



Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

Housing Authority of Chelan County and the City of Wenatchee

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

Published January 22, 2024

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

January 22, 2024

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

Report on Financial Statements and Federal Single Audit

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

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

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Housing Authority of Chelan County and the City of Wenatchee January 1, 2022 through December 31, 2022

SECTION I – SUMMARY OF AUDITOR’S RESULTS

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

Financial Statements

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

Internal Control over Financial Reporting:

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

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

Federal Awards

Internal Control over Major Programs:

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

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

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

Identification of Major Federal Programs

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

<u>ALN</u>	<u>Program or Cluster Title</u>
10.415	Rural Rental Housing Loans
10.427	Rural Rental Assistance Payments
14.195	Section 8 Project-Based Cluster – Section 8 Housing Assistance Payments Program

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

The Housing Authority did not qualify as a low-risk auditee under the Uniform Guidance.

SECTION II – FINANCIAL STATEMENT FINDINGS

See Finding 2022-001.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

See Finding 2022-002.

SCHEDULE OF AUDIT FINDINGS AND RESPONSES

Housing Authority of Chelan County and the City of Wenatchee January 1, 2022 through December 31, 2022

2022-001 The Housing Authority's internal controls over financial reporting were inadequate for ensuring accurate and complete reporting.

Background

The Board of Commissioners, management, state and federal agencies, and the public rely on the information included in the Housing Authority's financial statements and reports to make decisions. Housing Authority management is responsible for designing and following internal controls that provide reasonable assurance financial reporting is reliable and fairly presented in accordance with generally accepted accounting principles (GAAP).

Our audit identified significant deficiencies in the Housing Authority's accounting and financial reporting internal controls that affected its ability to ensure accurate and complete reporting. *Government Auditing Standards* requires the State Auditor's Office to communicate significant deficiencies as a finding.

Description of Condition

When taken together, the following deficiencies in internal controls represent a significant deficiency:

- The Housing Authority relied on a contracted CPA firm to compile its financial statements, notes and supplemental schedules without adequate oversight and review by management.
- The Housing Authority's secondary review of the financial statements was inadequate for detecting and preventing errors before submitting the annual financial report for audit.
- The Housing Authority did not complete a comprehensive reconciliation of the compiled financial statements back to the Housing Authority's general ledger to ensure accuracy.

Cause of Condition

The Housing Authority has not established an effective process to oversee financial reporting or to perform an adequate secondary review of compiled financial statements.

Effect of Condition

As a result of the deficiencies described above, we received several versions of the Housing Authority's financial statements throughout the audit process that did not reconcile to its general ledger. The original financial statements and supplementary schedules provided for audit contained the following errors and omissions:

- Thirteen balances did not agree to the Housing Authority's general ledger, with amounts ranging from \$1,229 to \$19,468.
- Housing assistance payment expense was likely understated about \$7,200.
- The Cash Flow Statement did not tie to the Housing Authority's activity reported in the Statement of Net Position and Statement of Revenues, Expenses and Changes in Fund Net Position.

We also identified numerous errors in the Notes to the Financial Statements, Management's Discussion & Analysis, and Notes to the Schedule of Expenditures of Federal Awards.

The Housing Authority corrected most of the errors identified during the audit.

Recommendation

We recommend the Housing Authority strengthen internal controls over its financial reporting systems and its process for preparing the financial statements. These controls should include:

- Providing adequate oversight of financial reporting, performing a secondary review of financial statements compiled by the CPA firm, and retaining documentation to support its review
- Providing employees with the training and information they need to perform their duties effectively, including how to conduct a meaningful review of financial information

Housing Authority's Response

We appreciate the thorough examination conducted by your office in the recent audit of the Housing Authority's internal controls, particularly with regard to the compilation of our financial statements. Your insights are helpful for our mission to strengthen our financial processes and ensure the accuracy and reliability of our financial reporting. We accept the audit finding highlighting significant deficiencies in our internal. We have taken immediate steps to address these concerns.

The Housing Authority would like the record to reflect that the deficiencies noted by the State Auditor were not internal errors. Rather, the deficiencies that were found were part of a compilation of financial statements presented by a private CPA firm. To rectify the identified deficiencies, the Housing Authority has implemented the following corrective measures:

- 1. Enhanced Oversight of CPA Firm: We recognize the importance of management oversight in the compilation process. Moving forward, we will establish a more robust framework for overseeing the contracted CPA firm, ensuring that their work is subject to thorough review and scrutiny by our internal finance team. We have also selected a new CPA firm to compile our financial statements, notes and supplemental schedules.*
- 2. Strengthened Secondary Review Process: We understand the critical role of the secondary review in detecting and preventing errors. Our internal review procedures have been revised and strengthened to provide a more comprehensive and effective check on the financial statements, notes, and supplemental schedules before submission for external audit.*
- 3. Comprehensive Reconciliation Process: We have implemented a comprehensive reconciliation process that ensures the compiled financial statements align accurately with the Housing Authority's general ledger. This reconciliation will be conducted regularly and will be subject to rigorous review to identify and rectify any discrepancies promptly.*
- 4. Staff Training: Our finance team is undergoing additional training to enhance their understanding of the compilation process and to equip them with the skills necessary to conduct a thorough review of financial statements and related schedules.*

These corrective actions are part of our commitment to maintaining the highest standards of financial reporting and internal controls. We appreciate the guidance provided by your office, and we are dedicated to ongoing collaboration to strengthen our financial management practices.

Auditor's Remarks

We appreciate the steps the Authority is taking to resolve this issue. We will follow up during the next audit.

Applicable Laws and Regulations

Government Auditing Standards, July 2018 Revision, paragraphs 6.40 and 6.41 establish reporting requirements related to significant deficiencies or material weaknesses in internal control, instances of fraud, and noncompliance with provisions of laws, regulations, contracts, or grant agreements.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its *Codification of Statements on Auditing Standards*, section 265, Communicating Internal Control Related Matters Identified in an Audit, paragraph 7.

RCW 43.09.200, Local government accounting – Uniform system of accounting, requires the State Auditor to prescribe the system of accounting and reporting for all local governments.

The *Budgeting, Accounting and Reporting System* (BARS Manual), 3.1.3, Internal Control, required each local government to establish and maintain an effective system of internal controls that provides reasonable assurance that the government will achieve its objective.

SCHEDULE OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Housing Authority of Chelan County and the City of Wenatchee January 1, 2022 through December 31, 2022

2022-002 The Housing Authority had inadequate internal controls for ensuring compliance with the Housing Quality Standards inspection requirements of its Section 8 Housing Assistance Payments Program

Assistance Listing Number and Title:	14.195 - Section 8 Housing Assistance Payments Program
Federal Grantor Name:	U.S. Department of Housing and Urban Development
Federal Award/Contract Number:	WA19R000018 WA190038002 WA19M000050 WA190015002
Pass-through Entity Name:	N/A
Pass-through Award/Contract Number:	N/A
Known Questioned Cost Amount:	\$0
Prior Year Audit Finding:	Yes, Finding 2021-001

Description of Condition

The Housing Authority spent \$841,337 in 2022 under the Section 8 Housing Assistance Payments Program, which provides rental assistance to help low-income families afford decent, safe and sanitary rental housing.

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

The Housing Authority must inspect units leased to families at the time of initial occupancy and at least annually to determine if they meet federal Housing Quality

Standards (HQS), as well as maintain inspection documentation to demonstrate compliance.

Our audit found the Housing Authority's internal controls were ineffective for ensuring compliance with the program's inspection requirements. The Housing Authority has established procedures for identifying units requiring inspections. However, the procedures did not ensure the Housing Authority completed annual inspections as required.

We consider this internal control deficiency to be a material weakness that led to material noncompliance.

Cause of Condition

Although the Housing Authority has established procedures for identifying units requiring inspections, the inspections done in 2022 were not completed within 12 months of the most recent inspections, due to no inspections being performed in 2021. In addition, the Housing Authority experienced a staff shortage during this time, requiring larger workloads, including covering other properties they would not have had to during ideal staffing levels.

Effect of Condition

Using nonstatistical sampling, we tested 26 tenant files requiring housing unit inspections. Our testing found the Housing Authority inspected 24 of the 26 units in 2022, but none of them were performed within one year of the previous inspection, as the program requires. The Housing Authority did not inspect the remaining two units. Without timely inspections, the Housing Authority cannot demonstrate that its housing units met HQS inspection requirements and were being consistently maintained in a decent, safe and sanitary manner.

Recommendation

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

Housing Authority's Response

For 2022, CCWHA resumed annual inspections of leased units assigning an inspection month to each property. We acknowledge that in this transition some units, due to tenant refusal and rescheduling were not inspected within the annual

timeline as understood by the State Auditor's Office. CCWHA has taken the following actions;

- 1) Timely Inspections: We have reviewed and revised our inspection scheduling procedures to ensure timely inspections for all leased units. This includes implementing a system to track and manage inspection deadlines and notifying tenants in advance to facilitate the process.*
- 2) Documentation Enhancement: Our documentation procedures have been enhanced to maintain a comprehensive record of all inspections. This includes creating a centralized database to store digital inspection reports, dates, and any necessary follow-up actions, ensuring that we can readily demonstrate compliance with HQS requirements.*
- 3) Staff Training: Housing Authority staff responsible for conducting inspections have undergone additional training to reinforce the importance of timely and thorough assessments. This training emphasizes the significance of complying with federal HQS standards and maintaining accurate records.*
- 4) Quality Assurance Reviews: We have established a quality assurance review process to periodically assess our inspection procedures. This will involve internal reviews and, where appropriate, seeking external input to ensure the effectiveness and accuracy of our inspection processes.*

We understand the critical nature of complying with HQS requirements to maintain a safe and healthy living environment for our tenants. We are committed to continuously improving our inspection processes.

We appreciate the opportunity to address these concerns, and we remain dedicated to providing quality housing for our community members.

Should you require any further information or wish to discuss the implemented corrective actions in more detail, please feel free to contact Joanna Tepley joannat@ccwha.com.

Auditor's Remarks

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

Applicable Laws and Regulations

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

HUD Handbook 4350.3 Occupancy Requirements of Subsidized Multifamily Housing Programs, November 2013, 6-29 Unit Inspections, requires that owners perform unit inspections on at least an annual basis to determine whether appliances and equipment in the unit are functioning properly and to assess whether a component needs to be repaired or replaced.

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

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

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



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Housing Authority of Chelan County and the City of Wenatchee January 1, 2022 through December 31, 2022

This schedule presents the status of findings reported in prior audit periods.

Audit Period: 2021	Report Reference No.: 1031415	Finding Ref. No.: 2021-001	ALN(s): 14.195
Federal Program Name and Granting Agency: Section 8 Housing Assistance Payments Program and U.S. Department of Housing and Urban Development		Pass-Through Agency Name: N/A	
Finding Caption: The Housing Authority’s internal controls were inadequate for ensuring compliance with the Housing Quality Standards inspection requirements of its Section 8 Housing Assistance Payments Program.			
Background: The Housing Authority spent \$875,118 in 2021 under the Section 8 Housing Assistance Payments Program, which provides rental assistance to help low-income families afford decent, safe and sanitary rental housing. The Housing Authority must inspect units leased to families at the time of initial occupancy and at least annually to determine if they meet federal Housing Quality Standards (HQS), as well as maintain inspection documentation to demonstrate compliance. We found the Housing Authority did not complete timely inspections for 19 tenants. Without timely inspections, the Housing Authority cannot demonstrate that its housing units met HQS inspection requirements and were being maintained in a decent, safe and sanitary manner.			

Status of Corrective Action:☐ Fully
Corrected☒ Partially
Corrected☐ Not Corrected☐ Finding is considered no longer
valid**Corrective Action Taken:**

In 2021 the decision was made to postpone unit inspections for the safety of some at risk tenants during the COVID pandemic. This decision was made in full support of the board understanding we would be temporarily out of compliance but would be putting the health and safety of our tenants first. We have fully resumed our normal operations for 2022 which includes the regular inspections of tenant units, and full compliance with all standards.

For 2022, CCWHA resumed annual inspections of leased units assigning an inspection month to each property. We acknowledge that in this transition some units, due to tenant refusal and rescheduling were not inspected within the annual timeline as understood by the State Auditor's Office. CCWHA has taken the following actions;

- 1) **Timely Inspections:** We have reviewed and revised our inspection scheduling procedures to ensure timely inspections for all leased units. This includes implementing a system to track and manage inspection deadlines and notifying tenants in advance to facilitate the process.*
- 2) **Documentation Enhancement:** Our documentation procedures have been enhanced to maintain a comprehensive record of all inspections. This includes creating a centralized database to store digital inspection reports, dates, and any necessary follow-up actions, ensuring that we can readily demonstrate compliance with HQS requirements.*
- 3) **Staff Training:** Housing Authority staff responsible for conducting inspections have undergone additional training to reinforce the importance of timely and thorough assessments. This training emphasizes the significance of complying with federal HQS standards and maintaining accurate records.*
- 4) **Quality Assurance Reviews:** We have established a quality assurance review process to periodically assess our inspection procedures. This will involve internal reviews and, where appropriate, seeking external input to ensure the effectiveness and accuracy of our inspection processes.*

We understand the critical nature of complying with HQS requirements to maintain a safe and healthy living environment for our tenants. We are committed to continuously improving our inspection processes.

We appreciate the opportunity to address these concerns, and we remain dedicated to providing quality housing for our community members.

Should you require any further information or wish to discuss the implemented corrective actions in more detail, please feel free to contact Joanna Tepley joannat@ccwha.com.

Anticipated date to complete the corrective action: 2023

INDEPENDENT AUDITOR'S REPORT

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

Housing Authority of Chelan County and the City of Wenatchee January 1, 2022 through December 31, 2022

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of the Housing Authority of Chelan County and the City of Wenatchee, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements, and have issued our report thereon dated January 8, 2024.

Our report includes a reference to other auditors who audited the financial statements of the Mountain View Housing Development LLC, and Garten Haus LLLP as described in our report on the Housing Authority's financial statements. The financial statements of Mountain View Housing Development LLC, and Garten Haus LLLP were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the Mountain View Housing Development LLC, and Garten Haus LLLP or that are reported on separately by those auditors who audited the financial statements.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the Housing Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority's internal control.

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

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

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we identified certain deficiencies in internal control, described in the accompanying Schedule of Audit Findings and Responses as Finding 2022-001 that we consider to be significant deficiencies.

REPORT ON COMPLIANCE AND OTHER MATTERS

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

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

HOUSING AUTHORITY'S RESPONSE TO FINDINGS

Government Auditing Standards requires the auditor to perform limited procedures on the Housing Authority's response to the findings identified in our audit and described in the accompanying Schedule of Audit Findings and Responses. The Housing Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

PURPOSE OF THIS REPORT

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

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

Pat McCarthy, State Auditor

Olympia, WA

January 8, 2024

INDEPENDENT AUDITOR'S REPORT

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

Housing Authority of Chelan County and the City of Wenatchee January 1, 2022 through December 31, 2022

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

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

determination on the Housing Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Federal Award Findings and Questioned Costs as Finding 2022-002. Our opinion on each major federal program is not modified with respect to these matters.

Housing Authority's Response to Findings

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

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

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

However, we identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Federal Award Findings and Questioned Costs as Finding 2022-002 that we consider to be a material weakness.

Housing Authority's Response to Findings

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

January 8, 2024

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Housing Authority of Chelan County and the City of Wenatchee January 1, 2022 through December 31, 2022

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the Housing Authority of Chelan County and the City of Wenatchee, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements as listed in the financial section of our report.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Housing Authority of Chelan County and the City of Wenatchee, as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Mountain View Housing Development LLC, and Garten Haus LLLP, which represent 100 percent of the assets, liabilities and net position and 82 percent of revenues of the aggregate discretely presented component units. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Mountain View Housing Development LLC, and Garten Haus LLLP, is based solely on the reports of the other auditors. The financial statements of the Mountain View Housing Development LLC, and Garten Haus LLLP were not audited in accordance with *Government Auditing Standards*.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The accompanying Financial Data Schedule form is supplementary information required by HUD. These schedules are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has

been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

The other information comprises the Combining Schedule of Net Position and the Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position but does not include the basic financial statements and our auditor's report thereon. Management is responsible for the other information included with the financial statements. Our opinions on the basic financial statements do not cover this other information, and, we do not express an opinion or provide any assurance thereon.

In connection with the audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2024 on our consideration of the Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority's internal control over

financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

January 8, 2024

FINANCIAL SECTION

Housing Authority of Chelan County and the City of Wenatchee January 1, 2022 through December 31, 2022

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2022

BASIC FINANCIAL STATEMENTS

Statement of Net Position – 2022

Statement of Revenues, Expenses and Changes in Fund Balance – 2022

Statement of Cash Flows – 2022

Notes to Financial Statements – 2022

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportionate Share of Net Pension Liability Pension Plans – PERS 1,
PERS 2/3 – 2022

Schedule of Employer Contributions – PERS 1, PERS 2/3 – 2022

SUPPLEMENTARY AND OTHER INFORMATION

Combining Schedule of Net Position – Primary Government – 2022

Combining Schedule of Net Position – Discretely Presented Component Units – 2022

Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position –
Primary Government – 2022

Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position –
Discretely Presented Component Units – 2022

Schedule of Expenditures of Federal Awards – 2022

Notes to the Schedule of Expenditures of Federal Awards – 2022

Financial Data Schedule – 2022

HOUSING AUTHORITY OF CHELAN COUNTY
MCAG NO. 0439
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022

The Housing Authority of Chelan County and the City of Wenatchee's (the Housing Authority) management's discussion and analysis (MD&A) is designed to:

- Assist the reader in focusing on significant financial issues;
- Provide an overview of the Housing Authority's financial activity;
- Identify changes in the Housing Authority's financial position;
- Provide information on challenges in the next and subsequent years; and
- Identify individual program issues and concerns.

The MD&A focuses on the current year's activities. Please read it in conjunction with the Housing Authority's financial statements.

Financial Statements

The financial statements of the Housing Authority report information about the Housing Authority as a whole using accounting methods similar to those used by private sector companies. They display the financial position and activity of the Housing Authority. These statements include:

1. Statement of Net Position. This reports total assets and deferred outflows of resources and total liabilities and deferred inflows of resources with the difference between the two totals reported as net position. Assets and liabilities are presented in order of liquidity. They are classified as "Current" and "Noncurrent." Current assets are those that will be received or utilized in one year, current liabilities are those that will be paid or performed within one year. The net position is one way to measure the Housing Authority's financial health. Over time, increases or decreases in the Housing Authority's net position are one indicator of its financial health.

Net Position is reported in three broad categories:

- Net Investment in Capital Assets – This component of net position consists of all capital assets, net of accumulated depreciation, and capital-related deferred outflows of resources reduced by the outstanding balances of any capital related borrowings and deferred inflows of resources.
- Restricted – This component of net position consists of assets restricted by creditors, grantors, laws, regulations or others reduced by related liabilities and deferred inflows of resources.
- Unrestricted – This component of net position consists of all net position that does not meet the definition of "Net Investment in Capital Assets" or "Restricted."

HOUSING AUTHORITY OF CHELAN COUNTY
MCAG NO. 0439
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022

Financial Statements (Continued)

2. Statement of Revenues, Expenses, and Changes in Fund Net Position – This statement is similar to an income statement and includes operating revenues, such as rental income and other tenant revenue, operating expenses, such as administrative expenses, utilities, housing assistance payments, maintenance and depreciation, and nonoperating revenues and expenses, which include grant revenue, interest income, and interest expense.

The focus of the Statement of Revenues, Expenses, and Changes in Fund Net Position is the “Change in Net Position.” This is similar to Net Income or Loss.

3. Statement of Cash Flows – This statement shows cash provided by, or used for, operating activities, noncapital financing activities, capital and related financing activities, and investing activities. It presents information regarding where cash came from and what it was used for.
4. Notes to Financial Statements – The notes to the financial statements provide useful information regarding the Housing Authority’s significant accounting policies, explain significant account balances and activities, certain material risks, estimates, obligations, commitments, contingencies, and subsequent events, if any.

Housing Authority Programs

Many of the programs maintained by the Housing Authority are required by the Department of Housing and Urban Development (HUD). Others are segregated to enhance accountability and control.

The Housing Authority’s programs are as follows:

1. Tenant Based Housing Choice Voucher Program – Under the Tenant Based Housing Choice Voucher Program, the Housing Authority administers contracts with independent landlords. The Housing Authority subsidizes the tenant’s rent through a Housing Assistance Payment (HAP) made to the landlord. This program consists of Housing Choice Vouchers and Veterans Affairs Supportive Housing (VASH). The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides funding to enable the Housing Authority to structure a lease that sets the tenants’ rent at 30% of adjusted household income.
2. Project Based Housing Choice Voucher Program – Under the Project Based Housing Choice Voucher Program, the Housing Authority rents units that it owns to low-income households, Garten Haus LLLP is elderly only, Lake Chelan Community Apartments, Emerson Manor, and Wenatchee House are elderly/disabled. They receive Rental Assistance and operate under HUD Regulations. Entiat Gardens is multi-family and receives Rental Assistance through HUD, but the facility is managed following Rural Development regulations. The program is administered under an ACC with HUD. HUD provides funding to enable the Housing Authority to structure a lease that sets the tenants’ rent at 30% of adjusted household income.

HOUSING AUTHORITY OF CHELAN COUNTY
MCAG NO. 0439
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022

Housing Authority Programs (Continued)

3. Rural Development – Under the Rural Development program, the Housing Authority rents units it owns to low-income families. There are a total of 11 projects: Washington Square, Wenatchee II, Applewood, Heritage Glen, Chelan Bluff, Vista Del Rio, and Columbia Pointe are for farmworker families; Man*Sun Villa and Chelan Gardens are for elderly/disabled families; River Run and Gibson Gardens are for multi-family. Rural Development provides funding to enable the Housing Authority to structure a lease that sets the tenant's rent at 30% of adjusted household income.
4. State/Local – The Office of Community Development provided development funding for Vista Del Rio, LLC, Lake Chelan Community Apartment Apartments, Chelan Bluff, Heritage Glen, and Columbia Pointe in prior years. A portion of Morning Sun Park development costs were funded in prior years with HOME funds.
5. General – This represents non-HUD resources developed from a variety of activities, including management fees from projects and various grants.
6. Component Units (Blended and Discrete) – Garten Haus LLLP is a low-income housing tax credit (LIHTC) senior housing property funded by LIHTC bonds and HUD. Mountain View Housing LLLP is a property currently in construction and will be a LIHTC rent restricted property for low-income farmworkers. Bello Rio, LLC (previously a LIHTC) is now a blended component unit of the Housing Authority and is a rent-restricted property for low-income farmworkers.

Financial Highlights

- The Housing Authority maintained an average occupancy rate of 93%.
- The Housing Authority's revenues decreased approximately \$1.41 million from 2021 to 2022. Revenues were approximately \$8.78 million and \$10.19 million for 2022 and 2021, respectively. The total expenses for all the Housing Authority's programs increased by approximately \$1.16 million. Total expenses were approximately \$9.46 million and \$8.30 million for 2022 and 2021, respectively.

Financial Analysis of the Housing Authority

The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Fund Net Position report information about the Housing Authority's activities to help determine the overall financial health of the organization. Economic conditions, population growth, and new or changed government legislation would also need to be considered when analyzing the Housing Authority's activities.

Certain resources of the Housing Authority are restricted for future use, such as cash reserves required by the U.S. Department Housing and Urban Development and USDA Rural Development.

HOUSING AUTHORITY OF CHELAN COUNTY
MCAG NO. 0439
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022

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

The Housing Authority's overall financial position and operations for the past two years are summarized below based on the information included in the current and prior financial statements.

STATEMENTS OF NET POSITION

December 31, 2022 and 2021

	2022	2021
ASSETS		
Current and Other Assets	\$ 9,099,907	\$ 8,364,837
Capital Assets	31,766,066	27,872,884
Net Pension Asset	410,043	1,110,620
Total Assets	<u>41,276,016</u>	<u>37,348,341</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflow of Resources Related to Pensions	<u>416,978</u>	<u>132,155</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 41,692,994</u>	<u>\$ 37,480,496</u>
LIABILITIES		
Current Liabilities	\$ 2,000,713	\$ 1,112,584
Long-Term Liabilities	24,397,471	21,091,268
Total Liabilities	<u>26,398,184</u>	<u>22,203,852</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflow of Resources Related to Pensions	<u>459,607</u>	<u>1,204,564</u>
Total Deferred Inflows of Resources	<u>459,607</u>	<u>1,204,564</u>
NET POSITION		
Net Investment in Capital Assets	7,312,111	6,564,393
Restricted for:		
Cash Reserves	4,435,141	3,496,568
Pensions	1,220,192	2,307,263
Unrestricted	<u>1,867,759</u>	<u>1,703,856</u>
Total Net Position	<u>14,835,203</u>	<u>14,072,080</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 41,692,994</u>	<u>\$ 37,480,496</u>

Total Assets

The Housing Authority's total assets at December 31, 2022 were approximately \$41.3 million, an increase of approximately \$4 million from December 31, 2021. This is mainly due to an increase in capital assets by approximately \$3.90 million and as well as minor increases and decreases in cash and net pension assets.

HOUSING AUTHORITY OF CHELAN COUNTY
MCAG NO. 0439
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022

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

Deferred Outflows of Resources

Deferred outflows of resources related to pensions decreased approximately by \$285,000 in 2022. This was due to changes in the Housing Authority's proportionate share of collective deferred outflows related to pensions. See Note 5.

Total Liabilities

Total liabilities increased by approximately \$4.19 million primarily due to an increase in long term debt in 2022 combined with increases in accounts payable and the net pension liability. Current liabilities increased by approximately \$888,000 in 2022. This was primarily due to an increase in accounts payable of approximately \$542,000 combined with an increase in revolving loan payables of \$175,000. Noncurrent liabilities increased by approximately \$3.31 million due to proceeds received from debt for the assumption of Bello Rio, offset by current year debt payments. See Note 4.

Deferred Inflows of Resources

Deferred inflows of resources related to pensions decreased by \$745,000 in 2022. This was due to changes in the Housing Authority's proportionate share of collective deferred inflows related to pensions. See Note 5.

Total Net Position

The Housing Authority's net position increased by approximately \$763,000 in 2022 due to revenues exceeding expenses.

HOUSING AUTHORITY OF CHELAN COUNTY
MCAG NO. 0439
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022

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

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

Years Ended December 31, 2022 and 2021

	2022	2021
OPERATING REVENUES		
Tenant Revenue - Rent	\$ 2,369,539	\$ 2,091,547
Other Revenue	157,723	333,192
NONOPERATING REVENUES		
HUD Operating Subsidies	5,178,960	5,035,414
Grants	920,725	850,166
Interest	76,858	77,036
Other Nonoperating Revenue	191,135	20,969
Transfer from Bello Rio	86,160	-
Gain on Disposal of Capital Assets	(201,957)	1,785,885
Total Revenues	<u>8,779,143</u>	<u>10,194,209</u>
OPERATING EXPENSES		
Administrative	409,943	383,673
Utilities	763,316	698,791
Maintenance	1,159,956	866,838
General	1,510,660	1,006,444
Housing Assistance Payments	3,925,717	3,914,379
Depreciation	1,134,589	1,085,143
Miscellaneous Expense	22,605	12,949
NONOPERATING EXPENSES		
Loan Fees	200,611	32,958
Interest Expense	335,325	298,163
Total Expenses	<u>9,462,722</u>	<u>8,299,338</u>
CHANGE IN NET POSITION	763,123	1,894,871
Net Position - Beginning of Year	<u>14,072,080</u>	<u>13,486,348</u>
Restatement - Change in Accounting Principle	-	(1,309,139)
Net Position, Beginning of Year, As Restated	14,072,080	12,177,209
NET POSITION - END OF YEAR	<u><u>\$ 14,835,203</u></u>	<u><u>\$ 14,072,080</u></u>

HOUSING AUTHORITY OF CHELAN COUNTY
MCAG NO. 0439
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022

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

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

Total revenues decreased approximately \$1.4 million in 2022 due to a gain from the transfer of Garten Haus's accounts receivable to the General property as a result of the sale to Garten LLLP in 2021. Total expenses increased by approximately \$1.2 million in 2022 due overall increases in expenses; however, maintenance and general expenses increased by the most.

Capital Assets and Debt Administration

Capital Assets

As of year-end, the Housing Authority had approximately \$31.77 million invested, net of depreciation, in a variety of capital assets. This represents a net increase of approximately \$3.89 million from the previous year. The net increase includes all additions, disposals, and depreciation. The capital assets are reflected in the following schedule:

	<u>2022</u>	<u>2021</u>
CAPITAL ASSETS NOT BEING DEPRECIATED		
Land	\$ 3,821,970	\$ 3,637,880
Construction in Progress	<u>2,160,842</u>	<u>502,494</u>
Total Assets Not Being Depreciated	<u>5,982,812</u>	<u>4,140,374</u>
 CAPITAL ASSETS BEING DEPRECIATED		
Buildings and Improvements	43,209,598	40,548,081
Furnishings and Equipment	<u>308,290</u>	<u>289,513</u>
Total Assets Being Depreciated	<u>43,517,888</u>	<u>40,837,594</u>
Less: Accumulated Depreciation	<u>(17,734,634)</u>	<u>(17,105,084)</u>
Total Net Capital Assets	<u><u>\$ 31,766,066</u></u>	<u><u>\$ 27,872,884</u></u>

The increase in capital assets in 2022 was mainly due to assumption of Bello Rio. See Note 3 of the financial statements for further information.

Debt Outstanding

At year-end, the Housing Authority had approximately \$24.4 million in notes outstanding, which is a \$3.1 million increase from the prior year.

Additional debt to be issued is based on needs of the Housing Authority and future expected acquisitions.

Pension Liability

At year-end the Housing Authority's statement of net position includes net pension asset of \$410,043, deferred outflows of resources related to pensions of \$416,978, deferred inflows of resources related to pensions of \$459,607, net pension liability of \$236,003, and pension expense of (\$47,426). See Note 5 of the financial statements for further information.

**HOUSING AUTHORITY OF CHELAN COUNTY
MCAG NO. 0439
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022**

Economic Factors Affecting the Housing Authority's Future

Currently, Chelan and Douglas counties have a 1% vacancy rate making it very difficult for low-income families to find suitable housing in a timely fashion. This negatively impacts our overall lease up rate with the Section 8 Housing Choice Voucher Program. In addition, the significant increase in rent in the area also negatively affected affordability, making it difficult for voucher holders to find housing.

The Housing Authority continues to pursue strategies to strengthen its overall net position by converting the ownership structure of properties, from Housing Authority owned, to LLC by limited partnership with the Housing Authority as general managing partner. This all allows for equity contributions to fund housing activities and shift dependency away from federal programs.

Finally, the Housing Authority continues to seek assistance through Rural Development's MPR program to rehabilitate properties that have deferred maintenance and many accessibility issues that need to be brought into compliance.

Request for Information

This financial report is designed to provide a general overview of the Housing Authority's accountability for all those interested. If you should have additional questions regarding the financial information, please contact our office in writing at the following address:

Housing Authority of Chelan County and the City of Wenatchee
Attn: Alicia McRae, Executive Director
1555 S. Methow Street
Wenatchee, Washington 98801

HOUSING AUTHORITY OF CHELAN COUNTY
MCAG NO. 0439
STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Primary Government	Discretely Presented Component Units
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 2,056,291	\$ 546,717
Restricted Cash:		
Tenant Deposits	207,156	26,176
Family Self-Sufficiency	35,500	-
Bond Escrow	-	7,029,501
Cash Reserves	4,435,141	82,371
Total Cash and Cash Equivalents	6,734,088	7,684,765
Accounts Receivable:		
Tenants	123,022	35,817
Related Parties	186,607	-
Other, Net of Allowance for Doubtful Accounts	1,957,545	-
Prepaid Expenses	98,645	925
Total Current Assets	9,099,907	7,721,507
NONCURRENT ASSETS		
Land	3,821,970	1,182,569
Land Improvements	3,775,300	1,887,499
Buildings and Improvements	39,434,298	27,598,343
Furnishings and Equipment	308,290	172,350
Total	47,339,858	30,840,761
Less: Accumulated Depreciation	17,734,634	357,425
Net Capital Assets	29,605,224	30,483,336
Construction in Progress	2,160,842	-
Total Capital Assets	31,766,066	30,483,336
OTHER NONCURRENT ASSETS		
Net Pension Asset	410,043	-
Capitalized Costs, Net	-	209,604
Total Noncurrent Assets	410,043	209,604
 Total Assets	 \$ 41,276,016	 \$ 38,414,447
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows of Resources Related to Pensions	\$ 416,978	-

See accompanying Notes to Financial Statements.

HOUSING AUTHORITY OF CHELAN COUNTY
MCAG NO. 0439
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2022

	Primary Government	Discretely Presented Component Units
CURRENT LIABILITIES		
Current Portion of Long-Term Debt	\$ 512,712	\$ 18,554,442
Accounts Payable:		
Trade	675,839	2,775,063
Revolving Loan Payable	224,496	-
Other	109	1,010,081
Unearned Revenue	91,117	8,429
Payroll Taxes Payable	17,612	5,866
Compensated Absences Payable	67,666	2,810
Accrued Payroll Payable	52,833	9,752
Accrued Interest Payable	151,173	402,439
Tenant Deposits Payable	207,156	30,179
Debt Issuance Costs	-	(568,397)
Total Current Liabilities	<u>2,000,713</u>	<u>22,230,664</u>
NONCURRENT LIABILITIES		
Family Self-Sufficiency Payable	35,500	-
Related Party Payable	184,725	1,582,473
Developer Fee Payable	-	704,048
Long-Term Debt, Net of Current Portion	23,941,243	12,569,098
Net Pension Liability	236,003	-
Total Noncurrent Liabilities	<u>24,397,471</u>	<u>14,855,619</u>
 Total Liabilities	 <u><u>\$ 26,398,184</u></u>	 <u><u>\$ 37,086,283</u></u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflow of Resources Related to Pensions	\$ 459,607	\$ -
Total Deferred Inflows of Resources	<u><u>459,607</u></u>	<u><u>-</u></u>
NET POSITION		
Net Investment in Capital Assets	7,312,111	(640,204)
Restricted for:		
Cash Reserves	4,435,141	7,111,872
Pensions	1,220,192	-
Unrestricted	<u>1,867,759</u>	<u>(5,143,504)</u>
 Total Net Position	 <u><u>\$ 14,835,203</u></u>	 <u><u>\$ 1,328,164</u></u>

See accompanying Notes to Financial Statements.

HOUSING AUTHORITY OF CHELAN COUNTY
MCAG NO. 0439
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
YEAR ENDED DECEMBER 31, 2022

	Primary Government	Discretely Presented Component Units
OPERATING REVENUES		
Tenant Rental Revenue	\$ 2,369,539	\$ 211,207
Other Operating Revenue	157,723	15,263
Total Operating Revenues	<u>2,527,262</u>	<u>226,470</u>
OPERATING EXPENSES		
Housing Assistance Payments	3,925,717	-
Administrative Salaries	381,465	17,128
Utilities	763,316	53,871
Depreciation	1,134,589	374,505
Maintenance Salaries	415,318	32,890
Maintenance and Repairs	744,638	49,796
Management Fees	-	31,210
Site Manager Salaries	523,344	46,452
Office Expense	(37,712)	5,960
Payroll Taxes	145,338	10,577
Payroll Benefits	260,707	23,147
Administration Fees	28,478	44,503
Travel and Training	44,280	4,026
Accounting and Auditing Fees	93,769	59,396
Insurance	136,147	20,907
Advertising	208,452	6,382
Legal Fees	31,228	15,811
Amortization	-	131,054
Bad Debts	105,107	2,790
Miscellaneous	22,605	352,741
Total Operating Expenses	<u>8,926,786</u>	<u>1,283,146</u>
OPERATING LOSS	(6,399,524)	(1,056,676)
NONOPERATING REVENUES (EXPENSES)		
HUD Operating Subsidies	5,178,960	201,021
Other Nonoperating Grants	920,725	-
Interest Income - Reserves	926	26
Interest Income - Other	75,932	3
Other Nonoperating Revenue	191,135	1,202
Gain on Disposal of Capital Assets	(201,957)	(1,012,652)
Loan Fees	(200,611)	-
Interest Expense	(335,325)	(273,665)
Transfer from Bello Rio	86,160	(86,160)
Total Nonoperating Revenues and Expenses	<u>5,715,945</u>	<u>(1,170,225)</u>

See accompanying Notes to Financial Statements.

HOUSING AUTHORITY OF CHELAN COUNTY
MCAG NO. 0439
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
(CONTINUED)
YEAR ENDED DECEMBER 31, 2022

	Primary Government	Discretely Presented Component Units
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(683,579)	(2,226,901)
CAPITAL CONTRIBUTIONS		
Syndication Costs	-	(90,000)
Capital Contributions	1,446,702	-
CHANGE IN NET POSITION	763,123	(2,316,901)
Net Position, Beginning of Year	14,072,080	3,645,065
NET POSITION - END OF YEAR	<u>\$ 14,835,203</u>	<u>\$ 1,328,164</u>

See accompanying Notes to Financial Statements.

HOUSING AUTHORITY OF CHELAN COUNTY
MCAG NO. 0439
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022

	Primary Government
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Tenants	\$ 2,957,203
Cash Paid to Employees	(2,164,224)
Cash Paid to Suppliers	(5,789,999)
Net Cash Used by Operating Activities	(4,997,020)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Nonoperating Grants	6,099,350
(Increase) Decrease in Due to/from Related Party	17,984
Transfer from Bello Rio	86,160
Net Cash Provided by Noncapital Financing Activities	6,203,494
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from Long-Term Debt	1,175,650
Proceeds from Revolving Loans	174,861
Proceeds from Capital Contributions	(4,273)
Proceeds from Sale of Assets	(23,148)
Purchases of Capital Assets	(1,396,726)
Principal Paid on Capital Debt	(433,468)
Interest Paid on Capital Debt	(269,186)
Other Nonoperating Receipts	193,535
Net Cash Used by Capital and Related Financing Activities	(582,755)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	75,932
Reserve Interest Received	926
Net Cash Provided by Investing Activities	76,858
NET INCREASE IN CASH AND CASH EQUIVALENTS	700,577
Cash and Cash Equivalents - Beginning of Year	6,033,511
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 6,734,088</u></u>

See accompanying Notes to Financial Statements.

HOUSING AUTHORITY OF CHELAN COUNTY
MCAG NO. 0439
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022

	<u>Primary Government</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	\$ (6,399,524)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation	1,134,589
Bad Debts	105,107
Internal Transfer	(199,244)
(Increase) Decrease in Operating Assets and Deferred Outflows:	
Accounts Receivable	(133,247)
Prepaid Expenses	(18,712)
Increase (Decrease) in Operating Liabilities and Deferred Inflows:	
Accounts Payable	542,254
Unearned Revenue	28,959
Payroll Taxes Payable	3,750
Compensated Absences Payable	9,462
Accrued Payroll Payable	5,193
Tenant Deposits Payable	29,201
Family Self-Sufficiency Payable	(104,808)
Net Cash Used by Operating	<u><u>\$ (4,997,020)</u></u>

See accompanying Notes to Financial Statements.

HOUSING AUTHORITY OF CHELAN COUNTY
MCAG NO. 0439
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Operations

The Housing Authority is a municipal corporation established pursuant to Chapter 35.82 RCW as a special purpose government entity that provides low-income housing to a variety of individuals in Chelan and Douglas Counties and is supported primarily through user charges and government grants. The Housing Authority was incorporated on April 21, 1981, and is governed by an 11-member board of directors appointed by the Chelan County Commissioners and the mayors of various cities within the counties. The following is a summary of the most significant policies:

A. Reporting Entity

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

B. Blended Component Unit

The Housing Authority has one blended component unit, Bello Rio, LLC which transferred from discrete to blended on May 1, 2022. Bello Rio, LLC is governed by the same 11-member board of directors appointed by the Chelan County Commissioners and the mayors of various cities within the counties as the Housing Authority. Although it is legally separated from the Housing Authority the component unit is reported as if it was part of primary government.

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

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

D. Basis of Accounting and Presentation

The accounting records of the Housing Authority are maintained and reported in accordance with methods prescribed by the State Auditor under the authority of Chapter 43.09 RCW and the Federal Department of Housing and Urban Development (HUD). The Housing Authority must report using accounting principles generally accepted in the United States of America; however, it has the option to use either the single enterprise proprietary fund or special purpose government fund model.

HOUSING AUTHORITY OF CHELAN COUNTY
MCAG NO. 0439
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Organization and Operations (Continued)

D. Basis of Accounting and Presentation (Continued)

The proprietary fund is composed of a number of programs. These programs are designed to provide low-income individuals with housing.

The Housing Authority constructed and operates apartment units at sites in Chelan County for low-income agricultural workers. Funds for construction were provided by a combination of grants and mortgage notes from Rural Development, a division of the United States Department of Agriculture. Thirty-six units in the Washington Square project were ready for occupancy, and rental operations began May 1, 1984. Thirty-four units in the Wenatchee II project were placed into operation on January 22, 1987. Thirty-five units in the Applewood project were placed into operation on December 1, 1994. Thirty-five units in the Heritage Glen project were placed into operation on June 1, 2002. Eighteen of these units are set aside for seasonal workers. Twenty-two units in the Chelan Bluff project were placed into operation September 2007. Twenty-four units in the Vista Del Rio project were placed into operation in June 2009. Twenty-four units in the Columbia Pointe project were placed into operation in June 2009.

Twenty-one units in the Man*Sun Villa project were acquired from Chelan-Douglas Housing Association on September 1, 1993. The project provides housing for low-income senior citizens and the disabled in Manson, Washington. Thirty-two units in the Garten Haus project were acquired from Garten Haus Associates Limited Partnership on September 22, 1998. The project provides housing for low-income senior citizens in Leavenworth, Washington. Eighteen units in the River Run project were acquired from Nahahum Cove Associates on February 29, 2000. The project provides housing for low-income families in Cashmere, Washington. Twenty units in the Gibson Gardens project were acquired from Gibson Gardens Limited Partnership on May 2, 2003. The project provides housing for low-income families in Chelan, Washington. Sixteen units in the Chelan Gardens project were acquired from Chelan Gardens Limited Partnership on May 2, 2003. The project provides housing for low-income senior citizens and the disabled in Chelan, Washington. Twenty-six units in the Entiat Gardens project were acquired from Entiat Gardens Limited Partnership on May 2, 2003. The project provides housing for low-income families in Entiat, Washington.

Fifty units in the Wenatchee House Apartments project were acquired on February 25, 2014. The project provides housing for low-income senior citizens and the disabled in Wenatchee, Washington. Thirty-five units in the Emerson Manor project were acquired on February 25, 2014. The project provides housing for low-income senior citizens and the disabled in Wenatchee, Washington. Twenty-eight units in the Lake Chelan Community apartments were acquired on March 26, 2015. The project provides housing for low-income senior citizens and the disabled in Chelan, Washington.

HOUSING AUTHORITY OF CHELAN COUNTY
MCAG NO. 0439
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Organization and Operations (Continued)

D. Basis of Accounting and Presentation (Continued)

In addition, the Housing Authority operates the Housing Choice Voucher Program (formerly Section Rental/Certificate Program) and the Veterans Affairs Supportive Housing (VASH) Program to provide rental assistance to low-income tenants of nonproject housing as a contract agency through HUD.

E. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Housing Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

F. Accounts Receivable & Allowance for Uncollectible Accounts

Accounts receivable include amounts due from tenants and other government entities. The Housing Authority utilizes the allowance method for recording bad debts. Accounts receivables are carried at the amount considered by management to be collectible. Net other accounts receivable as of December 31, 2022 consisted of gross other accounts receivable of \$2,105,817, less allowance for doubtful accounts of \$148,272.

G. Capital Assets

Capital assets are defined by the Housing Authority as assets with an initial, individual cost of more than \$5,000 and an anticipated life or of more than one year. Capital assets are recorded at cost. Major expenses for capital assets, including capital leases and major repairs that increase useful lives, are capitalized. Maintenance, repairs, and minor renewals are accounted for as expenses when incurred. Donated capital assets are recorded at acquisition value at the date of donation. In the case of the sale of a significant operating unit or system, the original cost is removed from the capital asset accounts, accumulated depreciation is charged with the accumulated depreciation related to the property sold, and the net gain or loss on disposition is credited or charged to income.

Depreciation is computed on the straight-line method with useful lives of three to forty years.

Preliminary costs incurred for proposed projects are deferred pending construction of the facility. Costs relating to projects ultimately constructed are transferred to the project; charges that relate to abandoned projects are expensed.

H. Operating Revenues/Expenses

Operating revenues result from fees and charges from providing services in connection with the ongoing operations of providing low-income housing. Operating subsidies and grants are reported as nonoperating revenues and are presented as cash flows from noncapital financing activities in the statement of cash flows. Operating expenses are

HOUSING AUTHORITY OF CHELAN COUNTY
MCAG NO. 0439
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Organization and Operations (Continued)

H. Operating Revenues/Expenses (Continued)

those expenses that are directly incurred in the operation of providing low-income housing.

I. Compensated Absences

Compensated absences are absences for which employees will be paid for vacation. The Housing Authority records unpaid leave for compensated absences as an expense and liability when incurred.

Vacation pay, which may be accumulated up to 240 hours, is payable upon resignation, retirement, or death.

J. Pensions

For purposes of measuring the net pension liability, net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For purposes of calculating the restricted net position related to the net pension asset, the Housing Authority includes the net pension asset and the related deferred outflows and related deferred inflows.

K. Deferred Outflows/Inflows of Resources

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

Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources consist of the Housing Authority's proportionate

HOUSING AUTHORITY OF CHELAN COUNTY
MCAG NO. 0439
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Organization and Operations (Continued)

K. Deferred Outflows/Inflows of Resources (Continued)

share of deferred inflows related to pension plans. Deferred inflows of resources related to pensions for the net difference between projected and actual earnings on plan investments are amortized over a closed five-year period. The remaining deferred inflows of resources related to pensions are amortized over the average expected service lives of all employees provided with pensions through each plan.

L. Net Position

Net Investment in Capital Assets – This component of net position consists of all capital assets, net of accumulated depreciation, and capital related deferred outflows of resources reduced by the outstanding balances of any capital related borrowings and deferred inflows of resources.

Restricted – This component of net position consists of assets restricted by creditors, grantors, laws, regulations or others reduced by related liabilities and deferred inflows of resources.

At December 31, 2022, restricted net position attributable to restricted cash and reserves consists of the following:

Housing Choice Voucher (Unspent)	\$ 11,067
Other Cash Reserves	<u>4,424,074</u>
Total Restricted Net Position	<u><u>\$ 4,435,141</u></u>

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

Unspent Housing Choice Voucher funding at year-end is considered restricted. The amount of unspent funds or restricted balance at December 31, 2022 is \$11,067.

b) Required Cash Reserves

Replacement reserves required by HUD and USDA are considered restricted. The amount of required cash reserves at December 31, 2022 is \$4,424,074.

Unrestricted – This component of net position consists of all net position that does not meet the definitions for “Net Investment in Capital Assets” or “Restricted.”

M. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported.

HOUSING AUTHORITY OF CHELAN COUNTY
MCAG NO. 0439
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Organization and Operations (Continued)

M. Use of Estimates (Continued)

amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

N. Interproject Eliminations

The Housing Authority presents its financial information for the entire government, which includes several projects. Interproject transactions and balances have been eliminated.

O. Leases

The Authority is the lessor of dwelling units to low-income and market rate residents. The low-income rents under the leases are determined generally by the resident's income as adjusted for eligible deductions regulated by HUD. Leases may be cancelled by the lessee at any time or renewed every year. The Authority may cancel the leases only for cause. A significant majority of the capital assets are used in these leasing activities. Revenues associated with these leases are recorded in the accompanying financial statements.

P. Recently Adopted Accounting Principles

GASB Statement No. 87, *Leases*, is effective for reporting periods beginning after June 15, 2021. Its objective is to improve accounting and financial reporting for leases by governments by establishing a single model for lease accounting based on the principle that leases are financing of the right to use an underlying asset. It requires recognition of certain lease assets and liabilities that were previously classified as operating. There was no financial impact to the Housing Authority's financial statements as a result of implementing this statement.

GASB Statement No. 89, *Accounting for Interest Incurred Before the End of a Construction Period*, enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. It requires recognition of interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred instead of being capitalized as part of the historical cost of a capital asset. The Housing Authority's financial statements have been updated to implement this statement.

GASB Statement No. 98, *The Annual Comprehensive Financial Report*, is effective for years ending after December 15, 2021. Its objective is to establish the term annual comprehensive financial report and its acronym, ACFR, to replace instances of comprehensive annual financial report and its acronym. There was no financial impact to the Housing Authority's financial statements as a result of implementing this statement, and the disclosures related to debt have been updated to conform to the requirements in this statement.

HOUSING AUTHORITY OF CHELAN COUNTY
MCAG NO. 0439
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Organization and Operations (Continued)

P. Recently Adopted Accounting Principles (Continued)

GASB Statement No. 91, *Conduit Debt Obligations*, is effective for reporting periods beginning after December 15, 2021. This Statement will provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. There was no financial impact to the Housing Authority's financial statements as a result of implementing this statement, and the disclosures related to debt have been updated to conform to the requirements in this statement.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, is effective for fiscal years beginning after June 15, 2021. Its objectives are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. There was no financial impact to the Housing Authority's financial statements as a result of implementing this statement.

Q. New Accounting Standards Adopted in Future Years

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, is effective for fiscal years beginning after June 15, 2022. Its objective is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements, and to provide guidance for accounting and financial reporting for availability payment arrangements.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, is effective for fiscal years beginning after June 15, 2022. Its objective is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users.

HOUSING AUTHORITY OF CHELAN COUNTY
MCAG NO. 0439
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Organization and Operations (Continued)

Q. New Accounting Standards Adopted in Future Years (Continued)

GASB Statement No. 101, *Compensated Absences*, is effective for fiscal years beginning after December 15, 2023. Its objective is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences.

The Authority is currently evaluating these new standards to determine what impact, if any, they will have on the Authority, its financial statements, and related disclosures.

NOTE 2 DEPOSITS

Cash deposits are held with financial institutions and are entirely insured or collateralized and are classified as cash and cash equivalents in the statement of net position. All deposits in excess of the FCIC insurance limit are covered by the Public Deposit Protection Commission of the State of Washington, which is a multiple financial institution collateral pool, established under Chapter 39.58 of the Revised Code of Washington.

Certain cash deposit and investments are classified as restricted assets if their use for general operating purposes is legally or contractually prohibited. Restricted cash and investments held by the Housing Authority comprise primarily tenant security deposit, reserves held for future improvements on properties owned by the Housing Authority.

Cash deposits and investments at December 31, 2022 are categorized as follows:

Cash and Cash equivalent	\$ 2,056,291
Restricted Cash	
Tenant Deposits	207,156
FSS Escrow	35,500
Cash Reserves	4,435,141
	<u>\$ 6,734,088</u>

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Housing Authority would not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The Housing Authority deposits and certificates of deposits are covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

HOUSING AUTHORITY OF CHELAN COUNTY
MCAG NO. 0439
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 3 CAPITAL ASSETS

Capital asset activities for the primary government during the year ended December 31, 2022 were as follows:

	Balance January 1, 2022	Increases	Transfers/ Retirements	Balance December 31, 2022
CAPITAL ASSETS NOT BEING DEPRECIATED				
Land	\$ 3,637,880	\$ 220,582	\$ (36,492)	\$ 3,821,970
Construction in Progress	502,494	1,658,348	-	2,160,842
Total Capital Assets Not Being Depreciated	4,140,374	1,878,930	(36,492)	5,982,812
CAPITAL ASSETS BEING DEPRECIATED				
Land Improvements	3,767,340	17,533	(9,573)	3,775,300
Apartment Buildings and Furnishings	36,780,741	2,729,765	(76,208)	39,434,298
Nondwelling Furniture and Equipment	289,513	18,999	(222)	308,290
Total Capital Assets Being Depreciated	40,837,594	2,766,297	(86,003)	43,517,888
Less: Accumulated Depreciation				
Land Improvements	(2,129,086)	(91,095)	7,473	(2,212,708)
Apartment Buildings and Furnishings	(14,690,972)	(1,041,104)	497,430	(15,234,646)
Nondwelling Furniture and Equipment	(285,026)	(2,390)	136	(287,280)
Total Accumulated Depreciation	(17,105,084)	(1,134,589)	505,039	(17,734,634)
Net Capital Assets Being Depreciated	23,732,510	1,631,708	419,036	25,783,254
TOTAL NET CAPITAL ASSETS	<u>\$ 27,872,884</u>	<u>\$ 3,510,638</u>	<u>\$ 382,544</u>	<u>\$ 31,766,066</u>

As part of the assumption of Bello Rio, LLC as a blended component unit (previously a discrete component unit) the Housing Authority's capital assets increased by \$3.67 million which was offset to the disposal and transfer of Emerson Manor's capital assets.

HOUSING AUTHORITY OF CHELAN COUNTY
MCAG NO. 0439
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 3 CAPITAL ASSETS (CONTINUED)

Capital asset activities for the discretely presented component units during the year ended December 31, 2022 were as follows:

	Balance January 1, 2022	Increases	Transfers/ Retirements	Balance December 31, 2022
CAPITAL ASSETS NOT BEING DEPRECIATED				
Land	1,324,699	\$ 51,258	\$ (193,388)	\$ 1,182,569
Construction in Progress	11,038,668	1,569,997	(12,608,665)	-
Total Capital Assets Not Being Depreciated	12,363,367	1,621,255	(12,802,053)	1,182,569
CAPITAL ASSETS BEING DEPRECIATED				
Land Improvements	778,438	935,089	173,972	1,887,499
Apartment Buildings and Furnishings	5,297,070	14,529,282	7,771,991	27,598,343
Nondwelling Furniture and Equipment	17,654	172,350	(17,654)	172,350
Total Capital Assets Being Depreciated	6,093,162	15,636,721	7,928,309	29,658,192
Less: Accumulated Depreciation				
Land Improvements	(510,234)	(20,780)	510,234	(20,780)
Apartment Buildings and Furnishings	(1,391,087)	(297,155)	1,408,167	(280,075)
Nondwelling Furniture and Equipment	(56,020)	(56,570)	56,020	(56,570)
Total Accumulated Depreciation	(1,957,341)	(374,505)	1,974,421	(357,425)
Net Capital Assets Being Depreciated	4,135,821	15,262,216	9,902,730	29,300,767
TOTAL NET CAPITAL ASSETS	<u>\$ 16,499,188</u>	<u>\$ 16,883,471</u>	<u>\$ (2,899,323)</u>	<u>\$ 30,483,336</u>

As part of the construction of Mountain View Apartments and Garten LLP, \$12.8 million of work in progress was placed into service as land, apartment buildings, and furnishings during 2022. Also, due to the transfer of Bello Rio, LLC to the Housing Authority, capital assets were decreased by \$4.87 million which offset the other additions.

HOUSING AUTHORITY OF CHELAN COUNTY
MCAG NO. 0439
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 4 LONG-TERM DEBT

The Housing Authority has direct borrowings secured by capital assets. These loans were used to acquire capital assets that provide low-income housing. They are being repaid from revenues generated by the Housing Authority. The following is a description of each of the primary government loans:

<u>Description</u>	<u>Amount</u>
Washington Square	
A note to Rural Development, payable at \$681 per month, including interest at 1%, is due September 2039.	\$ 125,997
A note to Rural Development, payable at \$1,563 per month, including interest at 1%, is due September 2039.	289,113
Wenatchee II	
A note to Rural Development, payable at \$354 per month, including interest at 1%, is due September 2039.	65,534
A note to Rural Development, payable at \$141 per month, including interest at 1%, is due September 2039.	26,064
A note to Rural Development, payable at \$1,953 per month, including interest at 1%, is due September 2039.	361,315
Applewood	
A note to Rural Development, payable at \$2,985 per month, including interest at 1%, is due November 2027.	154,468
Man*Sun Villa	
A note to Rural Development, payable at \$1,378 per month, including interest at 13.25% adjusted by an interest credit to 1%, is due August 2032.	386,007
A note to Rural Development, payable at \$714 per month, including interest at 5.75% adjusted by an interest credit to 1%, is due February 2044.	220,575
A note to the Office of Rural Farmworker Housing, payable at \$562 per month, including interest of 3.5%, due in November 2049.	117,243

HOUSING AUTHORITY OF CHELAN COUNTY
MCAG NO. 0439
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 4 LONG-TERM DEBT (CONTINUED)

<u>Description</u>	<u>Amount</u>
River Run	
A note to Rural Development, is deferred for 20 years. The full principal and interest at 7.125% will be due and payable in October 2037.	\$ 87,638
A note to Rural Development, payable at \$960 per month, including interest at 7.125% adjusted by an interest credit to 1%, is due October 2047.	271,837
A note to Rural Development, payable in one regular installment, including interest at 1.0% is due on or before October 2047	974,980
Heritage Glen	
A note to Rural Development, payable at \$2,382 per month, including interest at 1%, is due June 1, 2034.	320,481
A noninterest bearing note to Washington State Department of Commerce, is deferred until future years. Loan is payable at \$4,598 per year, is due December 2051. The note takes a subordinate position to the Rural Development loan on this project.	149,382
A note to Washington State Department of Commerce, is deferred until future years. Loan is payable at \$15,203 per year, including interest at 1%, is due December 2051. The note takes a subordinate position to the Rural Development loan on this project.	420,133
Chelan Gardens	
A note to Rural Development, payable at \$509 per month, including interest at 6% adjusted by an interest credit to 1%, is due May 2033.	156,106
A note to Office of Rural Farmworker Housing, payable at \$736 per month, including interest of 3.5%, due in November 2049.	153,632

HOUSING AUTHORITY OF CHELAN COUNTY
MCAG NO. 0439
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 4 LONG-TERM DEBT (CONTINUED)

<u>Description</u>	<u>Amount</u>
Entiat Gardens	
A note to Rural Development, payable at \$2,322 per month, including interest at 6%, is due May 2031.	\$ 183,814
A note to Banner Bank, payable at \$1,730 per month, including interest at 4.5%, is due May 2033.	171,983
Gibson Gardens	
A note to the Office of Rural Farmworker Housing, payable at \$1,319 per month, including interest at 3.5% is due November 2035.	164,324
A note to Rural Development, is deferred until future years. Loan is payable at \$623 per month, including interest at 3.25% adjusted by an interest credit to 1%, is due October 2047.	1,093,424
A note to Rural Development, is deferred until future years. A balloon payment of deferred principal and interest at 6% adjusted by an interest credit to 1%, is due January 2039. The final installment is due October 2047.	210,491
Vista Del Rio	
A note to Rural Development, payable at \$665 per month, including interest at 1%, is due in November 2039.	125,746
A noninterest bearing note to Washington State Department of Commerce. Repayment is deferred until sale, refinance, transfer, change of use, if the contractor is out of compliance with terms of the contract, or October 31, 2047. Upon completion of the deferral period, the loan will be converted to a grant with no expectation of repayment. The loan is evidenced by a Promissory Note and secured by a first Deed of Trust.	1,435,000
A note to Washington Community Reinvestment Association, payable at \$1,266 per month, including interest at 6.25%, is due June 2049.	196,732

HOUSING AUTHORITY OF CHELAN COUNTY
MCAG NO. 0439
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 4 LONG-TERM DEBT (CONTINUED)

<u>Description</u>	<u>Amount</u>
Chelan Bluff	
A note to Rural Development, payable at \$2,295 per month, including interest at 1%, is due November 2038.	408,970
A note to Washington State Department of Commerce, is deferred until future years. Loan is payable at \$3,476 per quarter, including interest at 1%, is due October 2047.	333,882
A noninterest bearing note to Washington State Department of Commerce. Repayment is deferred until sale, refinance, transfer, change of use, if the contractor is out of compliance with terms of the contract, or October 31, 2047. Upon completion of the deferral period, the loan will be converted to a grant with no expectation of repayment. The loan is evidenced by a Promissory Note and secured by a first Deed of Trust.	595,500
Morning Sun Park	
A noninterest bearing note to Washington State Department of Commerce. Repayment is deferred until sale, refinance, change of use or ownership, destruction of the property or December 31, 2049. Upon completion of the deferral period, the loan will be converted to a grant with no expectation of repayment. The loan is evidenced by a Promissory Note and secured by a first Deed of Trust.	906,942
Columbia Pointe	
A note to Rural Development, payable at \$900 per month, including interest at 1%, is due October 2041.	182,165
A noninterest bearing note to Washington State Department of Commerce. Repayment is deferred until sale, refinance, transfer, change of use, if the contractor is out of compliance with terms of the contract, or March 31, 2049. Upon completion of the deferral period, the loan will be converted to a grant with no expectation of repayment. The loan is evidenced by a Promissory Note and secured by a first Deed of Trust.	1,533,773

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NOTE 4 LONG-TERM DEBT (CONTINUED)

<u>Description</u>	<u>Amount</u>
Emerson Manor	
A note to Rural Community Assistance Corporation. The full principal loan amount will be due and payable on or before November 1, 2023.	194,571
A noninterest bearing note to Washington State Department of Commerce is deferred for 40 years. The full principal loan amount will be due and payable on or before January 31, 2054.	829,000
A noninterest bearing note to Washington State Department of Commerce. Repayment is deferred until sale, refinance, transfer, change of use, if the contractor is out of compliance with terms of the contract, or February 28, 2059. Upon completion of the deferral period, the loan will be converted to a grant with no expectation of repayment. The loan is evidenced by a Promissory Note and secured by a first Deed of Trust.	475,000
A note to Centennial Mortgage Inc is deferred until completion of construction, with monthly payments with interest at 4.37%, is due December 1, 2063.	2,255,045
Wenatchee House	
A note to Banner Bank, payable at \$10,464 per month, including interest at 4.25%, is due February 28, 2044.	1,755,077
A noninterest bearing note to Washington State Department of Commerce is deferred for 40 years. The full principal loan amount will be due and payable on or before January 31, 2054.	1,173,000
Lake Chelan Community Apartments	
A noninterest bearing note to Washington State Department of Commerce is deferred for 40 years. The full principal loan amount will be due and payable on or before January 31, 2056.	2,100,000

HOUSING AUTHORITY OF CHELAN COUNTY
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NOTES TO FINANCIAL STATEMENTS
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NOTE 4 LONG-TERM DEBT (CONTINUED)

<u>Description</u>	<u>Amount</u>
Bavarian Village	
A note to Rural Development, payable at \$1,886 per month, including interest at 2.5%, is due December 30, 2051. Subject to the provisions of the agreement, the payment and interest will be subsidized, the monthly payments will be \$1,369 and interest will be 1%.	641,157
A noninterest bearing note to Washington State Department of Commerce. Repayment is deferred until sale, refinance, transfer, change of use, if the contractor is out of compliance with terms of the contract, or December 31, 2061. Upon completion of the deferral period, the loan will be converted to a grant with no expectation of repayment. The loan is evidenced by a Promissory Note and secured by a Deed of Trust.	1,360,868
Bello Rio, LLC	
A noninterest bearing note to Washington State Department of Commerce is deferred for 40 years. The full principal loan amount will be due and payable on or before October 31, 2045.	1,846,986
Total Long-Term Debt	<u>24,453,955</u>
Long-Term Debt Payable within One Year	<u>512,712</u>
Long-Term Debt Payable after One Year	<u>\$ 23,941,243</u>

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

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 512,712	\$ 167,362
2024	376,829	388,785
2025	389,991	379,017
2026	404,028	368,851
2027	397,431	358,972
2028-2032	2,105,948	1,626,678
2033-2037	1,903,880	1,375,390
2038-2042	2,360,570	1,117,201
2043-2047	7,261,785	924,253
2048-2052	2,802,919	640,700
2053-2057	4,102,000	435,488
2058-2062	1,835,862	198,907
2063-2067	-	6,545
Total	<u>\$ 24,453,955</u>	<u>\$ 7,988,149</u>

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NOTE 4 LONG-TERM DEBT (CONTINUED)

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

<u>Type of Debt</u>	<u>Balance 1/1/2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/2022</u>	<u>Due Within One Year</u>
Rural Development	\$ 6,483,208	\$ -	\$ 197,575	\$ 6,285,633	\$ 206,753
Bank Loans	3,207,189	-	1,280,129	1,927,060	65,188
WA Department of Commerce	10,837,480	2,321,986	-	13,159,466	26,777
WCRA	199,533	-	2,801	196,732	2,981
ORFH	451,325	-	15,877	435,448	16,442
Impact Capital	129,756	-	129,756	-	-
RCAC	-	194,571	-	194,571	194,571
Centennial Mortgage (HUD)	-	2,255,045	-	2,255,045	-
Related Party Payable	-	197,084	-	197,084	-
Net Pension Liability	106,064	129,939	-	236,003	-
Family Self Sufficiency Payable	140,308	-	104,808	35,500	-
Total Long-Term Liabilities	<u>\$ 21,554,863</u>	<u>\$ 5,098,625</u>	<u>\$ 1,730,946</u>	<u>\$ 24,922,542</u>	<u>\$ 512,712</u>

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

<u>Description</u>	<u>Amount</u>
Mountain View Housing Development, LLC	
A note to Washington State Department of Commerce is deferred for 40 years. The full principal and interest at 1% will be due and payable on October 31, 2062. The note is evidenced by a Promissory Note and secured by a first Deed of Trust.	4,500,000
The interim construction note to Banner Bank bears interest at 3.05% prior to the conversion to a term loan. Monthly payments of interest only are due beginning on the first day of the first full month after the first advance is made and a final payment of principal and interest is due no later than the interim construction maturity date of September 1, 2023. Upon satisfaction of conditions set forth in the loan agreement, the interim construction note shall be converted into a term loan. Monthly payments of principal and interest are due on the first day of the first full month following the conversion. The term loan bears interest at 4.125% and matures on September 1, 2040.	9,359,338
Garten Haus LLLP	

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NOTE 4 LONG-TERM DEBT (CONTINUED)

Garten Haus LLLP

A note to Centennial Mortgage Inc with monthly payments of interest at 3.2% due beginning June 2021 through April 2023. Monthly payments of principal and interest of \$16,762 are due beginning April 2023 through maturity of the note on March 1, 2063. The note is secured by a mortgage deed to secure debt or deed of trust. 3,880,051

A note to Washington State Department of Commerce is deferred for 40 years. The full principal and interest at 1% compounded annually beginning February 2022 will be due and payable on April, 2062. 2,514,611

A note to Housing Authority of Chelan County bears interest at 8% calculated based on an actual 360-day basis, compounded annually and is due April 2063. During construction, payments in the amount of \$432,276 or such greater amount as may be approved by the Limited Partner. The remaining principal and interest shall be paid solely from distributions of cash flow or capital proceeds as defined in the partnership agreement. 1,825,291

A note to Enterprise Housing Partners XXXV Limited Partnership, bears interest at 8% compounded semi-annually on outstanding principal balances. All outstanding principal and accrued and unpaid interest is due on December 31, 2022. 2,044,249

The Washington State Housing Finance Commission (WSHFC) issued Multifamily Housing Revenue Series 2021 bonds on May 1, 2021, in the amount of \$7,000,000. WSHFC used the proceeds received from the sale of the \$7,000,000 Multifamily Housing Revenue Bonds to acquire a loan made by U.S. Bank National Association and assign the loan to U.S. Bank National Association. The bonds payable bear interest at a rate of 0.37%. Semiannual payments of interest are required from the bond fund beginning January 1, 2022, on January 1 and July 1 of each year until July 1, 2023, when the principal and remaining interest are due. A final installment of \$7,012,950 is due on July 1, 2023. 7,000,000

Total Long-Term Debt 31,123,540

Long-Term Debt Payable within One Year 18,554,442

Long-Term Debt Payable after One Year \$ 12,569,098

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NOTE 4 LONG-TERM DEBT (CONTINUED)

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

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 18,554,442	\$ 106,721
2024	201,140	110,956
2025	201,140	110,518
2026	201,140	110,044
2027	201,140	109,530
2028-2032	1,005,700	538,328
2033-2037	1,005,700	517,354
2038-2042	913,236	486,104
2043-2047	-	439,548
2048-2052	-	370,185
2053-2057	-	266,847
2058-2062	7,014,611	112,887
2063-2067	1,825,291	383
Total	<u>\$ 31,123,540</u>	<u>\$ 3,279,405</u>

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

<u>Type of Debt</u>	<u>Balance 1/1/2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/2022</u>	<u>Due Within One Year</u>
Bank	-	9,359,338	-	9,359,338	9,359,338
WSHFC	7,000,000	-	-	7,000,000	7,000,000
WA Department of Commerce	5,283,542	3,578,055	1,846,986	7,014,611	-
CCWHA	1,825,291	-	-	1,825,291	-
Enterprise Housing Partners XXXV LP	-	2,044,249	-	2,044,249	2,044,249
Centennial Mortgage (HUD)	1,759,411	2,120,640	-	3,880,051	150,855
Total Long-Term Liabilities	<u>\$ 15,868,244</u>	<u>\$17,102,282</u>	<u>\$ 1,846,986</u>	<u>\$ 31,123,540</u>	<u>\$ 18,554,442</u>

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NOTE 5 PENSION PLANS

The following table represents the aggregate pension amounts for all plans for the year ended December 31, 2022:

Aggregate Pension Amounts - All Plans	
Pension Liabilities	\$ (236,003)
Pension Assets	410,043
Deferred Outflows of Resources	416,978
Deferred Inflows of Resources	(459,607)
Pension Expense	(47,426)

State Sponsored Pension Plans

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

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

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

Or the DRS ACFR may be downloaded from the DRS website at www.drs.wa.gov.

Public Employees' Retirement System (PERS)

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

PERS Plan 1

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

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NOTE 5 PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

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

Contributions

The PERS Plan 1 member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2022 were as follows:

PERS Plan 1	Employer	Employee*
January - June 2022:		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	3.71%	
Administrative Fee	0.18%	
Total	10.25%	6.00%
July - December 2022:		
PERS Plan 1 UAAL	6.36%	6.00%
Administrative Fee	3.85%	
Administrative Fee	0.18%	
Total	10.39%	6.00%

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NOTE 5 PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

PERS Plan 2/3

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

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

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

PERS Plan 3

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

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NOTE 5 PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Contributions

The PERS Plan 2/3 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2022 were as follows:

<u>PERS Plan 2/3</u>	<u>Employer</u>	<u>Employee*</u>
January - August 2022:		
PERS Plan 2/3	6.36%	6.36%
PERS Plan 1 UAAL	3.71%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	10.25%	6.36%
September - December 2022:		
PERS Plan 2/3	6.36%	6.36%
PERS Plan 1 UAAL	3.85%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	10.39%	6.36%

The Housing Authorities' actual PERS plan contributions were \$56,366 to PERS Plan 1 and \$95,467 to PERS Plan 2/3 for the year ended December 31, 2022.

Actuarial Assumptions

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

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NOTE 5 PENSION PLANS (CONTINUED)

Actuarial Assumptions (Continued)

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

- Inflation: 2.75% total economic inflation; 3.25% salary inflation
- Salary increases: In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- Investment rate of return: 7.00%

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

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

- OSA updated the Joint-and-Survivor Factors and Early Retirement Factors in the model. Those factors are used to value benefits for early retirement and survivors of members that are deceased prior to retirement. These factors match the administrative factors provided to DRS for future implementation that reflect current demographic and economic assumptions.
- OSA updated the economic assumptions based on the 2021 action of the PFC and the LEOFF Plan 2 Retirement Board. The investment return assumption was reduced from 7.5% (7.4% for LEOFF 2) to 7.0%, and the salary growth assumption was lowered from 3.5% to 3.25%. This action is a result of recommendations from OSA's biennial economic experience study.

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NOTE 5 PENSION PLANS (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.0 percent.

To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA's assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.0 percent was used to determine the total liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.0 percent was determined using a building-block-method. In selecting this assumption, the OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMA's) and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the CMA's and their target asset allocation to simulate future investment returns at various future times.

Estimated Rates of Return by Asset Class

The table below summarizes the best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

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

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NOTE 5 PENSION PLANS (CONTINUED)

Sensitivity of the Net Pension Liability/(Asset)

The table below presents the Housing Authorities proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the Housing Authorities proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0 percent) or 1-percentage point higher (8.0 percent) than the current rate.

Plan	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
PERS 1	\$ 315,297	\$ 236,003	\$ 166,798
PERS 2/3	482,879	(410,043)	(1,143,635)

Pension Plan Fiduciary Net Position

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

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

At June 30, 2022, the Housing Authority reported its proportionate share of the net pension liabilities (assets) as follows:

Plan	Asset
PERS 1	\$ -
PERS 2/3	(1,101,355)
Total	<u><u>\$ (1,101,355)</u></u>

At June 30, 2022, the Housing Authorities proportionate share of the collective net pension liabilities was as follows:

Plan	Proportionate Share 6/30/2021	Proportionate Share 6/30/2022	Change in Proportion
PERS 1	0.008685%	0.008476%	-0.000209%
PERS 2/3	0.011149%	0.011056%	-0.000093%

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NOTE 5 PENSION PLANS (CONTINUED)

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

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2022, are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Nonemployer Allocations*.

Pension Expense

For the year ended December 31, 2022, the Housing Authority recognized pension expense as follows:

Plan	Pension Expense
PERS 1	\$ 102,780
PERS 2/3	(150,207)
Total	<u>\$ (47,427)</u>

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2022, the Housing Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ -
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	(39,113)
Changes of Assumptions	-	-
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	-	-
Contributions Subsequent to the Measurement Date	27,322	-
Total	<u>\$ 27,322</u>	<u>\$ (39,113)</u>

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NOTE 5 PENSION PLANS (CONTINUED)

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

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 101,599	\$ (9,282)
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	(303,148)
Changes of Assumptions	228,542	(59,841)
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	13,837	(48,224)
Contributions Subsequent to the Measurement Date	45,677	-
Total	<u>\$ 389,655</u>	<u>\$ (420,495)</u>

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NOTE 5 PENSION PLANS (CONTINUED)

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

Deferred outflows of resources related to pensions resulting from the Housing Authorities contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>PERS 1</u>
2023	\$ (16,552)
2024	(15,033)
2025	(18,859)
2026	11,331
2027	-
Thereafter	-
Total	<u>\$ (39,113)</u>

<u>Year Ending December 31,</u>	<u>PERS 2/3</u>
2023	\$ (108,123)
2024	(94,769)
2025	(107,937)
2026	138,770
2027	47,378
Thereafter	48,164
Total	<u>\$ (76,517)</u>

HOUSING AUTHORITY OF CHELAN COUNTY
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NOTE 6 RELATED PARTIES

The Columbia Valley Housing Association (CVHA), an affiliate, was organized as a separate nonprofit entity in 1996 to purchase land for development of low-income, single family, dwelling units. CVHA contracts with the Housing Authority to provide bookkeeping and accounting services. As of December 31, 2022, the Housing Authority had recorded receivables of \$0 from the CVHA.

NOTE 7 RISK MANAGEMENT

The Housing Authority is a member of the Housing Authorities Risk Retention Pool (HARRP). Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), fifty-five public housing authorities in the states of Washington, Oregon and California originally formed HARRP in March 1987. HARRP was created for the purposes of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and/or jointly contracting for risk management services. HARRP currently has a total of ninety-two members in the states of Washington, Oregon, Nevada and California. Thirty-six of the ninety two members are Washington public housing entities.

New members originally contract for a three year term and thereafter automatically renew on an annual basis. Members may quit (after completion of the three year commitment) upon giving notice to HARRP prior to their renewal date. HARRP can terminate the members after giving a sixty (60) day notice prior to the renewal date. Termination does not relieve a former member from its unresolved losses incurred during membership.

General and Automobile Liability coverages are written on an occurrence basis, without member deductibles. Errors & Omissions coverage (which includes Employment Practices Liability) is written on a claims made basis, and the members are responsible for 10percent of the incurred costs of the claims. (Due to special underwriting circumstances, some members may be subject to a greater E&O co-payment.) The Property coverage offered by HARRP is on a replacement cost basis with deductibles ranging from \$1,000 to \$25,000. Fidelity coverage, with limits of \$100,000 (with options up to \$500,000) for employee dishonesty and forgery or alteration and \$10,000 for theft are also provided with deductibles the same as Property.

Coverage limits for General Liability, Errors & Omissions and Property are \$2,000,000 per occurrence and \$2,000,000 annual aggregate. (Some members have chosen greater Property limits for higher valued properties.) Limits for Automobile Liability are \$1,000,000/\$1,000,000.

HOUSING AUTHORITY OF CHELAN COUNTY
MCAG NO. 0439
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 7 RISK MANAGEMENT (CONTINUED)

HARRP self-insures the full layer of coverage for liability lines (\$2,000,000 per occurrence and \$2,000,000 annual aggregate). There is no purchased reinsurance above this limit. For property, HARRP retains \$2,000,000 and \$63,000,000 of reinsurance from St. Paul/Travelers Insurance Company for a combined total of \$65,000,000. The HARRP Board of Directors determines the limits and coverage terms, at its sole discretion.

HARRP provides loss control services, claim investigation and adjusting, litigation management and defense with in-house staff and retained third party contractors.

HARRP is fully funded by member assessments that are adjusted annually by the HARRP Board on the basis of independent actuarial studies. These assessments cover loss, loss adjustment expenses, reinsurance and other administrative expenses. HARRP does not have the right to assess the membership for any shortfall in its funding. Such shortfalls are made up through future rate adjustments.

In the past three years (2022, 2021, and 2020), there have been no claim settlements, per occurrence or in aggregate, that have exceeded the coverage provided by excess/reinsurance contracts.

NOTE 8 RISKS AND UNCERTAINTIES

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

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

HOUSING AUTHORITY OF CHELAN COUNTY
MCAG NO. 0439
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PENSION PLANS, PERS 1 AND PERS 2/3
AS OF JUNE 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015
PERS Plan 1								
Employer's Proportion of the Net Pension Liability (Asset)	0.008476%	0.008685%	0.009275%	0.008733%	0.009894%	0.010439%	0.011065%	0.530100%
Employer's Proportionate Share of the Net Pension Liability	\$ (103,512)	\$ (106,064)	\$ 327,458	\$ 335,815	\$ 441,869	\$ 495,339	\$ 349,451	\$ 277,292
Employer's Covered Payroll	\$ 1,501,056	\$ 1,358,270	\$ 1,359,112	\$ 1,227,050	\$ 1,312,520	\$ 1,368,849	\$ 1,315,536	\$ 609,040
Employer's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	-6.90%	-7.81%	24.09%	27.37%	33.67%	36.19%	26.56%	45.53%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.56%	88.74%	68.64%	67.12%	63.22%	61.24%	57.03%	59.10%
PERS Plan 2/3								
Employer's Proportion of the Net Pension Liability (Asset)	0.011056%	0.011149%	0.012086%	0.011273%	0.012703%	0.013427%	0.014197%	0.687700%
Employer's Proportionate Share of the Net Pension Liability	\$ 1,101,355	\$ 1,110,620	\$ 154,573	\$ 109,499	\$ 216,892	\$ 466,524	\$ 236,601	\$ 245,719
Employer's Covered Payroll	\$ 1,501,056	\$ 1,387,270	\$ 1,359,112	\$ 1,227,050	\$ 1,312,520	\$ 1,368,849	\$ 1,315,536	\$ 609,040
Employer's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	73.37%	80.06%	11.37%	8.92%	16.52%	34.08%	17.99%	17.99%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	106.73%	120.29%	97.22%	97.77%	95.77%	90.97%	85.82%	89.20%

Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the Housing Authority will present information for only those years for which information is available.

HOUSING AUTHORITY OF CHELAN COUNTY
MCAG NO. 0439
SCHEDULE OF EMPLOYER CONTRIBUTIONS
PENSION PLANS, PERS 1 AND PERS 2/3
AS OF DECEMBER 31, 2022

	2022	2021	2020	2019	2018	2017	2016	2015
PERS Plan 1								
Statutory or Contractually Required Contributions	\$ 56,366	\$ 55,800	\$ 67,733	\$ 62,785	\$ 62,458	\$ 67,236	\$ 64,635	\$ 54,935
Contributions in Relation to the Statutory or Contractually Required Contributions	(56,366)	(55,800)	(67,733)	(62,785)	(62,458)	(67,236)	(64,635)	(54,935)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 1,501,056	\$ 1,358,270	\$ 1,411,914	\$ 1,270,667	\$ 1,233,575	\$ 1,372,279	\$ 1,355,035	\$ 1,249,985
Contributions as a Percentage of Covered Payroll	3.76%	4.11%	4.80%	4.94%	5.06%	4.90%	4.77%	4.39%
PERS Plan 2/3								
Statutory or Contractually Required Contributions	\$ 95,467	\$ 92,717	\$ 111,824	\$ 98,149	\$ 92,517	\$ 94,110	\$ 84,419	\$ 70,566
Contributions in Relation to the Statutory or Contractually Required Contributions	(95,467)	(92,717)	(111,824)	(98,149)	(92,517)	(94,110)	(84,419)	(70,566)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 1,501,056	\$ 1,358,270	\$ 1,411,914	\$ 1,270,667	\$ 1,233,575	\$ 1,372,279	\$ 1,355,035	\$ 1,249,985
Contributions as a Percentage of Covered Payroll	6.36%	6.83%	7.92%	7.72%	7.50%	6.86%	6.23%	5.65%

Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the Housing Authority will present information for only those years for which information is available.

HOUSING AUTHORITY OF CHELAN COUNTY
MCAG NO. 0439
COMBINING SCHEDULE OF NET POSITION – PRIMARY GOVERNMENT
DECEMBER 31, 2022

	Washington Square	Wenatchee II	Applewood	Man'Sun Villa	River Run	Heritage Glen	Chelan Gardens	Entiat Gardens	Gibson Gardens
ASSETS AND DEFERRED OUTFLOWS									
CURRENT ASSETS									
Cash and Cash Equivalents	\$ 37,669	\$ 32,196	\$ (9,175)	\$ 32,804	\$ 43,730	\$ 53,912	\$ 34,660	\$ 42,265	\$ 86,928
Restricted Cash:									
Tenant Deposits	18,908	20,326	17,868	8,638	9,268	18,371	9,198	6,403	12,284
FSS Self-Sufficiency	-	-	-	-	-	-	-	-	-
Cash Reserves	255,318	372,397	351,235	17,985	230,480	297,963	59,515	522,945	190,346
Total Cash and Cash Equivalents	311,895	424,919	359,928	59,427	283,478	370,246	103,373	571,613	289,558
Accounts Receivable:									
Tenants	6,079	9,451	7,357	7,265	2,514	15,087	(288)	4,001	13,000
Related Parties	-	-	-	-	-	-	-	-	-
Other, net of allowance for doubtful accounts	-	-	-	-	-	-	-	-	-
Investment in Limited Partnership	-	-	-	-	-	-	-	-	-
Prepaid Expenses	4,688	4,323	6,020	2,003	1,841	3,986	1,363	2,977	2,134
Total Current Assets	322,662	438,693	373,305	68,695	287,833	389,319	104,448	578,591	304,692
NONCURRENT ASSETS									
Land	159,463	307,860	228,311	103,100	90,000	220,606	45,000	88,860	100,280
Land Improvements	454,025	552,170	308,228	37,549	15,924	14,008	55,508	113,528	148,394
Construction in Progress	-	-	6,302	114,737	-	-	280,204	-	-
Apartment Buildings and Furnishings	1,647,605	1,899,487	3,275,625	961,296	1,660,148	3,358,179	555,157	985,584	1,645,170
Nondwelling Furniture and Equipment	12,080	13,670	26,073	8,710	5,385	21,139	4,364	8,097	3,860
Total	2,273,173	2,773,187	3,844,539	1,225,392	1,771,457	3,613,932	940,233	1,196,069	1,897,704
Less: Accumulated Depreciation	1,662,171	1,910,810	2,455,638	771,029	510,625	1,798,931	297,530	611,783	497,497
Net Capital Assets	611,002	862,377	1,388,901	454,363	1,260,832	1,815,001	642,703	584,286	1,400,207
OTHER NONCURRENT ASSETS									
Net Pension Asset	18,395	17,522	18,835	9,609	9,322	15,540	7,310	15,155	6,887
Total Assets	\$ 952,059	\$ 1,318,592	\$ 1,781,041	\$ 532,667	\$ 1,557,987	\$ 2,219,860	\$ 754,461	\$ 1,178,032	\$ 1,711,786
DEFERRED OUTFLOWS OF RESOURCES									
Deferred Outflow of Resources Related to Pensions	\$ 18,707	\$ 17,818	\$ 19,153	\$ 9,772	\$ 9,479	\$ 15,803	\$ 7,434	\$ 15,412	\$ 7,003

HOUSING AUTHORITY OF CHELAN COUNTY
MCAG NO. 0439
COMBINING SCHEDULE OF NET POSITION – PRIMARY GOVERNMENT (CONTINUED)
DECEMBER 31, 2022

	Vista Del Rio	Chelan Bluff	Emerson Manor LLC	Bello Rio	Housing Choice Voucher	Morning Sun Park, LP	Columbia Pointe	Emerson Manor
ASSETS AND DEFERRED OUTFLOWS								
CURRENT ASSETS								
Cash and Cash Equivalents	\$ 36,138	\$ 21,361	\$ 122,774	\$ 9,128	\$ 414,454	\$ 141,049	\$ 33,323	\$ 41,755
Restricted Cash:								
Tenant Deposits	314	12,318	10,490	15,047	-	9,738	372	-
FSS Self-Sufficiency	-	-	-	-	35,500	-	-	-
Cash Reserves	302,548	39,439	503,564	-	11,067	-	376,937	80,435
Total Cash and Cash Equivalents	339,000	73,118	636,828	24,175	461,021	150,787	410,632	122,190
Accounts Receivable:								
Tenants	170	955	(603)	7,797	(320)	6,185	21	-
Related Parties	-	-	-	-	-	-	-	-
Other, net of allowance for doubtful accounts	-	-	-	-	7,478	-	-	-
Investment in Limited Partnership	-	-	-	-	-	-	-	-
Prepaid Expenses	7,021	4,368	4,766	9,177	10,216	3,647	7,428	-
Total Current Assets	346,191	78,441	640,991	41,149	478,395	160,619	418,081	122,190
NONCURRENT ASSETS								
Land	183,365	123,309	248,508	220,582	-	-	179,090	-
Land Improvements	807,384	12,626	-	-	-	344,932	872,706	-
Construction in Progress	-	-	1,388,804	-	-	-	-	-
Apartment Buildings and Furnishings	3,560,854	3,890,803	2,172,260	2,678,642	-	1,848,079	3,516,048	-
Nondwelling Furniture and Equipment	8,086	3,293	-	99	16,226	20,396	50,470	-
Total	4,559,689	4,030,031	3,809,572	2,899,323	16,226	2,213,407	4,618,314	-
Less: Accumulated Depreciation	1,493,999	1,504,620	18,102	44,657	15,055	1,385,078	1,550,635	-
Net Capital Assets	3,065,690	2,525,411	3,791,470	2,854,666	1,171	828,329	3,067,679	-
OTHER NONCURRENT ASSETS								
Net Pension Asset	9,340	8,697	17,076	-	93,845	7,280	6,323	-
Total Assets	\$ 3,421,221	\$ 2,612,549	\$ 4,449,537	\$ 2,895,815	\$ 573,411	\$ 996,228	\$ 3,492,083	\$ 122,190
DEFERRED OUTFLOWS OF RESOURCES								
Deferred Outflow of Resources Related to Pensions	\$ 9,498	\$ 8,844	\$ 17,365	\$ -	\$ 95,432	\$ 7,404	\$ 6,430	\$ -

HOUSING AUTHORITY OF CHELAN COUNTY
MCAG NO. 0439
COMBINING SCHEDULE OF NET POSITION – PRIMARY GOVERNMENT (CONTINUED)
DECEMBER 31, 2022

	Wenatchee House	Lake Chelan	Bavarian Village	FSS Self Sufficiency	FSS Forfeit	General	Interproject Eliminations	Total
ASSETS AND DEFERRED OUTFLOWS								
CURRENT ASSETS								
Cash and Cash Equivalents	\$ 87,284	\$ 25,284	\$ 83,116	\$ -	\$ -	\$ 685,636	\$ -	\$ 2,056,291
Restricted Cash:								
Tenant Deposits	15,578	8,509	13,526	-	-	-	-	207,156
FSS Self-Sufficiency	-	-	-	-	-	-	-	35,500
Cash Reserves	543,484	218,140	55,704	-	5,639	-	-	4,435,141
Total Cash and Cash Equivalents	646,346	251,933	152,346	-	5,639	685,636	-	6,734,088
Accounts Receivable:								
Tenants	6,252	10,066	28,033	-	-	-	-	123,022
Related Parties	-	-	-	-	-	198,966	(12,359)	186,607
Other, net of allowance for doubtful accounts	-	121,369	-	-	-	1,828,698	-	1,957,545
Investment in Limited Partnership	-	-	-	-	-	-	-	-
Prepaid Expenses	5,245	3,741	4,172	-	-	9,529	-	98,645
Total Current Assets	657,843	387,109	184,551	-	5,639	2,722,829	(12,359)	9,099,907
NONCURRENT ASSETS								
Land	423,750	197,200	655,000	-	-	247,686	-	3,821,970
Land Improvements	-	4,206	-	-	-	34,112	-	3,775,300
Construction in Progress	-	-	348,028	-	-	22,767	-	2,160,842
Apartment Buildings and Furnishings	3,076,927	1,737,912	964,522	-	-	-	-	39,434,298
Nondwelling Furniture and Equipment	370	296	-	-	-	105,676	-	308,290
Total	3,501,047	1,939,614	1,967,550	-	-	410,241	-	49,500,700
Less: Accumulated Depreciation	731,086	336,334	27,802	-	-	111,252	-	17,734,634
Net Capital Assets	2,769,961	1,603,280	1,939,748	-	-	298,989	-	31,766,066
OTHER NONCURRENT ASSETS								
Net Pension Asset	21,876	12,856	11,160	-	-	103,015	-	410,043
Total Assets	\$ 3,449,680	\$ 2,003,245	\$ 2,135,459	\$ -	\$ 5,639	\$ 3,124,833	\$ (12,359)	\$ 41,276,016
DEFERRED OUTFLOWS OF RESOURCES								
Deferred Outflow of Resources Related to Pensions	\$ 22,246	\$ 13,074	\$ 11,349	\$ -	\$ -	\$ 104,755	\$ -	\$ 416,978

HOUSING AUTHORITY OF CHELAN COUNTY
MCAG NO. 0439
COMBINING SCHEDULE OF NET POSITION – PRIMARY GOVERNMENT (CONTINUED)
DECEMBER 31, 2022

	Washington Square	Wenatchee Il	Applewood	Man*Sun Villa	River Run	Heritage Glen	Chelan Gardens	Entiat Gardens	Gibson Gardens
LIABILITIES, DEFERRED INFLOWS AND NET POSITION									
CURRENT LIABILITIES									
Current Portion of Long-Term Debt	\$ 22,880	\$ 24,964	\$ 34,512	\$ 29,299	\$ 2,730	\$ 42,133	\$ 7,538	\$ 30,521	\$ 10,244
Accounts Payable:									
Trade	7,407	7,225	19,232	21,995	7,222	8,453	19,133	8,214	52,379
Revolving Loan Payable	-	-	6,000	19,604	-	-	192,764	-	-
Other	-	-	-	-	-	-	-	-	-
Unearned Revenue	4,967	16,183	9,355	1,310	1,124	5,335	2,664	3,878	1,567
Payroll Taxes Payable	920	662	968	483	542	605	374	563	381
Compensated Absences Payable	4,653	3,753	2,966	1,439	2,449	3,748	1,209	3,880	2,614
Accrued Payroll Payable	2,839	2,044	2,341	1,123	1,723	1,726	959	1,349	941
Accrued Interest Payable	346	377	713	610	51,465	11,772	631	1,571	62,930
Tenant Deposits Payable	18,908	20,326	17,868	8,638	9,268	18,371	9,198	6,403	12,284
Total Current Liabilities	62,920	75,534	93,955	84,501	76,523	92,143	234,470	56,379	143,340
NONCURRENT LIABILITIES									
FSS Self-Sufficiency Payable	-	-	-	-	-	-	-	-	-
Related Party Payable	625	625	-	-	625	625	625	-	625
Long-Term Debt, Net Current Portion	392,230	427,949	119,956	694,526	1,331,725	847,863	302,200	325,276	1,457,995
Net Pension Liability	10,588	10,085	10,840	5,531	5,365	8,944	4,207	8,723	3,964
Total Noncurrent Liabilities	403,443	438,659	130,796	700,057	1,337,715	857,432	307,032	333,999	1,462,584
Total Liabilities	\$ 466,363	\$ 514,193	\$ 224,751	\$ 784,558	\$ 1,414,238	\$ 949,575	\$ 541,502	\$ 390,378	\$ 1,605,924
DEFERRED INFLOWS OF RESOURCES									
Deferred Inflow of Resources Related to Pensions	\$ 20,619	\$ 19,640	\$ 21,111	\$ 10,771	\$ 10,448	\$ 17,418	\$ 8,193	\$ 16,987	\$ 7,719
Total Deferred Inflow of Resources	\$ 20,619	\$ 19,640	\$ 21,111	\$ 10,771	\$ 10,448	\$ 17,418	\$ 8,193	\$ 16,987	\$ 7,719
NET POSITION									
Net Investment in Capital Assets	\$ 195,892	\$ 409,464	\$ 1,234,433	\$ (269,462)	\$ (73,623)	\$ 925,005	\$ 332,965	\$ 228,489	\$ (68,032)
Restricted for:									
Cash Reserves	255,318	372,397	351,235	17,985	230,480	297,963	59,515	522,945	190,346
Pensions	54,741	52,141	56,047	28,594	27,739	46,243	21,752	45,099	20,493
Unrestricted	(22,167)	(31,425)	(87,383)	(30,007)	(41,816)	(541)	(202,032)	(10,454)	(37,661)
Total Net Position	\$ 483,784	\$ 802,577	\$ 1,554,332	\$ (252,890)	\$ 142,780	\$ 1,268,670	\$ 212,200	\$ 786,079	\$ 105,146

HOUSING AUTHORITY OF CHELAN COUNTY
MCAG NO. 0439
COMBINING SCHEDULE OF NET POSITION – PRIMARY GOVERNMENT (CONTINUED)
DECEMBER 31, 2022

	Vista Del Rio	Chelan Bluff	Emerson Manor LLC	Bello Rio	Housing Choice Voucher	Morning Sun Park, LP	Columbia Pointe	Emerson Manor
LIABILITIES, DEFERRED INFLOWS AND NET POSITION								
CURRENT LIABILITIES								
Current Portion of Long-Term Debt	\$ 9,749	\$ 34,428	\$ 194,571	\$ -	\$ -	\$ -	\$ 8,774	\$ -
Accounts Payable:								
Trade	1,586	7,771	219,983	2,883	171	7,599	2,835	-
Revolving Loan Payable	-	-	-	-	-	-	-	-
Other	-	-	-	-	109	-	-	-
Unearned Revenue	1,376	6,949	228	4,568	(335)	7,980	2,699	-
Payroll Taxes Payable	324	540	-	786	3,825	477	155	-
Compensated Absences Payable	1,843	981	5,113	2,034	17,498	2,273	1,015	-
Accrued Payroll Payable	859	1,340	-	1,403	11,678	1,109	309	-
Accrued Interest Payable	1,483	9,157	796	-	-	-	658	-
Tenant Deposits Payable	314	12,318	10,490	15,047	-	9,738	372	-
Total Current Liabilities	17,534	73,484	431,181	26,711	32,946	29,176	16,817	-
NONCURRENT LIABILITIES								
Family Self-Sufficiency Payable	-	-	-	-	35,500	-	-	-
Related Party Payable	625	625	179,100	-	-	-	625	-
Long-Term Debt, Net Current Portion	1,747,729	1,303,924	3,559,045	1,846,986	-	906,942	1,707,164	-
Net Pension Liability	5,376	5,006	9,828	-	54,013	4,190	3,639	-
Total Noncurrent Liabilities	1,753,730	1,309,555	3,747,973	1,846,986	89,513	911,132	1,711,428	-
Total Liabilities	\$ 1,771,264	\$ 1,383,039	\$ 4,179,154	\$ 1,873,697	\$ 122,459	\$ 940,308	\$ 1,728,245	\$ -
DEFERRED INFLOWS OF RESOURCES								
Deferred Inflow of Resources Related to Pensions	\$ 10,469	\$ 9,749	\$ 19,140	\$ -	\$ 105,189	\$ 8,160	\$ 7,087	\$ -
Total Deferred Inflow of Resources	\$ 10,469	\$ 9,749	\$ 19,140	\$ -	\$ 105,189	\$ 8,160	\$ 7,087	\$ -
NET POSITION								
Net Investment in Capital Assets	\$ 1,308,212	\$ 1,187,059	\$ 37,854	\$ 1,007,680	\$ 1,171	\$ (78,613)	\$ 1,351,741	\$ -
Restricted for:								
Cash Reserves	302,548	39,439	503,564	-	11,067	-	376,937	80,435
Pensions	27,794	25,881	50,813	-	279,262	21,665	18,815	-
Unrestricted	10,432	(23,774)	(323,623)	14,438	149,695	112,112	15,688	41,755
Total Net Position	\$ 1,648,986	\$ 1,228,605	\$ 268,608	\$ 1,022,118	\$ 441,195	\$ 55,164	\$ 1,763,181	\$ 122,190

HOUSING AUTHORITY OF CHELAN COUNTY
MCAG NO. 0439
COMBINING SCHEDULE OF NET POSITION – PRIMARY GOVERNMENT (CONTINUED)
DECEMBER 31, 2022

	Wenatchee House	Lake Chelan	Bavarian Village	FSS Self Sufficiency	FSS Forfeit Self Sufficiency	General	Interproject Eliminations	Total
LIABILITIES, DEFERRED INFLOWS AND NET POSITION								
CURRENT LIABILITIES								
Current Portion of Long-Term Debt	\$ 51,977	\$ -	\$ 8,392	\$ -	\$ -	\$ -	\$ -	\$ 512,712
Accounts Payable:								
Trade	4,141	119,200	121,839	-	-	36,571	-	675,839
Revolving Loan Payable	-	-	6,128	-	-	-	-	224,496
Other	-	-	-	-	-	-	-	109
Unearned Revenue	2,587	4,737	13,955	-	-	-	-	91,117
Payroll Taxes Payable	1,118	711	362	-	-	3,816	-	17,612
Compensated Absences Payable	5,136	2,847	1,571	-	-	644	-	67,666
Accrued Payroll Payable	2,885	1,735	973	-	-	15,497	-	52,833
Accrued Interest Payable	6,216	-	2,448	-	-	-	-	151,173
Tenant Deposits Payable	15,578	8,509	13,526	-	-	-	-	207,156
Total Current Liabilities	89,638	137,739	169,194	-	-	56,528	-	2,000,713
NONCURRENT LIABILITIES								
Family Self-Sufficiency Payable	-	-	-	-	-	-	-	35,500
Related Party Payable	-	-	12,359	-	-	-	(12,359)	184,725
Long-Term Debt, Net Current Portion	2,876,100	2,100,000	1,993,633	-	-	-	-	23,941,243
Net Pension Liability	12,591	7,399	6,423	-	-	59,291	-	236,003
Total Noncurrent Liabilities	2,888,691	2,107,399	2,012,415	-	-	59,291	(12,359)	24,397,471
Total Liabilities	\$ 2,978,329	\$ 2,245,138	\$ 2,181,609	\$ -	\$ -	\$ 115,819	\$ (12,359)	\$ 26,398,184
DEFERRED INFLOWS OF RESOURCES								
Deferred Inflow of Resources Related to Pensions	\$ 24,520	\$ 14,410	\$ 12,509	\$ -	\$ -	\$ 115,468	\$ -	\$ 459,607
Total Deferred Inflow of Resources	\$ 24,520	\$ 14,410	\$ 12,509	\$ -	\$ -	\$ 115,468	\$ -	\$ 459,607
NET POSITION								
Net Investment in Capital Assets	\$ (158,116)	\$ (496,720)	\$ (62,277)	\$ -	\$ -	\$ 298,989	\$ -	\$ 7,312,111
Restricted for:								
Cash Reserves	543,484	218,140	55,704	-	5,639	-	-	4,435,141
Pensions	65,097	38,257	33,209	-	-	306,550	-	1,220,192
Unrestricted	18,612	(2,906)	(73,946)	-	-	2,392,762	-	1,867,759
Total Net Position	\$ 469,077	\$ (243,229)	\$ (47,310)	\$ -	\$ 5,639	\$ 2,998,301	\$ -	\$ 14,835,203

HOUSING AUTHORITY OF CHELAN COUNTY
MCAG NO. 0439
COMBINING SCHEDULE OF NET POSITION – DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2022

	Bello Rio, LLC	Mountain View Housing	Garten Haus LLLP	Total
ASSETS AND DEFERRED OUTFLOWS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ -	\$ 36,737	\$ 509,980	\$ 546,717
Restricted Cash:				
Tenant Deposits	-	17,746	8,430	26,176
Bond Escrow	-	-	7,029,501	7,029,501
Cash Reserves	-	-	82,371	82,371
Total Cash and Cash Equivalents	-	54,483	7,630,282	7,684,765
Accounts Receivable:				
Tenants	-	16,942	18,875	35,817
Prepaid Expenses	-	-	925	925
Total Current Assets	-	71,425	7,650,082	7,721,507
NONCURRENT ASSETS				
Land	-	345,375	837,194	1,182,569
Land Improvements	-	935,089	952,410	1,887,499
Construction in Progress	-	-	-	-
Apartment Buildings and Furnishings	-	17,029,770	10,568,573	27,598,343
Nondwelling Furniture and Equipment	-	172,350	-	172,350
Total	-	18,482,584	12,358,177	30,840,761
Less: Accumulated Depreciation	-	125,229	232,196	357,425
Net Capital Assets	-	18,357,355	12,125,981	30,483,336
OTHER NONCURRENT ASSETS				
Capitalized Costs, Net	-	160,826	48,778	209,604
Total Assets	-	\$ 18,589,606	\$ 19,824,841	\$ 38,414,447
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflow of Resources Related to Pensions	\$ -	\$ -	\$ -	\$ -

HOUSING AUTHORITY OF CHELAN COUNTY
MCAG NO. 0439
COMBINING SCHEDULE OF NET POSITION – DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)
DECEMBER 31, 2022

	Bello Rio, LLC	Mountain View Housing	Garten Haus LLLP	Total
LIABILITIES, DEFERRED INFLOWS AND NET POSITION				
CURRENT LIABILITIES				
Current Portion of Long-Term Debt	\$ -	\$ 9,359,338	\$ 9,195,104	\$ 18,554,442
Accounts Payable:				
Trade	-	2,701,028	74,035	2,775,063
Revolving Loan Payable	-	-	-	-
Other	-	9,163	1,000,918	1,010,081
Unearned Revenue	-	5,503	2,926	8,429
Payroll Taxes Payable	-	5,866	-	5,866
Compensated Absences Payable	-	125	2,685	2,810
Accrued Payroll Payable	-	9,752	-	9,752
Accrued Interest Payable	-	7,625	394,814	402,439
Tenant Deposits Payable	-	21,937	8,242	30,179
Debt Issuance Costs	-	(220,855)	(347,542)	(568,397)
Total Current Liabilities	-	11,899,482	10,331,182	22,230,664
NONCURRENT LIABILITIES				
Related Party Payable	-	301,735	1,280,738	1,582,473
Developer Fee Payable	-	704,048	-	704,048
Long-Term Debt, Net Current Portion	-	4,500,000	8,069,098	12,569,098
Total Noncurrent Liabilities	-	5,505,783	9,349,836	14,855,619
Total Liabilities	\$ -	\$ 17,405,265	\$ 19,681,018	\$ 37,086,283
NET POSITION				
Net Investment in Capital Assets	\$ -	\$ 4,498,017	\$ (5,138,221)	\$ (640,204)
Restricted	-	-	7,111,872	7,111,872
Unrestricted	-	(3,313,676)	(1,829,828)	(5,143,504)
Total Net Position	\$ -	\$ 1,184,341	\$ 143,823	\$ 1,328,164

HOUSING AUTHORITY OF CHELAN COUNTY
MCAG NO. 0439
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION – PRIMARY GOVERNMENT
YEAR ENDED DECEMBER 31, 2022

	Washington Square	Wenatchee II	Applewood	Man'Sun Villa	River Run	Heritage Glen	Chelan Gardens
OPERATING REVENUES							
Tenant Rental Revenue	\$ 224,576	\$ 210,148	\$ 224,087	\$ 67,423	\$ 68,419	\$ 205,402	\$ 55,765
Other Operating Revenue	369	-	-	-	-	-	-
Total Operating Revenue	224,945	210,148	224,087	67,423	68,419	205,402	55,765
OPERATING EXPENSES							
Housing Assistance Payments	-	-	-	-	-	-	-
Administrative Salaries	-	-	-	-	-	-	-
Utilities	55,929	63,912	60,432	20,982	14,876	44,282	26,558
Depreciation	52,600	58,776	94,159	24,535	53,486	85,688	15,135
Maintenance Salaries	42,063	40,798	48,774	18,608	18,845	33,259	12,255
Maintenance and Repairs	30,733	19,246	59,747	29,064	6,859	41,621	7,488
Management Fees	28,233	27,145	26,724	15,844	14,905	27,417	14,633
Site Manager Salaries	17,064	16,136	17,032	13,964	10,020	18,957	12,872
Office Expense	4,064	3,771	3,872	2,729	2,844	4,498	2,658
Payroll Taxes	8,398	6,997	8,088	4,019	3,658	7,244	3,117
Payroll Benefits	17,683	10,228	8,266	6,169	8,522	13,440	4,503
Administration Fees	-	-	-	-	-	-	-
Travel and Training	1,294	2,364	4,782	4,130	2,768	3,427	1,740
Accounting and Auditing Fees	3,638	3,196	3,253	1,588	1,573	3,482	1,072
Insurance	7,131	7,185	8,867	3,621	3,545	6,874	2,561
Advertising	267	236	267	305	345	305	285
Office Rent	-	-	-	-	-	-	-
Legal Fees	3,282	503	1,487	1,886	171	5,084	8
Amortization	-	-	-	-	-	-	-
Bad Debts	19,677	3,883	20,477	-	4,346	3,409	3,525
Miscellaneous	366	363	366	11,241	331	333	374
Total Operating Expenses	292,442	264,739	366,593	158,685	147,094	299,320	108,784
	(67,497)	(54,591)	(142,506)	(91,262)	(78,675)	(93,918)	(53,019)
OPERATING (LOSS) INCOME							
NONOPERATING REVENUES (EXPENSES)							
HUD Operating Subsidies	-	-	-	-	-	-	-
HCV CARES Act Funding	-	-	-	-	-	-	-
COVID Relief Expenses	-	-	-	-	-	-	-
Other Nonoperating Grants	63,343	57,138	34,554	68,164	53,509	67,932	72,476
Interest Income - Reserves	47	69	67	4	34	53	17
Interest Income - Other	95	11	12	63,953	4,308	21	7,180
Other Nonoperating Revenue	1,190	2,815	4,773	925	16,955	(1,552)	142
(Loss) Gain on Disposal of Capital Assets	-	-	-	-	-	7,419	-
Loan Fees	-	-	-	-	-	-	-
Interest Expense	(4,236)	(4,622)	(1,590)	(69,331)	(29,915)	(7,880)	(14,876)
Transfer from Bello Rio	-	-	-	-	-	-	-
Total Nonoperating Revenue	60,439	55,411	37,816	63,715	44,891	65,993	64,939

HOUSING AUTHORITY OF CHELAN COUNTY
MCAG NO. 0439
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION – PRIMARY GOVERNMENT
(CONTINUED)
YEAR ENDED DECEMBER 31, 2022

	Entiat Gardens	Gibson Gardens	Vista Del Rio	Chelan Bluff	Emerson Manor LLC	Bello Rio	Housing Choice Voucher
OPERATING REVENUES							
Tenant Rental Revenue	\$ 101,921	\$ 95,527	\$ 77,653	\$ 153,723	\$ 49,016	\$ 135,044	\$ -
Other Operating Revenue	-	-	-	-	-	-	-
Total Operating Revenue	<u>101,921</u>	<u>95,527</u>	<u>77,653</u>	<u>153,723</u>	<u>49,016</u>	<u>135,044</u>	<u>-</u>
OPERATING EXPENSES							
Housing Assistance Payments	-	-	-	-	-	-	3,925,717
Administrative Salaries	-	-	-	-	4,375	-	98,420
Utilities	63,220	41,758	43,510	57,118	11,753	33,287	757
Depreciation	38,787	59,991	108,074	98,299	18,102	44,657	740
Maintenance Salaries	30,661	14,457	22,984	15,150	5,785	16,221	-
Maintenance and Repairs	23,051	59,904	68,981	26,513	6,729	17,425	20,409
Management Fees	20,400	16,741	20,209	17,693	7,447	12,810	-
Site Manager Salaries	19,784	8,194	7,976	14,950	8,340	12,672	182,975
Office Expense	6,433	3,007	6,687	2,731	801	3,127	41,893
Payroll Taxes	6,002	3,118	4,506	3,728	2,402	3,668	30,275
Payroll Benefits	12,611	8,327	4,543	2,732	4,977	9,921	69,678
Administration Fees	-	-	-	-	-	-	28,478
Travel and Training	3,591	1,498	1,236	2,860	38	278	5,683
Accounting and Auditing Fees	1,980	1,702	2,194	2,004	3,122	2,258	28,846
Insurance	5,423	3,767	7,502	6,401	2,027	10,936	6,394
Advertising	399	621	418	467	200,634	511	175
Office Rent	-	-	-	-	-	-	12,000
Legal Fees	332	782	6	2,461	932	64	3,677
Amortization	19,295	0	-	-	-	-	-
Bad Debts	-	-	8,244	2,289	-	-	-
Miscellaneous	1,991	331	566	325	-	-	4,118
Total Operating Expenses	<u>253,960</u>	<u>224,198</u>	<u>307,636</u>	<u>255,721</u>	<u>277,484</u>	<u>167,835</u>	<u>4,460,235</u>
OPERATING (LOSS) INCOME	<u>(152,039)</u>	<u>(128,671)</u>	<u>(229,983)</u>	<u>(101,998)</u>	<u>(228,448)</u>	<u>(32,791)</u>	<u>(4,460,235)</u>
NONOPERATING REVENUES (EXPENSES)							
HUD Operating Subsidies	211,969	-	-	-	108,081	170	4,286,997
HCV CARES Act Funding	-	-	-	-	-	-	-
COVID Relief Expenses	-	-	-	-	-	-	-
Other Nonoperating Grants	-	73,743	155,719	57,713	-	-	-
Interest Income - Reserves	86	34	60	7	-	-	-
Interest Income - Other	22	15	3	4	-	2	129
Other Nonoperating Revenue	1,955	38,162	220	3,891	-	-	340
(Loss) Gain on Disposal of Capital Assets	-	-	-	-	-	-	-
Loan Fees	-	-	-	-	-	-	-
Interest Expense	(19,450)	(33,156)	(13,629)	(10,509)	-	-	-
Transfer from Bello Rio	-	-	-	-	-	-	-
Total Nonoperating Revenue	<u>194,582</u>	<u>78,798</u>	<u>142,373</u>	<u>51,106</u>	<u>108,081</u>	<u>172</u>	<u>4,287,466</u>

HOUSING AUTHORITY OF CHELAN COUNTY
MCAG NO. 0439
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION – PRIMARY GOVERNMENT
(CONTINUED)
YEAR ENDED DECEMBER 31, 2022

	Morning Sun Park, LP	Columbia Point Pointe	Emerson Manor	Wenatchee House	Lake Chelan	Bavarian Village	FSS Self Sufficiency
OPERATING REVENUES							
Tenant Rental Revenue	\$ 148,838	\$ 72,318	\$ 82,209	\$ 178,509	\$ 114,058	\$ 104,903	\$ -
Other Operating Revenue	-	-	-	-	-	-	-
Total Operating Revenue	148,838	72,318	82,209	178,509	114,058	104,903	-
OPERATING EXPENSES							
Housing Assistance Payments	-	-	-	-	-	-	-
Administrative Salaries	-	-	12,559	22,477	13,548	-	-
Utilities	38,952	42,034	22,731	48,400	47,366	24,980	-
Depreciation	47,170	109,417	44,755	99,515	50,205	27,802	-
Maintenance Salaries	14,244	10,099	13,354	27,528	13,674	16,539	-
Maintenance and Repairs	23,831	77,932	20,872	55,975	126,343	21,625	-
Management Fees	12,542	20,209	13,529	30,189	16,755	17,816	-
Site Manager Salaries	9,938	10,027	20,157	29,094	17,350	19,798	47,807
Office Expense	2,901	6,524	(197,497)	7,361	4,093	1,467	-
Payroll Taxes	1,952	2,798	5,145	9,430	4,921	4,327	-
Payroll Benefits	9,429	4,266	10,671	15,914	9,405	13,484	-
Administration Fees	-	-	-	-	-	-	-
Travel and Training	4,313	3,372	329	468	3,825	5,591	-
Accounting and Auditing Fees	1,495	2,210	1,220	6,448	3,873	6,312	-
Insurance	5,294	9,195	6,225	10,332	6,161	6,803	-
Advertising	637	454	487	562	688	389	-
Office Rent	6,000	-	-	-	-	-	-
Legal Fees	89	69	65	867	94	1,649	-
Amortization	-	-	-	-	-	-	-
Bad Debts	-	5,104	3,207	1,475	10,176	-	-
Miscellaneous	(4)	-	171	159	1,563	2	-
Total Operating Expenses	178,783	303,710	(22,020)	366,194	330,040	168,584	47,807
OPERATING (LOSS) INCOME	(29,945)	(231,392)	104,229	(187,685)	(215,982)	(63,681)	(47,807)
NONOPERATING REVENUES (EXPENSES)							
HUD Operating Subsidies	-	-	140,349	301,416	82,171	-	47,807
HCV CARES Act Funding	-	-	-	-	-	-	-
COVID Relief Expenses	-	-	-	-	-	-	-
Other Nonoperating Grants	-	155,506	-	-	-	60,928	-
Interest Income - Reserves	23	74	67	192	82	10	-
Interest Income - Other	13	2	10	18	6	18	-
Other Nonoperating Revenue	144	186	759	2,855	111,456	280	-
(Loss) Gain on Disposal of Capital Assets	-	-	(209,376)	-	-	-	-
Loan Fees	-	-	(200,611)	-	-	-	-
Interest Expense	-	(1,834)	(39,156)	(75,399)	-	(9,844)	-
Transfer from Bello Rio	-	-	-	-	-	-	-
Total Nonoperating Revenue	180	153,934	(307,958)	229,082	193,715	51,392	47,807

**HOUSING AUTHORITY OF CHELAN COUNTY
MCAG NO. 0439**

**COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION – PRIMARY GOVERNMENT
(CONTINUED)**

YEAR ENDED DECEMBER 31, 2022

	FSS Forfeit Forfeit	General	Interproject Eliminations	Total
OPERATING REVENUES				
Tenant Rental Revenue	\$ -	\$ -	-	\$ 2,369,539
Other Operating Revenue	-	592,055	(434,701)	157,723
Total Operating Revenue	-	592,055	(434,701)	2,527,262
OPERATING EXPENSES				
Housing Assistance Payments	-	-	-	3,925,717
Administrative Salaries	-	230,086	-	381,465
Utilities	-	479	-	763,316
Depreciation	-	2,696	-	1,134,589
Maintenance Salaries	-	-	-	415,318
Maintenance and Repairs	-	17,203	(16,913)	744,638
Management Fees	-	-	(361,241)	-
Site Manager Salaries	-	8,237	-	523,344
Office Expense	-	70,408	(22,084)	(37,712)
Payroll Taxes	-	21,545	-	145,338
Payroll Benefits	-	15,938	-	260,707
Administration Fees	-	-	-	28,478
Travel and Training	-	2,816	(12,123)	44,280
Accounting and Auditing Fees	-	16,643	(4,340)	93,769
Insurance	-	9,903	-	136,147
Advertising	-	-	-	208,452
Office Rent	-	-	(18,000)	-
Legal Fees	-	7,720	-	31,228
Amortization	-	-	-	-
Bad Debts	-	-	-	105,107
Miscellaneous	-	9	-	22,605
Total Operating Expenses	-	403,683	(434,701)	8,926,786
OPERATING (LOSS) INCOME	-	188,372	-	(6,399,524)
NONOPERATING REVENUES (EXPENSES)				
HUD Operating Subsidies	-	-	-	5,178,960
HCV CARES Act Funding	-	-	-	-
COVID Relief Expenses	-	-	-	-
Other Nonoperating Grants	-	-	-	920,725
Interest Income - Reserves	-	-	-	926
Interest Income - Other	-	110	-	75,932
Other Nonoperating Revenue	-	-	-	191,135
(Loss) Gain on Disposal of Capital Assets	5,639	-	-	(201,957)
Loan Fees	-	-	-	(200,611)
Interest Expense	-	102	-	(335,325)
Transfer from Bello Rio	-	86,160	-	86,160
Total Nonoperating Revenue	5,639	86,372	-	5,715,945

HOUSING AUTHORITY OF CHELAN COUNTY

MCAG NO. 0439

COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION – PRIMARY GOVERNMENT (CONTINUED)

YEAR ENDED DECEMBER 31, 2022

	Washington Square	Wenatchee II	Applewood	Man*Sun Villa	River Run	Heritage Glen	Chelan Gardens
GAIN (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(7,058)	820	(104,690)	(27,547)	(33,784)	(27,925)	11,920
Capital Contributions	-	-	-	-	-	-	-
CHANGES IN NET POSITION	(7,058)	820	(104,690)	(27,547)	(33,784)	(27,925)	11,920
Net Position - Beginning of Year	490,842	801,757	1,659,022	(225,343)	176,564	1,296,595	200,280
Internal Transfer	-	-	-	-	-	-	-
NET POSITION - END OF YEAR	<u>\$ 483,784</u>	<u>\$ 802,577</u>	<u>\$ 1,554,332</u>	<u>\$ (252,890)</u>	<u>\$ 142,780</u>	<u>\$ 1,268,670</u>	<u>\$ 212,200</u>

HOUSING AUTHORITY OF CHELAN COUNTY

MCAG NO. 0439

COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION – PRIMARY GOVERNMENT (CONTINUED)

YEAR ENDED DECEMBER 31, 2022

	Entiat Gardens	Gibson Gardens	Vista Del Rio	Chelan Bluff	Emerson Manor LLC	Bello Rio	Housing Choice Voucher
GAIN (LOSS) BEFORE CAPITAL CONTRIBUTIONS	42,543	(49,873)	(87,610)	(50,892)	(120,367)	(32,619)	(172,769)
Capital Contributions	-	-	-	-	391,965	1,054,737	-
CHANGES IN NET POSITION	42,543	(49,873)	(87,610)	(50,892)	271,598	1,022,118	(172,769)
Net Position - Beginning of Year	743,536	155,019	1,736,596	1,279,497	-	-	613,964
Internal Transfer	-	-	-	-	(2,990)	-	-
NET POSITION - END OF YEAR	\$ 786,079	\$ 105,146	\$ 1,648,986	\$ 1,228,605	\$ 268,608	\$ 1,022,118	\$ 441,195

HOUSING AUTHORITY OF CHELAN COUNTY

MCAG NO. 0439

COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION – PRIMARY GOVERNMENT (CONTINUED)

YEAR ENDED DECEMBER 31, 2022

	Morning Sun Park, LP	Columbia Point Pointe	Emerson Manor	Wenatchee House	Lake Chelan	Bavarian Village	FSS Self Sufficiency
GAIN (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(29,765)	(77,458)	(203,729)	41,397	(22,267)	(12,289)	-
Capital Contributions	-	-	-	-	-	-	-
CHANGES IN NET POSITION	(29,765)	(77,458)	(203,729)	41,397	(22,267)	(12,289)	-
Net Position - Beginning of Year	84,929	1,840,639	322,929	427,680	(220,962)	(35,021)	-
Internal Transfer	-	-	2,990	-	-	-	-
NET POSITION - END OF YEAR	<u>\$ 55,164</u>	<u>\$ 1,763,181</u>	<u>\$ 122,190</u>	<u>\$ 469,077</u>	<u>\$ (243,229)</u>	<u>\$ (47,310)</u>	<u>\$ -</u>

HOUSING AUTHORITY OF CHELAN COUNTY

MCAG NO. 0439

COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION – PRIMARY GOVERNMENT
(CONTINUED)

YEAR ENDED DECEMBER 31, 2022

	FSS Forfeit Forfeit	General	Interproject Eliminations	Total
GAIN (LOSS) BEFORE CAPITAL CONTRIBUTIONS	5,639	274,744	-	(683,579)
Capital Contributions	-	-	-	1,446,702
CHANGES IN NET POSITION	5,639	274,744	-	763,123
Net Position - Beginning of Year	-	2,723,557	-	14,072,080
Internal Transfer	-	-	-	-
NET POSITION - END OF YEAR	<u>\$ 5,639</u>	<u>\$ 2,998,301</u>	<u>\$ -</u>	<u>\$ 14,835,203</u>

HOUSING AUTHORITY OF CHELAN COUNTY
MCAG NO. 0439
COMBINING SCHEDULE OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION – DISCRETELY PRESENTED
COMPONENT UNITS
YEAR ENDED DECEMBER 31, 2022

	Bello Rio, LLC	Mountain View Housing	Garten Haus LLLP	Total
OPERATING REVENUES				
Tenant Rental Revenue	\$ 71,558	\$ 41,232	\$ 98,417	\$ 211,207
Other Operating Revenue	-	1,904	13,359	15,263
Total Operating Revenue	<u>71,558</u>	<u>43,136</u>	<u>111,776</u>	<u>226,470</u>
OPERATING EXPENSES				
Administrative Salaries	-	-	17,128	17,128
Utilities	17,386	-	36,485	53,871
Depreciation	45,080	125,229	204,196	374,505
Maintenance Salaries	8,248	2,722	21,920	32,890
Maintenance and Repairs	8,504	-	41,292	49,796
Management Fees	6,465	12,551	12,194	31,210
Site Manager Salaries	8,746	9,901	27,805	46,452
Office Expense	1,968	180	3,812	5,960
Payroll Taxes	2,099	1,232	7,246	10,577
Payroll Benefits	3,529	1,887	17,731	23,147
Administration Fees	-	34,603	9,900	44,503
Travel and Training	164	-	3,862	4,026
Accounting and Auditing Fees	15,671	9,644	34,081	59,396
Insurance	7,873	-	13,034	20,907
Advertising	151	5,592	639	6,382
Legal Fees	-	-	15,811	15,811
Amortization	-	-	131,054	131,054
Bad Debts	2,790	-	-	2,790
Miscellaneous	5,926	-	346,815	352,741
Total Operating Expenses	<u>134,600</u>	<u>203,541</u>	<u>945,005</u>	<u>1,283,146</u>
OPERATING (LOSS) INCOME	<u>(63,042)</u>	<u>(160,405)</u>	<u>(833,229)</u>	<u>(1,056,676)</u>
NONOPERATING REVENUES (EXPENSES)				
HUD Operating Subsidies	-	-	201,021	201,021
Interest Income - Reserves	26	-	-	26
Interest Income - Other	1	-	2	3
Other Nonoperating Revenue	1,606	(404)	-	1,202
(Loss) Gain on Disposal of Capital Assets	(1,012,652)	-	-	(1,012,652)
Loan Fees	-	-	-	-
Interest Expense	-	(7,750)	(265,915)	(273,665)
Transfer from (to) Primary Government	<u>(86,160)</u>	<u>-</u>	<u>-</u>	<u>(86,160)</u>
Total Nonoperating Revenue	<u>(1,097,179)</u>	<u>(8,154)</u>	<u>(64,892)</u>	<u>(1,170,225)</u>
LOSS BEFORE CAPITAL CONTRIBUTIONS	<u>(1,160,221)</u>	<u>(168,559)</u>	<u>(898,121)</u>	<u>(2,226,901)</u>
Syndication Costs	-	(45,000)	(45,000)	(90,000)
CHANGES IN NET POSITION	<u>(1,160,221)</u>	<u>(213,559)</u>	<u>(943,121)</u>	<u>(2,316,901)</u>
Net Position - Beginning of Year	1,160,221	1,397,900	1,086,944	3,645,065
NET POSITION - END OF YEAR	<u>\$ -</u>	<u>\$ 1,184,341</u>	<u>\$ 143,823</u>	<u>\$ 1,328,164</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**For the Year Ended December 31, 2022**

Federal Agency Name/Pass-Through Agency Name	Federal Program Name	ALN Number	Other Award Number	Expenditures			Footnote Ref
				From Pass-Through Awards	From Direct Awards	Total Amount	
Rural Housing Service, Department Of Agriculture/	Farm Labor Housing Loans and Grants	10.405	56-004-778255888 01 1		289,113	289,113	1,2,3,7
Rural Housing Service, Department Of Agriculture/	Farm Labor Housing Loans and Grants	10.405	56-004-778255888 01 1		125,997	125,997	1,2,3,7
Rural Housing Service, Department Of Agriculture/	Farm Labor Housing Loans and Grants	10.405	56-004-778255888 02 5		361,315	361,315	1,2,3,7
Rural Housing Service, Department Of Agriculture/	Farm Labor Housing Loans and Grants	10.405	56-004-778255888 02 5		65,534	65,534	1,2,3,7
Rural Housing Service, Department Of Agriculture/	Farm Labor Housing Loans and Grants	10.405	56-004-778255888 02 5		26,065	26,065	1,2,3,7
Rural Housing Service, Department Of Agriculture/	Farm Labor Housing Loans and Grants	10.405	56-004-778255888 04 9		154,468	154,468	1,2,3,7
Rural Housing Service, Department Of Agriculture/	Farm Labor Housing Loans and Grants	10.405	56-004-778255888 07 4		320,481	320,481	1,2,3,7
Rural Housing Service, Department Of Agriculture/	Farm Labor Housing Loans and Grants	10.405	56-004-778255888 11 6		408,970	408,970	1,2,3,7
Rural Housing Service, Department Of Agriculture/	Farm Labor Housing Loans and Grants	10.405	56-004-778255888 12 8		125,746	125,746	1,2,3,7
Rural Housing Service, Department Of Agriculture/	Farm Labor Housing Loans and Grants	10.405	56-004-778255888 13-0		182,165	182,165	1,2,3,7
Total ALN 10.405				0	2,059,853	2,059,853	

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**For the Year Ended December 31, 2022**

Federal Agency Name/Pass-Through Agency Name	Federal Program Name	ALN Number	Other Award Number	Expenditures			Footnote Ref
				From Pass-Through Awards	From Direct Awards	Total Amount	
Rural Housing Service, Department Of Agriculture/	Rural Rental Housing Loans	10.415	56-004-778255888 03 7		386,007	386,007	1,2,3,7
Rural Housing Service, Department Of Agriculture/	Rural Rental Housing Loans	10.415	56-004-778255888 03 7		220,575	220,575	1,2,3,7
Rural Housing Service, Department Of Agriculture/	Rural Rental Housing Loans	10.415	56-004-778255888 03-7		63,949	63,949	1,2,4,7
Rural Housing Service, Department Of Agriculture/	Rural Rental Housing Loans	10.415	56-004-778255888 06 2		271,838	271,838	1,2,3,7
Rural Housing Service, Department Of Agriculture/	Rural Rental Housing Loans	10.415	56-004-778255888 06 2		87,638	87,638	1,2,3,7
Rural Housing Service, Department Of Agriculture/	Rural Rental Housing Loans	10.415	56-004-778255888 06-2		4,289	4,289	1,2,4,7
Rural Housing Service, Department Of Agriculture/	Rural Rental Housing Loans	10.415	56-004-778255888 06-2		974,980	974,980	1,2,3,7
Rural Housing Service, Department Of Agriculture/	Rural Rental Housing Loans	10.415	56-004-778255888 08 6		156,106	156,106	1,2,3,7
Rural Housing Service, Department Of Agriculture/	Rural Rental Housing Loans	10.415	56-009-778255888 08-6		7,169	7,169	1,2,4,7
Rural Housing Service, Department Of Agriculture/	Rural Rental Housing Loans	10.415	56-004-778255888 10 4		183,814	183,814	1,2,3,7
Rural Housing Service, Department Of Agriculture/	Rural Rental Housing Loans	10.415	56-004-778255888 09 8		210,491	210,491	1,2,3,7
Rural Housing Service, Department Of Agriculture/	Rural Rental Housing Loans	10.415	56-009-778255888 09-9		1,093,424	1,093,424	1,2,3,7
Rural Housing Service, Department Of Agriculture/	Rural Rental Housing Loans	10.415	56-009-778255888 15-2		641,157	641,157	1,2,3,7
Total ALN 10.415				0	4,301,437	4,301,437	

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**For the Year Ended December 31, 2022**

Federal Agency Name/Pass-Through Agency Name	Federal Program Name	ALN Number	Other Award Number	Expenditures			Footnote Ref
				From Pass-Through Awards	From Direct Awards	Total Amount	
Rural Housing Service, Department Of Agriculture/	Rural Rental Assistance Payments	10.427	56-004-778255888 01 1		63,343	63,343	1,2,7
Rural Housing Service, Department Of Agriculture/	Rural Rental Assistance Payments	10.427	56-004-778255888 02 5		57,138	57,138	1,2,7
Rural Housing Service, Department Of Agriculture/	Rural Rental Assistance Payments	10.427	56-004-778255888 03 7		57,471	57,471	1,2,7
Rural Housing Service, Department Of Agriculture/	Rural Rental Assistance Payments	10.427	56-004-778255888 04 9		34,554	34,554	1,2,7
Rural Housing Service, Department Of Agriculture/	Rural Rental Assistance Payments	10.427	56-004-778255888 06 2		53,509	53,509	1,2,7
Rural Housing Service, Department Of Agriculture/	Rural Rental Assistance Payments	10.427	56-004-778255888 07 4		67,932	67,932	1,2,7
Rural Housing Service, Department Of Agriculture/	Rural Rental Assistance Payments	10.427	56-004-778255888 08 6		72,476	72,476	1,2,7
Rural Housing Service, Department Of Agriculture/	Rural Rental Assistance Payments	10.427	56-004-778255888 09 8		73,743	73,743	1,2,7
Rural Housing Service, Department Of Agriculture/	Rural Rental Assistance Payments	10.427	56-004-778255888 11 6		57,713	57,713	1,2,7
Rural Housing Service, Department Of Agriculture/	Rural Rental Assistance Payments	10.427	56-009-778255888 12 8		155,719	155,719	1,2,7
Rural Housing Service, Department Of Agriculture/	Rural Rental Assistance Payments	10.427	56-004-778255888 13 0		155,506	155,506	1,2,7
Rural Housing Service, Department Of Agriculture/	Rural Rental Assistance Payments	10.427	56-004-778255888 15 2		53,030	53,030	1,2,7
Total ALN 10.427				0	902,134	902,134	

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**For the Year Ended December 31, 2022**

Federal Agency Name/Pass-Through Agency Name	Federal Program Name	ALN Number	Other Award Number	Expenditures			Footnote Ref
				From Pass-Through Awards	From Direct Awards	Total Amount	
Office Of Housing-federal Housing Commissioner, Department Of Housing And Urban Development/	Section 8 Housing Assistance Payments Program	14.195	WA19R000018		211,969	211,969	1,2,7
Office Of Housing-federal Housing Commissioner, Department Of Housing And Urban Development/	Section 8 Housing Assistance Payments Program	14.195	WA190038002		247,907	247,907	1,2,7
Office Of Housing-federal Housing Commissioner, Department Of Housing And Urban Development/	Section 8 Housing Assistance Payments Program	14.195	WA19M000050		80,045	80,045	1,2,7
Office Of Housing-federal Housing Commissioner, Department Of Housing And Urban Development/	Section 8 Housing Assistance Payments Program	14.195	WA190015002		301,416	301,416	1,2,7
Total Section 8 Project-Based Cluster ALN 14.195				0	841,337	841,337	
Office Of Public And Indian Housing, Department Of Housing And Urban Development/	Section 8 Housing Choice Vouchers	14.871	WA064		4,460,235	4,460,235	1,2,5,7
Total Housing Voucher Cluster ALN 14.871				0	4,460,235	4,460,235	
Office Of Public And Indian Housing, Department Of Housing And Urban Development/	Family Self-Sufficiency Program	14.896	WA064		47,807	47,807	1,2,6,7
Total ALN 14.896					47,807	47,807	
Total Federal Awards Expended:				0	12,612,804	12,612,804	

The accompanying notes to the Schedule of Expenditures are an integral part of this schedule

Housing Authority of Chelan County and the City of Wenatchee
Notes to the Schedule of Expenditures of Federal Awards
For Year Ended December 31, 2022

NOTE 1 – BASIS OF ACCOUNTING

The Housing Authority prepares the Schedule of Expenditures of Federal Awards on the same basis of accounting as the Housing Authority's financial statements. The Housing Authority uses the accrual basis of accounting for all programs receiving federal financial assistance.

NOTE 2 – INDIRECT COST RATE

The Housing Authority of Chelan County and the City of Wenatchee has elected to use the 10 percent de-minimis indirect cost rate allowed under Uniform Guidance.

NOTE 3 – FEDERAL LOANS

The amounts listed for the following federal loans include loan proceeds received during the year and the outstanding loan balances as of December 31, 2022

• USDA – RD, ALN 10.405 - Washington Square	\$ 415,110
• USDA – RD, ALN 10.405 – Wenatchee II	\$ 452,914
• USDA – RD, ALN 10.405 – Applewood	\$ 154,468
• USDA – RD, ALN 10.405 – Heritage Glen	\$ 320,481
• USDA – RD, ALN 10.405 – Chelan Bluff	\$ 408,970
• USDA – RD, ALN 10.405 – Vista Del Rio	\$ 125,746
• USDA – RD, ALN 10.405 – Columbia Pointe	\$ 182,165
• USDA – RD, ALN 10.415 – ManSun Villa	\$ 606,582
• USDA – RD, ALN 10.415 – River Run	\$1,334,456
• USDA – RD, ALN 10.415 – Chelan Gardens	\$ 156,106
• USDA – RD, ALN 10.415 – Entiat Gardens	\$ 183,814
• USDA – RD, ALN 10.415 – Gibson Gardens	\$1,303,915
• USDA – RD, ALN 10.415 – Bavarian Village	\$ 641,157

NOTE 4 – RURAL RENTAL HOUSING LOAN SUBSIDY CREDIT

The Rural Housing Service provides the Rural Rental Housing Loan Subsidy Credit for ManSun Villa, River Run, Chelan Gardens, and Gibson Gardens to reduce the effective interest rate of the loan. The Housing Authority records interest expense on the loan net of the subsidy credit.

• USDA – RD, ALN 10.415 – ManSun Villa	\$63,949
• USDA – RD, ALN 10.415 – Chelan Gardens	\$ 7,169
• USDA – RD, ALN 10.415 - River Run	\$ 4,289

NOTE 5 – HOUSING CHOICE VOUCHER PROGRAM EXPENDITURES

HUD interprets federal awards expended for the Housing Choice Voucher program (ALN 14.871) as the net ACC subsidy for the fiscal year (Section 8 dollars received net of year-end adjustments) which was \$4,286,997 in 2022. Actual expenditures for 2022 were \$4,460,235.

NOTE 6 – FAMILY SELF-SUFFICIENCY PROGRAM

The amount shown as current year expenditure represents the wage/benefits expense for a FSS Coordinator (ALN 14.896). Total grant award was \$48,943. Actual expenses were \$47,807.

NOTE 7 – PROGRAM COSTS

The amounts shown as current year expenditure represent only the federal portion of the program costs. Entire program costs, including the Housing Authority's portion, may be more than shown.

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

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2022

	14.EFA FSS Escrow Forfeiture Account	6.2 Component Unit Blended	14.896 PIH Family Self-Sufficiency Program	10.405 Farm Labor Housing Loans and Grants	1 Business Activities	10.415 Rural Rental Housing Loans	14.195 Section 8 Housing Assistance Program, Special Allocations	14.871 Housing Choice Vouchers	10.427 Rural Rental Assistance Payments	Subtotal	Total
111 Cash - Unrestricted		\$546,717		\$205,424	\$835,813	\$323,503	\$277,097	\$414,454		\$2,603,008	\$2,603,008
112 Cash - Restricted - Modernization and Development											
113 Cash - Other Restricted	\$5,639	\$7,111,872		\$1,995,837		\$1,076,975	\$1,345,623	\$46,567		\$11,582,513	\$11,582,513
114 Cash - Tenant Security Deposits		\$26,176		\$98,477	\$24,785	\$59,317	\$34,577			\$233,332	\$233,332
115 Cash - Restricted for Payment of Current Liabilities											
100 Total Cash	\$5,639	\$7,684,765	\$0	\$2,289,738	\$880,598	\$1,459,795	\$1,657,297	\$461,021	\$0	\$14,418,863	\$14,418,863
21 Accounts Receivable - PHA Projects											
122 Accounts Receivable - HUD Other Projects											
24 Accounts Receivable - Other Government								\$0		\$0	\$0
25 Accounts Receivable - Miscellaneous					\$1,828,698		\$21,369	\$0		\$1,950,067	\$1,950,067
26 Accounts Receivable - Tenants		\$35,817		\$39,120	\$13,982	\$54,525	\$15,715			\$159,159	\$159,159
26.1 Allowance for Doubtful Accounts - Tenants		\$0		\$0	\$0	\$0	\$0	\$0		\$0	\$0
26.2 Allowance for Doubtful Accounts - Other					\$0		\$0	\$0		\$0	\$0
27 Notes, Loans, & Mortgages Receivable - Current											
28 Fraud Recovery								\$155,430		\$155,430	\$155,430
28.1 Allowance for Doubtful Accounts - Fraud								-\$148,272		-\$148,272	-\$148,272
29 Accrued Interest Receivable											
20 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$35,817	\$0	\$39,120	\$1,842,680	\$54,525	\$137,084	\$71,58	\$0	\$2,116,384	\$2,116,384
31 Investments - Unrestricted											
32 Investments - Restricted											
135 Investments - Restricted for Payment of Current Liability											
142 Prepaid Expenses and Other Assets		\$925		\$37,834	\$22,353	\$14,490	\$13,752	\$10,216		\$99,570	\$99,570
143 Inventories											
143.1 Allowance for Obsolete Inventories					\$198,986					\$198,986	\$198,986
144 Inter Program Due From											
145 Assets Held for Sale											
150 Total Current Assets	\$5,639	\$7,721,507	\$0	\$2,386,692	\$2,924,597	\$1,528,810	\$1,808,133	\$478,395	\$0	\$16,833,773	\$16,833,773
161 Land											
162 Buildings		\$1,182,569		\$1,402,004	\$468,268	\$1,082,240	\$869,458			\$5,004,539	\$5,004,539
163 Furniture, Equipment & Machinery - Dwellings		\$27,598,343		\$21,148,601	\$4,526,721	\$6,771,877	\$6,987,099			\$87,032,641	\$87,032,641
164 Furniture, Equipment & Machinery - Administration											
165 Leasehold Improvements		\$172,350		\$134,811	\$126,171	\$30,416	\$666	\$16,228		\$480,640	\$480,640
166 Accumulated Depreciation		\$1,887,499		\$3,021,147	\$379,044	\$370,903	\$4,208			\$5,662,799	\$5,662,799
167 Construction in Progress		\$357,425		-\$12,376,804	-\$1,540,987	-\$2,716,266	-\$1,085,522	-\$15,055		-\$18,092,059	-\$18,092,059
168 Infrastructure				\$6,302	\$22,767	\$742,969	\$1,388,804			\$2,160,842	\$2,160,842
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$30,483,336	\$0	\$13,336,081	\$3,981,984	\$6,282,139	\$8,164,711	\$1,171	\$0	\$62,249,402	\$62,249,402
171 Notes, Loans and Mortgages Receivable - Non-Current											
172 Notes, Loans, & Mortgages Receivable - Non-Current - Past Due											
173 Grants Receivable - Non-Current											
174 Other Assets		\$209,604		\$94,652	\$110,295	\$59,443	\$51,908	\$93,945		\$619,647	\$619,647
176 Investments in Joint Ventures											
180 Total Non-Current Assets	\$0	\$30,692,940	\$0	\$13,430,713	\$4,092,279	\$6,341,582	\$8,215,519	\$95,016	\$0	\$82,869,049	\$82,869,049
200 Deferred Outflow of Resources											
				\$96,253	\$112,159	\$60,449	\$52,685	\$95,432		\$416,978	\$416,978

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

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit		Fiscal Year End: 12/31/2022									
		14.EFA FSS Escrow Forfeiture Account	14.896 PIH Family Self-Sufficiency Program	10.405 Farm Labor Housing Loans and Grants	1 Business Activities	10.415 Rural Rental Housing Loans	14.195 Section 8 Housing Assistance Program, Special Allocations	14.871 Housing Choice Vouchers	10.427 Rural Rental Assistance Payments	Subtotal	Total
290 Total Assets and Deferred Outflow of Resources		\$5,639	\$38,414,447	\$15,893,656	\$7,129,035	\$7,930,841	\$10,077,337	\$568,843	\$0	\$80,119,800	\$80,119,800

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

Entity Wide Balance Sheet Summary

Fiscal Year End: 12/31/2022												
Submission Type: Audited/Single Audit												
	14.EFA FSS Escrow Forfeiture Account	6.2 Component Unit Blended	14.896 PIH Family Self-Sufficiency Program	10.405 Farm Labor Housing Loans and Grants	1 Business Activities	10.415 Rural Rental Housing Loans	14.195 Section 8 Housing Assistance Program, Special Allocations	14.871 Housing Choice Vouchers	10.427 Rural Rental Assistance Payments	Subtotal	Total	
311 Bank Overdraft												
312 Accounts Payable <= 90 Days		\$2,775,063		\$54,509	\$47,053	\$230,782	\$343,324			\$3,450,731	\$3,450,731	
313 Accounts Payable >90 Days Past Due												
321 Accrued Wage/Payroll Taxes Payable		\$15,618		\$15,632	\$23,088	\$9,773	\$6,449	\$15,448		\$86,008	\$86,008	
322 Accrued Compensated Absences - Current Portion		\$2,810		\$18,959	\$4,951	\$13,162	\$13,096	\$17,498		\$70,476	\$70,476	
324 Accrued Contingency Liability												
325 Accrued Interest Payable		\$402,439		\$24,506		\$119,655	\$7,012			\$553,612	\$553,612	
331 Accounts Payable - HUD PHA Programs												
332 Account Payable - PHA Projects												
333 Accounts Payable - Other Government												
341 Tenant Security Deposits		\$30,179		\$88,477	\$24,785	\$59,317	\$34,577			\$237,335	\$237,335	
342 Unearned Revenue		\$8,429		\$46,864	\$12,538	\$24,488	\$7,552			\$99,881	\$99,881	
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue		\$18,554,442		\$177,440		\$88,724	\$246,548			\$19,067,154	\$19,067,154	
344 Current Portion of Long-term Debt - Operating Borrowings												
345 Other Current Liabilities		\$441,684		\$6,000		\$218,496				\$666,180	\$666,180	
346 Accrued Liabilities - Other												
347 Inter Program - Due To				\$3,750		\$14,234	\$179,100			\$197,084	\$197,084	
348 Loan Liability - Current												
310 Total Current Liabilities	\$0	\$22,230,664	\$0	\$436,137	\$112,415	\$778,641	\$837,658	\$32,946	\$0	\$24,428,461	\$24,428,461	
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue		\$12,560,098		\$6,546,815	\$2,753,928	\$6,103,355	\$8,535,145			\$36,510,341	\$36,510,341	
352 Long-term Debt, Net of Current - Operating Borrowings												
353 Non-current Liabilities - Other		\$2,286,521						\$35,500		\$2,322,021	\$2,322,021	
354 Accrued Compensated Absences - Non Current												
355 Loan Liability - Non Current												
356 FASB 5 Liabilities												
357 Accrued Pension and OPEB Liabilities												
350 Total Non-Current Liabilities	\$0	\$14,855,619	\$0	\$6,601,293	\$2,817,409	\$6,139,568	\$8,564,963	\$89,513	\$0	\$39,068,365	\$39,068,365	
300 Total Liabilities	\$0	\$37,086,283	\$0	\$7,037,430	\$2,929,824	\$6,918,209	\$9,402,621	\$122,459	\$0	\$63,496,826	\$63,496,826	
400 Deferred Inflow of Resources				\$106,093	\$123,628	\$66,627	\$58,070	\$105,189		\$459,607	\$459,607	
508.4 Net Investment in Capital Assets		\$640,204		\$6,611,806	\$1,228,056	\$88,060	\$916,982	\$1,171		\$6,671,907	\$6,671,907	
511.4 Restricted Net Position	\$5,639	\$7,111,872		\$1,995,837	\$0	\$1,076,975	\$1,345,623	\$11,067		\$11,547,013	\$11,547,013	
512.4 Unrestricted Net Position	\$0	\$5,143,504	\$0	\$142,492	\$2,847,527	\$219,030	\$-111,995	\$428,957	\$0	\$-2,055,553	\$-2,055,553	
513 Total Equity - Net Assets / Position	\$5,639	\$1,326,164	\$0	\$8,750,135	\$4,075,593	\$946,005	\$616,646	\$441,195	\$0	\$16,163,367	\$16,163,367	
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$5,639	\$38,414,447	\$0	\$15,893,658	\$7,129,035	\$7,930,841	\$10,077,337	\$668,843	\$0	\$80,119,800	\$80,119,800	

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

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit		Fiscal Year End: 12/31/2022										
		14.EFA FSS Escrow Forfeiture Account	6.2 Component Unit - Blended	14.896 PIH Family Self-Sufficiency Program	10.405 Farm Labor Housing Loans and Grants	1 Business Activities	10.415 Rural Rental Housing Loans	14.195 Section 8 Housing Assistance Program, Special Allocations	14.871 Housing Choice Vouchers	10.427 Rural Rental Assistance Payments	Subtotal	Total
70300 Net Tenant Rental Revenue			\$211,207		\$1,167,907	\$283,882	\$493,958	\$423,792			\$2,580,746	\$2,580,746
70400 Tenant Revenue - Other			\$15,263		\$369						\$15,632	\$15,632
70500 Total Tenant Revenue		\$0	\$226,470	\$0	\$1,168,276	\$283,882	\$493,958	\$423,792	\$0	\$0	\$2,596,378	\$2,596,378
70600 HUD PHA Operating Grants			\$201,021	\$47,807		\$170	\$211,969	\$632,017	\$4,281,835		\$5,374,819	\$5,374,819
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												
71100 Investment Income - Unrestricted			\$3		\$148	\$125	\$90	\$34	\$120	\$920,725	\$920,725	\$920,725
71200 Mortgage Interest Income											\$509	\$509
71300 Proceeds from Disposition of Assets Held for Sale												
71310 Cost of Sale of Assets												
71400 Fraud Recovery												
71500 Other Revenue		\$5,639	\$1,202		\$1,1523	\$157,507	\$58,419	\$115,070	\$5,502		\$354,862	\$354,862
71600 Gain or Loss on Sale of Capital Assets			-\$1,012,652		\$7,419			-\$209,376			-\$1,214,609	-\$1,214,609
72000 Investment Income - Restricted			\$26		\$377	\$23	\$185	\$341			\$952	\$952
70000 Total Revenue		\$5,639	-\$583,930	\$47,807	\$1,167,743	\$441,707	\$764,621	\$961,878	\$4,287,466	\$920,725	\$8,033,656	\$8,033,656
91100 Administrative Salaries			\$17,128			\$230,086		\$52,959	\$98,420		\$398,593	\$398,593
91200 Auditing Fees			\$59,396		\$19,977	\$20,396	\$14,227	\$10,323	\$28,846		\$153,165	\$153,165
91300 Management Fee			\$31,210		\$0	\$0	\$0	\$0			\$31,210	\$31,210
91310 Book-keeping Fee												
91400 Advertising and Marketing			\$6,382		\$2,414	\$1,148	\$2,344	\$202,371	\$175		\$214,834	\$214,834
91500 Employee Benefit Contributions - Administrative			\$4,722			\$16,989		\$6,961	\$15,710		\$44,382	\$44,382
91600 Office Expenses					\$25,716	\$74,358	\$27,158	-\$187,099	\$44,761		-\$15,106	-\$15,106
91700 Legal Expense			\$15,811		\$12,892	\$7,873	\$4,828	\$1,958	\$3,677		\$47,039	\$47,039
91800 Travel			\$4,026		\$19,335	\$7,407	\$19,318	\$4,660	\$5,683		\$60,429	\$60,429
91810 Allocated Overhead												
91900 Other												
91000 Total Operating - Administrative		\$0	\$138,675	\$0	\$80,334	\$358,257	\$67,875	\$92,133	\$197,272	\$0	\$934,546	\$934,546
92000 Asset Management Fee												
92100 Tenant Services - Salaries			\$46,452	\$47,807	\$102,142	\$30,847	\$94,632	\$74,941	\$182,375		\$595,796	\$595,796
92200 Relocation Costs												
92300 Employee Benefit Contributions - Tenant Services			\$14,871		\$26,485	\$10,440	\$47,730	\$19,566	\$59,695		\$176,500	\$176,500
92400 Tenant Services - Other												
92500 Total Tenant Services		\$0	\$61,126	\$47,807	\$127,627	\$41,287	\$132,362	\$93,507	\$242,670	\$0	\$746,366	\$746,366
93100 Water												
93200 Electricity												
93300 Gas												
93400 Fuel												
93500 Other												
93000 Total Utility Fees												
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HA Of Chelan Co and the City of Wenatchee (WA064)
Wenatchee, WA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit		Fiscal Year End: 12/31/2022										
		14-EFA FSS Escrow Forfeiture Account	6.2 Component Unit - Blended	14.896 PH Family Self-Sufficiency Program	10.405 Farm Labor Housing Loans and Grants	1 Business Activities	10.415 Rural Rental Housing Loans	14.195 Section 8 Housing Assistance Program, Special Allocations	14.871 Housing Choice Vouchers	10.427 Rural Rental Assistance Payments	Subtotal	Total
93500 Labor												
93600 Sewer			\$20,709		\$94,598	\$24,108	\$76,083	\$47,886			\$263,384	\$263,384
93700 Employee Benefit Contributions - Utilities												
93800 Other Utilities Expense												
93900 Total Utilities		\$0	\$9,115	\$0	\$92,165	\$19,324	\$36,728	\$17,573			\$174,905	\$174,905
94000 Ordinary Maintenance and Operations - Labor			\$53,871		\$367,217	\$72,718	\$192,374	\$130,250	\$757	\$0	\$817,187	\$817,187
94100 Ordinary Maintenance and Operations - Labor												
94200 Ordinary Maintenance and Operations - Materials and Other			\$32,890		\$213,147	\$30,465	\$111,365	\$60,341			\$448,208	\$448,208
94300 Ordinary Maintenance and Operations - Materials and Other			\$49,796		\$17,338	\$52,159	\$143,197	\$199,419	\$20,409		\$782,318	\$782,318
94400 Ordinary Maintenance and Operations - Materials and Other			\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
94500 Employee Benefit Contributions - Ordinary Maintenance			\$13,782		\$59,334	\$10,650	\$7,856	\$19,846			\$111,668	\$111,668
94600 Ordinary Maintenance and Operations - Materials and Other												
94700 Ordinary Maintenance and Operations - Materials and Other		\$0	\$96,468	\$0	\$589,819	\$93,474	\$262,418	\$279,606	\$20,409	\$0	\$1,342,194	\$1,342,194
94800 Ordinary Maintenance and Operations - Materials and Other												
94900 Ordinary Maintenance and Operations - Materials and Other												
95000 Protective Services - Labor												
95100 Protective Services - Labor												
95200 Protective Services - Other Contract Costs												
95300 Protective Services - Other												
95400 Protective Services - Other												
95500 Employee Benefit Contributions - Protective Services												
95600 Total Protective Services		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
95700 Protective Services - Labor												
95800 Protective Services - Labor												
95900 Protective Services - Labor												
96000 Protective Services - Labor												
96100 Property Insurance			\$20,907		\$53,155	\$26,133	\$25,720	\$24,745			\$150,660	\$150,660
96200 Liability Insurance									\$6,384		\$6,384	\$6,384
96300 Workmen's Compensation												
96400 All Other												
96500 Total Insurance Premiums		\$0	\$20,907	\$0	\$53,155	\$26,133	\$25,720	\$24,745	\$6,384	\$0	\$157,054	\$157,054
96600 Other General Expenses												
96700 Other General Expenses			\$493,204								\$21,682	\$21,682
96800 Compensated Absences			\$546		\$18,097	\$24,174	\$22,271	\$17,494	\$24,548		\$107,130	\$107,130
96900 Payments in Lieu of Taxes												
97000 Bad debt - Tenant Rents			\$2,790		\$63,083		\$27,166	\$14,858			\$107,897	\$107,897
97100 Bad debt - Mortgages												
97200 Bad debt - Other												
97300 Severance Expense												
97400 Total Other General Expenses		\$0	\$496,540	\$0	\$81,180	\$24,174	\$49,437	\$32,352	\$53,028	\$0	\$736,709	\$736,709
97500 Interest on Mortgage (or Bonus) Payable												
97600 Interest on Mortgage (or Bonus) Payable												
97700 Interest on Notes Payable (Short and Long Term)			\$23,665		\$4,300	-\$102	\$101,166	\$114,555			\$533,584	\$533,584
97800 Amortization of Bond Issue Costs												
97900 Amortization of Bond Issue Costs			\$131,054					\$200,611			\$331,665	\$331,665
98000 Total Interest Expense and Amortization Cost		\$0	\$404,719	\$0	\$44,300	-\$102	\$101,166	\$315,166	\$0	\$0	\$865,249	\$865,249
98100 Total Operating Expenses		\$0	\$1,272,306	\$47,807	\$1,343,632	\$615,941	\$331,352	\$967,759	\$520,528	\$0	\$5,599,325	\$5,599,325
98200 Extraordinary Maintenance												
98300 Extraordinary Maintenance		\$1,639	\$1,856,236	\$0	\$155,880	\$174,234	\$66,731	\$5,581	\$3,766,039	\$20,726	\$2,134,331	\$2,134,331
98400 Extraordinary Maintenance												
98500 Extraordinary Maintenance												
98600 Extraordinary Maintenance												
98700 Casualty Losses - Non-capitalized												
98800 Housing Assistance Payments												
98900 HAP Portability-in												
99000 Depreciation Expense			\$374,505		\$607,013	\$94,523	\$219,736	\$212,577	\$740		\$3,925,717	\$3,925,717
99100 Fraud Losses												
99200 Fraud Losses												
99300 Fraud Losses												
99400 Fraud Losses												
99500 Fraud Losses												
99600 Fraud Losses												
99700 Fraud Losses												
99800 Fraud Losses												
99900 Fraud Losses												

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

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit		Fiscal Year End: 12/31/2022									
	14-EFA FSS Escrow Forfeiture Account	6.2 Component Unit - Blended	14.896 PIH Family Self-Sufficiency Program	10.405 Farm Labor Housing Loans and Grants	1 Business Activities	10.415 Rural Rental Housing Loans	14.195 Section 8 Housing Assistance Payments Program, Special Allocations	14.871 Housing Choice Vouchers	10.427 Rural Rental Assistance Payments	Subtotal	Total
97600 Capital Outlays - Governmental Funds											
97700 Debt Principal Payments - Governmental Funds											
97800 Dwelling Units Rent Expense											
90000 Total Expenses	\$0	\$1,645,911	\$47,807	\$1,950,645	\$710,464	\$1,051,088	\$1,180,336	\$4,446,985	\$0	\$11,034,136	\$11,034,136
10000 Operating Transfer In											
10010 Operating Transfer Out											
10020 Operating Transfer Out											
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	-\$86,160	\$0	\$408,089	\$1,535,854	\$217,437	\$305,457	-\$13,250	-\$920,725	\$1,446,702	\$1,446,702
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$5,639	-\$2,316,901	\$0	-\$354,813	\$1,267,087	-\$69,030	\$86,999	-\$172,769	\$0	-\$1,553,778	-\$1,553,778
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$147,392	\$0	\$1,936,936	\$246,889	\$0	\$0	\$2,331,217	\$2,331,217
11030 Beginning Equity	\$0	\$3,645,065	\$0	\$9,104,948	\$2,808,486	\$1,015,035	\$529,647	\$613,964	\$0	\$17,717,145	\$17,717,145
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 Allowance for Doubtful Accounts - Other											
11090 Changes in Allowance for Doubtful Accounts - Other											
11100 Changes in Allowance for Doubtful Accounts - Other											
11170 Administrative Fee Equity								\$430,128		\$430,128	\$430,128
11180 Housing Assistance Payments Equity											
11190 Unit Months Available		754		2292	410	1514	1356	8271		\$11,067	\$11,067
11200 Number of Unit Months Leased				2061	400	1448	1289	5907		14597	14597
11270 Excess Cash										11645	11645
11610 Land Purchases											
11620 Building Purchases											
11630 Furniture & Equipment - Dwelling Purchases											
11640 Furniture & Equipment - Administrative Purchases											
11650 Leasehold Improvements Purchases											
11660 Infrastructure Purchases											
13510 CFFP Debt Service Payments											
13901 Replacement Housing Factor Funds											

CORRECTIVE ACTION PLAN FOR FINDINGS REPORTED UNDER UNIFORM GUIDANCE

Housing Authority of Chelan County and the City of Wenatchee
January 1, 2022 through December 31, 2022

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

Finding ref number: 2022-001	Finding caption: The Housing Authority's internal controls over financial reporting were inadequate for ensuring accurate and complete reporting.
Name, address, and telephone of Authority contact person: Joanna Tepley, Finance Director 1555 S. Methow Street Wenatchee, WA 98801	
Corrective action the auditee plans to take in response to the finding: <i>The Housing Authority accepts the audit finding highlighting significant deficiencies in our internal controls. We have taken immediate steps to address these concerns.</i> <i>To rectify the identified deficiencies, the Housing Authority has implemented the following corrective measures:</i> <ol style="list-style-type: none"> Enhanced Oversight of CPA Firm: <i>Implementing a more robust framework for management oversight of the contracted CPA firm to ensure thorough review and scrutiny of their work. We have also selected a new CPA firm to compile our financial statements, notes and supplemental schedules for 2023.</i> Strengthened Secondary Review Process: <i>Revising and strengthening internal review procedures to provide a more comprehensive and effective check on financial statements, notes, and supplemental schedules before submission for external audit.</i> Comprehensive Reconciliation Process: <i>Establishing a rigorous reconciliation process</i> 	

to ensure the accuracy of compiled financial statements by aligning them with the Housing Authority's general ledger, with regular reviews to promptly address any discrepancies.

4. **Staff Training:** *Providing additional training to the finance team to enhance their understanding of the compilation process and equip them with the skills necessary for a thorough review of financial statements and related schedules.*

These corrective measures demonstrate the Housing Authority's commitment to upholding the highest standards of financial reporting and internal controls, addressing the identified deficiencies and ensuring ongoing collaboration with the Washington State Auditor's Office.

Anticipated date to complete the corrective action: June 2024, when CCWHA receives the 2023 compilation from the new CPA firm.

Finding ref number: 2022-002	Finding caption: The Housing Authority had inadequate internal controls for ensuring compliance with the Housing Quality Standards inspection requirements of its Section 8 Housing Assistance Payments Program.
Name, address, and telephone of Authority contact person: Joanna Tepley, Finance Director 1555 S. Methow Street Wenatchee, WA 98801	
Corrective action the auditee plans to take in response to the finding: <i>For 2022, CCWHA resumed annual inspections of leased units assigning an inspection month to each property. We acknowledge that in this transition some units, due to tenant refusal and rescheduling were not inspected within the annual timeline as understood by the State Auditor's Office. CCWHA has taken the following actions:</i> <ol style="list-style-type: none">1) Timely Inspections: <i>We have reviewed and revised our inspection scheduling procedures to ensure timely inspections for all leased units. This includes implementing a system to track and manage inspection deadlines and notifying tenants in advance to facilitate the process.</i>2) Documentation Enhancement: <i>Our documentation procedures have been enhanced to maintain a comprehensive record of all inspections. This includes creating a centralized database to store digital inspection reports, dates, and any necessary follow-up actions, ensuring that we can readily demonstrate compliance with HQS requirements.</i>3) Staff Training: <i>Housing Authority staff responsible for conducting inspections have undergone additional training to reinforce the importance of timely and thorough assessments. This training emphasizes the significance of complying with federal HQS standards and maintaining accurate records.</i>	

4) **Quality Assurance Reviews:** *We have established a quality assurance review process to periodically assess our inspection procedures. This will involve internal reviews and, where appropriate, seeking external input to ensure the effectiveness and accuracy of our inspection processes.*

We understand the critical nature of complying with HQS requirements to maintain a safe and healthy living environment for our tenants. We are committed to continuously improving our inspection processes.

Anticipated date to complete the corrective action: Complete and on-going

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

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

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

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

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

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

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