



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

December 14, 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, 2022. 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**

FOR THE YEAR ENDED JUNE 30, 2022

**WITH
REPORT OF INDEPENDENT AUDITORS**

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
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FOR THE YEAR ENDED JUNE 30, 2022**

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REPORT OF INDEPENDENT AUDITORS

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

Opinions

We have audited the accompanying financial statements of the business-type activities (primary government) of and the discretely presented component unit of the Kitsap County Consolidated Housing Authority DBA Housing Kitsap (the "Authority") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which comprise the Authority's basic financial statements as listed in the table of contents.

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 discretely presented component unit of the Authority, as of June 30, 2022, 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.

The financial statements of the discretely presented component unit were not audited in accordance with *Government Auditing Standards*. We did not audit the financial statements of the discretely presented component unit. 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 unit, to conform those financial statements to present in accordance with the accounting standards issued by the Governmental Accounting Standards Board. Our opinions, as they relate to the amounts included for the discretely presented component unit, prior to these conversion adjustments, are based solely on the reports of the other auditors.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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. 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 Authority's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for 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 auditors' 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 auditing standards generally accepted in the United States of America 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, including omissions, 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.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

- 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of proportionate share of the net pension liability, and schedule of employer contributions 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 three of twenty-six 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.

Other Matters (continued)

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 Other Matters paragraph 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.

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 and financial data schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2023 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 10, 2023
Toms River, New Jersey

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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 Unit consists of Kitsap Apartments 2006, L.P. for which the Authority is the managing partner/member. The property is 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, 2022, 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, 2022 are \$65,209,836. 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 \$412,923.

Current assets of the Primary Government at June 30, 2022 increased approximately \$653 thousand from June 30, 2021, primarily due to \$529 thousand increase in accounts receivable. Other non-current assets of the Primary Government at June 30, 2022 increased approximately \$2.7 million from June 30, 2021, primarily due to the pension asset of \$2.2 million, related to GASB 68, coupled with an increase in non-current notes receivable of \$900 thousand, partially offset by a decrease of \$340 thousand in restricted cash.

Total liabilities of the Primary Government are \$43,956,850 at June 30, 2022. 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 \$2,416,225 are related to GASB 68.

Total liabilities decreased by just under \$400 thousand from June 30, 2021, primarily due to the decrease in non-current liabilities of \$1.5 million due to reductions in notes payable and pension liabilities, partially offset by an increase in current liabilities related to payables for the Self-Help program land development construction and business insurance premiums.

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, 2022

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.

Primary Government other income decreased by \$4.7 million primarily due to a reduction in activity in the Self-Help construction program due to a lack of availability of affordable land coupled with increase in building costs. Operating expenses also decreased, due in large part to the decreased activities in 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, 2022.

<u>STATEMENT OF NET POSITION</u>	2022	2021	Variance	% Change
<u>ASSETS</u>				
Current Assets	\$ 10,457,525	\$ 9,804,695	\$ 652,830	6.66%
Capital Assets	29,475,403	30,342,766	(867,363)	-2.86%
Other Non-Current Assets	25,276,908	22,570,134	2,706,774	11.99%
TOTAL ASSETS	65,209,836	62,717,595	2,492,241	3.97%
Deferred Outflows - Pensions	412,923	443,721	(30,798)	-6.94%
TOTAL ASSETS & DEFERRED OUTFLOWS	\$ 65,622,759	\$ 63,161,316	\$ 2,461,443	3.90%
<u>LIABILITIES & NET POSITION</u>				
Current Liabilities	\$ 5,112,911	\$ 4,047,104	\$ 1,065,807	26.34%
Non-Current Liabilities	38,843,939	40,305,625	(1,461,686)	-3.63%
TOTAL LIABILITIES	43,956,850	44,352,729	(395,879)	-0.89%
Deferred Inflows - Pensions	2,416,225	411,080	2,005,145	487.77%
TOTAL LIABILITIES & DEFERRED INFLOWS	46,373,075	44,763,809	1,609,266	3.60%
<u>NET POSITION</u>				
Invested in Capital Assets	11,158,480	10,572,272	586,208	5.54%
Restricted	4,404,151	2,399,933	2,004,218	83.51%
Unrestricted	3,687,053	5,425,302	(1,738,249)	-32.04%
TOTAL NET POSITION	19,249,684	18,397,507	852,177	4.63%
TOTAL NET POSITION	19,249,684	18,397,507	852,177	4.63%
TOTAL LIABILITIES & NET POSITION	\$ 65,622,759	\$ 63,161,316	\$ 2,461,443	3.90%

Kitsap County Consolidated Housing Authority
DBA Housing Kitsap
Management's Discussion and Analysis (continued)
June 30, 2022

Financial Analysis (continued)

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

	2022	2021	Variance	% Change
<u>REVENUES</u>				
Tenant Income	\$ 3,530,509	\$ 4,207,980	\$ (677,471)	-16.10%
Operating Grants	8,293,127	6,757,211	1,535,916	22.73%
Other Income	2,920,836	7,591,774	(4,670,938)	-61.53%
TOTAL OPERATING REVENUE	14,744,472	18,556,965	(3,812,493)	-20.54%
Investment and mortgage interest income	1,018,720	878,949	139,771	15.90%
Deferred gain on sale recognized	570,919	571,750	(831)	-0.15%
Gain (loss) on sale of fixed assets	500	7,500	(7,000)	-93.33%
TOTAL NON-OPERATING REVENUE	1,590,139	1,458,199	131,940	9.05%
GROSS REVENUE	16,334,611	20,015,164	(3,680,553)	-18.39%
<u>EXPENSES</u>				
Administrative	2,554,727	3,677,391	(1,122,664)	-30.53%
Ordinary repairs and maintenance	4,688,459	6,101,230	(1,412,771)	-23.16%
Housing assistance payments	3,194,582	2,727,571	467,011	17.12%
Depreciation	946,447	1,029,555	(83,108)	-8.07%
Other operating expenses	3,152,685	2,518,880	633,805	25.16%
TOTAL OPERATING EXPENSES	14,536,900	16,054,627	(1,517,727)	-9.45%
Interest expense	945,534	1,583,363	(637,829)	-40.28%
Special item - write down of investments	-	257,901	(257,901)	-100.00%
TOTAL NON-OPERATING EXPENSES	945,534	1,841,264	(895,730)	(0)
TOTAL EXPENSES	15,482,434	17,895,891	(2,413,457)	-13.49%
CHANGE IN NET POSITION	852,177	2,119,273	(1,843,214)	-86.97%
Equity Transfers	-	(1,853,627)	1,853,627	-100.00%
Net Position, Beginning of Year	18,397,507	18,131,861	265,646	1.47%
NET POSITION, END OF YEAR	\$ 19,249,684	\$ 18,397,507	\$ 852,177	4.63%

Overall Financial Position and Results of Operations

The Authority's financial position is sound; the fundamental activities of managing affordable and subsidized rental housing, developing first time homeownership opportunities through the Self-Help program, and oversight of the interlocal agreement for voucher administration continue to be the focus of the Authority.

Financial Highlights Primary Government

The Authority's financial position continues to improve as staff continues to work with funding agencies to request appropriate increases in funding and internal accounting staff has improved internal capacity to resolve data inconsistencies that resulted from a challenging software conversion while strengthening oversight of operations to assure continued data reliability.

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 continuing to support the Authority's operations are included as capital assets.

Total principal debt payments made during the year was \$1.15 million. There was \$600 thousand of new borrowings during the year as part of the Self-Help program.

Economic Factors Affecting the Authority's Future

The Authority's HUD based portfolio is relatively small. The Authority has an allocation of 407 Section 8 Housing Choice Vouchers and 136 public housing units. The Authority directly administers. Public Housing and relies on operating subsidy, resident rents, 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. The pandemic caused a delay in processing normal rental increase activities for all of the other affordable housing program rental units the Authority owns and operates.

The Authority owns and provides affordable multi-family and single-family housing throughout Kitsap County. The bulk of the portfolio, approximately 84%, is much more dependent on the local economy and the local real estate market.

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 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 50% of the County's renter households, paying more than 30% of their gross income for housing, and more 25% of owner households. The need for affordable housing for veterans, homeless and special and vulnerable populations is acute. The current cost and availability of land, coupled with increased costs of construction materials contributes to the difficulties in building affordable housing.

Economic Factors Affecting the Authority's Future (continued)

The Authority continues to receive biennial grants from Rural Development ("RD") to continue building new homes under the Self-Help homeownership program. Our decades of successful operation of this program most recently resulted in the award of the 2022 to 2024 grant.

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, 2022

	ASSETS		
	Primary Government	Discretely Presented Component Unit	Total Reporting Entity (Memorandum Only)
Current assets:			
Cash and cash equivalents	\$ 5,344,846	\$ 1,120,543	\$ 6,465,389
Tenant security deposits	245,515	103,194	348,709
Accounts receivable, net	1,698,028	64,304	1,762,332
Notes receivable, current	436,736	-	436,736
Prepaid expenses	268,780	93,826	362,606
Assets held for sale	<u>2,463,620</u>	<u>-</u>	<u>2,463,620</u>
Total current assets	<u>10,457,525</u>	<u>1,381,867</u>	<u>11,839,392</u>
Non-current assets:			
Restricted cash	2,212,498	1,659,883	3,872,381
Notes receivable, non-current	20,850,144	-	20,850,144
Pension asset	2,214,266	-	2,214,266
Other assets	-	3,409	3,409
Capital assets, net	<u>29,475,403</u>	<u>15,469,015</u>	<u>44,944,418</u>
Total non-current assets	<u>54,752,311</u>	<u>17,132,307</u>	<u>71,884,618</u>
Total assets	<u>65,209,836</u>	<u>18,514,174</u>	<u>83,724,010</u>
DEFERRED OUTFLOWS OF RESOURCES			
Washington State P.E.R.S.	<u>412,923</u>	<u>-</u>	<u>412,923</u>
Total deferred outflows of resources	<u>412,923</u>	<u>-</u>	<u>412,923</u>
Total assets and deferred outflows of resources	<u>\$ 65,622,759</u>	<u>\$ 18,514,174</u>	<u>\$ 84,136,933</u>

See accompanying notes to financial statements

KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
STATEMENT OF NET POSITION (continued)
JUNE 30, 2022

LIABILITIES

	<u>Primary Government</u>	<u>Discretely Presented Component Unit</u>	<u>Total Reporting Entity (Memorandum Only)</u>
Current liabilities:			
Accounts payable	\$ 1,243,126	\$ 389,115	\$ 1,632,241
Accrued expenses	7,035	-	7,035
Tenant security deposits	245,515	103,194	348,709
Unearned revenue	255,844	17,588	273,432
Accrued compensated absences, current	188,814	-	188,814
Notes payable, current	1,284,819	345,000	1,629,819
Accrued interest payable	<u>1,887,758</u>	<u>39,655</u>	<u>1,927,413</u>
Total current liabilities	<u>5,112,911</u>	<u>894,552</u>	<u>6,007,463</u>
Non-current liabilities:			
Accrued compensated absences, non-current	62,938	-	62,938
Accrued pension liability	211,090	-	211,090
Notes payable, non-current	38,553,359	15,612,870	54,166,229
Other non-current liabilities	<u>16,552</u>	<u>5,138,089</u>	<u>5,154,641</u>
Total non-current liabilities	<u>38,843,939</u>	<u>20,750,959</u>	<u>59,594,898</u>
Total liabilities	<u>43,956,850</u>	<u>21,645,511</u>	<u>65,602,361</u>

DEFERRED INFLOWS OF RESOURCES

Washington State P.E.R.S.	<u>2,416,225</u>	<u>-</u>	<u>2,416,225</u>
Total deferred inflows of resources	<u>2,416,225</u>	<u>-</u>	<u>2,416,225</u>

NET POSITION

Net position:			
Net investment in capital assets	11,158,480	(488,855)	10,669,625
Restricted	4,404,151	1,659,883	6,064,034
Unrestricted	<u>3,687,053</u>	<u>(4,302,365)</u>	<u>(615,312)</u>
Total net position	<u>19,249,684</u>	<u>(3,131,337)</u>	<u>16,118,347</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 65,622,759</u>	<u>\$ 18,514,174</u>	<u>\$ 84,136,933</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, 2022**

	Primary Government	Discretely Presented Component Unit	Total Reporting Entity (Memorandum Only)
Operating revenues:			
Tenant revenue	\$ 3,530,509	\$ 2,366,896	\$ 5,897,405
HUD operating grants	5,661,106	-	5,661,106
Other government grants	2,632,021	-	2,632,021
Other revenues	<u>2,920,836</u>	<u>20,991</u>	<u>2,941,827</u>
Total operating revenues	<u>14,744,472</u>	<u>2,387,887</u>	<u>17,132,359</u>
Operating expenses:			
Administrative	2,554,727	186,232	2,740,959
Tenant services	53,807	-	53,807
Utilities	965,570	261,546	1,227,116
Ordinary repairs and maintenance	4,688,459	392,791	5,081,250
Protective services	79,156	-	79,156
Insurance	164,190	55,382	219,572
General	1,266,969	14,026	1,280,995
Bad debt	482,046	70,666	552,712
Management fees	140,947	137,404	278,351
Housing assistance payments	3,194,582	-	3,194,582
Depreciation	<u>946,447</u>	<u>452,147</u>	<u>1,398,594</u>
Total operating expenses	<u>14,536,900</u>	<u>1,570,194</u>	<u>16,107,094</u>
Operating income	<u>207,572</u>	<u>817,693</u>	<u>1,025,265</u>
Non-operating revenues (expenses):			
Investment income	162,411	325	162,736
Mortgage interest income	856,309	-	856,309
Interest expense	(945,534)	(875,076)	(1,820,610)
Deferred gain on sale recognized	570,919	-	570,919
Gain on sale of fixed assets	<u>500</u>	<u>-</u>	<u>500</u>
Net non-operating revenues (expenses)	<u>644,605</u>	<u>(874,751)</u>	<u>(230,146)</u>
Change in net position	852,177	(57,058)	795,119
Total net position, beginning of year	<u>18,397,507</u>	<u>(3,074,279)</u>	<u>15,323,228</u>
Total net position, end of year	<u>\$ 19,249,684</u>	<u>\$ (3,131,337)</u>	<u>\$ 16,118,347</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, 2022

	<u>Primary Government</u>
Cash Flows from Operating Activities:	
Cash received from tenants and others	\$ 5,511,039
Cash received from grantors	7,804,818
Cash paid to employees	(2,567,104)
Cash paid to vendors and suppliers	<u>(10,641,235)</u>
Net cash used in operating activities	<u>107,518</u>
Cash Flows from Capital and Related Financing Activities:	
Proceeds from issuance of notes payable	600,000
Principal payments on notes payable	(1,145,892)
Interest paid on notes payable	(955,467)
Purchase of capital assets	(81,541)
Proceeds from sale of capital assets	<u>2,957</u>
Net cash used in capital and related financing activities	<u>(1,579,943)</u>
Cash Flows from Investing Activities:	
Investment income	162,411
Issuance of notes receivable	(261,275)
Collection of notes receivable	714,581
Mortgage interest received	<u>493,711</u>
Net cash provided by investing activities	<u>1,109,428</u>
Net decrease in cash and cash equivalents and restricted cash	(362,997)
Cash and cash equivalents and restricted cash, beginning of year	<u>8,165,856</u>
Cash and cash equivalents and restricted cash, end of year	<u>\$ 7,802,859</u>
Reconciliation of cash and cash equivalents and restricted cash to the Statement of Net Position is as follows:	
Cash and cash equivalents	\$ 5,344,846
Tenant security deposits	245,515
Restricted cash	<u>2,212,498</u>
Cash and cash equivalents and restricted cash, end of year	<u>\$ 7,802,859</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, 2022

	<u>Primary Government</u>
Reconciliation of operating income to net cash used in operating activities:	
Operating income	\$ 207,572
Adjustments to reconcile operating income to net cash used in operating activities:	
Depreciation	946,447
Bad debts on mortgages	482,046
Loan forgiveness	135,000
Changes in operating assets, deferred outflows of resources, liabilities, and deferred inflows of resources:	
Accounts receivable, net	(1,588,001)
Prepaid expenses	(94,082)
Assets held for sale	(37,034)
Other assets	73,947
Deferred outflows of resources	30,798
Accounts payable	773,709
Accrued expenses	(12,377)
Tenant security deposits liability	(1,876)
Unearned revenue	22,040
Accrued compensated absences	49,801
Other liabilities	(63,378)
Accrued pension liability	(2,822,239)
Deferred inflows of resources	<u>2,005,145</u>
Net cash used in operating activities	\$ <u><u>107,518</u></u>

See accompanying notes to financial statements

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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.

KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

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.

On July 1, 2021, the Authority adopted GASB 87, *Leases* ("GASB 87"). GASB 87 increases the transparency and comparability among governmental organizations by requiring the recognition of lease assets and lease liabilities on the statement of net position by lessees and the disclosure of key information about leasing arrangements. For the year ended June 30, 2022, the adoption of GASB 87 did not have a material effect on the financial statements of the Authority.

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.

KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Reporting Entity (continued)

HK Communities, LLC

HK Communities, LLC is a single member limited liability company created on April 8, 2015, primarily to acquire and own limited partnership interests in low-income housing developments. The Authority is the sole 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.

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, Corporate Housing Initiatives III, L.P., assigned its share to HK Communities, LLC.

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 July 2023. On December 31, 2017, the limited partner, Key Community Development Corporation, assigned its share to HK Communities, LLC.

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 July 2023. On December 31, 2017, the limited partner, Key Community Development Corporation, assigned its share to HK Communities, LLC.

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. On December 31, 2019, the limited partner, Enterprise Housing Partners X, assigned its share to HK Communities, LLC.

KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Reporting Entity (continued)

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 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. On December 31, 2019, the limited partner, Enterprise Housing Partners X, assigned its share to HK Communities, LLC.

This report also includes the following discretely presented component unit. The discretely presented component unit is reported in a separate column to emphasize that it is legally separate from the primary government.

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. KA issues separate audited financial statements which are presented as of and for the year ended December 31, 2021.

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.

KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Description of Programs (continued)

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.

CARES Act Funding Programs

During the year ended June 30, 2022, the Authority was awarded CARES Act funding as part of the Public and Indian Housing and Section 8 Housing Choice Vouchers Programs. 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 down payment 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.

KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 are eliminated from the accounts and any related gain or loss is reflected in the Statement of Revenues, Expenses and Changes in Net Position. 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 \$5,000.

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, 2022, 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.

KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Investment in Limited Partnerships (continued)

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.

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 asset/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.

KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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 inflows of resources until that time.

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. Regulated Leases

The Authority is a lessor of residential dwelling units under regulated leases as defined by GASB 87 and as such recognizes rental revenue in accordance with the terms of the lease contract. The leases which are twelve months in length are regulated by HUD as to rent, unit size, household composition and tenant income. For the year ended June 30, 2022, rental revenue earned by the primary government under the aforementioned leases totaled \$3,530,509.

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2022**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

X. 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.

Y. 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.

Z. Economic Dependency

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

AA. 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, 2022, 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 \$7,802,859, and the bank balances approximated \$7,814,272.

<u>Cash Category</u>	<u>Primary Government</u>	<u>Discretely Presented Component Unit</u>	<u>Total Reporting Entity (Memorandum Only)</u>
Unrestricted	\$ 5,344,846	\$ 1,120,543	\$ 6,465,389
Tenant security deposits	245,515	103,194	348,709
Restricted	<u>2,212,498</u>	<u>1,659,883</u>	<u>3,872,381</u>
Total cash and cash equivalents	<u>\$ 7,802,859</u>	<u>\$ 2,883,620</u>	<u>\$ 10,686,479</u>

KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2022

NOTE 2. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH (continued)

Of the primary government's bank balances, \$1,286,736 was covered by federal depository insurance and the remaining \$6,527,536 was collateralized with the pledging financial institutions as of June 30, 2022.

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, 2022, 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, 2022:

<u>Description</u>	<u>Primary Government</u>	<u>Discretely Presented Component Unit</u>	<u>Total Reporting Entity (Memorandum Only)</u>
Accounts receivable - HUD	\$ 229,643	\$ -	\$ 229,643
Accounts receivable - tenants, net	155,281	64,304	219,585
Accounts receivable - other government	838,833	-	838,833
Accounts receivable - miscellaneous	<u>474,271</u>	<u>-</u>	<u>474,271</u>
Total accounts receivable, net	<u>\$ 1,698,028</u>	<u>\$ 64,304</u>	<u>\$ 1,762,332</u>

Accounts Receivable - HUD

As of June 30, 2022, accounts receivable - HUD consisted of amounts due to the Authority for amounts expended under the Public Housing Capital Fund and Section 8 Housing Assistance Payments Programs that have not yet been received. The balance is shown net of an allowance for doubtful accounts of \$230,663.

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 \$424,010.

Accounts Receivable - Other Government

Accounts receivable - other government represents amounts owed to the Authority by other federal agencies and state and local governments. The balance is shown net of an allowance for doubtful accounts of \$293,828.

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.

KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
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NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2022

NOTE 4. RESTRICTED DEPOSITS

As of June 30, 2022, restricted deposits consisted of the following:

<u>Cash Category</u>	<u>Primary Government</u>	<u>Discretely Presented Component Unit</u>	<u>Total Reporting Entity (Memorandum Only)</u>
Housing assistance payment reserves	\$ 46,644	\$ -	\$ 46,644
FSS program escrows	16,552	-	16,552
Operating reserves	543,906	868,622	1,412,528
Replacement reserves	1,582,490	791,261	2,373,751
Debt services reserves	16,845	-	16,845
CARES Act funds	6,061	-	6,061
Tenant security deposits	<u>245,515</u>	<u>103,194</u>	<u>348,709</u>
Total restricted deposits	<u>\$ 2,458,013</u>	<u>\$ 1,763,077</u>	<u>\$ 4,221,090</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 unit 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 unit.

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 Self-Help Homeownership Opportunity Program and Business Activities Fund for refurbishment and sale. As of June 30, 2022, assets held for sale totaled \$2,463,620.

KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
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NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2022

NOTE 5. ASSETS HELD FOR SALE (continued)

The following is a summary of the changes in assets held for sale during the year ended June 30, 2022:

	<u>Amount</u>
Balance at June 30, 2021	\$ 2,426,586
Purchases	1,261,104
Expenditures	612,791
Sales	<u>(1,836,861)</u>
Balance at June 30, 2022	<u>\$ 2,463,620</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, 2022:

Description	June 30, 2021	Additions	Dispositions	Transfers	June 30, 2022
<u>Non-depreciable:</u>					
Land	\$ 11,042,210	\$ -	\$ -	\$ -	\$ 11,042,210
<u>Depreciable:</u>					
Buildings and improvements	41,389,530	-	(180)	-	41,389,350
Furniture and equipment	2,493,396	81,541	(21,056)	-	2,553,881
Subtotal	<u>43,882,926</u>	<u>81,541</u>	<u>(21,236)</u>	<u>-</u>	<u>43,943,231</u>
Less: accumulated depreciation	24,582,370	946,447	(18,779)	-	25,510,038
Net capital assets	<u>\$ 30,342,766</u>	<u>\$ (864,906)</u>	<u>\$ (2,457)</u>	<u>\$ -</u>	<u>\$ 29,475,403</u>

Depreciation expense for the fiscal year ended June 30, 2022 amounted to \$946,447.

The following is a summary of the discretely presented component unit's changes in capital assets during the year ended June 30, 2022:

Description	June 30, 2021	Additions	Dispositions	Transfers	June 30, 2022
<u>Non-depreciable:</u>					
Land	\$ 4,163,353	\$ -	\$ -	\$ -	\$ 4,163,353
Construction in progress	34,662	-	-	(34,662)	-
Subtotal	<u>4,198,015</u>	<u>-</u>	<u>-</u>	<u>(34,662)</u>	<u>4,163,353</u>
<u>Depreciable:</u>					
Buildings and improvements	17,328,650	221,190	-	34,662	17,584,502
Furniture and equipment	172,251	-	-	-	172,251
Subtotal	<u>17,500,901</u>	<u>221,190</u>	<u>-</u>	<u>34,662</u>	<u>17,756,753</u>
Less: accumulated depreciation	5,998,944	452,147	-	-	6,451,091
Net capital assets	<u>\$ 15,699,972</u>	<u>\$ (230,957)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,469,015</u>

Depreciation expense for the fiscal year ended June 30, 2022 amounted to \$452,147.

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
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NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2022**

NOTE 7. NOTES RECEIVABLE

Outstanding notes receivable as of June 30, 2022 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. The properties are pledged as collateral for the notes. Included in the note balance is accrued interest totaling \$4,967,058. The balance is shown net of a deferred gain from the sale of the properties in the amount of \$6,458,418.	\$ 18,522,563
On October 5, 2009, the Authority and the Port of Bremerton entered into an agreement to acquire office space within the Bremerton Government Center. The loan balance is shown net of deferred gain on sale of the building in the amount of \$181,082.	279,462
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, 2022, the Authority had 90 loans outstanding totaling \$1,033,260.	1,033,260
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, 2022, the Authority had 4 loans outstanding totaling \$41,107.	41,107
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, 2022, the Authority had 8 loans outstanding totaling \$167,363.	167,363

KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
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NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2022

NOTE 7. 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, 2022, the Authority had 5 loans outstanding totaling \$60,095.

60,095

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, 2022, the Authority had 9 loans outstanding totaling \$98,012.

98,012

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 required of them in the process 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, 2022, the Authority had 59 loans outstanding totaling \$1,003,388, shown net of an allowance for uncollectable amounts in the amount of \$921,473.

81,915

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 and Community Development Block Grant Program. The loans are to assist low income eligible individuals fund the down payments required 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, 2022, the Authority had 68 loans outstanding totaling \$1,003,103.

1,003,103

Total notes receivable and accrued interest receivable, net	21,286,880
Less: current portion of notes receivable	<u>436,736</u>

Notes receivable and accrued interest receivable, net of current portion	<u><u>\$ 20,850,144</u></u>
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KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
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NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2022

NOTE 8. ACCOUNTS PAYABLE

As of June 30, 2022, accounts payable consisted of the following:

<u>Description</u>	<u>Primary Government</u>	<u>Discretely Presented Component Unit</u>	<u>Total Reporting Entity (Memorandum Only)</u>
Accounts payable - vendors	\$ 1,165,998	\$ 389,115	\$ 1,555,113
Accounts payable - other governments	<u>77,128</u>	<u>-</u>	<u>77,128</u>
Total accounts payable	<u>\$ 1,243,126</u>	<u>\$ 389,115</u>	<u>\$ 1,632,241</u>

Accounts Payable - Vendors

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

Accounts Payable - Other Governments

Accounts payable - other governments represents amounts due and payable to the County for payments in lieu of taxes.

NOTE 9. PAYMENTS IN LIEU OF TAXES

Under Federal, State and Local law, the Authority's programs are exempt from income, property and excise taxes. However, the Authority is required to make a payment in lieu of taxes ("PILOT") for the Authority owned units in accordance with the provisions of its Cooperation Agreement with the County. Under the Cooperation Agreement, the Authority must pay the County the lesser of 10% of its net shelter rent or the approximate full real property taxes. During the fiscal year ended June 30, 2022, the Primary Government incurred PILOT expense in the amount of \$41,928.

NOTE 10. NON-CURRENT LIABILITIES

Non-current liabilities of the primary government as of June 30, 2022 consisted of the following:

<u>Description</u>	<u>June 30, 2021</u>	<u>Additions</u>	<u>Payments/ Retirements</u>	<u>June 30, 2022</u>	<u>Amounts due within one Year</u>
Compensated absences	\$ 201,951	\$ 151,463	\$ (101,662)	\$ 251,752	\$ 188,814
Accrued pension liability	819,063	-	(607,973)	211,090	-
Notes payable	40,419,919	600,000	(1,181,741)	39,838,178	1,284,819
Accrued interest payable	1,861,842	1,371,484	(1,345,568)	1,887,758	1,887,758
FSS escrows	31,995	-	(15,443)	16,552	-
Other miscellaneous liabilities	<u>47,935</u>	<u>-</u>	<u>(47,935)</u>	<u>-</u>	<u>-</u>
Total non-current liabilities	<u>\$ 43,382,705</u>	<u>\$ 2,122,947</u>	<u>\$ (3,300,322)</u>	<u>\$ 42,205,330</u>	<u>\$ 3,361,391</u>

KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
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NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2022

NOTE 10. NON-CURRENT LIABILITIES (continued)

Non-current liabilities of the discretely presented component unit as of June 30, 2022 consisted of the following:

Description	June 30, 2021	Additions	Payments/ Retirements	June 30, 2022	Amounts due within one Year
Notes payable	\$ 16,279,051	\$ -	\$ (321,181)	\$ 15,957,870	\$ 345,000
Accrued interest payable	4,454,519	871,690	(495,250)	4,830,959	39,655
Advances	<u>346,785</u>	<u>-</u>	<u>-</u>	<u>346,785</u>	<u>-</u>
Total non-current liabilities	<u>\$ 21,080,355</u>	<u>\$ 871,690</u>	<u>\$ (816,431)</u>	<u>\$ 21,135,614</u>	<u>\$ 384,655</u>

NOTE 11. NOTES PAYABLE

Notes payable of the primary government consisted of the following as of June 30, 2022:

<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.	\$ 1,441,504
In 2012, the Authority assumed 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.	1,014,442
In 2012, the Authority assumed 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.	241,310
In 2013, the Authority assumed 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.	298,067
In 2013, the Authority assumed 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.	943,996

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
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NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2022**

NOTE 11. NOTES PAYABLE (continued)

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
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.	238,793
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.	85,901
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.	15,524,051
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.	1,020,557
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.	24,466
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.	134,688

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
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NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2022**

NOTE 11. NOTES PAYABLE (continued)

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.	579,913
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.	293,570
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.	896,636
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 July 26, 2018, 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 July 30, 2028, as long as the Authority continues using the funds for eligible purposes. The loan is secured by a deed of trust.	81,024
On December 16, 2021, the Authority entered into a SHOP loan agreement with Community Frameworks in the original amount of \$15,000, to be used for the acquisition and rehabilitation of the Sherman Ridge Project. The loan is interest free and will be forgiven on December 3, 2031, as long as the Authority continues using the funds for eligible purposes. The loan is secured by a deed of trust.	15,000

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
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NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2022**

NOTE 11. NOTES PAYABLE (continued)

On December 21, 2021, the Authority entered into a SHOP loan agreement with Community Frameworks in the original amount of \$135,000, to be used for the acquisition and rehabilitation of the Riverstone Project. The loan is interest free and will be forgiven on December 31, 2031, as long as the Authority continues using the funds for eligible purposes. The loan is secured by a deed of trust.	135,000
On December 21, 2021, the Authority entered into a SHOP loan agreement with Community Frameworks in the original amount of \$60,000, to be used for the acquisition and rehabilitation of the Riverstone Project. The loan is interest free and will be forgiven on December 31, 2031, as long as the Authority continues using the funds for eligible purposes. The loan is secured by a deed of trust.	60,000
On December 21, 2021, the Authority entered into a SHOP loan agreement with Community Frameworks in the original amount of \$120,000, to be used for the acquisition and rehabilitation of the Riverstone Project. The loan is interest free and will be forgiven on December 31, 2031, as long as the Authority continues using the funds for eligible purposes. The loan is secured by a deed of trust.	120,000
On December 21, 2021, the Authority entered into a SHOP loan agreement with Community Frameworks in the original amount of \$150,000, to be used for the acquisition and rehabilitation of the Riverstone Project. The loan is interest free and will be forgiven on December 31, 2031, as long as the Authority continues using the funds for eligible purposes. The loan is secured by a deed of trust.	150,000
On December 21, 2021, the Authority entered into a SHOP loan agreement with Community Frameworks in the original amount of \$120,000, to be used for the acquisition and rehabilitation of the Riverstone Project. The loan is interest free and will be forgiven on December 31, 2031, as long as the Authority continues using the funds for eligible purposes. The loan is secured by a deed of trust.	120,000
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.	275,311
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.	249,081

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
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NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2022**

NOTE 11. NOTES PAYABLE (continued)

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.

278,525

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.

177,763

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.

8,195,000

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.

2,680,000

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 know as Rhododendron Apartments. Principal and interest on the bonds will be payable from, and secured by a pledge of, certain revenues and receipts form 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.

323,712

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
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NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2022**

NOTE 11. NOTES PAYABLE (continued)

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 secured by a deed of trust and a promissory note.	364,682
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 secured by a deed of trust and a promissory note.	42,786
On February 29, 2020, RB entered into a loan extension with Avid Commercial. The original amount of the loan totaled \$850,000. The loan accrues interest at 6.75% and is payable in monthly payments of principal and interest, followed by a balloon payment at maturity. The loan matures on February 29, 2024 and secured by a deed of trust.	553,717
On October 28, 2003, RB entered into a loan agreement with Washington State Department of Commerce in the amount of \$1,041,426 for the construction of low income housing for senior households. The loan is interest free and is payable in monthly payments of principal. The loan matures on June 30, 2044 and is secured by a promissory note and a deed of trust.	705,889
On October 8, 2004, RB entered into a HOME loan agreement with Kitsap County in the amount of \$129,252 for the payoff of a construction line of credit that financed the construction of senior units known as Mitchell Avenue Senior Housing. The loan accrues interest at 1.0%. The terms of the agreement provided for interest deferral until December 31, 2020. The total deferred interest totaling \$19,388 was added to the outstanding principal and is payable in annual payments of principal and interest. The loan matures on December 31, 2053 and is secured by a promissory note and a deed of trust.	141,240
On April 13, 2006, RB entered into a HOME loan agreement with Kitsap County in the amount of \$440,622 for the payoff of a construction line of credit that financed the construction of senior units known as Mitchell Avenue Senior Housing. The loan accrues interest at 1.0%. The terms of the agreement provided for interest deferral until December 31, 2020. The total deferred interest totaling \$66,093 was added to the outstanding principal and is payable in annual payments of principal and interest. The loan matures on December 31, 2054 and is secured by a promissory note and a deed of trust.	482,268
In April 2005, RA entered into a permanent loan with USDA Rural Development in the amount of \$1,000,156, which were used to pay down general partner construction advances. The loan accrues interest at 5.625% and is payable in monthly payments of principal and interest. The loan matures on April 29, 2035 and is non-recourse. That stated interest rate varies from the effective interest rate of 1.0% due to a mortgage interest subsidy provided by Rural Housing Services. The loan is secured by a deed of trust.	896,146

KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
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NOTES TO FINANCIAL STATEMENTS (continued)
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NOTE 11. NOTES PAYABLE (continued)

On May 7, 2004, RA entered into a HOME loan agreement with Washington State Department of Community, Trade and Economic Development in the amount of \$373,929. The loan accrues interest at 1.0% and is payable in monthly payments of principal and interest. The loan matures on May 31, 2054 and is secured by a deed of trust. 259,794

On September 29, 2003, RA entered into a HOME loan agreement with Kitsap County in the amount of \$272,392. The loan accrues interest at 1.0% and is payable in annual payments of principal and interest. The loan matures on December 31, 2055 and is secured by a promissory note and a deed of trust. 268,227

Total long-term debt 39,838,178
Less: current portion 1,284,819

Long-term debt, net of current portion \$ 38,553,359

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
2023	\$ 1,284,819	\$ 1,030,470	\$ 2,315,289
2024	1,273,391	977,382	2,250,773
2025	1,319,668	924,294	2,243,962
2026	1,365,876	871,206	2,237,082
2027	1,412,084	818,118	2,230,202
2028-2032	7,155,476	2,136,179	9,291,655
2033-2037	7,337,394	2,029,864	9,367,258
2038-2042	6,954,702	576,157	7,530,859
2043-2047	4,687,839	21,689	4,709,528
2048-2052	4,826,151	6,369	4,832,520
2053-2056	<u>2,220,778</u>	<u>177</u>	<u>2,220,955</u>
	<u>\$ 39,838,178</u>	<u>\$ 9,391,905</u>	<u>\$ 49,230,083</u>

Accrued interest payable totaled \$1,887,758 as of June 30, 2022. Interest expense for the year ended June 30, 2022 totaled \$945,534.

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NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2022

NOTE 11. NOTES PAYABLE (continued)

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

<u>Loans payable to the Authority as evidenced by a Note Receivable (Note 7):</u>	<u>Amount</u>
KA bonds payable	\$ 8,398,099
KA sponsor loan	<u>7,225,765</u>
Total primary government loans to discretely presented component units	<u>15,623,864</u>
<u>Loans payable to other lenders:</u>	
KA CDBG loan - During 2020, the KA entered into a CDBG loan with Kitsap County Department of Human Services in the amount of \$334,006. The loan incurs simple interest rate of 4% starting March 2020 with no annual payments and a balloon payment for the full balance on March 1, 2049.	<u>334,006</u>
Total long-term debt to other lenders	<u>334,006</u>
Total long-term debt	15,957,870
Less: current portion of long-term debt	<u>345,000</u>
Total long-term debt, net of current portion	<u>\$ 15,612,870</u>

Accrued interest payable totaled \$4,830,959 as of June 30, 2022. Interest expense for the year ended June 30, 2022 totaled \$875,076.

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* as of and for the year ended June 30, 2022:

<u>Account Description</u>	<u>PERS 1</u>	<u>PERS 2/3</u>
Accrued pension (asset) liability	\$ <u>211,090</u>	\$ <u>(2,214,266)</u>
Deferred inflows of resources	\$ <u>234,240</u>	\$ <u>2,181,985</u>
Deferred outflows of resources	\$ <u>98,688</u>	\$ <u>314,235</u>
Pension (benefit) expense	\$ <u>13,351</u>	\$ <u>(531,781)</u>

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.

KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
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NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2022

NOTE 12. PENSION PLAN (continued)

A. State Sponsored Pension Plans (continued)

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

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

The DRS ACFR 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, and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

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

PERS Plan 1

<u>Actual Contribution Rates:</u>	<u>Employer</u>	<u>Employee</u>
PERS Plan 1	7.92%	6.00%
PERS Plan 1 UAAL	4.87%	0.00%
Administrative Fee	<u>0.18%</u>	<u>0.00%</u>
Total	<u>12.86%</u>	<u>6.00%</u>

The Authority's actual contributions to PERS Plan 1 were \$128,754 for the year ended June 30, 2022.

KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
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NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2022

NOTE 12. PENSION PLAN (continued)

B. Public Employees' Retirement System (continued)

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's 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.

Contributions

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

The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2021 were as follows:

PERS Plan 2/3

<u>Actual Contribution Rates:</u>	<u>Employer</u>	<u>Employee</u>
Employee PERS Plan 2	12.97%	7.90%
Employee PERS Plan 3	12.97%	varies

The Authority's actual contributions to the PERS Plan 2/3 were \$210,562 for the year ended June 30, 2022.

KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
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NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2022

NOTE 12. PENSION PLAN (continued)

C. Actuarial Assumptions

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

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

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

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

D. Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.40 percent. To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. 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.

Contributions from plan members and employers are assumed to continue being made at contractually required rates (including PERS 2/3, PERS 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. In selecting this assumption, OSA reviewed the historical experience date, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions ("CMAs") and simulated expected returns the Washington State Investment Board ("WSIB") provided. The CMAs contain three pieces of information (expected annual return, standard deviation of the annual return, and correlations between the annual returns of each asset class with every other asset class) for each class of assets WSIB currently invests in. The WSIB uses the CMAs and their target asset allocation to simulate future investment returns at various future times.

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NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2022

NOTE 12. PENSION PLAN (continued)

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, 2021, are summarized in the table below. The inflation component used to create the table is 2.20 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%	2.20%
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 7.40 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 (6.40 percent) or 1-percentage point higher (8.40 percent) than the current rate.

Authority's proportionate share of the net pension liability	1% Decrease (<u>6.40%</u>)	Discount Rate (<u>7.40%</u>)	1% Increase (<u>8.40%</u>)
PERS 1	\$ <u>359,604</u>	\$ <u>211,090</u>	\$ <u>81,571</u>
PERS 2/3	\$ <u>(630,802)</u>	\$ <u>(2,214,266)</u>	\$ <u>(3,518,251)</u>

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, 2022, the Authority reported a pension asset and pension liability for its proportionate share of the net pension liabilities as follows:

<u>Plan</u>	<u>Pension (Asset) Liability</u>
PERS 1	\$ 211,090
PERS 2/3	<u>(2,214,266)</u>
Total	\$ <u>(2,003,176)</u>

KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
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NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2022

NOTE 12. PENSION PLAN (continued)

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

At June 30, 2022, the Authority's proportionate share of the collective net pension liabilities was as follows:

	<u>Proportionate Share</u> <u>June 30, 2020</u>	<u>Proportionate Share</u> <u>June 30, 2021</u>	<u>Change in Proportion</u>
PERS 1	0.015787%	0.017285%	0.001498%
PERS 2/3	0.020462%	0.022228%	0.001766%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2021 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Non-employer Allocations*.

The collective net pension liability was measured as of June 30, 2021, and the actuarial valuation date on which the total pension liability is based was June 30, 2020, with update procedures used to roll forward the total pension liability to the measurement date.

J. Pension Expense

For the year ended June 30, 2022, the Authority recognized pension expense (benefit) as follows:

<u>Plan</u>	<u>Pension</u> <u>Expense/(Benefit)</u>
PERS 1	\$ 13,351
PERS 2/3	<u>(531,781)</u>
Total	<u>\$ (518,430)</u>

K. Deferred Outflows of Resources and Deferred Inflows of Resources

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

<u>PERS Plan 1</u>	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Net differences between projected and actual investment earnings on pension plan investments	\$ -	\$ 234,240
Contributions subsequent to measurement date	<u>98,688</u>	<u>-</u>
Total PERS Plan 1	<u>\$ 98,688</u>	<u>\$ 234,240</u>

KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
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NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2022

NOTE 12. PENSION PLAN (continued)

K. Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

<u>PERS Plan 2/3</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions	\$ 3,236	\$ 157,250
Differences between expected and actual experience	107,544	27,145
Net differences between projected and actual investment earnings on pension plan investments	-	1,850,607
Changes in proportion and differences between contributions and proportionate share of contributions	34,276	146,983
Contributions subsequent to measurement date	<u>169,179</u>	<u>-</u>
Total PERS Plan 2/3	\$ <u>314,235</u>	\$ <u>2,181,985</u>
Total PERS Plans 1, 2 and 3	\$ <u><u>412,923</u></u>	\$ <u><u>2,416,225</u></u>

Deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date were recognized as a reduction of the net pension liability in the year ended June 30, 2022. 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>
2023	\$ (35,908)	\$ (490,477)
2024	(32,904)	(459,990)
2025	(31,113)	(442,748)
2026	(35,627)	(469,905)
2027	-	(8,440)
Thereafter	<u>-</u>	<u>3,810</u>
	\$ <u><u>(135,552)</u></u>	\$ <u><u>(1,867,750)</u></u>

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, 2022, the Authority estimates that no material liabilities will result from such audits.

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NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2022

NOTE 14. CONDENSED FINANCIAL INFORMATION FOR BLENDED COMPONENT UNITS

	HKC	DIA	LB	VA
Assets:				
Current assets	\$ -	\$ 117,837	\$ 198,439	\$ 572,317
Capital assets, net	-	934,042	984,392	2,172,188
Non-current assets	-	56,481	108,089	352,261
Total assets	-	1,108,360	1,290,920	3,096,766
Liabilities:				
Current liabilities	-	211,577	131,338	406,432
Non-current liabilities	-	776,331	394,465	1,340,658
Total liabilities	-	987,908	525,803	1,747,090
Net Position:				
Net investment in capital assets	-	131,125	576,923	715,535
Restricted	-	56,481	108,089	352,261
Unrestricted	-	(67,154)	80,105	281,880
Net position	\$ -	\$ 120,452	\$ 765,117	\$ 1,349,676
Operating revenues:				
Tenant revenue	\$ -	\$ 132,248	\$ 204,674	\$ 175,070
HUD operating grants	-	-	-	352,199
Other revenues	-	5,337	681	133,126
Total operating revenues	-	137,585	205,355	660,395
Operating expenses:				
Administrative	-	30,194	38,686	87,106
Other expenses	-	52,054	68,774	344,838
Depreciation	-	39,799	47,741	84,823
Total operating expenses	-	122,047	155,201	516,767
Other income (expenses)				
Investment income	-	9	59	142
Interest expense	-	(8,161)	(432)	(94,111)
Net other income (expenses)	-	(8,152)	(373)	(93,969)
Net income (loss)	\$ -	\$ 7,386	\$ 49,781	\$ 49,659

KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
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NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2022

NOTE 14. CONDENSED FINANCIAL INFORMATION FOR BLENDED COMPONENT UNITS (continued)

	HA	RB	RA
Assets:			
Current assets	\$ 407,200	\$ 123,080	\$ 75,881
Capital assets, net	1,658,826	3,085,588	1,385,414
Non-current assets	<u>309,152</u>	<u>80,603</u>	<u>260,864</u>
Total assets	<u>2,375,178</u>	<u>3,289,271</u>	<u>1,722,159</u>
Liabilities:			
Current liabilities	1,028,684	610,537	67,439
Non-current liabilities	<u>1,095,911</u>	<u>1,804,621</u>	<u>1,406,111</u>
Total liabilities	<u>2,124,595</u>	<u>2,415,158</u>	<u>1,473,550</u>
Net Position:			
Net investment in capital assets	428,826	1,202,247	(38,754)
Restricted	309,152	80,603	260,864
Unrestricted	<u>(487,395)</u>	<u>(408,737)</u>	<u>26,499</u>
Net position	<u>\$ 250,583</u>	<u>\$ 874,113</u>	<u>\$ 248,609</u>
Operating revenues:			
Tenant revenue	\$ 233,048	\$ 400,081	\$ 91,593
HUD operating grants	310,995	-	172,886
Other revenues	<u>1,234</u>	<u>8,807</u>	<u>14,597</u>
Total operating revenues	<u>545,277</u>	<u>408,888</u>	<u>279,076</u>
Operating expenses:			
Administrative	56,310	128,912	74,564
Other expenses	543,943	291,124	82,959
Depreciation	<u>64,829</u>	<u>128,136</u>	<u>86,341</u>
Total operating expenses	<u>665,082</u>	<u>548,172</u>	<u>243,864</u>
Other income (expenses)			
Investment income	95	541	134
Interest expense	<u>(76,794)</u>	<u>(60,174)</u>	<u>(84,284)</u>
Net other income (expenses)	<u>(76,699)</u>	<u>(59,633)</u>	<u>(84,150)</u>
Net income (loss)	<u>\$ (196,504)</u>	<u>\$ (198,917)</u>	<u>\$ (48,938)</u>

KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
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NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2022

NOTE 15. RESTRICTED NET POSITION

Restricted net position consists of the following as of June 30, 2022:

<u>Description</u>	<u>Primary Government</u>	<u>Discretely Presented Component Unit</u>	<u>Total Reporting Entity (Memorandum Only)</u>
Housing assistance payments reserves	\$ 46,644	\$ -	\$ 46,644
Operating reserves	543,906	868,622	1,412,528
Replacement reserves	1,582,490	791,261	2,373,751
Debt service reserves	16,845	-	16,845
Pension asset	<u>2,214,266</u>	<u>-</u>	<u>2,214,266</u>
Total restricted net position	<u>\$ 4,404,151</u>	<u>\$ 1,659,883</u>	<u>\$ 6,064,034</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 unit 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 unit.

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 prevent the Authority from defaulting.

The Authority recognizes a pension asset, in accordance with GASB 68, in which employers are required to recognize and report certain amounts associated with their participation in the Washington State PERS (PERS 2/3).

NOTE 16. 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 10, 2023 (the date the financial statements were available to be issued) and determined that the following subsequent events require disclosure:

- On December 5, 2022, Kitsap County approved the forgiveness of the Limited Tax General Obligation Refunding Bond 2013, in the original amount of \$18,217,255.
- On January 1, 2023, the limited partner of Kitsap Apartments 2006, L.P., Enterprise-EHP XVI Investor, assigned their partnership interest to HK Communities, LLC.

**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 unit of the Kitsap County Consolidated Housing Authority DBA Housing Kitsap (the "Authority") as of and for the year ended June 30, 2022, and the related notes to the financial statements, and have issued our report thereon dated March 10, 2023. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component unit of the Authority. The financial statements of the discretely presented component unit were not audited in accordance with *Government Auditing Standards* and accordingly, do not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the discretely presented component unit.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

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 10, 2023
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, 2022. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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, 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; 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with 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 of the Authority's compliance with the compliance requirements referred to above.

Responsibility 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 its federal programs.

Auditors' 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 Authority's compliance based on our audit.

Auditors' Responsibilities for the Audit of Compliance (continued)

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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting 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 judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance, we:

- 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 Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2022-001. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

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, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a significant deficiency.

Report on Internal Control Over Compliance (continued)

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001 to be significant deficiencies.

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

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

Purpose of this Report

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

Novogrudac & Company LLP

March 10, 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, 2022**

<u>Federal Grantor/Program Title</u>	<u>Federal Assistance Listing 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	\$ 3,480,876
Housing Choice Vouchers CARES Act	14.HCC	N/A	<u>115,150</u>
Total Housing Voucher Cluster			3,596,026
Section 8 Project Based Cluster			
Section 8 Housing Assistance Payments Program	14.195	N/A	<u>663,194</u>
Total Section 8 Project Based Cluster			663,194
Public and Indian Housing Program	14.850	N/A	612,422
Public Housing CARES Act	14.PHC	N/A	45,508
Public Housing Capital Fund Program	14.872	N/A	257,527
Passed through the Kitsap County Department of Human Services:			
Community Development Block Grant	14.218	**Multiple	414,076
HOME Investment Partnerships Program	14.239	KC-136-18	16,838
Passed through Community Frameworks:			
Self-Help Homeownership Opportunity Program	14.247	***Multiple	<u>846,024</u>
Total U.S Department of Housing and Urban Development			<u>6,451,615</u>
U.S. Department of Agriculture:			
Rural Rental Housing Loans Program	10.415	N/A	3,089,566
Rural Self-Help Technical Assistance Program	10.420	N/A	<u>799,348</u>
Total U.S Department of Agriculture			<u>3,888,914</u>
Total Expenditures of Federal Awards			<u>\$ 10,340,529</u>

** KC-118-21, KC-138-18, KC-584-21, and KC-244-20

*** HK-14-1, HK-16-2, HK-10-5, HK-13-4, HK-16-3, HK-19-1, and HK-20-1

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, 2022**

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, 2022. 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, 2022 consisted of:

<i>ALN</i>	<i>Program Name</i>	<i>Outstanding Balance at June 30, 2022</i>
14.247	Self-Help Homeownership Program (Mortgage)	\$ <u>846,024</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, 2022 consisted of:

<i>ALN</i>	<i>Program Name</i>	<i>Outstanding Balance at June 30, 2022</i>
10.415	Rural Rental Housing Loans Program (Mortgage)	\$ <u>2,401,021</u>

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
FOR THE YEAR ENDED JUNE 30, 2022**

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, 2022 are provided herein:

	<u>501-19</u>	<u>501-20</u>	<u>501-21</u>	<u>Totals</u>
<u>Budget</u>	\$ <u>343,575</u>	\$ <u>369,024</u>	\$ <u>393,338</u>	\$ <u>1,105,937</u>
<u>Advances:</u>				
Cumulative through 6/30/2021	\$ 308,575	\$ 210,000	\$ -	\$ 518,575
Current Year	<u>35,000</u>	<u>120,000</u>	<u>-</u>	<u>155,000</u>
Cumulative through 6/30/2022	<u>343,575</u>	<u>330,000</u>	<u>-</u>	<u>673,575</u>
<u>Costs:</u>				
Cumulative through 6/30/2021	308,575	210,000	-	518,575
Current Year	<u>35,000</u>	<u>120,000</u>	<u>102,527</u>	<u>257,527</u>
Cumulative through 6/30/2022	<u>343,575</u>	<u>330,000</u>	<u>102,527</u>	<u>776,102</u>
Excess / (Deficiency)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(102,527)</u>	\$ <u>(102,527)</u>

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

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? | No |
| 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? | Yes |
| 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)? | Yes |
| 4. | Identification of major programs: | |

ALN

Name of Federal Program

Housing Voucher Cluster:

14.871

Section 8 Housing Choice Vouchers

14.HCC

Housing Choice Vouchers CARES Act

10.415

Rural Rental Housing Loan 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, 2022**

II. Financial Statement Findings

There were no findings relating to the financial statements which are required to be reported in accordance with *Government Auditing Standards*.

III. Federal Award Findings and Questioned Costs

Finding 2022-001

Federal Agency: U.S. Department of Housing and Urban Development
Federal Program Titles: Section 8 Housing Choice Vouchers Program
Federal Assistance Listing Numbers: 14.871
Noncompliance – E. Eligibility - Tenant Files
Non Compliance Material to the Financial Statements: No
Significant Deficiency in Internal Control over Compliance for Eligibility

Criteria: Tenant Files. The PHA must do the following: As a condition of admission or continued occupancy, require the tenant and other family member to provide necessary information, documentation, and releases for the PHA to verify income eligibility (24 CFR sections 5.230, 5.609, and 982.516). These files are required to be maintained and available for examination at the time of audit.

Condition: Based upon inspection of the Authority's files and on discussion with management, there were documents that were unavailable for examination at the time of audit.

Context: Of a sample size of twenty-eight (28) tenant files, the following information was unavailable for examination at the time of audit:

- Verification of income and assets was missing in one (1) file

Our sample size is statistically valid.

Known Questioned Costs: \$10,978

Cause: There is a significant deficiency in internal controls over the compliance for the eligibility type of compliance related to the maintenance of tenant files. The Authority has not properly considered, designed, implemented, maintained and monitored a system of internal controls that reasonably assures the program is in compliance.

Effect: The Section 8 Housing Choice Vouchers program is in non-compliance with the eligibility type of compliance related to the maintenance of tenant files.

Recommendation: We recommend the Authority design and implement internal control procedures that will reasonably assure compliance with the Uniform Guidance and the compliance supplement.

Authority Response: The Authority has an interlocal agreement with a neighboring housing authority for administration of the Section 8 Housing Choice Vouchers Program. It is the Authority's responsibility to monitor the agreements and verify adequate processing of compliance activities. The neighboring housing authority suffered a significant technical issue during the period of the effective date for the one file that did not have adequate documentation, which may have been a factor. The Authority intends to bring the Section 8 Housing Choice Vouchers Program back "in-house" soon, so it can better control administration of this significant program. In the interim, however, the Authority will be conducting quality control reviews monthly of a percentage of the Authority's Section 8 Housing Choice Voucher Program participant files (in addition to the quality control reviews already being performed by the neighboring housing authority) to better monitor adequacy with compliance requirements.

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
FOR THE YEAR ENDED JUNE 30, 2022**

IV. Schedule of Prior Year Federal Audit Findings

There were no findings or questioned costs in the prior year.

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY*
FOR THE YEAR ENDED JUNE 30, 2022**

	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
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>	<u>0.015787%</u>	<u>0.017285%</u>
Employer's proportionate share of the net pension (asset) 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>	\$ <u>557,366</u>	\$ <u>211,090</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>	\$ <u>2,655,526</u>	\$ <u>2,665,234</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>	<u>20.99 %</u>	<u>7.92 %</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>	<u>68.64 %</u>	<u>88.74 %</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)

See Report of Independent Auditors.

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY* (continued)
FOR THE YEAR ENDED JUNE 30, 2022**

	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
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>	<u>0.020462%</u>	<u>0.022228%</u>
Employer's proportionate share of the net pension (asset) 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>	\$ <u>261,697</u>	\$ <u>(2,214,266)</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>	\$ <u>2,655,526</u>	\$ <u>2,665,234</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>	<u>9.85 %</u>	<u>(83.08)%</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>	<u>97.22 %</u>	<u>120.29 %</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)

See Report of Independent Auditors.

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
SCHEDULE OF EMPLOYER CONTRIBUTIONS*
FOR THE YEAR ENDED JUNE 30, 2022**

	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
PERS #1								
Statutorily required contribution	\$ 109,735	\$ 104,350	\$ 126,311	\$ 131,749	\$ 139,496	\$ 122,382	\$ 114,414	\$ 128,754
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>	<u>114,414</u>	<u>128,754</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <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>	<u>2,655,526</u>	<u>2,665,234</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>	<u>4.31 %</u>	<u>4.83 %</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)

See Report of Independent Auditors.

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
SCHEDULE OF EMPLOYER CONTRIBUTIONS* (continued)
FOR THE YEAR ENDED JUNE 30, 2022**

	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
PERS #2/3								
Statutorily required contribution	\$ 131,971	\$ 126,833	\$ 160,270	\$ 172,074	\$ 205,701	\$ 180,271	\$ 188,504	\$ 210,562
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>	<u>188,504</u>	<u>210,562</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <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>	\$ <u>2,655,526</u>	\$ <u>2,665,234</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>	<u>7.10 %</u>	<u>7.90 %</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)

See Report of Independent Auditors.

Kitsap Consolidated Housing Authority (WA036)

Silverdale, WA

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2022

	Project Total	14.218 Community Development Block Grants/Entitlement Grants	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	1 Business Activities
111 Cash - Unrestricted	\$2,089,362	\$576,721	\$1,120,543	\$21,376	\$84,761
112 Cash - Restricted - Modernization and Development					
113 Cash - Other Restricted	\$6,204		\$1,659,883	\$1,167,450	\$157,744
114 Cash - Tenant Security Deposits	\$38,690		\$103,194	\$69,819	\$49,787
115 Cash - Restricted for Payment of Current Liabilities					
100 Total Cash	\$2,134,256	\$576,721	\$2,883,620	\$1,258,645	\$292,292
121 Accounts Receivable - PHA Projects					
122 Accounts Receivable - HUD Other Projects	\$102,527			\$353,697	
124 Accounts Receivable - Other Government		\$166,749		\$15,419	\$321,351
125 Accounts Receivable - Miscellaneous				\$13,613	\$499,264
126 Accounts Receivable - Tenants	\$48,716		\$181,803	\$307,394	\$36,729
126.1 Allowance for Doubtful Accounts - Tenants	-\$30,918		-\$117,499	-\$212,483	-\$6,035
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	-\$226,581	-\$38,606
127 Notes, Loans, & Mortgages Receivable - Current					\$640,587
128 Fraud Recovery					
128.1 Allowance for Doubtful Accounts - Fraud					
129 Accrued Interest Receivable					
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$120,325	\$166,749	\$64,304	\$251,059	\$1,453,290
131 Investments - Unrestricted					
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability					
142 Prepaid Expenses and Other Assets	\$58,378		\$93,826	\$33,139	\$127,850
143 Inventories					
143.1 Allowance for Obsolete Inventories					
144 Inter Program Due From	\$0			\$1,119,361	\$397,325
145 Assets Held for Sale					\$491,763
150 Total Current Assets	\$2,312,959	\$743,470	\$3,041,750	\$2,662,204	\$2,762,520
161 Land	\$1,223,718		\$4,163,353	\$1,676,087	\$6,656,257
162 Buildings	\$7,319,213		\$17,584,502	\$16,573,815	\$6,747,038
163 Furniture, Equipment & Machinery - Dwellings	\$423,967	\$3,081	\$172,251	\$507,103	\$1,165,711
164 Furniture, Equipment & Machinery - Administration	\$122,175				\$162,353
165 Leasehold Improvements	\$1,299,814			\$586,099	\$1,779,629
166 Accumulated Depreciation	-\$7,585,954	-\$575	-\$6,451,091	-\$9,122,654	-\$5,061,949
167 Construction in Progress					
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	\$2,802,933	\$2,506	\$15,469,015	\$10,220,450	\$11,449,039
171 Notes, Loans and Mortgages Receivable - Non-Current		\$372,525			\$22,130,692
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due					
173 Grants Receivable - Non Current					
174 Other Assets	\$231,973		\$3,409		\$1,362,408
176 Investments in Joint Ventures					\$99,811
180 Total Non-Current Assets	\$3,034,906	\$375,031	\$15,472,424	\$10,220,450	\$35,041,950
200 Deferred Outflow of Resources	\$43,259				\$254,065
290 Total Assets and Deferred Outflow of Resources	\$5,391,124	\$1,118,501	\$18,514,174	\$12,882,654	\$38,058,535

Kitsap Consolidated Housing Authority (WA036)

Silverdale, WA

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2022

	Project Total	14.218 Community Development Block Grants/Entitlement Grants	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	1 Business Activities
311 Bank Overdraft					
312 Accounts Payable <= 90 Days	\$42,607	\$43,827	\$389,115	\$143,490	\$321,455
313 Accounts Payable >90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable				\$7,035	
322 Accrued Compensated Absences - Current Portion					\$188,814
324 Accrued Contingency Liability					
325 Accrued Interest Payable			\$39,655	\$55,099	\$1,870,205
331 Accounts Payable - HUD PHA Programs					
332 Account Payable - PHA Projects					
333 Accounts Payable - Other Government	\$77,128				
341 Tenant Security Deposits	\$38,690		\$103,194	\$69,819	\$49,787
342 Unearned Revenue	\$72,308		\$17,588	\$118,567	\$25,487
344 Current Portion of Long-term Debt - Operating Borrowings			\$345,000	\$386,451	\$352,356
344 Current Portion of Long-term Debt - Operating Borrowings					\$579,787
345 Other Current Liabilities					
346 Accrued Liabilities - Other					
347 Inter Program - Due To	\$84,118	\$344,138		\$1,675,546	\$656,660
348 Loan Liability - Current					
310 Total Current Liabilities	\$314,851	\$387,965	\$894,552	\$2,456,007	\$4,044,551
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue			\$15,612,870	\$6,818,097	\$6,266,964
352 Long-term Debt, Net of Current - Operating Borrowings					\$23,316,816
353 Non-current Liabilities - Other	\$6,204		\$5,138,089		
354 Accrued Compensated Absences - Non Current					\$62,938
355 Loan Liability - Non Current					
356 FASB 5 Liabilities					
357 Accrued Pension and OPEB Liabilities	\$22,114				\$129,881
350 Total Non-Current Liabilities	\$28,318	\$0	\$20,750,959	\$6,818,097	\$29,776,599
300 Total Liabilities	\$343,169	\$387,965	\$21,645,511	\$9,274,104	\$33,821,150
400 Deferred Inflow of Resources	\$253,131				\$1,486,669
508.4 Net Investment in Capital Assets	\$2,802,933	\$2,506	-\$488,855	\$3,015,902	\$4,880,000
511.4 Restricted Net Position	\$231,973		\$1,659,883	\$1,167,450	\$1,520,152
512.4 Unrestricted Net Position	\$1,759,918	\$728,030	-\$4,302,365	-\$574,802	-\$3,649,436
513 Total Equity - Net Assets / Position	\$4,794,824	\$730,536	-\$3,131,337	\$3,608,550	\$2,750,716
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$5,391,124	\$1,118,501	\$18,514,174	\$12,882,654	\$38,058,535

Kitsap Consolidated Housing Authority (WA036)

Silverdale, WA

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2022

	5 Fiduciary	14.239 HOME Investment Partnerships Program	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	10.420 Rural Self- Help Housing Technical Assistance
111 Cash - Unrestricted	\$287,625	\$97,808	\$539,547		\$1,025,317
112 Cash - Restricted - Modernization and Development					
113 Cash - Other Restricted			\$56,992	\$6,061	
114 Cash - Tenant Security Deposits					
115 Cash - Restricted for Payment of Current Liabilities			\$0		
100 Total Cash	\$287,625	\$97,808	\$596,539	\$6,061	\$1,025,317
121 Accounts Receivable - PHA Projects					
122 Accounts Receivable - HUD Other Projects					
124 Accounts Receivable - Other Government		\$16,838			\$190,780
125 Accounts Receivable - Miscellaneous			\$0		\$0
126 Accounts Receivable - Tenants					
126.1 Allowance for Doubtful Accounts - Tenants		\$0			
126.2 Allowance for Doubtful Accounts - Other		\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current					
128 Fraud Recovery					
128.1 Allowance for Doubtful Accounts - Fraud					
129 Accrued Interest Receivable					
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$16,838	\$0	\$0	\$190,780
131 Investments - Unrestricted					
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability					
142 Prepaid Expenses and Other Assets			\$786		\$171
143 Inventories					
143.1 Allowance for Obsolete Inventories					
144 Inter Program Due From			\$0		\$1,017,604
145 Assets Held for Sale					
150 Total Current Assets	\$287,625	\$114,646	\$597,325	\$6,061	\$2,233,872
161 Land					
162 Buildings					\$1,000
163 Furniture, Equipment & Machinery - Dwellings			\$372		\$57,090
164 Furniture, Equipment & Machinery - Administration					
165 Leasehold Improvements					
166 Accumulated Depreciation			-\$372		-\$50,030
167 Construction in Progress					
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$0	\$0	\$0	\$8,060
171 Notes, Loans and Mortgages Receivable - Non-Current		\$772,588			
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due					
173 Grants Receivable - Non Current					
174 Other Assets					\$469,937
176 Investments in Joint Ventures					
180 Total Non-Current Assets	\$0	\$772,588	\$0	\$0	\$477,997
200 Deferred Outflow of Resources					\$87,636
290 Total Assets and Deferred Outflow of Resources	\$287,625	\$887,234	\$597,325	\$6,061	\$2,799,505

Kitsap Consolidated Housing Authority (WA036)

Silverdale, WA

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2022

	5 Fiduciary	14.239 HOME Investment Partnerships Program	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	10.420 Rural Self- Help Housing Technical Assistance
311 Bank Overdraft					
312 Accounts Payable <= 90 Days	\$143,227	\$31,948	\$12,796		
313 Accounts Payable >90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable					
322 Accrued Compensated Absences - Current Portion					
324 Accrued Contingency Liability					
325 Accrued Interest Payable					
331 Accounts Payable - HUD PHA Programs					
332 Account Payable - PHA Projects					
333 Accounts Payable - Other Government					
341 Tenant Security Deposits					
342 Unearned Revenue				\$6,061	\$0
344 Current Portion of Long-term Debt - Operating Borrowings					
344 Current Portion of Long-term Debt - Operating Borrowings					
345 Other Current Liabilities					
346 Accrued Liabilities - Other					
347 Inter Program - Due To		\$63,969			
348 Loan Liability - Current					
310 Total Current Liabilities	\$143,227	\$95,917	\$12,796	\$6,061	\$0
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue					\$0
352 Long-term Debt, Net of Current - Operating Borrowings					
353 Non-current Liabilities - Other			\$10,348		
354 Accrued Compensated Absences - Non Current					
355 Loan Liability - Non Current					
356 FASB 5 Liabilities					
357 Accrued Pension and OPEB Liabilities					\$44,800
350 Total Non-Current Liabilities	\$0	\$0	\$10,348	\$0	\$44,800
300 Total Liabilities	\$143,227	\$95,917	\$23,144	\$6,061	\$44,800
400 Deferred Inflow of Resources					\$512,800
508.4 Net Investment in Capital Assets					\$8,060
511.4 Restricted Net Position			\$46,644		\$469,937
512.4 Unrestricted Net Position	\$144,398	\$791,317	\$527,537	\$0	\$1,763,908
513 Total Equity - Net Assets / Position	\$144,398	\$791,317	\$574,181	\$0	\$2,241,905
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$287,625	\$887,234	\$597,325	\$6,061	\$2,799,505

Kitsap Consolidated Housing Authority (WA036)

Silverdale, WA

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2022

	14.247 Self-Help Homeownership Opportunity Program	10.415 Rural Rental Housing Loans	14.PHC Public Housing CARES Act Funding	ELIM	Total
111 Cash - Unrestricted	\$574,954	\$47,375			\$6,465,389
112 Cash - Restricted - Modernization and Development					
113 Cash - Other Restricted		\$818,047			\$3,872,381
114 Cash - Tenant Security Deposits		\$87,219			\$348,709
115 Cash - Restricted for Payment of Current Liabilities					\$0
100 Total Cash	\$574,954	\$952,641	\$0	\$0	\$10,686,479
121 Accounts Receivable - PHA Projects					
122 Accounts Receivable - HUD Other Projects					\$456,224
124 Accounts Receivable - Other Government		\$194,267			\$905,404
125 Accounts Receivable - Miscellaneous					\$512,877
126 Accounts Receivable - Tenants		\$31,023			\$605,665
126.1 Allowance for Doubtful Accounts - Tenants		-\$19,145			-\$386,080
126.2 Allowance for Doubtful Accounts - Other		-\$66,571			-\$331,758
127 Notes, Loans, & Mortgages Receivable - Current				-\$203,851	\$436,736
128 Fraud Recovery					
128.1 Allowance for Doubtful Accounts - Fraud					
129 Accrued Interest Receivable					
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$139,574	\$0	-\$203,851	\$2,199,068
131 Investments - Unrestricted					
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability					
142 Prepaid Expenses and Other Assets	\$305	\$48,151			\$362,606
143 Inventories					
143.1 Allowance for Obsolete Inventories					
144 Inter Program Due From	\$924,228	\$967		-\$3,459,485	\$0
145 Assets Held for Sale	\$1,971,857				\$2,463,620
150 Total Current Assets	\$3,471,344	\$1,141,333	\$0	-\$3,663,336	\$15,711,773
161 Land		\$1,486,148			\$15,205,563
162 Buildings		\$6,750,834			\$54,976,402
163 Furniture, Equipment & Machinery - Dwellings		\$112,029			\$2,441,604
164 Furniture, Equipment & Machinery - Administration					\$284,528
165 Leasehold Improvements		\$331,908			\$3,997,450
166 Accumulated Depreciation		-\$3,688,504			-\$31,961,129
167 Construction in Progress					
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$4,992,415	\$0	\$0	\$44,944,418
171 Notes, Loans and Mortgages Receivable - Non-Current	\$0			-\$2,523,672	\$20,752,133
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due	\$98,011				\$98,011
173 Grants Receivable - Non Current					
174 Other Assets		\$149,948			\$2,217,675
176 Investments in Joint Ventures				-\$99,811	\$0
180 Total Non-Current Assets	\$98,011	\$5,142,363	\$0	-\$2,623,483	\$68,012,237
200 Deferred Outflow of Resources		\$27,963			\$412,923
290 Total Assets and Deferred Outflow of Resources	\$3,569,355	\$6,311,659	\$0	-\$6,286,819	\$84,136,933

Kitsap Consolidated Housing Authority (WA036)

Silverdale, WA

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2022

	14.247 Self-Help Homeownership Opportunity Program	10.415 Rural Rental Housing Loans	14.PHC Public Housing CARES Act Funding	ELIM	Total
311 Bank Overdraft					
312 Accounts Payable <= 90 Days	\$403,768	\$22,880			\$1,555,113
313 Accounts Payable >90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable					\$7,035
322 Accrued Compensated Absences - Current Portion					\$188,814
324 Accrued Contingency Liability					
325 Accrued Interest Payable		\$3,324		-\$40,870	\$1,927,413
331 Accounts Payable - HUD PHA Programs					
332 Account Payable - PHA Projects					
333 Accounts Payable - Other Government					\$77,128
341 Tenant Security Deposits		\$87,219			\$348,709
342 Unearned Revenue		\$33,421			\$273,432
344 Current Portion of Long-term Debt - Operating Borrowings		\$216,309		-\$250,084	\$1,050,032
344 Current Portion of Long-term Debt - Operating Borrowings					\$579,787
345 Other Current Liabilities					
346 Accrued Liabilities - Other					
347 Inter Program - Due To		\$635,054		-\$3,459,485	\$0
348 Loan Liability - Current					
310 Total Current Liabilities	\$403,768	\$998,207	\$0	-\$3,750,439	\$6,007,463
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$585,000	\$3,742,027		-\$2,436,569	\$30,588,389
352 Long-term Debt, Net of Current - Operating Borrowings	\$261,024				\$23,577,840
353 Non-current Liabilities - Other					\$5,154,641
354 Accrued Compensated Absences - Non Current					\$62,938
355 Loan Liability - Non Current					
356 FASB 5 Liabilities					
357 Accrued Pension and OPEB Liabilities		\$14,295			\$211,090
350 Total Non-Current Liabilities	\$846,024	\$3,756,322	\$0	-\$2,436,569	\$59,594,898
300 Total Liabilities	\$1,249,792	\$4,754,529	\$0	-\$6,187,008	\$65,602,361
400 Deferred Inflow of Resources		\$163,625			\$2,416,225
508.4 Net Investment in Capital Assets	-\$585,000	\$1,034,079			\$10,669,625
511.4 Restricted Net Position		\$967,995			\$6,064,034
512.4 Unrestricted Net Position	\$2,904,563	-\$608,569	\$0	-\$99,811	-\$615,312
513 Total Equity - Net Assets / Position	\$2,319,563	\$1,393,505	\$0	-\$99,811	\$16,118,347
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$3,569,355	\$6,311,659	\$0	-\$6,286,819	\$84,136,933

Kitsap County Consolidated Housing Authority (WA036)

Silverdale, WA

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 06/30/2022

	Project Total	14.218 Community Development Block Grants/Entitlement Grants	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	1 Business Activities
70300 Net Tenant Rental Revenue	\$609,874		\$2,366,896	\$1,224,414	\$1,134,885
70400 Tenant Revenue - Other	\$434			\$12,300	\$5,041
70500 Total Tenant Revenue	\$610,308	\$0	\$2,366,896	\$1,236,714	\$1,139,926
70600 HUD PHA Operating Grants	\$869,949	\$414,076		\$663,194	
70610 Capital Grants					
70710 Management Fee					
70720 Asset Management Fee					
70730 Book Keeping Fee					
70740 Front Line Service Fee					
70750 Other Fees					
70700 Total Fee Revenue					
70800 Other Government Grants				\$172,886	\$971,242
71100 Investment Income - Unrestricted	\$300		\$325	\$979	\$159,202
71200 Mortgage Interest Income				\$1	\$856,308
71300 Proceeds from Disposition of Assets Held for Sale					\$71,208
71310 Cost of Sale of Assets					\$3,217
71400 Fraud Recovery					
71500 Other Revenue	\$52,930	\$1,537	\$20,991	\$163,782	\$1,372,253
71600 Gain or Loss on Sale of Capital Assets					\$500
72000 Investment Income - Restricted					
70000 Total Revenue	\$1,533,487	\$415,613	\$2,388,212	\$2,237,556	\$4,567,422
91100 Administrative Salaries	\$259,821	\$68,951	\$135,114	\$207,748	\$935,821
91200 Auditing Fees			\$17,500	\$63,700	\$133,684
91300 Management Fee			\$137,404	\$0	\$52,771
91310 Book-keeping Fee					
91400 Advertising and Marketing	\$827	\$73	\$380	\$810	\$6,351
91500 Employee Benefit contributions - Administrative	\$13,948	\$26,542		\$65,105	-\$183,831
91600 Office Expenses	\$6,403	\$1,960	\$4,382	\$12,732	\$197,007
91700 Legal Expense	\$8,891	\$3,369		\$1,008	\$15,729
91800 Travel	\$582	\$7		\$3,293	\$977
91810 Allocated Overhead				\$36,279	
91900 Other	\$29,725	\$3,803	\$28,856	\$25,097	\$171,744
91000 Total Operating - Administrative	\$320,197	\$104,705	\$323,636	\$415,772	\$1,330,253
92000 Asset Management Fee					
92100 Tenant Services - Salaries					
92200 Relocation Costs					
92300 Employee Benefit Contributions - Tenant Services					
92400 Tenant Services - Other	\$19,137	\$17,552		\$12,133	\$1,746
92500 Total Tenant Services	\$19,137	\$17,552	\$0	\$12,133	\$1,746

Kitsap County Consolidated Housing Authority (WA036)

Silverdale, WA

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 06/30/2022

	Project Total	14.218 Community Development Block Grants/Entitlement Grants	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	1 Business Activities
93100 Water	\$60,271	\$69	\$73,421	\$106,578	\$30,842
93200 Electricity	\$15,138	\$139	\$22,434	\$76,883	\$33,564
93300 Gas	\$834	\$47	\$1,232	\$1,266	\$8,189
93400 Fuel					
93500 Labor					
93600 Sewer	\$122,261	\$51	\$164,459	\$214,079	\$151,801
93700 Employee Benefit Contributions - Utilities					
93800 Other Utilities Expense					
93000 Total Utilities	\$198,504	\$306	\$261,546	\$398,806	\$224,396
94100 Ordinary Maintenance and Operations - Labor	\$126,785	\$354	\$184,163	\$135,565	\$70,717
94200 Ordinary Maintenance and Operations - Materials and Other	\$84,770	\$3,063	\$64,455	\$125,443	\$57,693
94300 Ordinary Maintenance and Operations Contracts	\$120,354	\$307	\$103,964	\$193,847	\$63,658
94500 Employee Benefit Contributions - Ordinary Maintenance	\$86,470	\$126	\$40,209	\$102,605	\$45,848
94000 Total Maintenance	\$418,379	\$3,850	\$392,791	\$557,460	\$237,916
95100 Protective Services - Labor					
95200 Protective Services - Other Contract Costs	\$6,258	\$32		\$37,120	\$13,739
95300 Protective Services - Other					
95500 Employee Benefit Contributions - Protective Services					
95000 Total Protective Services	\$6,258	\$32	\$0	\$37,120	\$13,739
96110 Property Insurance	\$30,232	\$458	\$55,382	\$66,880	\$37,979
96120 Liability Insurance					
96130 Workmen's Compensation					
96140 All Other Insurance	\$124			\$32	\$43
96100 Total Insurance Premiums	\$30,356	\$458	\$55,382	\$66,912	\$38,022
96200 Other General Expenses	\$7,506	\$156,835	\$14,026	\$1,892	\$877,669
96210 Compensated Absences					\$49,802
96300 Payments in Lieu of Taxes	\$41,928				
96400 Bad debt - Tenant Rents			\$70,666	\$235,155	
96500 Bad debt - Mortgages		\$142,700			\$31,803
96600 Bad debt - Other					
96800 Severance Expense					
96000 Total Other General Expenses	\$49,434	\$299,535	\$84,692	\$237,047	\$959,274
96710 Interest of Mortgage (or Bonds) Payable			\$875,076	\$323,956	\$373,785
96720 Interest on Notes Payable (Short and Long Term)					
96730 Amortization of Bond Issue Costs					
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$875,076	\$323,956	\$373,785
96900 Total Operating Expenses	\$1,042,265	\$426,438	\$1,993,123	\$2,049,206	\$3,179,131

Kitsap County Consolidated Housing Authority (WA036)

Silverdale, WA

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 06/30/2022

	Project Total	14.218 Community Development Block Grants/Entitlement Grants	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	1 Business Activities
97000 Excess of Operating Revenue over Operating Expenses	\$491,222	-\$10,825	\$395,089	\$188,350	\$1,388,291
97100 Extraordinary Maintenance	\$35,475	\$24		\$74,214	\$6,740
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments					
97350 HAP Portability-In					
97400 Depreciation Expense	\$137,231	\$513	\$452,147	\$451,669	\$175,350
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	\$1,214,971	\$426,975	\$2,445,270	\$2,575,089	\$3,361,221
10010 Operating Transfer In	\$153,306	\$1,332,299			\$2,056,067
10020 Operating transfer Out	-\$153,306	-\$1,214,670			-\$3,627,566
10030 Operating Transfers from/to Primary Government					
10040 Operating Transfers from/to Component Unit					
10050 Proceeds from Notes, Loans and Bonds					
10060 Proceeds from Property Sales					
10070 Extraordinary Items, Net Gain/Loss					
10080 Special Items (Net Gain/Loss)					
10091 Inter Project Excess Cash Transfer In					
10092 Inter Project Excess Cash Transfer Out					
10093 Transfers between Program and Project - In					
10094 Transfers between Project and Program - Out					
10100 Total Other financing Sources (Uses)	\$0	\$117,629	\$0	\$0	-\$1,571,499
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$318,516	\$106,267	-\$57,058	-\$337,533	-\$365,298
11020 Required Annual Debt Principal Payments	\$0	\$0	\$330,000	\$123,044	\$619,284
11030 Beginning Equity	\$4,476,308	\$641,061	-\$3,074,279	\$3,934,529	\$3,119,128
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors		-\$16,792		\$11,554	-\$3,114
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	1620	0	2412	2700	2268
11210 Number of Unit Months Leased	1556	0	2305	2475	2106

Kitsap County Consolidated Housing Authority (WA036)

Silverdale, WA

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 06/30/2022

	5 Fiduciary	14.239 HOME Investment Partnerships Program	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	10.420 Rural Self- Help Housing Technical Assistance
70300 Net Tenant Rental Revenue					
70400 Tenant Revenue - Other					
70500 Total Tenant Revenue	\$0	\$0	\$0	\$0	\$0
70600 HUD PHA Operating Grants		\$16,838	\$3,536,391	\$115,150	
70610 Capital Grants					
70710 Management Fee					
70720 Asset Management Fee					
70730 Book Keeping Fee					
70740 Front Line Service Fee					
70750 Other Fees					
70700 Total Fee Revenue					
70800 Other Government Grants					\$799,348
71100 Investment Income - Unrestricted	\$693		\$966		\$5
71200 Mortgage Interest Income					
71300 Proceeds from Disposition of Assets Held for Sale					
71310 Cost of Sale of Assets					
71400 Fraud Recovery					
71500 Other Revenue	\$2,608,335	\$53,825	\$865		\$3,423
71600 Gain or Loss on Sale of Capital Assets					
72000 Investment Income - Restricted					
70000 Total Revenue	\$2,609,028	\$70,663	\$3,538,222	\$115,150	\$802,776
91100 Administrative Salaries		\$1,992	\$366		\$322,495
91200 Auditing Fees					\$34,111
91300 Management Fee			\$0		
91310 Book-keeping Fee					
91400 Advertising and Marketing		\$9			\$1,152
91500 Employee Benefit contributions - Administrative		\$576	\$120		-\$68,021
91600 Office Expenses		\$149			\$12,500
91700 Legal Expense		\$22			\$4,501
91800 Travel					\$405
91810 Allocated Overhead					
91900 Other		\$284	\$285,236		\$19,955
91000 Total Operating - Administrative	\$0	\$3,032	\$285,722	\$0	\$327,098
92000 Asset Management Fee					
92100 Tenant Services - Salaries					
92200 Relocation Costs					
92300 Employee Benefit Contributions - Tenant Services					
92400 Tenant Services - Other		\$1			\$3,238
92500 Total Tenant Services	\$0	\$1	\$0	\$0	\$3,238

Kitsap County Consolidated Housing Authority (WA036)

Silverdale, WA

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 06/30/2022

	5 Fiduciary	14.239 HOME Investment Partnerships Program	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	10.420 Rural Self- Help Housing Technical Assistance
93100 Water		\$8			\$241
93200 Electricity		\$16			\$482
93300 Gas		\$5			\$161
93400 Fuel					
93500 Labor					
93600 Sewer		\$5			\$179
93700 Employee Benefit Contributions - Utilities					
93800 Other Utilities Expense					
93000 Total Utilities	\$0	\$34	\$0	\$0	\$1,063
94100 Ordinary Maintenance and Operations - Labor		\$41			\$198,816
94200 Ordinary Maintenance and Operations - Materials and Other	\$2,691,229	\$40			\$16,963
94300 Ordinary Maintenance and Operations Contracts		\$114			\$1,061
94500 Employee Benefit Contributions - Ordinary Maintenance		\$15			\$73,089
94000 Total Maintenance	\$2,691,229	\$210	\$0	\$0	\$289,929
95100 Protective Services - Labor					
95200 Protective Services - Other Contract Costs		\$4			\$113
95300 Protective Services - Other					
95500 Employee Benefit Contributions - Protective Services					
95000 Total Protective Services	\$0	\$4	\$0	\$0	\$113
96110 Property Insurance		\$53	\$572		\$2,339
96120 Liability Insurance					
96130 Workmen's Compensation					
96140 All Other Insurance					
96100 Total Insurance Premiums	\$0	\$53	\$572	\$0	\$2,339
96200 Other General Expenses				\$115,150	\$2,334
96210 Compensated Absences					
96300 Payments in Lieu of Taxes					
96400 Bad debt - Tenant Rents					
96500 Bad debt - Mortgages		\$102,918			
96600 Bad debt - Other					
96800 Severance Expense					
96000 Total Other General Expenses	\$0	\$102,918	\$0	\$115,150	\$2,334
96710 Interest of Mortgage (or Bonds) Payable					
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
96900 Total Operating Expenses	\$2,691,229	\$106,252	\$286,294	\$115,150	\$626,114

Kitsap County Consolidated Housing Authority (WA036)

Silverdale, WA

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 06/30/2022

	5 Fiduciary	14.239 HOME Investment Partnerships Program	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	10.420 Rural Self- Help Housing Technical Assistance
97000 Excess of Operating Revenue over Operating Expenses	-\$82,201	-\$35,589	\$3,251,928	\$0	\$176,662
97100 Extraordinary Maintenance		\$3			\$82
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments			\$3,194,582	\$0	
97350 HAP Portability-In					
97400 Depreciation Expense					\$1,082
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	\$2,691,229	\$106,255	\$3,480,876	\$115,150	\$627,278
10010 Operating Transfer In		\$826,909			\$1,215,823
10020 Operating transfer Out		-\$894,353			
10030 Operating Transfers from/to Primary Government					
10040 Operating Transfers from/to Component Unit					
10050 Proceeds from Notes, Loans and Bonds					
10060 Proceeds from Property Sales					
10070 Extraordinary Items, Net Gain/Loss					
10080 Special Items (Net Gain/Loss)					
10091 Inter Project Excess Cash Transfer In					
10092 Inter Project Excess Cash Transfer Out					
10093 Transfers between Program and Project - In					
10094 Transfers between Project and Program - Out					
10100 Total Other financing Sources (Uses)	\$0	-\$67,444	\$0	\$0	\$1,215,823
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$82,201	-\$103,036	\$57,346	\$0	\$1,391,321
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$226,599	\$894,353	\$516,835	\$0	\$850,584
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors					
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			\$527,537		
11180 Housing Assistance Payments Equity			\$46,644		
11190 Unit Months Available	0	0	4836		0
11210 Number of Unit Months Leased	0	0	3488		0

Kitsap County Consolidated Housing Authority (WA036)

Silverdale, WA

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 06/30/2022

	14.247 Self-Help Homeownership Opportunity Program	10.415 Rural Rental Housing Loans	14.PHC Public Housing CARES Act Funding	ELIM	Total
70300 Net Tenant Rental Revenue		\$534,197			\$5,870,266
70400 Tenant Revenue - Other		\$9,364			\$27,139
70500 Total Tenant Revenue	\$0	\$543,561	\$0	\$0	\$5,897,405
70600 HUD PHA Operating Grants			\$45,508		\$5,661,106
70610 Capital Grants					
70710 Management Fee					
70720 Asset Management Fee					
70730 Book Keeping Fee					
70740 Front Line Service Fee					
70750 Other Fees					
70700 Total Fee Revenue				\$0	\$0
70800 Other Government Grants		\$688,545			\$2,632,021
71100 Investment Income - Unrestricted		\$266			\$162,736
71200 Mortgage Interest Income					\$856,309
71300 Proceeds from Disposition of Assets Held for Sale	\$1,148,792				\$1,220,000
71310 Cost of Sale of Assets	-\$1,833,645				-\$1,836,862
71400 Fraud Recovery					
71500 Other Revenue	\$135,000	\$28,172		-\$311,505	\$4,129,608
71600 Gain or Loss on Sale of Capital Assets					\$500
72000 Investment Income - Restricted					
70000 Total Revenue	-\$549,853	\$1,260,544	\$45,508	-\$311,505	\$18,722,823
91100 Administrative Salaries		\$85,755			\$2,018,063
91200 Auditing Fees					\$248,995
91300 Management Fee		\$85,220			\$275,395
91310 Book-keeping Fee					
91400 Advertising and Marketing		\$338			\$9,940
91500 Employee Benefit contributions - Administrative		-\$51,110			-\$196,671
91600 Office Expenses		\$46,685			\$281,818
91700 Legal Expense		\$45			\$33,565
91800 Travel		\$3,963			\$9,227
91810 Allocated Overhead					\$36,279
91900 Other		\$46,548		-\$311,505	\$299,743
91000 Total Operating - Administrative	\$0	\$217,444	\$0	-\$311,505	\$3,016,354
92000 Asset Management Fee		\$2,956			\$2,956
92100 Tenant Services - Salaries					
92200 Relocation Costs					
92300 Employee Benefit Contributions - Tenant Services					
92400 Tenant Services - Other					\$53,807
92500 Total Tenant Services	\$0	\$0	\$0	\$0	\$53,807

Kitsap County Consolidated Housing Authority (WA036)

Silverdale, WA

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 06/30/2022

	14.247 Self-Help Homeownership Opportunity Program	10.415 Rural Rental Housing Loans	14.PHC Public Housing CARES Act Funding	ELIM	Total
93100 Water		\$16,855			\$288,285
93200 Electricity		\$27,631			\$176,287
93300 Gas					\$11,734
93400 Fuel					
93500 Labor					
93600 Sewer		\$97,975			\$750,810
93700 Employee Benefit Contributions - Utilities					
93800 Other Utilities Expense					
93000 Total Utilities	\$0	\$142,461	\$0	\$0	\$1,227,116
94100 Ordinary Maintenance and Operations - Labor		\$57,606			\$774,047
94200 Ordinary Maintenance and Operations - Materials and Other		\$64,553	\$20,492		\$3,128,701
94300 Ordinary Maintenance and Operations Contracts		\$105,434	\$9,121		\$597,860
94500 Employee Benefit Contributions - Ordinary Maintenance		\$41,329			\$389,691
94000 Total Maintenance	\$0	\$268,922	\$29,613	\$0	\$4,890,299
95100 Protective Services - Labor					
95200 Protective Services - Other Contract Costs		\$21,890			\$79,156
95300 Protective Services - Other					
95500 Employee Benefit Contributions - Protective Services					
95000 Total Protective Services	\$0	\$21,890	\$0	\$0	\$79,156
96110 Property Insurance		\$25,478			\$219,373
96120 Liability Insurance					
96130 Workmen's Compensation					
96140 All Other Insurance					\$199
96100 Total Insurance Premiums	\$0	\$25,478	\$0	\$0	\$219,572
96200 Other General Expenses	\$13,789	\$64			\$1,189,265
96210 Compensated Absences					\$49,802
96300 Payments in Lieu of Taxes					\$41,928
96400 Bad debt - Tenant Rents		-\$25,722			\$280,099
96500 Bad debt - Mortgages					\$277,421
96600 Bad debt - Other		-\$4,808			-\$4,808
96800 Severance Expense					
96000 Total Other General Expenses	\$13,789	-\$30,466	\$0	\$0	\$1,833,707
96710 Interest of Mortgage (or Bonds) Payable		\$247,793			\$1,820,610
96720 Interest on Notes Payable (Short and Long Term)					
96730 Amortization of Bond Issue Costs					
96700 Total Interest Expense and Amortization Cost	\$0	\$247,793	\$0	\$0	\$1,820,610
96900 Total Operating Expenses	\$13,789	\$896,478	\$29,613	-\$311,505	\$13,143,577

Kitsap County Consolidated Housing Authority (WA036)

Silverdale, WA

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 06/30/2022

	14,247 Self-Help Homeownership Opportunity Program	10,415 Rural Rental Housing Loans	14,PHC Public Housing CARES Act Funding	ELIM	Total
97000 Excess of Operating Revenue over Operating Expenses	-\$563,642	\$364,066	\$15,895	\$0	\$5,579,246
97100 Extraordinary Maintenance		\$58,518	\$15,895		\$190,951
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments					\$3,194,582
97350 HAP Portability-In					
97400 Depreciation Expense		\$180,602			\$1,398,594
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	\$13,789	\$1,135,598	\$45,508	-\$311,505	\$17,927,704
10010 Operating Transfer In	\$1,004,283				\$6,588,687
10020 Operating transfer Out	-\$698,792				-\$6,588,687
10030 Operating Transfers from/to Primary Government					
10040 Operating Transfers from/to Component Unit					
10050 Proceeds from Notes, Loans and Bonds					
10060 Proceeds from Property Sales					
10070 Extraordinary Items, Net Gain/Loss					
10080 Special Items (Net Gain/Loss)					
10091 Inter Project Excess Cash Transfer In					
10092 Inter Project Excess Cash Transfer Out					
10093 Transfers between Program and Project - In					
10094 Transfers between Project and Program - Out					
10100 Total Other financing Sources (Uses)	\$305,491	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$258,151	\$124,946	\$0	\$0	\$795,119
11020 Required Annual Debt Principal Payments	\$0	\$230,831	\$0		\$1,303,159
11030 Beginning Equity	\$2,577,714	\$1,260,207	\$0		\$15,423,039
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors		\$8,352			\$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					\$527,537
11180 Housing Assistance Payments Equity					\$46,644
11190 Unit Months Available		1848			15684
11210 Number of Unit Months Leased		1718			13648