574	32,768	44,452	44,362	1,864	-
Depreciation	47,352	109,755	67,132	94,885	50,740	-	-
Maintenance Salaries	14,605	17,320	18,973	29,818	17,218	107	-
Maintenance and Repairs	23,736	23,022	34,560	48,398	11,308	47	-
Management Fees	11,422	19,008	20,992	30,315	16,731	-	-
Site Manager Salaries	10,712	8,452	23,775	27,826	14,600	-	28,147
Office Expense	3,108	6,163	6,354	7,355	5,169	-	1,360
Payroll Taxes	1,379	3,219	6,714	8,816	4,679	11	-
Payroll Benefits	11,253	10,245	25,328	32,532	19,082	4	-
Administration Fees	-	-	-	-	-	-	-
Travel and Training	3,518	3,530	763	832	1,789	29	1,325
Accounting and Auditing Fees	516	516	775	1,033	775	-	-
Insurance	3,805	4,653	7,894	11,491	5,708	-	-
Advertising	297	126	366	441	343	-	-
Office Rent	6,000	-	-	-	-	-	-
Legal Fees	241	115	274	661	729	-	-
Amortization	-	-	-	-	-	-	-
Bad Debts	-	-	-	-	-	-	-
Miscellaneous	156	1,385	260	257	1,987	1	-
Total Operating Expenses	176,440	256,083	260,585	357,224	206,146	2,063	30,832
OPERATING (LOSS) INCOME	(38,167)	(201,517)	(133,207)	(177,829)	(90,319)	(2,063)	(30,832)
NONOPERATING REVENUES (EXPENSES)							
HUD Operating Subsidies	-	-	215,529	296,935	76,139	-	30,832
Other Nonoperating Grants	-	131,255	-	-	-	-	-
Interest Income - Reserves	22	96	125	240	62	-	-
Interest Income - Other	15	(2)	15	26	7	-	-
Other Nonoperating Revenue	455	411	1,968	3,094	8	-	-
(Loss) Gain on Disposal of Capital Assets	-	-	-	-	-	-	-
Loan Fees	-	-	-	-	-	(32,958)	-
Interest Expense	-	(1,935)	(52,498)	(77,814)	-	-	-
Total Nonoperating Revenue	492	129,825	165,139	222,481	76,216	(32,958)	30,832

HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION – PRIMARY GOVERNMENT
(CONTINUED)
YEAR ENDED DECEMBER 31, 2021

	General	General COVID Relief Fund	Interproject Eliminations	Total
OPERATING REVENUES				
Tenant Rental Revenue	\$ -	\$ -	\$ -	\$ 2,091,547
Other Operating Revenue	732,422	-	(399,230)	333,192
Total Operating Revenue	732,422	-	(399,230)	2,424,739
OPERATING EXPENSES				
Housing Assistance Payments	-	-	-	3,914,379
Administrative Salaries	230,649	-	-	361,939
Utilities	42	-	-	698,791
Depreciation	2,767	-	-	1,085,143
Maintenance Salaries	243	-	-	412,530
Maintenance and Repairs	22,377	-	(24,666)	454,308
Management Fees	-	-	(334,063)	-
Site Manager Salaries	4,276	-	-	378,998
Office Expense	71,935	-	(22,501)	187,552
Payroll Taxes	20,631	-	-	122,337
Payroll Benefits	(443,835)	-	-	(49,937)
Administration Fees	-	-	-	217,34
Travel and Training	2,688	-	-	49,989
Accounting and Auditing Fees	15,813	-	-	48,176
Insurance	8,880	-	-	110,613
Advertising	-	-	-	4,862
Office Rent	-	-	(18,000)	-
Legal Fees	9,662	-	-	29,974
Amortization	-	-	-	30
Bad Debts	-	-	-	123,880
Miscellaneous	116	-	-	12,919
Total Operating Expenses	(53,756)	-	(399,230)	7,968,217
OPERATING (LOSS) INCOME	786,178	-	-	(5,543,478)
NONOPERATING REVENUES (EXPENSES)				
HUD Operating Subsidies	-	-	-	5,035,414
Other Nonoperating Grants	-	-	-	850,166
Interest Income - Reserves	-	-	-	1,038
Interest Income - Other	58	-	-	75,998
Other Nonoperating Revenue	-	-	-	20,969
(Loss) Gain on Disposal of Capital Assets	1,785,885	-	-	1,785,885
Loan Fees	-	-	-	(32,958)
Interest Expense	(672)	-	-	(298,163)
Total Nonoperating Revenue	1,785,271	-	-	7,438,349

HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

**COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION – PRIMARY GOVERNMENT
(CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

	Washington Square	Wenatchee II	Applewood	Man*Sun Villa	River Run	Heritage Glen	Chelan Gardens
GAIN (LOSS) BEFORE CAPITAL CONTRIBUT	4,066	(6,693)	(5,600)	(6,39)	(17,748)	5,672	(11,397)
Capital Contributions	-	-	-	-	-	-	-
CHANGES IN NET POSITION	4,066	(6,693)	(5,600)	(6,39)	(17,748)	5,672	(11,397)
Net Position - Beginning of Year	476,776	818,450	1,674,622	(219,024)	194,312	1,290,923	211,677
Internal Transfer	-	-	-	-	-	-	-
NET POSITION - END OF YEAR	\$ 490,842	\$ 801,757	\$ 1,659,022	\$ (225,343)	\$ 176,564	\$ 1,296,595	\$ 200,280

HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION – PRIMARY GOVERNMENT (CONTINUED) YEAR ENDED DECEMBER 31, 2021

	Entiat Gardens	Gibson Gardens	Vista Del Rio	Chelan Bluff	Garten Haus	Housing Choice Voucher	HCV CARES Act Funding
GAIN (LOSS) BEFORE CAPITAL CONTRIBUT	40,338	(45,491)	(80,307)	(94,536)	16,417	(383,073)	
Capital Contributions	-	-	-	-	-	-	-
CHANGES IN NET POSITION	40,338	(45,491)	(80,307)	(94,536)	16,417	(383,073)	-
Net Position - Beginning of Year	703,198	200,510	181,903	1,374,033	259,872	997,037	-
Internal Transfer	-	-	-	-	(276,289)	-	-
NET POSITION - END OF YEAR	\$ 743,536	\$ 155,019	\$ 1736,596	\$ 1,279,497	\$ -	\$ 613,964	\$ -

HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION – PRIMARY GOVERNMENT (CONTINUED) YEAR ENDED DECEMBER 31, 2021

	Morning Sun Park, LP	Columbia Pointe	Emerson Manor	Wenatchee House	Lake Chelan	Bavarian Village	Family Self Sufficiency
GAIN (LOSS) BEFORE CAPITAL CONTRIBUT	(37,675)	(71,692)	31,932	44,652	(14,103)	(35,021)	-
Capital Contributions	-	-	-	-	-	-	-
CHANGES IN NET POSITION	(37,675)	(71,692)	31,932	44,652	(14,103)	(35,021)	-
Net Position - Beginning of Year	22,604	192,331	290,997	383,028	(206,859)	-	-
Internal Transfer	-	-	-	-	-	-	-
NET POSITION - END OF YEAR	\$ 84,929	\$ 1840,639	\$ 322,929	\$ 427,680	\$ (220,962)	\$ (35,021)	\$ -

HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION – PRIMARY GOVERNMENT
(CONTINUED)
YEAR ENDED DECEMBER 31, 2021

	General	General COVID Relief Fund	Interproject Eliminations	Total
GAIN (LOSS) BEFORE CAPITAL CONTRIBUT	2,571,449	-	-	1,894,871
Capital Contributions	-	-	-	-
CHANGES IN NET POSITION	2,571,449	-	-	1,894,871
Net Position - Beginning of Year	(124,181)	-	-	12,177,209
Internal Transfer	276,289	-	-	-
NET POSITION - END OF YEAR	\$ 2,723,557	\$ -	\$ -	\$ 14,072,080

HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

**COMBINING SCHEDULE OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION – DISCRETELY PRESENTED
COMPONENT UNITS
YEAR ENDED DECEMBER 31, 2021**

	Bello Rio, LLC	Mountain View Housing	Garten Haus LLLP	Total
OPERATING REVENUES				
Tenant Rental Revenue	\$ 190,502	\$ -	\$ 72,944	\$ 263,446
Other Operating Revenue	-	-	460	460
Total Operating Revenue	190,502	-	73,404	263,906
OPERATING EXPENSES				
Housing Assistance Payments	-	-	-	-
Administrative Salaries	-	-	8,404	8,404
Utilities	50,069	-	21,039	71,108
Depreciation	135,239	-	28,000	163,239
Maintenance Salaries	18,947	-	14,963	33,910
Maintenance and Repairs	17,576	-	15,552	33,128
Management Fees	20,290	-	8,021	28,311
Site Manager Salaries	21,834	-	11,162	32,996
Office Expense	9,007	-	5,875	14,882
Payroll Taxes	4,466	-	4,260	8,726
Payroll Benefits	11,229	-	19,147	30,376
Administration Fees	10,281	-	-	10,281
Travel and Training	1003	-	1,329	2,332
Accounting and Auditing Fees	9,051	-	663	9,714
Insurance	14,513	-	134	14,647
Advertising	259	-	150	409
Office Rent	-	-	-	-
Legal Fees	135	-	247	382
Miscellaneous	19,151	-	778	19,929
Total Operating Expenses	343,050	-	139,724	482,774
OPERATING (LOSS) INCOME	(152,548)	-	(66,320)	(218,868)
NONOPERATING REVENUES (EXPENSES)				
HUD Operating Subsidies	-	-	134,718	134,718
Interest Income - Reserves	27	-	-	27
Interest Income - Other	3	-	17	20
Other Nonoperating Revenue	3,600	-	-	3,600
Interest Expense	-	-	(101,471)	(101,471)
Total Nonoperating Revenue	3,630	-	33,264	36,894
LOSS BEFORE CAPITAL CONTRIBUTIONS	(148,918)	-	(33,056)	(181,974)
Capital Contributions	-	1,397,900	1,120,000	2,517,900
CHANGES IN NET POSITION	(148,918)	1,397,900	1,086,944	2,335,926
Net Position - Beginning of Year	1,309,139	-	-	1,309,139
NET POSITION - END OF YEAR	\$ 1,160,221	\$ 1,397,900	\$ 1,086,944	\$ 3,645,065

Housing Authority of Chelan County and the City of Wenatchee
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Farm Labor Housing Loans and Grants	10.405	56-004- 778255888 01 1	-	304,890	304,890	-	2
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Farm Labor Housing Loans and Grants	10.405	56-004- 778255888 01 1	-	132,873	132,873	-	2
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Farm Labor Housing Loans and Grants	10.405	56-004- 778255888 02 5	-	381,032	381,032	-	2
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Farm Labor Housing Loans and Grants	10.405	56-004- 778255888 02 5	-	69,110	69,110	-	2
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Farm Labor Housing Loans and Grants	10.405	56-004- 778255888 02 5	-	27,487	27,487	-	2
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Farm Labor Housing Loans and Grants	10.405	56-004- 778255888 04 9	-	188,637	188,637	-	2
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Farm Labor Housing Loans and Grants	10.405	56-004- 778255888 07 4	-	346,447	346,447	-	2
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Farm Labor Housing Loans and Grants	10.405	56-004- 778255888 11 6	-	432,292	432,292	-	2
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Farm Labor Housing Loans and Grants	10.405	56-004- 778255888 12 8	-	132,446	132,446	-	2
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Farm Labor Housing Loans and Grants	10.405	56-004- 778255888 13-0	-	190,852	190,852	-	2
Total CFDA 10.405:				-	2,206,066	2,206,066	-	
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Rural Rental Housing Loans	10.415	56-004- 778255888 03 7	-	404,516	404,516	-	2
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Rural Rental Housing Loans	10.415	56-004- 778255888 03 7	-	225,769	225,769	-	2

Housing Authority of Chelan County and the City of Wenatchee
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Rural Rental Housing Loans	10.415	56-004- 778255888 03-7	-	63,949	63,949	-	3
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Rural Rental Housing Loans	10.415	56-004- 778255888 06 2	-	274,480	274,480	-	2
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Rural Rental Housing Loans	10.415	56-004- 778255888 06 2	-	87,638	87,638	-	2
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Rural Rental Housing Loans	10.415	56-004- 778255888 06-2	-	4,289	4,289	-	3
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Rural Rental Housing Loans	10.415	56-004- 778255888 06-2	-	974,980	974,980	-	2
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Rural Rental Housing Loans	10.415	56-004- 778255888 08 6	-	159,894	159,894	-	2
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Rural Rental Housing Loans	10.415	56-009- 778255888 08-6	-	7,169	7,169	-	3
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Rural Rental Housing Loans	10.415	56-004- 778255888 10 4	-	200,120	200,120	-	2
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Rural Rental Housing Loans	10.415	56-004- 778255888 09 8	-	210,491	210,491	-	2
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Rural Rental Housing Loans	10.415	56-009- 778255888 09-9	-	1,093,424	1,093,424	-	2
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Rural Rental Housing Loans	10.415	56-009- 778255888 15-2	-	646,078	646,078	-	
Total CFDA 10.415:				-	4,352,797	4,352,797	-	
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Rural Rental Assistance Payments	10.427	56-004- 778255888 01 1	-	73,526	73,526	-	2

Housing Authority of Chelan County and the City of Wenatchee
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Rural Rental Assistance Payments	10.427	56-004- 778255888 02 5	-	50,632	50,632	-	2
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Rural Rental Assistance Payments	10.427	56-004- 778255888 03 7	-	62,007	62,007	-	2
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Rural Rental Assistance Payments	10.427	56-004- 778255888 04 9	-	53,974	53,974	-	2
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Rural Rental Assistance Payments	10.427	56-004- 778255888 06 2	-	68,481	68,481	-	2
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Rural Rental Assistance Payments	10.427	56-004- 778255888 07 4	-	70,529	70,529	-	2
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Rural Rental Assistance Payments	10.427	56-004- 778255888 08 6	-	64,637	64,637	-	2
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Rural Rental Assistance Payments	10.427	56-004- 778255888 09 8	-	89,526	89,526	-	2
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Rural Rental Assistance Payments	10.427	56-004- 778255888 11 6	-	40,321	40,321	-	2
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Rural Rental Assistance Payments	10.427	56-009- 778255888 12 8	-	134,638	134,638	-	2
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Rural Rental Assistance Payments	10.427	56-004- 778255888 13 0	-	131,255	131,255	-	2
Total CFDA 10.427:				-	839,526	839,526	-	
Section 8 Project-Based Cluster								
ASST SECRETARY FOR HOUSING- FEDERAL HOUSING COMMISSIONER, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Section 8 Housing Assistance Payments Program	14.195	WA19M000104	-	72,159	72,159	-	2

Housing Authority of Chelan County and the City of Wenatchee
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
ASST SECRETARY FOR HOUSING- -FEDERAL HOUSING COMMISSIONER, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Section 8 Housing Assistance Payments Program	14.195	WA19R0000018	-	214,356	214,356	-	2
		14.195	WA190038002	-	215,529	215,529	-	2
		14.195	WA19M0000050	-	76,139	76,139	-	2
		14.195	WA190015002	-	296,935	296,935	-	2
Total Section 8 Project-Based Cluster:				-	875,118	875,118	-	
Housing Voucher Cluster ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Section 8 Housing Choice Vouchers	14.871	WA064	-	4,512,734	4,512,735	-	4
		Total Housing Voucher Cluster:			4,512,734	4,512,734	-	
		14.896	WA064	-	30,832	30,832	-	5
		Total Federal Awards Expended:			12,817,073	12,817,073	-	

Housing Authority of Chelan County and the City of Wenatchee
Notes to the Schedule of Expenditures of Federal Awards
For Year Ended December 31, 2021

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 – FEDERAL LOANS

The amounts listed for the following federal loans include loan proceeds received during the year and the outstanding loan balances as of December 31, 2021

• USDA – RD, CFDA 10.405 - Washington Square	\$ 437,763
• USDA – RD, CFDA 10.405 – Wenatchee II	\$ 477,629
• USDA – RD, CFDA 10.405 – Applewood	\$ 188,637
• USDA – RD, CFDA 10.405 – Heritage Glen	\$ 346,447
• USDA – RD, CFDA 10.405 – Chelan Bluff	\$ 432,292
• USDA – RD, CFDA 10.405 – Vista Del Rio	\$ 132,446
• USDA – RD, CFDA 10.405 – Columbia Pointe	\$ 190,852
• USDA – RD, CFDA 10.415 – ManSun Villa	\$ 630,285
• USDA – RD, CFDA 10.415 – River Run	\$1,337,098
• USDA – RD, CFDA 10.415 – Chelan Gardens	\$ 159,894
• USDA – RD, CFDA 10.415 – Entiat Gardens	\$ 200,120
• USDA – RD, CFDA 10.415 – Gibson Gardens	\$1,303,915
• USDA – RD, CFDA 10.415 – Bavarian Village	\$ 646,078

NOTE 4 – 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 5 – 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 \$4,129,464 in 2021. Actual expenditures for 2021 were \$4,512,734.

NOTE 6 – FAMILY SELF-SUFFICIENCY PROGRAM

The amount shown as current year expenditure represents the wage/benefits expense for a FSS Coordinator (CFDA 14.896). Total grant award was \$48,943. Actual expenses were \$30,832.

NOTE 7 – INDIRECT COST RATE

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.

Entity Wide Balance Sheet Summary

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

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit Fiscal Year End: 12/31/2021

6.2 Component Unit - Blended	14,886 PH Family Self-Sufficiency Program	10,405 Farm Labor Housing Loans and Grants	1 Business Activities	10,415 Rural Rental Housing Loans	14,195 Section 8 Housing Assistance Payments Program - Special	14,871 Housing Choice Vouchers	10,427 Rural Rental Assistance Payments	Subtotal	Total
311 Bank Overdraft									
312 Accounts Payable <= 90 Days	\$4,023,897	\$37,315	\$13,372	\$88,981	\$30,115	\$3,545		\$4,207,225	\$4,207,225
313 Accounts Payable >90 Days Past Due									
321 Accrued Wage/Payroll Taxes Payable		\$19,515	\$3,840	\$13,708	\$10,252	\$14,187		\$61,502	\$61,502
322 Accrued Compensated Absences - Current Portion	\$4,778	\$24,848	\$3,796	\$6,208	\$10,356	\$12,996		\$62,982	\$62,982
324 Accrued Contingency Liability									
325 Accrued Interest Payable	\$110,676	\$13,867	\$102	\$69,433	\$10,988			\$205,066	\$205,066
331 Accounts Payable - HUD PHA Programs									
332 Account Payable - PHA Projects									
333 Accounts Payable - Other Government									
341 Tenant Security Deposits	\$24,309	\$95,859	\$9,170	\$58,229	\$35,569			\$211,136	\$211,136
342 Unearned Revenue	\$12,350	\$42,747	\$2,735	\$10,859	\$6,317			\$77,318	\$77,318
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue		\$175,571		\$74,840	\$213,184			\$463,595	\$463,595
344 Current Portion of Long-term Debt - Operating Borrowings									
345 Other Current Liabilities									
346 Accrued Liabilities - Other									
347 Inter Program - Due To	\$760,668							\$760,668	\$760,668
348 Loan Liability - Current									
310 Total Current Liabilities	\$4,936,908	\$396,722	\$33,015	\$332,338	\$316,781	\$30,728	\$0	\$6,049,492	\$6,049,492
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$15,868,244	\$6,697,898	\$906,942	\$6,196,101	\$7,041,155			\$36,713,140	\$36,713,140
352 Long-term Debt, Net of Current - Operating Borrowings									
353 Non-current Liabilities - Other	\$75,351			\$12,359		\$140,308		\$228,018	\$228,018
354 Accrued Compensated Absences - Non Current									
355 Loan Liability - Non Current									
356 FASB 5 Liabilities									
357 Accrued Pension and OPEB Liabilities		\$25,153	\$32,018	\$13,464	\$14,883	\$20,546		\$106,064	\$106,064
350 Total Non-Current Liabilities	\$15,943,595	\$6,722,851	\$938,960	\$6,224,924	\$7,056,038	\$180,854	\$0	\$37,047,222	\$37,047,222
300 Total Liabilities	\$20,880,503	\$7,122,573	\$971,975	\$6,557,262	\$7,372,819	\$191,582	\$0	\$43,096,714	\$43,096,714
400 Deferred Inflow of Resources		\$285,634	\$363,645	\$152,920	\$169,024	\$233,341		\$1,204,564	\$1,204,564
508.4 Net Investment in Capital Assets	\$530,944	\$7,022,901	\$245,772	-\$179,328	-\$526,865	\$1,911		\$7,195,337	\$7,195,337
511.4 Restricted Net Position	\$7,426,284	\$2,334,225	\$696,533	\$911,992	\$1,213,438	\$200,693		\$12,783,165	\$12,783,165
512.4 Unrestricted Net Position	-\$4,412,163	-\$252,178	\$1,866,181	\$292,369	-\$166,926	\$411,360	\$0	-\$2,261,357	-\$2,261,357
513 Total Equity - Net Position	\$3,645,065	\$9,104,949	\$2,808,466	\$1,015,035	\$529,537	\$613,964	\$0	\$17,717,145	\$17,717,145
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$24,525,568	\$16,513,155	\$4,144,106	\$7,725,217	\$9,071,490	\$1,038,887	\$0	\$62,018,423	\$62,018,423

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

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2021

	6.2 Component Unit - Blended	14.000 PHA Family Self-Sufficiency Program	14.045 Farm Labor Housing Grants and Grants	1 Business Activities	10.415 Rural Rental Housing Loans	14.105 Section 8 Housing Assistance Program - Special Allocations	14.871 Housing Choice Vouchers	10.427 Rural Rental Assistance Payments	Subtotal	Total
70000 Net Tenant Rental Revenue	\$263,446			\$136,273	\$343,889	\$477,339			\$2,354,993	\$2,354,993
70000 Tenant Revenue - Other										
70000 Total Tenant Revenue	\$263,446	\$0	\$1,132,046	\$136,273	\$343,889	\$477,339	\$0	\$0	\$2,354,993	\$2,354,993
70000 HUD PHA Operating Grants						\$660,762	\$4,127,469		\$5,167,837	
70010 Capital Grants										
70010 Management Fee										
70020 Asset Management Fee										
70030 Book Keeping Fee										
70040 Front Line Service Fee										
70050 Other Fees										
70000 Total Fee Revenue										
70000 Other Government Grants		\$0								
71000 Investment Income - Unrestricted	\$20		\$67	\$73	\$136	\$99	\$167	\$650,166	\$650,166	\$650,166
71000 Mortgage Interest Income								\$612	\$612	
71000 Proceeds from Disposition of Assets Held for Sale										
71000 Cost of Sale of Assets										
71000 Fraud Recovery										
71000 Other Revenue	\$4,060		\$4,470	\$333,647	\$9,864	\$6,100	\$2,295		\$360,516	\$360,516
71000 Gain or Loss on Sale of Capital Assets				\$1,785,685					\$1,785,685	\$1,785,685
72000 Investment Income - Restricted	\$27		\$434	\$22	\$146	\$436			\$1,065	\$1,065
70000 Total Revenue	\$402,271	\$3,832	\$1,137,037	\$2,257,900	\$666,361	\$1,144,826	\$4,127,661	\$650,166	\$10,257,074	\$10,257,074
91000 Administrative Salaries	\$8,404			\$230,649		\$47,476	\$83,814		\$370,343	\$370,343
91000 Auditing Fees	\$9,714		\$4,965	\$16,329	\$2,403	\$2,206	\$21,673		\$57,690	\$57,690
91000 Management Fee										
91000 Book-keeping Fee			\$1,791	\$297	\$1,403	\$1,371			\$5,271	\$5,271
91000 Advertising and Marketing	\$2,405			\$423,962		\$19,818	\$32,684		\$370,974	\$370,974
91000 Employee Benefit Contributions - Administrative	\$33,474	\$1,360	\$36,813	\$74,065	\$13,697	\$16,720	\$56,017		\$253,946	\$253,946
91000 Office Expenses	\$382		\$3,862	\$9,903	\$11,575	\$2,831	\$30,356		\$50,356	\$50,356
91000 Legal Expense	\$2,332	\$1,326	\$16,827	\$6,206	\$13,017	\$4,115	\$6,469		\$62,221	\$62,221
91000 Travel										
91000 Allocated Overhead										
91000 Other										
91000 Total Operating - Administrative	\$77,121	\$2,685	\$64,078	\$86,433	\$42,095	\$96,189	\$205,418	\$0	\$399,153	\$399,153
92000 Asset Management Fee										
92000 Tenant Services - Salaries	\$32,696	\$23,147	\$61,285	\$14,360	\$57,675	\$79,159	\$117,744		\$411,694	\$411,694
92000 Recreation Costs										
92000 Employee Benefit Contributions - Tenant Services	\$12,873		\$39,685	\$6,889	\$27,993	\$30,162	\$69,695		\$167,297	\$167,297
92000 Tenant Services - Other										
92000 Total Tenant Services	\$45,869	\$26,147	\$120,970	\$21,877	\$85,668	\$109,321	\$187,439	\$0	\$599,201	\$599,201
93000 Water	\$24,941		\$160,660	\$12,844	\$56,411	\$28,273			\$283,129	\$283,129
93000 Electricity	\$7,697		\$24,725	\$1,579	\$14,746	\$39,461	\$916		\$89,024	\$89,024
93000 Gas										
93000 Fuel										
93000 Labor										
93000 Sewer	\$22,562		\$68,305	\$13,820	\$60,160	\$51,374			\$236,241	\$236,241
93000 Employee Benefit Contributions - Utilities										
93000 Other Utilities Expense	\$16,018		\$84,047	\$10,139	\$33,073	\$18,228			\$161,505	\$161,505
93000 Total Utilities	\$71,108	\$0	\$157,737	\$38,362	\$164,300	\$137,366	\$916	\$0	\$769,899	\$769,899
94000 Ordinary Maintenance and Operations - Labor										
94000 Ordinary Maintenance and Operations - Materials and Other										
94000 Ordinary Maintenance and Operations Contracts										
94000 Employee Benefit Contributions - Ordinary Maintenance	\$14,661		\$107,396	\$5,760	\$46,748	\$43,016	\$34		\$217,615	\$217,615
94000 Total Maintenance	\$81,669	\$0	\$515,297	\$63,121	\$250,458	\$222,151	\$18,764	\$0	\$1,151,490	\$1,151,490

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

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2021

	6.2 Component Unit - Blended	14.000 9114 Family Self-Sufficiency Program	0.450 Farm Labor Housing Grants and	1 Business Activities	10.415 Rural Rental Housing Loans	14.195 Section 8 Housing Assistance Program, Special Allocations	14.871 Housing Choice Vouchers	10.427 Rural Rental Assistance Payments	Subtotal	Total
95100 Protective Services - Labor										
95200 Protective Services - Other Contract Costs										
95300 Protective Services - Other										
95500 Employee Benefit Contributions - Protective Services										
95600 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance	\$14,647		\$39,908	\$12,085	\$19,911	\$28,519			\$115,670	\$115,670
96120 Liability Insurance							\$9,590		\$9,590	\$9,590
96130 Workmen's Compensation										
96140 All Other Insurance										
96100 Total Insurance Premiums	\$14,647	\$0	\$39,908	\$12,085	\$19,911	\$28,519	\$9,590	\$0	\$125,260	\$125,260
96200 Other General Expenses										
96210 Compensated Absences	\$6,163		\$23,176	\$2,661	\$11,277	\$14,064	\$21,734		\$71,734	\$71,734
96300 Payments in Lieu of Taxes	\$19,929			\$2,661	\$11,277	\$14,064	\$16,024		\$77,565	\$77,565
96400 Bad debt - Tenant Rents									\$19,929	\$19,929
96500 Bad debt - Mortgages										
96600 Bad debt - Other							\$123,880		\$123,880	\$123,880
96800 Severance Expense										
96900 Total Other General Expenses	\$20,092	\$0	\$23,176	\$2,661	\$11,277	\$14,064	\$162,238	\$0	\$243,108	\$243,108
98110 Interest of Mortgages or Bonds Payable										
98120 Interest on Notes Payable (Short and Long Term)	\$101,471		\$35,294	\$672	\$81,438	\$138,311			\$357,168	\$357,168
98130 Amortization of Bond Issue Costs										
98170 Total Interest Expense and Amortization Cost	\$101,471	\$0	\$35,294	\$672	\$81,438	\$138,311	\$0	\$0	\$357,168	\$357,168
98600 Total Operating Expenses	\$421,007	\$30,832	\$1,158,460	\$50,965	\$655,237	\$746,521	\$684,365	\$0	\$3,645,387	\$3,645,387
97000 Excess of Operating Revenue over Operating Expenses	\$18,736	\$0	\$14,423	\$2,206,935	\$86,856	\$398,305	\$3,545,266	\$860,166	\$6,876,687	\$6,876,687
97100 Extraordinary Maintenance										
97200 Casualty Losses - Non-capitalized										
97300 Housing Assistance Payments							\$3,912,951		\$3,912,951	\$3,912,951
97350 HAP Portability-h							\$1,428		\$1,428	\$1,428
97400 Depreciation Expense	\$163,238		\$613,725	\$50,119	\$196,859	\$224,730	\$740		\$1,248,411	\$1,248,411
97500 Fraud Losses										
97600 Capital Outlays - Governmental Funds										
97700 Debt Principal Payment - Governmental Funds										
97800 Dwelling Units Rent Expenses										
98000 Total Expenses	\$584,245	\$30,832	\$1,770,185	\$10,084	\$851,096	\$971,251	\$4,499,484	\$0	\$8,688,177	\$8,688,177
10010 Operating Transfer In										
10020 Operating Transfer Out			\$554,875	\$399,230	\$296,261				\$1,240,396	\$1,240,396
10030 Operating Transfers from/to Primary Government			\$-160,817	\$-22,272	\$-88,214	\$-94,677	\$-13,250	\$-860,166	\$-1,240,396	\$-1,240,396
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 Program and Project - Out										
10100 Total Other Financing Sources (Uses)	\$0	\$0	\$374,008	\$374,968	\$207,077	\$-94,677	\$-13,250	\$-860,166	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$-18,974	\$0	\$-230,090	\$2,533,774	\$-51,638	\$78,686	\$-383,073	\$0	\$1,712,897	\$1,712,897
11000 Required Annual Debt Principal Payments	\$0	\$0	\$147,392	\$0	\$1,936,936	\$246,889	\$0	\$0	\$2,331,217	\$2,331,217
11020 Beginning Equity	\$1,309,139	\$0	\$9,354,038	\$-1,577	\$1,000,673	\$727,038	\$997,037	\$0	\$13,486,348	\$13,486,348
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$2,517,900			\$276,289	\$0	\$-276,289	\$0		\$2,517,900	\$2,517,900

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

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit		Fiscal Year End: 12/31/2021								
	6.2 Component Unit - Blended	14.000 PHF Family Self-Sufficiency Program	10.400 Farm Labor Housing Grants and	1 Business Activities	10.415 Rural Rental Housing Loans	14.195 Section 8 Housing Assistance Program Special Allocations	14.871 Housing Choice Vouchers	10.427 Rural Rental Assistance Payments	Subtotal	Total

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CORRECTIVE ACTION PLAN FOR FINDINGS REPORTED UNDER UNIFORM GUIDANCE

Housing Authority of Chelan County and the City of Wenatchee January 1, 2021 through December 31, 2021

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

Finding ref number: 2021-001	Finding caption: The Housing Authority's internal controls were inadequate for ensuring compliance with the Housing Quality Standards inspection requirements of its Section 8 Housing Assistance Payments Program.
Name, address, and telephone of Housing Authority contact person: Alicia McRae, Executive Director 1555 South Methow Street Wenatchee, WA 98801 (509) 663-7421	
Corrective action the auditee plans to take in response to the finding: <i>Throughout the year 2021, HQS inspections were not conducted as part of the annual verification process in an effort to protect the senior residents at Wenatchee House Apartments from exposure to Covid-19. More specifically, this precaution was taken at times of the year when Covid-19 infection rates/cases were high and Housing Authority employees were testing positive at a rapid rate. The decision was made to eliminate exposure of Covid-19 to seniors who were not yet able to access Covid vaccinations. It was also made to protect our senior residents from the new Delta variant, as even when vaccinated, they remained very vulnerable to this variant. The decision to delay HQS inspections was made in accordance with the Agency's Coronavirus Action Plan. However, because HUD guidelines on the subject pertained only to the Section 8 tenant-based</i>	

program, the files reviewed at Wenatchee House were out of compliance with HUD guidelines for the time reviewed. All HQS inspections have since resumed and are now current.

Anticipated date to complete the corrective action:

As of November 1, 2022 corrective action is complete and all HQS inspections are current.

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