



Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

Housing Authority of Grays Harbor County

For the period January 1, 2023 through December 31, 2023

Published September 30, 2024

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

September 30, 2024

Board of Commissioners
Housing Authority of Grays Harbor County
Aberdeen, Washington

Report on Financial Statements and Federal Single Audit

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

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

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Housing Authority of Grays Harbor County January 1, 2023 through December 31, 2023

SECTION I – SUMMARY OF AUDITOR’S RESULTS

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

Financial Statements

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

Internal Control over Financial Reporting:

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

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

Federal Awards

Internal Control over Major Programs:

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

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

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

Identification of Major Federal Programs

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

<u>ALN</u>	<u>Program or Cluster Title</u>
14.871	Housing Voucher Cluster – Section 8 Housing Choice Vouchers
14.871	Housing Voucher Cluster – COVID-19 – Emergency Housing Section 8 Housing Choice Vouchers

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

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

INDEPENDENT AUDITOR'S REPORT

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

Housing Authority of Grays Harbor County January 1, 2023 through December 31, 2023

Board of Commissioners
Housing Authority of Grays Harbor County
Aberdeen, 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 Grays Harbor County, as of and for the year ended December 31, 2023, 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 September 18, 2024.

Our report includes a reference to other auditors who audited the financial statements of the Herman Johnson Tax Credit Partnership and the Grays Harbor Affordable Housing Group Tax Credit Partnership, as described in our report on the Housing Authority's financial statements. The financial statements of the Herman Johnson Tax Credit Partnership and the Grays Harbor Affordable Housing Group Tax Credit Partnership were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the Herman Johnson Tax Credit Partnership and the Grays Harbor Affordable Housing Group Tax Credit Partnership that are reported on separately by those auditors.

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.

REPORT ON COMPLIANCE AND OTHER MATTERS

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

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

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority's internal control and compliance. Accordingly, this communication is not suitable for

any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

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

Pat McCarthy, State Auditor

Olympia, WA

September 18, 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 Grays Harbor County January 1, 2023 through December 31, 2023

Board of Commissioners
Housing Authority of Grays Harbor County
Aberdeen, 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 Grays Harbor County, with the types of compliance requirements identified as subject to audit in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Housing Authority's major federal programs for the year ended December 31, 2023. 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, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

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

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

Purpose of this Report

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



Pat McCarthy, State Auditor

Olympia, WA

September 18, 2024

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Housing Authority of Grays Harbor County January 1, 2023 through December 31, 2023

Board of Commissioners
Housing Authority of Grays Harbor County
Aberdeen, 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 Grays Harbor County, as of and for the year ended December 31, 2023, 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 Grays Harbor County, as of December 31, 2023, 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 Herman Johnson Tax Credit Partnership and the Grays Harbor Affordable Housing Group Tax Credit Partnership, which represents 100% of the assets, net position and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Herman Johnson Tax Credit Partnership and the Grays Harbor Affordable Housing Group Tax Credit Partnership is based solely on the reports of the other auditors. The financial statements of the Herman Johnson Tax Credit Partnership and the Grays Harbor Affordable Housing Group Tax Credit Partnership were not audited in accordance with *Government Auditing Standards*.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Required Supplementary Information


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

Supplementary Information

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 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.



Pat McCarthy, State Auditor

Olympia, WA

September 18, 2024

FINANCIAL SECTION

Housing Authority of Grays Harbor County January 1, 2023 through December 31, 2023

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2023

BASIC FINANCIAL STATEMENTS

Balance Sheets – 2023

Statements of Revenues, Expenses and Changes in Fund Net Position – 2023

Statements of Cash Flows – 2023

Notes to Financial Statements – 2023

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportionate Share of the Net Pension Liability – PERS 1 and PERS 2/3 –
2023

Schedule of Employer Contributions – PERS 1 and PERS 2/3 – 2023

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Expenditures of Federal Awards – 2023

Notes to the Schedule of Expenditures of Federal Awards – 2023

Financial Data Schedule – 2023

HOUSING AUTHORITY OF GRAYS HARBOR COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2023

As management of the Housing Authority of Grays Harbor County ("Housing Authority"), we offer readers of the Housing Authority's financial statements this narrative overview and analysis of the financial activities of the Housing Authority for the year ended December 31, 2023. We encourage readers to consider the information presented here in conjunction with the Housing Authority's financial statements.

Financial Highlights

Net Position

- At December 31, 2023, the Housing Authority's assets and deferred outflows exceeded its liabilities and deferred inflows (net position) by approximately \$38.6 million. \$39,754,422 (unrestricted net position) may be used to meet the Housing Authority's ongoing obligations to citizens and creditors. Total net position at December 31, 2023 increased from the previous year by \$1,546,580.

Unrestricted Cash

- The Housing Authority's unrestricted cash balances increased from the previous year by \$416,898 and totaled \$2,212,087 at the end of the fiscal year.

Notes Receivable

- Payments on notes receivable from component units are dependent upon cash flows from the component units' operating income. During 2023, there was no net cash flow from the component units' operating income, so there was no change in the notes receivable balance during the year ended December 31, 2023.

Revenues and Expenses

- The Housing Authority's total revenues for the year ended December 31, 2023 of approximately \$6.4 million increased from the prior year by \$81,267. Total expenses for the year of approximately \$4.9 million, including depreciation and amortization of \$50,845, increased from the prior year by \$202,306. These activities resulted in an increase in net position for the year ended December 31, 2023 of \$1,546,580.

Overview of the Financial Statements

The financial statements included in this report are those of a special-purpose government engaged only in business-type activities. The following statements are included:

- Balance Sheet -- reports the Housing Authority's current financial resources (short-term spendable resources) with capital assets, deferred outflows of resources, long-term debt obligations, deferred inflows of resources and net position.
- Statement of Revenues, Expenses, and Changes in Fund Net Position -- reports the Housing Authority's operating and non-operating revenues by major source, along with operating and non-operating expenses and other changes in net position.
- Statement of Cash Flows -- reports the Housing Authority's cash flows from operating, investing, and capital and non-capital financing activities.

HOUSING AUTHORITY OF GRAYS HARBOR COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2023

Financial Analysis of the Housing Authority

The Housing Authority has presented its financial statements under the reporting model required by the Governmental Accounting Standards Board. Prior year comparative information for this reporting period has been included in the following information to increase its usefulness.

The following table summarizes net position at December 31, 2023 and 2022:

CONDENSED BALANCE SHEETS

PRIMARY GOVERNMENT:

	<u>2023</u>	<u>2022</u>
Assets		
Current and other assets	\$ 40,681,877	\$ 39,181,255
Capital assets	<u>52,969</u>	<u>64,408</u>
Total assets	<u>40,734,846</u>	<u>39,245,663</u>
Deferred outflows of resources	<u>271,542</u>	<u>284,693</u>
Total assets and deferred outflows of resources	<u><u>\$ 41,006,388</u></u>	<u><u>\$ 39,530,356</u></u>
Liabilities		
Current liabilities	\$ 280,941	\$ 220,407
Non-current liabilities	<u>1,920,391</u>	<u>1,954,365</u>
Total liabilities	<u>2,201,332</u>	<u>2,174,772</u>
Deferred inflows of resources	<u>243,932</u>	<u>341,040</u>
Net Position		
Net investment in capital assets	(1,858,146)	(1,920,868)
Restricted	664,848	613,948
Unrestricted	<u>39,754,422</u>	<u>38,321,464</u>
Total net position	<u>38,561,124</u>	<u>37,014,544</u>
Total liabilities, deferred inflows of resources and net position	<u><u>\$ 41,006,388</u></u>	<u><u>\$ 39,530,356</u></u>

At December 31, 2023, the Housing Authority's current assets exceed current liabilities by \$2,966,956 for a current ratio of 11.56. The current ratio is a measure of the ability to pay debts as they become due.

HOUSING AUTHORITY OF GRAYS HARBOR COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2023

Financial Analysis of the Housing Authority (cont.)

The following table summarizes changes in net position for the years ended December 31, 2023 and 2022:

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

PRIMARY GOVERNMENT:

	<u>2023</u>	<u>2022</u>
Revenues		
Operating revenue:		
Rental revenue	\$ -	\$ 7,345
HUD operating grants	4,139,057	3,704,601
Miscellaneous income	880,831	806,444
Non-operating revenue:		
Investment income	1,389,985	1,333,536
Gain on sale of assets	-	476,680
Total revenues	<u>6,409,873</u>	<u>6,328,606</u>
Expenses		
Operating expenses	4,849,640	4,648,609
Interest expense	13,653	12,378
Total expenses	<u>4,863,293</u>	<u>4,660,987</u>
Increase in net position	1,546,580	1,667,619
Total Net Position, beginning of year	<u>37,014,544</u>	<u>35,346,925</u>
Total Net Position, end of year	<u><u>\$ 38,561,124</u></u>	<u><u>\$ 37,014,544</u></u>

Overall, the financial condition of the Housing Authority improved, with an increase to net position of \$1,546,580, primarily due to investment income earned on funds received through the RAD conversion and tax credit project conversion. The operating revenue increased approximately 11.1% from the prior year due primarily to an increase in HUD Operating Grants as a result of significant increases in fair market rents for the local market, while operating expenses increased approximately 4.3%. As a result, the Housing Authority went from a net operating loss for 2022 of \$130,219 to a net operating income for 2023 of \$170,248, for an increase in net operating income of approximately 230.7% for the year.

The Housing Authority's non-gain revenues are derived from various sources with approximately 64.6% received directly from the U.S. Department of Housing and Urban Development (HUD), 13.6% generated from the rental and management of Housing Authority-owned properties, and 21.8% from other sources.

The Housing Authority's most significant operating expenses are salaries, benefits and taxes and housing assistance payments.

The Housing Authority's salaries, benefits and taxes expense increased .7% from the prior year and was 19.2% of total revenues and 25.4% of operating expenses for the year ended December 31, 2023.

HOUSING AUTHORITY OF GRAYS HARBOR COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2023

Financial Analysis of the Housing Authority (cont.)

The Housing Authority's housing assistance payments, representing 52.2% of total revenues and 69.1% of operating expenses for the year ended December 31, 2023, increased 14.0% from the prior year due primarily to an increase in fair market rents allowed by HUD. The housing assistance payments are budgeted to be fully funded by operating subsidies from HUD, which are included in operating revenues.

Capital asset and debt administration

Capital assets

Detailed information regarding the Housing Authority's capital assets may be found in Note 8 to the financial statements. The following table summarizes the changes in capital assets between fiscal years 2023 and 2022:

PRIMARY GOVERNMENT

	<u>January 1, 2023</u>	<u>December 31, 2023</u>	<u>Net Change</u>
Land and land improvements	\$ 61,766	\$ 61,766	\$ -
Buildings and improvements	439,320	439,320	-
Equipment, furniture and vehicles	266,439	266,439	-
Totals	767,525	767,525	-
Accumulated depreciation	(703,117)	(714,556)	(11,439)
Capital assets, net	<u>\$ 64,408</u>	<u>\$ 52,969</u>	<u>\$ (11,439)</u>

Long-term debt

The Housing Authority typically issues various types of debt obligations, including installment notes, deferred notes, mortgages and revenue bonds to finance the acquisition and rehabilitation of its properties. No new debt was issued during 2023. Detailed information regarding the outstanding long-term debt of the Housing Authority may be found in Note 9 to the financial statements.

At December 31, 2023, the Housing Authority had long-term debt outstanding in the amount of \$1,957,264.

Contacting the Housing Authority's Financial Management

The financial report is designed to provide a general overview of the Housing Authority's finances for all those with an interest. Questions concerning any of the information should be addressed to the Executive Director of the Housing Authority of Grays Harbor County. The Housing Authority's offices are located at 602 E. 1st Street, Aberdeen, Washington 98520. The telephone number is (360) 532-0570.

HOUSING AUTHORITY OF GRAYS HARBOR COUNTY
BALANCE SHEETS
December 31, 2023

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	<u>PRIMARY GOVERNMENT</u>	<u>COMPONENT UNITS</u>
CURRENT ASSETS:		
Cash	\$ 2,212,087	\$ 601,429
Restricted cash	666,534	2,877,407
Accounts receivable	13,327	317,113
Due from component units	342,563	-
Prepaid expenses	13,386	312,087
Total current assets	<u>3,247,897</u>	<u>4,108,036</u>
NONCURRENT ASSETS:		
Property and equipment--net	52,969	55,956,048
Subscription-based information technology arrangement (SPITA) assets--net	39,407	-
Notes receivable from component units--long-term	30,907,871	-
Interest receivable from component units	6,292,323	-
Net pension asset	194,379	-
Tax credit fees, net of accumulated amortization	-	260,417
Total noncurrent assets	<u>37,486,949</u>	<u>56,216,465</u>
Total assets	<u>40,734,846</u>	<u>60,324,501</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows related to pensions	271,542	-
Total assets and deferred outflows of resources	<u>\$ 41,006,388</u>	<u>\$ 60,324,501</u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

CURRENT LIABILITIES:		
Accounts payable	\$ 68,680	\$ 133,304
Accrued payroll and taxes	65,297	-
Accrued compensated absences	87,971	-
Tenant security deposits	1,686	109,492
Unearned revenue	15,816	32,386
Accrued interest payable--current	4,618	-
Due to primary government	-	342,563
Current portion of long-term debt	36,873	73,619
Total current liabilities	<u>280,941</u>	<u>691,364</u>
LONG-TERM LIABILITIES:		
Long-term debt--net of current portion	1,920,391	37,550,180
Accrued interest payable--long-term	-	6,292,323
Total long-term liabilities	<u>1,920,391</u>	<u>43,842,503</u>
Total liabilities	<u>\$ 2,201,332</u>	<u>\$ 44,533,867</u>

The accompanying notes are an integral part of these financial statements

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION (CONT.)

	<u>PRIMARY GOVERNMENT</u>	<u>COMPONENT UNITS</u>
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows related to pensions	\$ 243,932	\$ -
NET POSITION:		
Net investment in capital assets	(1,858,146)	18,332,249
Restricted for:		
Operating deficits	-	1,510,655
Insurance reserve	-	15,225
Capital replacements	-	1,251,986
Section 8 program support and rehab of PBV units	606,531	-
Housing assistance payments	58,317	-
Unrestricted	<u>39,754,422</u>	<u>(5,319,481)</u>
Total net position	<u>38,561,124</u>	<u>15,790,634</u>
Total liabilities, deferred inflows of resources and net position	<u><u>\$ 41,006,388</u></u>	<u><u>\$ 60,324,501</u></u>

The accompanying notes are an integral part of these financial statements

HOUSING AUTHORITY OF GRAYS HARBOR COUNTY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
For the year ended December 31, 2023

	PRIMARY GOVERNMENT	COMPONENT UNITS
OPERATING REVENUES:		
Tenant rental revenue	\$ -	\$ 2,959,939
HUD operating grants	4,139,057	475,444
Commercial rental revenue	-	75,413
Fee revenue	871,956	-
Miscellaneous income--tenants	8,875	-
Miscellaneous income--tax credit projects	-	53,299
Total operating revenues	<u>5,019,888</u>	<u>3,564,095</u>
OPERATING EXPENSES:		
Salaries, benefits and taxes	1,232,444	-
Housing assistance payments	3,348,559	-
Maintenance and operations	6,493	996,037
Management fees	-	591,297
Administration	5,261	42,429
Utilities	10,687	733,777
Telephone	16,475	56,479
Office	21,628	54,680
Professional services	108,448	98,303
Insurance	14,140	267,206
Training and travel	11,771	-
Fees & charges	21,402	2,315
Tenant services	-	775
Depreciation and amortization	50,845	2,104,930
Bad debts (recovery)	(95)	43,295
Advertising	1,582	2,542
Total operating expenses	<u>4,849,640</u>	<u>4,994,065</u>
Operating income (loss)	<u>170,248</u>	<u>(1,429,970)</u>
NON-OPERATING REVENUES (EXPENSES):		
Investment income	1,389,985	17,506
Interest expense	(13,653)	(1,741,511)
Net non-operating revenues (expenses)	<u>1,376,332</u>	<u>(1,724,005)</u>
INCREASE (DECREASE) IN NET POSITION	1,546,580	(3,153,975)
TOTAL NET POSITION, beginning of year	<u>37,014,544</u>	<u>18,944,609</u>
TOTAL NET POSITION, end of year	<u><u>\$ 38,561,124</u></u>	<u><u>\$ 15,790,634</u></u>

The accompanying notes are an integral part of these financial statements

HOUSING AUTHORITY OF GRAYS HARBOR COUNTY

STATEMENTS OF CASH FLOWS For the year ended December 31, 2023

	<u>PRIMARY GOVERNMENT</u>	<u>COMPONENT UNITS</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from tenants	\$ 10,372	\$ 2,971,358
Receipts from government operating grants	4,246,669	618,005
Receipts from fee revenue	1,467,869	-
Cash payments to suppliers for goods and services	(4,077,870)	(3,329,604)
Cash payments to employees for services	(1,171,284)	-
Net cash provided by operating activities	<u>475,756</u>	<u>259,759</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Cash received for tax credit project costs	<u>59,904</u>	<u>-</u>
Net cash received by non-capital financing activities	<u>59,904</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Cash paid for SBITA assets	(25,021)	-
Principal payments on long-term debt	(36,711)	(76,748)
Interest paid on bonds and notes	(9,399)	(354,793)
Net cash used by capital and related financing activities	<u>(71,131)</u>	<u>(431,541)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest income received	<u>3,269</u>	<u>17,506</u>
Net cash provided by investing activities	<u>3,269</u>	<u>17,506</u>
NET INCREASE (DECREASE) IN CASH	467,798	(154,276)
CASH, beginning of year	<u>2,410,823</u>	<u>3,633,112</u>
CASH, end of year	<u><u>\$ 2,878,621</u></u>	<u><u>\$ 3,478,836</u></u>
RECONCILIATION OF CASH, END OF YEAR, TO THE STATEMENT OF NET POSITION:		
Cash - unrestricted	\$ 2,212,087	\$ 601,429
Cash - restricted	666,534	2,877,407
CASH, end of year	<u><u>\$ 2,878,621</u></u>	<u><u>\$ 3,478,836</u></u>

The accompanying notes are an integral part of these financial statements

	PRIMARY GOVERNMENT	COMPONENT UNITS
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ 170,248	\$ (1,429,970)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities--		
Depreciation and amortization	50,845	2,104,930
Non-cash expense reduction	(24,434)	-
(Increase) decrease in--		
Accounts receivable--operating	107,409	57,742
Due from component unit--operating	284,042	-
Prepaid expenses	22,305	(170,119)
Net pension asset	(80,361)	-
Deferred outflows related to pensions	13,151	-
Increase (decrease) in--		
Accounts payable--operating	18,542	30,301
Accrued payroll and taxes	1,160	-
Accrued compensated absences	8,351	-
Tenant security deposits	-	20,772
Unearned revenue--operating	-	(9,951)
Unearned revenue--HAP	1,606	-
Other current liabilities	-	-
Due to primary government--operating	-	(343,946)
Deferred inflows related to pensions	(97,108)	-
Net cash provided by operating activities	<u>\$ 475,756</u>	<u>\$ 259,759</u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for interest	<u>\$ 10,834</u>	<u>\$ 354,793</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES:		
Interest income included in nonoperating interest receivable	<u>\$ 1,386,716</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

HOUSING AUTHORITY OF GRAYS HARBOR COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

This summary of the major accounting policies of the Housing Authority of Grays Harbor County (HAGH) is presented to assist the reader in evaluating the Authority's financial statements.

a. Nature of business--

The Housing Authority of Grays Harbor County (HAGH) was established in 1951 by a Grays Harbor County resolution and operates under the laws of the State of Washington applicable to Housing Authorities (Chapter 35.82 RCW). During 2022, the Housing Authority received funding under five federal programs administered by the U. S. Department of Housing and Urban Development (HUD)--the Section 8 Housing Choice Vouchers Program, the Emergency Housing Voucher Program, the Section 8 Housing Assistance Payments Program, the Low Rent Public Housing Program, and the Public Housing Capital Fund Program.

b. Basis of accounting and reporting--

The financial statements have been prepared in accordance with U.S. generally accepted accounting principles, using the accrual basis of accounting and the economic resources measurement focus. Revenues are recognized when earned, and expenses are recorded when incurred. All activities of HAGH have been included in these financial statements.

The Housing Authority applies all Governmental Accounting Standards Board (GASB) pronouncements for preparation of the 2022 financial statements. The component units, which are nongovernmental limited partnerships, follow the accounting standards prescribed by the Financial Accounting Standards Board.

c. Discretely presented component units--

The Authority is the general partner of two tax credit limited liability limited partnerships (component units). These partnerships were formed for the purpose of developing, operating, managing and leasing housing units in a manner that qualifies them for low-income housing tax credits under Section 42 of the Internal Revenue Code of 1986, as amended.

The Authority is responsible for the management of these partnerships and may impose its will on the partnerships through direct influence over their policies, budgets and operations. In addition, the Authority is contractually obligated to fund operating deficits through loans and advances to the partnerships and has primary responsibility for the debt issued on behalf of each partnership.

Both of the component units described below have a December 31 year end. The financial statements of the component units are audited separately and are presented as of December 31, 2022. Copies of these audited statements can be obtained by contacting the Housing Authority. The component units do not follow GASB standards; therefore, for presentation purposes, certain transactions and balances may be reflected differently in the Housing Authority's financial statements than in the separately issued component unit financial statements in order to conform with the presentation and classifications of the Authority's statements.

1. ***Herman Johnson Limited Liability Limited Partnership:*** In 2018, the Authority entered into a limited liability limited partnership agreement with RBC-Grays Harbor, LLC and RBC Tax Credit Manager II, Inc. to form Herman Johnson LLLP (HJ), a separate legal entity. The Authority is a 0.009% owner and the general partner responsible for managing HJ's two rental properties totaling 160 units. There is an initial 15-year regulatory compliance period monitored by the Washington State Housing Finance

HOUSING AUTHORITY OF GRAYS HARBOR COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):

c. Discretely presented component units (cont.)--

Commission ending in 2033, at which time the investing partner may exit the partnership according to the provisions of the partnership agreement.

2. ***Grays Harbor Affordable Housing Group Limited Liability Limited Partnership:*** In 2018, the Authority entered into a limited liability limited partnership agreement with RBC-Grays Harbor, LLC and RBC Tax Credit Manager II, Inc. to form Grays Harbor Affordable Housing Group LLLP (GHAHG), a separate legal entity. The Authority is a 0.009% owner and the general partner responsible for managing the eight rental properties owned by GHAHG totaling 235 units. There is an initial 15-year regulatory compliance period monitored by the Washington State Housing Finance Commission ending in 2033, at which time the investing partner may exit the partnership according to the provisions of the partnership agreement.

d. Programs--

The following are the federal programs administered by HAGH and included in these financial statements.

1. Section 8 Housing Choice Vouchers Program

The Housing Authority began administering the Section 8 rental subsidy program in 1989. HUD enters into an annual contributions contract (ACC) with the Housing Authority to provide funding for assisting eligible low-income families to obtain decent, safe and sanitary housing. Generally, the tenant pays up to 30% of their income towards rent, and the Authority pays for the difference between the approved landlord contract rent and the rent paid by the tenants. The Housing Authority received an allocation of 246 vouchers from HUD, which equates to 2,952 voucher unit months per calendar year.

In August 2018, the Housing Authority issued 395 project-based vouchers as part of the RAD conversion from the Low Rent Public Housing Program. (See Note 1d.3.) The Housing Authority actively monitors and plans activities related to the management of the voucher counts in order to comply with HUD's leasing provisions on a calendar year basis.

2. Emergency Housing Voucher Program

The Authority was awarded 18 Emergency Housing Vouchers funded by the American Rescue Plan Act of 2021 to provide rental assistance for individuals and families. Eligibility for these vouchers is limited to individuals and families who are (1) homeless; (2) at risk of homelessness; (3) fleeing, or attempting to flee domestic violence, dating violence, sexual assault, stalking or human trafficking; or (4) recently homeless and for whom providing rental assistance will prevent the family's future homelessness or having high risk of housing instability. The Emergency Housing Voucher Program operates as a separate program distinct from the regular tenant-based Housing Choice Voucher Program and provides tenant-based assistance. As of December 31, 2023, 18 of these vouchers had been leased up. The Authority actively monitors and plans activities related to the management of the voucher counts in order to comply with HUD's leasing provisions.

HOUSING AUTHORITY OF GRAYS HARBOR COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):

d. Programs (cont.)--

3. Low Rent Public Housing Program

The Low Rent Public Housing Program is also a rental subsidy program designed to provide decent, safe and sanitary housing for eligible low-income families and the elderly. HUD enters into an ACC with the Housing Authority to provide funding for the operation and maintenance of housing projects that are owned by the Housing Authority. The rent paid by the tenant to the Housing Authority is based on the income of the tenant family.

In late 2016, the Housing Authority began the process of converting many of its Low Rent Public Housing developments to tax credit projects in accordance with HUD's Rental Assistance Demonstration (RAD) program. In June 2018, 395 of the 415 units were converted to Section 8 project-based voucher units under the RAD program, leaving the Housing Authority with 20 Low Rent Public Housing units.

During 2022, the remaining development, Sunnyside Court, was sold, and the Low Rent Public Housing Program is in the process of being closed as of December 31, 2023.

4. Section 8 Housing Assistance Payments Program

The Section 8 Housing Assistance Payments Program is a project-based rental subsidy program designed to provide decent, safe and sanitary housing for eligible low-income tenants of:

Emerson Manor, a 59-unit senior and/or disabled housing complex in Hoquiam, Washington that was acquired by the Housing Authority in 2000.

Riverside III, a 20-unit housing complex in Aberdeen, Washington that was acquired by the Housing Authority in 2002.

Harbor Manor, a 24-unit housing complex in Hoquiam, Washington that was acquired by the Housing Authority in 2014.

In January 2018, HUD entered into an annual housing assistance payments (HAP) contract with the Housing Authority, whereby all tenants of these complexes must meet the program's eligibility requirements. The tenant pays a portion of the contract rent, as stipulated in the HAP contract, based on the tenant's income. The balance of the rent is paid to the Housing Authority by HUD based on a HAP report submitted monthly. As a result of the RAD conversion in June 2018, HUD entered into a HAP contract with Grays Harbor Affordable Housing Group LLLP, replacing the HAP contract with the Housing Authority, and the rent subsidy is now paid by HUD to GHAHG. All three properties were transferred into the tax-credit partnership in the RAD conversion to provide funding for major rehabilitation and modernization.

HOUSING AUTHORITY OF GRAYS HARBOR COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):

e. Accounts receivable--

The direct write-off method is used for bad debt write-offs rather than an allowance for doubtful accounts, as required by U.S. generally accepted accounting principles. Actual write-offs are generally less than one percent of rental income. Therefore, any difference in the method of recording bad debts is considered to be immaterial.

f. Property and equipment--

Purchased property and equipment is stated at cost. Donated property and equipment is recorded at estimated acquisition value as of the date of the donation. The Housing Authority's policy is to capitalize property and equipment greater than \$5,000. Major expenditures that substantially increase useful lives of existing property are capitalized. Repairs, maintenance and minor renewals are expensed when incurred. When assets are retired or disposed of, their costs and related accumulated depreciation are removed from the books, and the resulting gain or loss is included in income.

Property and equipment are being depreciated on a straight-line basis over their estimated useful lives, which are as follows:

Land improvements	5 to 20 years
Buildings and improvements	7 to 40 years
Equipment	5 to 10 years
Vehicles	5 years

g. Tax credit fees--

Tax credit fees of \$404,824 are amortized on a straight-line basis over the 15-year tax credit compliance period. For the year ended December 31, 2023, amortization expense was \$26,991, resulting in tax credit fees, net of accumulated amortization of \$144,407, at December 31, 2023 of \$260,417.

h. Federal income taxes--

The Housing Authority is a municipal corporation and is, therefore, exempt from federal income taxes. The component units are limited partnerships. Accordingly, all tax effects of the Partnerships' income or loss are passed through to their partners individually.

i. Cash and cash equivalents--

For purposes of the statements of cash flows, the Housing Authority considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. At December 31, 2023, there are no cash equivalents.

j. Debt issuance costs--

For the component units, debt issuance costs are reported on the balance sheets as a direct deduction from the face amount of the related notes. Amortization of the debt issuance costs is reported as interest expense.

HOUSING AUTHORITY OF GRAYS HARBOR COUNTY
NOTES TO FINANCIAL STATEMENTS (CONT.)
December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):

k. Deferred outflows/inflows of resources and unearned revenue--

1. Deferred outflows of resources

In addition to assets, the balance sheets report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Authority has three items that meet this criterion, resulting from the implementation of GASB Statement 68. One item is the difference between expected and actual experience in the pension plan; the second is changes in assumptions to the pension plan; and the third is contributions made to the pension plan subsequent to the measurement date.

2. Deferred inflows of resources

In addition to liabilities, the balance sheets report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has four items that qualify for reporting in this category, all related to pension obligations. One is the difference between expected and actual experience in the pension plan. Another is the net difference between the projected and actual earnings of the Authority's share of pension plan investments as calculated and reported by the Washington State Department of Retirement Systems (DRS). Third is changes in assumptions to the pension plan. The final deferred inflow of resources is the changes in proportion and differences between contributions and the proportionate share of contributions for the pension plan.

3. Unearned Revenue

Unearned revenue consists primarily of prepaid tenant rents and advanced grant payments received that have not been earned as of the end of the year.

l. Use of estimates--

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

m. Accrued compensated absences--

All regular full-time and part-time employees are eligible to accrue annual leave based upon length of employment. All regular full-time employees also receive sick leave at a rate of 8 hours per month. Regular part-time employees receive sick leave at a prorated rate. All of the accumulated annual leave up to 240 hours plus one-half of the accumulated sick leave up to a maximum of 240 hours payable is paid to employees upon termination of employment. The total compensated absences payable upon termination as of December 31, 2023 has been accrued in the financial statements.

n. Public support and revenues--

The Housing Authority and its component units receive a substantial amount of funding from HUD. In the event that HUD would discontinue its support because of budget cuts, the Housing Authority and component units could experience a significant loss of support.

HOUSING AUTHORITY OF GRAYS HARBOR COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):

o. Operating revenues and expenses--

The Housing Authority reports operating revenues as defined in GASB Statement No. 9. Operating revenues generally result from fees and charges from providing services in connection with the ongoing operations of providing low-income housing, as well as operating subsidies and grants, and fees related to the RAD conversion. Capital grants are reported as capital contributions and are presented as cash flows from capital and related financing activities in the statement of cash flows. Operating expenses are those expenses that are directly incurred in the operation of providing low-income housing.

p. Pensions--

For purposes of measuring the net pension liability or asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense or income, 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.

q. New accounting standards adopted--

1. Statement No. 91

Conduit Debt Obligations provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with commitments extended by users, arrangements associated with conduit debt obligations, and related note disclosures. The Authority's adoption of this GASB Standard in 2023 did not have a material impact on the Authority's financial statements.

2. Statement No. 93

Replacement of Interbank Offered Rates addresses accounting and financial reporting implications related to leases, agreements and derivative instruments for which variable payments made or received depend on an interbank offered rate (IBOR), most notably the London Interbank Offered Rate (LIBOR), when LIBOR is completely phased out on June 30, 2023 as a result of global reference rate reform. The requirements of this statement are effective for reporting periods beginning after June 15, 2020. Certain elements of this statement are effective for reporting periods beginning after June 30, 2022. Because the Authority has no agreements subject to LIBOR for 2022, the implementation of this standard is expected to have no impact on the Authority's financial statements.

3. Statement No. 94

Public-Private and Public-Public Partnerships (PPP) and Availability Payment Arrangements improves financial reporting by addressing issues related to public-private and public-public partnership arrangements and also provides guidance for accounting and financial reporting for availability payment arrangements. The Authority's adoption of this GASB Standard in 2023 did not have a material impact on the Authority's financial statements.

4. Statement No. 96

Subscription-Based Information Technology Arrangements provides guidance on accounting for Subscription-Based Information Technology Arrangements (SBITA) where the government contracts for the right to use another party's software. The standards for SBITAs are based on the standards established in GASB Statement No. 87, *Leases*. The requirements of this statement are effective for fiscal years beginning after June 15, 2022. See Note 5 for more detail.

HOUSING AUTHORITY OF GRAYS HARBOR COUNTY
NOTES TO FINANCIAL STATEMENTS (CONT.)
December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):

r. Future accounting standards--

1. Statement No. 99

Omnibus 2022 enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The Statement is effective upon issuance for clarification of certain provisions in Statement No. 34 on future revenues and terminology updates related to Statement No. 53 and Statement No. 63. Requirements related to leases, PPPs and SBITAs are effective for fiscal years beginning after June 15, 2022, and other Statement No. 53 requirements are effective for fiscal years beginning after June 15, 2023.

2. Statement No. 100

Accounting Changes and Error Corrections – Amendment of GASB Statement No. 62. The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. This Statement is effective for fiscal years beginning after June 15, 2023.

3. Statement No. 101

Compensated Absences updates the recognition and measurement guidance for compensated absences in order to better meet the information needs of financial statement users. This Statement is effective for fiscal years beginning after December 15, 2023.

4. Statement No. 102

Certain Risk Disclosures addresses financial reporting regarding certain concentrations or constraints and related events that may have a substantial impact and negatively affect the level of service the Authority provides. This Statement is effective for fiscal years beginning after June 15, 2024.

The Authority has not yet adopted these standards and is evaluating the impact they may have on the financial statements.

NOTE 2 - RESTRICTED CASH AND INVESTMENTS:

Only cash and investments that have been legally or externally restricted are classified in the balance sheets as restricted assets. Restricted cash and investments include the following:

a. Tenant security deposits--

Tenants are required to pay a security deposit at the time they move into one of the Housing Authority's or a component unit's developments. The security deposits are refundable, provided that the unit's physical condition is satisfactory at the time the tenant moves out. Separate security deposit checking accounts have been established for each development.

b. Housing assistance payments--Under the Section 8 Housing Choice Vouchers Program, HUD provides funding for housing assistance payments (HAP) based on the prior year's utilization, with monthly adjustments for actual utilization during the current year. Unspent HAP funds are restricted for future HAP expenses only.

HOUSING AUTHORITY OF GRAYS HARBOR COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2023

NOTE 2 - RESTRICTED CASH AND INVESTMENTS (CONT.):

c. Support and rehab of PBV units--

Proceeds from the sale of Sunnyside Court (see Note 1d.3) remaining after the costs of disposition of the development are required to be used for rehabilitation of Section 8 project-based voucher units and operational support of the Section 8 program.

d. Herman Johnson LLLP reserves--

1. Replacement reserve:

Pursuant to the Partnership Agreement, the Partnership is required to establish a replacement reserve account (the "Replacement Reserve"). The Replacement Reserve will be used for capital improvements, repairs to the Project, and other expenditures provided for in the Partnership Agreement or annual budgets approved by the Special Limited Partner. Any other withdrawal from the Replacement Reserve will require the consent of the Special Limited Partner. The Replacement Reserve will be funded at an annual amount of \$400 per unit, increasing by 3% per annum, commencing on Substantial Completion, as defined in the Partnership Agreement.

2. Operating reserve:

Pursuant to the Partnership Agreement, the Partnership is required to establish and maintain an operating reserve (the "Operating Reserve") account in the amount of \$374,907. The Operating Reserve will be established no later than the Fourth Capital Contribution, as defined in the Partnership Agreement. Any withdrawal from the Operating Reserve will require the consent of the Special Limited Partner. In no event will the Partnership withdraw funds from the Operating Reserve for operating deficits if the balance is less than \$374,907. As of December 31, 2023, the Operating Reserve was fully funded.

3. Income/expense reserve:

Pursuant to the Partnership Agreement, the Partnership is required to establish a reserve account (the "Income/Expense Reserve") in an amount equal to the greater of \$35,000 or that amount which the Special Limited Partner determines to be the difference between the cash actually received by the Partnership on a cash basis from the normal operation of the Project and the amount necessary for the Partnership to maintain an Income/Expense Ratio, as defined in the Partnership Agreement, of at least 1.05 to 1.0 throughout the compliance period. The Income/Expense Reserve will be established at the time of the Fourth Capital Contribution, as defined in the Partnership Agreement. As of December 31, 2023, the Income/Expense Reserve was fully funded.

e. Grays Harbor Affordable Housing Group LLLP reserves--

1. Replacement reserve:

Pursuant to the Partnership Agreement, the Partnership is required to establish a replacement reserve account for capital needs, improvements, replacements and any other contingencies of the Partnership. The Partnership will add additional annual funds to the reserve in the amount of the greater of \$300 per unit, increasing by 3% per annum, or \$400 as is required by HUD commencing upon Substantial Completion. At closing in 2021, additional funding of \$210,000 was also added to the Replacement Reserve in accordance with the Partnership Agreement. Following the fifth year of the Compliance Period, and every five years thereafter, the Limited Partner shall have the right to require a physical needs assessment for the Project, which may result in adjustments to the reserve fund.

HOUSING AUTHORITY OF GRAYS HARBOR COUNTY
NOTES TO FINANCIAL STATEMENTS (CONT.)
December 31, 2023

NOTE 2 - RESTRICTED CASH AND INVESTMENTS (CONT.):

- e. Grays Harbor Affordable Housing Group LLLP reserves (cont.)--
2. Operating reserve:
Pursuant to the Partnership Agreement, the Partnership is required to establish an operating reserve account to meet operating expenses and debt service of the Partnership in the initial amount of \$1,027,535. The initial \$1,027,535 of the Operating Reserve shall be funded from Capital Contributions and/or the proceeds of the Project Loan. If there are insufficient funds to fund the Operating Reserve, the Housing Authority will be required to fund the Operating Reserve or use funds from the Partnership Net Cash Flow to maintain a balance of \$1,027,535. The Housing Authority, as General Partner, shall be entitled to withdraw funds from the operating reserve subject to the Special Limited Partner's consent, which may be evidenced in an approved annual budget for the Project, or upon request of the Housing Authority. As of December 31, 2023, the Income/Expense Reserve was fully funded.
 3. Insurance reserve:
Pursuant to the construction revenue bond agreement with Citibank, N.A. (See Note 9f.1), the Partnership is required to establish an insurance reserve account to cover the estimated insurance costs for the GHAHG properties. Citibank estimates the insurance premiums to be paid, and amounts are included in each payment made by GHAHG to Citibank that are held in escrow until the actual insurance premiums are paid. At December 31, 2023, the insurance reserve held in escrow totaled \$15,225.

At December 31, 2023, restricted cash and investments consist of the following--

	PRIMARY GOVERNMENT	COMPONENT UNITS
Tenant security deposits	\$ 1,686	\$ 99,540
Housing assistance payments	58,317	-
Support and rehab of PBV units	606,531	-
Replacement reserves	-	1,251,986
Insurance reserve	-	15,225
Income/expense reserve	-	96,089
Operating reserves	-	1,414,567
Total restricted cash and investments	666,534	2,877,407
Restricted cash and investments--current	(666,534)	(2,877,407)
Restricted cash and investments--noncurrent	\$ -	\$ -

NOTE 3 - DEPOSITS AND INVESTMENTS:

The Housing Authority's deposits and investments are entirely 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. As a result, there is no custodial credit risk for any of the Housing Authority's or the Component Units' cash and investments.

As required by Washington State law, the Housing Authority's investments are limited to obligations of the U.S. Government, U.S. agency issues, obligations of the State of Washington, general obligations of Washington State municipalities, or certificates of deposit with Washington State banks and savings and loan institutions.

Because Washington State law limits the Housing Authority's and the Component Units' deposits and investments to those with no risk of loss, the Housing Authority and the Component Units have no policies addressing custodial credit risk for deposits and investments.

HOUSING AUTHORITY OF GRAYS HARBOR COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2023

NOTE 3 - DEPOSITS AND INVESTMENTS (CONT.):

The Housing Authority measures and reports investments at fair value using the valuation input hierarchy established by U.S. generally accepted accounting principles, as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities;
- Level 2: Quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable;
- Level 3: Unobservable inputs for an asset or liability.

At December 31, 2023, neither the Housing Authority nor the component units had any investments.

At December 31, 2023, unrestricted cash consists of the following--

	PRIMARY GOVERNMENT	COMPONENT UNITS
Savings and checking accounts	\$ 2,208,311	\$ 600,679
Money market account	3,776	-
Petty cash	-	750
Total cash	<u>\$ 2,212,087</u>	<u>\$ 601,429</u>

NOTE 4 - ACCOUNTS RECEIVABLE:

At December 31, 2023, accounts receivable consists of the following--

	PRIMARY GOVERNMENT	COMPONENT UNITS
Tenant accounts receivable	\$ 5,079	\$ 310,966
Accounts receivable--HUD	-	6,147
Accounts receivable--other	8,248	-
Total accounts receivable	<u>\$ 13,327</u>	<u>\$ 317,113</u>

NOTE 5 – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA):

In May 2020, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*, with the objective of enhancing transparency through the recognition of SBITA-related assets and liabilities on the balance sheet. The Housing Authority is adopting the new standard effective January 1, 2023.

The Housing Authority identified contracts that could possibly fall under this GASB standard. The Housing Authority looked at contracts that possibly convey control of the right to use another party's information technology software. There was one contract that qualified and that is recorded as the right to use assets and the associated liability. The Yardi contract is for three years from January 2022 through December 2024. The contract is long-term and non-cancellable during its term.

In implementing GASB Statement No. 96, the Housing Authority determined that the impact of implementation on the prior year's financial statements was immaterial, so no prior period adjustment was necessary. All effects of implementing this standard are included in the 2023 financial statements.

GASB Statement No. 96 was only implemented by the Primary Government for the portion of the Yardi contract allocable to the Primary Government. As documented in Note 1.c, the Component Units do not follow GASB standards; rather, they follow the Financial Accounting Standards Board (FASB) standards. Although FASB has a similar standard to GASB No. 96 for the reporting of SBITA assets and liabilities, the effects on the Component Units financial statements was immaterial, so all costs have been expensed as incurred; therefore, there are no SBITA assets or liabilities on the Component Units books.

HOUSING AUTHORITY OF GRAYS HARBOR COUNTY
NOTES TO FINANCIAL STATEMENTS (CONT.)
December 31, 2023

NOTE 5 – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA) (CONT):

The following is a summary of the changes in SBITA assets and accumulated amortization for the year ended December 31, 2023--

PRIMARY GOVERNMENT:

	Balance, Beginning of year	Additions	Dispositions	Balance, End of year
Subscription assets:				
Yardi Systems, Inc.	\$ -	\$ 118,219	\$ -	\$ 118,219
Total subscription assets	-	118,219	-	118,219
Accumulated amortization--subscription assets:				
Accumulated amortization - Yardi Systems, Inc.	-	(78,812)	-	(78,812)
Total depreciable property and equipment	-	(78,812)	-	(78,812)
Subscription assets--net	\$ -	\$ 39,407	\$ -	\$ 39,407

The remaining costs for SBITA assets still to be paid are included in accounts payable at December 31, 2023. As of December 31, 2023, the principal and interest payment requirements to maturity are as follows:

	Principal	Interest	Total
2024	\$ 30,794	\$ 924	\$ 31,718
Total	\$ 30,794	\$ 924	\$ 31,718

NOTE 6 - RECEIVABLES AND PAYABLES WITHIN THE REPORTING ENTITY:

Outstanding balances between the primary government and the component units reported as “due from component units” and “due to primary government” include outstanding charges by the Housing Authority to the Limited Partnership for services or goods outstanding at year-end, and other miscellaneous receivables/payables between the entities. All of these charges are expected to be paid in less than one year.

NOTE 7 – NOTES AND INTEREST RECEIVABLE FROM COMPONENT UNITS:

Notes and interest receivable from component units at December 31, 2022 consists of the following—

a. Herman Johnson LLLP Notes Receivable--

1. *Developer fee note* – This note was issued June 12, 2018 for the agreed-upon developer fee of \$920,427 in connection with the acquisition and development of the properties transferred to Herman Johnson LLLP. As of December 31, 2023, the balance of the note was \$266,198. Any installment of the developer fee not paid when otherwise due shall be deferred with no interest and shall be paid from available cash flows of the Partnership in the priority set forth in the Amended and Restated Agreement of Limited Liability Limited Partnership. This note is considered to be noncurrent since repayment is subject to available cash flows of the Partnership. Any unpaid balance shall be due and payable in all events on or before the end of the tax credit compliance period of May 31, 2070 or the date of liquidation of the Partnership.

HOUSING AUTHORITY OF GRAYS HARBOR COUNTY
NOTES TO FINANCIAL STATEMENTS (CONT.)
December 31, 2023

NOTE 7 – NOTES AND INTEREST RECEIVABLE FROM COMPONENT UNITS (CONT.):

a. Herman Johnson LLLP Notes Receivable (cont.)--

2. *Sponsor note A* – A promissory note in the amount of \$3,400,000 dated June 1, 2018 was issued in connection with the acquisition and development of the properties transferred to Herman Johnson LLLP. No annual payments are required on the principal or the interest that accrues at 4.00% compounded annually. This note is considered to be noncurrent as repayment is subject to available cash flows of the Partnership in the priority set forth in the Amended and Restated Agreement of Limited Liability Limited Partnership. The note shall be due and payable in all events on or before December 31, 2070. As of December 31, 2023, accrued interest receivable on the note was \$826,247.
3. *Sponsor note B* – A promissory note in the amount of \$1,234,000 dated June 1, 2018 was issued in connection with the acquisition and development of the properties transferred to Herman Johnson LLLP. No annual payments are required on the principal or the interest that accrues at 4.00% compounded annually. This note is considered to be noncurrent as repayment is subject to available cash flows of the Partnership in the priority set forth in the Amended and Restated Agreement of Limited Liability Limited Partnership. The note shall be due and payable in all events on or before December 31, 2070. As of December 31, 2023, accrued interest receivable on the note was \$299,879.
4. *Sponsor note C* – A promissory note in the amount of \$833,292 dated June 1, 2018 was issued in connection with the acquisition and development of the properties transferred to Herman Johnson LLLP. No annual payments are required on the principal or the interest that accrues at 4.00% compounded annually. This note is considered to be noncurrent as repayment is subject to available cash flows of the Partnership in the priority set forth in the Amended and Restated Agreement of Limited Liability Limited Partnership. The note shall be due and payable in all events on or before December 31, 2070. As of December 31, 2023, accrued interest receivable on the note was \$202,501.

b. Grays Harbor Affordable Housing Group LLLP Notes Receivable--

1. *Developer fee note* – This note was issued June 13, 2018 for the agreed-upon developer fee of \$5,093,000 in connection with the acquisition and development of the properties transferred to Grays Harbor Affordable Housing Group LLLP. As of December 31, 2023, the balance of the note was \$879,013. Any installment of the developer fee not paid when otherwise due shall be deferred with no interest and shall be paid from available cash flows of the Partnership in the priority set forth in the Amended and Restated Agreement of Limited Liability Limited Partnership. This note is considered to be noncurrent since repayment is subject to available cash flows of the Partnership. Any unpaid balance shall be due and payable in all events on or before the end of the tax credit compliance period of May 31, 2070 or the date of liquidation of the Partnership.
2. *Sponsor note A* – A promissory note in the amount of \$16,620,000 dated June 1, 2018 was issued in connection with the acquisition and development of the properties transferred to Grays Harbor Affordable Housing Group LLLP. No annual payments are required on the principal or the interest that accrues at 4.00% compounded annually. This note is considered to be noncurrent as repayment is subject to available cash flows of the Partnership in the priority set forth in the Amended and Restated Agreement of Limited Liability Limited Partnership. The note shall be due and payable in all events on or before December 31, 2070. As of December 31, 2023, accrued interest receivable on the note was \$4,046,182.

HOUSING AUTHORITY OF GRAYS HARBOR COUNTY
NOTES TO FINANCIAL STATEMENTS (CONT.)
December 31, 2023

NOTE 7 – NOTES AND INTEREST RECEIVABLE FROM COMPONENT UNITS (CONT.):

- b. Grays Harbor Affordable Housing Group LLLP Notes Receivable (cont.)--
3. *Sponsor Notes B, C & D* - The Housing Authority entered into loan agreements with the Grays Harbor Affordable Housing Group LLLP dated June 1, 2018 in the amounts of \$3,500,000 (Sponsor Note B), \$1,000,000 (Sponsor Note C), and \$3,175,000 (Sponsor Note D) in connection with the development of the properties transferred to Grays Harbor Affordable Housing Group LLLP. No annual payments by the Partnership are required on the principal or the interest that accrues at 4.00% compounded annually on each of these notes. These notes are considered to be noncurrent, because repayment is subject to available cash flows of the Partnership in the priority set forth in the Amended and Restated Agreement of Limited Liability Limited Partnership. The notes shall be due and payable in all events on or before December 31, 2070. At December 31, 2023, the accrued interest receivable on the sponsor notes was Sponsor Note B - \$485,778, Sponsor Note C - \$103,410 and Sponsor Note D - \$328,326.

Notes receivable activity for the year ended December 31, 2023 is summarized as follows--

PRIMARY GOVERNMENT:

	Balance, Beginning of Year	Additions	Retirements	Balance, End of Year	Amounts Due Within One Year
<u>Herman Johnson LLLP:</u>					
Developer fee note	\$ 266,198	\$ -	\$ -	\$ 266,198	\$ -
Sponsor note A	3,400,000	-	-	3,400,000	-
Sponsor note B	1,234,000	-	-	1,234,000	-
Sponsor note C	833,292	-	-	833,292	-
Accrued interest receivable on notes	1,067,245	261,382	-	1,328,627	-
Total Herman Johnson LLLP	<u>\$ 6,800,735</u>	<u>\$ 261,382</u>	<u>\$ -</u>	<u>\$ 7,062,117</u>	<u>\$ -</u>
<u>Grays Harbor Affordable Housing Group LLLP (GHAHG):</u>					
Developer fee note	\$ 879,381	\$ -	\$ -	\$ 879,381	\$ -
Sponsor note A	16,620,000	-	-	16,620,000	-
Sponsor note B	3,500,000	-	-	3,500,000	-
Sponsor note C	1,000,000	-	-	1,000,000	-
Sponsor note D	3,175,000	-	-	3,175,000	-
Accrued interest receivable on notes	3,838,362	1,125,334	-	4,963,696	-
Total GHAHG	<u>29,012,743</u>	<u>1,125,334</u>	<u>-</u>	<u>30,138,077</u>	<u>-</u>
Total notes and interest receivable from component units	<u>\$ 35,813,478</u>	<u>\$ 1,386,716</u>	<u>\$ -</u>	<u>\$ 37,200,194</u>	<u>\$ -</u>
Notes receivable from component units	30,907,871	-	-	30,907,871	-
Interest receivable from component units	<u>\$ 4,905,607</u>	<u>\$ 1,386,716</u>	<u>\$ -</u>	<u>\$ 6,292,323</u>	<u>\$ -</u>
Total notes and interest receivable from component units	<u>\$ 35,813,478</u>	<u>\$ 1,386,716</u>	<u>\$ -</u>	<u>\$ 37,200,194</u>	<u>\$ -</u>

HOUSING AUTHORITY OF GRAYS HARBOR COUNTY
NOTES TO FINANCIAL STATEMENTS (CONT.)
December 31, 2023

NOTE 8 - PROPERTY AND EQUIPMENT:

The following is a summary of the changes in property and equipment for the year ended December 31, 2023--

PRIMARY GOVERNMENT:

	Balance, Beginning of year	Additions	Dispositions	Balance, End of year
Nondepreciable property and equipment--				
Land	\$ 34,672	\$ -	\$ -	\$ 34,672
Total nondepreciable property and equipment	<u>34,672</u>	<u>-</u>	<u>-</u>	<u>34,672</u>
Depreciable property and equipment--				
Land improvements	27,094	-	-	27,094
Buildings and improvements	439,320	-	-	439,320
Equipment and furniture	118,873	-	-	118,873
Vehicles	147,566	-	-	147,566
Total depreciable property and equipment	<u>732,853</u>	<u>-</u>	<u>-</u>	<u>732,853</u>
Less accumulated depreciation for--				
Land improvements	(27,094)	-	-	(27,094)
Buildings and improvements	(438,169)	(1,150)	-	(439,319)
Equipment and furniture	(90,288)	(10,289)	-	(100,577)
Vehicles	(147,566)	-	-	(147,566)
Total accumulated depreciation	<u>(703,117)</u>	<u>(11,439)</u>	<u>-</u>	<u>(714,556)</u>
Total depreciable property and equipment--net	<u>29,736</u>	<u>(11,439)</u>	<u>-</u>	<u>18,297</u>
Total property and equipment--net	<u>\$ 64,408</u>	<u>\$ (11,439)</u>	<u>\$ -</u>	<u>\$ 52,969</u>

COMPONENT UNITS:

	Balance, Beginning of year	Additions	Dispositions	Balance, End of year
Depreciable property and equipment--				
Land improvements	2,285,573	-	-	2,285,573
Buildings - acquisition	24,208,093	-	-	24,208,093
Buildings and improvements	35,412,569	-	-	35,412,569
Equipment	4,782,489	-	-	4,782,489
Total depreciable property and equipment	<u>66,688,724</u>	<u>-</u>	<u>-</u>	<u>66,688,724</u>
Less accumulated depreciation for--				
Land improvements	(457,120)	(114,280)	-	(571,400)
Buildings - acquisition	(2,748,654)	(605,208)	-	(3,353,862)
Buildings and improvements	(3,539,137)	(885,320)	-	(4,424,457)
Equipment	(1,909,826)	(473,131)	-	(2,382,957)
Total accumulated depreciation	<u>(8,654,737)</u>	<u>(2,077,939)</u>	<u>-</u>	<u>(10,732,676)</u>
Total depreciable property and equipment--net	<u>58,033,987</u>	<u>(2,077,939)</u>	<u>-</u>	<u>55,956,048</u>
Total property and equipment--net	<u>\$ 58,033,987</u>	<u>\$ (2,077,939)</u>	<u>\$ -</u>	<u>\$ 55,956,048</u>

HOUSING AUTHORITY OF GRAYS HARBOR COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2023

NOTE 9 - LONG-TERM DEBT AND PROPERTY ACQUISITIONS:

Long-term debt at December 31, 2023 consists of the following--

a. Notes and mortgages payable--Emerson Manor project--

During 2000, the Housing Authority began working on the acquisition of Emerson Manor, a 59-unit complex in Hoquiam, Washington, through the federal low-income tax credit program. On December 28, 2000, title to the property was conveyed to the Housing Authority in order to meet the requirements of the tax credit program.

At December 31, 2023, the Housing Authority's outstanding long-term debt associated with the original acquisition of the Emerson Manor project consists of an \$825,000 Housing Finance Unit promissory note through the Washington State Department of Commerce. Terms of the note, which was to mature on August 31, 2051, required 15 annual interest only payments of \$8,250, at a rate of 1% per annum, beginning September 1, 2002. Beginning September 1, 2017, 35 annual payments of \$28,054, including principal and interest at a rate of 1% per annum, were required. The note is secured by a deed of trust covering the Emerson Manor property. On June 1, 2018, the note was amended to mature on June 30, 2068 and to require annual payments of \$20,713, including principal and interest at a rate of 1% per annum. If the property is sold or its use changes to something other than that stated in the contract prior to the commitment period, the balance of the note and any accrued interest plus an amount representing the Department's shared appreciation shall be due and payable within 30 days of sale or change of use. For the year ended December 31, 2023, accrued interest on the note was \$3,738. No change in the use of the property had taken place as of December 31, 2023.

b. Notes and mortgages payable--Riverside III project--

In October 2002, the Housing Authority acquired the Riverside III apartment complex, a 20-unit complex in Aberdeen, Washington. The property was acquired by assuming the previous owner's existing mortgage from HUD. This mortgage was forgiven by HUD on October 31, 2002. The Housing Authority was also awarded two loans and a grant for the acquisition and rehabilitation of Riverside III.

At December 31, 2023, the Housing Authority's outstanding loan related to the original acquisition and rehabilitation of Riverside III is an \$887,000 Housing Finance Unit promissory note through the Washington State Department of Commerce (DOC). The note is secured by a deed of trust covering the Riverside III property. This note is provided as two separate loans as follows:

1. The first loan is a \$285,000 amortized loan. Terms of this loan, which was scheduled to mature on June 30, 2043, required quarterly payments of \$2,164, including interest at 1% per annum beginning June 30, 2003. On June 1, 2018, the note was amended to mature on June 30, 2068, requiring annual payments of \$4,877, including principal and interest at a rate of 1% per annum.
2. The second loan of \$460,500 is deferred for 40 years at zero percent interest. On June 30, 2043, provided the Housing Authority has met the terms and conditions of the Housing Finance Unit contract, the deferred loan was scheduled to convert to a full grant, and no repayment would be required. On June 1, 2018, the note was amended to mature on June 30, 2068 with the same deferral provisions.

HOUSING AUTHORITY OF GRAYS HARBOR COUNTY
NOTES TO FINANCIAL STATEMENTS (CONT.)
December 31, 2023

NOTE 9 - LONG-TERM DEBT AND PROPERTY ACQUISITIONS (CONT.):

b. Notes and mortgages payable--Riverside III project (cont.)--

There are several covenants included in the note requirements, including using the property strictly for low-income housing, minimum insurance requirements, and repair and maintenance of the property. At December 31, 2023, the Housing Authority was in compliance with all applicable covenants. In the event the property is sold, refinanced, or the property is not used as required by the contract prior to the end of the 50-year term, the lender shall be entitled to the unpaid principal balance of the note and any accrued interest plus an amount representing the prorated, appreciated value of the property as defined in the contract. For the year ended December 31, 2023, accrued interest on the note was \$880. No change in the use of the property had taken place as of December 31, 2023.

c. Notes and mortgages payable--Harbor Manor project--

In March 2014, the Housing Authority received funding to acquire and rehabilitate Harbor Manor, a 24-unit apartment complex in Hoquiam, Washington with project-based Section 8 Housing Assistance Payments program funding. Funding for the acquisition and rehabilitation of the complex was provided by a loan from a local bank and a recoverable grant from the State of Washington, Department of Commerce, Housing Trust Fund.

At December 31, 2023, the Housing Authority's outstanding loan related to the original acquisition and rehabilitation of Harbor Manor is a Housing Trust Fund loan of \$656,000 that is a recoverable grant, with a 40-year term and a zero percent interest rate. If the Housing Authority meets the specific requirements of the contract for the commitment period ending February 28, 2054, the loan will be forgiven. If the terms of the contract are not met during the commitment period, the loan plus a proportional share of the appreciated value of the property will be due and payable to the Department of Commerce within 30 days. The loan is secured by a deed of trust on the property. On June 1, 2018, the note was amended to mature on June 30, 2068 with the same deferral provisions.

d. Notes payable – Housing Choice Voucher Program--

In November 2020, the Housing Authority received notice from the Department of Housing and Urban Development (HUD) that the Authority would be required to return previously overpaid HAP funds of \$102,579 from non-Federal funds. Terms of the note, which matures on January 15, 2026, require 20 quarterly payments of \$5,130, at a rate of zero percent interest, beginning April 15, 2021.

e. Notes and mortgages payable--Herman Johnson, LLLP tax credit project--

1. *Developer Fee Note* – This note was issued on June 12, 2018 and payable to the Housing Authority in connection with the acquisition and development of the properties transferred to Herman Johnson LLLP. As of December 31, 2023, the balance of the note was \$266,198. Any installment of the developer fee not paid when otherwise due shall be deferred with no interest and shall be paid from available cash flows of the Partnership in the priority set forth in the Amended and Restated Agreement of Limited Liability Limited Partnership. The remaining balance of the note is considered to be noncurrent since repayment is subject to available cash flow of the Partnership. Any unpaid balance shall be due and payable in all events on or before December 31, 2070 or the date of liquidation of the Partnership.

HOUSING AUTHORITY OF GRAYS HARBOR COUNTY
NOTES TO FINANCIAL STATEMENTS (CONT.)
December 31, 2023

NOTE 9 - LONG-TERM DEBT AND PROPERTY ACQUISITIONS (CONT.):

- e. Notes and mortgages payable--Herman Johnson, LLLP tax credit project (cont.)--
2. *Sponsor note A* – The Partnership entered into a loan agreement with the Housing Authority of Grays Harbor County dated June 1, 2018 in the amount of \$3,400,000 in connection with the acquisition and development of the properties transferred to Herman Johnson LLLP. No annual payments are required on the principal or the interest that accrues at 4.00% compounded annually. This note is considered to be noncurrent as repayment is subject to available cash flows of the Partnership in the priority set forth in the Amended and Restated Agreement of Limited Liability Limited Partnership. The note shall be due and payable in all events on or before December 31, 2070. At December 31, 2023, accrued interest payable on the note was \$826,247.
 3. *Sponsor note B* – The Partnership entered into a loan agreement with the Housing Authority of Grays Harbor County dated June 1, 2018 in the amount of \$1,234,000 in connection with the acquisition and development of the properties transferred to Herman Johnson LLLP. No annual payments are required on the principal or the interest that accrues at 4.00% compounded annually. This note is considered to be noncurrent as repayment is subject to available cash flows of the Partnership in the priority set forth in the Amended and Restated Agreement of Limited Liability Limited Partnership. The note shall be due and payable in all events on or before December 31, 2070. At December 31, 2023, accrued interest payable on the note was \$299,879.
 4. *Sponsor note C* – The Partnership entered into a loan agreement with the Housing Authority of Grays Harbor County dated June 1, 2018 in the amount of \$833,292 in connection with the acquisition and development of the properties transferred to Herman Johnson LLLP. No annual payments are required on the principal or the interest that accrues at 4.00% compounded annually. This note is considered to be noncurrent as repayment is subject to available cash flows of the Partnership in the priority set forth in the Amended and Restated Agreement of Limited Liability Limited Partnership. The note shall be due and payable in all events on or before December 31, 2070. At December 31, 2023, accrued interest payable on the note was \$202,501.
- f. Notes and mortgages payable--Grays Harbor Affordable Housing Group, LLLP tax credit project--
1. *Construction revenue bond* – On June 1, 2018, the Partnership entered into a loan agreement with Citibank, N.A. in the principal amount of \$25,800,000 prior to conversion and \$6,900,000 after conversion (the "CitiBank Loan"). The CitiBank Loan bears interest at LIBOR plus 1.95% (assumed 4.45%) prior to conversion, compounded annually beginning June 1, 2018, and 5.25% fixed, compounded annually after conversion. The CitiBank Loan conversion occurred on June 30, 2021, and the converted loan matures 15 years after the initial closing date (subject to one six-month extension). As of December 31, 2023, the balance of the CitiBank Loan was \$6,716,296.

HOUSING AUTHORITY OF GRAYS HARBOR COUNTY
NOTES TO FINANCIAL STATEMENTS (CONT.)
December 31, 2023

NOTE 9 - LONG-TERM DEBT AND PROPERTY ACQUISITIONS (CONT.):

- f. Notes and mortgages payable--Grays Harbor Affordable Housing Group LLLP tax credit project (cont.)--
2. *Developer fee note* – This note was issued on June 13, 2018 and payable to the Housing Authority in connection with the acquisition and development of the properties transferred to Grays Harbor Affordable Housing Group LLLP. As of December 31, 2023, the balance of the note was \$879,013. Any installment of the developer fee not paid when otherwise due shall be deferred with no interest and shall be paid from available cash flows of the Partnership in the priority set forth in the Amended and Restated Agreement of Limited Liability Limited Partnership. This note is considered to be noncurrent since repayment is subject to available cash flow of the partnership. Any unpaid balance shall be due and payable in all events on or before the end of the tax credit compliance period of May 31, 2070 or the date of liquidation of the Partnership.
 3. *Sponsor note A* – The Partnership entered into a loan agreement with the Housing Authority of Grays Harbor County dated June 1, 2018 in the amount of \$16,620,000 in connection with the acquisition and development of the properties transferred to Grays Harbor Affordable Housing Group LLLP. No annual payments are required on the principal or the interest that accrues at 4.00% compounded annually. This note is considered to be noncurrent as repayment is subject to available cash flows of the Partnership in the priority set forth in the Amended and Restated Agreement of Limited Liability Limited Partnership. The note shall be due and payable in all events on or before December 31, 2070. At December 31, 2023, accrued interest payable on the note was \$4,046,182.
 4. *Sponsor Notes B, C & D* - The Partnership entered into loan agreements with the Housing Authority of Grays Harbor County dated June 1, 2018 in the amounts of \$4,000,000 (Sponsor Note B), \$1,000,000 (Sponsor Note C), and \$3,175,000 (Sponsor Note D) in connection with the development of the properties transferred to Grays Harbor Affordable Housing Group LLLP. No annual payments are required on the principal or the interest that accrues at 4.00% compounded annually on each of these notes. These notes are considered to be noncurrent, because repayment is subject to available cash flows of the Partnership in the priority set forth in the Amended and Restated Agreement of Limited Liability Limited Partnership. The notes shall be due and payable in all events on or before December 31, 2070. At December 31, 2022, the note payable balance of the Rehabilitation Loan (Sponsor Note B) was \$3,500,000 and accrued interest payable on the note was \$485,778; the note payable balance of Sponsor Note C was \$1,000,000 and accrued interest payable on the note was \$103,410; and the note payable balance of Sponsor Note D was \$3,175,000 and accrued interest payable on the note was \$328,326.

There are several covenants included in the note requirements, including using the property strictly for low-income housing, minimum insurance requirements, and repair and maintenance of the property. At December 31, 2023, the Housing Authority was in compliance with all applicable covenants.

Federal arbitrage regulations are not applicable to any of the Housing Authority's or the component units' debts.

HOUSING AUTHORITY OF GRAYS HARBOR COUNTY
NOTES TO FINANCIAL STATEMENTS (CONT.)
December 31, 2023

NOTE 9 - LONG-TERM DEBT AND PROPERTY ACQUISITIONS (CONT.):

Long-term debt activity for the year ended December 31, 2023 is summarized as follows--

PRIMARY GOVERNMENT:

	Balance, Beginning of Year	Additions	Retirements	Balance, End of Year	Amounts Due Within One Year
DOC amortized note payable--Riverside III	\$ 179,124	\$ -	\$ (3,086)	\$ 176,038	\$ 3,116
DOC deferred note payable--Riverside III	460,500	-	-	460,500	-
DOC deferred note payable--Harbor Manor	656,000	-	-	656,000	-
DOC note payable--Emerson Manor	760,721	-	(13,105)	747,616	13,237
HUD amortized note payable --HCV	66,669	-	(20,520)	46,149	20,520
Total long-term debt--primary government	2,123,014	-	(36,711)	2,086,303	36,873
Less discount on long-term debt	(131,938)	-	2,899	(129,039)	-
Net long-term debt	<u>\$ 1,991,076</u>	<u>\$ -</u>	<u>\$ (33,812)</u>	<u>\$ 1,957,264</u>	<u>\$ 36,873</u>

COMPONENT UNITS:

	Balance, Beginning of Year	Additions	Retirements	Balance, End of Year	Amounts Due Within One Year
<u>Construction revenue bonds:</u>					
Grays Harbor Affordable Housing Group LLLP	6,792,676	\$ -	\$ (76,380)	\$ 6,716,296	\$ 73,619
Total construction revenue bonds	<u>6,792,676</u>	<u>-</u>	<u>(76,380)</u>	<u>6,716,296</u>	<u>73,619</u>
<u>Intergovernmental loans:</u>					
Herman Johnson LLLP:					
Developer fee note	266,198	-	-	266,198	-
Sponsor note A	3,400,000	-	-	3,400,000	-
Sponsor note B	1,234,000	-	-	1,234,000	-
Sponsor note C	833,292	-	-	833,292	-
Grays Harbor Affordable Housing Group LLLP:					
Developer fee note	879,013	-	-	879,013	-
Sponsor note A	16,620,000	-	-	16,620,000	-
Sponsor note B	3,500,000	-	-	3,500,000	-
Sponsor note C	1,000,000	-	-	1,000,000	-
sponsor note D	3,175,000	-	-	3,175,000	-
Total intergovernmental loans	<u>30,907,503</u>	<u>-</u>	<u>-</u>	<u>30,907,503</u>	<u>-</u>
Total long-term debt before issuance costs	37,700,179	-	(76,380)	37,623,799	73,619
Less debt issuance costs	(84,463)	-	84,463	-	-
Total long-term debt	<u>\$ 37,615,716</u>	<u>\$ -</u>	<u>\$ 8,083</u>	<u>\$ 37,623,799</u>	<u>\$ 73,619</u>
Accrued interest payable--long-term	<u>\$ 4,905,607</u>	<u>\$ 1,386,716</u>	<u>\$ -</u>	<u>\$ 6,292,323</u>	<u>\$ -</u>

HOUSING AUTHORITY OF GRAYS HARBOR COUNTY
NOTES TO FINANCIAL STATEMENTS (CONT.)
December 31, 2023

NOTE 9 - LONG-TERM DEBT AND PROPERTY ACQUISITIONS (CONT.):

The annual debt service requirements to maturity for long-term debt as of December 31, 2023 are as follows--

	PRIMARY GOVERNMENT		COMPONENT UNITS	
	Principal	Interest	Principal	Interest
2024	\$ 36,873	\$ 9,237	\$ 73,619	\$ 321,625
2025	37,037	9,073	84,448	346,728
2026	21,791	8,908	408,014	342,186
2027	16,849	8,741	408,996	337,400
2028	17,017	8,572	365,638	332,357
2029 - 2033	87,674	40,276	823,911	2,526,594
2034 - 2038	92,146	35,803	753,366	1,952,173
2039 - 2043	96,846	31,103	978,947	1,176,929
2044 - 2048	101,786	26,163	1,272,076	883,800
2049 - 2053	106,979	20,971	1,652,977	502,899
2054 - 2058	112,435	15,514	1,039,515	74,354
2059 - 2063	118,171	9,779	-	-
2064 - 2068	124,199	3,751	-	-
2069 - 2070	-	-	29,762,292	4,084,549
Totals	<u>\$ 969,803</u>	<u>* \$ 227,891</u>	<u>\$ 37,623,799</u>	<u>\$ 12,881,594</u>

* The primary government's total principal consists of the following--

Total long-term debt at December 31, 2023 from above	\$ 2,086,303
Less Riverside III and Harbor Manor's DOC deferred notes payable--	
No debt service requirements	<u>(1,116,500)</u>
Total principal debt service requirements--primary government	<u>\$ 969,803</u>

NOTE 10 - PENSION PLANS:

The following table represents the aggregate pension amounts for all plans subject to the requirements of GASB Statement 68, *Accounting and Financial Reporting for Pensions* for the year 2023:

Aggregate Pension Amounts – All Plans	
Pension assets	\$ 194,379
Deferred outflows of resources	\$ 271,542
Deferred inflows of resources	\$ 243,932
Pension expense (income)	\$ (47,256)

State Sponsored Pension Plans

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

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

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

HOUSING AUTHORITY OF GRAYS HARBOR COUNTY
NOTES TO FINANCIAL STATEMENTS (CONT.)
December 31, 2023

NOTE 10 – PENSION PLANS (CONT.):
Public Employees' Retirement System (PERS)

PERS members include elected officials; state employees; and higher education employees not participating in higher education retirement programs.

PERS is composed of and reported as three separate plans for accounting purposes: Plans 1, Plan 2/3 and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of the benefits for Plan 3 members. Although employees can be a member of only Plan 2 or Plan 3, the defined benefits of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of Plan 2/3 may legally be used to pay the defined benefits of any Plan 2 or Plan 3 members or beneficiaries.

PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined as 2% 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. PERS Plan 1 retirement benefits are actuarially reduced if a survivor benefit is chosen. Members retiring from active status prior to the age of 65 may also receive actuarially reduced benefits. Other benefits include an optional cost-of-living adjustment (COLA). 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%. The employer contribution rate is developed by the Office of the State Actuary, adopted by the Pension Funding Council and is subject to change by the legislature. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2023 were as follows:

PERS Plan 1		
Actual Contribution Rates:	Employer	Employee
January - June 2023:		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	3.85%	
Administrative Fee	0.18%	
Total	10.39%	6.00%
July – August 2023:		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	2.85%	
Administrative Fee	0.18%	
Total	9.39%	6.00%
September – December 2023:		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	2.97%	
Administrative Fee	0.20%	
Total	9.53%	6.00%

HOUSING AUTHORITY OF GRAYS HARBOR COUNTY
NOTES TO FINANCIAL STATEMENTS (CONT.)
December 31, 2023

NOTE 10 – PENSION PLANS (CONT.):

The Housing Authority's actual contributions to the plan were \$40,551 for the year ended December 31, 2023.

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the member's average final compensation (AFC) times the member's years of service for Plan 2 and 1% of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. 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 retirement benefits are actuarially reduced if a survivor benefit is chosen. Other PERS Plan 2/3 benefits include a COLA based on the Consumer Price Index (CPI), capped at 3% annually. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. Members are eligible to withdraw their defined contributions upon separation. Members have multiple withdrawal options, including purchase of an annuity. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

Contributions

The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The rates are adopted by the Pension Funding Council, and are subject to change by the Legislature. The employer rate includes a component to address the PERS Plan 1 Unfunded Actuarial Accrued Liability (UAAL).

As established by Chapter 41.34 RCW, Plan 3 defined contribution rates are set at a minimum of 5% and a maximum of 15%. PERS Plan 3 members choose their contribution rate from six options when joining membership and can change rates only when changing employers. Employers do not contribute to the defined contribution benefits.

HOUSING AUTHORITY OF GRAYS HARBOR COUNTY
NOTES TO FINANCIAL STATEMENTS (CONT.)
December 31, 2023

NOTE 10 - PENSION PLANS (CONT.):

The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2023 were as follows:

PERS Plan 2/3			
Actual Contribution Rates:	Employer 2/3	Employee 2	Employee 3
January - June 2023:			
PERS Plan 2/3	6.36%	6.36%	Varies
PERS Plan 1 UAAL	3.85%		
Administrative Fee	0.18%		
Total	10.39%	6.36%	
July – August 2023:			
PERS Plan 1	6.36%	6.36%	Varies
PERS Plan 1 UAAL	2.85%		
Administrative Fee	0.18%		
Total	9.39%	6.36%	
September – December 2023:			
PERS Plan 2/3	6.36%	6.36%	Varies
PERS Plan 1 UAAL	2.97%		
Administrative Fee	0.20%		
Employee PERS Plan 3		Varies	
Total	9.53%	6.36%	

The employee contributions to Plan 3 vary depending on the contribution rate chosen by each employee.

The Housing Authority's actual contributions to the plan were \$76,510 for the year ended December 31, 2023.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2023 with a valuation date of June 30, 2022. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2013-2018 Demographic Experience Study Report* and the *2021 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2022 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2023. Plan liabilities were rolled forward from June 30, 2022 to June 30, 2023, 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 service-based salary increases.
- **Investment rate of return:** 7.00%

HOUSING AUTHORITY OF GRAYS HARBOR COUNTY
NOTES TO FINANCIAL STATEMENTS (CONT.)
December 31, 2023

NOTE 10 - PENSION PLANS (CONT.):

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

Methods did not change from the prior contribution rate setting June 30, 2021 Actuarial Valuation Report (AVR).

Discount Rate

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

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 for current plan members. Therefore, the long-term expected rate of return of 7.0% was used to determine the total liability.

Long-Term Expected Rate of Return

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

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023 are summarized in the table below. The inflation component used to create the table is 2.2% and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	1.5%
Tangible Assets	7%	4.7%
Real Estate	18%	5.4%
Global Equity	32%	5.9%
Private Equity	23%	8.9%
	100%	

HOUSING AUTHORITY OF GRAYS HARBOR COUNTY
NOTES TO FINANCIAL STATEMENTS (CONT.)
December 31, 2023

NOTE 10 - PENSION PLANS (CONT.):
Sensitivity of Net Pension Liability (Asset)

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

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
PERS 1	\$ 206,402	\$ 147,738	\$ 96,539
PERS 2/3	\$ 372,093	\$ (342,117)	\$ (928,886)

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 (Income), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the Housing Authority reported a total pension liability (asset) of (\$194,379) for its proportionate share of the net pension liabilities (assets) as follows:

	Liability (Asset)
PERS 1	\$ 147,738
PERS 2/3	\$ (342,117)

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

	Proportionate Share 6/30/22	Proportionate Share 6/30/23	Change in Proportion
PERS 1	0.005795%	0.006472%	0.000677%
PERS 2/3	0.007560%	0.008347%	0.000787%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2023 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Nonemployer Allocations* for both PERS Plan 1 and PERS Plan 2/3.

HOUSING AUTHORITY OF GRAYS HARBOR COUNTY
NOTES TO FINANCIAL STATEMENTS (CONT.)
December 31, 2023

NOTE 10 - PENSION PLANS (CONT.):
Pension Expense (Income)

For the year ended December 31, 2023, the Housing Authority recognized pension expense (income) as follows:

	Housing Authority Contributions to Pension Plans – Pension Expense	Proportionate Share of Collective Pension Income	Total Pension Expense (Income)
PERS 1	\$ 40,551	\$ (25,829)	\$ 14,722
PERS 2/3	\$ 76,510	\$ (138,488)	\$ (61,978)
TOTAL	\$ 117,061	\$ (164,317)	\$ (47,256)

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2023, 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	\$ -	\$ (16,666)
Changes of assumptions	\$ -	\$ -
Changes in proportion and differences between contributions and proportionate share of contributions	\$ -	\$ -
Contributions subsequent to the measurement date	\$ 18,364	\$ -
TOTAL	\$ 18,364	\$ (16,666)

Year ended December 31:	PERS 1
2024	\$ (11,339)
2025	\$ (14,260)
2026	\$ 8,792
2027	\$ 141
2028	\$ -
Thereafter	\$ -

HOUSING AUTHORITY OF GRAYS HARBOR COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2023

NOTE 10 - PENSION PLANS (CONT.):

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 69,688	\$ (3,823)
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ (128,930)
Changes of assumptions	\$ 143,633	\$ (31,306)
Changes in proportion and differences between contributions and proportionate share of contributions	\$ -	\$ (63,207)
Contributions subsequent to the measurement date	\$ 39,857	\$ -
TOTAL	\$ 253,178	\$ (227,266)

Deferred outflows of resources related to pensions resulting from the Housing Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	PERS 2/3
2023	\$ (80,520)
2024	\$ (89,212)
2025	\$ 94,058
2026	\$ 31,173
2027	\$ 32,440
Thereafter	\$ (1,884)

NOTE 11 – DEFERRED COMPENSATION PLAN:

The Housing Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457. The plan is managed by the Washington State Department of Retirement Systems, which maintains an individual account for each participant. Pursuant to GASB Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, since the Housing Authority is not the owner or trustee of these assets, the plan assets are not reported as part of Housing Authority's basic financial statements.

NOTE 12 - RISK RETENTION POOLS:

The Housing Authority of Grays Harbor County is a member of the Housing Authorities' Risk Retention Pool (HARRP). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provision for Chapter 39.34 RCW, the Interlocal Cooperation Act. HARRP was formed on February 1, 1987 when housing authorities in states now including Washington, Oregon, California, and Nevada joined together by signing an Intergovernmental Cooperation Agreement to pool their self-insured losses and jointly

HOUSING AUTHORITY OF GRAYS HARBOR COUNTY
NOTES TO FINANCIAL STATEMENTS (CONT.)
December 31, 2023

NOTE 12 - RISK RETENTION POOLS (CONT.):

purchase insurance and administrative services. At December 31, 2023, there were 82 member public housing authorities in the Pool, which is governed by a Board of Directors comprised of nine members--three from Washington, three from Oregon, and three from California. The directors are elected at the annual members' meeting to three classes in staggered terms of three years.

The Pool allows members to jointly purchase insurance coverage, establish a plan of self-insurance, and provide related services for its members. The Pool provides property, general liability, employment practices, public officers' errors and omissions coverage, and automobile liability coverage on an "occurrence" basis.

On April 1, 2011, HARRP launched the Affordable Housing Risk Pool (AHRP), under the authority of the ORWACA Agency Insurance Services, Inc. (ORWACA), designed to accommodate Low Income Housing Tax Credit partnerships and affordable housing non-profits, which HARRP is unable to insure. The terms of coverage and coverage limits are similar to HARRP. AHRP and ORWACA are wholly owned by HARRP.

Members make annual contributions to fund both HARRP and AHRP. Both Pools acquire insurance from unrelated underwriters. HARRP insurance is subject to a per occurrence deductible of \$0-\$500 for automobile claims; 10% co-share of the claim for employment practices claims per occurrence; and from \$0 to \$25,000 for property claims per occurrence. The deductible for the public officers' errors and omissions coverage is 10% co-share of the claim per occurrence, with a minimum of \$2,500. For AHRP, property claims have deductibles of \$0 to \$10,000 per occurrence. The general liability policies for both HARRP and AHRP have no deductibles.

Insurance carriers cover all losses over the deductible to the maximum limits of each policy. Since HARRP and AHRP are cooperative programs, there is a joint liability among the participating members. Each new member pays the applicable Pool a non-refundable membership fee. HARRP and AHRP are fully funded by their members, and claims are filed directly with each Pool's administrator.

HARRP and AHRP each establish a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. There have been no insurance settlements in any of the past three years that exceeded insurance coverage for either Pool.

Beginning in 2020, HARRP, AHRP and ORWACA combined their service offerings under a single name, Synchronous Risk Management. All three entities continue to operate as individual legal entities but operate publicly as Synchronous. Combined annual audited financial statements are prepared for HARRP as the governmental reporting entity, with AHRP and ORWACA its blended component units.

HOUSING AUTHORITY OF GRAYS HARBOR COUNTY
NOTES TO FINANCIAL STATEMENTS (CONT.)
December 31, 2023

NOTE 13 - CONTRACTS AND AGREEMENTS:

- a. Property management agreements—Herman Johnson LLLP projects--
Effective April 1, 2022, the Housing Authority, as general manager of Herman Johnson LLLP, took over management of the Herman Johnson LLLP housing projects and entered into two agreements with the LLLP to provide these services for each project. Under the terms of the management agreements between the Housing Authority and Herman Johnson LLLP, the Housing Authority is responsible for leasing and managing the property, including tenant selection, collection of rents and other receipts, payment of operating expenses, maintenance and repair of the properties and accounting for each property's operations. Maintenance of the property is also performed by Housing Authority employees. In exchange for these services, the LLLP pays the Housing Authority 7 percent of the monthly gross collected income from each project, or \$40.28 per unit, whichever was greater, and also reimburses the Housing Authority for the payroll costs and related payroll taxes for the employees performing these services. The Agreements have an initial term of two years and are renewed automatically thereafter for successive additional terms of two years each.

- b. Property management agreements—Grays Harbor Affordable Housing Group LLLP projects--
Effective April 1, 2022, the Housing Authority, as general manager of Grays Harbor Affordable Housing Group LLLP, took over management of the Grays Harbor Affordable Housing Group LLLP housing projects and entered into eight agreements with the LLLP to provide these services for each of the LLLP's projects. Under the terms of the management agreements, the Housing Authority is responsible for leasing and managing the property, including tenant selection, collection of rents and other receipts, payment of operating expenses, maintenance and repair of the properties and accounting for each property's operations. Maintenance of the property is also performed by Housing Authority employees. In exchange for these services, the LLLP pays the property management company 6.62% of the monthly gross collected income for the Riverside III project and 7 percent of the monthly gross collected income from each of the other projects, or \$40.28 per unit, whichever is greater, and also reimburses the Housing Authority for the payroll costs and related payroll taxes for the employees performing these services. The Agreements each have an initial term of two years and are renewed automatically thereafter for successive additional terms of two years each.

NOTE 14 - COMPONENT UNITS:

In June 2018, the Authority entered into two tax credit partnerships as the general partner. These partnerships are accounted for as discretely presented component units, as described in Note 1c.

The Partnerships were formed to develop and provide low-income housing as tax credit projects through acquisition and remodel of units that were previously owned by the Authority either through the Section 8 Housing Assistance Payments Program or through the Low Rent RAD conversion program. The tax credit program allows investors certain tax incentives under Section 42 of the Internal Revenue Code for investing in low-income housing and to deduct any losses that pass through to them from the partnerships. The tax code requires that the buildings continue to serve the targeted low-income population for 15 years. The Authority has the option to purchase these projects at the expiration of this compliance period.

The Authority serves as the developer for these projects and collects a development fee. A portion of that fee is paid in cash at the completion of the work from installments of equity payments, and the balance is deferred and paid from operating cash flows over a period of approximately 15 years.

HOUSING AUTHORITY OF GRAYS HARBOR COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2023

NOTE 14 – COMPONENT UNITS (CONT.):

a. Herman Johnson LLLP--

This Partnership was formed January 10, 2017 for the purpose of acquiring, developing, leasing, operating and managing the Aberdeen Manor and Skyview Manor apartments. The Housing Authority of Grays Harbor County is the general partner, with a 0.009% share of the ownership; the limited partner is RBC-Grays Harbor, LLC, with ownership of 99.99%; and the special limited partner is RBC Tax Credit Manager III, Inc., with ownership of 0.001%.

Pursuant to the Partnership Agreement, profits, losses, and credits are generally allocated 0.009% to the General Partner, 0.001% to the Special Limited Partner, 99.99% to the Limited Partner, and are subject to IRC Section 704(b) and other special allocations. Pursuant to the terms of the Partnership Agreement, the General Partner, Special Limited Partner, and Limited Partner are required to make capital contributions totaling \$100, \$10, and \$15,453,567, respectively, subject to potential adjustments based on the amount of low-income housing tax credits ultimately allocated to the Project in addition to other potential occurrences as more fully explained in the Partnership Agreement. As of December 31, 2022, the General Partner, the Special Limited Partner, and the Limited Partner had contributed \$100, \$0, and \$15,433,165, respectively.

The rehabilitation of Aberdeen Manor and Skyview Manor apartments, comprised of 160 units, was completed on December 31, 2018. Funding was provided by Low-Income Housing Tax Credits, the Washington State Housing Trust Fund and CitiBank.

The Housing Authority holds legal title to the properties, and on June 1, 2018, a financing lease agreement was entered into between the Authority and Herman Johnson, LLLP. This lease allows the limited partnership to be the owner of the buildings for federal income tax purposes and gives it an equity interest in all improvements to the properties plus debt service payments. Under the terms of the lease agreement, the Housing Authority retains ownership of the land associated with the properties. For the lease of the buildings, the Partnership made an up front lease payment of \$7,500,000 for the use of the buildings for the 100-year lease term.

Pursuant to the Lease Agreement, the Partnership shall pay to the Housing Authority \$1 per year, commencing on January 2, 2019, for the use of the land. Any unpaid portion of land rent shall be deferred and accrue interest at the rate of 3.05% per annum, compounded annually. For the year ended December 31, 2023, lease expense was \$0.

The properties derive revenue primarily from rent charged to tenants and rental assistance provided by contracts with HUD. The Authority had hired a property management company to manage the properties but took over management of the properties effective April 1, 2022. (See Note 13.)

Pursuant to the Development Agreement for Herman Johnson LLLP, the Authority is entitled to a developer fee in the amount of \$920,427, all of which had been earned as of December 31, 2018. As of December 31, 2023, the developer fee payable to the Authority is \$266,198. The remaining developer fee will be paid from available cash flow as defined in the Partnership Agreement for Herman Johnson, LLLP and will bear no interest. The unpaid balance of the developer fee must be paid in full by December 31, 2070.

HOUSING AUTHORITY OF GRAYS HARBOR COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2023

NOTE 14 - COMPONENT UNITS (CONT.):

a. Herman Johnson LLLP (cont.)--

The Partnership entered into an agreement (the “Asset Management Agreement”) with RBC Tax Credit Equity, LLC. Pursuant to the Asset Management Agreement, the Partnership will pay RBC Tax Credit Equity, LLC or its Affiliate an annual asset management fee of \$5,000, increasing by 3% per annum commencing upon the Initial Closing. As of December 31, 2023, the asset management fee was \$5,796.

b. Grays Harbor Affordable Housing Group, LLLP--

This Partnership was formed February 22, 2018 for the purpose of acquiring, developing, leasing, operating and managing the Emerson Court, Hoquiam Manor, Pacific Court, Broadway Manor, Elma Manor, Emerson Manor, Riverside III, and Harbor Manor houses and apartments. The Housing Authority of Grays Harbor County is the general partner, with a 0.009% share of the ownership; the limited partner is RBC-Grays Harbor, LLC, with ownership of 99.99%; and the special limited partner is RBC Tax Credit Manager III, Inc., with ownership of 0.001%.

Pursuant to the Partnership Agreement, profits, losses, and credits, are generally allocated 0.009% to the General Partner, 0.001% to the Special Limited Partner, 99.99% to the Limited Partner, subject to IRC Section 704(b) and other special allocations.

Pursuant to the Partnership Agreement, the General Partner is required to make total capital contributions to the Partnership of \$100. The General Partner provided the required capital contributions of \$100 by December 31, 2018.

Pursuant to the Partnership Agreement, the Limited Partner is required to make total capital contributions to the Partnership of \$17,502,640. These contributions are subject to potential adjustments based on the amount of low-income housing tax credits ultimately allocated to the Project in addition to other potential occurrences. As of December 31, 2022, the Limited Partner has provided cumulative capital contributions of \$17,256,635.

Pursuant to the Partnership Agreement, the Special Limited Partner is required to make a capital contribution to the Partnership of \$10. As of December 31, 2023, the Special Limited Partner has provided cumulative capital contributions of \$0.

The rehabilitation of the Emerson Court, Hoquiam Manor, Pacific Court, Broadway Manor, Elma Manor, Emerson Manor, Riverside III, and Harbor Manor projects, comprised of 235 units, was completed on December 31, 2019. Funding was provided by Low-Income Housing Tax Credits, the Washington State Housing Trust Fund and CitiBank.

The Housing Authority holds legal title to the properties, and on June 1, 2018, a financing lease agreement was entered into between the Authority and Grays Harbor Affordable Housing Group LLLP. This lease allows the limited partnership to be the owner of the buildings for federal income tax purposes and gives it an equity interest in all improvements to the buildings plus debt service payments. Under the terms of the lease, the Housing Authority retains ownership of the land associated with the properties.

The Partnership entered into a lease agreement (the “Land Lease”) with the Housing Authority for the land. Pursuant to the Land Lease, the Partnership pays \$11,000 per annum for an exclusive right to the land for up to 50 years and, thereafter \$1 per year. The Land Lease has an initial term of 99 years.

HOUSING AUTHORITY OF GRAYS HARBOR COUNTY
NOTES TO FINANCIAL STATEMENTS (CONT.)
December 31, 2023

NOTE 14 - COMPONENT UNITS (CONT.):

b. Grays Harbor Affordable Housing Group, LLLP (cont.)--

The properties derive revenue primarily from rent charged to tenants and rental assistance provided by contracts with HUD. The Authority had hired a property management company to manage the properties but took over management of the properties effective April 1, 2022. (See Note 13.)

Pursuant to the Development Agreement for Grays Harbor Affordable Housing Group LLLP, the Authority is entitled to a developer fee in the amount of \$5,093,350, all of which was earned prior to 2023. As of December 31, 2023, the developer fee payable to the Authority is \$879,013. The remaining developer fee will be paid from available cash flow, as defined in the Partnership Agreement for Grays Harbor Affordable Housing Group, LLLP and will bear no interest. The unpaid balance of the development fee must be paid in full by December 31, 2070.

The Partnership also entered into an agreement (the "Asset Management Agreement") with RBC Tax Credit Equity, LLC. Pursuant to the Asset Management Agreement, the Partnership will pay RBC Tax Credit Equity, LLC or its Affiliate an annual asset management fee of \$7,500, increasing by 3% per annum commencing upon the Initial Closing. As of December 31, 2023, the asset management fee was \$8,695.

NOTE 15 – CONTINGENCIES AND LITIGATION:

The Housing Authority is party to various legal proceedings during the year, which normally occur in housing authority operations. These legal proceedings have historically been resolved in the Housing Authority's favor, and future legal proceedings are not likely to have a material adverse impact on the affected funds of the Housing Authority. Also, the Housing Authority is covered against litigation through the Housing Authorities' Risk Retention Pool, and the Limited Partnership is covered against litigation through the Affordable Housing Risk Pool, as discussed in Note 12.

At December 31, 2023, the Housing Authority was not aware of any pending or threatened litigation or other contingent liabilities that are required to be accrued or disclosed in the financial statements.

NOTE 16 – LOW-INCOME HOUSING TAX CREDITS:

The component units expect to generate a certain amount of federal low-income housing tax credits. Generally, such tax credits become available for use by each partnership's partners pro-rata over a ten-year period, which began in 2018 for Herman Johnson LLLP and partial credits in 2018 for Grays Harbor Affordable Housing Group LLLP, with the remaining credits beginning in 2019. The year in which the credit period begins is determined on a building-by-building basis within each Partnership. In order to qualify for these credits, the Project must comply with various federal and state requirements. These requirements include, but are not limited to, renting to low-income tenants at rental rates which do not exceed specified percentages of area median gross income for the first 15 years of operation. The Partnerships have also agreed with the Washington State Housing Finance Commission to maintain and operate the Projects as low-income housing for an additional 22 years beyond the initial 15-year compliance period. Because the tax credits are subject to compliance with certain requirements, there can be no assurance that the aggregate amount of tax credits will be realized, and failure to meet all such requirements or to correct noncompliance within a specified time period may result in generating a lesser amount of tax credits than expected in future years, and/or recapture of tax credits previously allocated.

A reduction of future credits or recapture would require credit deficit payments to the Limited Partners under the terms of the Partnership Agreements.

HOUSING AUTHORITY OF GRAYS HARBOR COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2023

NOTE 16 – LOW-INCOME HOUSING TAX CREDITS (CONT.):

The Herman Johnson LLLP and Grays Harbor Affordable Housing Group LLLP annual tax credits for each year of the compliance period is anticipated to be as follows for the years ending December 31:

<u>Year</u>	HERMAN JOHNSON	GHAHG
2018	\$ 800,636	\$ 155,435
2019	1,626,854	1,799,478
2020	1,626,854	1,799,478
2021	1,626,854	1,799,478
2022	1,626,854	1,799,478
2023	1,626,854	1,799,478
2024	1,626,854	1,799,478
2025	1,626,854	1,799,478
2026	1,626,854	1,799,478
2027	1,626,854	1,799,478
2028	826,218	1,644,043
Totals	<u>\$ 16,268,540</u>	<u>\$ 17,994,780</u>

REQUIRED SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF GRAYS HARBOR COUNTY
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM PLAN 1
As of June 30, 2023
Last 10 Fiscal Years*

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Employer's proportion of the net pension liability (asset)	0.009100%	0.008022%	0.007541%	0.006918%	0.006649%	0.005348%	0.005174%	0.005795%	0.006472%	
Employer's proportionate share of the net pension liability (asset)	\$ 476,015	\$ 430,819	\$ 357,826	\$ 308,960	\$ 255,678	\$ 188,813	\$ 63,187	\$ 166,366	\$ 147,738	
Employer's covered employee payroll	\$ 1,042,885	\$ 961,002	\$ 951,019	\$ 921,430	\$ 933,263	\$ 810,439	\$ 798,390	\$ 958,999	\$ 1,156,113	
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	45.64%	44.83%	37.63%	33.53%	27.40%	23.30%	7.91%	17.35%	12.78%	
Plan fiduciary net position as a percentage of the total pension liability	89.20%	85.82%	90.97%	90.97%	67.12%	68.64%	88.74%	76.56%	80.16%	

Notes to Schedule:

Note 1

The Housing Authority does not currently have any employees who are members of PERS Plan 1. However, the Housing Authority is responsible for its proportionate share of the PERS Plan 1 unfunded actuarial accrued liability (UAAL). The Washington State Department of Retirement Systems assesses a fee based on all covered payroll for PERS Plan 2/3 to assist in funding the UAAL.

Note 2

This schedule is intended to provide 10 years of historical data. Until a full 10-year trend is compiled, information is presented only for those years for which information is available.

REQUIRED SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF GRAYS HARBOR COUNTY
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM PLANS 2 & 3
As of June 30, 2023
Last 10 Fiscal Years*

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Employer's proportion of the net pension liability (asset)	0.011752%	0.010277%	0.009700%	0.008879%	0.008586%	0.006966%	0.006649%	0.007560%	0.008347%	
Employer's proportionate share of the net pension liability (asset)	\$ 419,906	\$ 517,439	\$ 337,029	\$ 151,601	\$ 83,399	\$ 89,091	\$ (662,347)	\$ (280,384)	\$ (342,117)	
Employer's covered employee payroll	\$ 1,042,885	\$ 961,002	\$ 951,019	\$ 921,430	\$ 933,263	\$ 810,439	\$ 798,390	\$ 958,999	\$ 1,156,113	
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	40.26%	53.84%	35.44%	16.45%	8.94%	10.99%	-82.96%	-29.24%	-29.59%	
Plan fiduciary net position as a percentage of the total pension liability	89.20%	85.82%	90.97%	90.97%	97.77%	97.22%	120.29%	106.73%	107.02%	

Notes to Schedule:

Note 1

This schedule is intended to provide 10 years of historical data. Until a full 10-year trend is compiled, information is presented only for those years for which information is available.

REQUIRED SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF GRAYS HARBOR COUNTY
SCHEDULE OF EMPLOYER CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM PLAN 1
As of December 31, 2023
Last 10 Fiscal Years*

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Statutorily or contractually required contributions	\$ 42,049	\$ 45,735	\$ 46,724	\$ 46,238	\$ 43,407	\$ 37,706	\$ 38,844	\$ 41,769	\$ 40,551	
Contributions in relation to the statutorily or contractually required contributions	\$ (42,049)	\$ (45,735)	\$ (46,724)	\$ (46,238)	\$ (43,407)	\$ (37,706)	\$ (38,844)	\$ (41,769)	\$ (40,551)	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Covered employer payroll	\$ 980,046	\$ 958,809	\$ 955,540	\$ 913,770	\$ 873,484	\$ 786,484	\$ 837,957	\$ 1,110,827	\$ 1,202,978	
Contributions as a percentage of covered employee payroll	4.29%	4.77%	4.89%	5.06%	4.97%	4.79%	4.64%	3.76%	3.37%	

Notes to Schedule:

Note 1

The Housing Authority does not currently have any employees who are members of PERS Plan 1. However, the Housing Authority is responsible for its proportionate share of the PERS Plan 1 unfunded actuarial accrued liability (UAAL). The Washington State Department of Retirement Systems assesses a fee based on all covered payroll for PERS Plan 2/3 to assist in funding the UAAL.

Note 2

This schedule is intended to provide 10 years of historical data. Until a full 10-year trend is compiled, information is presented only for those years for which information is available.

REQUIRED SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF GRAYS HARBOR COUNTY
SCHEDULE OF EMPLOYER CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM PLANS 2 & 3
As of December 31, 2023
Last 10 Fiscal Years*

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Statutorily or contractually required contributions	\$ 53,880	\$ 59,734	\$ 65,079	\$ 68,524	\$ 67,203	\$ 62,304	\$ 59,690	\$ 70,649	\$ 76,510	
Contributions in relation to the statutorily or contractually required contributions	\$ (53,880)	\$ (59,734)	\$ (65,079)	\$ (68,524)	\$ (67,203)	\$ (62,304)	\$ (59,690)	\$ (70,649)	\$ (76,510)	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Covered employer payroll	\$ 980,046	\$ 958,809	\$ 955,540	\$ 913,770	\$ 873,484	\$ 786,484	\$ 837,957	\$ 1,110,827	\$ 1,202,978	
Contributions as a percentage of covered employee payroll	5.50%	6.23%	6.81%	7.50%	7.69%	7.92%	7.12%	6.36%	6.36%	

Notes to Schedule:

Note 1

This schedule is intended to provide 10 years of historical data. Until a full 10-year trend is compiled, information is presented only for those years for which information is available.

Housing Authority of Grays Harbor County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

Federal Agency (Pass-Through Agency)	Expenditures							
	Federal Program	ALN Number	Other Award Number	From Pass- Through Awards	From Direct Awards	Total	Passed through to Subrecipients	Note
Section 8 Project-Based Cluster								
ASST SECRETARY FOR HOUSING- -FEDERAL HOUSING COMMISSIONER, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Section 8 Housing Assistance Payments Program	14.195		-	262,161	262,161	-	1, 2, 3
ASST SECRETARY FOR HOUSING- -FEDERAL HOUSING COMMISSIONER, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Section 8 Housing Assistance Payments Program	14.195		-	91,302	91,302	-	1, 2, 3
ASST SECRETARY FOR HOUSING- -FEDERAL HOUSING COMMISSIONER, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Section 8 Housing Assistance Payments Program	14.195		-	123,942	123,942	-	1, 2, 3
Total Section 8 Project-Based Cluster:				-	477,405	477,405	-	
Housing Voucher Cluster								
ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Section 8 Housing Choice Vouchers	14.871		-	3,548,207	3,548,207	-	1, 2, 3
ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	COVID-19 Emergency Housing Section 8 Housing Choice Vouchers	14.871		-	265,753	265,753	-	1, 2, 3
Total Housing Voucher Cluster:				-	3,813,960	3,813,960	-	
Total Federal Awards Expended:				-	4,291,365	4,291,365	-	

The accompanying notes are an integral part of this schedule.

HOUSING AUTHORITY OF GRAYS HARBOR COUNTY

Notes To the Schedule of Expenditures of Federal Awards

December 31, 2023

NOTE 1-BASIS OF ACCOUNTING AND PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal award activity of the Housing Authority of Grays Harbor County and is presented on the accrual basis of accounting, which is the same basis of accounting the Housing Authority uses for the financial statements.

NOTE 2-PROGRAM COSTS

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

NOTE 3-INDIRECT COST RATE

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

HA Of Grays Harbor County (WA018)
Aberdeen, WA

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2023

	Project Total	6.1 Component Unit - Discretely Presented	1 Business Activities	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	14.871 Housing Choice Vouchers	14.EHV Emergency Housing Voucher	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$141,671	\$601,429	\$1,202,707		\$838,068	\$26,890	\$2,810,765		\$2,810,765
112 Cash - Restricted - Modernization and Development		\$2,777,867					\$2,777,867		\$2,777,867
113 Cash - Other Restricted	\$606,531				\$22,265	\$36,052	\$664,848		\$664,848
114 Cash - Tenant Security Deposits	\$3,772	\$99,540					\$103,312		\$103,312
115 Cash - Restricted for Payment of Current Liabilities									
100 Total Cash	\$751,974	\$3,478,836	\$1,202,707	\$0	\$860,333	\$62,942	\$6,356,792		\$6,356,792
121 Accounts Receivable - PHA Projects					\$7,423		\$7,423		\$7,423
122 Accounts Receivable - HUD Other Projects		\$6,147					\$6,147		\$6,147
124 Accounts Receivable - Other Government		\$4,685			\$825		\$5,510		\$5,510
125 Accounts Receivable - Miscellaneous		\$43,545	\$666		\$46,149		\$90,360		\$90,360
126 Accounts Receivable - Tenants	\$3,077	\$262,736			\$0		\$265,813		\$265,813
126.1 Allowance for Doubtful Accounts -Tenants	\$0	\$0			\$0		\$0		\$0
126.2 Allowance for Doubtful Accounts - Other		\$0	\$0		\$0		\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current									
128 Fraud Recovery					\$2,001		\$2,001		\$2,001
128.1 Allowance for Doubtful Accounts - Fraud					\$0		\$0		\$0
129 Accrued Interest Receivable									
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$3,077	\$317,113	\$666	\$0	\$56,398	\$0	\$377,254		\$377,254
131 Investments - Unrestricted									
132 Investments - Restricted									
135 Investments - Restricted for Payment of Current Liability									
142 Prepaid Expenses and Other Assets		\$312,087	\$13,386				\$325,473		\$325,473
143 Inventories									
143.1 Allowance for Obsolete Inventories									
144 Inter Program Due From			\$342,563				\$342,563		\$342,563
145 Assets Held for Sale									
150 Total Current Assets	\$755,051	\$4,108,036	\$1,559,322	\$0	\$916,731	\$62,942	\$7,402,082		\$7,402,082
161 Land			\$34,672				\$34,672		\$34,672
162 Buildings		\$26,599,936	\$466,413				\$27,066,349		\$27,066,349
163 Furniture, Equipment & Machinery - Dwellings		\$4,782,489					\$4,782,489		\$4,782,489
164 Furniture, Equipment & Machinery - Administration			\$212,210		\$54,229		\$266,439		\$266,439
165 Leasehold Improvements		\$35,306,299					\$35,306,299		\$35,306,299
166 Accumulated Depreciation		-\$10,732,676	-\$670,840		-\$43,715		-\$11,447,231		-\$11,447,231
167 Construction in Progress									
168 Infrastructure									
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$55,956,048	\$42,455	\$0	\$10,514	\$0	\$56,009,017		\$56,009,017
171 Notes, Loans and Mortgages Receivable - Non-Current			\$30,907,871				\$30,907,871		\$30,907,871
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due									
173 Grants Receivable - Non Current									
174 Other Assets		\$260,417	\$6,442,224		\$83,885		\$6,786,526		\$6,786,526
176 Investments in Joint Ventures									
180 Total Non-Current Assets	\$0	\$56,216,465	\$37,392,550	\$0	\$94,399	\$0	\$93,703,414		\$93,703,414
200 Deferred Outflow of Resources			\$209,408		\$62,134		\$271,542		\$271,542
290 Total Assets and Deferred Outflow of Resources	\$755,051	\$60,324,501	\$39,161,280	\$0	\$1,073,264	\$62,942	\$101,377,038		\$101,377,038
311 Bank Overdraft									
312 Accounts Payable <= 90 Days		\$133,304	\$1,960		\$35,926		\$171,190		\$171,190
313 Accounts Payable >90 Days Past Due									
321 Accrued Wage/Payroll Taxes Payable	\$894		\$43,588		\$20,815		\$65,297		\$65,297
322 Accrued Compensated Absences - Current Portion			\$68,844		\$19,127		\$87,971		\$87,971
324 Accrued Contingency Liability									
325 Accrued Interest Payable			\$4,618				\$4,618		\$4,618
331 Accounts Payable - HUD PHA Programs		\$0			\$46,149		\$46,149		\$46,149
332 Account Payable - PHA Projects									
333 Accounts Payable - Other Government									
341 Tenant Security Deposits	\$1,686	\$109,492					\$111,178		\$111,178
342 Unearned Revenue		\$32,366			\$25	\$15,791	\$48,202		\$48,202
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue		\$73,619	\$16,353				\$89,972		\$89,972
344 Current Portion of Long-term Debt - Operating Borrowings									
345 Other Current Liabilities			\$20,520		\$30,794		\$51,314		\$51,314
346 Accrued Liabilities - Other									
347 Inter Program - Due To		\$342,563					\$342,563		\$342,563
348 Loan Liability - Current									
310 Total Current Liabilities	\$2,580	\$691,364	\$155,883	\$0	\$152,836	\$15,791	\$1,018,454		\$1,018,454
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue		\$37,550,180	\$1,894,762				\$39,444,942		\$39,444,942
352 Long-term Debt, Net of Current - Operating Borrowings									
353 Non-current Liabilities - Other		\$6,292,323	\$25,629				\$6,317,952		\$6,317,952
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	\$43,842,503	\$1,920,391	\$0	\$0	\$0	\$45,762,894		\$45,762,894
300 Total Liabilities	\$2,580	\$44,533,867	\$2,076,274	\$0	\$152,836	\$15,791	\$46,781,348		\$46,781,348
400 Deferred Inflow of Resources			\$188,115		\$55,817		\$243,932		\$243,932

508.4 Net Investment in Capital Assets		\$18,332,249	\$1,868,660		\$10,514		\$16,474,103		\$16,474,103
511.4 Restricted Net Position	\$606,531	\$2,777,866			\$22,265	\$36,052	\$3,442,714		\$3,442,714
512.4 Unrestricted Net Position	\$145,940	-\$5,319,481	\$38,765,551	\$0	\$831,832	\$11,099	\$34,434,941		\$34,434,941
513 Total Equity - Net Assets / Position	\$752,471	\$15,790,634	\$36,896,891	\$0	\$864,611	\$47,151	\$54,351,758		\$54,351,758
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$755,051	\$60,324,501	\$39,161,280	\$0	\$1,073,264	\$62,942	\$101,377,038		\$101,377,038

HA Of Grays Harbor County (WA018)
Aberdeen, WA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2023

	Project Total	6.1 Component Unit - Discretely Presented	1 Business Activities	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	14.871 Housing Choice Vouchers	14.EHV Emergency Housing Voucher	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue		\$1,718,875					\$1,718,875		\$1,718,875
70400 Tenant Revenue - Other	\$69	\$51,989					\$52,058		\$52,058
70500 Total Tenant Revenue	\$69	\$1,770,864	\$0	\$0	\$0	\$0	\$1,770,933		\$1,770,933
70600 HUD PHA Operating Grants		\$477,405			\$3,810,984	\$328,073	\$4,616,462		\$4,616,462
70610 Capital Grants									
70710 Management Fee									
70720 Asset Management Fee									
70730 Book Keeping Fee									
70740 Front Line Service Fee									
70750 Other Fees			\$871,956				\$871,956		\$871,956
70700 Total Fee Revenue									
70800 Other Government Grants		\$1,239,103					\$1,239,103		\$1,239,103
71100 Investment Income - Unrestricted	\$5		\$1,187		\$2,077		\$3,269		\$3,269
71200 Mortgage Interest Income			\$1,386,716				\$1,386,716		\$1,386,716
71300 Proceeds from Disposition of Assets Held for Sale									
71310 Cost of Sale of Assets									
71400 Fraud Recovery					\$3,072		\$3,072		\$3,072
71500 Other Revenue		\$76,723				\$5,734	\$82,457		\$82,457
71600 Gain or Loss on Sale of Capital Assets									
72000 Investment Income - Restricted		\$17,506					\$17,506		\$17,506
70000 Total Revenue	\$74	\$3,581,601	\$2,259,859	\$0	\$3,816,133	\$333,807	\$9,991,474		\$9,991,474
91100 Administrative Salaries	\$21,575	\$189,202	\$199,784		\$222,760	\$4,535	\$637,856		\$637,856
91200 Auditing Fees		\$48,017	\$16,605		\$30,992		\$95,614		\$95,614
91300 Management Fee		\$269,236					\$269,236		\$269,236
91310 Book-keeping Fee									
91400 Advertising and Marketing		\$2,542			\$1,582		\$4,124		\$4,124
91500 Employee Benefit contributions - Administrative	\$8,267	\$93,990	\$3,039		\$61,148	\$2,492	\$168,936		\$168,936
91600 Office Expenses		\$123,536	\$24,613		\$46,306		\$194,455		\$194,455
91700 Legal Expense		\$5,801			\$569		\$6,370		\$6,370
91800 Travel									
91810 Allocated Overhead									
91900 Other		\$41,754	\$22,503		\$11,313		\$75,570		\$75,570
91000 Total Operating - Administrative	\$29,842	\$774,078	\$266,544	\$0	\$374,670	\$7,027	\$1,452,161		\$1,452,161
92000 Asset Management Fee									
92100 Tenant Services - Salaries									
92200 Relocation Costs									
92300 Employee Benefit Contributions - Tenant Services									
92400 Tenant Services - Other		\$45,170	\$5,391		\$26,693		\$77,254		\$77,254
92500 Total Tenant Services	\$0	\$45,170	\$5,391	\$0	\$26,693	\$0	\$77,254		\$77,254
93100 Water		\$92,342	\$132		\$163		\$92,637		\$92,637
93200 Electricity		\$224,030	\$3,210		\$4,329		\$231,569		\$231,569
93300 Gas		\$29,035					\$29,035		\$29,035
93400 Fuel									
93500 Labor									
93600 Sewer		\$176,775	\$353		\$439		\$177,567		\$177,567
93700 Employee Benefit Contributions - Utilities									
93800 Other Utilities Expense		\$65,456	\$125		\$155		\$65,736		\$65,736
93000 Total Utilities	\$0	\$587,638	\$3,820	\$0	\$5,086	\$0	\$596,544		\$596,544
94100 Ordinary Maintenance and Operations - Labor		\$308	\$432,795			\$82	\$433,185		\$433,185
94200 Ordinary Maintenance and Operations - Materials and Other		\$164,171	\$4,806		\$1,390		\$170,367		\$170,367
94300 Ordinary Maintenance and Operations Contracts		\$977,696	\$906		\$1,173		\$979,775		\$979,775
94500 Employee Benefit Contributions - Ordinary Maintenance			\$161,792				\$161,792		\$161,792
94000 Total Maintenance	\$0	\$1,142,175	\$600,299	\$0	\$2,563	\$82	\$1,745,119		\$1,745,119
95100 Protective Services - Labor									
95200 Protective Services - Other Contract Costs									
95300 Protective Services - Other									
95500 Employee Benefit Contributions - Protective Services									
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
96110 Property Insurance		\$48,024	\$1,315				\$49,339		\$49,339
96120 Liability Insurance		\$190,100	\$5,293		\$2,665		\$198,058		\$198,058
96130 Workmen's Compensation									
96140 All Other Insurance		\$29,083	\$3,176		\$1,691		\$33,950		\$33,950
96100 Total Insurance Premiums	\$0	\$267,207	\$9,784	\$0	\$4,356	\$0	\$281,347		\$281,347
96200 Other General Expenses			\$2,222		\$11,782	\$340	\$14,344		\$14,344
96210 Compensated Absences	\$6,102	\$29,572	\$57,490		\$49,713	\$869	\$143,746		\$143,746
96300 Payments in Lieu of Taxes									
96400 Bad debt - Tenant Rents	-\$295						-\$295		-\$295
96500 Bad debt - Mortgages									
96600 Bad debt - Other		\$43,295			\$200		\$43,495		\$43,495
96800 Severance Expense									
96000 Total Other General Expenses	\$5,807	\$72,867	\$59,712	\$0	\$61,695	\$1,209	\$201,290		\$201,290
96710 Interest of Mortgage (or Bonds) Payable		\$1,741,511	\$12,217		\$1,436		\$1,755,164		\$1,755,164
96720 Interest on Notes Payable (Short and Long Term)									
96730 Amortization of Bond Issue Costs									

96700 Total Interest Expense and Amortization Cost	\$0	\$1,741,511	\$12,217	\$0	\$1,436	\$0	\$1,755,164		\$1,755,164
96900 Total Operating Expenses	\$35,649	\$4,630,646	\$957,767	\$0	\$476,499	\$8,318	\$6,108,879		\$6,108,879
97000 Excess of Operating Revenue over Operating Expenses	-\$35,575	-\$1,049,045	\$1,302,092	\$0	\$3,339,634	\$325,489	\$3,882,595		\$3,882,595
97100 Extraordinary Maintenance									
97200 Casualty Losses - Non-capitalized									
97300 Housing Assistance Payments					\$3,046,887	\$287,328	\$3,334,215		\$3,334,215
97350 HAP Portability-In									
97400 Depreciation Expense		\$2,104,930	\$6,297		\$44,548		\$2,155,775		\$2,155,775
97500 Fraud Losses									
97600 Capital Outlays - Governmental Funds									
97700 Debt Principal Payment - Governmental Funds									
97800 Dwelling Units Rent Expense									
90000 Total Expenses	\$35,649	\$6,735,576	\$964,064	\$0	\$3,567,934	\$295,646	\$11,598,869		\$11,598,869
10010 Operating Transfer In		\$307,263					\$307,263		\$307,263
10020 Operating transfer Out		-\$307,263					-\$307,263		-\$307,263
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	\$0	\$0	\$0	\$0	\$0	\$0		\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$35,575	-\$3,153,975	\$1,295,795	\$0	\$248,199	\$38,161	-\$1,607,395		-\$1,607,395
11020 Required Annual Debt Principal Payments	\$0	\$76,048	\$16,191	\$0	\$0	\$0	\$92,239		\$92,239
11030 Beginning Equity	\$788,046	\$18,944,609	\$35,601,096	\$0	\$616,412	\$8,990	\$55,959,153		\$55,959,153
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors									
11050 Changes in Compensated Absence Balance									
11060 Changes in Contingent Liability Balance									
11070 Changes in Unrecognized Pension Transition Liability									
11080 Changes in Special Term/Severance Benefits Liability									
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents									
11100 Changes in Allowance for Doubtful Accounts - Other									
11170 Administrative Fee Equity					\$840,231		\$840,231		\$840,231
11180 Housing Assistance Payments Equity					\$24,380		\$24,380		\$24,380
11190 Unit Months Available	0	5976	0		7692	298	13966		13966
11210 Number of Unit Months Leased	0	5568	0		6900	298	12766		12766
11270 Excess Cash	\$142,970						\$142,970		\$142,970
11610 Land Purchases	\$0						\$0		\$0
11620 Building Purchases	\$0						\$0		\$0
11630 Furniture & Equipment - Dwelling Purchases	\$0						\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0						\$0		\$0
11650 Leasehold Improvements Purchases	\$0						\$0		\$0
11660 Infrastructure Purchases	\$0						\$0		\$0
13510 CFFP Debt Service Payments	\$0						\$0		\$0
13901 Replacement Housing Factor Funds	\$0						\$0		\$0

ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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

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

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

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