Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

Housing Authority of Snohomish County

For the period July 1, 2021 through June 30, 2022

Published March 13, 2023

Report No. 1032172

Office of the Washington State Auditor
Pat McCarthy

March 13, 2023

Board of Commissioners
Housing Authority of Snohomish County
Everett, Washington

Report on Financial Statements and Federal Single Audit

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

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

Sincerely,

Pat McCarthy, State Auditor

Olympia, WA

Americans with Disabilities

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Housing Authority of Snohomish County
July 1, 2021 through June 30, 2022

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The results of our audit of the Housing Authority of Snohomish County 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 no 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 no 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.

ALN	Program or Cluster Title
14.871	Housing Voucher Cluster – Section 8 Housing Choice Vouchers
14.879	Housing Voucher Cluster – Mainstream Vouchers

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was $1,963,260.

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

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

INDEPENDENT AUDITOR'S REPORT

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 Snohomish County
July 1, 2021 through June 30, 2022

Board of Commissioners
Housing Authority of Snohomish County
Everett, 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 Snohomish County, as of and for the year ended June 30, 2022, 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 March 7, 2023.

Our report includes a reference to other auditors who audited the financial statements of the Jackson House at Pacific Crest Limited Liability Partnership, the Olympic and Sound View Limited Liability Company, and the Westend HASCO Limited Liability Limited Partnership, as described in our report on the Housing Authority's financial statements. This report includes our consideration of the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

The financial statements of Jackson House at Pacific Crest Limited Liability Partnership was audited in accordance with *Government Auditing Standards*. The financial statements of the Olympic and Sound View Limited Liability and the Westend HASCO Limited Liability Limited Partnership 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 Olympic and Sound View Limited Liability and the Westend HASCO Limited Liability Limited Partnership.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we and the other auditor did not identify any deficiencies in internal control that we consider to be material weaknesses.

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.

Pat McCarthy

Pat McCarthy, State Auditor

Olympia, WA

March 7, 2023

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 Snohomish County
July 1, 2021 through June 30, 2022

Board of Commissioners
Housing Authority of Snohomish County
Everett, 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 Snohomish County, 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 June 30, 2022. 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 June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Housing Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances;

- Obtain an understanding of the Housing Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control over compliance. Accordingly, no such opinion is expressed; and
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

Our 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. 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.

Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

Pat McCarthy, State Auditor

Olympia, WA

March 7, 2023

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Housing Authority of Snohomish County
July 1, 2021 through June 30, 2022

Board of Commissioners
Housing Authority of Snohomish County
Everett, 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 Snohomish County, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements as listed in the financial section of our report.

In our opinion, based on our audit and the reports of the 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 Snohomish County, as of June 30, 2022, 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 Jackson House at Pacific Crest Limited Liability Partnership, the Olympic and Sound View Limited Liability Company, and the Westend HASCO Limited Liability Limited Partnership, which in aggregate represent 100 percent of the assets, net position and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Jackson House at Pacific Crest Limited Liability Partnership, the Olympic and Sound View Limited Liability Company, and the Westend HASCO Limited Liability Limited Partnership, is solely based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Olympic and Sound View Limited Liability and the Westend HASCO Limited Liability Limited Partnership 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 financial section of our report 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 as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2023 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.

Pat McCarthy

Pat McCarthy, State Auditor

Olympia, WA

March 7, 2023

FINANCIAL SECTION

Housing Authority of Snohomish County
July 1, 2021 through June 30, 2022

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Notes to the Schedule of Expenditures of Federal Awards – 2022
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The Housing Authority of Snohomish County ("HASCO" or the "Authority") owns and manages property and administers rental subsidy programs to provide eligible low-income persons safe and affordable housing. HASCO is a political subdivision of the State of Washington created under the authority of Revised Code of Washington (RCW) Chapter 35.82. The Authority manages a broad range of federally and locally financed housing programs serving Snohomish County. The Authority owns or manages in excess of 2,210 units of housing and provides rental subsidies to over 3,800 additional families.

The Authority's mission is to meet the diverse needs of Snohomish County residents by expanding housing opportunities that promote stability, strengthen community, and provide affordability.

As management of the Authority, we offer readers of the Authority's financial statements and the related footnote disclosures this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements and accompanying footnotes. The management discussion and analysis are presented in conformance with generally accepted accounting principles (GAAP).

The Authority's financial statements are designed so that all activities of the Authority, except the tax credit limited partnerships in which HASCO is the general partner, are reported in one total column. The tax credit limited partnerships are reported in a separate column as component units. All the tax credit partnerships have December 31st year end. See Note 9 for more detailed information on these projects.

Overview of the Financial Statements

The financial statements are presented in accordance with generally accepted accounting principles. The Authority follows the 'business type activity' reporting requirements that provide a comprehensive overview of the Authority's financial activities. The statements are:

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

The statements are prepared on the accrual basis and present all assets and liabilities of the Authority, both financial and capital assets, as well as short and long term. They also present all revenues and expenses of the Authority during the year, regardless of when the cash was received or paid. Collectively the statements provide information regarding the Authority's financial condition as of June 30, 2022, and the results of its operations and cash flows for the year then ended. The financial performance discussed below does not include the operating performance of three tax credit partnerships the Authority was involved in during the year, which are owned by separate limited partnerships or limited liability corporations but are managed by the Authority as general partner or managing member. These projects are reported in a separate component unit column on the financial statements.

Financial Highlights

- The Authority's total assets exceeded its total liabilities (net position) at the close of the most recent fiscal year by $ 91,615,180. This was an increase of $12,182,971 or 15.3% from the prior year. The primary reasons for the increase were due to a sale of scattered site homes and the sale of Whispering Pines for the planned redevelopment of the property and a decrease in Other Postemployment Benefits-OPEB expenses.

- The Authority was profitable for the fiscal year and a surplus was generated.

- As of the close of the current fiscal year the Authority had total revenues, both operating and non-operating, of $99,471,921. This was an increase of $5,588,319, or 6% over the previous year's totals of $93,883,602. The main reason for the increase in revenues is due to a $5.0 million gain from the sale of fixed assets. The Authority also had net operating income in the amount of $8,010,906 due to a decrease in administrative expenses offset by increases in maintenance repair costs and Housing Assistance Payments for the Housing Choice Voucher program.

- Total expenses, both operating and non-operating, were $87,559,412 which was an increase of $3,739,398 or 4.5% from the previous year's total of $ 83,820,014. Of this total, $59,751,448, or 68.6%, was for pass-through housing assistance payments in our Section 8 Housing Choice Voucher program. This was an increase of $2,807,981 over the previous year's housing assistance payments.

Financial Statements

The Authority is a special purpose government and has chosen to use the "proprietary fund" reporting model for its business activities, which is similar to accounting methods used in for-profit oriented business enterprises, that is then consolidated into columnar format and presents one column for the entire Authority.

These statements include a <u>Statement of Net Position</u> which is similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources for the Authority and is presented in a format where assets plus deferred outflows of resources less liabilities plus deferred inflows of resources equal "net position", formerly known as equity. Assets and liabilities are presented in order of liquidity and are classified as either current (generally convertible or redeemable with cash within one year) or non-current.
The balance sheet presents information about "net position" in three broad categories:

Net Investment in Capital Assets: This component of net position consists of all capital assets, reduced by the amount of outstanding debt that is attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position: This component of net position consists of assets that are restricted by external contracts or regulations, such as those of creditors (e.g. debt service reserves), grantors, laws, or other regulations. Self-imposed restrictions by the Authority do not result in restricted net positions.

Unrestricted Net Position: This component generally consists of anything that does not meet the definition of either of the first two components.

The Authority wide financial statements also include a Statement of Revenues, Expenses, and Changes in Fund Net Position, which is similar to an income statement. This statement includes the operating revenues and expenses as well as the non-operating revenues and non-operating expenses. The focus of the statement is the "change in net position" which is similar to net income or loss.

The Authority also includes a Statement of Cash Flows which discloses net cash provided by or used for operations, non-capital financing, capital and related financing and investing activities.

Statement of Net Position

The Statement of Net Position includes all assets, liabilities, deferred inflows and deferred outflows of the Authority using the accrual basis of accounting. The following table reflects the condensed information from the Authority's Statement of Net Position for the last fiscal year.

Condensed Statement of Net Position (Balance Sheet)
(in millions)

	June 30 2022	June 30 2021
Assets:		
Current Assets	38.1	38.9
Capital Assets, net of depreciation	150.7	153.4
Non-Current Assets	33.3	30.6
Total Assets	222.1	222.9
Deferred Outflows of Resources	1.9	3.0
Liabilities:		
Current Liabilities	2.4	2.9
Current Portion of Long-Term Debt	2.8	2.9
Long Term Debt	115.5	129.3
Non-Current Liabilities	6.9	10.9
Total Liabilities	127.6	146.0
Deferred Inflows of Resources	4.7	0.5

Net Position:		
Net Invested in Capital Assets	41.8	31.4
Restricted Net Position	3.5	3.6
Unrestricted Net Position	46.3	44.4
Total Net Position	91.6	79.4

Major Factors Affecting the Statement of Net Position

The Statement of Net Position measures the amount by which assets exceed the corresponding liabilities, or net position. Over time this may serve as useful measure of the Authority's financial position. The total net position of $91.6 million is broken into three categories.

The first category – Investment in Capital Assets, represents the book value amount invested in capital assets net of depreciation and the related debt. The primary changes that affected this category were the $7.9M payoff of Edmonds Highlands debt, the $2.8M Alpine Ridge debt payoff, $3.1M in annual debt payments made by the Authority and $4.3M in property sales (Whispering Pines and Scattered Sites).

The Restricted Net Position consists of two main components: debt service reserves held by trustees to support our debt service commitments and Section 8 Housing Assistance Payment reserves that are restricted and can only be used for housing assistance payments for our Section 8 Housing Choice Voucher program. The change in this portion of net position was due to a decrease in bond fund reserves of $800.6k after the Edmonds Highlands and Alpine Ridge debt payoffs in fiscal year 2022.

The Unrestricted Net Position represents the Authority's unrestricted cash and investments, which is essentially anything that does not fall into the first two categories. This year's increase was primarily due to a $1.5M decrease in the Net Pension liability, a $1M increase in swap valuations, and a $700k decrease in the Other Postemployment Benefit liability.

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position presents the results of operations as well as the non-operating revenues and expenses. It is necessary to consider both operating and non-operating revenues and expenses to gauge the results of operations as often times the distinction between operating and non-operating is merely accounting definitions. As a result, we believe that it is best to consider all sources and uses of resources.

Condensed Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30th (millions)

	2022	2021
Operating Revenues		
Dwelling Income	24.1	26.0
Operating Subsidies and Grants	59.8	59.4
Other Income	7.0	5.3
Total Operating Revenues	90.9	90.7
Non-Operating Revenues		
Grants	1.5	1.4
Interest and Other Non-Operating	1.9	1.7
Disposition of Assets	5.1	0.0
Total Non-Operating Revenues	8.5	3.1
Total Revenues	99.4	93.8
Operating Expenses		
Operating and Administrative Expenses	19.6	18.6
Housing Assistance Payments	59.8	57.0
Depreciation	3.5	3.4
Total Operating Expenses	82.9	79.0
Non-Operating Expenses		
Interest Expense and Subsidy	4.0	4.3
Other Non-Operating	0.6	.5
Total Non-Operating Expenses	4.6	4.8
Total Expenses	87.5	83.8
Income Before Contributions	11.9	10.0
Capital Contributions	0	0
Change In Net Position	11.9	10.0
Total Net Position – Beginning of Year	79.4	69.4
Prior Period Adjustment	0.3	0.0
Total Net Position – End of Year	91.6	79.4

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

Direct grants and subsidies from HUD, or other grant programs, made up approximately 65.0% of the operating revenue we received in fiscal year 2022. By far the largest program the Authority administers is the Housing Choice Voucher Program, commonly known as Section 8. This program also generates our largest single category of expense in the form of Housing Assistance Payments, which are transfer payments to private landlords to assist eligible low-income families with their rent. Accordingly, a major factor affecting our Statement of Revenues, Expenses, and Changes in Net Position is Congress' continued appropriation and support for these programs. In fiscal year 2022, this support increased by less than 1% over the previous fiscal year.

In addition to administering certain programs for our grantor agencies, the Authority is also a real estate owner and is affected economically by the local real estate market. The local real estate market in Snohomish County has remained relatively strong, however landlords were prohibited from raising rents or evicting tenants due to non-payment of rent until June 30, 2021, due to the COVID-19 Pandemic. The effect was steady rent levels with a near zero vacancy rate. The Authority was somewhat affected by delinquencies during the fiscal year that were caused by the COVID-19 pandemic and subsequent moratorium on evictions. The Authority was able to obtain Emergency Rental Assistance funding from the US Treasury for many of our residents.

As a result of these factors our owned real estate has performed relatively well in the local real estate market. Due to successive interest rate increases by the Federal Reserve, interest rates gradually increased during the second half of the fiscal year and have continued to increase in an effort to curb inflation. These interest rate increases have slowed the building of new units, further strengthening the real estate market. Rent increases were not allowed during fiscal year 2022, however we began to implement modest increases once the Governor's freeze expired at the end of June 2022. We operate in a limited geographical area and are unable to diversify our holdings across multiple markets.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2022, the Authority had $ 150.7 million invested in capital assets as reflected in the following schedule, which is presented in detail in note number 4 in the financial statement footnotes.

Capital Assets at Year End
(Net of Depreciation - in millions)

	June 30 2022	June 30 2021
Land	47.8	47.9
Buildings and Structures	86.6	91.8
Capitalized Improvements	12.2	12.6
Equipment and Personal Property	.4	.4
Capital Assets, net of accumulated depreciation	147.0	152.7
Add: Construction Work in Progress	3.7	.7
Total Capital Assets net of accumulated depreciation	150.7	153.4

This overall decrease in the value of capital assets is due to the sale of Whispering Pines and Scattered Sites plus annual depreciation.

The following reconciliation summarizes the change in capital assets for fiscal year 2022, which is presented in detail in the notes to the financial statements.

Change in Capital Assets
(in millions)

	2022	2021
Balance as of the Beginning of Fiscal Year	153.4	154.8
Additions	5.1	2.2
Retirements/Sales, net	(4.6)	(.1)
Depreciation Expense	(3.2)	(3.5)
Balance as of the End of the Fiscal Year	150.7	153.4

Debt Administration

As of June 30, 2022, the Authority had $118.3 million of bonds, notes, and loans payable outstanding, as compared to $ 132.2 million outstanding as of June 30, 2021, a decrease of $13.9 million. The decrease in our overall debt was due to payoff of two bond issues as previously mentioned plus scheduled repayments. This information is presented in detail in note 6 in the footnotes to the financial statements.

Change in Long Term Debt
(in millions)

	2022	2021
Balance as of the Beginning of the Fiscal Year	132.2	139.8
Additions	0.0	0.0
Early Retirements/Payoffs, net	(10.8)	(4.7)
Scheduled Redemptions	(3.1)	(2.9)
Balance as of the End of the Fiscal Year	118.3	132.2

Economic Factors

As noted earlier, the Authority is an owner of rental property as well as an administrator of housing programs that are primarily funded through federal government grant programs.

Legislative or regulatory changes or lack of congressional appropriations for the programs can and will affect the Authority's operations.

The Authority also provides affordable housing by owning rental property. As such, we are affected by, and subjected to, fluctuations in the local real estate market. Because our area of operation is limited to one county, it is impossible to provide economic diversification of our real estate holdings. Washington State in general and Snohomish County in particular, have had stable real estate markets in the past. As a result of the COVID-19 pandemic, we are in uncertain times, and the full extent of the financial impact on the Authority is unknown currently.

Housing Authority of Snohomish County
Statement of Net Position
As of June 30, 2022

	Primary Government	Component Unit
ASSETS		
Current Assets:		
Unrestricted Cash and Cash Equivalents	**29,370,159**	2,854,881
Restricted Cash and Cash Equivalents and Investments	**607,469**	79,419
Investments	**6,778,862**	-
Accounts Receivable - (net)	**918,668**	118,000
Prepaid Expenses	**181,316**	80,150
Notes and Loans Receivable - Current	**245,034**	-
TOTAL CURRENT ASSETS	**38,101,509**	**3,132,450**
Noncurrent Assets:		
Restricted cash and cash equivalents	**2,102,287**	
Construction in Progress	**3,678,844**	-
Land	**47,842,610**	2,074,667
Structures & Equipment, Net of Depreciation	**99,188,533**	40,674,916
Total Capital Assets & Restricted Cash	**152,812,273**	**42,749,583**
Notes and Loans Receivable		
Loan & Notes Receivable - Noncurrent	**6,153,615**	-
Notes Receivable - Limited Partners	**20,499,697**	-
Net Pension Assets	**4,569,988**	
Other Assets	**-**	135,591
Total Notes and Loans Receivable	**31,223,300**	**135,591**
TOTAL NONCURRENT ASSETS	**184,035,573**	**42,885,174**
TOTAL ASSETS	**222,137,082**	**46,017,624**
DEFERRED OUTFLOW OF RESOURCES		
Derivative/Hedging changes	**858,375**	-
Related to Pensions	**1,008,126**	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	**1,866,501**	**-**
LIABILITIES		
Current Liabilities:		
Accounts Payable	**96,703**	57,715
Tenant Security Deposits	**674,699**	145,489
Accrued Interest Payable	**732,841**	3,769,946
Current Portion of Long Term Debt	**2,762,232**	500,708
Unearned Revenue	**306,978**	53,105
Compensated Absences - Current	**416,407**	-
Other Accrued Liabilities	**169,424**	-
TOTAL CURRENT LIABILITIES	**5,159,283**	**4,526,963**
Noncurrent Liabilities:		
Bonds, Notes and Loans Payable	**115,542,258**	28,695,043
Compensated Absences - Noncurrent	**306,541**	-
Loan & Notes Payable - Noncurrent	**2,828,903**	-
Unearned Revenue - Developer Fee	**-**	
Net Pension Liability	**450,915**	-
Total OPEB Liability	**2,492,709**	
Other Noncurrent Liabilities	**858,376**	2,595,332
TOTAL NONCURRENT LIABILITIES	**122,479,701**	**31,290,375**
TOTAL LIABILITIES	**127,638,984**	**35,817,338**
DEFERRED INFLOWS OF RESOURCES		
Related to Pensions	**4,749,419**	-
TOTAL DEFERRED INFLOWS OF RESOURCES	**4,749,419**	**0**
NET POSITION		
Net Investment in Capital Assets	**41,813,947**	13,553,832
Restricted Net Position	**3,538,451**	79,419
Unrestricted Net Position	**46,262,782**	(3,432,965)
TOTAL NET POSITION	**91,615,180**	**10,200,286**

The accompanying notes are an integral part of these financial statements.

Housing Authority of Snohomish County
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Fiscal Year July 1, 2021 through June 30, 2022

	Primary Government	Component Unit
Operating Revenues		
Dwelling Income	24,098,499	4,353,833
Tenant Income - Other	1,611,922	110,000
HUD PHA Grants	59,806,679	-
Other Grants	-	-
Other Income	5,420,659	91,436
Total Operating Revenues	**90,937,759**	**4,555,269**
Operating Expenses		
Administrative Wages & Benefits	5,238,226	-
Office Administrative Expenses	2,053,599	251,604
Professional Services	187,068	-
Outside Management	652,523	163,370
Utilities	2,359,412	336,208
Maintenance Wages & Benefits	2,329,004	427,734
Maintenance Operating Expenses	2,296,686	636,563
Maintenance Repair Expenses	3,314,022	-
Taxes and Insurance	871,060	118,567
Housing Assistance Payments	59,751,448	-
Home Buyer/Rehab Loans and Other Exp	226,135	-
Other Expenses	140,832	8,663
Depreciation Expense	3,506,837	2,216,410
Total Operating Expenses	**82,926,853**	**4,159,119**
Operating Income (Loss)	**8,010,906**	**396,150**
Non-Operating Revenues (Expenses)		
HUD PHA Grants	265,598	-
Other Grants	1,284,870	-
Interest Income	959,451	197
Interest Credit Subsidy	304,701	-
Gain on Sale of Capital Assets	5,072,612	
Other Comprehensive Income (Loss)	(446,337)	
Mobile Home Sales	910	-
Other Non-Operating Revenue	646,020	221,926
Interest Expense	(3,702,346)	(1,569,589)
Interest Subsidy	(304,701)	-
Miscellaneous CDBG Expenses	(179,174)	-
Other Non-Operating Expenses	-	(115,198)
Total Non-Operating Revenues (Expenses)	**3,901,604**	**(1,462,664)**
Income Before Contributions, Transfers, Extraordinary and Special Items	11,912,510	**(1,066,514)**
Capital Contributions	-	-
Change in Net Position	**11,912,510**	**(1,066,514)**
Total Net Position Beginning of Year	79,432,208	11,266,799
Prior Period Adjustments	270,460	-
Loss on Swap Obligation due to new accounting standard	-	-
Total Net Position End of Year	**91,615,178**	**10,200,285**

The accompanying notes are an integral part of these financial statements.

Housing Authority of Snohomish County
Statement of Cash Flows
Fiscal Year Ended June 30, 2022

	Primary Government
Cash Flows from Operating Activities	
Cash received from tenants	25,525,642
Cash received from government grants	59,706,851
Cash received from other sources	5,723,846
Cash received on loan servicing	18,404
Cash payment to suppliers for goods and services	(12,038,999)
Cash payments for housing assistance	(59,872,994)
Cash payments to employees for wages/benefits	(10,015,511)
Net cash provided by operating activities	**9,047,239**
Cash Flows from Non-Capital Financing Activities	
Cash received from grantors	1,671,900
Operating transfers from Other Programs	2,743,127
Operating transfers to Other Programs	(2,743,127)
Operating transfers to primary govt/component units/other	(179,174)
Other non-capital proceeds	527,942
Other non-capital payments	270,460
Net cash provided by non-capital financing activities	**2,291,128**
Cash Flows from Capital and Related Financing Activities	
Net Change in Capital Assets	(769,136)
Proceeds from sale of capital assets	5,072,612
Repayment of long term debt or loans (CA)	(13,394,749)
Interest and fees paid on long term debt or loans	(4,059,560)
Net cash provided (used) by capital financing activities	**(13,150,832)**
Cash Flows from Investing Activities	
Interest received	957,203
Net Change in Investments	(178,358)
Purchase of Investments	(1,137,807)
Proceeds from sales and maturities of Investments	1,114,216
Net cash provided by investing activities	**755,254**
Net increase in cash and cash equivalents	**(1,057,210)**
Add Net Increase/Decrease to Beginning Cash	
Cash & Equivalents at Beginning of Year	33,137,125
Balance to Current Cash	
Cash & Equivalents at Fiscal Year End	32,079,915
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Income from Operations	8,010,907
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	3,506,837
Decrease in A/R - Tenants	128,002
Increase in prepaid expenses	(103,778)
Decrease in other assets	560,289
Decrease in security deposits	(29,969)
Decrease in accounts payable	(173,836)
Decrease in unearned revenue	(378,240)
Increase in net pension/OPEB liability	(2,472,974)
Net Cash Provided by Operating Activity	**9,047,238**

The accompanying notes are an integral part of this statement.

The following notes are an integral part of the accompanying financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

a. Reporting Entity

The Housing Authority of Snohomish County was created by resolution of the Snohomish County Council on April 15, 1971. The Authority was duly organized and incorporated as an independent municipal corporation on May 6, 1971, pursuant to the State of Washington Housing Authorities Law, RCW Chapter 35.82. The Housing Authority is governed by a six-member Board of Commissioners who are appointed to staggered five-year terms by the county council. The Board of Commissioners appoints an Executive Director to implement Board policy and oversee the daily operations of the Authority. The Authority is the lowest level of government over which the Board of Commissioners and the Executive Director exercise oversight responsibility. The financial statements include all the accounts of the Authority's operations. The Authority develops, acquires, maintains, and manages affordable housing. The Authority also administers Housing Assistance Programs for low income, handicapped, and elderly residents of Snohomish County. These functions are funded through a variety of grants and contracts. The Housing Authority has no taxing powers.

The Authority has also entered into three partnerships to administer low-income housing tax credits allocated by the Washington State Housing Finance Commission. These partnerships are further described in Note 9. The partnership activity is reported in the component unit column of the financial statements. These partnerships meet the requirements of Governmental Accounting Standards Board Statement 14 to be treated as component units because of the “imposition of will” and “financial benefit/burden” criteria. As such, they are considered a part of the reporting entity. The partnerships financial reporting is summarized in a separate column using the discrete presentation method. Each of the partnerships uses a calendar year-end reporting period which is different from the Authority’s. No attempt was made to reconcile between these reporting periods. Each partnership is audited separately. Separate copies of the financial reports may be obtained by contacting the Housing Authority.

b. Basis of Accounting and Financial Statement Presentation

The accounting records of the Authority are maintained and reported in accordance with methods prescribed by the Washington State Auditor under the authority of Chapter 43.09 RCW and the Federal Department of Housing and Urban Development. The Authority must report using Generally Accepted Accounting Principles (GAAP); however, it has the option to use either the single enterprise proprietary fund or special purpose governmental fund model. The Authority has elected to use the single enterprise proprietary fund and uses the accrual basis of accounting. The measurement focus is on the flow of economic resources. Proprietary funds are used to account for activities that are operated in a manner similar to private enterprise business. Under this method revenues are recognized when earned and expenses are recognized when incurred. Capital asset purchases are capitalized, and long-term liabilities are accounted for in the fund. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

c. Cash, Cash Equivalents and Investments

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits, balances in investment pools, and short-term investments with a maturity of three months or less. It is the policy of the Authority to invest all temporary cash surpluses. Any excess cash is invested in short-term instruments in accordance with state law and the Authority's investment policy. State law prohibits any equity investments. Investments by the Authority are reported at fair value which is materially equivalent to cost. This is more fully disclosed in Note 3.

d. Restricted Cash and Investments

Certain cash and investment balances, such as a debt service reserve accounts, are usually required by bond trust indentures. These funds are typically held by a trustee in accordance with the bond indenture. These reserves are established to ensure the financial stability of the projects and to provide additional security to bond holders. Any balances held by trustees in a debt service reserve account at year-end on behalf of the Authority, which are irrevocably pledged for the repayment of debt, are reported as restricted cash and investments. This category will also include any funds being held from a grantor agency for which there exists a restriction on its use. An example of this is funding from HUD which can only be used to make housing assistance payments on behalf of eligible program participants.

e. Investments

Investments at year-end consist of investments in marketable securities which have a maturity date of more than 3 months. State law prohibits any equity investments. Investments by the Authority are reported at fair value which is materially equivalent to cost. Fair value is determined utilizing month-end safekeeping statements.

f. Accounts Receivable

Accounts receivable at year-end consist of amounts owed from various organizations or individuals for goods and services rendered or owed on promissory notes or contracts receivable. Amounts owed on promissory notes or contracts receivable generally refer to loan amounts that are due and payable over time. The major receivables at year-end are due from grantor agencies as amounts owed to the Authority but not yet received as well as long-term receivables for loans that are secured by real property, or for developer fees from our tax credit partnerships, which are component units of the Authority. Because the material account receivable balances are generally secured by grant or partnership agreements or secured by liens against real property there is generally no need to estimate uncollectible accounts receivable. For any immaterial tenant accounts receivable the Authority does use the allowance method to estimate the amount of receivables that may be uncollectible, however these amounts are typically immaterial.

g. Inventory

The Authority does not maintain any significant inventory items. All such expenditures are expensed when purchased and no inventory is reported because it would be an immaterial amount.

h. Land, Structures, and Equipment and Depreciation

See Note 4 – Capital Assets and Depreciation.

i. Notes and Loans Receivable

Represent loans of bond proceeds to our tax credit partnerships as well as loans we have made in the various loan programs, we operate for down payment assistance or mortgage financing for our Thomas Place project. These loans are expected to be repaid through project cash flows or by the loan recipients. These are classified as non-current because they are not expected to be repaid within one year.

j. Accrued Interest Payable

Represents accrued interest payable on various bonds, loans, and notes as of the last day of the reporting period.

k. Accrued Compensated Absences

The balances represent the Authority's estimate of the cash value of accrued administrative leave. This is more fully described in Note 8.

l. Rehab Loans Payable

The Authority administered a Rehab Loan Program for Snohomish County that was funded by Snohomish County Community Development Block Grant (CDBG). These grant dollars were loaned to eligible individuals, in accordance with program guidelines, and can range from being deferred with no interest to being repayable with 3% interest depending on the borrower's eligibility. When the loans are repaid, the funds are repaid to the County. The loan program has been discontinued, but the Authority continues to service the loan portfolio.

m. Developer Fees

The developer fees represent amounts due to the Authority from tax credit partnerships where the Authority is the general partner. The developer fees are payable over a 15-year tax credit compliance period from the projects available excess cash flow. These amounts are recorded as due to the general partner in the partnership's records. In the Authority's records, these amounts have been recorded as a note receivable from limited partners along with offsetting non-current deferred revenue. Since the fees are payable from excess cash flow, if there is any, and there is no predetermined payment schedule, it is unknown if and when the fees will be collected. The partnerships are reported as component units of the Authority and are more fully explained in Note 9.

n. Bonds/Notes/Loans Payable

All bonds, notes, and loans payable, which represent long-term liabilities, are reported on the financial statements at par value, net of any unamortized bond discounts. Several of these loans and notes contain clauses which defer payments, grant credits, or forgive indebtedness, which depend on the Housing Authority complying with specific provisions of the agreements. These items are more fully described in Note 6 - Long Term Debt.

o. Operating Revenues and Expenses

The Authority reports operating revenues as defined in GASB Statement 9. Operating revenues result from fees and charges from providing services in connection with the ongoing operations of providing low-income housing. Operating revenues also include operating subsidies and grants provided by Housing and Urban Development (HUD). The use of this classification is based on guidance from HUD, one of the primary users of the financial statements. Operating expenses are those expenses that are directly incurred while in the operation of providing low-income housing.

This presentation results in an operating income that is higher than a non-operating income presentation by the amounts of the subsidies or grants. Overall, it does not affect the presentation of net income or the change in net position in the statement of revenues, expenses, and changes in net position, or the presentation of cash and cash equivalents. This also changes the reporting classifications on the cash flow statement, as subsidies are reported as operating activity rather than non-capital financing but has no effect overall.

p. Budgets

The Board of Commissioners formally adopts annual operating budgets each year although there is no statutory requirement to do so. Budgets are submitted to grantor agencies when required by the program regulations. When required by the grantor agencies budgets are approved by the Board of Commissioners. Program budgets are not reported because they are often prepared on different fiscal years or on bases of accounting that differ from the financial statements and therefore could be misleading. Additionally, since the Authority reports using the enterprise model there is no requirement to report budget information.

q. 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 the purpose of calculating the restricted net position related to the net pension asset, the Authority includes the net pension asset and the related deferred outflows and deferred inflows.

r. Fair Value Measurements

The Housing Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset:

- Level 1: Quoted prices in active markets for identical assets or liabilities;
- Level 2: Quoted prices for similar assets or liabilities in active or not active markets or other observable inputs;
- Level 3: Significant unobservable inputs.

Investment by Fair Value Level	Total		Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)		Significant Unobservable Inputs (Level 3)	
US Treasury Obligations	$	453,734	$	453,734				
US Government Agency Securities	$	6,325,128			$	6,325,128		
Federated Government Obligations	$	8,830,059			$	8,830,059		
Net Present Value of Swaps	$	(858,376)					$	(858,376)
	$	14,750,546	$	453,734	$	15,155,187	$	(858,376)

NOTE 2 – ADOPTION OF NEW ACCOUNTING STANDARDS

The Authority adopted one new Governmental Accounting Standards Board (GASB) statement during our fiscal year ending June 30, 2022:

Statement No. 87, *Leases* establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This Statement is effective for fiscal years beginning after June 30, 2022. The Authority's adoption of this GASB Standard did not have a material impact on the financial statements.

Statement No. 92, *Omnibus 2020* enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The Statement is effective for fiscal years beginning after June 30, 2022. The Authority's adoption of this GASB Standard did not have a material impact on the financial statements.

Statement No. 93, *Replacement of Interbank Offered Rates* addresses accounting and financial reporting implications that result from the replacement of a IBOR (Interbank Offered Rate) – most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing their rates with other reference rates. The removal of LIBOR as an appropriate benchmark interest rate is effective for the reporting period ending after June 30, 2022. The Authority's adoption of this GASB Standard did not have a material impact on the financial statements.

Statement No. 98, *The Annual Comprehensive Financial Report* establishes the term *annual comprehensive financial report* and its acronym ACFR. That new term and acronym replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments. The Statement is effective for fiscal years ending after December 15, 2021. The Authority's adoption of this GASB Standard did not have a material impact on the financial statements.

The following postponed GASB standards will be effective for the Authority in future years:

Statement No. 91, *Conduit Debt Obligations* provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The Statement is effective for fiscal years beginning after December 31, 2022.

NOTE 3 – CASH DEPOSITS, CASH EQUIVALENTS, AND INVESTMENTS

Any available excess cash or demand deposits of the Authority are invested in accordance with RCW 35.82.070(6) and the Authority's policies. RCW 35.82.070(6) authorizes Housing Authorities to invest in anything savings banks are legally allowed to invest in. Savings banks have broad investment authority, including the investments set out in RCW 33.24. That specific authority is in addition to the authority granted in RCW 39.59 for local governments. It is the policy of the Authority, when making deposits or investing in bank market rate savings, money market funds, or certificates of deposit, to use banks which are qualified public depositories as designated by the Washington Public Deposit Protection Commission (WPDPC) pursuant to Chapter 39.58 RCW. The WPDPC is a risk sharing pool whereby member banks that are designated as "qualified public depositories" mutually insure public deposits against loss. As a result, the FDIC or WPDPC insures all demand deposits and bank balances of the Authority against loss.

The Authority invests in government backed securities to try to improve returns. All investments are still in accordance with our investment policies.

All applicable cash and investment amounts are recorded at fair value, which is materially equivalent to cost and meets the requirements of Statement No. 72 of the Governmental Accounting Standards Board. As of June 30, 2022, the Authority was holding $29,370,159 in unrestricted cash, demand deposits and cash equivalents, and $6,778,862 in unrestricted investments. All restricted cash and investments held in bond trust accounts are invested in accordance with the provisions of the various trust indentures. As of June 30, 2022, the Authority was holding $2,709,756 in restricted cash and investments. These balances are invested in the following investment types:

Cash & Cash Equivalents and Investments

Cash and Cash equivalents	Unrestricted	Restricted	Total
Cash on hand	$ 2,350	$ -	$ 2,350
Depository	$ 29,308,005	$ 607,469	$ 29,915,474
WA State Local Government Investment Pool	$ -		$ -
US Bank Money Market Deposit Account	$ 59,804	$ 2,102,287	$ 2,162,091
Treasury Obligations	$ -	$ -	$ -
	$ 29,370,159	$ 2,709,756	$ 32,079,915
Investments			
Bond Investments (detail below)	$ 6,778,862	$ -	$ 6,778,862
Total Cash & Cash Equivalents and Investments	**$ 36,149,021**	**$ 2,709,756**	**$ 38,858,777**

Investments – Detail

Description	Maturity Date	Rating	Fair Value
Farmer Mac	01/03/23	AA+	$ 498,053
Federal Farm Credit Bank	2/24/2023	AAA	$ 491,486
Federal Farm Credit Bank	09/07/23	AAA	$ 247,599
Federal Home Loan Bank	03/11/24	AAA	$ 716,295
U.S. Treasury	09/30/24	AAA	$ 453,734
Farmer Mac	01/03/25	AA+	$ 483,323
Federal National Mortgage Assn	08/27/25	AAA	$ 1,380,054
Federal National Mortgage Assn	10/20/2025	AAA	$ 458,148
Federal National Mortgage Assn	11/07/25	AAA	$ 456,597
Federal National Mortgage Assn	12/30/2025	AAA	$ 909,501
Federal Farm Credit Bank	10/07/26	AAA	$ 684,074
			$ 6,778,862

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, the majority of the Authority's investments are short-term in nature. The longer-term investments are typically in debt service reserve funds held by the trustee for various revenue bond issues or government-backed securities.

Custodial Risk

Custodial risk is the risk that in the event of a failure of the counterparty (e.g. broker-dealer) to an investment transaction, the Authority would not be able to recover the value of the investment or collateral securities, which may be in the possession of another party. The Authority believes its investments are secured through sufficient collateral mechanisms and trust agreements and therefore their custodial risk exposure is minimal.

Credit Risk

Credit risk is the risk that the debt issuer or other counterparty will not meet its obligations under the terms of the debt instrument. The credit risk is measured by the quality rating of investments in debt securities as described by a national statistical rating agency, such as Standard and Poor's or Moody's. As noted above, state law limits the types of investments that can be made by the Authority to those identified in RCW 35.82.070 (6) and revised by RCW 39.59. As such, the Authority's investments are limited to those investments that were guaranteed by the U.S. Government or an instrumentality, such as FNMA, investments in external investment pools, or insured bank accounts.

Concentration of Credit Risk

The Authority places no limit on the amount that can be invested in any one investment.

NOTE 4 – CAPITAL ASSETS AND DEPRECIATION

Capital Assets

Capital assets are recorded at historical cost in the Land, Structures, and Equipment accounts. Improvements that extend the useful life of the structure and are in excess of $5,000 are capitalized while costs associated with repairs and maintenance are expensed. All costs of acquiring, constructing, or renovating capital assets are included in those programs as capital assets. This includes capitalization of interest when appropriate.

For certain subsidized programs, grant funds are used for capital improvements, such as the Comprehensive Grant Program (CGP) and Community Development Block Grant (CDBG) program. Costs are accounted for within the appropriate program in order to prepare proper financial and program compliance reports. If costs are to be capitalized, the assets are transferred to the appropriate program upon completion of the project. Other costs for repair and maintenance are expensed as incurred. Generally, interest is not capitalized in these programs because these improvements are not financed, funding is provided as reimbursements are requested.

Capital assets are depreciated using the straight-line method. Depreciation begins the fiscal year after acquisition; or the date the asset was placed in service, no depreciation is taken in the year of acquisition. Depreciable lives are as follows:

Land	Not Depreciated
Buildings and Structures	40 years
Capital Improvements	7-15 years
Equipment and Personal Property	3-5 years

Proceeds of any disposal or write-offs of any capital assets are recognized in the period sold in the appropriate program. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. Other Assets also includes any construction work in progress that has not been completed and placed in service and other miscellaneous deferred debits.

Capital Asset activity for the year ended June 30, 2022, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets not being depreciated:				
Land	47,922,112		79,502	47,842,610
Construction Work in Progress (net)	740,626	3,130,341	192,123	3,678,844
Total Capital Assets not being depreciated:	48,662,738	3,130,341	271,625	51,521,454
Capital Assets being depreciated:				
Buildings and Structures	128,412,573	36,176	5,016,478	123,432,272
Capitalized Improvements	25,036,888	1,831,097	1,335,714	25,532,271
Equipment and Personal Property	1,625,556	101,400	28,120	1,698,837
Total Capital Assets being depreciated:	155,075,018	1,968,673	6,380,311	150,663,379
Less accumulated depreciation: (net)		Reductions	Accumulations	
Buildings and Structures	(36,684,347)	1,181,680	1,321,394	(36,824,061)
Capitalized Improvements	(12,415,614)	799,399	1,713,357	(13,329,571)
Equipment and Personal Property	(1,195,107)	55,251	181,358	(1,321,214)
Total accumulated depreciation:	(50,295,068)	2,036,330	3,216,109	(51,474,846)
Total Capital Assets being depreciated, net:	104,779,950	4,005,003	9,596,420	99,188,533
Total Capital Assets, net of depreciation	153,442,688	7,135,344	9,868,045	150,709,987

NOTE 5 – PENSION PLANS

The following table represents the aggregate pension amounts for all plans for fiscal year 2022.

Aggregate Pension Amounts – All Plans	
Pension liabilities	$ 450,916
Pension assets	$ 4,569,988
Deferred outflows of resources	$ 1,008,128
Deferred inflows of resources	$ 4,750,133
Pension expense/expenditures	$ 1,119,885

State Sponsored Pension Plans

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

The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available annual comprehensive financial report (ACFR) that includes financial statements and required supplementary information for each plan.

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

<u>Contributions</u>

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

PERS Plan 1		
Actual Contribution Rates	**Employer**	**Employee***
January – June 2021		
PERS Plan 1	7.92 %	6.00 %
PERS Plan 1 UAAL	4.87 %	
Administrative Fee	0.18 %	
Total	**12.97 %**	**6.00 %**
July 2021 – August 2022		
PERS Plan 1	6.36 %	6.00%
PERS Plan 1 UAAL	3.71 %	
Administrative Fee	0.18 %	
Total	**10.25 %**	**6.00 %**

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

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

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

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

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

<u>Contributions</u>

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

PERS Plan 2/3		
Actual Contribution Rates	**Employer 2/3**	**Employee 2***
January – June 2021		
PERS Plan 1	7.92 %	7.90 %
PERS Plan 1 UAAL	4.87 %	
Administrative Fee	0.18 %	

Total	**12.97 %**	**7.90 %**
July 2021 – August 2022		
PERS Plan 2/3	6.36 %	6.36 %
PERS Plan 1 UAAL	3.71 %	
Administrative Fee	0.18 %	
Employee PERS Plan 3		Varies
Total	**10.25 %**	**6.36 %**

* For employees participating in JBM, the contribution rate was 15.90%.

The Authority's actual PERS plan contributions were $245,568 to PERS Plan 1 and $406,242 to PERS Plan 2/3 for the year ended June 30, 2022.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2022 with a valuation date of June 30, 2021. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2013-2018 Experience Study* and the *2021 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2021 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2022. Plan liabilities were rolled forward from June 30, 2021, to June 30, 2022, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 2.75% total economic inflation; 3.25% salary inflation.

- **Salary increases**: In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by promotions and longevity.

- **Investment rate of return:** 7.0%.

Mortality rates were developed using the Society of Actuaries' Pub. H-2010 mortality rates, which vary by member status (e.g. active, retiree, or survivor), as the base table. 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.

Methods did not change from the prior contribution rate setting June 30, 2019 Actuarial Valuation Report (AVR), however OSA introduced a temporary method change to produce asset and liability measures for the June 30, 2020 AVR. There were also the following assumption changes:

- OSA updated the Joint-and-Survivor Factors and Early Retirement Factors in the model. Those factors are used to value benefits for early retirement and survivors of members that are deceased prior to retirement. These factors match the administrative factors provided to DRS for future implementation that reflect current demographic and economic assumptions.

- OSA updated the economic assumptions based on the 2021 action of the PFC and the LEOFF Plan 2 Retirement Board. The investment return assumption was reduced from 7.5% (7.4% for LEOFF 2) to 7.0%, and the salary growth assumption was lowered from 3.5% to 3.25%. This action is a result of recommendations from OSA's biennial economic experience study.

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.0 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 7.0% 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 7.0% was determined using a building-block-method. In selecting this assumption, OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMAs) 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

The table below summarizes the 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, 2022. The inflation component used to create the table is 2.2% and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	1.50%
Tangible Assets	7%	4.70%
Real Estate	18%	5.40%
Global Equity	32%	5.90%
Private Equity	23%	8.90%
	100%	

Sensitivity of the Net Pension Liability/(Asset)

The table below presents the (city/county/district's) proportionate share* of the net pension liability calculated using the discount rate of 7%, as well as what the (city/county/district's) proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6%) or 1-percentage point higher (8%) than the current rate.

	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
PERS 1	$768,161	$450,916	$174,246
PERS 2/3	($1,301,901)	($4,569,988)	($7,261,259)

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, 2022, the Authority reported its proportionate share of the net pension liabilities as follows:

	Liability (or Asset)
PERS 1	$450,916
PERS 2/3	($4,569,988)

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

	Proportionate Share 6/30/21	Proportionate Share 6/30/22	Change in Proportion
PERS 1	0.038107%	0.036923%	0.001184%
PERS 2/3	0.048069%	0.045876%	0.002193%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2022 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* for all plans except LEOFF 1.

LEOFF Plan 1 allocation percentages are based on the total historical employer contributions to LEOFF 1 from 1971 through 2000 and the retirement benefit payments in fiscal year 2022. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). The state of Washington contributed 87.12 percent of LEOFF 1 employer contributions and all other employers contributed the remaining 12.88 percent of employer contributions. LEOFF 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. The allocation method the plan chose reflects the projected long-term contribution effort based on historical data.

In fiscal year 2022, the state of Washington contributed 39 percent of LEOFF 2 employer contributions pursuant to RCW 41.26.725 and all other employers contributed the remaining 61 percent of employer contributions.

Pension Expense
For the year ended June 30, 2022, the Authority recognized pension expense as follows:

	Pension Expense
PERS 1	$ (116,689)
PERS 2/3	$ (1,003,196)
TOTAL	$ (1,119,885)

Deferred Outflows of Resources and Deferred Inflows of Resources
At June 30, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	PERS 1	PERS 1	PERS 2/3	PERS 2/3
Housing Authority of Snohomish County	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Differences between expected and actual experience	$ -	$ -	$221,958	$ 56,024
Net difference between projected and actual investment earnings on pension plan investments	$ -	$ 500,366	$ -	$3,819,438
Changes of assumptions	$ -	$ -	$ 6,678	$324,545
Changes in proportion and differences between contributions and proportionate share of contributions	$ -	$ -	$127,682	$49,761
Contributions subsequent to the measurement date	$245,568	$ -	$406,242	$ -
TOTAL	**$245,568**	**$500,366**	**$762,560**	**$4,249,768**

PERS 1 & PERS 2/3 TOTALS			Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience			$221,958	$ 56,024
Net difference between projected and actual investment earnings on pension plan investments			$ -	$4,319,804
Changes of assumptions			$ 6,678	$324,545
Changes in proportion and differences between contributions and proportionate share of contributions			$127,682	$ 49,761

Contributions subsequent to the measurement date			$651,810	$ -
TOTAL			**$1,008,128**	**$4,750,134**

Deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	PERS 1	PERS 2/3
2022	$(132,547)	$(1,027,215)
2023	$(121,461)	$(958,592)
2024	$(114,847)	$(911,929)
2025	$(131,511)	$(988,548)
2026	$ -	$(7,148)
Thereafter	$ -	$(17)
Total	**$(500,366)**	**$(3,893,449)**

NOTE 6 - LONG TERM DEBT

A. Long-Term Debt

The Authority's long-term obligations consist of bonds payable, notes payable, and loans payable. These bonds, notes, and loans have been issued for purchasing or constructing housing or to provide funds for capital improvements or loaned to various non-profit groups as conduit financing to do the same. Accordingly, all the debt is classified as capital related debt. The Authority has no taxing powers.
All the debt is tax-exempt debt, which means that the interest earned by the holders of the debt is exempt from income taxes on their personal tax returns. As tax-exempt debt the Authority is subject to compliance with IRS regulations related to arbitrage. To the best of our knowledge the Authority is in compliance with all required finance related covenants and regulations related to our debt.

Changes to the Authority's long-term obligations during fiscal year 2022 are summarized below:

Business-type Activities	Beginning Balance @ July 1, 2021	Additions	Reductions	Ending Balance at June 30, 2022	Current Portion
General obligation bonds	$ 70,121,805	$ -	$ (1,344,172)	$ 68,777,633	$ 1,404,172
Revenue Bonds	$ 17,893,316	$ -	$ (11,048,316)	$ 6,845,000	$ 350,000
Notes from Direct Borrowings	$ 24,061,173	$ -	$ (1,220,753)	$ 22,840,420	$ 724,185
Conduit Bonds	$ 7,463,331	$ -	$ (280,088)	$ 7,183,243	$ 283,873
Other - Forgivable Notes	$ 12,653,190	$ 5,000	$ -	$ 12,658,190	$ -
Compensated Absences	$ 587,207	$ 135,741	$ -	$ 722,948	$ 416,407
Total OPEB Liability	$ 3,193,986	$ -	$ (701,277)	$ 2,492,709	$ -
Net Pension Liability	$ 1,960,157	$ -	$ (1,509,242)	$ 450,915	$ -
Total	**$ 137,934,164**	**$ 140,741**	**$ (16,103,848)**	**$ 121,971,057**	**$ 3,178,636**

General Revenue Bonds:

General obligation bonds currently outstanding are as follows:

Purpose	Issue/Maturity Date	Interest Rate - %	Beginning Balance	Amount Outstanding	Current Portion
Carvel Refunding Revenue Bonds	04/2019 - 05/2031	3.72	$ 70,121,805	$ 68,777,633	$ 1,404,172

The annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending June 30	Principal	Interest
2023	1,404,172	2,618,685
2024	1,469,172	2,555,685
2025	1,534,172	2,489,435
2026	1,604,172	2,419,935
2027	1,674,172	2,346,935
2028-2032	9,610,858	10,506,173
2033-2037	11,940,858	8,170,392
2038-2042	14,275,858	5,840,042
2043-2047	17,370,858	2,736,217
2048-2049	7,893,343	153,857
Total	**$ 68,777,633**	**$ 39,837,354**

Revenue Bonds:

The total of revenue bonds currently outstanding is $17,893,316, and they are as follows:

Purpose	Issue/Maturity Date	Interest Rate - %	Beginning Balance	Amount Outstanding	Current Portion
Ebey Arms/Center House/ Raintree Village/Valley Commons	11/2003 - 11/2034	Variable Rate w/Swap Hedge	$ 5,955,000	$ 5,645,000	$ 320,000
Squire/Kingsbury Mobile Home Park	05/2007 - 10/2037	4.40 - 4.50	$ 2,835,000	$ -	$ -
Edmonds Highlands	12/2012 - 05/2041	1.00 - 3.25	$ 7,878,316	$ -	$ -
Tall Firs	07/2010 - 07/2045	3.000 - 5.125	$ 1,225,000	$ 1,200,000	$ 30,000
TOTALS			**$ 17,893,316**	**$ 6,845,000**	**$ 350,000**

Revenue bond debt service requirements to maturity are as follows:

Year Ending June 30	Principal	Interest
2023	350,000	305,422
2024	370,000	289,429
2025	385,000	272,655
2026	400,000	255,209
2027	420,000	236,977
2028-2032	2,430,000	874,425
2033-2037	1,870,000	308,830
2038-2042	310,000	128,740
2043-2047	310,000	41,000
2048-2049	-	-
Total	**$ 6,845,000**	**$ 2,712,687**

In proprietary funds, bonds are displayed net of premium or discount. Annual interest expense is decreased by amortization of debt premium and increased by the amortization of debt discount.

On June 30, 2022, the Authority has restricted assets in proprietary funds containing $2,102,287 in reserves as required by bond indentures.

The Authority has issued bonds that are secured by property revenues and further secured by the general revenues of the Authority. Property revenues will be the primary source of repayment and the general revenues of the Authority would be used only if property revenues are insufficient to cover required debt service. For the period ended June 30, 2022, general revenues were $8,381,622. This is a reduction of $791,716 from fiscal year 2021 due to shutting down Whispering Pines for redevelopment of a new project, novo on 52nd. The outstanding debt for which general revenues is the primary repayment source is $68,777,633, and the principal and interest amount to be paid in fiscal year 2023 is $1,404,172 and $2,618,684, respectively.

The Authority has hired an outside firm to calculate arbitrage rebates on a regular basis for all its tax-exempt debt. The rebate is based on the differential between the interest earnings from the investment of bond proceeds as compared to the interest expense associated with the respective bonds. As of June 30, 2022, the Authority estimates no arbitrage rebate exists in relation to its debt reserve funds, therefore no rebate liability exists.

Direct Borrowings:

The total current outstanding balance of $22,840,420 from direct borrowings is as follows:

Purpose	Issue/Maturity Date	Interest Rate - %	Beginning Balance	Amount Outstanding	Current Portion
Craigmont - USDA Note	11/1992 - 11/2032	1.00 - 7.75	$ 1,014,673	$ 957,343	$ 50,010
USDA Pooled Project - USDA Note	04/1996 - 04/2036	1.00 - 6.75	$ 1,887,743	$ 1,791,629	$ 95,390
Glenwood - USDA Note	04/1989 - 04/2029	1.00 - 9.00	$ 1,183,709	$ 1,155,584	$ 30,763
Ebey Arms - Wa State Commerce Note	11/2003 - 11/2043	1	$ 992,379	$ 952,846	$ 39,929
Center House	08/1991 - 12/2037	Deferred	$ 397,313	$ 376,938	$ 20,375
Thomas Lake	12/1994 - 12/2034	1.00	$ 66,559	$ 62,106	$ 4,490
Squire/Kingsbury - State HTF	04/2007 - 12/2057	0	$ 3,500,000	$ 3,500,000	$ -
Olympic/Sound View	10/2007 - 12/2048	0	$ 772,500	$ 772,500	$ -
Olympic/Sound View	10/2007 - 12/2048	1.00	$ 1,961,683	$ 1,452,707	$ -
USDA Pooled Project - Banner Bank	04/2012 - 04/2027	4.00	$ 1,245,047	$ 1,051,670	$ 201,255
Woodlake Manor	03/2015 - 04/2030	3.625	$ 361,497	$ 326,127	$ 36,674
Autumn Chase	05/2016 - 05/2031	3.40	$ 9,178,071	$ 8,940,971	$ 245,299
Glenwood - Wa State Commerce HTF	10/2016 - 09/2056	Deferred	$ 1,500,000	$ 1,500,000	$ -
TOTALS			**$ 24,061,173**	**$ 22,840,420**	**$ 724,185**

Direct borrowings debt service requirements to maturity are as follows:

Year Ending June 30	Principal	Interest
2023	733,463	407,085
2024	831,425	359,123
2025	854,400	335,427
2026	875,847	314,701
2027	857,304	293,301
2028-2032	9,465,195	1,042,347
2033-2037	1,714,714	42,856
2038-2042	2,029,841	11,778
2043-2047	1,134,992	643
2048-2052	1,834,172	-
2053-2057	2,509,031	
2058-2061		
Total	**$ 22,840,384**	**$ 2,807,261**

The direct borrowings consist of several promissory notes with USDA, Rural Housing Services as well as a deferred promissory note with the Washington State Department of Community, Trade, and Economic Development (CTED).

USDA Notes: The Authority entered into promissory notes with the U.S Department of Agriculture, Rural Development Division, formerly known as Farmers Home Administration. The Craigmont note financed the acquisition of this project. It is a 40-year note payable with an interest rate of 7.75%. The notes associated with the USDA Pooled Project represent promissory notes assumed by the Authority upon acquisition of these projects. These notes have a 40-year term with an interest rate of 6.75%. These notes are subordinate to the Authority's revenue bonds on this project. The Glenwood Apartment note financed the acquisition of this project. It is a 40-year note payable with an interest rate of 9.00%. By complying with provisions of the loan agreements, interest credits are granted on a monthly basis that makes the effective interest rate 1.00%. The amount of interest credit granted in any year is calculated and has been reported on the schedule of federal financial assistance as a subsidy. Annual debt service requirements on these notes could vary depending on the amount of interest credit granted. The Pooled Project and Glenwood Apartments both receive rental assistance through USDA, Rural Development.

Glenwood: The Housing Authority entered into three agreements to provide funding for the rehabilitation of 46 units of housing at the Glenwood Apartments in Lake Stevens, Washington. One of the loans is outlined below, and the remaining loans are included under *Other – Forgivable Notes*, below:

a) The Authority entered into a 0% interest deferred Housing Trust Fund loan with the State of Washington Department of Commerce on August 22, 2016 (HTF contract # 15-94110-014), for $1,500,000 for a term of 40 years. The loan is a deferred loan that requires no interest or principal payments for 40 years. The entire loan shall be due in full on September 30, 2056 per the terms of the HTF contract and promissory note. The outstanding balance of this loan agreement is $1,500,000.

Ebey Arms: The Authority entered into a promissory note with the Washington State Department of Community, Trade, and Economic Development (CTED). The note is subject to the terms and conditions of the Housing Finance Unit Agreement, contract number 03-49300-802, in consideration for the sale and financing of Ebey Arms Apartments. The contract is for a term of 40 years. Quarterly interest-only payments of $2,723.75 were due for the first 15 years. The final interest-only payment was due on November 30, 2018. Principal and interest payments of $12,327.10 are due beginning February 28, 2019, and quarterly thereafter for 25 years until the loan is due and payable in full on or before November 30, 2043.

Center House: The Authority entered into a contract with the Washington State Department of Community Development in August of 1991 in the amount of $389,000 to provide funds to assist with the construction and development of the Center House Apartments. This note was re-negotiated with the State and the County which will alter the terms of repayment. An additional $100,000 was awarded in April of 2013 but was not received until December of 2013. Quarterly principal payments of $5,093.75

are due beginning March 31, 2017, through September 30, 2037, with the final principal payment of $66,218.75 due on or before December 31, 2037.

Thomas Lake: This is a 3-part promissory note payable to the Washington State Department of Community Development. The funds were received for the purpose of purchasing and rehabilitating a condemned mobile home park. This note's three parts are as follows:

The first two parts of the promissory note are deferred loans that will be forgiven if the Authority has complied with the affordable housing conditions outlined in the agreement. The details are included under *Other – Forgivable Notes*, below.

The final $168,000 portion of the loan is a 1% loan to be amortized over 40 years with annual payments of principal and interest in the amount of $5,098 due each December 31. All payments have been made on this portion of the loan. The current outstanding principal balance as of June 30, 2022, is $62,106.

Squire/Kingsbury: The Squire and Kingsbury projects are two senior mobile home parks that the Authority purchased to preserve this limited supply of affordable low-income housing. To accomplish this goal several loans were received in order to reduce the amount of permanent debt the project rents will have to support in order to make this project financially feasible. One of these deferred loans is outlined below, and the remaining loans are included under *Other – Forgivable Notes*, below.

a) The Authority entered into a HOME loan agreement with the Washington State Department of Community Development (contract # 07-47104-002), for $3,500,000 for a term of 50 years, the loan is a deferred loan that requires no interest or principal payments for the first 30 years. After 30 years the loan amortizes at 0%, and quarterly payments of $43,750 will begin on March 31, 2038, for the next 20 years. The final payment shall be due on or before December 31, 2057.

Olympic/Sound View: The Housing Authority entered into a loan agreement with Snohomish County in the amount of $772,500 to provide funding for the retirement of bridge financing used by the agency to acquire the property. The loan is a zero percent loan and is payable in full no later than December 31, 2048.

Olympic/Sound View: The Housing Authority entered into a loan agreement with the State of Washington, Department of Community Trade and Economic Development in the amount of $2,000,000 to provide a portion of the funding for the acquisition and rehab of the apartment buildings located in Edmonds, Washington. The loan bears interest of 1% compounded quarterly, however no interest will begin to accrue until January 31, 2009. Payment on the loan shall be deferred until January 31, 2023, however any excess cash from the properties will be used to pay down principal each year. Quarterly payments in the amount of $25,000 shall begin on January 31, 2023. The full remaining principal balance and any accrued but unpaid interest shall be due and payable no later than December 31, 2048. The outstanding balance of this loan agreement as of June 30, 2022, is $1,452,707.

USDA Pooled Project – Banner Bank: Per the Tax-Exempt Promissory Note between Banner Bank, Lender, and Housing Authority of Snohomish County, Borrower, dated April 2, 2012: Upon an Event of Default, Lender may declare the entire unpaid principal balance on this Note and all accrued unpaid interest immediately due, without notice, and then Borrower will pay that amount, in addition to any prepayment premium as calculated above.

Woodlake Manor: Per the Tax-Exempt Promissory Note between Banner Bank, Lender, and Housing Authority of Snohomish County, Borrower, dated March 17, 2015: Upon an Event of Default, Lender may declare the entire unpaid principal balance on this Note and all accrued unpaid interest immediately due, without notice, and then Borrower will pay that amount, in addition to any prepayment premium as calculated above.

Autumn Chase: Per Autumn Chase Apartments Project, Series 2016, Multifamily Refunding Revenue Note dated May 23, 2016: If an Event of Default has occurred and is continuing, the entire unpaid principal balance, any accrued interest, the prepayment premium payable under Section 10, if any, and all other amounts payable under this Note and any other Loan Document shall at once become due and payable, at the option of Lender, without any prior notice to Authority (except if notice is required by applicable law, then after such notice). Lender may exercise this option to accelerate regardless of any prior forbearance.

B. Conduit Bonds

The Authority's long-term obligations include revenue bonds that were issued for the acquisition or construction of housing deemed to be in the public interest and were loaned to various non-profit groups as conduit financing. The bonds were issued, and the proceeds were loaned to the private entities under the terms of the governing loan and regulatory agreements. The bonds are secured by liens on the property financed and are payable from payments received on the underlying loans. The liens are secured solely by the revenues generated by the property secured by the underlying deed of trust granted to the Authority.

The bonds are issued in the name of the Authority and are liabilities of the Authority. No other governmental agency is liable for these bonds except the Authority. The underlying non-profit owners and partnerships are current on all obligations under the terms of the governing loan and regulatory agreements. These tax-exempt revenue bonds are subject to arbitrage requirements. As of June 30, 2022, the total outstanding balance of bonds payable for conduit financed projects is $7,183,243 and consists of the bonds listed below:

Purpose	Issue/Maturity Date	Interest Rate - %	Beginning Balance	Amount Outstanding	Current Portion
SAHG Refunding Revenue Bond	05/2013 - 06/2033	3.875	$ 2,375,001	$ 2,305,628	$ 72,154
Housing Hope Avondale Village Project	11/05 - 11/2036	6.00 - 7.00	$ 643,330	$ 612,615	$ 21,719
Olympic and Sound View LLC	11/2007 - 12/2037	Variable Rate w/Swap Hedge	$ 4,445,000	$ 4,265,000	$ 190,000
TOTALS			**$ 7,463,331**	**$ 7,183,243**	**$ 283,873**

C. Other - Forgivable Debt

The Authority has other debt obligations that are most appropriately categorized as forgivable notes payable. In general, these loans were entered into to take advantage of favorable loan or grant agreements. A summary totaling $12,658,190 as of June 30th, 2022 is listed below, and a more detailed description of each of these loans also follows:

Purpose	Issue/Maturity Date	Interest Rate - %	Beginning Balance	Amount Outstanding	Current Portion
Thomas Lake	12/1994 - 12/2034	1.00	$ 630,000	$ 635,000	$ -
AIDS Housing	12/1996 - 12/2046	Deferred	$ 98,150	$ 98,150	$ -
AIDS Housing - Snohomish County HTF	12/1996 - 12/2037	Deferred	$ 122,000	$ 122,000	$ -
Squire/Kingsbury	09/2007 - 09/2047	Deferred	$ 625,113	$ 625,113	$ -
Squire/Kingsbury	06/2008 - 06/2048	Deferred	$ 1,000,000	$ 1,000,000	$ -
Squire/Kingsbury	07/2007 - 07/2047	Deferred	$ 392,938	$ 392,938	$ -
Squire/Kingsbury	01/2009 - 01/2049	Deferred	$ 558,260	$ 558,260	$ -
East Terrace III	04/2007 - 4/2047	Deferred	$ 750,000	$ 750,000	$ -
East Terrace III	01/2008 - 12/2047	Deferred	$ 1,150,000	$ 1,150,000	$ -
Tall Firs - Wa State Dept of Commerce HTF	06/2015 - 6/2055	Deferred	$ 2,599,656	$ 2,599,656	$ -
Tall Firs - Snohomish County Affordable HTF	06/2015 - 06/2055	Deferred	$ 1,921,595	$ 1,921,595	$ -
Glenwood - Snohomish County Affordable HTF	07/2014 - 07/2054	Deferred	$ 323,246	$ 323,246	$ -
Glenwood - County HOME funds	07/2014 - 07/2054	Deferred	$ 536,754	$ 536,754	$ -
Woodlake Manor 3 - Sno. Co Affordable HOME	07/2015 - 07/2055	Deferred	$ 745,478	$ 745,478	$ -
Woodlake Manor 3 - State HTF HOME funds	06/2015 - 06/2055	Deferred	$ 1,200,000	$ 1,200,000	$ -
TOTALS			**$ 12,653,190**	**$ 12,658,190**	**$ -**

The Authority has not calculated an estimate of the annual requirements to amortize debt from forgivable debt as of June 30, 2022, because future events could trigger changes in interest rates which would affect the amount of interest and the amortizing balances, as previously described.

<u>Thomas Lake</u>: This is a 3-part promissory note payable to the Washington State Department of Community Development. The funds were received for the purpose of purchasing and rehabilitating a condemned mobile home park. This note's three parts are as follows:

a. $500,000 is a deferred loan that incurs simple interest at 1% per year. Both the principal and interest are deferred and will be forgiven on December 31, 2035, if the Authority has complied with the affordable housing conditions outlined in the agreement. If the property is sold, the deferred amounts become due and payable. The deferred portion of this loan increased by $5,000 in fiscal year 2022. The outstanding principal and deferred interest balance is $635,000. The Authority has complied with all the provisions of the agreement.

b. $72,000 portion of this loan will be used as a revolving loan fund to assist income eligible persons in securing housing in the Mobile Home Park. This portion of the loan is secured by liens on the property financed. This portion was transferred to Homesight, a non-profit corporation who has taken over a regional role for servicing these loans. Accordingly, the Authority is no longer liable for this portion of the loan.

<u>AIDS Housing</u>: This is a recoverable grant, $122,000 was received from the Washington State Department of Community Development, and $98,150 was received from Snohomish County, solely for the construction of housing for very low-income persons with AIDS. The grant compliance period is 50

years commencing upon project completion. If the property is sold, refinanced, or its use changes the grant shall be due and payable. Because of the unique repayment provision, we have recorded this recoverable grant as a loan. If compliance with the contract provisions is met for the 50-year period, the loan is forgiven.

Squire/Kingsbury: The Squire and Kingsbury projects are two senior mobile home parks that the Authority purchased to preserve this limited supply of affordable low-income housing. To accomplish this goal, several loans were received to reduce the amount of permanent debt the project rents will have to support to make this project financially feasible. These deferred loans are outlined below:

a. The Authority entered into a loan agreement with Snohomish County (contract # HCD 07-11-0705-113) on July 23, 2007, for $392,938 for a term of 40 years. The loan is a deferred loan that requires no interest or principal payments for 40 years. After 40 years the loan will be forgiven if the Housing Authority has fully complied with the provisions of the agreement. The purpose of the loan was to reduce the amount of permanent financing required.

b. The Authority entered into a HOME loan agreement with Snohomish County (contract # HCD 07-42-0702-113) on September 26, 2007, for $625,113 for a term of 40 years. The loan is a deferred loan that requires no interest or principal payments for 40 years. After 40 years the loan will be forgiven if the Housing Authority has fully complied with the provisions of the agreement. The purpose of the loan was to reduce the amount of permanent financing required.

c. The Authority entered into a HOME loan agreement with Snohomish County (contract # HCD 08-42-0803-113) on June 27, 2008, for $1,000,000 for a term of 40 years. The loan is a deferred loan that requires no interest or principal payments for 40 years. After 40 years the loan will be forgiven if the Housing Authority has fully complied with the provisions of the agreement. The purpose of the loan was to reduce the amount of permanent financing required.

d. The Authority entered into a loan agreement with Snohomish County (contract # HCD 09-11-0903-113) on January 30, 2009, for $ 558,260 for a term of 40 years. The loan is a deferred loan that requires no interest or principal payments for 40 years. After 40 years the loan will be forgiven if the Housing Authority has fully complied with the provisions of the agreement. The purpose of the loan was to reduce the amount of permanent financing required.

East Terrace III: The Housing Authority entered into two agreements to provide funding for the construction of 12 additional units of transitional housing, on property located in Mountlake Terrace, Washington, to be known as East Terrace III. To accomplish this goal, the loans were received to provide funding for the construction of the project. The loans are outlined below:

a. The Authority entered into a HOME loan agreement with Snohomish County (contract # HCD 07-42-0502-113) on April 30, 2007, for $ 750,000 for a term of 40 years. The loan is a deferred loan that requires no interest or principal payments for 40 years. After 40 years the entire loan shall be forgiven provided that the Housing Authority has fully complied with the provisions of the HOME agreement and promissory note.

b. The Authority entered into a recoverable grant agreement with the Washington State Department of Community Development (contract # 06-94100-054) on January 1, 2008, in the amount of $1,150,000. This recoverable grant was received to provide a portion of the funds to construct 12 additional units of transitional housing. There is no expectation that the grant will be repaid, however if the terms and conditions of the grant agreement are not met, or if the property is sold, transferred, refinanced, or if the use changes over the 40-year term of the grant, the grant and a share of the appreciated value becomes due and payable to the State Housing Trust Fund.

Tall Firs: The Housing Authority entered into two agreements to provide funding for the transfer of Tall Firs Apartments from Senior Services of Snohomish County to the Housing Authority on June 18, 2015. The loans are outlined below:

a. The Housing Authority entered into a recoverable grant agreement with the Washington State Department of Commerce (contract # 13-94110-019) using Housing Trust Fund (HTF) funding, in the amount of $2,600,000. This recoverable grant was received to provide a portion of the funds to acquire the Tall Firs Apartments, a 40-unit apartment project located in Mountlake Terrace, and to provide additional funds to assist with the rehabilitation of the project. The recoverable grant is a 0% deferred loan with a 40-year term. There is no expectation that the recoverable grant will be repaid as long as the terms and conditions of the grant agreement are met.

   The recoverable grant is subject to repayment if the property is sold, transferred, refinanced, or the use changes over the 40-year term of the grant, the grant and a share of the appreciated value becomes due and payable to the State Housing Trust Fund. The promissory note was amended by -$344.09 on July 1, 2020, after this amount was de-obligated. All other terms and conditions of this contract remain in full force and effect. The outstanding balance as of June 30, 2022, is $2,599,656.

b. The Housing Authority entered into a 0% interest deferred loan with Snohomish County in June of 2015 (HCS-15-11-1403-113) using local AHTF funds in the amount of $1,500,000. The loan is a deferred loan that requires no interest or principal payments for 40 years. After 40 years the entire loan shall be forgiven provided that the Housing Authority has fully complied with the provisions of the AHTF agreement and promissory note. The AHTF Agreement was amended on April 6, 2017, with an amended promissory note totaling $1,921,595. The 40-year forgivable terms are still in effect. The outstanding balance of this loan agreement is $1,921,595.

Glenwood: The Housing Authority entered into three agreements to provide funding for the rehabilitation of 46 units of housing at the Glenwood Apartments in Lake Stevens, Washington. One of the loans is listed in the above section under Direct Borrowings, and the remaining loans are outlined below:

a. The Authority entered into a HOME loan agreement with Snohomish County in July of 2014 (contract # HCS-13-42-1302-113) for $ 536,754 for a term of 40 years. The loan is a deferred loan that requires no interest or principal payments for 40 years. After 40 years the entire loan shall be forgiven provided that the Housing Authority has fully complied with the provisions of the HOME agreement and promissory note.

b. The Housing Authority entered into a 0% interest deferred loan with Snohomish County in July of 2014 (HCS-13-11-1303-113) using local AHTF funds in the amount of $323,246. The loan is a deferred loan that requires no interest or principal payments for 40 years. After 40 years the entire loan shall be forgiven provided that the Housing Authority has fully complied with the provisions of the AHTF agreement and promissory note. The outstanding balance of this loan agreement is $323,246.

Woodlake Manor III: The Housing Authority entered into two agreements to provide funding for the rehabilitation of 24 units of housing at Woodlake Manor III in Snohomish, Washington. The loans are outlined below:

a. The Authority entered into a HOME loan agreement with Snohomish County in July of 2015 (contract # HCS-14-42-1402-113) for $ 745,478 for a term of 40 years. The loan is a deferred loan that requires no interest or principal payments for 40 years. After 40 years the entire loan shall be forgiven provided that the Housing Authority has fully complied with the provisions of the HOME agreement and promissory note.

b. The Authority entered into a 0% interest deferred Housing Trust Fund note with the State of Washington Department of Commerce on June 8, 2015 (HTF contract # 14-94110-010) for $1,200,000 for a term of 40 years. The loan is a deferred loan that requires no interest or principal payments for 40 years. After 40 years the entire loan shall be forgiven provided that the Housing Authority has fully complied with the provisions of the HTF agreement and promissory note.

NOTE 7 - DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

GASB Statement 53 requires the fair value of derivatives to be determined and reported on the Authority's statement of net position. Changes in the fair value of the hedging derivative instruments will be accounted for using hedge accounting, which requires these changes to be reported on the statement of net position as a liability offset by a deferred outflow as long as the hedge is effective. When the hedging derivative contract ends, or the hedge is determined to no longer be effective, deferred amounts will be reported on the statement of revenues, expenses, and changes in net position.

The Authority has hedging instruments in place for two projects. One of the projects is owned outright by the Authority and the other project is one in which we provided the financing which utilized the hedging instrument. This project is reported as a component unit of the Authority. Under the terms of the loan and regulatory agreement the tax credit partnership is responsible for payment of those costs and the value of that hedging instrument will be reported with that project in the component unit column.

The effect in Fiscal Year 2022 of this accounting requirement is that the value of the hedging instruments is shown as a deferred outflow of resources with a corresponding liability on the Statement of Net

Position in the amount of $858,376. Because the hedging instruments were determined to be effective, and this accounting treatment was applied, there is no effect on the net position or equity balances of the Housing Authority. The remaining disclosures provide additional required information about our hedging instruments.

Contracts: The Authority has two revenue bond issues that involved the issuance of variable rate revenue bonds that used interest rate swap agreements to synthetically fix the interest rates and our exposure to rate fluctuations. One of the swap agreements is for a Housing Authority project, while the second is for the Olympic and Sound View LLC, which is a component unit of the Authority. Under the terms of the loan agreement the Olympic and Sound View LLC is responsible for repaying the Authority for all the costs associated with this debt. This is a debt of the Authority but is offset by a corresponding receivable.

	Changes in Fair Value		Fair Value at June 30, 2022		Notional
Description	Classification	Amount	Classification	Amount	Amount
Housing Authority Bond Issue					
Cash Flow Hedge					
Pay Fixed interest rate swap	Deferred outflow	675,372	Debt	(702,705)	5,645,000
Component Unit Swap Obligation - Conduit Bond Issue					
Cash Flow Hedge					
Pay Fixed interest rate swap	Deferred outflow	333,354	Debt	(155,670)	4,260,000
		1,008,727		(858,376)	

Objectives of the Swap Agreements: As a means to lower the overall borrowing costs and increase its savings, when compared against fixed rate financing at the time the bonds were issued, the Authority entered into the interest rate swap agreements. The intention of the swaps was to hedge the cash flows of the variable rate debt, which was subject to changes in interest rates, by synthetically fixing the interest rates using the interest rate swap agreements.

Terms, Fair Value, and Credit Risk: The terms, fair values, and credit ratings of the outstanding swap agreements as of June 30, 2022 are described below.

Type	Objective	Notional Amount	Effective Date	Maturity Date	Terms	Counterparty Rating
Housing Authority Bond Issue						
Pay Fixed	Hedge of changes in cash	4,725,000	5/1/2004	12/1/2034	Pay weighted average	Aa3/A+/AA-
Interest Rate	flows on 2003 variable rate	920,000	5/1/2004	12/1/2034	of 3.98% receive 70%	
Receive Variable	Revenue and Refunding bonds	5,645,000			of LIBOR	
Component Unit Swap Obligation - Conduit Bond Issue						
Pay Fixed	Hedge of changes in cash				Pay fixed of	
Interest Rate	flows on 2007 variable	4,260,000	10/31/2007	11/1/2024	3.895% receive SIFMA	Aa3/A+/AA-
Receive Variable	rate Revenue bonds				Muni Swap Index Rate	

Credit Risk: Is the risk that the counterparty will not fulfill its obligations under the contract. As of June 30, 2022, the negative fair values of the agreements may be countered by reductions in the total interest payments required under the variable rated bonds, creating lower synthetic rates. It is the Housing Authority's policy that at the time of entering into any payment agreement that the counterparty must carry a rating from at least two nationally recognized credit rating agencies as of the date of execution of the agreement, and this rating must be within the two highest long-term investment grade rating categories. Another option is that the counterparty must carry a rating from at least two nationally recognized credit rating agencies as of the date of execution of the agreement, and this rating must be within the three highest long-term investment grade rating categories. Under this option, the payment obligations of the other party under the agreement must be collateralized by direct obligations of, or obligations the principal and interest on which are guaranteed by, the United States government that are deposited with the governmental entity or an agent of the governmental entity and maintain a market value of not less than 102% of the net market value of the payment agreement to the Authority.

Basis Risk: The swaps expose the Authority to basis risk because the variable rate bonds are remarketed weekly. The Authority is exposed to basis risk because the pay fixed interest rate swap agreement that provides the hedge is based on 70% of the LIBOR interest rate which is a different reference rate. The basis risk is the risk that these rates will diverge over time.

Termination Risk: The Authority or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract. If at the time of termination, the swap has a negative fair value, the Authority would be liable to the counterparty for a payment equal to the swap's fair value.

Rollover Risk: Is incurred when the maturity date of the hedge instrument is less than the maturity date of the item being hedged, in this case the variable rate debt. When the interest rate swap matures, the debt will no longer have the benefit of the hedged instrument.

Market Access Risk: The risk that the Authority will be unable to access the capital (credit) markets when necessary or that the costs to do so will be much more costly.

Swap Payments and Associated Debt: As rates vary, interest payments and net swap payments will also vary. As of June 30, 2022, debt service requirements of the variable rate debt and net swap payments, assuming current interest rates remain the same for the life of the bonds, were as follows:

FY	Principal	Interest	Total Prin and Int	Interest Rate Swap (net)	Total
2023	510,000	394,402	904,402	(24,978)	879,424
2024	540,000	374,453	914,453	(23,567)	890,886
2025	560,000	353,318	913,318	(22,089)	891,229
2026	585,000	331,295	916,295	(20,546)	895,749
2027	615,000	308,381	923,381	(18,929)	904,453
2028-2032	3,525,000	1,157,494	4,682,494	(67,664)	4,614,830
2033-2037	3,215,000	422,184	3,637,184	(17,570)	3,619,614
2038	360,000	20,722	380,722	-	380,722

NOTE 8 - COMPENSATED ABSENCES

Compensated absences are absences for which employees will be paid, such as vacation and sick leave. The total accumulated annual leave, including vacation and sick leave, is accrued as an expense and a corresponding liability. Employees earn annual leave at rates ranging from 15 days per year for the first year of employment to 31 days per year for eighteen years or more of employment. Forty (40) hours of leave can be accumulated each year and carried forward up to a maximum of 240 hours. Upon termination, employees will be paid for all unused annual leave up to a maximum of 240 hours. As of year-end, the liability for accumulated leave was calculated at $722,948 based on the number of accumulated hours and employee rates of pay.

NOTE 9 - TAX CREDIT PARTNERSHIPS

As of June 30th, 2022, the Authority is the General Partner in three (3) partnerships to administer affordable housing with low-income tax credits allocated by the Washington State Housing Finance Commission. The partnership is a separate legal entity that meets the requirement of GASB Statement 14 to be treated as part of the agency's reporting entity. The partnership meets the criteria of "imposition of will" and "financial benefit/burden", and therefore, meets the criteria of a component unit and is part of the reporting entity.

GASB Statement 14 recommends that financial statements of the component units be presented in the financial statements of the primary government by using the discrete presentation method. Because of the tax considerations, the fiscal year-end of the partnerships is the calendar year. No attempt has been made to eliminate duplicative information between the primary government and the component units.

Following is a brief description of each partnership:

Jackson House at Pacific Crest LLLP

The Authority is the general partner and .01% owner of the Jackson House at Pacific Crest Limited Liability Limited Partnership. The Partnership was formed in July of 2013 to acquire, rehabilitate, and operate the Jackson House at Pacific Crest Apartments LLLP, a 120-unit apartment complex located in Everett, Washington, now doing business as the Jackson House Apartments. The project is 99.99% owned by the Boston Capital Corporate Tax Credit Fund XXXVII.

The Partnership issued an FHA 223(f) bond to provide funds for the purchase. The outstanding balance of the FHA 223(f) bond as of December 31, 2021, is $6,684,531. The remaining financing was provided by the seller via a surplus cash promissory note. As of December 31, 2021, the principal amount due on the note is $3,968,635. The lease agreement is for 99 years and expires December 31, 2111.

Olympic and Sound View, LLC

The Authority is the managing member and .01% owner of the Olympic and Sound View, LLC. The limited liability company was formed in July 2007 to acquire, rehabilitate, and operate the Olympic View and Sound View Apartments, two multifamily apartment buildings that total 88 units, located in Edmonds, Washington. The project is 99.99% owned by Bank of America.

In order to finance the purchase, the Housing Authority issued variable rate revenue bonds in October of 2007, with principal amounts totaling $6,500,000. The Authority as managing member entered into an interest rate swap agreement to synthetically fix the interest rate at 3.895%. This is also discussed in Note 7. The proceeds of the bond issue were then loaned to the partnership pursuant to the terms of a Loan and Regulatory agreement, which requires the partnership to make all payments under the agreement and the Trust Indenture.

Upon completion of the project rehab the General Partner is entitled to a development fee for development services rendered in connection with the acquisition and rehabilitation. The managing member is entitled to a developer fee of $1,200,000 for development services rendered in connection with acquisition and rehabilitation of the project. The limited liability company issued a note to the managing member which bears interest at 8%. Payments on the note are to be made from excess project cash flow. The note was paid off during 2020, and as of December 31st, 2020, the principal amount due on the note is $0. The project expects to generate $3,869,540 in low-income tax credits. At the end of the tax credit compliance period, the Authority has an option to purchase the complex from the partnership.

Westend HASCO LLLP

The Authority is the managing member and 0.009% owner of the limited liability limited partnership known as Westend HASCO LLLP. The project, a 133-unit apartment complex located in Marysville, Washington that was previously known as Westwood Crossing Apartments, is 99.99% owned by RBA-Westend LLC, the Investor Limited Partner. The Special Limited Partner, RBC Tax Credit Manager II, Inc owns a 0.001% interest. The project was constructed in 1985 and rehabilitated in 1997 and needed extensive rehabilitation. Immediately prior to the September 1, 2016, closing, the property was owned by HASCO-Westwood Crossing LLC, of which HASCO was the sole member. The Authority formed a new limited liability limited partnership known as Westend HASCO LLLP of which it is the general partner, to acquire, rehabilitate, own, and operate the Project. The Project was transferred to the Authority and leased to the Partnership at the time of closing.

In order to finance the purchase, the Housing Authority issued revenue bonds on September 1, 2016, in the aggregate amount of $18,000,000. The proceeds of the bond issue were used to acquire a loan from JP Morgan Chase Bank to the Partnership consisting of a construction loan of up to $18,000,000 converting to a permanent loan in the principal amount of up to $8,250,000. The construction loan to the partnership is made up of a combination of the long-term debt as well as bridging the tax credit equity pay-in. Most of the tax credit investor equity is anticipated to be contributed after the placed-in-service date, which was November 30, 2017. Both the second and the final equity installments were projected to come in on November 1, 2018, enabling the Authority to pay down the loan to the permanent level at that time. The project is expected to generate $10,679,770 in low-income tax credits over the ten-year credit period. The Authority also initiated a defeasance of $4,025,000 in Westwood Crossing 2007 bonds on August 31, 2016, and the bonds were called on May 1, 2017.

Upon completion of the project rehab, the General Partner is entitled to a development fee for development services rendered in connection with the acquisition and rehabilitation. The managing member is entitled to a developer fee of $3,350,000 for development services rendered in connection with acquisition and rehabilitation of the project. The limited liability company issued a note for $6,900,000 to the managing member which bears interest at 6%. Payments on the note are to be made from excess project cash flow. At the end of the tax credit compliance period, the Authority has an option to purchase the complex from the partnership.

Summary information for each partnership as of December 31, 2021, is outlined below. This information is summarized and presented in the same format as those audits are presented. No adjustments in the presentation formats were made to provide similarity with the Authority's financial statement presentation.

Condensed Balance Sheet	Westend Apts	Jackson House	Olympic & Sound View	TOTALS
Current Assets	959,058	1,090,913	1,003,060	3,053,031
Restricted Assets	43,813	35,606	-	79,419
Property, Buildings & Equipment (net)	23,583,400	11,957,278	7,208,905	42,749,583
Other Assets (net)	100,888	27,787	6,916	135,591
Total Assets	**24,687,159**	**13,111,584**	**8,218,881**	**46,017,624**
			-	
Current Liabilities	2,756,508	1,467,482	302,973	4,526,963
Bonds Payable (net of discount)	7,676,486	6,274,712	4,015,335	17,966,533
Other Long Term Liabilities	6,759,875	3,968,635	2,595,332	13,323,842
Partner Equity	7,494,290	1,400,755	1,305,241	10,200,286
Total Liabilities and Equity	**24,687,159**	**13,111,584**	**8,218,881**	**46,017,624**

Condensed Income Statement				
Operating Revenues	1,723,622	1,375,977	1,455,670	4,555,269
Operating Expenses	(746,218)	(607,879)	(588,612)	(1,942,709)
Operating Income (Loss)	**977,404**	**768,098**	**867,058**	**2,612,560**
Interest Expense	(860,226)	(507,527)	(201,836)	(1,569,589)
Other Non-Operating Revenue	25	117	221,981	222,123
Depreciation/Amort. Expense	(1,178,873)	(622,524)	(415,013)	(2,216,410)
Other Non-Operating Expenses	(28,608)	(8,693)	(77,897)	(115,198)
Non-Operating Revenues & Expenses	**(2,067,682)**	**(1,138,627)**	**(472,765)**	**(3,679,074)**
Net Income (Loss)	**(1,090,278)**	**(370,529)**	**394,293**	**(1,066,514)**

Each partnership is audited annually with reports being issued to the partners. Informational tax returns are also filed annually with the Internal Revenue Service.

NOTE 10 - RISK MANAGEMENT

The Authority is a member of the Housing Authorities Risk Retention Pool (HARRP). HARRP was rebranded under the name Synchrous Risk Management in 2021. 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 eighty-three members in the states of Washington, Oregon, California, and Nevada. Thirty-three of the eighty-three members are Washington public housing authorities.

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 claim made basis, and the members are responsible for 10% of the incurred costs of the claims. (Due to special underwriting circumstances, some members may be subject to a greater E&O co-payment.) The Property coverage offered by HARRP is on a replacement cost basis with deductibles ranging from $5,000 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 for 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 $2,000,000/$2,000,000.

HARRP self-insures the full layer of coverage for liability lines, $2,000,000 per occurrence and $2,000,000 annual aggregate. There is no purchased reinsurance above this limit. For property, HARRP retains $2,000,000 and purchases $45,000,000 of reinsurance above this limit, in excess property coverage for a combined total of $47,000,000. The HARRP Board of Directors determines the limits and coverage terms, in its sole discretion. All prior losses have been covered by insurance. There have been no settlements in the past that have exceeded our insurance coverages.

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, 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.

HARRP invests its funds that are not needed for its daily operations, in accordance with the strictest provisions of the laws of the states of Washington, Oregon, California and Nevada as they relate to investments of public funds. HARRP's Investment Policy is reviewed by staff and the HARRP Board on an annual basis.

HARRP's financial transactions are subject to annual audits by independent auditors. HARRP also subjects its claims management practices to an independent audit every three years. The HARRP Board of Directors provides general policy direction for staff. It is composed of the executive directors of nine of HARRP's members (three each from the Association of Washington Housing Authorities, the Oregon Association of Housing Authorities and the Northern California/Nevada Executive Directors Association). HARRP's Executive Director reports to the HARRP Board of Directors and directs the members of HARRP's staff in their day-to-day functions.

NOTE 11 – CONTINGENT LIABILITIES

The Housing Authority owns and operates three manufactured home parks which serve as an affordable housing option for residents of the County. To further enhance affordability of the manufactured homes, the Authority has worked with local lenders who provide 30-year mortgage financing to the homeowners. Thirty-year financing is typically not available to manufactured home purchasers, which makes these loans more affordable. Because the homeowners do not own the land, the Authority has provided guaranties to the lender to cure any loan deficiencies and resell the homes if a homeowner defaults on their mortgage. The Authority and the two lenders currently have agreed to 55 such loans which total $3,234,581. The Authority works with the lenders, monitors these loans for any delinquencies and works with homeowners and the lender to resolve issues that arise.

NOTE 12 – ALLIANCE FOR HOUSING AFFORDABILITY

The Housing Authority entered into an Interlocal Cooperation Agreement for inter-jurisdictional coordination relating to affordable housing within Snohomish County along with the cities of Arlington, Edmonds, Everett, Granite Falls, Lake Stevens, Lynnwood, Marysville, Mill Creek, Mountlake Terrace, Mukilteo, Stanwood and Snohomish, the town of Woodway, and Snohomish County, referred to as the Alliance for Housing Affordability (AHA). The Parties have a common goal to facilitate the availability of affordable housing within Snohomish County and to provide a common foundation for housing policies and programs in Snohomish County. The purpose of the Agreement is to create a venue for the Parties to undertake planning, cooperation, and education in support of the goal of enhancing the supply of affordable housing in Snohomish County. The original Agreement became effective in July 2013 and has been extended through June 30, 2022. It can be extended in two-year increments prior to March 31st of the final year of each term.

At inception, the City of Mountlake Terrace was the Fiscal Agent, and the Housing Authority was the Administrative Agent. After a unanimous vote of the AHA board on October 25, 2017, the Housing Authority became both the Fiscal Agent and Administrative Agent. The Authority began the duties of fiscal agent in fiscal year 2018. Funding for the Alliance's one full-time professional comes from contributions from each of the cities and the County. The Housing Authority committed to provide modest staffing and an administrative base to support the Alliance and is now contributing cash due to the end of the Gates Foundation grant funding as of June 30, 2015. Although the Authority is providing minimal staff support for the committee, the Alliance is not a Housing Authority project. The Housing Authority is reimbursed for its costs in providing the services required as Administrative Agent, which include providing qualified staffing for technical and administrative services.

NOTE 13 – LONG TERM DEBT: LOAN & NOTES PAYABLE NONCURRENT

The Loan & Notes Payable included in the noncurrent liabilities section on the Authority's Statement of Net Position is unearned revenue from multiple loan classes. The largest of these loan classes is Community Development Block Grant (CDBG) funds, totaling over $2.3M (82% of the total) that were loaned through the Single-Family Rehabilitation Loan Program. The second largest of these loan classes is HOME Investment Partnerships Program (HOME) funds which total $312k (11%) that were also loaned through the Single-Family Rehabilitation Loan Program. Snohomish County, through Ordinance #80-088, established the Snohomish County Housing Rehabilitation Loan Program on November 6, 1980. The Housing Rehabilitation Loan Program provided existing low-income homeowners with low interest amortizing and deferred payment loans for critical health and safety repairs to their homes. The Program was administered by the Housing Authority with funding received through Snohomish County's CDBG and HOME Program grant awards.

While the Single-Family Rehabilitation Loan Program was operational, CDBG and HOME funds were remitted from Snohomish County to the Housing Authority who then paid vendors to complete health and safety repairs. The Authority booked a liability (deferred revenue) and an equal offsetting asset (accounts receivable) when the funds were received from Snohomish County and paid to vendors. These receivables are the funds that were loaned to low-income homeowners through this loan program.

In June 2012, the Housing Authority made the decision to discontinue the Single-Family Rehabilitation Loan program. The Housing Authority continues to provide loan servicing for this portfolio of loans and remits the proceeds to Snohomish County monthly, thereby reducing both the Notes and Loans Receivable (asset) and Loan and Notes Payable (liability) balances. As of June 2022, the portfolio contained 106 amortizing and deferred-payment loans totaling $2,828,903. Eight (8) of the loans were funded with federal HOME funds, ninety-one (91) were funded with CDBG funds, and seven (7) with other funds.

NOTE 14 – LOAN & NOTES RECEIVABLE NONCURRENT

The Loan & Notes Receivable of $6.2 million that are included in the noncurrent assets section on the Authority's Statement of Net Position include $2.8 million of receivables from the Single-Family Rehabilitation Loan Program which are offset by $2.8 million in Loans and Notes payable, as detailed in Note 13 – Long Term Debt: Loan & Notes Payable Noncurrent. Conduit Projects receivable make up $2.8 million of this balance, which is offset by $2.8 million in noncurrent non-tax credit partnership conduit bonds, as discussed in Note 6 – Long Term Debt. The balance of $537,000 is a note receivable that the Authority issued in 2016 when Fairview Apartments was sold to a local non-profit entity.

NOTE 15 – DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS

The Housing Authority, through the Health Care Authority (HCA), administers a single employer defined benefit other postemployment benefit (OPEB) plan. The following table represents the aggregate OPEB amounts for all plans subject to the requirements of GASB 75 for the fiscal year 2022:

Aggregate OPEB Amounts – All Plans	
OPEB Liabilities	$2,492,709
OPEB Assets	$0
Deferred outflows of resources	$0
Deferred inflows of resources	$0

OPEB expenses/expenditures	($687,641)

Plan Description

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

The relationship between the PEBB OPEB plan and its member employers, their employees, and retirees is not formalized in a contract or plan document. Rather, the benefits are provided in accordance with a substantive plan in effect at the time of each valuation. A substantive plan is one in which the plan terms are understood by the employers and plan members. This understanding is based on communications between the HCA, employers, and plan members, and the historical pattern of practice with regard to the sharing of benefit costs. The understanding by the employer and plan members is that there is no contractual obligation to continue the substantive plan as an employee benefit on an ongoing basis. Nevertheless, the actuarial assumption used in valuations presented in this footnote assume that this substantive plan will be carried forward into the future.

Employees Covered by Benefit Terms

At June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	5
Inactive employees entitled to but not yet receiving benefits	0
Active employees	89
Total	94

Currently, the Authority does not pre-fund post-retirement medical insurance subsidies. Since the PEBB plan subsidies are funded on a pay-as-you-go basis, the plan has no assets to invest and does not issue a publicly available financial report. The PEBB retiree OPEB plan is available to employees who elect at the time they retire to continue coverage and pay the administratively established premiums under the provisions of the retirement system to which they belong. Retirees' access to the PEBB plan depends on the retirement eligibility of their respective retirement system. PEBB members are covered in the following retirement systems: PERS, PSERS, TRS, SERS, WSPRS, Higher Education, Judicial, and LEOFF 2. However, not all employers who participate in these plans offer PEBB to retirees.

Benefits Provided

Per RCW 41.05.022, retirees who are not yet eligible for Medicare benefits may continue participation in the Authority's non-Medicare community-rated health insurance risk pool on a self-pay basis. Retirees in the non-Medicare risk pool receive an implicit subsidy. The implicit subsidy exists because retired members pay a premium based on a claims experience for active employees and other non-Medicare retirees. The subsidy is valued using the difference between the age-based claims costs and the premium. In calendar year 2020, the average weighted implicit subsidy was valued at $372 per adult unit per month. In calendar year 2021, the average weighted implicit subsidy is projected to be $384 per adult unit per month.

Retirees who are enrolled in both Parts A and B of Medicare may participate in the Authority's Medicare community-rated health insurance risk pool. Medicare retirees receive an explicit subsidy in the form of reduced premiums. Annually, the HCA administrator recommends an amount for the next calendar year's explicit subsidy for inclusion in the Governor's budget. The final amount is approved by the state Legislature. In calendar year 2021, the explicit subsidy was up to $183 per member per month, and it will remain $183 per member per month in calendar year 2022.

Administrative costs as well as implicit and explicit subsidies are funded by required contributions (RCW 41.05.050) from participating employers. The subsidies provide monetary assistance for medical benefits. Contributions are set each biennium as part of the budget process. The benefits are funded on a pay-as-you-go basis.

Assumptions and Other Inputs

The Alternative Measurement Method (AMM) was used to measure the total OPEB liability since the Authority has less than 100 employees who are provided with benefits through the OPEB plan at the beginning of the measurement period.

Reporting Assumptions

The total OPEB liability was determined using the following methodologies:

Actuarial Valuation Date	6/30/2022
Actuarial Measurement Date	6/30/2022
Actuarial Cost Method	Entry Age
Amortization Method	Recognized immediately
Asset Valuation Method	N/A – No Assets

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

Inflation Rate	2.75%
Projected Salary Changes	3.5% + service-based increases
Healthcare Trend Rates	Assumptions vary slightly by medical plan. Initial rate ranges from 2-11%, trending down to about 4.3% in 2075.
Post-Retirement Participation Percentage	65%
Percentage with Spouse Coverage	45%

Discount Rate

Since OPEB benefits are funded on a pay-as-you-go basis, the discount rate used to measure the total OPEB liability was set equal to the Bond Buyer General Obligation 20-Bond Municipal Bond Index, as listed below.

Beginning of Measurement Year	2.16%
End of Measurement Year	3.54%

Mortality Rates

Base Mortality Table	PubG.H-2010 (General)
Age setback	0 years
Mortality Improvements	MP-2017 Long-Term Rates
Projection Period	Generational

Alternative Measurement Method Specific Assumptions

Health Plan Choice	The assumption that 2/3 of members select a UMP plan and 1/3 of members select a Kaiser Permanente (KP) plan was made.
UMP Costs and Premiums	UMP pre- and post-Medicare costs and premiums are equal to the Uniform Medical Plan (UMP) Classic.
KP Costs and Premiums	The KP pre-Medicare costs and premiums are a 50/50 blend of KP WA Classic and KP WA Value.
KP Post-Medicare	The KP post-Medicare costs and premiums are equal to KP WA Medicare.
Retirement Service	Retirement service for each active cohort was estimated based on the average entry age of 35. Service is a component of benefit eligibility.
Additional Assumptions	Assumptions for retirement, disability, termination, and mortality are consistent with the most recent PEBB OPEB valuation. Changes were made for simplicity. Assumed Plan 2 decrement rates. Assumed all employees are retirement eligible at age 55 and retire by age 70. Based on average expected retirement age of 65, active mortality rates for ages less than 65 and retiree mortality rates for ages 65+ were applied. Each cohort is assumed to be a 50/50 male/female split. Assumed that eligible spouses are the same age as the primary member. Age-based cohorts were selected for the AMM Online Tool based upon the overall distribution of State employees and retirees that participate in PEBB. Dental benefits were excluded from the Total OPEB Liability calculation. Dental benefits represent less than 2 percent of the accrued benefit obligations when last reviewed. The impact of this assumption will be monitored.

The following presents the total OPEB liability of the Housing Authority calculated using the current healthcare cost trend rate as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate.

Healthcare Trend	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability	$1,994,686	$2,492,709	3,158,086

The following presents the total OPEB liability of the Housing Authority calculated using the discount rate of 3.54 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.54%) or 1-percentage point higher (4.54%) than the current rate.

Discount Rate	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB Liability	$3,038,057	$2,492,709	$2,065,864

Changes in Total OPEB Liability

Total OPEB Liability Measurement Date of June 30, 2022	
Total OPEB Liabilities at 7/1/2021	**$3,193,986**
Service Cost	$236,589
Interest	$73,954
Changes in Experience Data and Assumptions	($998,184)
Changes in benefit terms	$0
Benefit Payments	($13,636)
Net Change in Total OPEB Liability	**($701,277)**
Total OPEB Liability at 6/30/2022	**$2,492,709**

Total OPEB Expense for Fiscal Year Ending June 30, 2022	
Service Cost	$236,589
Interest Cost	$ 73,954
Changes in Experience Data and Assumptions	($998,184)
Changes in benefit terms	$0
Transactions Subsequent to Measurement Date	$0
Total OPEB Expense at 6/30/2022	**($687,641)**

NOTE 16 – COVID-19 PANDEMIC

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 and into 2022. These measures included limitations on business operations, public events, gatherings, travel, and in-person interactions.

In response to the pandemic, the Authority preemptively implemented a plan to move most of its staff members outside of the office to work from home in March 2020, and our office recently opened for limited hours a few days a week to be available to assist clients. The Authority has remained economically stable and continues to adapt to the changing conditions.

NOTE 17 – PRIOR PERIOD ADJUSTMENT

The Authority shows a prior period adjustment of $270,460 on our Statement of Revenues, Expenses, and Changes in Fund Net Position for fiscal year 2022. The Authority began using software to track fixed assets and calculate depreciation during the fiscal year. The software tracks depreciation slightly different than how it was calculated in prior years, creating a slight adjustment to our expenses during the fiscal year.

NOTE 18 – SUBSEQUENT EVENTS

Whispering Pines

The rebuild project for 242 units in 16 buildings at the 12-acre site that was previously Whispering Pines continues, with an estimated completion date in early 2023.

Marysville Parcel

Plans for construction of 26 units of multi-family affordable housing on the 0.8-acre site located at 1356 Cedar Avenue in Marysville, Washington in July 2019 are proceeding as planned. The Authority anticipates completion of this project in late 2023. The site is adjacent to one of the Authority's properties, Westend, on the eastern and southern borders of the site.

Housing Authority of Snohomish County
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
For the year ended June 30, 2022
Last 10 Fiscal Years*

PERS # 1	2021	2020	2019	2018	2017	2016	2015	2014	2013
Housing Authority's proportion of the net pension liability (asset)	0.036923%	0.038107%	0.036290%	0.034050%	0.033175%	0.034191%	0.034213%	0.035012%	0.035353%
Housing Authority's proportionate share of the net pension liability (asset)	450,916	1,345,383	1,395,479	1,520,685	1,574,179	1,836,218	1,789,658	1,763,746	2,065,766
Housing Authority's covered payroll	5,531,272	5,463,587	4,999,993	4,448,700	4,113,056	4,009,697	3,853,713	3,726,988	3,567,304
Housing Authority's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	8.15%	24.62%	27.91%	34.18%	38.27%	45.79%	46.44%	47.32%	57.91%
Plan fiduciary net position as a percentage of the total pension liability	76.56%	68.64%	67.12%	63.22%	61.24%	57.03%	59.10%	61.19%	

PERS # 2/3	2021	2020	2019	2018	2017	2016	2015	2014	2013
Housing Authority's proportion of the net pension liability (asset)	0.045876%	0.048069%	0.045432%	0.042374%	0.041402%	0.042458%	0.042821%	0.042662%	0.041156%
Housing Authority's proportionate share of the net pension liability (asset)	(4,569,988)	614,775	441,299	723,498	1,438,522	2,137,727	1,530,019	862,353	1,757,367
Housing Authority's covered payroll	5,461,878	5,397,139	4,937,270	4,391,764	4,059,064	3,954,246	3,799,587	3,634,592	3,403,287
Housing Authority's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-83.67%	11.39%	8.94%	16.47%	35.44%	54.06%	40.27%	23.73%	51.64%
Plan fiduciary net position as a percentage of the total pension liability	106.73%	97.22%	97.77%	95.77%	90.97%	85.82%	89.20%	93.29%	

Housing Authority of Snohomish County
SCHEDULE OF EMPLOYER CONTRIBUTIONS
As of June 30, 2022
Last 10 Fiscal Years*

PERS # 1	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	245,568.00	284,902.00	266,305.00	260,217.00	227,594.01	199,556.76	193,893.66	157,244.92	154,975.30	91,685.53
Contributions in relation to the contractually required contribution	(245,568.00)	(284,902.00)	(266,305.00)	(260,217.00)	(227,594.01)	(199,556.76)	(193,893.66)	(157,244.92)	(154,975.30)	(91,685.53)
Contribution deficiency (excess}	-	-	-	-	-	-	-	-	-	-
Housing Authority's covered payroll	6,147,329	5,531,272	5,463,587	4,999,993	4,448,700	4,113,056	4,009,697	3,853,713	3,726,988	3,567,304
Contributions as a percentage of covered payroll	3.99%	5.15%	4.87%	5.20%	5.12%	4.85%	4.84%	4.08%	4.16%	2.57%

PERS # 2/3	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	406,242.00	450,456.00	426,943.00	371,058.00	326,963.66	252,879.00	245,107.78	190,745.10	180,219.52	159,708.10
Contributions in relation to the contractually required contribution	(406,242.00)	(450,456.00)	(426,943.00)	(371,058.00)	(326,963.66)	(252,879.00)	(245,107.78)	(190,745.10)	(180,219.52)	(159,708.10)
Contribution deficiency (excess}	-	-	-	-	-	-	-	-	-	-
Housing Authority's covered payroll	6,073,191	5,461,878	5,397,139	4,937,270	4,391,764	4,059,064	3,954,246	3,799,587	3,634,592	3,403,287
Contributions as a percentage of covered payroll	6.69%	8.25%	7.91%	7.52%	7.44%	6.23%	6.20%	5.02%	4.96%	4.69%

Notes to Required Supplementary Information
for the Year Ended June 30, 2022

Changes of benefit terms: There were no changes in the benefit terms for the Pension Plans.

Changes of assumptions: Office of the State Actuary (OSA) actuarial results reflect the following changes in assumptions and methods:

-- OSA updated their demographic assumptions based on the results of their latest demographic experience study. This study is completed every six years and includes updates to a wide range of behavioral and demographic assumptions. Please see OSA's 2013-2018 Demographic Experience Study for more details, leg.wa.gov/osa
-- OSA updated the Early Retirement Factors and Joint-and-Survivor Factors used in their model. These factors are used to value benefits for members who elect to retire early and for survivors of members that die prior to retirement. These factors match the ones that DRS implemented on October 1, 2020.

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

Housing Authority of Snohomish County
SCHEDULE OF CHANGE IN TOTAL OPEB LIABILITY AND RELATED RATIOS
For the year ended June 30, 2022
Last 10 Fiscal Years*

Total OPEB Liability	2022	2021	2020	2019	2018
Total OPEB liability - beginning	$ 3,193,986	$ 3,584,677	$ 2,772,242	$ 2,501,916	$ 2,410,030
Service Cost	236,589	241,657	168,830	139,938	169,697
Interest	73,954	84,409	102,742	102,039	92,239
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	(998,184)	(702,812)	552,147	38,810	(163,582)
Changes of assumptions	-	-	-	-	-
Benefit payments	(13,636)	(13,945)	(11,284)	(10,461)	(6,468)
Other changes	-	-	-	-	
Total OPEB liability - ending	**$ 2,492,709**	**$ 3,193,986**	**$ 3,584,677**	**$ 2,772,242**	**$ 2,501,916**
Covered payroll	$ 5,938,005	$ 5,539,970	$ 5,168,837	$ 4,921,561	$ 4,287,375
Total OPEB Liability as a % of covered payroll	41.98%	57.65%	69.35%	56.33%	58.36%

Notes to Required Supplementary Information
for the Year Ended June 30, 2021

Fiscal Years: Until a full 10-year trend is compiled, only informaton for those years available is presented.

Assets in Trust: Post-retirement medical insurance subsidies are not pre-funded, thus the plan has no assets to accumulate in a trust that meet the criteria in paragraph 4 of GASB 75.

Changes of benefit terms: There were no changes in the benefit terms for the OPEB Plan.

Changes in covered population: Five additional employees and one additional retiree were covered during fiscal year 2022 as compared to fiscal year 2021.

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

6/30/2017	3.58%
6/30/2018	3.87%
6/30/2019	3.50%
6/30/2020	2.21%
6/30/2021	2.16%
6/30/2022	3.54%

Housing Authority of Snohomish County
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures: From Pass-Through Awards	Expenditures: From Direct Awards	Expenditures: Total	Passed through to Subrecipients	Note
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Rural Rental Housing Loans	10.415	946873888	-	304,701	304,701	-	1, 2, 3
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Rural Rental Housing Loans	10.415	946873888	-	4,086,127	4,086,127	-	1, 2, 3
			Total Rural Rental Housing Loans:		**4,390,828**	**4,390,828**	**-**	
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Rural Rental Assistance Payments	10.427	946873888	-	1,284,870	1,284,870	-	1, 2, 3
			Total Rural Rental Assistance Payments:		**1,284,870**	**1,284,870**	**-**	
CDBG - Entitlement Grants Cluster								
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Snohomish County)	Community Development Block Grants/Entitlement Grants	14.218	B-19-UC-53-003	1,440	-	**1,440**	-	1, 2
			Total CDBG - Entitlement Grants Cluster:	**1,440**	**-**	**1,440**	-	
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (via Snohomish County)	COVID 19 - Coronavirus State and Local Fiscal Recovery Funds	**21.027**	HS-21-AR-2101-113	100,000	-	**100,000**		1, 2
			Total - American Rescue Plan Act	**100,000**	**-**	**100,000**	-	
Housing Voucher Cluster								
ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Section 8 Housing Choice Vouchers	14.871	WA039VO0161	-	55,647,106	**55,647,106**	-	1, 2, 4
ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Section 8 Housing Choice Vouchers	14.871	WA039VO0161 - Emergency Housing Vouchers		462,178	**462,178**		1, 2, 4
ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Mainstream Vouchers	14.879	WA039DV0001	-	3,555,582	**3,555,582**	-	1, 2
			Total Housing Voucher Cluster:	**-**	**59,664,866**	**59,664,866**	-	
			Total Federal Awards Expended:	**101,440**	**65,340,564**	**65,442,004**	**-**	

The accompanying notes are an integral part of this schedule.

Housing Authority of Snohomish County

Notes to the Schedule of Expenditures of Federal Awards
For Fiscal Year Ending June 30, 2022

NOTE 1 – Basis of Accounting

This schedule is prepared on the same basis of accounting as the Housing Authority of Snohomish County's financial statements. The Housing Authority of Snohomish County uses the accounting method prescribed by Generally Accepted Accounting Principles.

NOTE 2 – Program Costs

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

NOTE 3 – Federal Loans

The amount listed for each loan includes the proceeds received during the year and outstanding loan balances from prior years. Both the current and prior year loans are also reported on the Housing Authority's Schedule of Liabilities.

In 1992, the Authority was approved by the USDA Rural Housing Service to receive a loan totaling $1,642,200 to finance housing in a rural area. The 6/30/2022 balance of this loan is $957,343. In 1996, the Authority was approved by the USDA Rural Housing Service to receive loans totaling $3,009,183 to finance rental housing in a rural area. The 6/30/2022 balance of this loan is $1,791,629. In 2013, the Authority was approved by the USDA Rural Housing Service to receive a loan totaling $1,334,990 to finance housing in a rural area. The 6/30/2022 balance of this loan is $1,155,585. All loan balances are reported under CFDA 10.415. Both current and prior year loans are also reported on the Housing Authority's Schedule of Liabilities.

FY Ending Balance Total: $3,904,557

NOTE 4 – Indirect Cost Rate

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

Housing Authority of Snohomish County (WA039)
EVERETT, WA
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit Fiscal Year End: 06/30/2022

	Project Total	14.879 Mainstream Vouchers	14.218 Community Development Block Grants/Entitlement Grants	1 Business Activities	14.MSC Mainstream CARES Act Funding	14.239 HOME Investment Partnerships Program	6.1 Component Unit - Discretely Presented	14.HCC HCV CARES Act Funding	10.427 Rural Rental Assistance Payments	10.415 Rural Rental Housing Loans	14.871 Housing Choice Vouchers	21.027 Coronavirus State and Local Fiscal Recovery Funds	14.EHV Emergency Housing Voucher	Subtotal	ELIM	Total
111 Cash - Unrestricted		$224,061	$90,349	$21,649,902	$0	$98,429	$2,711,187	$0	$1,233,260	$0	$5,218,175	$0	$182,537	$31,407,900		$31,407,900
112 Cash - Restricted - Modernization and Development							$0		$0					$0		$0
113 Cash - Other Restricted				$2,102,287			$79,419		$0		$607,469			$2,789,175		$2,789,175
114 Cash - Tenant Security Deposits				$620,416			$143,694		$53,031					$817,141		$817,141
115 Cash - Restricted for Payment of Current Liabilities							$0		$0		$0			$0		$0
100 Total Cash	$0	$224,061	$90,349	$24,372,605	$0	$98,429	$2,934,300	$0	$1,286,291	$0	$5,825,644	$0	$182,537	$35,014,216	$0	$35,014,216
121 Accounts Receivable - PHA Projects		$2,710									$91,326			$94,036		$94,036
122 Accounts Receivable - HUD Other Projects	$0													$0		$0
124 Accounts Receivable - Other Government			$0		$0	$0	$0		$0	$0				$0		$0
125 Accounts Receivable - Miscellaneous	$0		$0	$5,001,987	$0		$0		$0	$0	$212			$5,002,199	-$4,560,581	$441,618
126 Accounts Receivable - Tenants		$24,639	$0	$382,516	$0	$0	$115,855	$0	$2,391	$0	$324,155	$0	$0	$849,556	$0	$849,556
126.1 Allowance for Doubtful Accounts -Tenants		-$24,587	$0	-$3,092	$0	$0	$0	$0	-$494	$0	-$322,517	$0	$0	-$350,690	$0	-$350,690
126.2 Allowance for Doubtful Accounts - Other		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
127 Notes, Loans, & Mortgages Receivable - Current		$0	$0	$226,658	$0	$0	$0		$0	$0	$0	$0		$226,658	$0	$226,658
128 Fraud Recovery		$0	$0	$0	$0	$0	$0		$0	$0	$0	$0	$0	$0	$0	$0
128.1 Allowance for Doubtful Accounts - Fraud		$0	$0	$0	$0	$0	$0		$0	$0	$0	$0	$0	$0	$0	$0
129 Accrued Interest Receivable		$0	$0	$18,376	$0	$0	$2,145		$0	$0				$20,521	$0	$20,521
120 Total Receivables, Net of Allowances for Doubtful Accounts	$0	$2,762	$0	$5,626,445	$0	$0	$118,000	$0	$1,897	$0	$93,176	$0	$0	$5,842,280	-$4,560,581	$1,281,699
131 Investments - Unrestricted				$6,778,862			$0							$6,778,862		$6,778,862
132 Investments - Restricted							$0				$0			$0		$0
135 Investments - Restricted for Payment of Current Liability							$0				$0			$0		$0
142 Prepaid Expenses and Other Assets				$151,790			$80,150		$23,176		$4,426		$1,925	$261,467		$261,467
143 Inventories																
143.1 Allowance for Obsolete Inventories																
144 Inter Program Due From	$0													$0		$0
145 Assets Held for Sale																
150 Total Current Assets	$0	$226,823	$90,349	$36,929,702	$0	$98,429	$3,132,450	$0	$1,311,364	$0	$5,923,246	$0	$184,462	$47,896,825	-$4,560,581	$43,336,244
161 Land				$44,745,783			$2,074,667		$3,096,827					$49,917,277		$49,917,277
162 Buildings				$123,241,696			$54,886,576		$8,086,050					$186,214,322		$186,214,322
163 Furniture, Equipment & Machinery - Dwellings				$2,375,555			$2,624,760		$6,992					$5,007,307		$5,007,307
164 Furniture, Equipment & Machinery - Administration				$1,713,974					$61,180					$1,775,154		$1,775,154
165 Leasehold Improvements				$13,127,605					$1,085,766					$14,213,371		$14,213,371
166 Accumulated Depreciation				-$46,856,667			-$16,836,420		-$4,618,179					-$68,311,266		-$68,311,266
167 Construction in Progress				$3,418,406										$3,418,406		$3,418,406
168 Infrastructure				$1,225,000										$1,225,000		$1,225,000
160 Total Capital Assets, Net of Accumulated Depreciation	$0	$0	$0	$142,991,352	$0	$0	$42,749,583	$0	$7,718,636	$0	$0	$0	$0	$193,459,571	$0	$193,459,571
171 Notes, Loans and Mortgages Receivable - Non-Current	$0			$5,841,288		$312,327					$0			$6,153,615		$6,153,615
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due	$0										$0			$0		$0
173 Grants Receivable - Non Current																
174 Other Assets	$0			$3,033,776			$135,591				$1,536,212			$4,705,579		$4,705,579
176 Investments in Joint Ventures	$0			$20,499,697							$0			$20,499,697		$20,499,697
180 Total Non-Current Assets	$0	$0	$0	$172,366,113	$0	$312,327	$42,885,174	$0	$7,718,636	$0	$1,536,212	$0	$0	$224,818,462	$0	$224,818,462
200 Deferred Outflow of Resources		$0	$0	$669,242	$0	$0	$0	$0	$0	$0	$338,884			$1,008,126	$0	$1,008,126
290 Total Assets and Deferred Outflow of Resources	$0	$226,823	$90,349	$209,965,057	$0	$410,756	$46,017,624	$0	$9,030,000	$0	$7,798,342	$0	$184,462	$273,723,413	-$4,560,581	$269,162,832
311 Bank Overdraft																
312 Accounts Payable <= 90 Days			$700	$95,798			$57,715				$205			$154,418		$154,418
313 Accounts Payable >90 Days Past Due																
321 Accrued Wage/Payroll Taxes Payable				$79,922							$60			$79,982		$79,982
322 Accrued Compensated Absences - Current Portion		$15,516	$86	$261,907					$32,402		$97,784		$8,712	$416,407		$416,407
324 Accrued Contingency Liability																
325 Accrued Interest Payable				$732,841			$3,769,946		$0					$4,502,787		$4,502,787
331 Accounts Payable - HUD PHA Programs	$0										$0			$0		$0
332 Account Payable - PHA Projects																
333 Accounts Payable - Other Government																
341 Tenant Security Deposits				$621,368			$145,489		$53,331					$820,188		$820,188
342 Unearned Revenue	$0			$137,544			$53,105				$86,997		$82,437	$360,083		$360,083
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	$0			$2,240,640			$500,708		$377,420					$3,118,768		$3,118,768
344 Current Portion of Long-term Debt - Operating Borrowings																
345 Other Current Liabilities				$4,594,237										$4,594,237	-$4,560,581	$33,656
346 Accrued Liabilities - Other				$55,787										$55,787		$55,787

347 Inter Program - Due To																
348 Loan Liability - Current	$0										$0			$0		$0
310 Total Current Liabilities	$0	$15,516	$786	$8,820,044	$0	$0	$4,526,963	$0	$463,153	$0	$185,046	$0	$91,149	$14,102,657	-$4,560,581	$9,542,076
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	$0			$104,854,988			$28,695,043		$6,938,808		$0			$140,488,839		$140,488,839
352 Long-term Debt, Net of Current - Operating Borrowings							$0		$0					$0		$0
353 Non-current Liabilities - Other				$3,374,951		$312,327	$2,222,124		$0					$5,909,402		$5,909,402
354 Accrued Compensated Absences - Non Current		$1,033	$49	$229,049					$17,423		$55,789		$3,197	$306,540		$306,540
355 Loan Liability - Non Current	$0			$3,892,633							$0			$3,892,633		$3,892,633
356 FASB 5 Liabilities																
357 Accrued Pension and OPEB Liabilities	$0	$0	$0	$2,772,357	$0	$0	$0	$0	$0	$0	$171,267			$2,943,624		$2,943,624
350 Total Non-Current Liabilities	$0	$1,033	$49	$115,123,978	$0	$312,327	$30,917,167	$0	$6,956,231	$0	$227,056	$0	$3,197	$153,541,038	$0	$153,541,038
300 Total Liabilities	$0	$16,549	$835	$123,944,022	$0	$312,327	$35,444,130	$0	$7,419,384	$0	$412,102	$0	$94,346	$167,643,695	-$4,560,581	$163,083,114
400 Deferred Inflow of Resources				$2,296,093			$373,208				$1,594,950			$4,264,251	$0	$4,264,251
508.4 Net Investment in Capital Assets				$41,411,541			$13,553,832		$0					$54,965,373		$54,965,373
511.4 Restricted Net Position				$2,652,414			$79,419				$886,036			$3,617,869		$3,617,869
512.4 Unrestricted Net Position	$0	$210,274	$89,514	$39,660,987	$0	$98,429	-$3,432,965	$0	$1,610,616	$0	$4,905,254	$0	$90,116	$43,232,225		$43,232,225
513 Total Equity - Net Assets / Position	$0	$210,274	$89,514	$83,724,942	$0	$98,429	$10,200,286	$0	$1,610,616	$0	$5,791,290	$0	$90,116	$101,815,467	$0	$101,815,467
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	$0	$226,823	$90,349	$209,965,057	$0	$410,756	$46,017,624	$0	$9,030,000	$0	$7,798,342	$0	$184,462	$273,723,413	-$4,560,581	$269,162,832

Housing Authority of Snohomish County (WA039)
EVERETT, WA
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit Fiscal Year End: 06/30/2022

	Project Total	14.879 Mainstream Vouchers	14.218 Community Development Block Grants/Entitlement Grants	1 Business Activities	14.MSC Mainstream CARES Act Funding	14.239 HOME Investment Partnerships Program	6.1 Component Unit - Discretely Presented	14.HCC HCV CARES Act Funding	10.427 Rural Rental Assistance Payments	10.415 Rural Rental Housing Loans	14.871 Housing Choice Vouchers	21.027 Coronavirus State and Local Fiscal Recovery Funds	14.EHV Emergency Housing Voucher	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue		$0	$0	$22,956,247	$0	$0	$4,353,833	$0	$1,142,252	$0				$28,452,332		$28,452,332
70400 Tenant Revenue - Other				$1,595,646			$110,000		$16,276					$1,721,922		$1,721,922
70500 Total Tenant Revenue	$0	$0	$0	$24,551,893	$0	$0	$4,463,833	$0	$1,158,528	$0	$0	$0	$0	$30,174,254	$0	$30,174,254
70600 HUD PHA Operating Grants		$3,555,582		$0							$55,647,106	$100,000	$503,991	$59,806,679		$59,806,679
70610 Capital Grants																
70710 Management Fee																
70720 Asset Management Fee																
70730 Book Keeping Fee																
70740 Front Line Service Fee																
70750 Other Fees				$2,745,383										$2,745,383	-$2,745,383	$0
70700 Total Fee Revenue														$0	-$2,745,383	-$2,745,383
70800 Other Government Grants			$1,440						$1,284,870	$304,701				$1,591,011		$1,591,011
71100 Investment Income - Unrestricted		$113	$39	$910,236		$185	$197		$4,474		$9,120			$924,364		$924,364
71200 Mortgage Interest Income				$5,577										$5,577		$5,577
71300 Proceeds from Disposition of Assets Held for Sale																
71310 Cost of Sale of Assets																
71400 Fraud Recovery		$623									$162,026			$162,649		$162,649
71500 Other Revenue		$16,638	$252,800	$1,191,291		$10,499	$91,436		$11,417		$4,674,443		$7,968	$6,256,492		$6,256,492
71600 Gain or Loss on Sale of Capital Assets				$4,627,185										$4,627,185		$4,627,185
72000 Investment Income - Restricted				$32,792							$44			$32,836		$32,836
70000 Total Revenue	$0	$3,572,956	$254,279	$34,064,357	$0	$10,684	$4,555,466	$0	$2,459,289	$304,701	$60,492,739	$100,000	$511,959	$106,326,430	-$2,745,383	$103,581,047
91100 Administrative Salaries		$128,244	$819	$3,352,879					$273,104		$1,658,432		$46,614	$5,460,092		$5,460,092
91200 Auditing Fees				$28,074					$5,678		$16,318			$50,070		$50,070
91300 Management Fee	$0	$0	$0	$2,039,579	$0	$0	$0	$0	$212,256	$0	$825,857			$3,077,692	-$2,442,413	$635,279
91310 Book-keeping Fee							$163,370				$302,970			$466,340	-$302,970	$163,370
91400 Advertising and Marketing				$157,388					$813		$168			$158,369		$158,369
91500 Employee Benefit contributions - Administrative		$47,642	$284	-$850,060					$91,127		-$9,077		$16,737	-$703,347		-$703,347
91600 Office Expenses		$8,878	$440	$1,312,401			$251,604		$97,221		$244,302			$1,914,846		$1,914,846
91700 Legal Expense				$108,403					$14,247		$14,349			$136,999		$136,999
91800 Travel				$13,098					$3,490		$798			$17,386		$17,386
91810 Allocated Overhead																
91900 Other				$15,922					$1,322					$17,244		$17,244
91000 Total Operating - Administrative	$0	$184,764	$1,543	$6,177,684	$0	$0	$414,974	$0	$699,258	$0	$3,054,117	$0	$63,351	$10,595,691	-$2,745,383	$7,850,308
92000 Asset Management Fee																
92100 Tenant Services - Salaries		$121,820		$77,809					$12,685		$92,029		$56,631	$360,974		$360,974
92200 Relocation Costs																
92300 Employee Benefit Contributions - Tenant Services		$40,084		$26,963					$4,855		$28,745		$28,253	$128,900		$128,900
92400 Tenant Services - Other				$0								$100,000	$40,832	$140,832		$140,832
92500 Total Tenant Services	$0	$161,904	$0	$104,772	$0	$0	$0	$0	$17,540	$0	$120,774	$100,000	$125,716	$630,706	$0	$630,706
93100 Water				$528,443			$94,866		$51,569					$674,878		$674,878
93200 Electricity				$170,269			$46,302		$61,223					$277,794		$277,794
93300 Gas		$72		$13,984			$15,010		$186		$680			$29,932		$29,932
93400 Fuel																
93500 Labor																
93600 Sewer				$1,266,415					$202,004					$1,468,419		$1,468,419
93700 Employee Benefit Contributions - Utilities																
93800 Other Utilities Expense				$26,335			$180,030		$38,232					$244,597		$244,597
93000 Total Utilities	$0	$72	$0	$2,005,446	$0	$0	$336,208	$0	$353,214	$0	$680	$0	$0	$2,695,620	$0	$2,695,620
94100 Ordinary Maintenance and Operations - Labor		$971		$1,006,493			$427,734		$190,610				$1,677	$1,627,485		$1,627,485
94200 Ordinary Maintenance and Operations - Materials and Other				$200,742			$177,113		$55,555					$433,410		$433,410
94300 Ordinary Maintenance and Operations Contracts	$0			$1,685,416			$459,450		$186,578					$2,331,444		$2,331,444
94500 Employee Benefit Contributions - Ordinary Maintenance		$74		$1,060,760					$69,771				$129	$1,130,734		$1,130,734
94000 Total Maintenance	$0	$1,045	$0	$3,953,411	$0	$0	$1,064,297	$0	$502,514	$0	$0	$0	$1,806	$5,523,073	$0	$5,523,073
95100 Protective Services - Labor																
95200 Protective Services - Other Contract Costs				$167,968							$426			$168,394		$168,394
95300 Protective Services - Other																
95500 Employee Benefit Contributions - Protective Services																
95000 Total Protective Services	$0	$0	$0	$167,968	$0	$0	$0	$0	$0	$0	$426	$0	$0	$168,394	$0	$168,394
96110 Property Insurance							$118,466		$61,568		$214			$180,248		$180,248

96120 Liability Insurance									$15,150		$11,291			$26,441		$26,441
96130 Workmen's Compensation		$922	$2	$75,943					$8,687		$9,641		$366	$95,561		$95,561
96140 All Other Insurance				$669,157					$2,729		$5,515			$677,401		$677,401
96100 Total insurance Premiums	$0	$922	$2	$745,100	$0	$0	$118,466	$0	$88,134	$0	$26,661	$0	$366	$979,651	$0	$979,651
96200 Other General Expenses		$5,838		$106,926			$8,663				$113,371			$234,798		$234,798
96210 Compensated Absences																
96300 Payments in Lieu of Taxes							$100							$100		$100
96400 Bad debt - Tenant Rents				$199,717					$212		$14,674			$214,603		$214,603
96500 Bad debt - Mortgages																
96600 Bad debt - Other																
96800 Severance Expense																
96000 Total Other General Expenses	$0	$5,838	$0	$306,643	$0	$0	$8,763	$0	$212	$0	$128,045	$0	$0	$449,501	$0	$449,501
96710 Interest of Mortgage (or Bonds) Payable				$36,684			$1,462,861		$16,582	$304,701				$1,820,828		$1,820,828
96720 Interest on Notes Payable (Short and Long Term)	$0			$3,602,798					$46,282					$3,649,080		$3,649,080
96730 Amortization of Bond Issue Costs																
96700 Total Interest Expense and Amortization Cost	$0	$0	$0	$3,639,482	$0	$0	$1,462,861	$0	$62,864	$304,701	$0	$0	$0	$5,469,908	$0	$5,469,908
96900 Total Operating Expenses	$0	$354,545	$1,545	$17,100,506	$0	$0	$3,405,569	$0	$1,723,736	$304,701	$3,330,703	$100,000	$191,239	$26,512,544	-$2,745,383	$23,767,161
97000 Excess of Operating Revenue over Operating Expenses	$0	$3,218,411	$252,734	$16,963,851	$0	$10,684	$1,149,897	$0	$735,553	$0	$57,162,036	$0	$320,720	$79,813,886	$0	$79,813,886
97100 Extraordinary Maintenance				$3,044,463					$269,559					$3,314,022		$3,314,022
97200 Casualty Losses - Non-capitalized																
97300 Housing Assistance Payments		$3,231,904									$51,661,763		$245,377	$55,139,044		$55,139,044
97350 HAP Portability-In		$15,849									$4,478,954		$7,600	$4,502,403		$4,502,403
97400 Depreciation Expense				$3,328,301			$2,216,410		$178,537		$0			$5,723,248		$5,723,248
97500 Fraud Losses																
97600 Capital Outlays - Governmental Funds																
97700 Debt Principal Payment - Governmental Funds																
97800 Dwelling Units Rent Expense				$110,000										$110,000		$110,000
90000 Total Expenses	$0	$3,602,298	$1,545	$23,583,270	$0	$0	$5,621,979	$0	$2,171,832	$304,701	$59,471,420	$100,000	$444,216	$95,301,261	-$2,745,383	$92,555,878
10010 Operating Transfer In																
10020 Operating transfer Out																
10030 Operating Transfers from/to Primary Government	$0													$0		$0
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				$2,743,127										$2,743,127		$2,743,127
10094 Transfers between Project and Program - Out				-$2,743,127										-$2,743,127		-$2,743,127
10100 Total Other financing Sources (Uses)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	$0	-$29,342	$252,734	$10,481,087	$0	$10,684	-$1,066,513	$0	$287,457	$0	$1,021,319	$0	$67,743	$11,025,169	$0	$11,025,169
11020 Required Annual Debt Principal Payments	$0	$0	$0	$12,729,319	$0	$0	$459,002	$0	$374,946	$0	$0	$0	$0	$13,563,267		$13,563,267
11030 Beginning Equity	$0	$239,616	-$590	$73,173,628	$0	$104,288	$11,266,799	$0	$1,122,926	$0	$4,769,971	$0	$22,373	$90,699,011		$90,699,011
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	$0	$0	-$162,630	$70,227	$0	-$16,543	$0	$0	$200,233	$0	$0			$91,287		$91,287
11050 Changes in Compensated Absence Balance																
11060 Changes in Contingent Liability Balance																
11070 Changes in Unrecognized Pension Transition Liability																
11080 Changes in Special Term/Severance Benefits Liability																
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents																
11100 Changes in Allowance for Doubtful Accounts - Other																
11170 Administrative Fee Equity											$4,905,253			$4,905,253		$4,905,253
11180 Housing Assistance Payments Equity											$886,037			$886,037		$886,037
11190 Unit Months Available	0	3240		19525			4092		3214		46292			76363		76363
11210 Number of Unit Months Leased	0	2498		18614			3980		3144		44052			72288		72288
11270 Excess Cash	$0													$0		$0
11610 Land Purchases	$0													$0		$0
11620 Building Purchases	$0													$0		$0
11630 Furniture & Equipment - Dwelling Purchases	$0													$0		$0
11640 Furniture & Equipment - Administrative Purchases	$0													$0		$0
11650 Leasehold Improvements Purchases	$0													$0		$0
11660 Infrastructure Purchases	$0													$0		$0
13510 CFFP Debt Service Payments	$0													$0		$0
13901 Replacement Housing Factor Funds	$0													$0		$0

ABOUT THE STATE AUDITOR'S OFFICE

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

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, www.sao.wa.gov. Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

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