



Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

Pierce County Community Development Corporation

For the period January 1, 2021 through December 31, 2022

Published September 28, 2023

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

September 28, 2023

Board of Directors
Pierce County Community Development Corporation
Tacoma, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on the Pierce County Community Development Corporation's financial statements and compliance with federal laws and regulations.

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

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Pierce County Community Development Corporation January 1, 2022 through December 31, 2022

SECTION I – SUMMARY OF AUDITOR’S RESULTS

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

Financial Statements

We issued an unmodified opinion on the fair presentation of the basic financial statements of the business-type activities and the aggregate remaining fund information in accordance with accounting principles generally accepted in the United States of America (GAAP).

Internal Control over Financial Reporting:

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

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

Federal Awards

Internal Control over Major Programs:

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

We issued an unmodified opinion on the Corporation’s compliance with requirements applicable to its major federal program.

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

Identification of Major Federal Programs

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

<u>ALN</u>	<u>Program or Cluster Title</u>
14.239	Home Investment Partnerships Program

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

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

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

INDEPENDENT AUDITOR'S REPORT

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

Pierce County Community Development Corporation January 1, 2021 through December 31, 2022

Board of Directors
Pierce County Community Development Corporation
Tacoma, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate remaining fund information of the Pierce County Community Development Corporation, as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated September 21, 2023.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

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

REPORT ON COMPLIANCE AND OTHER MATTERS

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

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

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation'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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.



Pat McCarthy, State Auditor

Olympia, WA

September 21, 2023

INDEPENDENT AUDITOR'S REPORT

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

Pierce County Community Development Corporation January 1, 2022 through December 31, 2022

Board of Directors
Pierce County Community Development Corporation
Tacoma, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on Each Major Federal Program

We have audited the compliance of the Pierce County Community Development Corporation, with the types of compliance requirements identified as subject to audit in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Corporation's major federal programs for the year ended December 31, 2022. The Corporation's major federal programs are identified in the auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. Our consideration of internal control over compliance was for the limited purpose described in the Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified.

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

Purpose of this Report

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

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

Pat McCarthy, State Auditor

Olympia, WA

September 21, 2023

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Pierce County Community Development Corporation January 1, 2021 through December 31, 2022

Board of Directors
Pierce County Community Development Corporation
Tacoma, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of the Pierce County Community Development Corporation, as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the financial section of our report.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the aggregate remaining fund information of the Pierce County Community Development Corporation, as of December 31, 2022 and 2021, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time; and
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2023 on our consideration of the Corporation'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 Corporation'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 Corporation's internal control over financial reporting and compliance.

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

Pat McCarthy, State Auditor

Olympia, WA

September 21, 2023

**Pierce County Community Development Corporation
January 1, 2021 through December 31, 2022**

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2022 and 2021

BASIC FINANCIAL STATEMENTS

Statement of Net Position – Proprietary Funds – 2022 and 2021

Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds
– 2022 and 2021

Statement of Cash Flows – Proprietary Funds – 2022 and 2021

Statement of Fiduciary Net Position – 2022 and 2021

Statement of Changes in Fiduciary Net Position – 2022 and 2021

Notes to Financial Statements – 2022 and 2021

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Expenditures of Federal Awards – 2022

Notes to the Schedule of Expenditures of Federal Awards – 2022

Pierce County Community Development Corporation
Management's Discussion and Analysis
For the Year Ended December 31, 2022, and 2021

The management's discussion and analysis are intended to serve as an introduction to the basic financial statements of the Pierce County Community Development Corporation (CDC). The financial statements provide an overview of financial activities for the fiscal year ended December 31, 2022. It should be read in conjunction with the accompanying financial statements, schedules, and notes, which follow this section.

FINANCIAL HIGHLIGHTS

- Net position as of December 31, 2022, totaled \$38.1 million.
- In 2022, the CDC received \$1,067,525 in grant revenues.
- In 2022, the CDC changed bank from Columbia Bank to Heritage Bank.
- In 2021, the CDC business address changed from 1305 Tacoma Avenue S., Suite 104, Tacoma, WA 98402, to 3602 Pacific Avenue, Suite 200, Tacoma, WA 98418.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented include all the activities of the CDC as prescribed by the Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments. The report is comprised of three components: proprietary fund financial statements, fiduciary fund financial statements and notes to the financial statements. Notes to the financial statements provide additional information that is essential to a full understanding of the data presented. The report also includes other supplementary information designed to enable the reader to gain maximum understanding of the CDC's financial activities.

Fund financial statements are designed to report information about groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The CDC, like other governmental agencies, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All the funds of the CDC are classified as proprietary or fiduciary funds.

Proprietary funds are used to report business-type activities. For financial statement purposes, all proprietary funds have been aggregated.

Resources held for the benefit of parties outside the CDC are accounted for in a fiduciary fund. Because the resources of those funds are not available to support CDC programs, fiduciary funds are not reflected in the proprietary fund statements. The accounting used for the fiduciary funds is the same as that used for the proprietary funds.

Pierce County Community Development Corporation
Management's Discussion and Analysis
For the Year Ended December 31, 2022, and 2021

CONDENSED COMPARATIVE FINANCIAL DATA

Shown below are condensed versions of the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Fund Net Position for proprietary operations.

A. **STATEMENT OF NET POSITION**

The following table shows the changes in assets, liabilities, and net position from 2022 to 2020. The Statement of Net Position, presented in the following section, depicts the financial standing of the CDC as of December 31, 2022, 2021 and 2020, and includes the results of all activities presented in the Statement of Revenues, Expenses and Changes in Fund Net Position.

	<u>2022</u>	<u>2021</u>	<u>2020</u>
ASSETS			
Current Assets	\$ 9,533,416	\$ 8,035,689	\$ 6,366,287
Noncurrent Assets	30,414,795	31,598,877	33,016,153
TOTAL ASSETS	<u>39,948,211</u>	<u>39,634,566</u>	<u>39,382,440</u>
LIABILITIES			
Current Liabilities	1,697,047	1,202,822	681,145
Noncurrent Liabilities	83,501	293,312	391,792
TOTAL LIABILITIES	<u>1,780,548</u>	<u>1,496,133</u>	<u>1,072,937</u>
NET POSITION			
Unrestricted	38,167,663	38,138,433	38,309,503
TOTAL NET POSITION	<u>\$38,167,664</u>	<u>\$ 38,138,433</u>	<u>\$ 38,309,503</u>

B. **STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**

This table summarizes the Statement of Revenues, Expenses and Changes in Fund Net Position presented in detail in the following section:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
REVENUES			
Operating:			
Loan Interest Income	\$ 410,904	\$ 171,949	\$ 230,363
Other Operating Revenue	22,701	69,609	88,553
Nonoperating:			
Grant Income	1,067,525	901,130	893,611
TOTAL REVENUES	<u>1,501,130</u>	<u>1,142,687</u>	<u>1,212,528</u>
TOTAL EXPENSES	<u>(1,352,556)</u>	<u>(1,402,707)</u>	<u>(1,676,212)</u>
CHANGE IN NET POSITION	148,574	(260,019)	(463,685)
NET POSITION, Beginning of Year	<u>38,138,433</u>	<u>38,309,503</u>	<u>38,745,300</u>
PRIOR PERIOD ADJUSTMENT	(119,343)	88,950	27,887
NET POSITION, End of Year	<u>\$38,167,664</u>	<u>\$ 38,138,433</u>	<u>\$ 38,309,503</u>

Pierce County Community Development Corporation
Management's Discussion and Analysis
For the Year Ended December 31, 2022, and 2021

ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

Current assets increased from 2021 to 2022 by \$1,497,727 or 19%. The change is driven by the increase in Cash and Cash Equivalents account. Noncurrent assets decreased from 2021 to 2022 by \$1,184,082 which is 4%.

Current liabilities increased from 2021 to 2022 by \$494,225 or 41%. This is due to the change in the Sewer Program from Other Current Liabilities accounts. CDC collects monthly loan payments on behalf of Pierce County Planning and Public Works (PPW) for Residential Side Sewer Repair Conservation Loan Program and Residential Dry Sewer Line Loan Program, to be paid back to PPW in time.

Non-operating revenues, which consist entirely of grant funds, increased by \$166,395 or 18% from 2021 to 2022. This change is mainly due to the higher amount of entitlement draws during 2022.

Total non-operating expenses increased from 2021 to 2022 by \$1,441 or 0.37%.

Total revenue did exceed the total expenses in 2022.

FUND ANALYSIS

Total fund net position increased by \$29,231 or 0.08% in 2022. This is mainly due to the higher operating revenue compared to the previous year, 2021.

BUDGET VARIANCES

The CDC's managers, directors and fiscal personnel considered many factors when setting the 2022 budget. The preliminary budget was evaluated by management and reviewed by board members. Total appropriations were higher than expected by \$9,161; the primary expense that was lower were bad debt. Actual non-operating revenues and expenses were lower than anticipated at \$948,182 and \$388,295 respectively, due primarily to the lower loan expenditure disbursement in 2022. There were no other variances between the final budget and actual expenditures which would significantly affect either future services or liquidity.

LONG-TERM DEBT ACTIVITY

Total long-term debt on December 31, 2022, was \$83,501, consisting entirely of funds due to Pierce County Public Works for Septic Repair Loans Program. This is a decrease from the previous year-end balance of \$293,312. These funds represent loans administered by the CDC in a cooperative agreement with Pierce County Public Works & Utilities, the Tacoma Pierce County Health Department, and the Washington State Department of Ecology. For more detailed information, please see the notes to the financial statements.

Pierce County Community Development Corporation
Management's Discussion and Analysis
For the Year Ended December 31, 2022, and 2021

CONTACTING MANAGEMENT

This financial report is designed to provide citizens, housing assistance clients, businesses, and creditors with a general overview of the CDC's finances and to show accountability for the money it receives. Questions concerning any of the information provided in this report, or requests for additional financial information, should be directed to the accounting department at Pierce County Community Development Corporation, 3602 Pacific Avenue, Suite 200, Tacoma, WA 98418.

**PIERCE COUNTY COMMUNITY DEVELOPMENT CORPORATION
STATEMENT OF FUND NET POSITION
PROPRIETARY FUND**

**As of December 31, 2022
(With Comparative Totals for 2021)**

	2022	2021
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 5,722,877	\$ 4,964,308
Loans Receivable (net of accum. Amortization)	2,964,675	2,268,395
Interest Receivable - Installment	6,777	7,295
Pending Project Costs	102,813	23,399
Prepaid Expenses	2,309	14,859
Grants Receivable	503,424	644,983
Other Receivables	230,542	112,451
Total Current Assets	9,533,416	8,035,689
Noncurrent Assets		
Loans Receivable (net of accum. Amortization)	28,864,969	30,195,724
Interest Receivable - Other	1,549,826	1,403,153
Total Noncurrent Assets	30,414,795	31,598,877
TOTAL ASSETS	39,948,211	39,634,566
DEFERRED OUTFLOWS OF RESOURCES	0	0
LIABILITIES		
Current Liabilities		
Borrower's Clearings	768,229	903,485
Accrued Contracted Services- Payroll Liabilities	0	107,135
Accrued Other Liabilities	3,769	32,960
Other Current Liabilities	925,048	159,241
Total Current Liabilities	1,697,047	1,202,822
Noncurrent Liabilities		
Due to Public Works	83,501	293,312
TOTAL LIABILITIES	1,780,548	1,496,133
DEFERRED INFLOWS OF RESOURCES	0	0
NET POSITION		
Unrestricted	38,167,663	38,138,433
TOTAL NET POSITION	\$ 38,167,664	\$ 38,138,433

**PIERCE COUNTY COMMUNITY DEVELOPMENT CORPORATION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS**

**For the Year Ended December 31, 2022
(With Comparative Totals for 2021)**

	<u>2022</u>	<u>2021</u>
OPERATING REVENUE		
Loan Interest Income	\$ 410,904	\$ 171,949
Loan Fees	542	144
Other Revenue	22,159	69,464
TOTAL OPERATING REVENUE	<u>433,605</u>	<u>241,558</u>
OPERATING EXPENSES		
Contracted Services - Payroll	665,876	653,959
Professional Services	45,585	9,290
Conferences and Training	6	0
Supplies	8,346	9,289
Other Operating Expenses	68,385	93,801
Insurance Expense	17,530	24,018
Rent Expense	2,612	1,216
Board Stipends	3,115	2,800
Amortization Expense	29,529	35,172
Bad Debt Expense	51,789	117,347
Other Program Costs	9,463	3,958
CDC Portion of County Overhead	62,024	65,002
TOTAL OPERATING EXPENSES	<u>964,261</u>	<u>1,015,852</u>
EXCESS OPERATING REVENUE (EXPENSE)	<u>(530,656)</u>	<u>(774,295)</u>
NONOPERATING REVENUE		
Grant Income	1,067,525	901,130
TOTAL NONOPERATING REVENUE	<u>1,067,525</u>	<u>901,130</u>
NONOPERATING EXPENSES		
Grant Expense	388,295	386,854
TOTAL NONOPERATING EXPENSES	<u>388,295</u>	<u>386,854</u>
EXCESS NONOPERATING REVENUE (EXPENSE)	<u>679,230</u>	<u>514,276</u>
CHANGE IN NET POSITION	<u>148,574</u>	<u>(260,019)</u>
TOTAL NET POSITION-BEGINNING OF YEAR	38,138,433	38,309,503
PRIOR PERIOD ADJUSTMENT	<u>(119,343)</u>	<u>88,950</u>
TOTAL NET POSITION-END OF YEAR	<u>\$ 38,167,664</u>	<u>\$ 38,138,433</u>

PIERCE COUNTY COMMUNITY DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS
Proprietary Funds
For the Year Ended December 31, 2022
(With Comparative Totals for 2021)

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities:		
Receipts from loan principal repayments	\$ 1,422,889	\$ 2,366,284
Receipts from loan interest	410,904	171,949
Receipts from loan fees	542	144
Receipts from other revenues	22,159	69,464
Payments for development projects	(682,927)	(401,433)
Payments for employee services	(665,876)	(653,959)
Payments for professional services	(88,403)	(14,689)
Payments for administrative expenses	<u>(152,355)</u>	<u>(224,360)</u>
Net cash provided (used) by operating activities	<u>266,934</u>	<u>1,313,400</u>
 Cash Flows from Noncapital Financing Activities:		
Grant revenues	701,446	466,342
Loan proceeds	<u>(209,810)</u>	<u>(98,481)</u>
Net cash provided by noncapital financing activities	<u>491,635</u>	<u>367,862</u>
 Net Increase (Decrease) in Cash and Cash Equivalents	758,569	1,681,262
Cash and cash equivalents, beginning of year	4,964,309	3,283,047
Cash and cash equivalents, end of year	<u>\$ 5,722,877</u>	<u>\$ 4,964,309</u>

Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:

	<u>2022</u>	<u>2021</u>
Operating Loss	(530,656)	(774,295)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities		
Change in Assets and Liabilities:		
Loans receivable (net of accumulated amortization)	634,474	1,219,760
Interest receivable - Installment	518	9,684
Pending project costs	(79,414)	(11,317)
Prepaid expenses	12,550	(12,728)
Other receivables	(118,091)	274,130
Interest receivable - other	(146,673)	86,489
Borrowers' clearings	(135,256)	390,981
Accrued payroll liabilities	(107,135)	(7,110)
Accrued other liabilities	(29,191)	(6,915)
Other current liabilities	765,807	144,721
Total Adjustments	<u>797,590</u>	<u>2,087,695</u>
Net cash provided (used) by operating activities	<u>\$ 266,934</u>	<u>\$ 1,313,400</u>

**PIERCE COUNTY COMMUNITY DEVELOPMENT CORPORATION
STATEMENT OF FIDUCIARY NET POSITION**

**December 31, 2022
(With Comparative Totals for 2021)**

	<u>2022</u>	<u>2021</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 45,085	\$ 42,418
TOTAL CURRENT ASSETS	<u>45,085</u>	<u>42,418</u>
TOTAL ASSETS	<u>45,085</u>	<u>42,418</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>0</u>	<u>0</u>
LIABILITIES		
Current Liabilities		
Escrow Funds	45,085	42,418
TOTAL CURRENT LIABILITIES	<u>45,085</u>	<u>42,418</u>
TOTAL LIABILITIES	<u>45,085</u>	<u>42,418</u>
DEFERRED INFLOWS OF RESOURCES	<u>0</u>	<u>0</u>
NET POSITION		
Held in Trust for Escrow	<u>\$ 45,085</u>	<u>\$ 42,418</u>

**PIERCE COUNTY COMMUNITY DEVELOPMENT CORPORATION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**

**For The Year Ended December 31, 2022
(With Comparative Totals for 2021)**

	<u>2022</u>	<u>2021</u>
ADDITIONS		
Escrow Revenue	\$ 188,362	\$ 178,078
TOTAL ADDITIONS	<u>188,362</u>	<u>178,078</u>
DEDUCTIONS		
Escrow Current Deduction	<u>185,694</u>	<u>184,161</u>
TOTAL DEDUCTIONS	<u>185,694</u>	<u>184,161</u>
CHANGE IN NET POSITION	2,667	(6,083)
NET POSITION - Beginning of year	<u>42,418</u>	<u>48,500</u>
NET POSITION - End of year	<u><u>\$ 45,085</u></u>	<u><u>\$ 42,418</u></u>

Pierce County Community Development Corporation
Notes to Financial Statements
For the Years Ended December 31, 2022, and 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Pierce County Community Development Corporation have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The significant policies are described below.

A. REPORTING ENTITY

The Pierce County Council, by Ordinance No. 85-151 and as amended by Ordinance No's. 89-41S, 92-75, 93-72, 2013-11, created the Pierce County Community Development Corporation (CDC). The CDC, a separate but related unit of Pierce County, was incorporated on September 24, 1985, and operates under the laws of the state of Washington applicable to a public development corporation. The CDC is exempt from federal income tax under section 501(a) of the Internal Revenue Code as a 501(c)(3) exempt organization. The accounting and reporting policies of the CDC conform to GAAP. Government-wide financial statements for Pierce County are available for review at 950 Fawcett Avenue, Suite 100, Tacoma, WA, 98402.

The CDC implements and manages affordable housing and business loan programs to provide services to the low-income residents of unincorporated Pierce County and the sixteen towns and cities that participate in the Urban Consortium. The CDC's financial statements include the financial position and results of operations of all programs that are controlled by or dependent on the CDC. An eight-member board of community members reviews and approves all significant program related activities and expenditures. Through an agreement with the CDC, the Pierce County Department of Human Services (Department), provides staffing for the CDC and exercises oversight responsibility for administration and contract approval. The Department has a clear separation of duties between staff that work on behalf of the CDC and staff that perform monitoring and oversight functions.

B. FUND FINANCIAL STATEMENTS

The financial statements (i.e., the Statement of Fund Net Position and the Statement of Revenues, Expenses and Changes in Fund Net Position) report information on all the activities of the CDC. Separate financial statements are provided for proprietary and fiduciary funds. Pierce County, the primary government, is reported separately from the CDC, a legally separate but related unit for which the primary government is financially accountable.

The Statement of Revenues, Expenses and Changes in Fund Net Position demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Our policy is to allocate indirect costs to a specific function or segment. Program revenues include 1) charges to customers or applicants who use, or directly benefit from, services provided by a given function or segment and 2) grants that are restricted to meeting the operational requirements of a particular function or segment. Other items not properly included among program revenues are reported as administrative revenues.

Pierce County Community Development Corporation
Notes to Financial Statements
For the Years Ended December 31, 2022, and 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. **MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION**

The proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The primary operating revenues of the CDC include principal loan payments, interest, loan fees and sales from housing projects. Operating expenses for proprietary funds include the cost of services, administrative expenses and amortization. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses, including grant funds.

Fiduciary funds distinguish escrow funds, represents monthly payments by borrowers into their escrow account to be used for the payment of taxes and insurance on their homes. An escrow payment is the portion of customer payment that is set aside in an escrow account that will pay for the taxes and homeowner's insurance. It is placed in escrow because insurance and property taxes are required to be paid while the home still has a loan on it.

D. **BUDGETARY INFORMATION**

The CDC's annual budget is determined by an analysis of available funding and projected expenses. The budget is approved by the Board of Directors annually at an official board meeting. Amendments, if any, are approved by the Board of Directors. An annual appropriated budget is adopted for the proprietary funds on the accrual basis of accounting. The budget is adopted on the combined total of all funds for each account and all appropriations lapse at year-end.

E. **ASSETS, LIABILITIES AND EQUITIES**

1. **Cash and Cash Equivalents**

Cash and cash equivalents consist of cash on hand and demand deposits. For purposes of the Statement of Cash Flows, the CDC considers cash equivalents to be all highly liquid investments, including restricted assets, with original maturities of three months or less from the date of acquisition.

2. **Installment Loans**

Installment loans represent loans to borrowers for which the CDC currently receives monthly or annual payments. They are recorded at face value with all amounts due within one year classified as current assets and the remainder classified as noncurrent assets.

Pierce County Community Development Corporation
Notes to Financial Statements
For the Years Ended December 31, 2022, and 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Deferred Loans
Deferred loans are loans that are not due until their maturity date that carry an interest rate between zero and seven percent. Interest on deferred loans is accrued annually as interest receivable - other. Upon maturity, accrued interest is collected. Deferred loans are also recorded at face value with those loans coming due within one year classified as current assets and those with maturity dates greater than one year classified as noncurrent assets.
4. Forgiven Loans
Forgiven loans are amortized, or forgiven, on a straight-line basis over a period of seven, ten or fourteen years. The amortization is recorded monthly or annually as an expense. An accumulated amortization total is offset against the face amount of active forgiven loans on the Statement of Net Position. A forgiven loan becomes due upon transfer of title of the property or by death of the borrower. In the event the borrower succumbs, the unamortized balance is collected from the deceased borrower's estate.
5. Pending Project Costs
Pending project costs account is for the loan expense disbursements for pending loans, prior to creation of the Borrowers' Clearing accounts, and use for the foreclosure related expenses during the foreclosure process. Once the Borrowers' Clearing account is created or foreclosure case is closed, the expenses from Pending account get allocated respectively.
6. Grants Receivable
Grants receivables represent amounts due from proprietary fund sources for expenses incurred prior to the year-end. The amount has been drawn down from grant income sources and not yet received by the financial statement date.
7. Borrowers' Clearings
Borrowers' clearings consist of loan proceeds obligated to be paid out for construction costs and loan processing expenses related to a specific development project.
8. Net Position
Net position is reported in categories based on source and available use. The CDC's net position is unrestricted.

NOTE 2 – DEPOSITS

All deposits of the CDC are insured either by federal depository insurance (FDIC) or by the Washington Public Deposit Protection Commission (WPDPC). On December 31, 2022, deposits insured by federal depository and WPDPC insurance amounted to \$100,000 and \$5,722,877, respectively. For the year ending December 31, 2021, FDIC and WPDPC insured deposits were \$100,000 and \$4,964,308, respectively.

Pierce County Community Development Corporation
Notes to Financial Statements
For the Years Ended December 31, 2022, and 2021

NOTE 3 – RISK MANAGEMENT

The CDC is exposed to various risks of loss related to torts, errors, and omissions. CDC staff and property are covered by Pierce County's self-insurance funds. Pierce County accounts for general risk management losses with the Self-Insurance Fund and the Workers Compensation Fund covers injuries to employees.

Pierce County's general risk management is financed through a program of self-insurance supplemented by several purchased insurance policies. All county departments participate in the program and pay premiums. Individual department claims experience is evaluated annually to determine premium rates sufficient to pay prior and current year claims.

Workers' compensation benefits are provided to all Pierce County departments through a self-insured program certified under the Industrial Insurance Act, Title 51, Revised Code of Washington and is supplemented by an excess loss insurance policy. Benefits are financed by premiums paid to the Workers Compensation Fund. The excess loss workers compensation self-insured liability insurance provides stop-loss coverage (\$1 million limit) more than a statutory self-insured retention limit of \$750,000 per occurrence.

The CDC also carries a Non-Profit Directors and Officers Professional Liability insurance policy as well as a General Liability policy, each with an aggregate limit of \$2,000,000. Brown and Brown Insurance, the Chubb Group of Insurance Companies, brokers both policies.

The CDC did not have any insurance claims nor exceed the amount of settlement in the past three years.

Pierce County Community Development Corporation
Notes to Financial Statements
For the Years Ended December 31, 2022, and 2021

NOTE 4 – CHANGES IN SHORT AND LONG-TERM DEBT

All liabilities classified as current represent debt expected to be settled within one year. Borrowers' clearings represent funds currently obligated for acquisition, rehabilitation and/or new construction projects. Project expenditures for these costs reduce this liability as expended. Interest due HUD represents interest collected on certain cash funds to be remitted to HUD every fiscal year ending June 30th. Other current liabilities consist of owner contributions collected for certain development projects, funds collected for reconveyance fees and fees due for tax monitoring services. Long-term liabilities include funds due to Pierce County Public Works for program income received through the Septic Repair Loan/Grant program. Following are account increases and decreases for the years ending December 31, 2022, and 2021.

	2021	Increases	Decreases	2022	Due in 2023- Estimate
Borrower's Clearings	903,485	1,361,875	(1,497,130)	768,229	800,000
Due to Public Works	293,312	-	(209,810)	83,501	80,000
Accrued Payroll Liabilities	107,135	665,876	(773,011)	0	
Accrued Other Liabilities	32,960	143,125	(172,316)	3,769	4,000
Other Current Liabilities	159,241	2,001,108	(1,235,301)	925,048	700,000
	<u>1,496,133</u>	<u>4,171,984</u>	<u>(3,887,569)</u>	<u>1,780,548</u>	<u>1,584,000</u>

	2020	Increases	Decreases	2021	Due in 2022- Estimate
Borrower's Clearings	512,504	1,508,544	(1,117,563)	903,485	1,100,000
Due to Public Works	391,792	312	(98,793)	293,312	90,000
Accrued Payroll Liabilities	114,245	726,882	(733,992)	107,135	750,000
Accrued Other Liabilities	39,876	174,460	(181,376)	32,960	190,000
Other Current Liabilities	14,520	188,205	(43,484)	159,241	43,000
	<u>1,072,938</u>	<u>2,598,404</u>	<u>(2,175,208)</u>	<u>1,496,133</u>	<u>2,173,000</u>

NOTE 5 – LONG-TERM DEBT

A. SEPTIC REPAIR LOAN/GRANT PROGRAMS #1 AND #2

The CDC entered a Memorandum of Understanding (MOU) with Pierce County's Public Works to administer a Septic Repair Loan Program. Under the MOU the CDC collects payments on behalf of Public Works on a fee for service basis. The loan payments are passed on to Public Works annually.

In 2019, \$36,451.83 principal receipts have been issued back to Public Works, for the customer payment period July 2018 through June 2019.

In 2020, \$41,379.56 principal receipts have been issued back to Public Works, for the customer payment period July 2019 through June 2020.

In 2021, \$20,237.68 principal receipts have been issued back to Public Works, for the customer payment period July 2020 through June 2021.

In 2023, \$40,552.11 principal receipts have been issued back to Public Works, for the customer payment period July 2021 through June 2022.

The estimated principal payment towards Public Works for 2023 is \$40,000.00.

Pierce County Community Development Corporation
Notes to Financial Statements
For the Years Ended December 31, 2022, and 2021

NOTE 5 – LONG-TERM DEBT (Continued)

B. **SEPTIC REPAIR LOAN/GRANT PROGRAM #3**

The CDC entered a Memorandum of Understanding (MOU) with Pierce County's Public Works to administer a Septic Repair Loan Program. Under the MOU the CDC collects payments on behalf of Public Works on a fee for service basis. The loan payments retained by the CDC to be used for future Septic Repair Loan projects.

NOTE 6 – CONTINGENCIES AND LITIGATIONS

The CDC's financial statements include all material liabilities and there are no contingent liabilities to record. The CDC is not currently involved in any lawsuits or other legal actions nor is it aware of any other pending litigation.

The CDC participates in several federal and state assisted programs. These grants are subject to audit by the grantors or their representatives. Such audits could result in requests for reimbursement to grantor agencies for expenditures disallowed under the terms of the grants. CDC management believes that such disallowances, if any, will be immaterial.

NOTE 7 – RECEIVABLE BALANCES

For the years ending December 31, 2022, and 2021, the principal balances of outstanding loans that mature beyond one year are as follows:

	2021	Increases	Decreases	2022
Deferred Loans	\$ 25,227,624	\$ 441,059	(1,659,631)	\$ 24,009,052
Installment Loans	4,476,555	155,902	(239,855)	4,392,602
Forgiven Loans	696,491	1,300	-	697,791
Accum. Amortization	(204,945)	-	(29,529)	(234,475)
	<u>\$ 30,195,725</u>	<u>\$ 598,260</u>	<u>\$ (1,929,015)</u>	<u>\$ 28,864,970</u>

	2020	Increases	Decreases	2021
Deferred Loans	\$ 25,801,185	\$ 804,662	(1,378,223)	\$ 25,227,624
Installment Loans	5,191,530	9,122	(724,097)	4,476,555
Forgiven Loans	729,141	1,080	(33,730)	696,491
Accum. Amortization	(195,345)	23,429	(33,029)	(204,945)
	<u>\$ 31,526,511</u>	<u>\$ 838,293</u>	<u>\$ (2,169,079)</u>	<u>\$ 30,195,725</u>

Pierce County Community Development Corporation
Notes to Financial Statements
For the Years Ended December 31, 2022, and 2021

NOTE 8 – OTHER DISCLOSURES

A. **RELATED PARTY TRANSACTIONS**

As a related organization, the CDC has a significant relationship with Pierce County. All federal, state, and local grant funds received by the CDC are passed through Pierce County. In 2022 the CDC received \$1,067,525 in pass-through grants and in 2021 the CDC received \$901,130. All services of the CDC are performed by employees of Pierce County.

The CDC Board of Directors consists of various members of the community including attorneys, contractors, and bankers. As a result, board members' employers may be indirectly involved in contracts entered by the CDC. When this type of transaction occurs, any related board member abstains from any discussion and voting concerning the proposed contract. A notation is made in the minutes concerning the matter. A list of such contracts is available for review at the CDC office upon request.

B. **INTERGOVERNMENTAL GRANTS AND ENTITLEMENTS**

The accompanying Schedule of Expenditures of Federal Awards provides a summary of the federal assistance programs in which the CDC participates.

NOTE 9 – PRIOR PERIOD ADJUSTMENT

The Prior Period Adjustment is when the prior period transactions are adjusted in the current accounting period. The overstated or understated amount is reported in the financial statements as a separate line item.

The total Prior Period Adjustment amount is \$119,343.23. Mainly due to the grant revenue transaction for July, September and November 2021 was revised in 2022.

NOTE 10 – SUBSEQUENT EVENTS

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the rapidly spreading deadly new virus referred to as COVID-19. Shortly thereafter, the Governor ordered mitigation actions to slow the spread of the virus including closure of K-12 schools, colleges and universities, public event cancellations, prohibitions of public and private gatherings, closures of many businesses and commercial activities, and a requirement that people stay home unless they need to leave essential functions.

In response to this event, the County Executive also issued an Emergency Declaration in March 2020 in which he asked The Pierce County employees to work remotely to the greatest extent possible. The CDC provided borrower's opportunity for loan modification and/or forbearances as Covid relief service. The CDC followed all federal and state loan servicing guidance during Covid.

**Pierce County Community Development Corporation
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
CDBG - Entitlement Grants Cluster								
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Pierce County)	Community Development Block Grants/Entitlement Grants	14.218	Sub Rehab Grant	721,110	-	721,110	-	3
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Pierce County)	Community Development Block Grants/Entitlement Grants	14.218	Sub Rehab PI	226,830	-	226,830	-	3
Total CDBG - Entitlement Grants Cluster:				947,940	-	947,940	-	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Pierce County)	Home Investment Partnerships Program	14.239	HOME Grant 2016	94,371	-	94,371	-	3
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Pierce County)	Home Investment Partnerships Program	14.239	HOME PI	922,154	-	922,154	-	3
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Pierce County)	Home Investment Partnerships Program	14.239	HOME Grant 2017	(84,223)	-	(84,223)	-	3

The accompanying notes are an integral part of this schedule.

**Pierce County Community Development Corporation
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Pierce County)	Home Investment Partnerships Program	14.239	HOME Grant 2018	6,636	-	6,636	-	3
			Total ALN 14.239:	938,938	-	938,938	-	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Pierce County) (via Washington State Housing Finance)	Homeownership Opportunities for People Everywhere	14.240	HOPE 3	65,000	-	65,000	40,000	3
			Total Federal Awards Expended:	1,951,878	-	1,951,878	40,000	

The accompanying notes are an integral part of this schedule.

**Pierce County Community Development Corporation
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022**

NOTE 1 – BASIS OF ACCOUNTING

This schedule is prepared on the same basis of accounting as the Pierce County Community Development Corporation's (CDC) financial statements. The CDC uses the accrual basis of accounting.

NOTE 2 – PROGRAM COSTS

The amounts shown as current year expenditures represent only the federal grant portion of the program costs. Entire program costs may be more than shown.

NOTE 3 – REVOLVING LOAN PROGRAM

The CDC has revolving loan programs for low-income housing projects and business development. Under these federal programs, repayments to the CDC are considered program income and loans of such funds to eligible recipients are considered expenditures. A detail of current year activity is as follows:

Program Name	Principal & Interest Loan Repayments	Loans Funds Disbursed for Projects	Federal Award Expenditures
HOME	1,239,101	938,939	938,939
HOPE 3	2,817	65,000	65,000
Sub Rehab	229,137	947,940	947,940
NSP	100,497	-	-
Total	1,571,552	1,951,879	1,951,879

NOTE 4 – INDIRECT COST RATE

The CDC has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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

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

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

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