



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

May 8, 2023

Board of Commissioners
Housing Kitsap
Silverdale, Washington

**Contracted CPA Firm's Audit Report on Financial Statements and
Federal Single Audit**

We have reviewed the audit report issued by a certified public accounting (CPA) firm on the financial statements and compliance with federal grant requirements of Housing Kitsap for the fiscal year ended June 30, 2020. The Housing Authority contracted with the CPA firm for this audit and requested that we accept it in lieu of performing our own audit.

Based on this review, we have accepted this report in lieu of the audit required by RCW 43.09.260. The Office of the Washington State Auditor did not audit the accompanying financial statements or Housing Kitsap's compliance with federal grant agreements and, accordingly, we do not express an opinion on those financial statements or on compliance.

This report is being published on the Office of the Washington State Auditor website as a matter of public record.

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

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**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

JUNE 30, 2020

**WITH
REPORT OF INDEPENDENT AUDITORS**

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
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REPORT OF INDEPENDENT AUDITORS

To the Board of Commissioners of
the Kitsap County Consolidated Housing Authority DBA Housing Kitsap:

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities (primary government) of and the aggregate discretely presented component units of the Kitsap County Consolidated Housing Authority DBA Housing Kitsap (the "Authority") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component units. Those statements, which were prepared in accordance with the accounting standards issued by the Financial Accounting Standards Board, were audited by other auditors whose reports have been furnished to us. We have applied audit procedures on the conversion adjustments to the financial statements of the discretely presented component units, to conform those financial statements to present in accordance with the accounting standards issued by the Governmental Accounting Standards Board. Our opinion, insofar as it relates to the amounts included for the discretely presented component units, prior to these conversion adjustments, is based solely 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 from material misstatement.

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

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

Opinion

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the net position of the primary government and the aggregate discretely presented component units of the Authority, as of June 30, 2020, and the changes in their net position and, where applicable, their cash flows, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

United States Department of Agriculture Section ("USDA") 502 Borrower Loan Accounts

In connection with our audit, nothing came to our attention that caused us to believe the Authority failed to comply with the terms, covenants, provisions, or conditions of USDA Rural Development ("RD") Instruction 1944-I regarding the Section 502 borrower loan accounts, insofar as they relate to accounting matters. We performed a review of four of thirty-nine borrower files. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Authority's noncompliance with the above-referenced terms, covenants, provisions, or conditions, insofar as they related to accounting matters.

Restricted Use Relating to the USDA Section 502 Borrower Loan Accounts

The purpose of the communication related to compliance with the aforementioned USDA RD Section 502 borrower loan accounts described in the paragraph above is solely to describe the scope of our testing of compliance and the results of that testing. This communication is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's compliance. Accordingly, this communication is not suitable for any other purpose.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is not a required part of the basic financial statements. The accompanying financial data schedule is also not a required part of the basic financial statements and is presented for the purposes of additional analysis as required by the U.S. Department of Housing and Urban Development.

Other Matters (continued)

The schedule of expenditures of federal awards and financial data schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole. The financial data schedule has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2022 on our consideration of the 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 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 Authority's internal control over financial reporting and compliance.

Novogradac & Company LLP

March 3, 2022
Toms River, New Jersey

MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview of the Housing Authority and Financial Statements

The Kitsap County Consolidated Housing Authority, DBA Housing Kitsap (the "Authority"), was created in 1982 as a municipal corporation, pursuant to the Revised Code of Washington (RCW) 35.82. The Authority is responsible for operating certain low-rent housing programs in Kitsap County (the "County"), which altogether, are identified as Primary Government.

The Discretely Presented Component Units consist of three partnerships for which the Authority is the managing partner/member. The properties are eligible for low-income housing tax credits. Separately issued financial statements can be provided by writing to the Authority.

The mission of the Authority is to provide affordable housing and homeownership opportunities to families and individuals within our local communities. Together with the support of the Board of Commissioners, employees, residents, and community members, we provide the foundation to create a safe place to call home.

The Authority presents its basic financial statements for the fiscal year ended June 30, 2020, which have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). GAAP requires the inclusion of three basic financial statements: The Statement of Net Position (balance sheet); the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. In addition, GAAP requires the inclusion of a Management's Discussion and Analysis ("MD&A") section as required supplementary information.

The basic financial statements provide both long-term and short-term information about the Authority's overall financial condition. The basic financial statements also include notes that explain financial data reported in the statements and provide more detailed information related to those balances. The statements are followed by a section of other supplementary information that further explains and supports the information in the basic financial statements, including information required to be reported by the Authority's main oversight agency, the U.S. Department of Housing and Urban Development ("HUD").

Financial Analysis

Statement of Net Position

The Statement of Net Position presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position of the Authority and its Component Units at the end of the fiscal year.

The purpose of the Statement of Net Position is to give the financial statement readers a snapshot of the fiscal condition of the Authority as of a certain point in time. It presents end-of-year data for assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position.

Financial Analysis (continued)

Total assets of the Primary Government at June 30, 2020 are \$57,382,524. Current assets are comprised of several categories. Cash and cash equivalents include the cash and investments maturing within 90 days. Accounts receivable include tenant receivables, receivables from other governments and receivables from component units. Prepaid expenses and inventory are also assets of the Authority. Non-current assets include capitalized costs, mortgages receivable, and certain investments held for operating and replacement reserves. Capital assets include land, buildings, construction in progress, equipment, and accumulated depreciation of those assets. Additionally, deferred outflows of resources related to GASB 68 total \$384,855.

Current assets of the Primary Government at June 30, 2020 increased approximately \$1.49 million from June 30, 2019, primarily due to a \$1.71 million increase in assets held for sale, offset by a \$3.32 million increase in cash and cash equivalents. Other non-current assets of the Primary Government at June 30, 2020 increased approximately \$792 thousand from June 30, 2019, primarily due to a \$214 thousand increase in restricted cash and a \$552 thousand increase in notes receivable.

Total liabilities of the Primary Government are \$42,376,777 at June 30, 2020. Liabilities are also presented in current and non-current portions. Current liabilities include accounts payable, other accrued liabilities, unearned revenue, retainage payable and current portions of long-term debt. A liability is considered to be current if it is due within one year. Long-term liabilities primarily consist of notes and mortgages payable over a period of years and accrued pension liability. Additionally, deferred inflows of resources in the amount of \$669,198 are related to GASB 68.

Other non-current liabilities of the Primary Government at June 30, 2020 decreased approximately \$2.3 million from June 30, 2019, primarily due to a \$1.88 million decrease in notes payable and a \$516 thousand decrease in accrued pension liability.

Net position represents the Authority's equity, a portion of which is restricted for certain uses. Net position is divided into three major categories. The first category, invested in capital assets net of related debt, shows the equity in land, structures, construction in progress and equipment, net of related capital debt outstanding. The next net category is restricted net position. This component of net position has external limitations on the way in which it may be used. The last category is unrestricted net position. This component of net position is available to use for any lawful and prudent purpose of the Authority.

Statement of Revenues, Expenses and Changes in Net Position

The purpose of the statement of revenues, expenses and changes in net position is to present the revenues earned by the Authority, both operating and non-operating, and the expenses incurred, operating and non-operating, and any other revenues, expenses, gains, or losses received or spent by the Authority. Generally, the operating revenues are amounts received for providing housing to tenants.

Kitsap County Consolidated Housing Authority
 DBA Housing Kitsap
 Management's Discussion and Analysis (continued)
 June 30, 2020

Financial Analysis (continued)

Non-operating revenues are funds received for which goods or services are not provided, except that non-operating revenues also include operating grants and subsidies. Capital contributions represent capital grants received to improve or develop capital assets of the Authority.

Other income and ordinary repairs and maintenance of the Primary Government for the year ended June 30, 2020 decreased approximately \$5.12 million and \$4.82 million, respectively, from the year ended June 30, 2019, primarily due to a change in the accounting of the custodial activities of the Self-Help Program.

This section of the Authority's annual financial report presents our discussion and analysis of the Authority's financial performance during the fiscal year ended June 30, 2020.

<u>STATEMENT OF NET POSITION</u>	2020	2019	Variance	% Change
<u>ASSETS</u>				
Current Assets	\$ 8,883,164	\$ 7,389,741	\$ 1,493,423	20.21%
Capital Assets	26,263,617	27,737,326	(1,473,709)	-5.31%
Other Non-Current Assets	22,235,743	21,444,238	791,505	3.69%
TOTAL ASSETS	57,382,524	56,571,305	811,219	1.43%
Deferred Outflows - Pensions	384,855	374,928	9,927	2.65%
TOTAL ASSETS & DEFERRED OUTFLOWS	\$ 57,767,379	\$ 56,946,233	\$ 821,146	1.44%
<u>LIABILITIES & NET POSITION</u>				
Current Liabilities	\$ 3,503,437	\$ 3,801,138	\$ (297,701)	-7.83%
Non-Current Liabilities	38,873,340	41,235,594	(2,362,254)	-5.73%
TOTAL LIABILITIES	42,376,777	45,036,732	(2,659,955)	-5.91%
Deferred Inflows - Pensions	669,198	598,554	70,644	11.80%
TOTAL LIABILITIES & DEFERRED INFLOWS	43,045,975	45,635,286	(2,589,311)	-5.67%
<u>NET POSITION</u>				
Invested in Capital Assets	12,221,226	17,015,736	(4,794,510)	-28.18%
Restricted	2,112,578	1,978,113	134,465	6.80%
Unrestricted	387,600	(7,682,902)	8,070,502	-105.04%
TOTAL NET POSITION	14,721,404	11,310,947	3,410,457	30.15%
TOTAL NET POSITION	14,721,404	11,310,947	3,410,457	30.15%
TOTAL LIABILITIES & NET POSITION	\$ 57,767,379	\$ 56,946,233	\$ 821,146	1.44%

Kitsap County Consolidated Housing Authority
DBA Housing Kitsap
Management's Discussion and Analysis (continued)
June 30, 2020

Financial Analysis (continued)

**STATEMENT OF REVENUES,
EXPENSES, & CHANGES IN NET
POSITION**

	2020	2019	Variance	% Change
<u>REVENUES</u>				
Tenant Income	\$ 3,669,297	\$ 4,473,066	\$ (803,769)	-17.97%
Operating Grants	5,644,327	5,847,581	(203,254)	-3.48%
Other Income	1,346,239	6,462,247	(5,116,008)	-79.17%
TOTAL OPERATING REVENUE	10,659,863	16,782,894	(6,123,031)	-36.48%
Investment and mortgage interest income	886,647	1,162,155	(275,508)	-23.71%
Deferred gain on sale recognized	566,675	-	566,675	100.00%
Gain (loss) on sale of assets held for sale	497,544	-	497,544	100.00%
Gain (loss) on sale of fixed assets	2,488,834	-	2,488,834	100.00%
TOTAL NON-OPERATING REVENUE	4,439,700	1,162,155	3,277,545	282.02%
GROSS REVENUE	15,099,563	17,945,049	(2,845,486)	-15.86%
<u>EXPENSES</u>				
Administrative	2,655,217	2,618,947	36,270	1.38%
Ordinary repairs and maintenance	1,853,373	6,677,838	(4,824,465)	-72.25%
Housing assistance payments	2,667,514	2,048,831	618,683	30.20%
Depreciation	852,828	952,440	(99,612)	-10.46%
Other operating expenses	2,077,013	1,993,196	83,817	4.21%
TOTAL OPERATING EXPENSES	10,105,945	14,291,252	(4,185,307)	-29.29%
Interest expense	1,583,161	1,798,971	(215,810)	-12.00%
TOTAL NON-OPERATING EXPENSES	1,583,161	1,798,971	(215,810)	-12.00%
TOTAL EXPENSES	11,689,106	16,090,223	(4,401,117)	-27.35%
CHANGE IN NET POSITION	3,410,457	1,854,826	979,513	52.81%
Equity Transfers	-	2,204,334	(2,204,334)	-100.00%
Net Position, Beginning of Year	11,310,947	7,251,787	4,059,160	55.97%
NET POSITION, END OF YEAR	\$ 14,721,404	\$ 11,310,947	\$ 3,410,457	30.15%

Overall Financial Position and Results of Operations

The Authority's financial position is sound; the fundamental activities of housing and voucher administration performed routinely although with necessary adjustments to average voucher expense and case worker staffing.

Financial Highlights Primary Government

The Authority worked with MRI/Boston Capital during the year to convert the Authority's data to its second platform in two years, and hoped to resolve data inconsistencies, meet the reporting obligations of the company, and assure the Authority's financial stability. While not completed during 2019 – 2020, the Authority has continued to improve the data with the assistance of outside accountants. The coming Fiscal Year audit is anticipated to be a much smoother process.

Capital Asset and Debt Administration

The Authority classifies capital assets as those assets supporting operating functions for the Authority. Assets expected to sell within the current year, have been reclassified at their net realizable value as Assets Held for Sale on the face of the financial statements and depreciation, if applicable, suspended. Pledged assets not expected to sell within the year or are still continuing to support the Authority's operations are included as capital assets.

The Authority's total capital assets experienced a net decrease of 5.31% primarily due to the sale of the properties known as 550 Madison and Olhava.

Total debt outstanding for the Authority decreased from the prior year by \$2.17 million. Total principal debt payments made during the year was \$1.84 million, with an additional \$325 thousand being paid off through the sale of capital assets, as noted above. There were no new borrowings for the year.

Economic Factors Affecting the Authority's Future

The conservative nature of the current administration will likely have far reaching impacts on the Federal government as a whole, and on HUD and the Department of Agriculture – Rural Development ("RD") in particular. While these programs will not disappear, it is possible that changes in program scope and reductions in funding will occur during the coming years.

The Authority's HUD based portfolio is relatively small. The Authority has an allocation of 403 Section 8 Housing Choice Vouchers and 136 public housing units. The Authority directly administers the Public Housing and relies on administrative fees, operating support and capital funding from HUD. Further, while the Authority does not directly administer the vouchers, the Authority does rely on a small part of the fee to support its administrative burden and staff. Reductions in federal support for these programs would have a modest but direct, negative impact on the Authority's operations.

Economic Factors Affecting the Authority's Future (continued)

The Authority owns and provides affordable multi-family and single-family housing throughout Kitsap County not including the City of Bremerton. The bulk of the portfolio, approximately 84%, is much more dependent on the local economy and the local real estate market. Conditions have been strong with continued lower unemployment rates, retail sales growth, higher home prices, low vacancies and increasing rents. Interest rates stayed low. Positive economic growth continued throughout the year. The Authority anticipates, at least in the short term, that these conditions will continue. If a conservative administration and Congress enact measures consistent with their campaign rhetoric, infrastructure and military spending are likely to increase which should result in direct benefits for Kitsap County. Also, the passage of the local fast ferry measure may have direct positive economic benefits for Kitsap County resulting from improved transportation access to and from Seattle.

Unfortunately, there are very few new affordable units under construction in Kitsap County. New construction of multi-family housing is anticipated throughout the County but only a very few affordable units are included where property tax advantages have been enacted by the local jurisdiction. The demand for affordable housing is enormous with as much as 40% of the County's households, homeowners or rental, paying more than 30% of their gross income for housing. The need for affordable housing for veterans, homeless and special and vulnerable populations is acute.

The Authority received a 2017-2019 grant from Rural Development ("RD") to continue building new homes under the Self-Help homeownership program. The Authority anticipates this program will continue for at least one more year. Further, the Authority will continue to acquire foreclosed units, rehab them and reposition them with new owners under RD's modified financing. The Authority will continue to actively plan and develop new housing projects in private sector partnerships and independently.

Request for Information

This financial report is designed to provide a general overview of the Housing Authority's agency-wide finances. Questions concerning any of the information should be addressed to the Executive Director of Housing Kitsap, located at 2244 NW Bucklin Hill Road, Silverdale, WA 98383, (360) 535-6100.

FINANCIAL STATEMENTS

KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
STATEMENT OF NET POSITION
JUNE 30, 2020

	ASSETS		
	Primary Government	Discretely Presented Component Units	Total Reporting Entity (Memorandum Only)
Current assets:			
Cash and cash equivalents	\$ 5,094,059	\$ 662,394	\$ 5,756,453
Tenant security deposits	205,679	116,625	322,304
Accounts receivable, net	697,649	45,426	743,075
Notes receivable, current	361,674	-	361,674
Prepaid expenses	137,027	20,841	157,868
Assets held for sale	<u>2,387,076</u>	<u>-</u>	<u>2,387,076</u>
Total current assets	<u>8,883,164</u>	<u>845,286</u>	<u>9,728,450</u>
Non-current assets:			
Restricted cash	2,246,991	1,854,629	4,101,620
Notes receivable, non-current	19,686,834	-	19,686,834
Other assets	301,918	28,207	330,125
Capital assets, net	<u>26,263,617</u>	<u>21,134,002</u>	<u>47,397,619</u>
Total non-current assets	<u>48,499,360</u>	<u>23,016,838</u>	<u>71,516,198</u>
Total assets	<u>57,382,524</u>	<u>23,862,124</u>	<u>81,244,648</u>
DEFERRED OUTFLOWS OF RESOURCES			
Washington State P.E.R.S.	<u>384,855</u>	<u>-</u>	<u>384,855</u>
Total deferred outflows of resources	<u>384,855</u>	<u>-</u>	<u>384,855</u>
Total assets and deferred outflows of resources	<u>\$ 57,767,379</u>	<u>\$ 23,862,124</u>	<u>\$ 81,629,503</u>

See accompanying notes to financial statements

KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
STATEMENT OF NET POSITION (continued)
JUNE 30, 2020

LIABILITIES

	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>	<u>Total Reporting Entity (Memorandum Only)</u>
Current liabilities:			
Accounts payable	\$ 226,190	\$ 771,478	\$ 997,668
Accrued expenses	196,173	-	196,173
Tenant security deposits	205,679	116,625	322,304
Prepaid rent	121,968	58,853	180,821
Accrued compensated absences, current	164,397	-	164,397
Notes payable, current	1,156,871	982,820	2,139,691
Accrued interest payable	<u>1,432,159</u>	<u>49,228</u>	<u>1,481,387</u>
Total current liabilities	<u>3,503,437</u>	<u>1,979,004</u>	<u>5,482,441</u>
Non-current liabilities:			
Accrued compensated absences, non-current	54,799	-	54,799
Accrued pension liability	870,719	-	870,719
Notes payable, non-current	37,868,421	18,684,344	56,552,765
Other non-current liabilities	<u>79,401</u>	<u>4,638,831</u>	<u>4,718,232</u>
Total non-current liabilities	<u>38,873,340</u>	<u>23,323,175</u>	<u>62,196,515</u>
Total liabilities	<u>42,376,777</u>	<u>25,302,179</u>	<u>67,678,956</u>

DEFERRED INFLOWS OF RESOURCES

Washington State P.E.R.S.	<u>669,198</u>	<u>-</u>	<u>669,198</u>
Total deferred inflows of resources	<u>669,198</u>	<u>-</u>	<u>669,198</u>

NET POSITION

Net position:			
Net investment in capital assets	12,221,226	1,466,838	13,688,064
Restricted	2,112,578	1,854,629	3,967,207
Unrestricted	<u>387,600</u>	<u>(4,761,522)</u>	<u>(4,373,922)</u>
Total net position	<u>14,721,404</u>	<u>(1,440,055)</u>	<u>13,281,349</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 57,767,379</u>	<u>\$ 23,862,124</u>	<u>\$ 81,629,503</u>

See accompanying notes to financial statements

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020**

	Primary Government	Discretely Presented Component Units	Total Reporting Entity (Memorandum Only)
Operating revenues:			
Tenant revenue	\$ 3,669,297	\$ 2,698,345	\$ 6,367,642
HUD operating grants	5,398,446	-	5,398,446
Other government grants	245,881	-	245,881
Other revenues	<u>1,346,239</u>	<u>259,838</u>	<u>1,606,077</u>
Total operating revenues	<u>10,659,863</u>	<u>2,958,183</u>	<u>13,618,046</u>
Operating expenses:			
Administrative	2,655,217	234,726	2,889,943
Tenant services	51,237	3,140	54,377
Utilities	1,011,055	378,179	1,389,234
Ordinary repairs and maintenance	1,853,373	650,226	2,503,599
Protective services	44,178	-	44,178
Insurance	112,367	50,982	163,349
General	182,133	77,392	259,525
Bad debt	404,184	95,597	499,781
Management fees	271,859	180,007	451,866
Housing assistance payments	2,667,514	-	2,667,514
Depreciation	<u>852,828</u>	<u>631,511</u>	<u>1,484,339</u>
Total operating expenses	<u>10,105,945</u>	<u>2,301,760</u>	<u>12,407,705</u>
Operating income	<u>553,918</u>	<u>656,423</u>	<u>1,210,341</u>
Non-operating revenues (expenses):			
Investment income	12,829	26,063	38,892
Mortgage interest income	873,818	34,437	908,255
Interest expense	(1,583,161)	(1,049,772)	(2,632,933)
Deferred gain on sale recognized	566,675	-	566,675
Gain on sale of assets held for sale	497,544	-	497,544
Gain on sale of fixed assets	<u>2,488,834</u>	<u>-</u>	<u>2,488,834</u>
Net non-operating revenues (expenses)	<u>2,856,539</u>	<u>(989,272)</u>	<u>1,867,267</u>
Change in net position	3,410,457	(332,849)	3,077,608
Total net position, beginning of year	<u>11,310,947</u>	<u>(1,107,206)</u>	<u>10,203,741</u>
Total net position, end of year	<u>\$ 14,721,404</u>	<u>\$ (1,440,055)</u>	<u>\$ 13,281,349</u>

See accompanying notes to financial statements

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Primary Government</u>
Cash Flows from Operating Activities:	
Cash received from tenants and others	\$ 4,443,710
Cash received from grantors	5,499,035
Cash paid to employees	(2,650,459)
Cash paid to vendors and suppliers	<u>(5,844,461)</u>
Net cash provided by operating activities	<u>1,447,825</u>
Cash Flows from Capital and Related Financing Activities:	
Principal payments on notes payable	(1,843,607)
Interest paid on notes payable	(1,367,032)
Purchase of capital assets	(10,910)
Proceeds from sale of capital assets	2,795,152
Proceeds from assets held for sale	1,537,500
Purchase of assets held for sale	<u>(422,229)</u>
Net cash provided by capital and related financing activities	<u>688,874</u>
Cash Flows from Investing Activities:	
Investment income	12,829
Issuance of notes receivable	(239,185)
Collection of notes receivable	1,116,803
Interest received	<u>511,060</u>
Net cash provided by investing activities	<u>1,401,507</u>
Net increase in cash and cash equivalents and restricted cash	3,538,206
Cash and cash equivalents and restricted cash, beginning of year	<u>4,008,523</u>
Cash and cash equivalents and restricted cash, end of year	<u><u>\$ 7,546,729</u></u>
Reconciliation of cash and cash equivalents and restricted cash to the Statement of Net Position is as follows:	
Cash and cash equivalents	\$ 5,094,059
Tenant security deposits	205,679
Restricted cash	<u>2,246,991</u>
Total cash and cash equivalents and restricted cash	<u><u>\$ 7,546,729</u></u>

See accompanying notes to financial statements

KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
STATEMENT OF CASH FLOWS (continued)
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Primary Government</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 553,918
Adjustments to reconcile operating income to net cash used in operating activities:	
Depreciation	852,828
Bad debts	404,184
Deferred refunding on notes receivable	(540,485)
Changes in operating assets, deferred outflows of resources, liabilities, and deferred inflows of resources:	
Accounts receivable, net	(195,282)
Prepaid expenses	(72,203)
Deferred outflows of resources	(9,927)
Accounts payable	808,922
Accrued expenses	4,758
Tenant security deposits liability	3,857
Prepaid rent	14,120
Accrued compensated absences	44,093
Other liabilities	24,875
Accrued pension liability	(516,477)
Deferred inflows of resources	<u>70,644</u>
Net cash provided by operating activities	\$ <u><u>1,447,825</u></u>

See accompanying notes to financial statements

KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
COMBINING STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
JUNE 30, 2020

	ASSETS			Total Discretely Presented Component Units
	<u>Railroad Avenue Associates, L.P.</u>	<u>Red Barn Associates, L.P.</u>	<u>Kitsap Apartments 2006, L.P.</u>	
Current assets:				
Cash and cash equivalents	\$ 51,076	\$ 83,689	\$ 527,629	\$ 662,394
Tenant security deposits	8,596	10,920	97,109	116,625
Accounts receivable, net	-	8,982	36,444	45,426
Prepaid expenses	<u>1,250</u>	<u>3,298</u>	<u>16,293</u>	<u>20,841</u>
Total current assets	<u>60,922</u>	<u>106,889</u>	<u>677,475</u>	<u>845,286</u>
Non-current assets:				
Restricted cash	253,443	212,354	1,388,832	1,854,629
Other assets	17,229	-	10,978	28,207
Capital assets, net	<u>1,530,291</u>	<u>3,405,192</u>	<u>16,198,519</u>	<u>21,134,002</u>
Total non-current assets	<u>1,800,963</u>	<u>3,617,546</u>	<u>17,598,329</u>	<u>23,016,838</u>
Total assets	<u>\$ 1,861,885</u>	<u>\$ 3,724,435</u>	<u>\$ 18,275,804</u>	<u>\$ 23,862,124</u>

See accompanying notes to financial statements

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
COMBINING STATEMENT OF NET POSITION (continued)
DISCRETELY PRESENTED COMPONENT UNITS
JUNE 30, 2020**

	LIABILITIES			
	Railroad Avenue Associates, L.P.	Red Barn Associates, L.P.	Kitsap Apartments 2006, L.P.	Total Discretely Presented Component Units
Current liabilities:				
Accounts payable	\$ 44,111	\$ 278,341	\$ 449,026	\$ 771,478
Tenant security deposits	8,596	10,920	97,109	116,625
Prepaid rent	47	5,417	53,389	58,853
Note payable, current	16,552	656,268	310,000	982,820
Accrued interest payable	<u>3,069</u>	<u>3,571</u>	<u>42,588</u>	<u>49,228</u>
Total current liabilities	<u>72,375</u>	<u>954,517</u>	<u>952,112</u>	<u>1,979,004</u>
Non-current liabilities:				
Note payable, non-current	1,425,113	1,323,445	15,935,786	18,684,344
Other non-current liabilities	<u>29,609</u>	<u>224,431</u>	<u>4,384,791</u>	<u>4,638,831</u>
Total non-current liabilities	<u>1,454,722</u>	<u>1,547,876</u>	<u>20,320,577</u>	<u>23,323,175</u>
Total liabilities	<u>1,527,097</u>	<u>2,502,393</u>	<u>21,272,689</u>	<u>25,302,179</u>
	NET POSITION			
Net position:				
Net investment in capital assets	88,626	1,425,479	(47,267)	1,466,838
Restricted	253,443	212,354	1,388,832	1,854,629
Unrestricted	<u>(7,281)</u>	<u>(415,791)</u>	<u>(4,338,450)</u>	<u>(4,761,522)</u>
Total net position	<u>334,788</u>	<u>1,222,042</u>	<u>(2,996,885)</u>	<u>(1,440,055)</u>
Total liabilities and net position	<u>\$ 1,861,885</u>	<u>\$ 3,724,435</u>	<u>\$ 18,275,804</u>	<u>\$ 23,862,124</u>

See accompanying notes to financial statements

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION -
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2020**

	Railroad Avenue <u>Associates, L.P.</u>	Red Barn Associates, L.P.	Kitsap Apartments <u>2006, L.P.</u>	Total Discretely Presented Component Units
Operating revenues:				
Tenant revenue	\$ 128,508	\$ 349,144	\$ 2,220,693	\$ 2,698,345
Other revenues	<u>12,808</u>	<u>2,208</u>	<u>244,822</u>	<u>259,838</u>
Total operating revenues	<u>141,316</u>	<u>351,352</u>	<u>2,465,515</u>	<u>2,958,183</u>
Operating expenses:				
Administrative	7,914	29,879	196,933	234,726
Tenant services	227	455	2,458	3,140
Utilities	17,118	108,689	252,372	378,179
Ordinary repairs and maintenance	41,404	79,749	529,073	650,226
Insurance	2,883	7,602	40,497	50,982
General expenses	12,016	36,212	29,164	77,392
Bad debt expense	2,130	5,503	87,964	95,597
Management fee	10,904	21,250	147,853	180,007
Depreciation	<u>60,025</u>	<u>128,104</u>	<u>443,382</u>	<u>631,511</u>
Total operating expenses	<u>154,621</u>	<u>417,443</u>	<u>1,729,696</u>	<u>2,301,760</u>
Operating income (loss)	<u>(13,305)</u>	<u>(66,091)</u>	<u>735,819</u>	<u>656,423</u>
Non-operating revenues (expenses):				
Investment income	517	590	24,956	26,063
Mortgage interest income	34,437	-	-	34,437
Interest expense	<u>(58,086)</u>	<u>(56,481)</u>	<u>(935,205)</u>	<u>(1,049,772)</u>
Net non-operating revenues (expenses)	<u>(23,132)</u>	<u>(55,891)</u>	<u>(910,249)</u>	<u>(989,272)</u>
Change in net position	(36,437)	(121,982)	(174,430)	(332,849)
Total net position, beginning of year	<u>371,225</u>	<u>1,344,024</u>	<u>(2,822,455)</u>	<u>(1,107,206)</u>
Total net position, end of year	<u><u>\$ 334,788</u></u>	<u><u>\$ 1,222,042</u></u>	<u><u>\$ (2,996,885)</u></u>	<u><u>\$ (1,440,055)</u></u>

See accompanying notes to financial statements

KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Kitsap County Consolidated Housing Authority, DBA Housing Kitsap (the "Authority"), was created in 1982 as a municipal corporation, pursuant to the Revised Code of Washington (RCW) 35.82. The Authority's mission is to manage, preserve, and build safe affordable housing serving individuals, families and communities throughout Kitsap County (the "County"). The Authority is responsible for operating certain low-rent housing programs in the County under programs administered by the U.S. Department of Housing and Urban Development ("HUD"). These programs provide housing for eligible families under the United States Housing Act of 1937, as amended.

The Authority is governed by a board of commissioners which is essentially autonomous, but is responsible to HUD. An executive director is appointed by the Authority's board of commissioners to manage the day-to-day operations of the Authority.

B. Basis of Accounting / Financial Statement Presentation

The Authority's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The programs of the Authority are organized as separate accounting entities. Each program is accounted for by a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position (program equity), revenues, and expenses. The individual programs account for the governmental resources allocated to them for the purpose of carrying on specific programs in accordance with laws, regulations, or other restrictions, including those imposed by HUD. The programs of the Authority are combined and considered an enterprise fund. An enterprise fund is used to account for activities that are operated in a manner similar to those found in the private sector.

The Authority's enterprise fund is accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, and losses from assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

The Authority's financial statements are prepared in accordance with GASB 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as amended ("GASB 34"). GASB 34 requires the basic financial statements to be prepared using the economic resources measurement focus and the accrual basis of accounting and requires the presentation of a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows. GASB 34 also requires the Authority to include Management's Discussion and Analysis as part of the Required Supplementary Information.

The Authority's primary source of non-exchange revenue relates to grants and subsidies. In accordance with GASB 33, *Accounting and Financial Reporting for Non-exchange Transactions* ("GASB 33"), grant and subsidy revenue are recognized at the time eligible program expenditures occur and/or the Authority has complied with the grant and subsidy requirements.

On January 30, 2008, HUD issued PIH Notice 2008-9 which requires that unused housing assistance payments ("HAP") under proprietary fund reporting should be reported as restricted net position, with the associated cash and investments also being reported as restricted. Any unused administrative fees should be reported as unrestricted net position, with the associated assets being reported on the financial data schedule as unrestricted.

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Accounting / Financial Statement Presentation (continued)

Both administrative fee and HAP revenue continue to be recognized under the guidelines set forth in GASB 33. Accordingly, both the time and purpose restrictions as defined by GASB 33 are met when these funds are available and measurable, not when these funds are expended. The Section 8 Housing Choice Vouchers program is no longer a cost reimbursement grant; therefore, the Authority recognizes unspent administrative fee and HAP revenue in the reporting period as revenue for financial statement reporting.

In accordance with 2 CFR 200.305(b)(9), any investment income earned up to \$500 on these funds may be retained by the Authority. Amounts in excess of \$500 must be remitted annually to the Department of Health and Human Services, Payment Management System.

C. Reporting Entity

In accordance with GASB 61, *The Financial Reporting Entity Omnibus - An Amendment of GASB Statement No. 14 and No. 34*, the Authority's basic financial statements include those of the Authority and any component units. Component units are legally separate organizations whose majority of officials are appointed by the primary government or the organization is fiscally dependent on the primary government and there is a potential for those organizations either to provide specific financial benefits to, or impose specific financial burdens on, the primary government. An organization has a financial benefit or burden relationship with the primary government if any one of the following conditions exist:

1. The primary government (Authority) is legally entitled to or can otherwise access the organization's resources.
2. The primary government is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization.
3. The primary government is obligated in some manner for the debt of the organization.

Based upon the application of these criteria, this report includes the following blended component units. The blended component units are, although legally separate entities, in substance part of the Authority's operations and so data from these units are combined with data of the primary government and reflected in the "Primary Government" column on the financial statements.

HK Communities, LLC

HK Communities, LLC ("HKC") is a single member limited liability company created on April 8, 2015, primarily to acquire and own limited partnership interests in limited partnerships of which the Authority is partner. The Authority is the single member and manager of HKC.

Dye's Inlet Associates, L.P.

Dye's Inlet Associates, L.P. ("DIA") was established in 1997 to construct, own, and operate an eighteen unit apartment project located in Silverdale, WA. DIA has agreed to maintain all apartment units as both rent restricted and occupied by low-income elderly tenants for a minimum period of fifty years beginning in 1999. The Authority is a 0.1% general partner and also served as developer and property manager of DIA. The project was completed and rental operations began in July 1999. The partnership agreement provides for the termination of the partnership in 2063. On May 15, 2015, the limited partner, Key Bank, assigned its share to HK Communities, LLC, a single member limited liability company whose sole member is the Authority.

KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Reporting Entity (continued)

Liberty Bay Associates, L.P.

Liberty Bay Associates, L.P. ("LB") was formed in 2001 to construct, own and operate sixteen units of affordable housing located on two sites in Bremerton and Port Orchard, WA. Construction was completed and rental operations began in December 2001. LB has agreed to maintain all apartment units as both rent restricted and occupied by low-income elderly tenants for a minimum period of fifty years beginning in 2001. On September 30, 2018, the limited partner, Coporate Housing Initiatives III, L.P., assigned its share to HK Communities, LLC, a single member limited liability company whose sole member is the Authority.

Viewmont Apartments, L.P.

Viewmont Apartments, L.P. ("VA") was formed in 2000 to rehabilitate, own and operate a seventy seven unit apartment project located in Port Orchard, WA. Underlying financing for the acquisition and rehabilitation of the apartment project primarily consists of proceeds from single-purpose, tax-exempt revenue bonds issued. VA receives a Section 8 Special Allocation rental subsidy provided by HUD on seventy six of the units. The rental subsidy contract with HUD expires in October 2020. On December 31, 2017, the limited partner, Key Community Development Corporation, assigned its share to HK Communities, LLC, a single member limited liability company whose sole member is the Authority.

Heritage Apartments, L.P.

Heritage Apartments, L.P. ("HA") was formed in 2000 to rehabilitate, own and operate a fifty seven unit apartment project located in Port Orchard, WA. Underlying financing for the acquisition and rehabilitation of the apartment project primarily consists of proceeds from single-purpose, tax-exempt revenue bonds issued. HA receives a Section 8 Special Allocation rental subsidy provided by HUD on fifty six of the units. The rental subsidy contract with HUD expires in October 2020. On December 31, 2017, the limited partner, Key Community Development Corporation, assigned its share to HK Communities, LLC, a single member limited liability company whose sole member is the Authority.

This report also includes the following discretely presented component units. The discretely presented component units are reported in a separate column to emphasize that they are legally separate from the primary government. The discretely presented component units issue their own separate financial statements which are presented as of and for the year ended December 31, 2019 and can be obtained by writing to the Executive Director, Housing Kitsap, 2244 NW Bucklin Hill Road, Silverdale, WA 98383.

Railroad Avenue Associates, L.P.

Railroad Avenue Associates, L.P. ("RA") was formed in 2000 to construct, own and operate sixteen units of affordable housing located in Poulsbo, Washington. Construction was completed and rental operations began July 2004. RA has agreed to maintain all apartment units as both rent restricted and occupied by low-income elderly tenants for a minimum period of fifty years beginning in 2004. The Project was financed and constructed under the Section 515 of the National Housing Act. Under this program, RA provides affordable housing to tenants subject to regulation by Rural Housing Service ("RHS"). RA receives a rent subsidy and a mortgage interest subsidy from RHS, which expires in December of each year and will automatically renew as long as the rental assistance is available. The Authority is 0.01% general partner.

Red Barn Associates, L.P.

Red Barn Associates, L.P. ("RB") was formed in 1998 to construct, own and operate forty two multi-family rental units including forty one units for low-income tenants and one common area unit for on-site management. Construction was completed and rental operations began in 2004. RB has agreed to maintain all apartment units as both rent restricted and occupied by low-income elderly tenants for a minimum period of fifty years beginning in 2001. The Authority is a .01% general partner.

KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Reporting Entity (continued)

Kitsap Apartments 2006, L.P.

Kitsap Apartments 2006, L.P. ("KA") was formed in 2006 to rehabilitate, own and operate two hundred and one units, in twenty four buildings, located on three sites in Kingston, Port Orchard, and Bremerton, WA. KA has agreed to maintain all apartment units as both rent restricted and occupied by low-income tenants for a minimum period of fifty years beginning in 2008. The Authority is a .01% general partner and served as developer during the rehabilitation.

D. Description of Programs

The Authority maintains its accounting records by program. A summary of the significant programs operated by the Authority is as follows:

Section 8 Housing Choice Vouchers

The Authority administers a program of rental assistance payments to private owners on behalf of eligible low-income households under Section 8 of the Housing and Urban Development Act of 1974. The program provides payments covering the difference between the maximum rental on a dwelling unit, as approved by HUD, and the amount of rent contribution by a participating household.

Public and Indian Housing Program

The Public and Indian Housing Program is designed to provide low-cost housing within the County. Under this program, HUD provides funding via an annual contributions contract. These funds, combined with the rental income received from tenants, are available solely to meet the operating expenses of the program.

Public Housing Capital Fund Program

The purpose of the Public Housing Capital Fund Program is to provide another source of funding to cover the cost of physical and management improvements and rehabilitation on existing low-income housing and improving the central office facilities. Funding for this program is provided by grants from HUD.

Rural Rental Housing Loans Program

The purpose of the Rural Rental Housing Loans Program is to provide economically designed and constructed rental and cooperative housing and related facilities suited for rural residents.

Rural Self-Help Housing Technical Assistance Program

The Rural Self-Help Housing Technical Assistance Program is designed to provide financial assistance to qualified nonprofit organizations and public bodies that will aid needy very low and low-income individuals and their families to build homes in rural areas by the self help method.

Community Development Block Grant

The purpose of the Community Development Block Grant is to develop viable urban communities by providing decent housing, a suitable living environment, and expanding economic opportunities, principally for persons of low and moderate income.

Self-Help Homeownership Opportunity Program

The Self-Help Homeownership Opportunity Program is designed to facilitate and encourage innovative homeownership opportunities through the provision of self-help homeownership in which the homebuyer contributes a significant amount of sweat equity toward the development of the units.

KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Description of Programs (continued)

CARES Act Funding Programs

During the year ended June 30, 2020, the Authority was awarded CARES Act funding as part of the Section 8 Housing Choice Vouchers Program. These funds are to be used to prevent, prepare for, and respond to the Coronavirus ("COVID-19"), as well as help the Authority maintain normal operations during the period impacted by COVID-19.

Home Investment Partnerships Program

The Home Investment Partnerships Program is designed to expand the supply of affordable housing, particularly rental housing, for low and very low income Americans; to strengthen the abilities of State and local governments to design and implement strategies for achieving adequate supplies of decent, affordable housing; and to extend and strengthen partnerships among all levels of government and the private sector, including for-profit and nonprofit organizations, in the production and operation of affordable housing.

Business Activities

The Authority owns non-federal housing units and various interests in low income housing tax credit partnerships. Revenues earned from these activities are recorded in the Business Activities fund. The Business Activities fund also holds the mortgage notes related to Kitsap Apartments 2006, L.P. and loans made to individuals to assist in the downpayment and rehabilitation of privately-owned homes through various programs funded through the County.

E. Use of Management Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the allowance for doubtful accounts, accrued expenses and net pension liability, depreciable lives of properties and equipment, deferred inflows and outflows of resources, and contingencies. Actual results could differ significantly from these estimates.

F. Cash and Cash Equivalents

HUD requires housing authorities to invest excess funds in obligations of the United States, Certificates of Deposit or any other federally insured investment.

HUD also requires that deposits be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Pursuant to HUD restrictions, obligations of the United States are allowed as security for deposits. Obligations furnished as security must be held by the Authority or with an unaffiliated bank or trust company for the account of the Authority.

For the statement of cash flows, cash and cash equivalents include all cash balances and treasury investments with a maturity of three months or less at time of purchase. It is the Authority's policy to maintain collateralization in accordance with HUD requirements.

KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Accounts Receivable, Net

Rents are due from tenants on the first day of each month. As a result, tenants receivable balances primarily consist of rents past due and due from vacated tenants. An allowance for doubtful accounts is established to provide for accounts which may not be collected in the future for any reason. Collection losses on accounts receivable are charged against the allowance for doubtful accounts.

Also, included in accounts receivable are those amounts that tenants owe the Authority as payment for committing fraud or misrepresentation. These charges usually consist of retroactive rent and other amounts that may be determined by a formal written agreement or by a court order.

The Authority recognizes a receivable from HUD and other governmental agencies for amounts earned and billed but not received and for amounts unbilled, but earned as of year end.

H. Allowance for Doubtful Accounts

The Authority periodically reviews all accounts receivable to determine the amount, if any, that may be uncollectable. If it is determined that an account or accounts may be uncollectable, the Authority prepares an analysis of such accounts and records an appropriate allowance against such amounts.

I. Notes Receivable

The Authority has utilized development funds in accordance with HUD guidelines to assist in the construction and redevelopment of numerous public housing developments through the issuance of mortgage notes. When preparing financial statements in accordance with generally accepted accounting principles, management is required to make estimates as to the collectability of such mortgage notes. When estimating collectability, management analyzes the value of the underlying mortgaged property; the property's ability to generate positive cash flow, and current economic trends and conditions. Management utilizes these estimates and judgments in connection with establishing an allowance for uncollectable amounts during an accounting period.

J. Prepaid Expenses

Prepaid expenses represent amounts paid as of year-end that will benefit future operations.

K. Assets Held for Sale

Assets held for sale represents assets, not used in current operations that the Authority expects to sell in the future.

L. Capital Assets, Net

Capital assets are stated at cost. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Expenditures determined to represent additions or betterments are capitalized. Upon the sale or retirement of capital assets, the cost and related accumulated depreciation is eliminated from the accounts and any related gain or loss is reflected in the Statement of Revenues, Expenses and Changes in Net Position.

KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Capital Assets, Net (continued)

Depreciation is calculated using the straight-line method based on the estimated useful lives of the following asset groups:

• Buildings	30-50 Years
• Improvements	20 Years
• Equipment, Furniture, and Fixtures	3-12 Years

The Authority has established a capitalization threshold of \$750.

M. Impairment of Long Lived Assets

The Authority evaluates events or changes in circumstances affecting long-lived assets to determine whether an impairment of its assets has occurred. If the Authority determines that a capital asset is impaired, and that the impairment is significant and other-than-temporary, then an impairment loss will be recorded in the Authority's financial statements. For the year ended June 30, 2020, there were no impairment losses incurred.

N. Investment in Limited Partnerships

The Authority holds minority ownership interests in various limited partnerships whereby its maximum exposure to loss is its current investment.

Investments in the various limited partnerships that do not meet the criteria established in note 1 (c) are accounted under the equity method, which requires that the investments are recorded at cost and adjusted for the Authority's share of income or loss. Since the Authority has no obligation to fund liabilities of the limited partnerships beyond its investment, the investment may not be reduced below zero.

The Authority regularly assesses its investment in limited partnerships for the existence of impairment. Impairment typically occurs when the carrying value of the Authority's investment in a limited partnership exceeds the estimated value of the investment as determined by management. The estimated value generally consists of remaining future housing tax credits and other tax benefits allocable to, and the estimated residual value if any, of the investment available to the Authority. The residual value is estimated by management based on current economic and capital market conditions, operational results and the terms of the limited partnership's agreements which provide for distributions to the Authority upon the liquidation of the limited partnership or sale or disposition of its assets.

An impairment loss has no effect on the actual fair value of the underlying property or performance of the overall investment, nor does it have any effect on the remaining low-income housing tax credits to be generated. If an investment in a limited partnership is considered to be impaired, the Authority reduces its investment in such limited partnership on the statement of revenues, expenses, and changes in net position. The Authority did not recognize an impairment loss on its investments in limited partnerships for the year ended June 30, 2020.

KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Inter-Program Receivables and Payables

Inter-program receivables and payables are all classified as either current assets or current liabilities, and are the result of the use of a concentrated account depository as the common paymaster for most of the programs of the Authority. Cash settlements are made monthly. All inter-program balances are reconciled, and inter-program receivables and payables balances net to zero. In accordance with GASB 34, inter-program receivables and payables are eliminated for financial statement purposes.

P. Accounts Payable and Accrued Liabilities

The Authority recognizes a liability for goods and services received but not paid for as of year-end. The Authority recognizes a liability for wages and fringe benefits related to services performed at year-end but not yet paid to employees or taxing authorities.

Q. Prepaid Rent

The Authority's prepaid rent primarily consists of the prepayment of rent by residents applicable to future periods.

R. Compensated Absences

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

S. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Washington State Public Employees' Retirement System ("PERS") and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. 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.

T. Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflows of resources until that time.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflows of resources until that time.

KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

U. Equity Classifications

Equity is classified as net position and displayed in three components:

Net investment in capital assets — Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted net position — Consists of resources with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position — All other resources that do not meet the definition of “restricted” or “net investment in capital assets.”

V. Operating Revenues and Expenses

The Authority defines its operating revenues as income derived from charges to residents, sales of assets held for sale and for services provided as well as government subsidies and grants used for operating purposes. The Authority receives annual operating subsidies from HUD, subject to limitations prescribed by HUD. Operating subsidies from HUD are recorded in accordance with GASB 33 and are accounted for as revenue. Other contributions from HUD that are for development and modernization of capital assets are reflected separately in the accompanying financial statements as capital grants.

Operating expenses are costs incurred in the operation of its program activities to provide services to residents and others. The Authority classifies all other revenues and expenses as non-operating.

W. Taxes

The Authority is a unit of local government under the State of Washington law and is exempt from real estate, sales and income taxes by both the federal and state governments. However, the Authority will pay a payment in lieu of taxes to cover municipal services provided by the local government for certain properties owned throughout the County.

X. Budgets and Budgetary Accounting

The Authority adopts annual, appropriated operating budgets for all its programs receiving federal expenditure awards, which are used as a management tool throughout the accounting cycle. All budgets are prepared on a HUD basis, which differs with GAAP. All appropriations lapse at HUD's program year end or at the end of grant periods.

Y. Economic Dependency

The Public and Indian Housing Program and Section 8 Housing Choice Vouchers Program are economically dependent on receiving subsidies from HUD. The program operates at a loss prior to receiving such subsidies.

KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Z. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs and there have been no significant reductions in insurance coverage. Claims expenditures and liabilities are reported when it is probable that a loss has occurred, the amount of the loss can be reasonably estimated, and said amount exceeds insurance coverage. Settlement amounts have not exceeded insurance coverage for the last three years.

NOTE 2. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

As of June 30, 2020, the Authority had funds on deposit in checking, savings, and certificates of deposits. The carrying amount of the primary government's cash and cash equivalents (including restricted cash) was \$7,546,729, and the bank balances approximated \$7,713,416.

<u>Cash Category</u>	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>	<u>Total Reporting Entity (Memorandum Only)</u>
Unrestricted	\$ 5,094,059	\$ 662,394	\$ 5,756,453
Tenant security deposits	205,679	116,625	322,304
Restricted	<u>2,246,991</u>	<u>1,854,629</u>	<u>4,101,620</u>
Total cash and cash equivalents	<u>\$ 7,546,729</u>	<u>\$ 2,633,648</u>	<u>\$ 10,180,377</u>

Of the primary government's bank balances, \$1,162,714 was covered by federal depository insurance and the remaining \$6,550,702 was collateralized with the pledging financial institutions as of June 30, 2020.

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The primary government does not have a formal policy for custodial credit risk. As of June 30, 2020, the primary government's bank balances were not exposed to custodial credit risk.

NOTE 3. ACCOUNTS RECEIVABLE, NET

Accounts receivable, net consists of the following as of June 30, 2020:

<u>Description</u>	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>	<u>Total Reporting Entity (Memorandum Only)</u>
Accounts receivable - HUD	\$ 162,045	\$ -	\$ 162,045
Accounts receivable - tenants, net	148,393	45,426	193,819
Accounts receivable - other government	194,403	-	194,403
Accounts receivable - miscellaneous	<u>192,808</u>	<u>-</u>	<u>192,808</u>
Total accounts receivable, net	<u>\$ 697,649</u>	<u>\$ 45,426</u>	<u>\$ 743,075</u>

KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2020

NOTE 3. ACCOUNTS RECEIVABLE, NET (continued)

Accounts Receivable - HUD

As of June 30, 2020, accounts receivable - HUD consisted of amounts due to the Authority for amounts expended under the federal programs that have not yet been received. The balance is shown net of an allowance for doubtful accounts of \$211,648.

Accounts Receivable - Tenants, Net

Tenant accounts receivable represents amounts owed to the Authority by tenants for outstanding rent. The balance is shown net of an allowance for doubtful accounts of \$586,339.

Accounts Receivable - Other Government

Accounts receivable - other government represents amounts owed to the Authority by other federal agencies and state and local governments. Management estimates the amounts to be fully collectible and therefore no allowance for doubtful accounts has been established.

Accounts Receivable - Miscellaneous

Accounts receivable - miscellaneous consists of amounts owed to the Authority by the discretely presented component units. The balance owed represents monies owed for expense reimbursements and developer fees.

NOTE 4. RESTRICTED DEPOSITS

As of June 30, 2020, restricted deposits consisted of the following:

<u>Cash Category</u>	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>	<u>Total Reporting Entity (Memorandum Only)</u>
Housing assistance payment reserves	\$ 104,649	\$ -	\$ 104,649
FSS program escrows	79,401	-	79,401
Operating reserves	389,735	1,052,648	1,442,383
Replacement reserves	1,597,105	801,981	2,399,086
Debt services reserves	21,089	-	21,089
CARES Act funds	55,012	-	55,012
Tenant security deposits	<u>205,679</u>	<u>116,625</u>	<u>322,304</u>
Total restricted deposits	<u>\$ 2,452,670</u>	<u>\$ 1,971,254</u>	<u>\$ 4,423,924</u>

Housing assistance payment reserves are restricted for use only in the Section 8 Housing Choice Vouchers Program for future housing assistance payments.

Family Self-Sufficiency ("FSS") program escrows are restricted for use in the Public and Indian Housing and Section 8 Housing Choice Vouchers Programs by FSS program participants.

Operating reserves represent funds that are restricted in the case that the projects of the Authority and the discretely presented component units encounter an operating deficit.

Replacement reserves are required to be set aside to fund major repairs, capital expenditures, and replacement of capital items in the projects of Authority and the discretely presented component units.

KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2020

NOTE 4. RESTRICTED DEPOSITS (continued)

Debt services reserves represent funds that are restricted for payments of the related mortgages in the case the Authority encounters a lack of cash flow available to service debt and prevents the Authority from defaulting.

CARES Act funds are restricted to be used on expenditures directly related to COVID-19. These funds are to be used to prevent, prepare for, and respond to COVID-19, as well as help the Authority maintain normal operations during the period impacted by COVID-19.

Tenant security deposits represent amounts held by the Authority on behalf of tenants. Upon termination from the program, the tenant is due amounts deposited plus interest earned less any amounts charged for damage to the unit.

NOTE 5. ASSETS HELD FOR SALE

Assets held for sale consists of homes purchased in the primary government's Rural Self-Help Housing Technical Assistance Program and Business Activities Fund for refurbishment and sale. As of June 30, 2020, assets held for sale totaled \$2,387,076. The following is a summary of the changes in assets held for sale during the year ended June 30, 2020:

	<u>Amount</u>
Balance at June 30, 2019	\$ 3,004,803
Purchases	240,364
Expenditures	181,865
Sales	<u>(1,039,956)</u>
Balance at June 30, 2020	<u>\$ 2,387,076</u>

NOTE 6. CAPITAL ASSETS, NET

The following is a summary of the primary government's changes in capital assets during the year ended June 30, 2020:

Description	June 30, 2019	Additions	Dispositions	Transfers	June 30, 2020
<u>Non-depreciable:</u>					
Land	\$ 10,652,030	\$ -	\$ (155,376)	\$ -	\$ 10,496,654
Construction in progress	<u>11,243</u>	<u>-</u>	<u>-</u>	<u>(11,243)</u>	<u>-</u>
Subtotal	<u>10,663,273</u>	<u>-</u>	<u>(155,376)</u>	<u>(11,243)</u>	<u>10,496,654</u>
<u>Depreciable:</u>					
Buildings and improvements	34,837,849	10,910	(839,750)	11,243	34,020,252
Furniture and equipment	<u>2,116,754</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,116,754</u>
Subtotal	<u>36,954,603</u>	<u>10,910</u>	<u>(839,750)</u>	<u>11,243</u>	<u>36,137,006</u>
Less: accumulated depreciation	<u>19,880,550</u>	<u>852,828</u>	<u>(363,335)</u>	<u>-</u>	<u>20,370,043</u>
Net capital assets	<u>\$ 27,737,326</u>	<u>\$ (841,918)</u>	<u>\$ (631,791)</u>	<u>\$ -</u>	<u>\$ 26,263,617</u>

Depreciation expense for the fiscal year ended June 30, 2020 amounted to \$852,828.

KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2020

NOTE 6. CAPITAL ASSETS, NET (continued)

The following is a summary of the discretely presented component unit's changes in capital assets during the year ended June 30, 2020:

Description	June 30, 2019	Additions	Dispositions	Transfers	June 30, 2020
<u>Non-depreciable:</u>					
Land	\$ 4,708,909	\$ -	\$ -	\$ -	\$ 4,708,909
Construction in progress	<u>4,811</u>	<u>250,612</u>	<u>-</u>	<u>-</u>	<u>255,423</u>
Subtotal	<u>4,713,720</u>	<u>250,612</u>	<u>-</u>	<u>-</u>	<u>4,964,332</u>
<u>Depreciable:</u>					
Buildings and improvements	24,400,879	22,672	-	-	24,423,551
Furniture and equipment	<u>547,281</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>547,281</u>
Subtotal	<u>24,948,160</u>	<u>22,672</u>	<u>-</u>	<u>-</u>	<u>24,970,832</u>
Less: accumulated depreciation	<u>8,169,651</u>	<u>631,511</u>	<u>-</u>	<u>-</u>	<u>8,801,162</u>
Net capital assets	<u>\$ 21,492,229</u>	<u>\$ (358,227)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,134,002</u>

Depreciation expense for the fiscal year ended June 30, 2020 amounted to \$631,511.

NOTE 7. OTHER ASSETS, NET

Other assets consisted of the following as of June 30, 2020:

Description	Primary Government	Discretely Presented Component Units	Total Reporting Entity (Memorandum Only)
Investment in joint ventures	\$ 257,901	\$ -	\$ 257,901
Deferred charges	<u>44,017</u>	<u>28,207</u>	<u>72,224</u>
Total other assets	<u>\$ 301,918</u>	<u>\$ 28,207</u>	<u>\$ 330,125</u>

Investment in joint ventures represents ownership interests in numerous limited partnerships that are considered discretely presented component units of the Authority. The limited partnerships operate apartment complexes which provide low income housing eligible for tax credits in accordance with Section 42 of the Internal Revenue Code. The investment is carried at cost and adjusted for the proportionate share of earnings or losses. The limited partnerships are as follows:

Limited Partnership	Date Formed	Ownership Type	Ownership Interest
Railroad Avenue, LP	2000	General Partner	.01%
Red Barn, LP	1998	General Partner	.01%
Kitsap Apartments 2006, LP	2006	General Partner	.01%

Deferred charges represent development costs paid on behalf of future projects and miscellaneous receivables from managed properties and certain vendors.

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2020**

NOTE 8. NOTES RECEIVABLE

Outstanding notes receivable as of June 30, 2020 consisted of the following:

<u>Description</u>	<u>Amount</u>
The Authority financed the sale of a properties in Kingston, Bremerton and Port Orchard, Washington in two separate transactions totaling \$16,419,724 and \$7,225,765, respectively to Kitsap Apartments 2006, L.P. Through the lease agreements the limited partnership has assumed the burdens and benefits of ownership. The properties are pledged as collateral for the leases. Included in the lease balance is accrued interest totaling \$4,241,744. The balance is shown net of a deferred gain from the sale of the properties in the amount of \$8,439,837, respectively.	\$ 16,983,815
On October 5, 2009, the Authority and the Port of Bremerton entered into an agreement to amend as existing operating lease of office space within the Bremerton Government Center. Amendments to the lease provided for a bargain purchase option, therefore, recategorizing the lease as a capital lease for accounting purposes. The lease balance is shown net of deferred gain on sale of the building in the amount of \$227,108.	309,832
Pursuant to its contracts with the Kitsap County Department of Community Development, Washington State Department of Commerce and Community Frameworks, the Authority has made numerous loans to individuals to assist low income individuals in funding the down payments required of them to purchase single family residences under the KCCHA Mutual Self-Help Program. The real property to which these funds are to be applied are in Kitsap County and are legally described in the Deed of Trust, which secures the loans. The loans are interest free and payments are deferred 25 years from date of issuance. As of June 30, 2020, the Authority had 100 loans outstanding totaling \$1,075,592.	1,075,592
The Authority has made numerous loans to assist low income individuals to fund the down payment required of them to purchase single family residences under the KCCHA Parade Ground Affordable Housing Program. The real property to which these funds are to be applied are in Kitsap County and are legally described in the Deed of Trust, which secures the Notes. The notes are interest free and payments are deferred 25 years from date of issuance. As of June 30, 2020, the Authority had 2 loans outstanding totaling \$36,688.	36,688
The Authority has made numerous loans to assist low income eligible individuals fund the rehabilitation of single family residences under the Kitsap County Housing Rehabilitation Program. The real property to which these funds are to be applied are in Kitsap County and are legally described in the Deed of Trust, which secures the Notes. The notes are interest free and payments are deferred 20 years from date of issuance. As of June 30, 2020, the Authority had 11 loans outstanding totaling \$229,211.	229,211

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2020**

NOTE 8. NOTES RECEIVABLE (continued)

The Authority has made numerous loans to assist low income eligible individuals fund the rehabilitation of single family residences under the KCCHA Rehabilitation Program. The real property to which these funds are to be applied are in Kitsap County and are legally described in the Deed of Trust, which secures the Notes. The notes are interest free and payments are deferred 25 years from date of issuance. As of June 30, 2020, the Authority had 1 loan outstanding totaling \$95.

95

The Authority has made numerous loans to assist low income eligible individuals fund the down payments requires of them in the process of constructing a single family residence under the Rural Self-Help Technical Assistance Program. The real property to which these funds are to be applied are in Kitsap County and are legally described in the Deed of Trust, which secures the Notes. The notes are interest free and payments are deferred 25 years from date of issuance. As of June 30, 2020, the Authority had 15 loans outstanding totaling \$158,421.

158,421

Pursuant to its contracts with the Washington State Department of Commerce the Authority has made numerous loans to individuals through the Community Development Block Grant Program. The loans are to assist low income eligible individuals fund the down payments requires of them in the procuress of constructing a single family residence under the KCCHA Self Help Program. The real property to which these funds are to be applied are in Kitsap County and are legally described in the Deed of Trust, which secures the Notes. The notes are interest free and payments are deferred 25 years from date of issuance. As of June 30, 2020, the Authority had 77 loans outstanding totaling \$1,146,694, shown net of an allowance for uncollectable amounts in the amount of \$921,473.

225,221

Pursuant to its contracts with the Kitsap County Department of Community Development, Washington State Department of Commerce, Housing Assistance Council, and Community Frameworks the Authority has made numerous loans to individuals through the HOME Investment Partnerships Program. The loans are to assist low income eligible individuals fund the down payments requires of them in the process of constructing a single family residence under the KCCHA Mutual Self-Help Program. The real property to which these funds are to be applied are in Kitsap County and are legally described in the Deed of Trust, which secures the Notes. The notes are interest free and payments are deferred 25 years from date of issuance. As of June 30, 2020, the Authority had 68 loans outstanding totaling \$1,029,633.

1,029,633

Total notes receivable and accrued interest receivable, net
Less: current portion of notes receivable

20,048,508
361,674

Notes receivable and accrued interest receivable, net of current portion

\$ 19,686,834

KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2020

NOTE 9. ACCOUNTS PAYABLE

As of June 30, 2020, accounts payable consisted of the following:

<u>Description</u>	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>	<u>Total Reporting Entity (Memorandum Only)</u>
Accounts payable - vendors	\$ 225,518	\$ 771,478	\$ 996,996
Accounts payable - PHA projects	<u>672</u>	<u>-</u>	<u>672</u>
Total accounts payable	<u>\$ 226,190</u>	<u>\$ 771,478</u>	<u>\$ 997,668</u>

Accounts Payable - Vendors

Accounts payable - vendors represents the amounts payable to contractors and vendors for materials received or services rendered.

Accounts Payable - PHA Projects

Accounts payable - PHA projects represents amounts due to other Authorities for portable tenants.

NOTE 10. NON-CURRENT LIABILITIES

Non-current liabilities of the primary government as of June 30, 2020 consisted of the following:

<u>Description</u>	<u>June 30, 2019</u>	<u>Additions</u>	<u>Payments/ Retirements</u>	<u>June 30, 2020</u>	<u>Amounts due within one Year</u>
Compensated absences	\$ 175,103	\$ 165,828	\$ (121,735)	\$ 219,196	\$ 164,397
Accrued pension liability	1,387,196	-	(516,477)	870,719	-
Notes payable	41,194,372	-	(2,169,080)	39,025,292	1,156,871
Accrued interest payable	1,216,030	1,271,249	(1,055,120)	1,432,159	1,432,159
FSS escrows	<u>54,526</u>	<u>24,875</u>	<u>-</u>	<u>79,401</u>	<u>-</u>
Total long-term liabilities	<u>\$44,027,227</u>	<u>\$ 1,461,952</u>	<u>\$ (3,862,412)</u>	<u>\$41,626,767</u>	<u>\$ 2,753,427</u>

Non-current liabilities of the discretely presented component units as of June 30, 2020 consisted of the following:

<u>Description</u>	<u>June 30, 2019</u>	<u>Additions</u>	<u>Payments/ Retirements</u>	<u>June 30, 2020</u>	<u>Amounts due within one Year</u>
Notes payable	\$19,863,034	\$ -	\$ (195,870)	\$19,667,164	\$ 982,820
Accrued interest payable	4,583,892	568,218	(1,049,772)	4,102,338	49,228
Advances	<u>585,721</u>	<u>-</u>	<u>-</u>	<u>585,721</u>	<u>-</u>
Total long-term liabilities	<u>\$25,032,647</u>	<u>\$ 568,218</u>	<u>\$ (1,245,642)</u>	<u>\$24,355,223</u>	<u>\$ 1,032,048</u>

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2020**

NOTE 11. LONG TERM DEBT

Long-term debt of the primary government consisted of the following as of June 30, 2020:

<u>Description</u>	<u>Amount</u>
On September 4, 1996, the Authority entered into a loan agreement with the State of Washington Housing Trust Fund in the original amount of \$1,800,000, to be used solely for the acquisition of Orchard Bluff Mobile Estates. The loan is interest free and is due in annual payments of \$57,338 beginning on December 31, 2020. The loan matures on December 31, 2054 and is secured by a deed of trust.	\$ 1,561,629
On July 28, 1999, the Authority entered into a loan agreement with Kitsap County in the original amount of \$1,490,000, to be used for the operations of Orchard Bluff Mobile Estates. The loan accrues interest at a rate of 5.26% and will be repaid from rent and fees charged sufficient to meet bond debt service. The loan matured on December 31, 2019 and was paid in full.	-
In 2012, the Authority absorbed a loan with the Washington State Department of Commerce in the original amount of \$1,354,136, as part of the Low Income Housing Tax Credit ("LIHTC") project, Golden Tides II. The loan is interest free and is due in annual payments of \$42,300. The loan matures on June 30, 2046 and is secured by a deed of trust.	1,099,043
In 2012, the Authority absorbed a HOME loan with Kitsap County in the original amount of \$300,000, as part of the LIHTC project, Golden Tides II. The loan accrues interest at a rate of 1.00% and is due in annual principal and interest payments of \$11,359. The loan matures on June 30, 2046 and is secured by a deed of trust.	258,938
In 2013, the Authority absorbed a HOME loan with Kitsap County in the original amount of \$350,000, as part of the LIHTC project, Madrona Manor. The loan accrues interest at a rate of 1.00% and is due in annual principal and interest payments of \$13,576. The loan matures on December 31, 2046 and is secured by a deed of trust.	318,945
In 2013, the Authority absorbed a loan with the Washington State Department of Commerce in the original amount of \$1,200,000, as part of the LIHTC project, Madrona Manor. The loan is interest free and is due in annual payments of \$30,451. The loan matures on December 31, 2052 and is secured by a deed of trust.	1,004,898
On February 19, 2008, the Authority entered into a loan agreement with the City of Bainbridge Island Council in the original amount of \$59,171, to be used for emergency repairs of Rhododendron Apartments. The loan is interest free and is due in full upon maturity. The loan matures on March 1, 2028 and is secured by a deed of trust.	59,171

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2020**

NOTE 11. LONG TERM DEBT (continued)

On May 30, 1996, the Authority entered into a Rural Rental Housing loan agreement with the United States Department of Agriculture ("USDA") in the original amount of \$571,558, to be used solely for the acquisition of Rhododendron Apartments. The loan accrues interest at a rate of 6.75% and is due in monthly principal and interest payments of \$3,609. The loan matures on May 31, 2029 and is secured by an interest in the property.

289,520

On August 31, 2002, the Authority entered into a Rural Rental Housing loan agreement with the USDA in the original amount of \$150,197, to be used for the rehabilitation of Rhododendron Apartments. The loan accrues interest at a rate of 6.75% and is due in monthly principal and interest payments of \$975. The loan matures on September 30, 2032 and is secured by an interest in the property.

96,914

On September 8, 2004, the Authority entered into a loan agreement with Columbia Bank in the original amount of \$450,000, to be used for the acquisition and rehabilitation of 550 Madison Apartments. The loan accrues interest at a rate of 3.675% and is due in monthly principal and interest payments of \$2,495, with a balloon payment of \$312,757 due upon maturity. In September 2019, 550 Madison Apartments were sold and the loan was paid in full.

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On September 8, 2004, the Authority entered into a loan agreement with Columbia Bank in the original amount of \$50,000, to be used for the acquisition and rehabilitation of 550 Madison Apartments. The loan accrues interest at a rate of 3.675% and is due in monthly principal and interest payments of \$277, with a balloon payment of \$34,750 due upon maturity. In September 2019, 550 Madison Apartments were sold and the loan was paid in full.

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On August 31, 2006, the Authority opened a line of credit with US Bank in the maximum amount of \$3,000,000, to fund development projects. The loan accrues interest at a rate of 5.7% of US Bank's Prime Rate and is due in monthly principal and interest payments and due in full upon maturity. The loan's was paid in full in June 2020.

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On April 25, 2013, Kitsap County issued the Authority a bond payable, Limited Tax General Obligation Refunding Bond 2013, in the original amount of \$18,217,255. The bond is interest free and is due based on a milestone repayment schedule as described in the loan agreement. The loan matures on June 30, 2053 and is secured by the real property.

15,574,332

On August 1, 1988, the Authority entered into a Rural Rental Housing loan agreement with the USDA in the original amount of \$1,348,604, to be used for the acquisition of Fjord Manor Apartments. The loan accrues interest at a rate of 8.50% and is due in monthly principal and interest payments of \$9,694. The loan matures on August 19, 2038 and is secured by an interest in the property.

1,074,786

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2020**

NOTE 11. LONG TERM DEBT (continued)

On August 19, 1988, the Authority entered into a Rural Rental Housing loan agreement with the USDA in the original amount of \$30,940, to be used for the acquisition of Fjord Manor Apartments. The loan accrues interest at a rate of 9.50% and is due in monthly principal and interest payments of \$247. The loan matures on August 19, 2038 and is secured by an interest in the property.	25,631
On July 31, 2003, the Authority entered into a Rural Rental Housing loan agreement with the USDA in the original amount of \$310,112, to be used for the acquisition of Windsong Apartments. The loan accrues interest at a rate of 8.25% and is due in monthly principal and interest payments of \$2,458. The loan matures on August 31, 2032 and is secured by an interest in the property.	169,629
On October 8, 2003, the Authority entered into a HOME loan agreement with the State of Washington Department of Community, Trade, and Economic Development in the original amount of \$300,948, to be used for the acquisition and rehabilitation of Windsong Apartments. The loan is interest free and will be forgiven on December 31, 2043, as long as the terms and conditions of the contract are met. The loan is secured by a deed of trust.	300,948
On July 31, 2003, the Authority entered into a loan agreement with the Washington Community Reinvestment Association in the original amount of \$975,000, to be used for the acquisition and rehabilitation of Windsong Apartments. The loan accrues interest at a rate of 6.50% and is due in monthly principal and interest payments of \$6,123 to Anchor Bank. The loan matures on August 1, 2033 and is secured by a deed of trust.	655,064
On August 4, 2006, the Authority entered into a loan agreement with the Housing Assistance Council in the original amount of \$550,000 from the Preservation Revolving Loan Fund, to be used for the acquisition and rehabilitation of Finch Place Apartments. The loan accrues interest at a rate of 3.00% and is due in quarterly principal and interest payments of \$6,534 to Anchor Bank. The loan matures on February 28, 2036 and is secured by a deed of trust.	327,084
On March 21, 2007, the Authority entered into a Rural Rental Housing loan agreement with the USDA in the original amount of \$978,811, to be used for the acquisition of Finch Place Apartments. The loan accrues interest at a rate of 5.75% and is due in monthly principal and interest payments of \$4,974. The loan matures on March 1, 2057 and is secured by an interest in the property.	911,965
On December 11, 2014, the Authority entered into a SHOP loan agreement with Community Frameworks in the original amount of \$450,000, to be used for the acquisition and rehabilitation of the Prosperity Place Project. The loan is interest free and will be forgiven on December 30, 2024, as long as the Authority continues using the funds for eligible purposes. The loan is secured by a deed of trust.	450,000

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2020**

NOTE 11. LONG TERM DEBT (continued)

On March 30, 2017, the Authority entered into a SHOP loan agreement with Community Frameworks in the original amount of \$405,000, to be used for the acquisition and rehabilitation of the One Maple Lane Project. The loan is interest free and will be forgiven on March 31, 2027, as long as the Authority continues using the funds for eligible purposes. The loan is secured by a deed of trust.	405,000
On February 2, 2016, the Authority entered into a SHOP loan agreement with Community Frameworks in the original amount of \$45,000, to be used for the acquisition and rehabilitation of the Melcher Street Plat Project. The loan is interest free and will be forgiven on February 28, 2026, as long as the Authority continues using the funds for eligible purposes. The loan is secured by a deed of trust.	45,000
On February 2, 2016, the Authority entered into a SHOP loan agreement with Community Frameworks in the original amount of \$165,000, to be used for the acquisition and rehabilitation of the Melcher Street Plat Project. The loan is interest free and will be forgiven on February 28, 2026, as long as the Authority continues using the funds for eligible purposes. The loan is secured by a deed of trust.	165,000
On March 28, 2017 the Authority entered into a SHOP loan agreement with Community Frameworks in the original amount of \$105,000, to be used for the acquisition and rehabilitation of the Lola Meadows Project. The loan is interest free and will be forgiven on March 30, 2027, as long as the Authority continues using the funds for eligible purposes. The loan is secured by a deed of trust.	105,000
On November 13, 2017, the Authority entered into a SHOP loan agreement with Community Frameworks in the original amount of \$90,000, to be used for the acquisition and rehabilitation of the Acquisition Rehab Scattered Sites Project. The loan is interest free and will be forgiven on November 30, 2027, as long as the Authority continues using the funds for eligible purposes. The loan is secured by a deed of trust.	90,000
On February 2, 2016, the Authority entered into a SHOP loan agreement with Community Frameworks in the original amount of \$96,024, to be used for the acquisition and rehabilitation of the Melcher Street Plat Project. The loan is interest free and will be forgiven on February 28, 2026, as long as the Authority continues using the funds for eligible purposes. The loan is secured by a deed of trust.	96,024
On November 2, 1998, DIA entered into a HOME loan agreement with Kitsap County in the original amount of \$300,000, to be used for the acquisition and rehabilitation of Golden Tides III. The loan accrues interest at a rate of 1.00% and will be forgiven on December 31, 2048, as long as the terms and conditions of the contract are met. The loan is secured by a deed of trust.	292,880

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2020**

NOTE 11. LONG TERM DEBT (continued)

On March 31, 1999, DIA entered into a HOME loan agreement with the Washington State Department of Community, Trade, and Economic Development in the original amount of \$273,461, to be used for the acquisition and rehabilitation of Golden Tides III. The loan accrues interest at a rate of 1.00% and will be forgiven on December 31, 2049, as long as the terms and conditions of the contract are met. The loan is secured by a deed of trust.

265,444

On March 31, 1999, DIA entered into a loan agreement with the Washington State Department of Community, Trade, and Economic Development in the original amount of \$305,793, to be used for the acquisition and rehabilitation of Golden Tides III. The loan accrues interest at a rate of 1.00% and will be forgiven on December 31, 2049, as long as the terms and conditions of the contract are met. The loan is secured by a deed of trust.

296,824

On June 6, 2005, the Authority issued \$2,325,000 in tax-exempt variable rate revenue bonds, to refinance the completion of the construction of the Norm Dicks Government Center. In September 2014, the Bremerton Housing Authority refinanced and defeased \$1,635,000 of the bonds, which represented their portion of the obligation. For the remaining bonds, the Authority has pledged general revenue for repayment. The bonds are insured by the MBIA Insurance Corporation. The bonds accrue interest at a rate ranging from 4.25% to 4.50% and are payable semi-annually on July 1 and January 1 of each year until maturity in 2025 and 2034.

202,125

On June 29, 2007, the Authority issued \$2,325,000 in tax-exempt Housing Revenue Bonds, 2007 (Pooled Tax Credit Projects), to provide funds to loan KA. Pursuant to the loan agreement, the funds were used to finance the acquisition for federal tax purposes and rehabilitation of three apartment complexes owned by the Authority, which were then leased back to KA to provide housing for low-income persons within the County. Principal and interest on the bonds will be payable from, and secured by a pledge of loan payments made by KA. The bonds are further secured by deeds of trust and a general revenue pledge of the Authority. The bonds accrue interest at a rate ranging from 4.50% to 4.60% and are payable in semi-annually on June 1 and December 1 of each year until maturity in 2027 and 2037.

8,870,000

On October 1, 2001, the Authority issued Housing Revenue Bonds, 2001 Series A (Heritage Project) and Series B (Viewmont Project) in the aggregate principal amount of \$5,005,000 of which \$2,220,000 are Series A and \$2,785,000 are Series B. These tax-exempt revenue bonds were issued to finance the acquisition and rehabilitation of two apartment complexes. Under capital lease and loan provisions the Authority leases both complexes to HA & VA. Principal and interest on the bonds will be payable from, and secured by a pledge of loan payments of the projects. The bonds are further secured by deeds of trust and a general revenue pledge of the Authority. The bonds accrue interest at a rate ranging from 5.90% to 6.10% and are payable semi-annually on October 1 and April 1 of each year until maturity in 2031.

3,050,000

KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
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NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2020

NOTE 11. LONG TERM DEBT (continued)

In July 1995, the Authority issued Housing Revenue Bonds, 1995 (Golden Tides II Project) in the principal amount of \$225,000. The funding provided a portion of the permanent financing for the acquisition and construction of the Golden Tides II Apartments. The bond accrues interest at 7.5% and is payable monthly to redeem the bonds over 30 years as scheduled. Assignments of a deed of trust on the project are pledged as security for repayment of the bonds.

76,165

On May 15, 1996, the Authority issued \$1,265,000 in tax-exempt revenue bonds to finance the acquisition of a multi-family apartment complex known as Rhododendron Apartments. Principal and interest on the bonds will be payable from, and secured by a pledge of, certain revenues and receipts from the projects. The bonds are further secured by deeds of trust and a general revenue pledge of the Authority. The bonds accrue interest at a rate of 6.75% and are payable semi-annually on June 1 and December 1 of each year until maturity in 2026.

457,140

On September 18, 2000, LB entered into a HOME loan agreement with the State of Washington in the amount of \$476,502 for the construction of sixteen low income housing units. The loan is interest free and is payable in annual payments of \$12,156. The loan matures on December 31, 2051 and is secured by a deed of trust and a promissory note.

389,456

On January 1, 2002, LB entered into a HOME loan agreement with Kitsap County in the amount of \$50,000 for the construction of sixteen low income housing units. The loan accrues interest at 1.0% and is payable in annual payments of \$1,276. The loan matures on December 31, 2051 and is secured by a deed of trust and a promissory note.

40,737

Total long-term debt

39,025,292

Less: current portion

1,156,871

Long-term debt, net of current portion

\$ 37,868,421

Annual debt service for principal and interest over the next five years and in five-year increments thereafter are as follows:

Year	Principal	Interest	Total
2021	\$ 1,156,871	\$ 1,135,472	\$ 2,292,343
2022	1,203,596	1,142,133	2,345,729
2023	1,249,139	1,030,470	2,279,609
2024	1,294,682	977,382	2,272,064
2025	1,340,135	924,294	2,264,429
2026-2030	7,101,344	3,060,473	10,161,817
2031-2035	7,383,602	2,901,158	10,284,760
2036-2040	7,000,910	629,245	7,630,155
2041-2045	4,734,047	30,252	4,764,299
2046-2050	4,872,359	7,890	4,880,249
2051-2055	1,487,699	177	1,487,876
2056-2057	<u>200,908</u>	<u>-</u>	<u>200,908</u>
	<u>\$ 39,025,292</u>	<u>\$ 11,838,946</u>	<u>\$ 50,864,238</u>

KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2020

NOTE 11. LONG TERM DEBT (continued)

Accrued interest payable totaled \$1,432,159 as of June 30, 2020. Interest expense for the year ended June 30, 2020 totaled \$1,583,161.

A summary of the Authority's discretely presented component units long-term debt is as follows:

<u>Loans payable to the Authority as evidenced by a Note Receivable (Note 8):</u>	<u>Amount</u>
KA bonds payable	\$ 9,020,022
KA sponsor loan	<u>7,225,764</u>
Total primary government loans to discretely presented component units	<u>16,245,786</u>
<u>Loans payable to other lenders:</u>	
RA Rural Development Loan	918,230
RA State of Washington Loan	280,173
RA Kitsap County HOME Loan	243,262
RB Situs Asset Management Loan	624,250
RB Department of Commerce Loan	785,589
RB Kitsap County HOME Loan	<u>569,874</u>
Total long-term debt to other lenders	<u>3,421,378</u>
Total long-term debt	19,667,164
Less: current portion of long-term debt	<u>982,820</u>
Total long-term debt, net of current portion	<u>\$ 18,684,344</u>

Accrued interest payable totaled \$4,102,338 as of June 30, 2020. Interest expense for the year ended June 30, 2020 totaled \$1,049,772.

NOTE 12. PENSION PLAN

The following table represents the aggregate pension amounts for all plans subject to the requirements of the GASB Statement 68, *Accounting and Financial Reporting for Pensions* for the year ended June 30, 2020:

<u>Account Description</u>	<u>Primary Government</u>
Accrued pension liability	\$ <u>870,719</u>
Deferred inflow of resources	\$ <u>669,198</u>
Deferred outflow of resources	\$ <u>384,855</u>
Pension (benefit) expense	\$ <u>148,346</u>

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2020**

NOTE 12. PENSION PLAN (continued)

A. State Sponsored Pension Plans

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

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

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

B. Public Employees' Retirement System

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

PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation ("AFC") times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service.

Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment ("COLA"), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

The PERS Plan 1 member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates.

KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2020

NOTE 12. PENSION PLAN (continued)

B. Public Employees' Retirement System (continued)

The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2020 were as follows:

PERS Plan 1

<u>Actual Contribution Rates:</u>	<u>Employer</u>	<u>Employee*</u>
PERS Plan 1	7.52%	6.00%
PERS Plan 1 UAAL	5.13%	0.00%
Administrative Fee	<u>0.18%</u>	<u>0.00%</u>
Total	<u>12.83%</u>	<u>6.00%</u>

The Authority's actual contributions to PERS Plan 1 were \$122,382 for the year ended June 30, 2020.

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.

KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2020

NOTE 12. PENSION PLAN (continued)

B. Public Employees' Retirement System (continued)

Contributions

The PERS Plan 2/3 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates.

The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2020 were as follows:

PERS Plan 2/3

<u>Actual Contribution Rates:</u>	<u>Employer</u>	<u>Employee*</u>
Employee PERS Plan 2	12.83%	7.41%
Employee PERS Plan 3	12.83%	varies

The Authority's actual contributions to the PERS Plan 2/3 were \$180,271 for the year ended June 30, 2020.

C. Actuarial Assumptions

The total pension liability ("TPL") for each of the DRS plans was determined using the most recent actuarial valuation completed in 2019 with a valuation date of June 30, 2018. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's ("OSA") *2007-2012 Experience Study* and the *2017 Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2018 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2019. Plan liabilities were rolled forward from June 30, 2018, to June 30, 2019, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- Inflation: 2.75% total economic inflation; 3.50% salary inflation
- Salary increases: In addition to the base 3.75% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- Investment rate of return: 7.40%

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

D. Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.4 percent. To determine that rate, an asset sufficiency test included an assumed 7.5 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. Consistent with the long-term expected rate of return, a 7.4 percent future investment rate of return on invested assets was assumed for the test.

KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
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NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2020

NOTE 12. PENSION PLAN (continued)

D. Discount Rate (continued)

Contributions from plan members and employers are assumed to continue being made at contractually required rates (including PERS 2/3, PSERS 2, SERS 2/3, and TRS 2/3 employers, whose rates include a component for the PERS 1, and TRS 1 plan liabilities). Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.4 percent was used to determine the total liability.

E. Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.4 percent was determined using a building-block-method. The Washington State Investment Board ("WSIB") used a best estimate of expected future rates of return (expected returns, net of pension plan investment expense, including inflation) to develop each major asset class. Those expected returns make up one component of WSIB's capital market assumptions. The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns at various future times. The long-term expected rate of return of 7.4 percent approximately equals the median of the simulated investment returns over a 50-year time horizon.

F. Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>% Long-Term Expected Real Rate of Return Arithmetic</u>
Fixed Income	20.00%	1.70%
Tangible Assets	7.00%	5.10%
Real Estate	18.00%	5.80%
Global Equity	32.00%	6.30%
Private Equity	23.00%	9.30%

G. Sensitivity of Net Pension Liability

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

<u>Authority's proportionate share of the net pension liability</u>	<u>1% Decrease (6.40%)</u>	<u>Discount Rate (7.40%)</u>	<u>1% Increase (8.40%)</u>
PERS 1	\$ <u>821,922</u>	\$ <u>656,325</u>	\$ <u>512,644</u>
PERS 2/3	\$ <u>1,644,330</u>	\$ <u>214,394</u>	\$ <u>(530,172)</u>

KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2020

NOTE 12. PENSION PLAN (continued)

H. Pension Plan Fiduciary Net Position

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

I. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the Authority reported a total pension liability of \$870,719 for its proportionate share of the net pension liabilities as follows:

<u>Plan</u>	<u>Pension Liability</u>
PERS 1	\$ 656,325
PERS 2/3	<u>214,394</u>
Total	<u>\$ 870,719</u>

At June 30, 2019, the Authority's proportionate share of the collective net pension liabilities was as follows:

	<u>Proportionate Share June 30, 2018</u>	<u>Proportionate Share June 30, 2019</u>	<u>Change in Proportion</u>
PERS 1	0.020869%	0.017068%	-0.003801%
PERS 2/3	0.026659%	0.022072%	-0.004587%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2019 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 Non-employer Allocations*.

The collective net pension liability was measured as of June 30, 2019, and the actuarial valuation date on which the total pension liability is based was June 30, 2018, with update procedures used to roll forward the total pension liability to the measurement date.

J. Pension Expense

For the year ended June 30, 2020, the Authority recognized pension expense (benefit) as follows:

<u>Plan</u>	<u>Pension Expense/(Benefit)</u>
PERS 1	\$ 147,631
PERS 2/3	<u>715</u>
Total	<u>\$ 148,346</u>

KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
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NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2020

NOTE 12. PENSION PLAN (continued)

K. Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>PERS Plan 1</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net differences between projected and actual investment earnings on pension plan investments	\$ -	\$ 43,848
Contributions subsequent to measurement date	<u>115,402</u>	<u>-</u>
Total PERS Plan 1	<u>\$ 115,402</u>	<u>\$ 43,848</u>
<u>PERS Plan 2/3</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions	\$ 5,490	\$ 89,953
Differences between expected and actual experience	61,424	46,094
Net differences between projected and actual investment earnings on pension plan investments	-	312,071
Changes in proportion and differences between contributions and proportionate share of contributions	10,526	177,232
Contributions subsequent to measurement date	<u>192,013</u>	<u>-</u>
Total PERS Plan 2/3	<u>\$ 269,453</u>	<u>\$ 625,350</u>
Total PERS Plans 1, 2 and 3	<u>\$ 384,855</u>	<u>\$ 669,198</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	<u>PERS 1</u>	<u>PERS 2/3</u>
2021	\$ 15,708	\$ (80,632)
2022	37,081	(122,561)
2023	11,436	(64,149)
2024	7,329	(42,653)
2025	-	(29,754)
Thereafter	<u>-</u>	<u>(16,148)</u>
	<u>\$ 71,554</u>	<u>\$ (355,897)</u>

KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2020

NOTE 13. CONTINGENCIES

The Authority receives financial assistance from HUD in the form of grants and subsidies. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by HUD. As a result of these audits, costs previously reimbursed could be disallowed and require payments to HUD. As of June 30, 2020, the Authority estimates that no material liabilities will result from such audits.

NOTE 14. CONDENSED FINANCIAL INFORMATION FOR BLENDED COMPONENT UNITS

	HKC	DIA	LB	VA	HA
Assets:					
Current assets	\$ -	\$ 53,850	\$ 64,520	\$ 314,652	\$ 177,477
Capital assets, net	-	1,013,639	1,088,902	2,341,835	1,789,075
Non-current assets	-	56,470	114,680	475,774	335,281
Total assets	-	1,123,959	1,268,102	3,132,261	2,301,833
Liabilities:					
Current liabilities	-	153,897	97,046	1,741,931	1,750,860
Non-current liabilities	-	829,084	417,201	-	-
Total liabilities	-	982,981	514,247	1,741,931	1,750,860
Net Position:					
Net investment in capital assets	-	158,490	658,712	2,341,835	1,789,075
Restricted	-	56,470	114,680	456,958	310,080
Unrestricted	-	(73,982)	(19,537)	(1,408,463)	(1,548,182)
Net position	\$ -	\$ 140,978	\$ 753,855	\$ 1,390,330	\$ 550,973
Operating revenues:					
Tenant revenue	\$ -	\$ 132,050	\$ 96,181	\$ 712,012	\$ 584,409
HUD operating grants	-	-	-	-	-
Other revenues	-	-	-	-	-
Total operating revenues	-	132,050	96,181	712,012	584,409
Operating expenses:					
Administrative	-	11,197	35,288	149,593	106,636
Other expenses	-	86,967	55,558	360,878	372,791
Depreciation	-	41,140	55,722	84,338	57,490
Total operating expenses	-	139,304	146,568	594,809	536,917
Other income (expenses)					
Investment income	-	91	170	2,612	2,017
Interest expense	-	(8,672)	(449)	(2,500)	(2,965)
Net other income (expenses)	-	(8,581)	(279)	112	(948)
Net income (loss)	\$ -	\$ (15,835)	\$ (50,666)	\$ 117,315	\$ 46,544

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2020**

NOTE 15. RESTRICTED NET POSITION

Restricted net position consists of the following as of June 30, 2020:

<u>Description</u>	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>	<u>Total Reporting Entity (Memorandum Only)</u>
Housing assistance payments reserves	\$ 104,649	\$ -	\$ 104,649
Operating reserves	389,735	1,052,648	1,442,383
Replacement reserves	1,597,105	801,981	2,399,086
Debt service reserves	<u>21,089</u>	<u>-</u>	<u>21,089</u>
Total restricted net position	<u>\$ 2,112,578</u>	<u>\$ 1,854,629</u>	<u>\$ 3,967,207</u>

Housing assistance payment reserves are restricted for use only in the Section 8 Housing Choice Vouchers Program for future housing assistance payments.

Operating reserves represent funds that are restricted in the case that the projects of the Authority and the discretely presented component units encounter an operating deficit.

Replacement reserves are required to be set aside to fund major repairs, capital expenditures, and replacement of capital items in the projects of Authority and the discretely presented component units.

Debt services reserves represent funds that are restricted for payments of the related mortgages in the case the Authority encounters a lack of cash flow available to service debt and prevents the Authority from defaulting.

NOTE 16. VULNERABILITY - IMPACT OF COVID-19

The severity of the impact of the Coronavirus ("COVID-19") on the Authority's operations will depend on a number of factors, including, but not limited to, the duration and severity of the pandemic and the extent and severity of the impact on the Authority's tenants and borrowers, all of which are uncertain and cannot be predicted. The Authority's future results could be adversely impacted by delays in rent and loan collections. Management is unable to predict with absolute certainty the impact of COVID-19 on its financial condition, results of operations or cash flows.

NOTE 17. SUBSEQUENT EVENTS

Events that occur after the financial statement date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the financial statement date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the financial statement date require disclosure in the accompanying notes to the financial statements. Management evaluated the activity of the Authority through March 3, 2022, which is the date the financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosures in the notes to the financial statements.

**INDEPENDENT AUDITORS' 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***

To the Board of Commissioners of
the Kitsap County Consolidated Housing Authority DBA Housing Kitsap:

We have audited, in accordance with the 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 (primary government) and the discretely presented component units of the Kitsap County Consolidated Housing Authority DBA Housing Kitsap (the "Authority") as of and for the year ended June 30, 2020, and the related notes to the financial statements, and have issued our report thereon dated March 3, 2022. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards* and do not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with those entities.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control that we consider to be material weaknesses, which are described in the accompanying schedule of findings and questioned costs as items 2020-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Authority's Response to Findings

The Authority's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Novogradac & Company LLP

March 3, 2022
Toms River, New Jersey

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Commissioners of
the Kitsap County Consolidated Housing Authority DBA Housing Kitsap:

Report on Compliance for Each Major Federal Program

We have audited the Kitsap County Consolidated Housing Authority DBA Housing Kitsap's (the "Authority") compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2020. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the 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, 2020.

Report on Internal Control Over Compliance

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

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

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

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Novogradac & Company LLP

March 3, 2022, except for the Self-Help Homeownership Opportunity Program (CFDA 14.247)
as to which the date is March 23, 2023
Toms River, New Jersey

SUPPLEMENTARY INFORMATION

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Identifying Number</u>	<u>Grant Expenditures</u>
U.S. Department of Housing and Urban Development:			
Housing Voucher Cluster			
Section 8 Housing Choice Vouchers	14.871	N/A	\$ 2,957,360
Housing Choice Vouchers CARES Act	14.HCC	N/A	<u>-</u>
Total Housing Voucher Cluster			2,957,360
Public and Indian Housing Program	14.850	N/A	454,152
Public Housing Capital Fund Program	14.872	N/A	351,473
Resident Opportunity and Supportive Services	14.870	N/A	216,258
Passed through the Kitsap County Department of Human Services:			
Community Development Block Grant	14.218	**Multiple	60,277
HOME Investment Partnerships Program	14.239	KC-136-18	25,847
Passed through Community Frameworks:			
Self-Help Homeownership Opportunity Program	14.247	***Multiple	<u>1,356,024</u>
Total U.S Department of Housing and Urban Development			<u>5,421,391</u>
U.S. Department of Agriculture:			
Rural Rental Housing Loans Program	10.415	N/A	2,979,290
Rural Self-Help Technical Assistance Program	10.420	N/A	<u>825,631</u>
Total U.S Department of Agriculture			<u>3,804,921</u>
Total Expenditures of Federal Awards			<u>\$ 9,226,312</u>

** KC-138-18, KC-117-18, and KC-295-18-A

*** HK-11-3, HK-11-4, HK-11-5, HK-13-2, HK-14-1, HK-16-1, and HK-16-2

See Notes to Schedule of Expenditures of Federal Awards.

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of the Authority under programs of the federal government for the year ended June 30, 2020. The information in the Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of operations of the Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Authority. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of the financial statements.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

NOTE 3. INDIRECT COST RATE

The Authority has not elected to use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4. SELF-HELP HOMEOWNERSHIP OPPORTUNITY PROGRAM (MORTGAGE)

The Self-Help Homeownership Opportunity Program (Mortgage) listed subsequently is administered by the U.S. Department of Housing and Urban Development, and balance and transactions relating to the program are included in the Authority's basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balance of the loan outstanding at June 30, 2020 consisted of:

<i>CFDA Number</i>	<i>Program Name</i>	<i>Outstanding Balance at June 30, 2020</i>
14.247	Self-Help Homeownership Program (Mortgage)	\$ <u>1,356,024</u>

NOTE 5. RURAL RENTAL HOUSING LOANS PROGRAM

The Rural Rental Housing Loans Program (Mortgage) listed subsequently is administered by the U.S. Department of Agriculture, and balance and transactions relating to the program are included in the Authority's basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balance of the loan outstanding at June 30, 2020 consisted of:

<i>CFDA Number</i>	<i>Program Name</i>	<i>Outstanding Balance at June 30, 2020</i>
10.415	Rural Rental Housing Loans Program (Mortgage)	\$ <u>2,568,445</u>

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 6. SCHEDULE OF CAPITAL FUND COSTS AND ADVANCES

The total amounts of Capital Fund Program Costs and Advances incurred and earned by the Authority as of and for the year ended June 30, 2020 are provided herein:

	<u>501-16</u>	<u>501-17</u>	<u>501-18</u>	<u>501-19</u>	<u>Totals</u>
<u>Budget</u>	\$ <u>201,402</u>	\$ <u>210,932</u>	\$ <u>329,472</u>	\$ <u>308,575</u>	\$ <u>1,050,381</u>
<u>Advances:</u>					
Cumulative through 6/30/2019	\$ 201,402	\$ 175,932	\$ 307,999	\$ -	\$ 685,333
Current Year	<u>-</u>	<u>35,000</u>	<u>21,473</u>	<u>295,000</u>	<u>351,473</u>
Cumulative through 6/30/2020	<u>201,402</u>	<u>210,932</u>	<u>329,472</u>	<u>295,000</u>	<u>1,036,806</u>
<u>Costs:</u>					
Cumulative through 6/30/2019	201,402	175,932	307,999	-	685,333
Current Year	<u>-</u>	<u>35,000</u>	<u>21,473</u>	<u>295,000</u>	<u>351,473</u>
Cumulative through 6/30/2020	<u>201,402</u>	<u>210,932</u>	<u>329,472</u>	<u>295,000</u>	<u>1,036,806</u>
Excess / (Deficiency)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

Capital Fund Grant No's. WAO1P036501-16, WAO1P036501-17, and WAO1P036501-18 with approved fundings of \$201,402, \$210,932, and \$329,472, respectively, were fully drawn down and expended as per Capital Fund Grant Regulations. Per HUD's request the Actual Modernization Cost Certificates of the aforementioned Capital Fund Grants have been included on pages 56-58 of this report.

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
FOR THE YEAR ENDED JUNE 30, 2020**

**Actual Modernization
Cost Certificate**

**U.S. Department of Housing
and Urban Development**
Office of Public and Indian Housing

OMB Approval No. 2577-0157 (exp. 03/31/2020)

Capital Fund Program (CFP)

Public reporting burden for this collection of information is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Reports Management Officer, Paperwork Reduction Project (2577-0044 and 0157), Office of Information Technology, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-3600. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number.

Do not send this form to the above address.

This collection of information requires that each Public Housing Authority (PHA) submit information to enable HUD to initiate the fiscal closeout process. The information will be used by HUD to determine whether the modernization grant is ready to be audited and closed out. The information is essential for audit verification and fiscal close out. Responses to the collection are required by regulation. The information requested does not lend itself to confidentiality.

PHA Name:

Kitsap County Consolidated Housing Authority dba Housing Kitsap

Modernization Project Number:

WA01P036501-16

The PHA hereby certifies to the Department of Housing and Urban Development as follows:

1. That the total amount of Modernization Cost (herein called the "Actual Modernization Cost") of the Modernization Grant, is as shown below:

A. Funds Approved	\$ 201,402
B. Funds Disbursed	\$ 201,402
C. Funds Expended (Actual Modernization Cost)	\$ 201,402
D. Amount to be Recaptured (A-C)	\$ 0
E. Excess of Funds Disbursed (B-C)	\$ 0

2. That all modernization work in connection with the Modernization Grant has been completed;

3. That the entire Actual Modernization Cost or liabilities therefor incurred by the PHA have been fully paid;

4. That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work;

5. That the time in which such liens could be filed has expired; and

6. That for any years in which the grantee is subject to the audit requirements of the Single Audit Act, 31 U.S.C. § 7501 et seq., as amended, the grantee has or will perform an audit in compliance with said requirements.

7. Please mark one:

☒ **A. This grant will be included in the PHA's next fiscal year audit per the requirements of the Single Audit Act.**

☐ **B. This grant will not be included in the PHA's next fiscal year audit per the requirements of the Single Audit Act.**

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Name & Title of Authorized Signatory (type or print clearly):

Stuart Grogan, Executive Director

Signature of Executive Director (or Authorized Designee):

X **Stuart Grogan** Digitally signed by Stuart Grogan
Date: 2020.08.12 10:44:13 -07'00'

Date:

8/12/2020

For HUD Use Only Verified by Cherie Shanks, 08/12/2020

The Cost Certificate is approved for audit (if box 7A is marked):

Approved for Audit (Director, Office of Public Housing)

X

Date:

The costs shown above agree with HUD verified costs (if box 7A or 7B is marked):

Approved: (Director, Office of Public Housing)

X

Date:

form HUD-53001 (10/96)

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
FOR THE YEAR ENDED JUNE 30, 2020**

**Actual Modernization
Cost Certificate**

**U.S. Department of Housing
and Urban Development**
Office of Public and Indian Housing

OMB Approval No. 2577-0157 (exp. 11/30/2023
)

Capital Fund Program (CFP)

Public reporting burden for this collection of information is estimated to average 2.5 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Reports Management Officer, Paperwork Reduction Project (2577-0044 and 0157), Office of Information Technology, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-3600. HUD may not conduct or sponsor, and an applicant is not required to respond to a collection of information unless it displays a currently valid OMB control number. **Do not send this form to the above address.** This collection of information requires that each Public Housing Authority (PHA) submit information to enable HUD to initiate the fiscal closeout process. The information will be used by HUD to determine whether the modernization grant is ready to be audited and closed out. The information is essential for audit verification and fiscal close out. Responses to the collection are required by regulation. The information requested does not lend itself to confidentiality.

PHA Name: _____

Modernization Project Number: _____

Kitsap County Consolidated Housing Authority dba Housing Kitsap

WA01P036501-17

The PHA hereby certifies to the Department of Housing and Urban Development as follows:

1. That the total amount of Modernization Cost (herein called the "Actual Modernization Cost") of the Modernization Grant, is as shown below:

A. Funds Approved	\$ 210,932
B. Funds Disbursed	\$ 210,932
C. Funds Expended (Actual Modernization Cost)	\$ 210,932
D. Amount to be Recaptured (A-C)	\$
E. Excess of Funds Disbursed (B-C)	\$

2. That all modernization work in connection with the Modernization Grant has been completed;

3. That the entire Actual Modernization Cost or liabilities therefor incurred by the PHA have been fully paid;

4. That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work;

5. That the time in which such liens could be filed has expired; and

6. That for any years in which the grantee is subject to the audit requirements of the Single Audit Act, 31 U.S.C. § 7501 et seq., as amended, the grantee has or will perform an audit in compliance with said requirements.

7. Please mark one:

☒ **A.** This grant **will** be included in the PHA's next fiscal year audit per the requirements of the Single Audit Act.

☐ **B.** This grant **will not** be included in the PHA's next fiscal year audit per the requirements of the Single Audit Act.

I hereby certify all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. WARNING: Anyone who knowingly submits a false claim, or makes false statements is subject to criminal and civil penalties, including confinement for up to 5 years, fines, and civil penalties. (18 U.S.C. §§ 287, 1001 and 31 U.S.C. § 3729)"

Name & Title of Authorized Signatory (type or print clearly):

Stuart GRogan, Executive Director

Signature of Executive Director (or Authorized Designee):

X Stuart Grogan

Digitally signed by Stuart Grogan
Date: 2021.02.23 14:38:12 -08'00'

Date:

2/23/2021

For HUD Use Only

The Cost Certificate is approved for audit (if box 7A is marked):

Approved for Audit (Director, Office of Public Housing)

X *Janice King Dunbar*

Date:

2/26/21

The costs shown above agree with HUD verified costs (if box 7A or 7B is marked):

Approved: (Director, Office of Public Housing)

X

Date:

form HUD-53001 (10/96)

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
FOR THE YEAR ENDED JUNE 30, 2020**

**Actual Modernization
Cost Certificate**

**U.S. Department of Housing
and Urban Development**
Office of Public and Indian Housing

OMB Approval No. 2577-0157 (exp. 11/30/2023
)

Capital Fund Program (CFP)

Public reporting burden for this collection of information is estimated to average 2.5 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Reports Management Officer, Paperwork Reduction Project (2577-0044 and 0157), Office of Information Technology, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-3600. HUD may not conduct or sponsor, and an applicant is not required to respond to a collection of information unless it displays a currently valid OMB control number. **Do not send this form to the above address.** This collection of information requires that each Public Housing Authority (PHA) submit information to enable HUD to initiate the fiscal closeout process. The information will be used by HUD to determine whether the modernization grant is ready to be audited and closed out. The information is essential for audit verification and fiscal close out. Responses to the collection are required by regulation. The information requested does not lend itself to confidentiality.

PHA Name: _____

Kitsap County Consolidated Housing Authority dba Housing Kitsap

Modernization Project Number:

WA01P036501-18

The PHA hereby certifies to the Department of Housing and Urban Development as follows:

1. That the total amount of Modernization Cost (herein called the "Actual Modernization Cost") of the Modernization Grant, is as shown below:

A. Funds Approved	\$ 329,472
B. Funds Disbursed	\$ 329,472
C. Funds Expended (Actual Modernization Cost)	\$ 329,472
D. Amount to be Recaptured (A-C)	\$
E. Excess of Funds Disbursed (B-C)	\$

2. That all modernization work in connection with the Modernization Grant has been completed;

3. That the entire Actual Modernization Cost or liabilities therefor incurred by the PHA have been fully paid;

4. That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work;

5. That the time in which such liens could be filed has expired; and

6. That for any years in which the grantee is subject to the audit requirements of the Single Audit Act, 31 U.S.C. § 7501 et seq., as amended, the grantee has or will perform an audit in compliance with said requirements.

7. Please mark one:

☒ **A.** This grant **will** be included in the PHA's next fiscal year audit per the requirements of the Single Audit Act.

☐ **B.** This grant **will not** be included in the PHA's next fiscal year audit per the requirements of the Single Audit Act.

I hereby certify all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. WARNING: Anyone who knowingly submits a false claim, or makes false statements is subject to criminal and civil penalties, including confinement for up to 5 years, fines, and civil penalties. (18 U.S.C. §§ 287, 1001 and 31 U.S.C. § 3729)"

Name & Title of Authorized Signatory (type or print clearly):

Stuart Grogan, Executive Director

Signature of Executive Director (or Authorized Designee):

X Stuart Grogan

Digitally signed by Stuart Grogan
Date: 2021.02.23 14:37:40 -08'00'

Date:

2/23/2021

For HUD Use Only

The Cost Certificate is approved for audit (if box 7A is marked):

Approved for Audit (Director, Office of Public Housing)

X *Janice King Dunbar*

Date:

2/26/21

The costs shown above agree with HUD verified costs (if box 7A or 7B is marked):

Approved: (Director, Office of Public Housing)

X

Date:

form HUD-53001 (10/96)

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

I. Summary of Auditors' Results

Financial Statement Section

- | | | |
|----|---|---------------|
| 1. | Type of auditors' report issued: | Unmodified |
| 2. | Internal control over financial reporting | |
| a. | Material weakness(es) identified? | Yes |
| b. | Significant deficiency(ies) identified? | None Reported |
| 3. | Noncompliance material to the financial statements? | No |

Federal Awards Section

- | | | |
|----|--|---------------|
| 1. | Internal Control over compliance: | |
| a. | Material weakness(es) identified? | No |
| b. | Significant deficiency(ies) identified? | None Reported |
| 2. | Type of auditors' report on compliance for major programs: | Unmodified |
| 3. | Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No |
| 4. | Identification of major programs: | |

CFDA Number

Name of Federal Program

Housing Voucher Cluster:

14.871

Section 8 Housing Choice Vouchers

14.HCC

Housing Choice Vouchers CARES Act

14.247

Self-Help Homeownership Opportunity Program

- | | | |
|----|--|-----------|
| 5. | Dollar threshold used to distinguish between Type A and Type B Programs: | \$750,000 |
| 6. | Auditee qualified as low-risk Auditee? | No |

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
FOR THE YEAR ENDED JUNE 30, 2020**

II. Financial Statement Findings

Finding 2020-001

Criteria: The Authority did not maintain adequate internal control over financial reporting.

Condition: During audit testing we noted the following:

- The Authority could not provide timely and accurate year-end financial statements.
- Numerous adjusting journal entries were required to present the Authority's financial statements in accordance with GAAP.

Cause: A lack of employee manpower in the finance department resulted in periodic account reconciliations not being performed.

Recommendation: We recommend that the Authority institute monthly procedures whereby financial statements accounts will be reviewed for accuracy and reconciled to their subsidiary ledgers.

Views of responsible officials and planned corrective action: The Authority agrees with the finding and is in process of assessing and modifying internal controls to avoid similar issues. The Authority will reconcile the statement of financial position and other key account balances on an ongoing and periodic basis. The Authority will also reconcile account balances following any large and unusual adjusting entries.

III. Federal Award Findings and Questioned Costs

There were no findings or questioned costs relating to federal awards.

IV. Schedule of Prior Year Federal Audit Findings

Finding 2019-001

Observation: The Authority did not maintain adequate internal control over financial reporting. During audit testing we noted the following:

- The Authority could not provide timely and accurate year-end financial statements.
- Numerous adjusting journal entries were required to present the Authority's financial statements in accordance with GAAP.

Status: Finding remains open. See Finding 2020-001.

Finding 2019-002

Observation: Based upon inspection of the Authority's vendor history report and procurement files there was a vendor that was not properly procured or contracted during the fiscal year. There was no contract awarded for one (1) vendor through the competitive process as outlined in the Authority's procurement policy.

Status: Finding has been cleared.

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY*
FOR THE YEAR ENDED JUNE 30, 2020**

	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
PERS #1						
Employer's proportion of the net pension liability	<u>0.024791%</u>	<u>0.022704%</u>	<u>0.0222732%</u>	<u>0.021909%</u>	<u>0.020869%</u>	<u>0.017068%</u>
Employer's proportionate share of the net pension liability	<u>\$ 1,248,858</u>	<u>\$ 1,187,630</u>	<u>\$ 1,196,165</u>	<u>\$ 1,039,599</u>	<u>\$ 932,017</u>	<u>\$ 656,325</u>
Covered employee payroll*	<u>\$ 2,526,507</u>	<u>\$ 2,522,304</u>	<u>\$ 2,612,113</u>	<u>\$ 2,762,029</u>	<u>\$ 2,202,605</u>	<u>\$ 2,385,842</u>
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	<u>49.43 %</u>	<u>47.09 %</u>	<u>45.79 %</u>	<u>37.64 %</u>	<u>42.31 %</u>	<u>27.51 %</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>61.19 %</u>	<u>59.10 %</u>	<u>57.03 %</u>	<u>61.24 %</u>	<u>63.22 %</u>	<u>67.12 %</u>
	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2019
PERS #2/3						
Employer's proportion of the net pension liability	<u>0.031240%</u>	<u>0.028473%</u>	<u>0.027762%</u>	<u>0.028181%</u>	<u>0.026659%</u>	<u>0.026659%</u>
Employer's proportionate share of the net pension liability	<u>\$ 631,473</u>	<u>\$ 1,017,357</u>	<u>\$ 1,397,795</u>	<u>\$ 979,155</u>	<u>\$ 455,179</u>	<u>\$ 214,394</u>
Covered employee payroll**	<u>\$ 2,526,507</u>	<u>\$ 2,522,304</u>	<u>\$ 2,612,113</u>	<u>\$ 2,762,029</u>	<u>\$ 2,202,605</u>	<u>\$ 2,385,842</u>
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	<u>24.99 %</u>	<u>40.33 %</u>	<u>53.51 %</u>	<u>35.45 %</u>	<u>20.67 %</u>	<u>8.99 %</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>93.29 %</u>	<u>89.20 %</u>	<u>85.82 %</u>	<u>90.97 %</u>	<u>95.77 %</u>	<u>97.77 %</u>

* Until a full 10-year trend is compiled, governments should present information only for those years for which information is available.

** Covered payroll is the payroll on which contributions to a pension plan are based (GASB 82, par. 5)

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
SCHEDULE OF EMPLOYER CONTRIBUTIONS*
FOR THE YEAR ENDED JUNE 30, 2020**

	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
PERS #1						
Statutorily required contribution	\$ 109,735	\$ 104,350	\$ 126,311	\$ 131,749	\$ 139,496	\$ 122,382
Contributions in relation to the statutorily required contributions	<u>109,735</u>	<u>104,350</u>	<u>126,311</u>	<u>131,749</u>	<u>139,496</u>	<u>122,382</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll**	<u>2,526,507</u>	<u>2,522,304</u>	<u>2,612,113</u>	<u>2,762,029</u>	<u>2,202,605</u>	<u>2,385,842</u>
Contribution as a percentage of covered payroll	<u>4.34 %</u>	<u>4.14 %</u>	<u>4.84 %</u>	<u>4.77 %</u>	<u>6.33 %</u>	<u>5.13 %</u>
PERS #2/3						
Statutorily required contribution	\$ 131,971	\$ 126,833	\$ 160,270	\$ 172,074	\$ 205,701	\$ 180,271
Contributions in relation to the statutorily required contributions	<u>131,971</u>	<u>126,833</u>	<u>160,270</u>	<u>172,074</u>	<u>205,701</u>	<u>180,271</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll*	<u>\$ 2,526,507</u>	<u>\$ 2,522,304</u>	<u>\$ 2,612,113</u>	<u>\$ 2,762,029</u>	<u>\$ 2,202,605</u>	<u>\$ 2,385,842</u>
Contribution as a percentage of covered payroll	<u>5.22 %</u>	<u>5.03 %</u>	<u>6.14 %</u>	<u>6.23 %</u>	<u>9.34 %</u>	<u>7.56 %</u>

* Until a full 10-year trend is compiled, governments should present information only for those years for which information is available.

** Covered payroll is the payroll on which contributions to a pension plan are based (GASB 82, par. 5)

Kitsap Consolidated Housing Authority (WA036)

Silverdale, WA

Submission Type: Audited/Single Audit

Entity Wide Balance Sheet Summary

Fiscal Year End: 06/30/2020

	Project Total	14.218 Community Development Block Grants/Entitlement Grants	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.900 Lead- Based Paint Hazard Control in Privately- Owned Housing	1 Business Activities	9 Other Federal Program 2	10.415 Rural Rental Housing Loans
111 Cash - Unrestricted	\$1,301,481		\$662,394	\$296,423	\$7,043	\$613,351		\$238,324
112 Cash - Restricted - Modernization and Development								
113 Cash - Other Restricted	\$6,204		\$1,854,629	\$938,188		\$173,527		\$896,214
114 Cash - Tenant Security Deposits	\$34,015		\$116,625	\$40,703		\$44,916		\$86,045
115 Cash - Restricted for Payment of Current Liabilities								
100 Total Cash	\$1,341,700	\$0	\$2,633,648	\$1,275,314	\$7,043	\$831,794	\$0	\$1,220,583
121 Accounts Receivable - PHA Projects								
122 Accounts Receivable - HUD Other Projects			\$0	\$294,789		\$1,260		\$77,644
124 Accounts Receivable - Other Government		\$105,690				\$10,120		
125 Accounts Receivable - Miscellaneous						\$190,094		
126 Accounts Receivable - Tenants	\$66,017		\$394,686	\$271,666		\$16,729		\$31,060
126.1 Allowance for Doubtful Accounts - Tenants	-\$58,640		-\$349,260	-\$142,992		-\$11,745		-\$23,702
126.2 Allowance for Doubtful Accounts - Other		\$0	\$0	-\$174,544	\$0	\$0		-\$37,104
127 Notes, Loans, & Mortgages Receivable - Current						\$361,674		
128 Fraud Recovery								
128.1 Allowance for Doubtful Accounts - Fraud								
129 Accrued Interest Receivable								
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$7,377	\$105,690	\$45,426	\$248,919	\$0	\$568,132	\$0	\$47,898
131 Investments - Unrestricted								
132 Investments - Restricted								
135 Investments - Restricted for Payment of Current Liability								
142 Prepaid Expenses and Other Assets	\$18,177		\$20,841	\$24,454		\$74,817		\$18,350
143 Inventories								
143.1 Allowance for Obsolete Inventories								
144 Inter Program Due From	\$147,208	\$1,256,752				\$3,963,808		
145 Assets Held for Sale								
150 Total Current Assets	\$1,514,462	\$1,362,442	\$2,699,915	\$1,548,687	\$7,043	\$5,438,551	\$0	\$1,286,831
161 Land	\$1,223,718		\$4,708,909	\$1,130,531		\$6,235,672	\$420,585	\$1,486,148
162 Buildings	\$7,189,097		\$24,423,551	\$9,350,485		\$6,748,038		\$6,750,834
163 Furniture, Equipment & Machinery - Dwellings	\$422,426		\$547,281	\$126,917	\$7,200	\$1,141,514		\$111,359
164 Furniture, Equipment & Machinery - Administration	\$28,271					\$225,932		
165 Leasehold Improvements	\$1,429,930			\$567,181		\$1,779,629		\$205,058
166 Accumulated Depreciation	-\$7,270,068		-\$8,801,162	-\$4,941,663	-\$7,200	-\$4,768,763		-\$3,329,214
167 Construction in Progress			\$255,423					
168 Infrastructure								
160 Total Capital Assets, Net of Accumulated Depreciation	\$3,023,374	\$0	\$21,134,002	\$6,233,451	\$0	\$11,362,022	\$420,585	\$5,224,185
171 Notes, Loans and Mortgages Receivable - Non-Current		\$225,220				\$18,273,560		
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due								
173 Grants Receivable - Non Current								
174 Other Assets			\$28,207	\$44,017				
176 Investments in Joint Ventures						\$815,117		
180 Total Non-Current Assets	\$3,023,374	\$225,220	\$21,162,209	\$6,277,468	\$0	\$30,450,699	\$420,585	\$5,224,185
200 Deferred Outflow of Resources	\$37,120					\$206,412		\$41,841
290 Total Assets and Deferred Outflow of Resources	\$4,574,956	\$1,587,662	\$23,862,124	\$7,826,155	\$7,043	\$36,095,662	\$420,585	\$6,552,857

Kitsap Consolidated Housing Authority (WA036)

Silverdale, WA

Submission Type: Audited/Single Audit

Entity Wide Balance Sheet Summary

Fiscal Year End: 06/30/2020

	Project Total	14.218 Community Development Block Grants/Entitlement Grants	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.900 Lead- Based Paint Hazard Control in Privately- Owned Housing	1 Business Activities	9 Other Federal Program 2	10.415 Rural Rental Housing Loans
311 Bank Overdraft						\$71,353		
312 Accounts Payable <= 90 Days	\$30,935		\$771,478	\$49,663		\$94,072		\$50,848
313 Accounts Payable >90 Days Past Due								
321 Accrued Wage/Payroll Taxes Payable						\$196,173		
322 Accrued Compensated Absences - Current Portion						\$164,397		
324 Accrued Contingency Liability								
325 Accrued Interest Payable			\$49,228	\$4,584		\$1,423,315		\$4,260
331 Accounts Payable - HUD PHA Programs								
332 Account Payable - PHA Projects	\$342			\$165				\$165
333 Accounts Payable - Other Government								
341 Tenant Security Deposits	\$34,015		\$116,625	\$40,703		\$44,916		\$86,045
342 Unearned Revenue	\$13,766		\$58,853	\$17,017		\$28,224		\$7,949
344 Current Portion of Long-term Debt - Operating Borrowings			\$982,820	\$39,054		\$371,201		\$189,067
344 Current Portion of Long-term Debt - Operating Borrowings						\$557,549		
345 Other Current Liabilities								
346 Accrued Liabilities - Other								
347 Inter Program - Due To				\$3,592,548	\$114,470	\$2,627,742	\$44,843	\$575,067
348 Loan Liability - Current								
310 Total Current Liabilities	\$79,058	\$0	\$1,979,004	\$3,743,734	\$114,470	\$5,578,942	\$44,843	\$913,401
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue			\$18,684,344	\$1,246,285		\$8,006,524		\$4,178,786
352 Long-term Debt, Net of Current - Operating Borrowings						\$23,080,802		
353 Non-current Liabilities - Other	\$6,204		\$4,638,831					
354 Accrued Compensated Absences - Non Current						\$54,799		
355 Loan Liability - Non Current			\$0					
356 FASB 5 Liabilities								
357 Accrued Pension and OPEB Liabilities	\$83,983					\$466,997		\$94,664
350 Total Non-Current Liabilities	\$90,187	\$0	\$23,323,175	\$1,246,285	\$0	\$31,609,122	\$0	\$4,273,450
300 Total Liabilities	\$169,245	\$0	\$25,302,179	\$4,990,019	\$114,470	\$37,188,064	\$44,843	\$5,186,851
400 Deferred Inflow of Resources	\$64,546					\$358,914		\$72,755
508.4 Net Investment in Capital Assets	\$3,011,900		\$1,466,838	\$4,948,112		\$2,984,297	\$420,585	\$856,332
511.4 Restricted Net Position			\$1,854,629	\$938,188		\$173,527		\$896,214
512.4 Unrestricted Net Position	\$1,329,265	\$1,587,662	-\$4,761,522	-\$3,050,164	-\$107,427	-\$4,609,140	-\$44,843	-\$459,295
513 Total Equity - Net Assets / Position	\$4,341,165	\$1,587,662	-\$1,440,055	\$2,836,136	-\$107,427	-\$1,451,316	\$375,742	\$1,293,251
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$4,574,956	\$1,587,662	\$23,862,124	\$7,826,155	\$7,043	\$36,095,662	\$420,585	\$6,552,857

Kitsap Consolidated Housing Authority (WA036)

Silverdale, WA

Submission Type: Audited/Single Audit

Entity Wide Balance Sheet Summary

Fiscal Year End: 06/30/2020

	14.239 HOME Investment Partnerships Program	14.870 Resident Opportunity and Supportive Services	10.420 Rural Self- Help Housing Technical Assistance	14.247 Self-Help Homeownership Opportunity Program	14.HCC HCV CARES Act Funding	14.871 Housing Choice Vouchers	ELIM	Total
111 Cash - Unrestricted	\$278,786		\$521,188	\$1,389,059		\$519,757		\$5,827,806
112 Cash - Restricted - Modernization and Development								
113 Cash - Other Restricted					\$55,012	\$177,846		\$4,101,620
114 Cash - Tenant Security Deposits								\$322,304
115 Cash - Restricted for Payment of Current Liabilities								
100 Total Cash	\$278,786	\$0	\$521,188	\$1,389,059	\$55,012	\$697,603	\$0	\$10,251,730
121 Accounts Receivable - PHA Projects								
122 Accounts Receivable - HUD Other Projects								\$373,693
124 Accounts Receivable - Other Government	\$996		\$77,597					\$194,403
125 Accounts Receivable - Miscellaneous			\$2,714					\$192,808
126 Accounts Receivable - Tenants								\$780,158
126.1 Allowance for Doubtful Accounts - Tenants								-\$586,339
126.2 Allowance for Doubtful Accounts - Other	\$0		\$0			\$0		-\$211,648
127 Notes, Loans, & Mortgages Receivable - Current								\$361,674
128 Fraud Recovery								
128.1 Allowance for Doubtful Accounts - Fraud								
129 Accrued Interest Receivable								
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$996	\$0	\$80,311	\$0	\$0	\$0	\$0	\$1,104,749
131 Investments - Unrestricted								
132 Investments - Restricted								
135 Investments - Restricted for Payment of Current Liability								
142 Prepaid Expenses and Other Assets			\$705			\$524		\$157,868
143 Inventories								
143.1 Allowance for Obsolete Inventories								
144 Inter Program Due From	\$672,430		\$36,971	\$2,069,441			-\$8,146,610	\$0
145 Assets Held for Sale				\$2,387,076				\$2,387,076
150 Total Current Assets	\$952,212	\$0	\$639,175	\$5,845,576	\$55,012	\$698,127	-\$8,146,610	\$13,901,423
161 Land								\$15,205,563
162 Buildings								\$54,462,005
163 Furniture, Equipment & Machinery - Dwellings			\$52,763			\$372		\$2,409,832
164 Furniture, Equipment & Machinery - Administration								\$254,203
165 Leasehold Improvements								\$3,981,798
166 Accumulated Depreciation			-\$52,763			-\$372		-\$29,171,205
167 Construction in Progress								\$255,423
168 Infrastructure								
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$47,397,619
171 Notes, Loans and Mortgages Receivable - Non-Current	\$1,029,633		\$158,421					\$19,686,834
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due								
173 Grants Receivable - Non Current								
174 Other Assets								\$72,224
176 Investments in Joint Ventures							-\$557,216	\$257,901
180 Total Non-Current Assets	\$1,029,633	\$0	\$158,421	\$0	\$0	\$0	-\$557,216	\$67,414,578
200 Deferred Outflow of Resources			\$99,482					\$384,855
290 Total Assets and Deferred Outflow of Resources	\$1,981,845	\$0	\$897,078	\$5,845,576	\$55,012	\$698,127	-\$8,703,826	\$81,700,856

Kitsap Consolidated Housing Authority (WA036)

Silverdale, WA

Submission Type: Audited/Single Audit

Entity Wide Balance Sheet Summary

Fiscal Year End: 06/30/2020

	14.239 HOME Investment Partnerships Program	14.870 Resident Opportunity and Supportive Services	10.420 Rural Self- Help Housing Technical Assistance	14.247 Self-Help Homeownership Opportunity Program	14.HCC HCV CARES Act Funding	14.871 Housing Choice Vouchers	ELIM	Total
311 Bank Overdraft								\$71,353
312 Accounts Payable <= 90 Days								\$996,996
313 Accounts Payable >90 Days Past Due								
321 Accrued Wage/Payroll Taxes Payable								\$196,173
322 Accrued Compensated Absences - Current Portion								\$164,397
324 Accrued Contingency Liability								
325 Accrued Interest Payable								\$1,481,387
331 Accounts Payable - HUD PHA Programs								
332 Account Payable - PHA Projects								\$672
333 Accounts Payable - Other Government								
341 Tenant Security Deposits								\$322,304
342 Unearned Revenue					\$55,012			\$180,821
344 Current Portion of Long-term Debt - Operating Borrowings								\$1,582,142
344 Current Portion of Long-term Debt - Operating Borrowings								\$557,549
345 Other Current Liabilities								
346 Accrued Liabilities - Other								
347 Inter Program - Due To				\$1,159,944		\$31,996	-\$8,146,610	\$0
348 Loan Liability - Current								
310 Total Current Liabilities	\$0	\$0	\$0	\$1,159,944	\$55,012	\$31,996	-\$8,146,610	\$5,553,794
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue								\$32,115,939
352 Long-term Debt, Net of Current - Operating Borrowings								\$23,080,802
353 Non-current Liabilities - Other						\$73,197		\$4,718,232
354 Accrued Compensated Absences - Non Current								\$54,799
355 Loan Liability - Non Current			\$1,356,024					\$1,356,024
356 FASB 5 Liabilities								
357 Accrued Pension and OPEB Liabilities			\$225,075					\$870,719
350 Total Non-Current Liabilities	\$0	\$0	\$1,581,099	\$0	\$0	\$73,197	\$0	\$62,196,515
300 Total Liabilities	\$0	\$0	\$1,581,099	\$1,159,944	\$55,012	\$105,193	-\$8,146,610	\$67,750,309
400 Deferred Inflow of Resources			\$172,983					\$669,198
508.4 Net Investment in Capital Assets								\$13,688,064
511.4 Restricted Net Position					\$0	\$104,649		\$3,967,207
512.4 Unrestricted Net Position	\$1,981,845	\$0	-\$857,004	\$4,685,632	\$0	\$488,285	-\$557,216	-\$4,373,922
513 Total Equity - Net Assets / Position	\$1,981,845	\$0	-\$857,004	\$4,685,632	\$0	\$592,934	-\$557,216	\$13,281,349
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$1,981,845	\$0	\$897,078	\$5,845,576	\$55,012	\$698,127	-\$8,703,826	\$81,700,856

Kitsap County Consolidated Housing Authority (WA036)

Silverdale, WA

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2020

Entity Wide Revenue and Expense Summary

	Project Total	14.218 Community Development Block Grants/Entitlement Grants	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.900 Lead-Based Paint Hazard Control in Privately-Owned Housing	1 Business Activities	9 Other Federal Program 2	10.415 Rural Rental Housing Loans
70300 Net Tenant Rental Revenue	\$475,763		\$2,698,345	\$1,511,477		\$1,052,653		\$564,412
70400 Tenant Revenue - Other	\$6,543			\$13,175		\$16,202		\$27,152
70500 Total Tenant Revenue	\$482,306	\$0	\$2,698,345	\$1,524,652	\$0	\$1,068,855	\$0	\$591,564
70600 HUD PHA Operating Grants	\$805,625	\$276,535						\$410,845
70610 Capital Grants								
70710 Management Fee								
70720 Asset Management Fee								
70730 Book Keeping Fee								
70740 Front Line Service Fee								
70750 Other Fees						\$441,970		
70700 Total Fee Revenue								
70800 Other Government Grants						\$82,869		\$163,012
71100 Investment Income - Unrestricted			\$26,063	\$4,890		\$4,314		\$1,502
71200 Mortgage Interest Income			\$34,437			\$873,818		
71300 Proceeds from Disposition of Assets Held for Sale								
71310 Cost of Sale of Assets								
71400 Fraud Recovery								
71500 Other Revenue	\$19,272	\$29,069	\$259,838			\$1,406,392		\$30,183
71600 Gain or Loss on Sale of Capital Assets						\$2,488,834		
72000 Investment Income - Restricted								
70000 Total Revenue	\$1,307,203	\$305,604	\$3,018,683	\$1,529,542	\$0	\$6,367,052	\$0	\$1,197,106
91100 Administrative Salaries	\$50,176	\$4,428	\$163,960	\$108,894	\$56,239	\$890,199		\$97,438
91200 Auditing Fees	\$2,507			\$6,450		\$18,427		\$6,153
91300 Management Fee			\$180,007	\$90,046		\$2,075		\$99,760
91310 Book-keeping Fee			\$7,500			\$99,176		
91400 Advertising and Marketing			\$1,463	\$58	\$600	\$2,276		
91500 Employee Benefit contributions - Administrative	-\$18,482	\$1,060	\$24,357	\$40,992	\$26,038	\$27,178		-\$9,042
91600 Office Expenses	\$1,427		\$10,225	\$3,820		\$65,438		\$5,999
91700 Legal Expense	\$4,450		\$7,784	\$1,597		\$19,455		\$916
91800 Travel	\$890		\$3,256	\$2,570		\$1,666		\$2,481
91810 Allocated Overhead						\$1,792		
91900 Other	\$1,547		\$16,181	\$48,287	-\$525	\$437,979		\$9,659
91000 Total Operating - Administrative	\$42,515	\$5,488	\$414,733	\$302,714	\$82,352	\$1,565,661	\$0	\$213,364
92000 Asset Management Fee								
92100 Tenant Services - Salaries								
92200 Relocation Costs								
92300 Employee Benefit Contributions - Tenant Services								
92400 Tenant Services - Other	\$20,560	\$3,407	\$3,140	\$16,742		\$2,937		\$2,620
92500 Total Tenant Services	\$20,560	\$3,407	\$3,140	\$16,742	\$0	\$2,937	\$0	\$2,620

Kitsap County Consolidated Housing Authority (WA036)

Silverdale, WA

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2020

Entity Wide Revenue and Expense Summary

	Project Total	14.218 Community Development Block Grants/Entitlement Grants	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.900 Lead-Based Paint Hazard Control in Privately-Owned Housing	1 Business Activities	9 Other Federal Program 2	10.415 Rural Rental Housing Loans
93100 Water	\$48,276		\$93,646	\$85,127		\$27,531		\$16,318
93200 Electricity	\$9,007		\$56,783	\$26,995		\$32,119		\$23,978
93300 Gas	\$354		\$1,253	\$960		\$6,986		
93400 Fuel								
93500 Labor								
93600 Sewer	\$114,355		\$209,399	\$142,771		\$148,179		\$87,686
93700 Employee Benefit Contributions - Utilities								
93800 Other Utilities Expense	\$54,282		\$17,098	\$77,711	\$660	\$57,174		\$47,605
93000 Total Utilities	\$226,274	\$0	\$378,179	\$333,564	\$660	\$271,989	\$0	\$175,587
94100 Ordinary Maintenance and Operations - Labor	\$130,208		\$181,981	\$108,180		\$67,749		\$102,041
94200 Ordinary Maintenance and Operations - Materials and Other	\$83,153		\$105,702	\$128,194	\$3,007	\$57,508		\$58,391
94300 Ordinary Maintenance and Operations Contracts	\$88,699		\$324,717	\$141,961		\$272,581		\$84,676
94500 Employee Benefit Contributions - Ordinary Maintenance	\$51,632		\$37,826	\$39,549	\$5	\$30,201		\$38,900
94000 Total Maintenance	\$353,692	\$0	\$650,226	\$417,884	\$3,012	\$428,039	\$0	\$284,008
95100 Protective Services - Labor								
95200 Protective Services - Other Contract Costs	\$2,803			\$11,328		\$16,478		\$13,569
95300 Protective Services - Other								
95500 Employee Benefit Contributions - Protective Services								
95000 Total Protective Services	\$2,803	\$0	\$0	\$11,328	\$0	\$16,478	\$0	\$13,569
96110 Property Insurance	\$21,666		\$50,982	\$28,512		\$43,821		\$17,564
96120 Liability Insurance								
96130 Workmen's Compensation								
96140 All Other Insurance								
96100 Total Insurance Premiums	\$21,666	\$0	\$50,982	\$28,512	\$0	\$43,821	\$0	\$17,564
96200 Other General Expenses	\$3,505	\$12,511	\$77,392	\$11,837	\$27,893	\$69,341		\$838
96210 Compensated Absences						\$44,093		
96300 Payments in Lieu of Taxes								
96400 Bad debt - Tenant Rents	\$44,127		\$95,597	\$40,482		\$82,501		\$40,938
96500 Bad debt - Mortgages								
96600 Bad debt - Other								
96800 Severance Expense								
96000 Total Other General Expenses	\$47,632	\$12,511	\$172,989	\$52,319	\$27,893	\$195,935	\$0	\$41,776
96710 Interest of Mortgage (or Bonds) Payable			\$1,049,772	\$14,586		\$1,209,756		\$358,819
96720 Interest on Notes Payable (Short and Long Term)								
96730 Amortization of Bond Issue Costs								
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$1,049,772	\$14,586	\$0	\$1,209,756	\$0	\$358,819
96900 Total Operating Expenses	\$715,142	\$21,406	\$2,720,021	\$1,177,649	\$113,917	\$3,734,616	\$0	\$1,107,307

Kitsap County Consolidated Housing Authority (WA036)

Silverdale, WA

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2020

Entity Wide Revenue and Expense Summary

	Project Total	14.218 Community Development Block Grants/Entitlement Grants	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.900 Lead-Based Paint Hazard Control in Privately-Owned Housing	1 Business Activities	9 Other Federal Program 2	10.415 Rural Rental Housing Loans
97000 Excess of Operating Revenue over Operating Expenses	\$592,061	\$284,198	\$298,662	\$351,893	-\$113,917	\$2,632,436	\$0	\$89,799
97100 Extraordinary Maintenance	\$8,899			\$15,845		\$3,960		\$55,210
97200 Casualty Losses - Non-capitalized								
97300 Housing Assistance Payments								
97350 HAP Portability-In								
97400 Depreciation Expense	\$203,412		\$631,511	\$238,690		\$175,856		\$234,870
97500 Fraud Losses								
97600 Capital Outlays - Governmental Funds								
97700 Debt Principal Payment - Governmental Funds								
97800 Dwelling Units Rent Expense								
90000 Total Expenses	\$927,453	\$21,406	\$3,351,532	\$1,432,184	\$113,917	\$3,914,432	\$0	\$1,397,387
10010 Operating Transfer In	\$351,473							
10020 Operating transfer Out	-\$351,473							
10030 Operating Transfers from/to Primary Government								
10040 Operating Transfers from/to Component Unit								
10050 Proceeds from Notes, Loans and Bonds								
10060 Proceeds from Property Sales								
10070 Extraordinary Items, Net Gain/Loss								
10080 Special Items (Net Gain/Loss)								
10091 Inter Project Excess Cash Transfer In								
10092 Inter Project Excess Cash Transfer Out								
10093 Transfers between Program and Project - In					\$144,998			
10094 Transfers between Project and Program - Out		-\$144,998						
10100 Total Other financing Sources (Uses)	\$0	-\$144,998	\$0	\$0	\$144,998	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$379,750	\$139,200	-\$332,849	\$97,358	\$31,081	\$2,452,620	\$0	-\$200,281
11020 Required Annual Debt Principal Payments	\$0	\$0	\$310,000	\$37,085	\$0	\$1,426,518	\$0	\$182,550
11030 Beginning Equity	\$3,961,415	\$1,448,462	-\$1,015,585	\$2,738,778	-\$138,508	-\$4,796,945	\$375,742	\$1,493,532
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0	-\$91,621	\$0	\$0	\$893,009		\$0
11050 Changes in Compensated Absence Balance								
11060 Changes in Contingent Liability Balance								
11070 Changes in Unrecognized Pension Transition Liability								
11080 Changes in Special Term/Severance Benefits Liability								
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents								
11100 Changes in Allowance for Doubtful Accounts - Other								
11170 Administrative Fee Equity								
11180 Housing Assistance Payments Equity								
11190 Unit Months Available	1632		2604	1776		2808		1836
11210 Number of Unit Months Leased	1576		2532	1650		2712		1743

Kitsap County Consolidated Housing Authority (WA036)

Silverdale, WA

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2020

Entity Wide Revenue and Expense Summary

	14.239 HOME Investment Partnerships Program	14.870 Resident Opportunity and Supportive Services	10.420 Rural Self- Help Housing Technical Assistance	14.247 Self-Help Homeownership Opportunity Program	14.HCC HCV CARES Act Funding	14.871 Housing Choice Vouchers	ELIM	Total
70300 Net Tenant Rental Revenue								\$6,302,650
70400 Tenant Revenue - Other	\$1,920							\$64,992
70500 Total Tenant Revenue	\$1,920	\$0	\$0	\$0	\$0	\$0	\$0	\$6,367,642
70600 HUD PHA Operating Grants	\$25,847		\$825,631			\$3,053,963		\$5,398,446
70610 Capital Grants								
70710 Management Fee								
70720 Asset Management Fee								
70730 Book Keeping Fee								
70740 Front Line Service Fee								
70750 Other Fees							-\$184,073	\$257,897
70700 Total Fee Revenue							-\$184,073	-\$184,073
70800 Other Government Grants								\$245,881
71100 Investment Income - Unrestricted	\$35					\$2,088		\$38,892
71200 Mortgage Interest Income								\$908,255
71300 Proceeds from Disposition of Assets Held for Sale				\$1,537,500				\$1,537,500
71310 Cost of Sale of Assets				-\$1,039,956				-\$1,039,956
71400 Fraud Recovery								
71500 Other Revenue	\$187,501		\$27,600				-\$45,000	\$1,914,855
71600 Gain or Loss on Sale of Capital Assets								\$2,488,834
72000 Investment Income - Restricted								
70000 Total Revenue	\$215,303	\$0	\$853,231	\$497,544	\$0	\$3,056,051	-\$229,073	\$18,118,246
91100 Administrative Salaries	\$6,336		\$265,797			\$1,591		\$1,645,058
91200 Auditing Fees	\$89		\$7,364					\$40,990
91300 Management Fee						\$264,051	-\$184,073	\$451,866
91310 Book-keeping Fee								\$106,676
91400 Advertising and Marketing			\$5,789					\$10,186
91500 Employee Benefit contributions - Administrative	\$2,736		\$208,182					\$303,019
91600 Office Expenses			\$4,335					\$91,244
91700 Legal Expense			\$1,407					\$35,609
91800 Travel								\$10,863
91810 Allocated Overhead			\$141,100			\$22,864		\$165,756
91900 Other	\$1,807		\$9,678			\$929	-\$45,000	\$480,542
91000 Total Operating - Administrative	\$10,968	\$0	\$643,652	\$0	\$0	\$289,435	-\$229,073	\$3,341,809
92000 Asset Management Fee								
92100 Tenant Services - Salaries								
92200 Relocation Costs								
92300 Employee Benefit Contributions - Tenant Services								
92400 Tenant Services - Other			\$4,971					\$54,377
92500 Total Tenant Services	\$0	\$0	\$4,971	\$0	\$0	\$0	\$0	\$54,377

Kitsap County Consolidated Housing Authority (WA036)

Silverdale, WA

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2020

Entity Wide Revenue and Expense Summary

	14.239 HOME Investment Partnerships Program	14.870 Resident Opportunity and Supportive Services	10.420 Rural Self- Help Housing Technical Assistance	14.247 Self-Help Homeownership Opportunity Program	14.HCC HCV CARES Act Funding	14.871 Housing Choice Vouchers	ELIM	Total
93100 Water								\$270,898
93200 Electricity								\$148,882
93300 Gas								\$9,553
93400 Fuel								
93500 Labor								
93600 Sewer								\$702,390
93700 Employee Benefit Contributions - Utilities								
93800 Other Utilities Expense	\$97		\$2,884					\$257,511
93000 Total Utilities	\$97	\$0	\$2,884	\$0	\$0	\$0	\$0	\$1,389,234
94100 Ordinary Maintenance and Operations - Labor			\$193,211					\$783,370
94200 Ordinary Maintenance and Operations - Materials and Other			\$14,490					\$450,445
94300 Ordinary Maintenance and Operations Contracts			\$1,613					\$914,247
94500 Employee Benefit Contributions - Ordinary Maintenance			\$73,510					\$271,623
94000 Total Maintenance	\$0	\$0	\$282,824	\$0	\$0	\$0	\$0	\$2,419,685
95100 Protective Services - Labor								
95200 Protective Services - Other Contract Costs								\$44,178
95300 Protective Services - Other								
95500 Employee Benefit Contributions - Protective Services								
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$44,178
96110 Property Insurance			\$393					\$162,938
96120 Liability Insurance						\$411		\$411
96130 Workmen's Compensation								
96140 All Other Insurance								
96100 Total Insurance Premiums	\$0	\$0	\$393	\$0	\$0	\$411	\$0	\$163,349
96200 Other General Expenses			\$12,115					\$215,432
96210 Compensated Absences								\$44,093
96300 Payments in Lieu of Taxes								
96400 Bad debt - Tenant Rents	-\$6,944							\$296,701
96500 Bad debt - Mortgages	\$145,599							\$145,599
96600 Bad debt - Other		\$4,818		\$52,663				\$57,481
96800 Severance Expense								
96000 Total Other General Expenses	\$138,655	\$4,818	\$12,115	\$52,663	\$0	\$0	\$0	\$759,306
96710 Interest of Mortgage (or Bonds) Payable								\$2,632,933
96720 Interest on Notes Payable (Short and Long Term)								
96730 Amortization of Bond Issue Costs								
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,632,933
96900 Total Operating Expenses	\$149,720	\$4,818	\$946,839	\$52,663	\$0	\$289,846	-\$229,073	\$10,804,871

Kitsap County Consolidated Housing Authority (WA036)

Silverdale, WA

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Fiscal Year End: 06/30/2020

Entity Wide Revenue and Expense Summary

	14.239 HOME Investment Partnerships Program	14.870 Resident Opportunity and Supportive Services	10.420 Rural Self- Help Housing Technical Assistance	14.247 Self-Help Homeownership Opportunity Program	14.HCC HCV CARES Act Funding	14.871 Housing Choice Vouchers	ELIM	Total
97000 Excess of Operating Revenue over Operating Expenses	\$65,583	-\$4,818	-\$93,608	\$444,881	\$0	\$2,766,205	\$0	\$7,313,375
97100 Extraordinary Maintenance								\$83,914
97200 Casualty Losses - Non-capitalized								
97300 Housing Assistance Payments						\$2,667,514		\$2,667,514
97350 HAP Portability-In								
97400 Depreciation Expense								\$1,484,339
97500 Fraud Losses								
97600 Capital Outlays - Governmental Funds								
97700 Debt Principal Payment - Governmental Funds								
97800 Dwelling Units Rent Expense								
90000 Total Expenses	\$149,720	\$4,818	\$946,839	\$52,663	\$0	\$2,957,360	-\$229,073	\$15,040,638
10010 Operating Transfer In							-\$351,473	\$0
10020 Operating transfer Out							\$351,473	\$0
10030 Operating Transfers from/to Primary Government								
10040 Operating Transfers from/to Component Unit								
10050 Proceeds from Notes, Loans and Bonds								
10060 Proceeds from Property Sales								
10070 Extraordinary Items, Net Gain/Loss								
10080 Special Items (Net Gain/Loss)								
10091 Inter Project Excess Cash Transfer In								
10092 Inter Project Excess Cash Transfer Out								
10093 Transfers between Program and Project - In							-\$144,998	\$0
10094 Transfers between Project and Program - Out							\$144,998	\$0
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$65,583	-\$4,818	-\$93,608	\$444,881	\$0	\$98,691	\$0	\$3,077,608
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0		\$1,956,153
11030 Beginning Equity	\$1,916,262	\$4,818	\$2,289,011	\$2,081,353	\$0	\$494,243	-\$557,216	\$10,295,362
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0	-\$3,052,407	\$2,159,398		\$0		-\$91,621
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						\$488,285		\$488,285
11180 Housing Assistance Payments Equity						\$104,649		\$104,649
11190 Unit Months Available						4488		15144
11210 Number of Unit Months Leased						3677		13890