



Office of the Washington State Auditor  
Pat McCarthy

## **Financial Statements and Federal Single Audit Report**

# **Housing Authority of Chelan County and the City of Wenatchee**

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

*Published September 30, 2024*

Report No. 1035657



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

September 30, 2024

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

**Report on Financial Statements and Federal Single Audit**

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

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

Sincerely,

Pat McCarthy, State Auditor  
Olympia, WA

***Americans with Disabilities***

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

### **Housing Authority of Chelan County and the City of Wenatchee January 1, 2023 through December 31, 2023**

#### **SECTION I – SUMMARY OF AUDITOR’S RESULTS**

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

#### **Financial Statements**

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

##### **Internal Control over Financial Reporting:**

- *Significant Deficiencies:* We 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 deficiencies that we consider to be material weaknesses.

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

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

## Identification of Major Federal Programs

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

<u>ALN</u>	<u>Program or Cluster Title</u>
14.195	Section 8 Project-Based Cluster – Project-Based Rental Assistance (PBRA)
14.871	Housing Voucher Cluster – 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

See Findings 2023-001 and 2023-002.

## SCHEDULE OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

### Housing Authority of Chelan County and the City of Wenatchee January 1, 2023 through December 31, 2023

**2023-001 The Housing Authority had inadequate internal controls for ensuring compliance with the Housing Quality Standards inspection requirements of its Project-Based Rental Assistance Program.**

<b>Assistance Listing Number and Title:</b>	14.195 – Project-Based Rental Assistance (PBRA)
<b>Federal Grantor Name:</b>	U.S. Department of Housing and Urban Development
<b>Federal Award/Contract Number:</b>	WA19R000018; WA190038002; WA19M000050; WA190015002
<b>Pass-through Entity Name:</b>	N/A
<b>Pass-through Award/Contract Number:</b>	N/A
<b>Known Questioned Cost Amount:</b>	\$0
<b>Prior Year Audit Finding:</b>	Yes, Finding 2022-002

#### *Description of Condition*

The Housing Authority spent \$909,939 in 2023 under the Project-Based Rental Assistance Program, which provides rental assistance to help low-income families afford decent, safe and sanitary rental housing.

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

The Housing Authority must inspect units leased to families at the beginning of occupancy and at least annually to determine if the units meet federal Housing Quality Standards (HQS), as well as maintain inspection documentation to demonstrate compliance. Our audit found the Housing Authority's internal controls were ineffective for ensuring compliance with the program's inspection

requirements. The Housing Authority has procedures for identifying units requiring inspections. However, the procedures did not ensure the Housing Authority completed annual inspections as required.

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

### ***Cause of Condition***

The Housing Authority adopted a new process for conducting all inspections for a given property during the same month. However, this process did not ensure that the Housing Authority consistently completed inspections for individual units within one year of the most recent inspections.

### ***Effect of Condition***

Using nonstatistical sampling, we tested 25 tenant files requiring housing unit inspections. Our testing found the Housing Authority inspected all 25 units in 2023, but did not complete 14 of these inspections within one year of the previous inspection, as the program requires. Without timely inspections, the Housing Authority cannot demonstrate that its housing units met HQS inspection requirements and that they were being consistently maintained in a decent, safe and sanitary manner.

### ***Recommendation***

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

### ***Housing Authority's Response***

*In 2023, CCWHA resumed its annual inspections of leased units, assigning a specific inspection month to each property. We acknowledge that, during this transition, certain units were not inspected within the expected annual timeline, as noted by the State Auditor's Office. This was primarily due to tenant refusals and necessary rescheduling.*

*To address this, CCWHA has implemented the following corrective measures:*

*1. Revised Inspection Schedule: We have adopted a new system to ensure that inspections are completed in the month preceding the assigned inspection month from the prior year.*

*2.Ongoing Staff Training: Housing Authority staff responsible for inspections will continue to receive regular training to emphasize the importance of timely, comprehensive assessments. This training reinforces the need for compliance with federal Housing Quality Standards (HQS) and the importance of maintaining accurate records.*

*We fully understand the importance of adhering to HQS requirements to ensure a safe and healthy living environment for our tenants. We are committed to continuously improving our inspection processes and appreciate the opportunity to address these concerns.*

### ***Auditor's Remarks***

We appreciate the Housing Authority's commitment to resolving the issues noted and will follow up during the next audit.

### ***Applicable Laws and Regulations***

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

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

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

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

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



## SCHEDULE OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

### Housing Authority of Chelan County and the City of Wenatchee January 1, 2023 through December 31, 2023

**2023-002 The Housing Authority had inadequate internal controls for ensuring compliance with the Housing Quality Standards enforcement requirements of its Housing Voucher Cluster program.**

<b>Assistance Listing Number and Title:</b>	14.871 – Section 8 Housing Choice Vouchers
<b>Federal Grantor Name:</b>	U.S. Department of Housing and Urban Development
<b>Federal Award/Contract Number:</b>	WA064
<b>Pass-through Entity Name:</b>	N/A
<b>Pass-through Award/Contract Number:</b>	N/A
<b>Known Questioned Cost Amount:</b>	\$0
<b>Prior Year Audit Finding:</b>	N/A

#### *Description of Condition*

The Housing Authority spent \$4,921,677 in 2023 under the Housing Voucher Cluster program, which includes the Section 8 Housing Choice Vouchers program (HCVP). The HCVP provides rental assistance to help low-income families afford decent, safe and sanitary rental housing through Housing Authority Payment (HAP) contracts.

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

The Housing Authority must inspect units leased to families at least every two years to determine if they meet federal Housing Quality Standards (HQS) requirements. For units under HAP contracts that fail to meet HQS requirements, the Housing

Authority must require owners to correct any cited life-threatening HQS deficiencies within 24 hours of notification of the failed inspection. Owners must correct cited non-life-threatening HQS deficiencies within 30 calendar days of notification of the failed inspection or within a specified Housing Authority-approved extension. If owners do not correct cited deficiencies within the specified correction period, the Housing Authority must stop assistance payments by the first of the month after the correction period ends or must terminate the HAP contract. The Housing Authority must keep documentation demonstrating compliance with HQS enforcement requirements.

Our audit found the Housing Authority's internal controls were ineffective for ensuring compliance with the program's HQS enforcement requirements. Although the Housing Authority had procedures to require owners to correct non-life-threatening HQS deficiencies within 30 calendar days of notification of failed inspections, it did not always follow through with this requirement.

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

### *Cause of Condition*

Although the Housing Authority provided housing inspection training to staff, those responsible for conducting the HQS inspections did not follow procedures for ensuring owners corrected non-life-threatening deficiencies within 30 days of notification of failed inspections. Additionally, during monitoring of the program, Housing Authority staff did not identify that they had not followed up with some owners who were cited for deficiencies to ensure they corrected them within 30 days of notification.

### *Effect of Condition*

We tested all 23 failed inspections that occurred during 2023 and found three with cited non-life-threatening HQS deficiencies for which the Housing Authority did not have documentation demonstrating it followed up on the inspections and required the owners to correct the deficiencies within 30 days of notification. Because the Housing Authority did not follow up on HQS deficiencies within the required time frame, it cannot demonstrate that the housing units met HQS requirements.

### ***Recommendation***

We recommend the Housing Authority strengthen internal controls for ensuring it complies with HQS enforcement requirements. Specifically, the Housing Authority should follow up on cited non-life-threatening HQS deficiencies and require owners to correct them within 30 days of notification of the failed inspection, as HCVP requires.

### ***Housing Authority's Response***

*The HCV department will be creating an Excel spreadsheet for the inspector to complete and utilize to better manage compliance dates. It will include the failed inspection date, compliance due date, tenant and landlord names, passed date, abatement start date, and memos. In addition, the supervisor will be monitoring this spreadsheet and auditing inspection compliance more frequently.*

### ***Auditor's Remarks***

We appreciate the Housing Authority's commitment to resolving the issues noted and will follow up during the next audit.

### ***Applicable Laws and Regulations***

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

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

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

Title 24 CFR Part 982, *Section 8 Tenant-Based Assistance: Housing Choice Voucher Program*, section 404, Maintenance: Owner and family responsibility; PHA remedies, establishes enforcement requirements for housing quality standards.



## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### Housing Authority of Chelan County and the City of Wenatchee January 1, 2023 through December 31, 2023

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

<b>Audit Period:</b> 2022	<b>Report Ref. No.:</b> 1033996	<b>Finding Ref. No.:</b> 2022-001
<b>Finding Caption:</b> The Housing Authority's internal controls over financial reporting were inadequate for ensuring accurate and complete reporting.		
<b>Background:</b> Our audit identified the following significant deficiencies in the Housing Authority's accounting and financial reporting internal controls that affected its ability to ensure accurate and complete reporting. <ul style="list-style-type: none"> <li>The Housing Authority relied on a contracted CPA firm to compile its financial statements, notes and supplemental schedules without adequate oversight and review by management.</li> <li>The Housing Authority's secondary review of the financial statements was inadequate for detecting and preventing errors before submitting the annual financial report for audit.</li> </ul> The Housing Authority did not complete a comprehensive reconciliation of the compiled financial statements back to the Housing Authority's general ledger to ensure accuracy.		
<b>Status of Corrective Action:</b> <input checked="checked" type="checkbox"/> Fully Corrected <input type="checkbox"/> Partially Corrected <input type="checkbox"/> Not Corrected <input type="checkbox"/> Finding is considered no longer valid		
<b>Corrective Action Taken:</b> <i>The Housing Authority has implemented a reconciliation process to verify the CPA-prepared compilation prior to submission.</i>		

<b>Audit Period:</b> 2022	<b>Report Reference No.:</b> 1033996	<b>Finding Ref. No.:</b> 2022-002	<b>ALN(s):</b> 14.195
<b>Federal Program Name and Granting Agency:</b> Section 8 Housing Assistance Payments Program – U.S. Department of Housing and Urban Development		<b>Pass-Through Agency Name:</b> N/A	
<b>Finding Caption:</b> <p>The Housing Authority had inadequate internal controls for ensuring compliance with the Housing Quality Standards inspection requirements of its Section 8 Housing Assistance Payments Program.</p>			
<b>Background:</b> <p>The Housing Authority spent \$841,337 in 2022 under the Section 8 Housing Assistance Payments Program, which provides rental assistance to help low-income families afford decent, safe and sanitary rental housing. The Housing Authority must inspect units leased to families at the time of initial occupancy and at least annually to determine if they meet federal Housing Quality Standards (HQS), as well as maintain inspection documentation to demonstrate compliance.</p> <p>The audit found the Housing Authority’s internal controls were ineffective for ensuring compliance with the program’s inspection requirements. Although the Housing Authority has established procedures for identifying units requiring inspections, the inspections done in 2022 were not completed within 12 months of the most recent inspections, due to no inspections being performed in 2021.</p>			
<b>Status of Corrective Action:</b> <div style="display: flex; justify-content: space-between;"> <div> <input type="checkbox"/> Fully Corrected         </div> <div> <input checked="" type="checkbox"/> Partially Corrected         </div> <div> <input type="checkbox"/> Not Corrected         </div> <div> <input type="checkbox"/> Finding is considered no longer valid         </div> </div>			
<b>Corrective Action Taken:</b> <p><i>Annual inspections are conducted for all units within each property, with inspections scheduled for a designated month specific to each property.</i></p>			

## INDEPENDENT AUDITOR'S REPORT

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

#### **Housing Authority of Chelan County and the City of Wenatchee January 1, 2023 through December 31, 2023**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of the Housing Authority of Chelan County and the City of Wenatchee, as of and for the year ended December 31, 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 Mountain View Housing Development LLC and Garten Haus LLLP as described in our report on the Housing Authority's financial statements. The financial statements of Mountain View Housing Development LLC and Garten Haus LLLP were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with Mountain View Housing Development LLC and Garten Haus LLLP 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, flowing style.

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 Chelan County and the City of Wenatchee January 1, 2023 through December 31, 2023**

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

### **REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM**

#### **Opinion on Each Major Federal Program**

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

## Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Federal Award Findings and Questioned Costs as Findings 2023-001 and 2023-002. Our opinion on each major federal program is not modified with respect to these matters.

## Housing Authority's Response to Findings

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

## REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

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


However, we identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Federal Award Findings and Questioned Costs as Findings 2023-001 and 2023-002, that we consider to be material weaknesses.

### **Housing Authority's Response to Findings**

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

### **Purpose of this Report**

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

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

Pat McCarthy, State Auditor

Olympia, WA

September 18, 2024

# INDEPENDENT AUDITOR'S REPORT

## Report on the Audit of the Financial Statements

### **Housing Authority of Chelan County and the City of Wenatchee January 1, 2023 through December 31, 2023**

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

## **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

### **Opinions**

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the Housing Authority of Chelan County and the City of Wenatchee, as of and for the year ended December 31, 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 Chelan County and the City of Wenatchee, 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 Mountain View Housing Development LLC and Garten Haus LLLP, which represent 100 percent of the assets, liabilities and net position and 100 percent of revenues of the aggregate discretely presented component units. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Mountain View Housing Development LLC and Garten Haus LLLP, is based solely on the reports of the other auditors. The financial statements of Mountain View Housing Development LLC and Garten Haus LLLP were not audited in accordance with *Government Auditing Standards*.

### **Basis for Opinions**

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

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

## **Responsibilities of Management for the Financial Statements**

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 Information**

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

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

### **OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

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

## **FINANCIAL SECTION**

### **Housing Authority of Chelan County and the City of Wenatchee January 1, 2023 through December 31, 2023**

#### **REQUIRED SUPPLEMENTARY INFORMATION**

Management's Discussion and Analysis – 2023

#### **BASIC FINANCIAL STATEMENTS**

Statement of Net Position – 2023

Statement of Revenues, Expenses and Changes in Net Position – 2023

Statement of Cash Flows – 2023

Notes to Financial Statements – 2023

#### **REQUIRED SUPPLEMENTARY INFORMATION**

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

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

#### **SUPPLEMENTARY AND OTHER INFORMATION**

Combining Schedule of Net Position – Primary Government – 2023

Combining Schedule of Revenues, Expenses, and Changes in Net Position – Primary  
Government – 2023

Combining Schedule of Net Position – Discretely Presented Component Units – 2023

Combining Schedule of Revenues, Expenses, and Changes in Net Position – Discretely  
Presented Component Units – 2023

Schedule of Expenditures of Federal Awards – 2023

Notes to the Schedule of Expenditures of Federal Awards – 2023

Financial Data Schedule – 2023

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

The Housing Authority of Chelan County and the City of Wenatchee's (the "Authority") Management's Discussion and Analysis is designed to a) assist the reader in focusing on significant financial issues, b) provide an overview of the Authority's financial activity, c) identify changes in the Authority's financial position (its ability to address the next and subsequent year challenges), and d) identify individual issues or concerns.

Since the Management's Discussion and Analysis ("MD&A") is designed to focus on the current fiscal year's activities, resulting changes, and currently known facts, please read it in conjunction with the Authority's financial statements.

**FINANCIAL HIGHLIGHTS**

- The Authority's net position increased by \$565,095. Since the Authority engages in only business-type activities, the increase is all in the category of business-type net position.
- The Authority's total revenues increased by \$2,446,042, about 28.7%, making revenues \$10,981,928 compared to that of \$8,535,886 in 2022.
- The total expenses of all Authority-wide programs increased by \$956,207. Total expenses were \$10,141,465 in 2023 compared to \$9,185,258 in 2022.

**USING THIS ANNUAL REPORT**

The following outlines the format of this report:

MD&A

- Management Discussion and Analysis

Basic Financial Statements

- Authority-wide Financial Statements

- Notes to the Financial Statements

Other Required Supplementary Information

- Required Supplementary Information (other than MD&A)

The focus is on both the Authority as a whole (authority-wide) and the major individual programs. Both perspectives allow the user to address relevant questions, broaden a basis for comparison, and enhance the Authority's accountability.

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**Authority-Wide Financial Statements**

The Authority-wide financial statements are designed to be corporate-like in that all business-type activities are consolidated, which add to a total for the entire Authority.

These statements include a Statement of Net Position, which is similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources for the Authority. The Statement is presented in the format where assets and deferred outflow of resources, minus liabilities and deferred inflow of resources equal "Net Position" (comparable to equity). Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-current".

The focus of the Statement of Net Position the "Unrestricted Net Position" is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Position is reported in three broad categories:

Net Investment in Capital Assets: This component of Net Position consists of all capital assets, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position: This component of Net Position consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Position: Consists of Net Position that does not meet the definition of "Net Investment in Capital Assets", or "Restricted Net Position". This account resembles the old operating reserves account.

The Authority-wide financial statements also include a Statement of Revenues, Expenses, and Changes in Net Position (similar to an Income Statement). This Statement includes Operating Revenues, such as rental income; Operating Expenses such as, administrative, utilities, maintenance, and depreciation; and Non-Operating Revenue and Expenses such as, capital grant revenue, investment income, and interest expense.

The focus of the Statement of Revenues, Expenses, and Changes in Net Position is the "Change in Net Position", which is similar to Net Income or Loss.

Finally, a Statement of Cash Flows is included, which discloses net cash provided by, or used for operating activities, investing activities, and from capital and related financing activities.

**Financial Statements**

Traditional users of governmental financial statements will find the financial statements presentation more familiar. The focus is now on major funds, rather than fund types. The Authority consists exclusively of an enterprise fund. The enterprise fund utilizes the full accrual basis of accounting. The enterprise fund method of accounting is similar to accounting utilized by private sector accounting.

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**THE AUTHORITY'S PROGRAMS**

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

Section 8 Housing Choice Vouchers

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

Family Self-Sufficiency Program

The purpose of the Family Self-Sufficiency Program is to promote the development of local strategies to coordinate the use of assistance under the Section 8 Housing Choice Vouchers and Public and Indian Housing programs with public and private resources to enable participating families to increase earned income and financial literacy, reduce or eliminate the need for welfare assistance, and make progress toward economic independence and self-sufficiency.

FSS Forfeiture Program

During the year ended December 31, 2023, the Authority was awarded FSS forfeiture funding as part of the FSS Program. These funds are to be used to support participants in good standing, to train FSS program coordinators or other eligible activities.

Rural Rental Housing Loans

The purpose of rural rental housing loans is to provide affordable multi-family rental housing for low-income families in rural designated areas.

Farm Labor Housing Loans and Grants

The Authority administers a Section 514/516 Farm Labor Housing program whereby such financed housing is occupied by domestic farm laborers and their families who derive a substantial portion of their income from farm labor. The loans and grants may be used for construction, repair, or modification of existing off-farm housing, or to acquire the necessary land and making improvements on land for housing.

Section 8 Housing Assistance Payments Program

The purpose of the Section 8 Housing Assistance Payments Program is to provide rental assistance to very low income individuals and families enabling them to live in affordable decent, safe, and sanitary housing.

Business Activities

The Authority owns non-federal housing units and various interests in low income housing tax credit partnerships. Revenues earned from these activities are recorded in the Business Activities fund.

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**Statement of Net Position**

The following table reflects the condensed Statement of Net Position compared to prior fiscal year. The Authority is engaged in only business-type activities.

**Table 1 - Statements of Net Position**

	2023	2022
<b><u>Assets and Deferred Outflows</u></b>		
Current and Other Assets	\$ 10,569,921	\$ 8,851,883
Capital Assets, Net	35,701,940	27,974,596
Deferred Outflows of Resources	362,124	399,613
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$46,633,985</b>	<b>\$37,226,092</b>
<b><u>Liabilities and Deferred Inflows</u></b>		
Current Liabilities	2,102,812	1,569,532
Noncurrent Liabilities	28,874,078	20,649,498
Deferred Inflows of Resources	525,405	440,467
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>31,502,295</b>	<b>22,659,497</b>
<b>Net Position</b>		
Net Investment in Capital Assets	7,027,374	7,274,257
Restricted Net Position	4,800,314	5,100,956
Unrestricted Net Position	3,304,002	2,191,382
<b>Total Net Position</b>	<b>15,131,690</b>	<b>14,566,595</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$46,633,985</b>	<b>\$37,226,092</b>

**Major Factors Affecting the Statement of Net Position**

Results from operations led to current and other assets increasing by \$1,718,038 over last year, while total current liabilities increased by \$533,280. The change to net investment in capital assets was \$246,883, a decrease of about 3.2%. Following a trend of recent years since the implementation of these relatively new accounting standards, the other balances reflecting significant changes were to balances impacted by financial reporting pursuant to GASB 68, deferred inflow of resources and deferred outflows of resources. and non-current liabilities. Noncurrent liabilities increased \$8,224,580, primarily due to the acquiring new debt in the amount of \$8,594,687, which was partially offset by debt retirement of \$620,460 in the period.

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**Statement of Revenues, Expenses, and Changes in Net Position**

The following schedule compares the revenues and expenses for the current and previous fiscal year. The Authority is engaged in only business-type activities.

**Table 2 - Statement of Revenue, Expenses, and Changes in Net Position**

	2023	2022
<b><u>Revenues</u></b>		
Total Tenant Revenues	\$ 2,881,974	\$ 2,320,523
Operating Subsidies	5,744,771	5,070,879
Other Government Grants	1,221,761	920,725
Investment Income	1,800	76,858
Other Revenues	1,131,622	146,901
<b>Total Revenues</b>	<b>10,981,928</b>	<b>8,535,886</b>
<b><u>Expenses</u></b>		
Administrative	\$ 1,896,175	1,446,281
Tenant Services	67,071	-
Utilities	722,605	751,563
Maintenance	1,418,971	1,147,442
Insurance and General Expenses	386,584	462,443
Housing Assistance Payments	4,230,622	3,925,717
Depreciation	1,144,000	1,116,487
Interest Expense	275,437	335,325
<b>Total Expenses</b>	<b>10,141,465</b>	<b>9,185,258</b>
<b>Net Income (Loss) Before Special Items</b>	<b>840,463</b>	<b>(649,372)</b>
<b><u>Special Items</u></b>		
Capital Contributions	47,272	1,054,737
Transfers from (to) Discretely Presented Component Units	(322,640)	86,160
<b>Change in Net Position</b>	<b>565,095</b>	<b>491,525</b>
<b>Net Position, Beginning of Year</b>	<b>14,566,595</b>	<b>14,075,070</b>
<b>Net Position, End of Year</b>	<b>\$ 15,131,690</b>	<b>\$ 14,566,595</b>

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

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

Overall revenues and expenses increased, income by about 28.7% and expenses by about 10.4%. There are two notable changes to revenues reported on the statement. Operating subsidies and other governmental grant revenues both increased. Administrative expenses increased by \$449,894, driven mostly by GASB 68 adjustments to employee benefits. Maintenance expenses increased by \$271,529, mostly due to an increase in capital projects. Housing Assistance Payments (HAP) increased by \$304,905, due to an increase in leasing in the Housing Choice Voucher Program.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

As of fiscal year-end, the Authority had \$35,701,940 invested in a variety of capital assets as reflected in the following schedule, which represents a net increase (addition, deductions, and depreciation) of \$7,727,344 from the end of last fiscal year.

**Table 3 - Statements of Changes in Capital Assets**

	2023	2022
Land	\$ 3,858,462	\$ 3,573,462
Buildings and Leasehold Improvements	47,140,195	40,906,105
Equipment	439,523	439,523
Construction in Progress	3,124,162	772,038
	<u>54,562,342</u>	<u>45,691,128</u>
Less: Accumulated Depreciation	<u>(18,860,402)</u>	<u>(17,716,532)</u>
<b>Capital Assets, Net</b>	<u><b>\$ 35,701,940</b></u>	<u><b>\$ 27,974,596</b></u>

The following reconciliation summarizes the change in capital assets, which is presented in detail in Note 5 of the financial statements.

**Table 4 - Changes in Capital Assets**

	2023
Beginning Balance	\$ 27,974,596
Current year additions	8,871,406
Current year dispositions	(62)
Current year depreciation expense	<u>(1,144,000)</u>
<b>Ending Balance</b>	<u><b>\$ 35,701,940</b></u>

The current year additions were primarily improvements to the structures using loan proceeds.



**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**Debt Outstanding**

Below is a summary of changes in debt of the Authority in the period:

<b>Table 5 - Statement of Changes in Debt Outstanding</b>	
	<u>2023</u>
Beginning Balance	\$ 20,700,339
Current year loan proceeds	8,594,687
Current year principal payments	<u>(620,460)</u>
<b>Ending Balance</b>	<u><b>\$ 28,674,566</b></u>

**ECONOMIC FACTORS**

Significant economic factors affecting the Authority are as follows:

- The Department of Housing and Urban Development (HUD) has historically been underfunded to meet the subsidy needs of Public Housing Authorities (PHAs). We do not expect this trend to change Local labor supply and demand, which can affect salary and wage rates.
- Even if HUD were fully funded for both the Operating and Capital Funds, it is unlikely that Congress would appropriate adequate funding. Pressure on the federal budget will remain in the form of both record deficits and competing funding needs. Further, increased funding for the Departments of Defense and Homeland Security may result in reduced appropriations for all other domestic program spending.
- Local inflationary, recessionary, and employment trends, which can affect resident incomes and therefore the amount of rental income.
- Rising cost of utility rates, supplies, and other costs may impact our budgets in future years.

**IN CONCLUSION**

The Housing Authority of Chelan County and the City of Wenatchee takes great pride in its financial management and is pleased to report on the sound financial condition of the Authority.

**FINANCIAL CONTACT**

The individual to be contacted regarding this report is Alicia McRae, Executive Director of the Housing Authority of Chelan County and the City of Wenatchee. Specific requests may be submitted to Alicia McRae, Executive Director, Housing Authority of Chelan County and the City of Wenatchee, 1555 S. Methow Street, Wenatchee, Washington 98801.

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**STATEMENT OF NET POSITION**  
**AS OF DECEMBER 31, 2023**

ASSETS

	Primary Government	Discretely Presented Component Units	Total Reporting Entity (Memorandum Only)
Current assets:			
Cash and cash equivalents	\$ 2,264,760	\$ 1,178,603	\$ 3,443,363
Tenant security deposits	217,031	72,812	289,843
Accounts receivable, net	1,304,455	75,009	1,379,464
Prepaid expenses	<u>136,693</u>	<u>9,890</u>	<u>146,583</u>
Total current assets	<u>3,922,939</u>	<u>1,336,314</u>	<u>5,259,253</u>
Non-current assets:			
Restricted cash	4,372,434	148,680	4,521,114
Notes receivable, non-current	1,825,291	-	1,825,291
Pension asset	449,257	-	449,257
Right-of-use asset, net - leases	-	287,152	287,152
Tax credit fees	-	245,647	245,647
Capital assets, net	<u>35,701,940</u>	<u>29,968,089</u>	<u>65,670,029</u>
Total non-current assets	<u>42,348,922</u>	<u>30,649,568</u>	<u>72,998,490</u>
Total assets	<u>46,271,861</u>	<u>31,985,882</u>	<u>78,257,743</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources	<u>362,124</u>	<u>-</u>	<u>362,124</u>
Total assets and deferred outflows of resources	<u>\$ 46,633,985</u>	<u>\$ 31,985,882</u>	<u>\$ 78,619,867</u>

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**STATEMENT OF NET POSITION (continued)**  
**AS OF DECEMBER 31, 2023**

**LIABILITIES**

	Primary Government	Discretely Presented Component Units	Total Reporting Entity (Memorandum Only)
Current liabilities:			
Accounts payable	\$ 331,910	\$ 72,511	\$ 404,421
Accrued expenses	75,743	23,684	99,427
Tenant security deposits	217,031	72,812	289,843
Prepaid rent	65,757	10,755	76,512
Loans payable, current	583,425	2,118,504	2,701,929
Accrued interest payable	163,359	766,062	929,421
Other current liabilities	<u>665,587</u>	<u>2,346,306</u>	<u>3,011,893</u>
Total current liabilities	<u>2,102,812</u>	<u>5,410,634</u>	<u>7,513,446</u>
Non-current liabilities:			
Accrued compensated absences, non-current	90,948	4,756	95,704
Accrued pension liability	194,329	-	194,329
Loans payable, non-current	28,091,141	14,411,392	42,502,533
Other non-current liabilities	<u>497,660</u>	<u>-</u>	<u>497,660</u>
Total non-current liabilities	<u>28,874,078</u>	<u>14,416,148</u>	<u>43,290,226</u>
Total liabilities	<u>30,976,890</u>	<u>19,826,782</u>	<u>50,803,672</u>

**DEFERRED INFLOWS OF RESOURCES**

Pension	237,358	-	237,358
Prepaid ground lease	<u>288,047</u>	<u>-</u>	<u>288,047</u>
Total deferred inflows of resources	<u>525,405</u>	<u>-</u>	<u>525,405</u>

**NET POSITION**

Net position:			
Net investment in capital assets	7,027,374	13,438,193	20,465,567
Restricted	4,800,314	148,680	4,948,994
Unrestricted	<u>3,304,002</u>	<u>(1,427,773)</u>	<u>1,876,229</u>
Total net position	<u>15,131,690</u>	<u>12,159,100</u>	<u>27,290,790</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 46,633,985</u>	<u>\$ 31,985,882</u>	<u>\$ 78,619,867</u>

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	Primary Government	Discretely Presented Component Units	Total Reporting Entity (Memorandum Only)
Operating revenues:			
Tenant revenue	\$ 2,881,974	\$ 1,013,365	\$ 3,895,339
HUD operating grants	5,744,771	-	5,744,771
Other government grants	1,221,761	-	1,221,761
Fraud recovery revenue	9,426	-	9,426
Other revenues	<u>1,122,196</u>	<u>18,149</u>	<u>1,140,345</u>
Total operating revenues	<u>10,980,128</u>	<u>1,031,514</u>	<u>12,011,642</u>
Operating expenses:			
Administrative	1,896,175	334,584	2,230,759
Tenant services	67,071	3,221	70,292
Utilities	722,605	151,058	873,663
Ordinary repairs and maintenance	1,418,971	160,291	1,579,262
Insurance	194,766	25,068	219,834
General expenses	191,818	147,555	339,373
Housing assistance payments	4,230,622	-	4,230,622
Depreciation	<u>1,144,000</u>	<u>951,602</u>	<u>2,095,602</u>
Total operating expenses	<u>9,866,028</u>	<u>1,773,379</u>	<u>11,639,407</u>
Operating income (loss)	<u>1,114,100</u>	<u>(741,865)</u>	<u>372,235</u>
Non-operating revenues (expenses):			
Investment income	1,800	313	2,113
Interest expense	<u>(275,437)</u>	<u>(745,508)</u>	<u>(1,020,945)</u>
Net non-operating revenues expenses	<u>(273,637)</u>	<u>(745,195)</u>	<u>(1,018,832)</u>
Income (loss) before special items	840,463	(1,487,060)	(646,597)
Special items - capital contributions	47,272	11,995,356	12,042,628
Transfers between primary government and discretely presented component units	<u>(322,640)</u>	<u>322,640</u>	<u>-</u>
Change in net position	565,095	10,830,936	11,396,031
Net position, beginning of year (as originally reported)	<u>14,835,203</u>	<u>1,328,164</u>	<u>16,163,367</u>
Prior period adjustment	<u>(268,608)</u>	<u>-</u>	<u>(268,608)</u>
Net position, beginning of year	<u>14,566,595</u>	<u>1,328,164</u>	<u>15,894,759</u>
Net position, end of year	<u>\$ 15,131,690</u>	<u>\$ 12,159,100</u>	<u>\$ 27,290,790</u>

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Primary Government</u>
Cash Flows from Operating Activities:	
Cash received from tenants and others	\$ 2,824,923
Cash received from grantors	7,168,244
Cash paid to employees	(1,474,075)
Cash paid to vendors and suppliers	<u>(6,461,179)</u>
Net cash provided by operating activities	<u>2,057,913</u>
Cash Flows from Capital and Related Financing Activities:	
Proceeds from issuance of bonds/notes	8,594,687
Principal payments of bonds/notes	(620,460)
Interest paid on long term debt	(262,455)
Purchase of capital assets	(8,871,406)
Net cash used in capital and related financing activities	<u>(1,159,634)</u>
Cash Flows from Investing Activities:	
Investment income	1,800
Capital contributions received	47,272
Collection of notes receivable	132,254
Cash transfer to affiliate	<u>(322,640)</u>
Net cash used in investing activities	<u>(141,314)</u>
Net increase in cash, cash equivalents, and restricted cash	756,965
Cash, cash equivalents, and restricted cash, beginning of year	<u>6,097,260</u>
Cash, cash equivalents, and restricted cash, end of year	<u><u>\$ 6,854,225</u></u>
Reconciliation of cash, cash equivalents, and restricted cash to the Statement of Net Position is as follows:	
Cash and cash equivalents	\$ 2,264,760
Tenant security deposits	217,031
Restricted cash	<u>4,372,434</u>
Total cash, cash equivalents, and restricted cash	<u><u>\$ 6,854,225</u></u>

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**STATEMENT OF CASH FLOWS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Primary Government</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 1,114,100
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,144,000
Bad debt expense	1,215
Changes in operating assets, deferred outflows of resources, liabilities, and deferred inflows of resources:	
Accounts receivable, net	(983,347)
Prepaid expenses	(42,814)
Pension assets	(56,290)
Deferred outflows of resources	37,489
Accounts payable	(136,061)
Accrued expenses	5,275
Tenant security deposits liability	20,365
Prepaid rent	(25,132)
Accrued compensated absences	28,395
Other liabilities	897,626
Net pension liability	(31,846)
Deferred inflows of resources	<u>84,938</u>
Net cash provided by operating activities	<u>\$ 2,057,913</u>

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Organization**

The Housing Authority of Chelan County and the City of Wenatchee (the "Authority") is a municipal corporation created under federal and state housing laws for the purpose of engaging in the development, acquisition and administrative activities of the low-income housing program and other programs with similar objectives for low and moderate income families residing in Chelan and Douglas counties (the "Counties"). The Authority is responsible for operating certain affordable housing programs in the City under programs administered by the U.S. Department of Housing and Urban Development ("HUD"). These programs provide housing for eligible families under the United States Housing Act of 1937, as amended.

The Authority is governed by an eleven member board of commissioners appointed by local government officials which is essentially autonomous, but is responsible to HUD. An Executive Director is appointed by the Authority's board of commissioners to manage the day-to-day operations of the Authority.

**B. Basis of Accounting / Financial Statement Presentation**

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

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

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

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

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

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2023**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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

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

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

On January 1, 2023, the Authority adopted GASB Statement No.96, *Subscription-Based Information Technology Arrangements* ("GASB 96"). GASB 96 improves financial reporting by establishing a definition for subscription-based information technology arrangements ("SBITA") and providing uniform guidance for accounting and financial reporting for transactions that meet the definition of SBITA. For the year ended December 31, 2023, the adoption of GASB 96 did not have a material effect on the financial statements of the Authority.

**C. Reporting Entity**

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

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



**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2023**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. Reporting Entity (continued)**

Based upon the application of these criteria, this report includes blended and discretely presented component units. The blended component units are, although legally separate entities, in substance part of the Authority's operations and so data from these units are combined with data of the primary government and reflected in the "Primary Government" column on the financial statements. The discretely presented component units are reported in a separate column to emphasize that they are legally separate from the primary government. For financial reporting purposes, the Authority's reporting entity includes all financial activities that are controlled or dependent upon the actions taken by the Authority's board.

The Authority's blended component units consist of the following:

Emerson Manor, LLC ("Emerson Manor")

Emerson Manor was built in 1976 and purchased by the Authority in February of 2014. The property was formed as a limited liability company under the laws of the State of Washington on August 18, 2022. It consists of 35 one bedroom units. Four of these units are ADA compliant handicap units. The property specifically serves disabled individuals and those aged 62 and older. The property was financed through Washington State Department of Commerce and HUD.

Emerson Manor is presented for the period from August 18, 2022 (date of closing) through December 21, 2023.

The Authority's discretely presented component units consist of the following:

Garten Haus, LLLP ("Garten Haus")

Garten Haus was formed as a limited liability limited partnership under the laws of the State of Washington in November 2020. The purpose of Garten Haus is to rehabilitate and operate a rental housing project. It consists of 40 affordable housing located in Leavenworth, Washington and operates under the name of Garten Haus Apartments. Garten Haus has a rent subsidy contract with HUD that expires in December 2041 and serves 32 of the 40 units. Garten Haus has also entered into an agreement with the Washington State Housing Finance Commission and is eligible for low income housing tax credits established under Section 42 of the Internal Revenue Code.

Mountain View Housing, LLLP ("Mountain View")

Mountain View was formed as a limited liability limited partnership under the laws of the State of Washington in April 2021. The purpose of Mountain View is to operate a rental housing project. It consists of 66 affordable housing located in Entiat, Washington and operates under the name of Mountain View Family Housing. Mountain View entered into an agreement with the Washington State Housing Finance Commission and is eligible for low income housing tax credits established under Section 42 of the Internal Revenue Code.

Copies of the audited financial statements of the discretely presented component units which are presented on a December 31, fiscal year end, may be obtained from the Authority's administrative offices.

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2023**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Description of Programs**

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

Section 8 Housing Choice Vouchers

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

Family Self-Sufficiency Program

The purpose of the Family Self-Sufficiency Program is to promote the development of local strategies to coordinate the use of assistance under the Section 8 Housing Choice Vouchers and Public and Indian Housing programs with public and private resources to enable participating families to increase earned income and financial literacy, reduce or eliminate the need for welfare assistance, and make progress toward economic independence and self-sufficiency.

FSS Forfeiture Program

During the year ended December 31, 2023, the Authority was awarded FSS forfeiture funding as part of the FSS Program. These funds are to be used to support participants in good standing, to train FSS program coordinators or other eligible activities.

Rural Rental Housing Loans

The purpose of rural rental housing loans is to provide affordable multi-family rental housing for low-income families in rural designated areas.

Farm Labor Housing Loans and Grants

The Authority administers a Section 514/516 Farm Labor Housing program whereby such financed housing is occupied by domestic farm laborers and their families who derive a substantial portion of their income from farm labor. The loans and grants may be used for construction, repair, or modification of existing off-farm housing, or to acquire the necessary land and making improvements on land for housing.

Section 8 Housing Assistance Payments Program

The purpose of the Section 8 Housing Assistance Payments Program is to provide rental assistance to very low income individuals and families enabling them to live in affordable decent, safe, and sanitary housing.

Business Activities

The Authority owns non-federal housing units and various interests in low income housing tax credit partnerships. Revenues earned from these activities are recorded in the Business Activities fund.

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2023**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E. Use of Management Estimates**

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

**F. Cash and Cash Equivalents**

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

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

For the Statement of Cash Flows, cash and cash equivalents include all cash balances and highly liquid investments with a maturity of three months or less at time of purchase. It is the Authority's policy to maintain collateralization in accordance with state and HUD requirements.

**G. Accounts Receivable, Net**

Rents are due from tenants on the first day of each month. As a result, tenants receivable balances primarily consist of rents past due and due from vacated tenants. An allowance for doubtful accounts is established to provide for accounts which may not be collected in the future for any reason. Collection losses on accounts receivable are charged against the allowance for doubtful accounts. Also, included in accounts receivable are those amounts that tenants owe the Authority for retroactive rent as payment for committing fraud or misrepresentation.

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

**H. Allowance for Doubtful Accounts**

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

**I. Prepaid Expenses**

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

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2023**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**J. Capital Assets, Net**

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

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

- |   |                            |                 |
|---|----------------------------|-----------------|
| • | Buildings and Improvements | 27.5 - 30 years |
| • | Land Improvements          | 15 - 30 years   |
| • | Furniture and Equipment    | 3 - 10 years    |

The Authority has established a capitalization threshold of \$5,000.

**K. Impairment of Long Lived Assets**

The Authority evaluates events or changes in circumstances affecting long-lived assets to determine whether an impairment of its assets has occurred. If the Authority determines that a capital asset is impaired, and that impairment is significant and other-than-temporary, then an impairment loss will be recorded in the Authority's financial statements. During the year ended December 31, 2023 there were no impairment losses incurred.

**L. Inter-program Receivables and Payables**

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

**M. Accounts Payable and Accrued Liabilities**

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

**N. Prepaid Rent**

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

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2023**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**O. Compensated Absences**

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

**P. Right-of-Use Asset and Lease Liabilities**

Lessees are required to recognize a lease liability and an intangible right-of-use lease asset. The lease liability is the present value of future payments expected to be made over the course of the lease, and the right-of-use lease assets are measured as the initial amount of lease liability, plus any payments made to the lessor at or before the time of commencement of the lease and minus and any lease incentives received from the lessor.

In determining the present value of lease payments, the Organization uses the interest rate charged by the lessor which may be implicit in the lease or if not readily determinable, its incremental borrowing rate at the commencement date. Amortization of the right-of-use lease asset is recognized on a straight-line basis over the lease term.

**Q. Deferred Outflows and Inflows of Resources**

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

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

**R. Pensions**

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

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2023**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**S. Net Position Classifications**

Net Position is classified as net position and displayed in three components:

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

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

Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

**T. Use of Restricted Assets**

When both restricted and unrestricted resources are available for a particular restricted use, it is the Authority's policy to use restricted resources first, and then unrestricted resources as needed.

**U. Operating Revenues and Expenses**

The Authority defines its operating revenues as income derived from charges to residents and others for services provided as well as government subsidies and grants used for operating purposes. The Authority receives annual operating subsidies from HUD, subject to limitations prescribed by HUD. Operating subsidies from HUD are recorded when received and are accounted for as revenue. Operating expenses are costs incurred in the operation of the program. The Authority classifies all other revenues and expenses as non-operating.

**V. Regulated Leases**

The Authority is a lessor of residential dwelling units under regulated leases as defined by GASB 87 and as such recognizes rental revenue in accordance with the terms of the lease contract. The leases which are twelve months in length are regulated as to rent, unit size, household composition and tenant income. For the year ended December 31, 2023, rental revenue earned under the aforementioned regulated leases totaled \$2,815,442 for the primary government and \$1,010,830 for the discretely presented component units.

**W. Budgets and Budgetary Accounting**

The Authority is required by contractual agreements to adopt annual, appropriated operating budgets for all its programs receiving federal expenditure awards. All budgets are prepared on a HUD basis, which is materially consistent with accounting principles generally accepted in the United States of America. All appropriations lapse at HUD's program year end or at the end of grant periods.

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2023**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**X. Economic Dependency**

The Section 8 Housing Choice Vouchers program of the Authority is economically dependent on grants from HUD. The program operates at a loss prior to receiving the grants.

**Y. Taxes**

The Authority is a unit of local government under Washington law and is exempt from real estate, sales and income taxes.

**Z. Risk Management**

The Authority is a member of the Housing Authorities Risk Retention Pool ("HARRP"). HARRP was created for the purposes of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and/or jointly contracting for risk management services.

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

**NOTE 2. CASH AND CASH EQUIVALENTS**

As of December 31, 2023, the Authority had funds on deposit in checking, savings, and money market accounts. The carrying amount of the Primary Government's cash and cash equivalents (including restricted cash) was \$6,854,225, and the bank balances of the primary government approximated \$6,853,961.

<u>Cash Category</u>	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>	<u>Total Reporting Entity (Memorandum Only)</u>
Unrestricted	\$ 2,264,760	\$ 1,178,603	\$ 3,443,363
Tenant security deposits	217,031	72,812	289,843
Restricted	<u>4,372,434</u>	<u>148,680</u>	<u>4,521,114</u>
Total cash and cash equivalents	<u>\$ 6,854,225</u>	<u>\$ 1,400,095</u>	<u>\$ 8,254,320</u>

Of the bank balances of the primary government, \$250,000 was covered by federal depository insurance and the remaining \$6,603,961 was collateralized with the pledging financial institutions as of December 31, 2023.

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The Authority does not have a formal policy for custodial credit risk. As of December 31, 2023, the Authority's bank balances were not exposed to custodial credit risk.

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2023**

**NOTE 3. ACCOUNTS RECEIVABLE, NET**

Accounts receivable, net consists of the following as of December 31, 2023:

<u>Description</u>	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>	<u>Total Reporting Entity (Memorandum Only)</u>
Accounts receivable - tenants, net	132,893	73,243	206,136
Accounts receivable - other government	3,392	-	3,392
Accounts receivable - fraud recovery, net	14,356	-	14,356
Accounts receivable - miscellaneous	<u>1,153,814</u>	<u>1,766</u>	<u>1,155,580</u>
Total accounts receivable, net	<u>\$ 1,304,455</u>	<u>\$ 75,009</u>	<u>\$ 1,379,464</u>

Accounts Receivable - HUD

Accounts receivable - HUD represents amounts due to the Authority for amounts expended under grant agreements that have not been reimbursed as of December 31, 2023. Management estimates the amount to be fully collectible and as such has made no allowance for doubtful accounts.

Accounts Receivable - Tenants, Net

Tenant accounts receivable represents amounts owed to the Authority by tenants for outstanding rent, maintenance charges and/or late fees. Management estimates the amounts to be fully collectible and therefore no allowance for doubtful accounts has been established.

Accounts Receivable - Other Government

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

Accounts Receivable - Fraud Recovery, Net

Accounts receivable - fraud recovery, net represents amounts owed from tenants or other program participants who committed fraud or misrepresentation and now owe additional rent or retroactive rent. The amount is shown net of an allowance for doubtful accounts of \$148,272.

Accounts Receivable - Miscellaneous

Accounts receivable - miscellaneous consists of amounts owed to the Authority from the discretely presented component units for unreimbursed operating and development costs. Management estimates the amounts to be fully collectible and therefore no allowance for doubtful accounts has been established.



**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2023**

**NOTE 4. RESTRICTED DEPOSITS**

As of December 31, 2023, restricted deposits consisted of the following:

<u>Cash Category</u>	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>	<u>Total Reporting Entity (Memorandum Only)</u>
Housing assistance payment reserves	\$ 7,584	\$ -	\$ 7,584
Family self-sufficiency escrows	21,377	-	21,377
FSS escrow forfeitures	5,639	-	5,639
Replacement reserves	3,588,259	89,749	3,678,008
Operating reserves	697,600	15,000	712,600
Relocation escrows	43,795	-	43,795
Demolition escrows	8,180	-	8,180
Taxes and insurance escrows	-	43,931	43,931
Tenant security deposits	<u>217,031</u>	<u>72,812</u>	<u>289,843</u>
Total restricted deposits	<u>\$ 4,589,465</u>	<u>\$ 221,492</u>	<u>\$ 4,810,957</u>

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

Family self-sufficiency escrows are restricted for use in the Section 8 Housing Choice Vouchers program by FSS program participants.

FSS escrow forfeitures are used to fund eligible expenses of FSS participants in good standing.

Replacement reserves are funds that are restricted for repairs and replacements of buildings and equipment as required by the terms of the various partnership agreements.

Operating reserves are funds set aside to cover certain operating deficits in certain projects.

Relocation escrow are required by the lender to fund relocation costs for existing tenants during the construction period related to Emerson Manor.

Demolition escrows are required by the lender to fund the demolishment of certain improvements related to Emerson Manor.

Tax and insurance escrows are funds that are set aside for payment of tax and insurance expenses.

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

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2023**

**NOTE 5. CAPITAL ASSETS, NET**

The following is a summary of the primary government's changes in capital assets during the year ended December 31, 2023:

Description	December 31, 2022	Additions	Dispositions	Transfers	December 31, 2023
<u>Non-depreciable:</u>					
Land	\$ 3,573,462	\$ 285,000	\$ -	\$ -	\$ 3,858,462
Construction in progress	<u>772,038</u>	<u>3,740,928</u>	<u>-</u>	<u>(1,388,804)</u>	<u>3,124,162</u>
Total	<u>4,345,500</u>	<u>4,025,928</u>	<u>-</u>	<u>(1,388,804)</u>	<u>6,982,624</u>
<u>Depreciable:</u>					
Buildings and improvements	40,906,105	4,845,478	(192)	1,388,804	47,140,195
Furniture and equipment	<u>439,523</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>439,523</u>
Total	<u>41,345,628</u>	<u>4,845,478</u>	<u>(192)</u>	<u>1,388,804</u>	<u>47,579,718</u>
Less: accumulated depreciation	<u>17,716,532</u>	<u>1,144,000</u>	<u>(130)</u>	<u>-</u>	<u>18,860,402</u>
Net capital assets	<u>\$ 27,974,596</u>	<u>\$ 7,727,406</u>	<u>\$ (62)</u>	<u>\$ -</u>	<u>\$ 35,701,940</u>

Depreciation expense for the fiscal year ended December 31, 2023 amounted to \$1,144,000.

The following is a summary of the discretely presented component units' changes in capital assets during the year ended December 31, 2023:

Description	December 31, 2022	Additions	Dispositions	Transfers	December 31, 2023
<u>Non-depreciable:</u>					
Land	\$ 1,182,569	\$ -	\$ (294,117)	\$ -	\$ 888,452
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>1,182,569</u>	<u>-</u>	<u>(294,117)</u>	<u>-</u>	<u>888,452</u>
<u>Depreciable:</u>					
Buildings and improvements	29,148,919	852,073	-	-	30,000,992
Furniture and equipment	<u>509,273</u>	<u>-</u>	<u>(121,601)</u>	<u>-</u>	<u>387,672</u>
Total	<u>29,658,192</u>	<u>852,073</u>	<u>(121,601)</u>	<u>-</u>	<u>30,388,664</u>
Less: accumulated depreciation	<u>357,425</u>	<u>951,602</u>	<u>-</u>	<u>-</u>	<u>1,309,027</u>
Net capital assets	<u>\$ 30,483,336</u>	<u>\$ (99,529)</u>	<u>\$ (415,718)</u>	<u>\$ -</u>	<u>\$ 29,968,089</u>

Depreciation expense for the fiscal year ended December 31, 2023 amounted to \$951,602.

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2023**

**NOTE 6. NOTES RECEIVABLE**

Outstanding notes receivable as of December 31, 2023 consisted of the following:

<u>Description</u>	<u>Amount</u>
The Authority entered into a loan agreement with Garten Haus. The loan bears interest at 8%, calculated on an actual 360-day basis, compounded annually and is due April 2063. During construction, payments in the amount of \$432,276 or such greater amount may be approved by the limited partner. The remaining principal and interest shall be paid solely from distributions of cash flow or capital proceeds as defined in the partnership agreement.	\$ <u>1,825,291</u>
Total notes receivable	\$ <u><u>1,825,291</u></u>

**NOTE 7. RIGHT-OF-USE ASSETS AND LEASE LIABILITY**

On August 27, 2021, Mountain View entered into a 99-year ground lease agreement with the Authority, which terminates on December 31, 2120. The lease covers a parcel of land located in Entiat, Washington. The base rent is \$1 per year and the total amount of \$295,000 was prepaid on August 27, 2021. The value of the lease is being amortized over the life of the lease. As of December 31, 2023, the right of use asset was \$287,152. Amortization expense for the year ended December 31, 2023 amounted to \$6,965.

**NOTE 8. NON-CURRENT LIABILITIES**

Non-current liabilities of the primary government as of December 31, 2023 consisted of the following:

Description	December 31, 2022	Additions	Payments	December 31, 2023	Amounts due within one Year
Compensated absences	\$ 62,553	\$ 28,395	\$ -	\$ 90,948	\$ -
Accrued pension liability	226,175	-	(31,846)	194,329	-
Related party payable	5,625	-	(5,625)	-	-
FSS escrows	35,500	-	(14,165)	21,335	-
Contract retention	-	476,325	-	476,325	-
Loans payable	<u>20,700,339</u>	<u>8,594,687</u>	<u>(620,460)</u>	<u>28,674,566</u>	<u>583,425</u>
Total long-term liabilities	<u>\$ 21,030,192</u>	<u>\$ 9,099,407</u>	<u>\$ (672,096)</u>	<u>\$ 29,457,503</u>	<u>\$ 583,425</u>

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2023**

**NOTE 8. NON-CURRENT LIABILITIES (continued)**

Non-current liabilities of the discretely presented component units as of December 31, 2023 consisted of the following:

Description	December 31, 2022	Additions	Payments	December 31, 2023	Amounts due within one Year
Compensated absences	\$ -	\$ 4,756	\$ -	\$ 4,756	\$ -
Contract retention	-	-	-	-	-
Loans payable	<u>31,123,540</u>	<u>3,660,484</u>	<u>(18,254,128)</u>	<u>16,529,896</u>	<u>2,118,504</u>
Total long-term liabilities	<u>\$ 31,123,540</u>	<u>\$ 3,665,240</u>	<u>\$ (18,254,128)</u>	<u>\$ 16,534,652</u>	<u>\$ 2,118,504</u>

**NOTE 9. LOANS PAYABLE**

Loans payable of the primary government consisted of the following as of December 31, 2023:

<u>Description</u>	<u>Amount</u>
The Authority entered into a loan with Rural Development for Washington Square, payable at \$681 per month. The loan bears interest at a rate of 1% and is due September 2039.	\$ 119,052
The Authority entered into a loan with Rural Development for Washington Square, payable at \$1,563 per month. The loan bears interest at a rate of 1% and is due September 2039.	273,178
The Authority entered into a loan with Rural Development for Wenatchee II, payable at \$354 per month. The loan bears interest at a rate of 1% and is due September 2039.	61,922
The Authority entered into a loan with Rural Development for Wenatchee II, payable at \$141 per month. The loan bears interest at a rate of 1% and is due September 2039.	24,628
The Authority entered into a loan with Rural Development for Wenatchee II, payable at \$1,953 per month. The loan bears interest at a rate of 1% and is due September 2039.	341,400
The Authority entered into a loan with Rural Development for Applewood, payable at \$2,985 per month. The loan bears interest at a rate of 1% and is due November 2027.	119,956
The Authority entered into a loan with Rural Development for Man*Sun Villa, payable at \$1,378 per month. The loan bears interest at a rate of 13.25%, adjusted by an interest credit to 1%, and is due August 2032.	364,892
The Authority entered into a loan with Rural Development for Man*Sun Villa, payable at \$714 per month. The loan bears interest at a rate of 5.75%, adjusted by an interest credit to 1%, and is due February 2024.	215,074

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2023**

**NOTE 9. LOANS PAYABLE (continued)**

<u>Description</u>	<u>Amount</u>
The Authority entered into a loan with the Office of Rural Farmworker Housing for Man*Sun Villa, payable at \$562 per month. The loan bears interest at a rate of 3.5% and is due November 2049.	114,561
The Authority entered into a loan with Rural Development for River Run. The loan is deferred 20 years and bears interest at a rate of 7.125%. The full principal and interest will be due October 2037.	87,638
The Authority entered into a loan with Rural Development for River Run, payable at \$960 per month. The loan bears interest at a rate of 7.125%, adjusted by an interest credit to 1%, and is due October 2047.	269,108
The Authority entered into a loan with Rural Development for River Run, payable in one annual installment. The loan bears interest at a rate of 1% and is due on or before October 2047.	974,980
The Authority entered into a loan with Rural Development for Heritage Glen, payable at \$2,382 per month. The loan bears interest at a rate of 1% and is due June 2034.	294,253
The Authority entered into a noninterest bearing loan with the Washington State Department of Commerce for Heritage Glen, which is deferred until future years. The loan is payable at \$4,598 per year and is due December 2051. The loan is subordinate to the Rural Development loan on this project.	144,783
The Authority entered into a loan with the Washington State Department of Commerce for Heritage Glen, which is deferred until future years. The loan is payable at \$15,203 per year, bears interest at a rate of 1%, and is due December 2051. The loan is subordinate to the Rural Development loan on this project.	420,949
The Authority entered into a loan with Rural Development for Chelan Gardens, payable at \$509 per month. The loan bears interest at a rate of 6%, adjusted by an interest credit to 1%, and is due May 2033.	154,103
The Authority entered into a loan with the Office of Rural Farmworker Housing for Chelan Gardens, payable at \$736 per month. The loan bears interest at a rate of 3.5% and is due November 2049.	150,116
The Authority entered into a loan with Rural Development for Chelan Gardens in the amount of \$1,229,281. As of December 31, 2023, only \$1,198,005 has been drawn down. The loan bears interest at 3.125% and is due May 2053.	1,198,005
The Authority entered into a loan with the Rural Community Assistance Corporation ("RCAC") for Chelan Gardens in the amount of \$308,695. As of December 31, 2023, only \$17,299 of the loan has been received. The remaining \$291,396 is to be retained by RCAC for future disbursement.	17,299

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2023**

**NOTE 9. LOANS PAYABLE (continued)**

<u>Description</u>	<u>Amount</u>
The Authority entered into a loan with Rural Development for Entiat Gardens, payable at \$2,322 per month. The loan bears interest at a rate of 6% and is due May 2031.	166,503
The Authority entered into a loan with Banner Bank for Entiat Gardens, payable at \$1,730 per month. The loan bears interest at a rate of 4.5% and is due May 2033.	158,773
The Authority entered into a loan with the Office of Rural Farmworker Housing for Gibson Gardens, payable at \$1,319 per month. The loan bears interest at a rate of 3.5% and is due November 2035.	154,081
The Authority entered into a loan with Rural Development for Gibson Gardens, which is deferred until future years. The loan is payable at \$623 per month, bears interest at a rate of 3.25%, adjusted by an interest credit to 1%, and is due October 2047.	1,093,424
The Authority entered into a loan with Rural Development for Gibson Gardens. The loan is deferred until January 2039, at which time a balloon payment of deferred principal and interest are due. The loan bears interest at a rate of 6%, adjusted by an interest credit to 1%, and the final installment is due October 2047.	210,491
The Authority entered into a loan with Rural Development for Vista Del Rio, payable at \$665 per month. The loan bears interest at a rate of 1% and is due November 2039.	118,978
The Authority entered into a noninterest bearing loan with the Washington State Department of Commerce for Vista Del Rio. Repayment of the loan is deferred until sale, refinance, transfer, change of use, if the contractor is out of compliance with the terms of the contract or October 2047. Upon completion of the deferral period, the loan will be converted to a grant with no expectation of repayment. The loan is secured by a promissory note and deed of trust on the property.	1,435,000
The Authority entered into a loan with Washington Community Reinvestment Association for Vista Del Rio, payable at \$1,266 per month. The loan bears interest at a rate of 6.25% and is due June 2049.	193,750
The Authority entered into a loan with Rural Development for Chelan Bluff, payable at \$2,295 per month. The loan bears interest at a rate of 1% and is due November 2038.	385,415
The Authority entered into a loan with the Washington State Department of Commerce for Chelan Bluff, which is deferred until future years. The loan is payable at \$3,476 per year and is due October 2047.	329,159

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2023**

**NOTE 9. LOANS PAYABLE (continued)**

<u>Description</u>	<u>Amount</u>
The Authority entered into a noninterest bearing loan with the Washington State Department of Commerce for Chelan Bluff. Repayment of the loan is deferred until sale, refinance, transfer, change of use, if the contractor is out of compliance with the terms of the contract or October 2047. Upon completion of the deferral period, the loan will be converted to a grant with no expectation of repayment. The loan is secured by a promissory note and deed of trust on the property.	595,500
The Authority entered into a noninterest bearing loan with the Washington State Department of Commerce for Morning Park Sun. Repayment of the loan is deferred until sale, refinance, transfer, change of use, if the contractor is out of compliance with the terms of the contract or December 2049. Upon completion of the deferral period, the loan will be converted to a grant with no expectation of repayment. The loan is secured by a promissory note and deed of trust on the property.	906,942
The Authority entered into a loan with Rural Development for Columbia Pointe, payable at \$900 per month. The loan bears interest at a rate of 1% and is due October 2041.	173,391
The Authority entered into a noninterest bearing loan with the Washington State Department of Commerce for Columbia Pointe. Repayment of the loan is deferred until sale, refinance, transfer, change of use, if the contractor is out of compliance with the terms of the contract or March 2049. Upon completion of the deferral period, the loan will be converted to a grant with no expectation of repayment. The loan is secured by a promissory note and deed of trust on the property.	1,533,773
The Authority entered into a loan with Rural Community Assistance Corporation for Emerson Manor. The full principal balance will be due and payable on or before May 2024.	197,424
The Authority entered into a noninterest bearing loan with the Washington State Department of Commerce for Emerson Manor, which is deferred for 40 years. The full principal balance will be due and payable on or before January 2054.	829,000
The Authority entered into a noninterest bearing loan with the Washington State Department of Commerce for Emerson Manor. Repayment of the loan is deferred until sale, refinance, transfer, change of use, if the contractor is out of compliance with the terms of the contract or February 2059. Upon completion of the deferral period, the loan will be converted to a grant with no expectation of repayment. The loan is secured by a promissory note and deed of trust on the property.	465,000
The Authority entered into a loan with Centennial Mortgage for Emerson Manor, which is deferred until completion of construction. The loan bears interest at a rate of 4.37%, with monthly payments of interest, and is due December 2063.	4,442,350

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2023**

**NOTE 9. LOANS PAYABLE (continued)**

<u>Description</u>	<u>Amount</u>
The Authority entered into a loan with Banner Bank for Wenatchee House, payable at \$10,464 per month. The loan bears interest at a rate of 4.25% and is due February 2044.	1,703,100
The Authority entered into a noninterest bearing loan with the Washington State Department of Commerce for Wenatchee House, which is deferred for 40 years. The full principal balance will be due and payable on or before January 2054.	1,173,000
The Authority entered into a noninterest bearing loan with the Washington State Department of Commerce for Lake Chelan Community Apartments, which is deferred for 40 years. The full principal balance will be due and payable on or before January 2056.	2,100,000
The Authority entered into a loan with Rural Development for Bavarian Village, payable at \$1,886 per month. The loan bears interest at a rate of 2.5% and is due December 2051. Subject to the provisions of the agreement, the payment and interest will be subsidized. The monthly payments will be \$1,369 and interest will be 1%.	632,372
The Authority entered into a noninterest bearing loan with the Washington State Department of Commerce for Bavarian Village. Repayment of the loan is deferred until sale, refinance, transfer, change of use, if the contractor is out of compliance with the terms of the contract or December 2061. Upon completion of the deferral period, the loan will be converted to a grant with no expectation of repayment. The loan is secured by a promissory note and deed of trust on the property.	2,484,257
The Authority entered into a noninterest bearing loan with the Washington State Department of Commerce for Bello Rio, LLC, which is deferred for 40 years. The full principal balance will be due and payable on or before October 2045.	<u>1,846,986</u>
Total long-term debt	28,674,566
Less: current portion	<u>583,425</u>
Long-term debt, net of current portion	\$ <u><u>28,091,141</u></u>



**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2023**

**NOTE 9. LOANS PAYABLE (continued)**

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 583,425	\$ 388,839	\$ 972,264
2025	385,799	381,030	766,829
2026	399,592	370,808	770,400
2027	392,735	361,489	754,224
2028	393,828	350,510	744,338
2029-2033	2,052,245	1,588,677	3,640,922
2034-2038	1,868,677	1,341,984	3,210,661
2039-2043	2,253,852	1,073,964	3,327,816
2044-2048	7,160,393	904,481	8,064,874
2049-2053	3,432,659	598,469	4,031,128
2054-2058	5,134,137	393,742	5,527,879
2059-2063	3,364,519	145,078	3,509,597
2064-2068	1,224,365	-	1,224,365
2069-2073	<u>28,340</u>	<u>-</u>	<u>28,340</u>
	<u>\$ 28,674,566</u>	<u>\$ 7,899,071</u>	<u>\$ 36,573,637</u>

Interest expense for the year ended December 31, 2023 totaled \$275,437. Accrued interest payable as of December 31, 2023 totaled \$163,359.

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

Loans payable to the Authority as evidenced by a Note Receivable (see Note 6):

Amount

Garten Haus entered into a loan agreement with the Authority. The loan bears interest at 8%, calculated on an actual 360-day basis, compounded annually and is due April 2063. During construction, payments in the amount of \$432,276 or such greater amount may be approved by the limited partner. The remaining principal and interest shall be paid solely from distributions of cash flow or capital proceeds as defined in the partnership agreement.

\$ 1,825,291

Total primary government loans to discretely presented component units

1,825,291

Loans payable to other lenders:

Garten Haus entered into a loan with Centennial Mortgage Inc. with monthly payments of interest at 3.2% beginning June 2021 through April 2023. Monthly payments of principal and interest of \$16,762 are due beginning April 2023 through maturity of the note on March 2063. The loan is secured by a deed of trust on the property.

\$ 4,492,529

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2023**

**NOTE 9. LOANS PAYABLE (continued)**

<u>Loans payable to other lenders:</u>	<u>Amount</u>
Garten Haus entered into a loan with the Washington State Department of Commerce. The loan is deferred 40 years and bears interest at a rate of 1% compounding annually starting February 2022. The full principal and interest will be due and payable on April 2062.	2,973,854
Garten Haus entered into a loan with Enterprise Housing Partners XXXV Limited Partnership. The loan bears interest at a rate of 8% compounded annually on outstanding principal balances. All outstanding principal and accrued interest are due on April 2063.	2,044,249
The Washington State Housing Finance Commission ("WSHFC") issued Multifamily Housing Revenue Series 2021 bonds on May 1, 2021 to Garten Haus in the amount of \$7,000,000. WSHFC used the proceeds received from the sale of the \$7,000,000 Multifamily Housing Revenue Bonds to acquire a loan made by U.S. Bank National Association and assign the loan the U.S. Bank National Association. The bonds payable bear interest at a rate of 0.37%. Semiannual payments of interest are required from the bond fund beginning January 1, 2022, on January 1 and July 1 of each year until July 1, 2023, when the principal and remaining interest are due. The final installment of \$7,012,950 was due on July 2023.	-
Mountain View entered into a loan with the Washington State Department of Commerce. The loan is deferred 40 years and bears interest at a rate of 1% . The full principal and interest will be due and payable on October 2062. The loan is secured by a deed of trust on the property.	4,500,000
Mountain View entered into a construction loan with Banner Bank for \$13,100,000, with interest accruing at 3.05%. Monthly interest only payments were due beginning on the first day of the first month after the first advance was made and a final payment of principal and interest was paid on the maturity date of September 1, 2023, which was subsequently extended to December 15, 2023 ("conversion date"). The construction loan converted to a permanent loan in the amount of \$1,500,000 on the conversion date. The permanent loan bears interest at 4.125% with monthly payments of principal and interest of \$5,220, and matures on December 15, 2040. The loan is secured by deed of trust on the property.	<u>1,150,000</u>
Total long-term debt to other lenders	<u>15,160,632</u>
Less: debt issuance costs	<u>456,027</u>
Total long-term debt	<u>16,529,896</u>
Less: current portion of long-term debt	<u>2,118,504</u>
Total long-term debt, net of current portion	<u>\$ 14,411,392</u>

Interest expense for the year ended December 31, 2023 totaled \$745,508. Accrued interest payable as of December 31, 2023 totaled \$766,062.

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2023**

**NOTE 10. PENSION PLAN**

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

<u>Account Description</u>	<u>Primary Government</u>
Net pension asset	\$ <u>449,257</u>
Net pension liability	\$ <u>194,329</u>
Deferred inflow of resources	\$ <u>237,358</u>
Deferred outflow of resources	\$ <u>362,124</u>
Pension (benefit) expense	\$ <u>(54,257)</u>

**State Sponsored Pension Plans**

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

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

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

The DRS ACFR may also be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov).

**Public Employees' Retirement System (PERS)**

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

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

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2023**

**NOTE 10. PENSION PLAN (continued)**

**Public Employees' Retirement System (PERS) (continued)**

PERS Plan 1 retirement benefits are actuarially reduced if a survivor benefit is chosen. Members retiring from inactive status prior to the age of 65 may also receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. 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 percent. 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. It includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2023 were as follows:

<b>PERS Plan 1</b>		
<b>Actual Contribution Rates:</b>	<b>Employer</b>	<b>Employee*</b>
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	3.85%	6.00%
Administrative Fee	0.18%	
<b>Total</b>	<b>10.39%</b>	<b>12.00%</b>

\* For employees participating in JBM, the contribution rate was 12.26.%

The Authority's actual contributions to PERS Plan 1 were \$0 for the year ended December 31, 2023.

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

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

PERS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service credit. PERS Plan 2/3 retirement benefits are also actuarially reduced if a survivor benefit is chosen. Other PERS Plan 2/3 benefits includes a cost-of-living allowance (based on the CPI), capped at three percent 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.

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2023**

**NOTE 10. PENSION PLAN (continued)**

**Public Employees' Retirement System (PERS) (continued)**

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

Contributions

**PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2023 were as follows:

<b>PERS Plan 2/3</b>		
<b>Actual Contribution Rates:</b>	<b>Employer 2/3</b>	<b>Employee 2*</b>
January through August 2023	10.39%%	6.36%
September through December 2023	9.53%	6.36%
Employee PERS Plan 3		varies

\* For employees participating in JBM, the contribution rate was 15.90%

The Authority's actual contributions to the PERS Plan 2/3 were \$164,814 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 *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 promotions and longevity.
- **Investment rate of return:** 7.00%

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2023**

**NOTE 10. PENSION PLAN (continued)**

**Actuarial Assumptions (continued)**

Mortality rates were developed using the Society of Actuaries' Pub.H-2010 mortality rates, which vary by member status (eg, active, retiree, or survivor), as the base table. 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. Under "generational" mortality, a member is assumed to receive additional mortality improvements in each future year, throughout their lifetime.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00% for all plans included in this publication. 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 the assumptions described in OSA's certification letter within the DRS ACFR, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.00% 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 7.00% was determined using a building-block-method. The Washington State Investment Board (WSIB) used a best estimate of expected future rates of return (expected returns, net of pension plan investment expense, including inflation) to develop each major asset class. Those expected returns make up one component of WSIB's capital market assumptions. The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns at various future times.

**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 2.20% and represents the WSIB's most recent long-term estimate of broad economic inflation.

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

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2023**

**NOTE 10. PENSION PLAN (continued)**

**Sensitivity of Net Pension Liability / (Asset)**

The table below presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage point higher (8.00%) than the current rate.

	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
PERS 1	271,492	194,329	126,984
PERS 2/3	488,620	(449,257)	(1,219,782)

**Pension Plan Fiduciary Net Position**

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

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

At June 30, 2023, the Authority reported a total pension liability (asset) of \$(449,257) for its proportionate share of the net pension liabilities (assets) as follows:

<u>Plan</u>	<u>Liability / (Assets)</u>
PERS 1	\$ 194,329
PERS 2/3	<u>(449,257)</u>
Total	<u>\$ (254,928)</u>

At June 30, 2023, the Authority's proportionate share of the collective net pension liabilities was as follows:

	<u>Proportionate Share June 30, 2022</u>	<u>Proportionate Share June 30, 2023</u>	<u>Change in Proportion</u>
PERS 1	0.008476%	0.008513%	0.000037%
PERS 2/3	0.011056%	0.010961%	-0.000095%

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 Non-employer Allocations* for all plans except for the Law Enforcement Officers and Firefighters ("LEOFF") Plan 1.

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2023**

**NOTE 10. PENSION PLAN (continued)**

**Pension Expense (Benefit)**

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

	Pension Expense (Benefit)
PERS 1	\$ (1,661)
PERS 2/3	<u>(52,596)</u>
Total	<u>\$ (54,257)</u>

**Deferred Outflows of Resources and Deferred Inflows of Resources**

At December 31, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PERS Plan 1	Deferred Outflows of <u>Resources</u>	Deferred Inflows <u>of Resources</u>
Net differences between projected and actual investment earnings on pension plan investments	\$ <u>-</u>	\$ <u>21,921</u>
Total PERS Plan 1	\$ <u>-</u>	\$ <u>21,921</u>
PERS Plan 2/3	Deferred Outflows of <u>Resource</u>	Deferred Inflows <u>of Resources</u>
Changes of Assumptions	\$ 188,614	\$ 41,110
Differences between expected and actual experience	91,513	5,020
Net differences between projected and actual investment earnings on pension plan investments	-	169,307
Contributions subsequent to measurement date	<u>81,997</u>	<u>-</u>
Total PERS Plan 2/3	<u>362,124</u>	<u>215,437</u>
Total PERS Plans 1,2 and 3	<u>\$ 362,124</u>	<u>\$ 237,358</u>

Amounts reported as deferred outflow of resources and deferred inflow of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31:	<u>Amount</u>
2024	\$ 16,689
2025	22,495
2026	23,663
2027	30,145
2028	31,773
Thereafter	<u>-</u>
	<u>\$ 124,765</u>



**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2023**

**NOTE 11. CONDENSED FINANCIAL INFORMATION FOR THE BLENDED COMPONENT UNIT**

	Emerson Manor, LLC
Assets and Deferred Outflows of Resources:	
Current assets	\$ 385,811
Capital assets, net	6,446,873
Other non-current assets	171,608
Deferred outflows of resources	<u>15,825</u>
Total assets and deferred outflows of resources	<u>7,020,117</u>
Liabilities and Deferred Inflows of Resources:	
Current liabilities	705,508
Non-current	6,009,350
Deferred inflows of resources	<u>10,373</u>
Total liabilities and deferred inflows of resources	<u>6,725,231</u>
Net Position:	
Net investment in capital assets	513,099
Restricted	171,608
Unrestricted	<u>(389,821)</u>
Net position	<u>\$ 294,886</u>
Operating revenues:	
Tenant revenue	\$ 192,817
HUD operating grants	426,572
Other revenues	<u>18,242</u>
Total operating revenues	<u>637,631</u>
Operating expenses:	
Administrative	138,246
Maintenance, utilities and general	179,365
Depreciation	<u>72,409</u>
Total operating expenses	<u>390,020</u>
Other income (expense)	
Interest income	<u>3</u>
Special items - capital contribution	<u>47,272</u>
Net income	<u>\$ 294,886</u>

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2023**

**NOTE 12 LEASING ACTIVITIES**

As evidenced in Note 7, on August 27, 2021, Mountain View entered into a 99-year ground lease agreement with the Authority, which terminates on December 31, 2120. The lease covers a parcel of land located in Entiat, Washington. The base rent is \$1 per year and the total amount of \$295,000 was prepaid on August 27, 2021. The value of the lease is being amortized over the life of the lease. Annual rental revenue of \$2,980 will be recognized annually. As of December 31, 2023, the prepaid ground lease included in deferred inflow of resources was \$288,047.

**NOTE 13 RESTRICTED NET POSITION**

Restricted net position consists of the following as of December 31, 2023:

<u>Description</u>	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>	<u>Total Reporting Entity (Memorandum Only)</u>
Housing assistance payment reserves	\$ 7,584	\$ -	\$ 7,584
FSS escrow forfeitures	5,639	-	5,639
Replacement reserves	3,588,259	89,749	3,678,008
Operating reserves	697,600	15,000	712,600
Net pension asset	<u>449,257</u>	<u>-</u>	<u>449,257</u>
Total restricted net position	<u>\$ 4,800,314</u>	<u>\$ 148,680</u>	<u>\$ 4,948,994</u>

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

FSS escrow forfeitures are used to fund eligible expenses of FSS participants in good standing.

Replacement reserves are funds that are restricted for repairs and replacements of buildings and equipment as required by the terms of the various partnership agreements.

Operating reserves are funds set aside to cover certain operating deficits in certain projects.

Relocation escrow are required by the lender to fund relocation costs for existing tenants during the construction period related to Emerson Manor.

Demolition escrows are required by the lender to fund the demolition of certain improvements related to Emerson Manor.

Tax and insurance escrows are funds that are set aside for payment of tax and insurance expenses.

The Authority recognizes a net pension asset, in accordance with GASB 68, in which employers are required to recognize and report certain amounts associated with their participation in the WDRS. See Note 11 for additional information.

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2023**

**NOTE 14      SPECIAL ITEMS**

Special items totaling \$47,272 in the primary government and \$11,995,356 in the discretely presented component units represent capital contributions made by partners of the various entities.

**NOTE 15      PRIOR PERIOD ADJUSTMENT**

The Authority's financial statements have been restated as of January 1, 2023 due to Emerson Manor being presented for the period from August 18, 2022 (date of closing) through December 31, 2023. As a result of this presentation, net position was decreased by \$268,608 in the primary government.

**NOTE 16      RISK MANAGEMENT**

The Authority is a member of HARRP. Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Inter-local Cooperation Act), 55 public housing authorities in the states of Washington, Oregon and California originally formed HARRP in March 1987. HARRP was created for the purposes of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and/or jointly contracting for risk management services. HARRP currently has a total of 92 members in the states of Washington, Oregon, Nevada and California; 36 of the 92 members are Washington public housing entities.

New members originally contract for a 3-year term and thereafter automatically renew on an annual basis. Members may quit (after completion of the 3-year commitment) upon giving written notice to HARRP prior to their renewal date. HARRP can terminate the members after giving a sixty (60) day notice prior to the renewal date. Termination does not relieve a former member from its unresolved losses incurred during membership.

Members are placed into an actuarially determined rate tier designed to reflect loss experience of the member for the previous four years. The tiered system is designed to adjust rates based on claims experience.

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

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

In 2011 HARRP re-structured its self-insurance program to transfer a portion of the risk to the commercial marketplace. HARRP self-insures 50% of the full layer of coverage for liability lines (\$2,000,000 per occurrence and \$2,000,000 annual aggregate). There is no purchased reinsurance above this limit. For Property, HARRP retains \$2,000,000 and \$63,000,000 of reinsurance from St. Paul/Travelers Insurance Property for a combined total of \$65,000,000. The HARRP Board of Directors determines the limits and coverage terms, at its sole discretion.

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2023**

**NOTE 16      RISK MANAGEMENT (continued)**

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

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

Risk Exposure and Claims:

There were no damage claims in 2023. Claims have not exceeded insurance coverage in any of the last three years.

**NOTE 17      CONTINGENCIES**

The Authority receives financial assistance from HUD in the form of grants and subsidies. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by HUD. As a result of these audits, costs previously reimbursed could be disallowed and require payments to HUD. As of December 31, 2023, the Authority estimates that no material liabilities will result from such audits.

**NOTE 18      SUBSEQUENT EVENTS**

Events that occur after the financial statement date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the financial statement date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the financial statement date require disclosure in the accompanying notes to the financial statements. No subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**REQUIRED PENSION INFORMATION**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**PERS 1, 2, AND 3**  
**LAST 10 FISCAL YEARS\***

**PERS #1**

	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019
Employer's proportion of the net pension liability (asset)	.008513%	.008476%	.008685%	0.009275%	0.008733%
Employer's proportionate share of the net pension liability (asset)	194,329	(103,512)	(106,064)	327,458	335,815
Covered payroll*	1,568,040	1,501,056	1,358,270	1,359,112	1,227,050
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	12.39 %	(6.90)%	(7.81)%	24.09 %	27.37 %
Plan fiduciary net position as a percentage of the total pension liability	80.16 %	76.56 %	88.74 %	68.64 %	67.12 %
	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019

**PERS #2/3**

Employer's proportion of the net pension liability (asset)	0.010961%	0.011056%	0.011149%	0.012086%	0.011273%
Employer's proportionate share of the net pension liability (asset)	(449,257)	1,101,355	1,110,620	154,573	109,499
Covered payroll*	1,568,040	1,501,056	1,358,270	1,359,112	1,227,050
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(28.65)%	73.37 %	81.77 %	11.37 %	8.92 %
Plan fiduciary net position as a percentage of the total pension liability	107.02 %	120.29 %	97.22 %	97.77 %	95.77 %

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

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

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE  
REQUIRED PENSION INFORMATION (continued)  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
PERS 1, 2, AND 3  
LAST 10 FISCAL YEARS\***

	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015
<b>PERS #1</b>				
Employer's proportion of the net pension liability (asset)	0.009894%	0.010439%	0.011065%	0.530100%
Employer's proportionate share of the net pension liability (asset)	441,869	495,339	349,451	277,292
Covered payroll*	1,312,520	1,368,849	1,315,536	609,040
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	33.67 %	36.19 %	26.56 %	45.53 %
Plan fiduciary net position as a percentage of the total pension liability	63.22 %	61.24 %	57.03 %	59.10 %
<b>PERS #2/3</b>				
Employer's proportion of the net pension liability (asset)	0.012703%	0.013427%	0.014197%	0.687700%
Employer's proportionate share of the net pension liability (asset)	216,892	466,524	236,601	245,719
Covered payroll*	1,312,520	1,368,849	1,315,536	609,040
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	16.52 %	34.08 %	17.99 %	40.35 %
Plan fiduciary net position as a percentage of the total pension liability	90.97 %	90.97 %	85.82 %	89.20 %

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

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

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**REQUIRED PENSION INFORMATION (continued)**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**PERS 1, 2, AND 3**  
**LAST 10 FISCAL YEARS\***

**PERS #1**

	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019
Statutorily or contractually required contributions	58,009	56,366	55,800	67,733	62,785
Contributions in relation to the statutorily or contractually required contributions*	<u>(58,009)</u>	<u>(56,366)</u>	<u>(55,800)</u>	<u>(67,733)</u>	<u>(62,785)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered payroll*	1,568,040	1,501,056	1,358,270	1,411,914	1,270,667
Contributions as a percentage of covered payroll	3.70 %	3.76 %	4.11 %	4.80 %	4.94 %

**PERS #2/3**

	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019
Statutorily or contractually required contributions	96,371	95,467	92,717	111,824	98,149
Contributions in relation to the statutorily or contractually required contributions*	<u>(96,371)</u>	<u>(95,467)</u>	<u>(92,717)</u>	<u>(111,824)</u>	<u>(98,149)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered payroll*	1,568,040	1,501,056	1,358,270	1,411,914	1,270,667
Contributions as a percentage of covered payroll	6.15 %	6.36 %	6.83 %	7.92 %	7.72 %

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

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

\* Contributions are actual employer contributions to the plan. For PERS 1 this includes the portion of PERS 2/3 and PERS 2 contributions that fund the PERS 1 UAAL. Contributions do not include employer-paid member contributions (GASB 82, Par. 8)

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**REQUIRED PENSION INFORMATION (continued)**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**PERS 1, 2, AND 3**  
**LAST 10 FISCAL YEARS\***

**PERS #1**

	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015
Statutorily or contractually required contributions	62,458	67,236	64,635	54,935
Contributions in relation to the statutorily or contractually required contributions*	(62,458)	(67,236)	(64,635)	(54,935)
Contribution deficiency (excess)	-	-	-	-
Covered payroll*	1,233,575	1,372,279	1,355,035	1,249,985
Contributions as a percentage of covered payroll	5.06 %	4.90 %	4.77 %	4.39 %

**PERS #2/3**

	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015
Statutorily or contractually required contributions	92,517	94,110	84,419	70,566
Contributions in relation to the statutorily or contractually required contributions*	(92,517)	(94,110)	(84,419)	(70,566)
Contribution deficiency (excess)	-	-	-	-
Covered payroll*	1,233,575	1,372,279	1,355,035	1,249,985
Contributions as a percentage of covered payroll	7.50 %	6.86 %	6.23 %	5.65 %

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

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

\* Contributions are actual employer contributions to the plan. For PERS 1 this includes the portion of PERS 2/3 and PERS 2 contributions that fund the PERS 1 UAAL. Contributions do not include employer-paid member contributions (GASB 82, Par. 8)



**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**COMBINING SCHEDULE OF NET POSITION**  
**PRIMARY GOVERNMENT**  
**AS OF DECEMBER 31, 2023**

	Washington Square	Wenatchee II	Applewood	Man*Sun Villa	River Run	Heritage Glen	Chelan Gardens	Entiat Gardens	Gibson Gardens
<u>ASSETS</u>									
Current assets:									
Cash and cash equivalents	\$ 57,807	\$ 20,270	\$ 15,498	\$ 13,042	\$ 41,601	\$ 92,765	\$ 163,533	\$ 3,429	\$ (466)
Tenant security deposits	21,802	20,021	20,565	9,806	8,844	21,684	8,198	7,062	10,412
Accounts receivable, net	5,892	5,809	3,790	8,934	5,520	(1,923)	21,828	12,451	18,572
Prepaid expenses	8,199	7,998	7,998	4,931	4,472	8,600	3,669	6,737	4,931
Total current assets	93,700	54,098	47,851	36,713	60,437	121,126	197,228	29,679	33,449
Non-current assets:									
Restricted cash	285,472	406,353	285,009	15,028	245,607	322,927	54,010	551,989	198,733
Notes receivable, non-current	-	-	-	-	-	-	-	-	-
Pension asset	13,837	14,466	17,386	10,468	8,266	13,388	8,536	15,095	13,568
Capital assets, net	559,004	810,159	1,337,047	456,184	1,207,548	1,729,883	1,761,893	550,765	1,339,495
Total non-current assets	858,313	1,230,978	1,639,442	481,680	1,461,421	2,066,198	1,824,439	1,117,849	1,551,796
Total assets	952,013	1,285,076	1,687,293	518,393	1,521,858	2,187,324	2,021,667	1,147,528	1,585,245
<u>DEFERRED OUTFLOWS OF RESOURCES</u>									
Deferred outflows of resources	11,153	11,660	14,014	8,437	6,663	10,791	6,880	12,167	10,936
Total assets and deferred outflows of resources	\$ 963,166	\$ 1,296,736	\$ 1,701,307	\$ 526,830	\$ 1,528,521	\$ 2,198,115	\$ 2,028,547	\$ 1,159,695	\$ 1,596,181

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE  
COMBINING SCHEDULE OF NET POSITION (continued)  
PRIMARY GOVERNMENT  
AS OF DECEMBER 31, 2023**

	Vista Del Rio	Chelan Bluff	Emerson Manor LLC	Bello Rio	Morning Sun Park LP	Columbia Pointe	Emerson Manor	Wenatchee House	Lake Chelan
<u>ASSETS</u>									
Current assets:									
Cash and cash equivalents	\$ 65,717	\$ 7,500	\$ 364,101	\$ 6,908	\$ 43,211	\$ 25,848	\$ -	\$ 108,079	\$ 36,341
Tenant security deposits	314	12,620	11,789	14,357	9,739	372	-	16,895	8,452
Accounts receivable, net	3,581	307	1,692	7,039	(503)	3,435	-	4,504	20,936
Prepaid expenses	5,934	5,132	8,229	6,135	4,931	6,135	-	11,867	7,138
Total current assets	75,546	25,559	385,811	34,439	57,378	35,790	-	141,345	72,867
Non-current assets:									
Restricted cash	327,280	46,684	151,975	12,348	77,905	426,891	-	630,263	225,362
Notes receivable, non-current	-	-	-	-	-	-	-	-	-
Pension asset	9,300	8,176	19,633	14,376	15,410	10,827	-	24,305	13,837
Capital assets, net	2,957,616	2,427,111	6,446,873	2,787,680	781,159	2,959,274	-	2,670,057	1,556,531
Total non-current assets	3,294,196	2,481,971	6,618,481	2,814,404	874,474	3,396,992	-	3,324,625	1,795,730
Total assets	3,369,742	2,507,530	7,004,292	2,848,843	931,852	3,432,782	-	3,465,970	1,868,597
<u>DEFERRED OUTFLOWS OF RESOURCES</u>									
Deferred outflows of resources	7,496	6,591	15,825	11,588	12,421	8,727	-	19,591	11,153
Total assets and deferred outflows of resources	<u>\$ 3,377,238</u>	<u>\$ 2,514,121</u>	<u>\$ 7,020,117</u>	<u>\$ 2,860,431</u>	<u>\$ 944,273</u>	<u>\$ 3,441,509</u>	<u>\$ -</u>	<u>\$ 3,485,561</u>	<u>\$ 1,879,750</u>

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**COMBINING SCHEDULE OF NET POSITION (continued)**  
**PRIMARY GOVERNMENT**  
**AS OF DECEMBER 31, 2023**

	Bavarian Village	Housing Choice Vouchers	FSS Self Sufficiency	FSS Forfeit Self Sufficiency	General	Elimination	Total
<u>ASSETS</u>							
Current assets:							
Cash and cash equivalents	\$ 117,553	\$ 301,405	\$ -	\$ -	\$ 780,618	\$ -	\$ 2,264,760
Tenant security deposits	14,099	-	-	-	-	-	217,031
Accounts receivable, net	11,520	26,400	-	-	1,175,376	(30,705)	1,304,455
Prepaid expenses	5,734	13,474	-	-	4,449	-	136,693
Total current assets	148,906	341,279	-	-	1,960,443	(30,705)	3,922,939
Non-current assets:							
Restricted cash	71,441	28,919	-	5,639	2,599	-	4,372,434
Notes receivable, non-current	-	-	-	-	1,825,291	-	1,825,291
Pension asset	9,479	118,154	-	-	90,750	-	449,257
Capital assets, net	3,070,280	431	-	-	292,950	-	35,701,940
Total non-current assets	3,151,200	147,504	-	5,639	2,211,590	-	42,348,922
Total assets	3,300,106	488,783	-	5,639	4,172,033	(30,705)	46,271,861
<u>DEFERRED OUTFLOWS OF RESOURCES</u>							
Deferred outflows of resources	7,641	95,241	-	-	73,149	-	362,124
Total assets and deferred outflows of resources	\$ 3,307,747	\$ 584,024	\$ -	\$ 5,639	\$ 4,245,182	\$ (30,705)	\$ 46,633,985

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**COMBINING SCHEDULE OF NET POSITION (continued)**  
**PRIMARY GOVERNMENT**  
**AS OF DECEMBER 31, 2023**

	Washington Square	Wenatchee II	Applewood	Mar*Sun Villa	River Run	Heritage Glen	Chelan Gardens	Entiat Gardens	Gibson Gardens
<b>LIABILITIES</b>									
Current liabilities:									
Accounts payable	\$ 8,769	\$ 17,247	\$ 6,940	\$ 11,484	\$ 2,734	\$ 7,891	\$ (134,222)	\$ 8,211	\$ 14,143
Accrued expenses	2,044	2,226	3,107	1,868	1,166	1,790	982	2,762	2,044
Tenant security deposits	21,802	20,021	20,565	9,806	8,844	21,684	8,198	7,062	10,412
Prepaid rent	3,308	11,908	6,057	2,062	1,294	3,665	1,045	3,013	1,670
Loans payable, current	23,110	25,214	34,859	32,693	2,820	42,083	22,033	32,202	10,608
Accrued interest payable	327	357	684	576	61,474	603	14,886	1,435	75,919
Other current liabilities	635	625	48,183	58,975	4,704	625	362,937	-	(651)
Total current liabilities	59,995	77,598	120,395	117,464	83,036	78,341	275,859	54,685	114,145
Non-current liabilities:									
Accrued compensated absences,									
non-current	4,834	3,960	3,234	1,605	2,493	2,628	1,396	3,922	3,211
Accrued pension liability	5,985	6,257	7,521	4,528	3,576	5,791	3,692	6,529	5,869
Loans payable, non-current	369,120	402,736	85,097	661,834	1,328,906	817,902	1,497,490	293,074	1,447,388
Other non-current liabilities	-	-	-	-	-	-	117,118	-	-
Total non-current liabilities	379,939	412,953	95,852	667,967	1,334,975	826,321	1,619,696	303,525	1,456,468
Total liabilities	439,934	490,551	216,247	785,431	1,418,011	904,662	1,895,555	358,210	1,570,613
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Pension									
Prepaid ground lease	7,311	7,643	9,186	5,530	4,367	7,073	4,510	7,975	7,168
Total deferred inflows of resources	7,311	7,643	9,186	5,530	4,367	7,073	4,510	7,975	7,168
<b>NET POSITION</b>									
Net position:									
Net investment in capital assets									
Restricted	166,774	382,209	1,217,091	(238,343)	(124,178)	869,898	242,370	225,489	(118,501)
Unrestricted (deficit)	299,309	420,819	302,395	25,496	253,873	336,315	62,546	567,084	212,301
	49,838	(4,486)	(43,612)	(51,284)	(23,552)	80,167	(176,434)	937	(75,400)
Total net position	515,921	798,542	1,475,874	(264,131)	106,143	1,286,380	128,482	793,510	18,400
Total liabilities, deferred inflows of resources and net position	\$ 963,166	\$ 1,296,736	\$ 1,701,307	\$ 526,830	\$ 1,528,521	\$ 2,198,115	\$ 2,028,547	\$ 1,159,695	\$ 1,596,181

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**COMBINING SCHEDULE OF NET POSITION (continued)**  
**PRIMARY GOVERNMENT**  
**AS OF DECEMBER 31, 2023**

	Vista Del Rio	Chelan Bluff	Emerson Manor LLC	Bello Rio	Morning Sun Park LP	Columbia Pointe	Emerson Manor	Wenatchee House	Lake Chelan
<b>LIABILITIES</b>									
Current liabilities:									
Accounts payable	\$ 3,932	\$ 10,328	\$ 241,044	\$ 5,300	\$ 6,745	\$ 2,149	\$ -	\$ 3,995	\$ 6,485
Accrued expenses	1,219	344	-	2,540	3,085	1,459	-	4,014	1,463
Tenant security deposits	314	12,620	11,789	14,357	9,739	372	-	16,895	8,452
Prepaid rent	4,673	1,427	343	5,633	(904)	5,372	-	5,238	5,131
Loans payable, current	10,008	31,771	246,028	-	-	8,862	-	54,229	-
Accrued interest payable	1,461	603	-	-	-	650	-	6,032	-
Other current liabilities	631	625	206,304	-	-	790	-	-	-
Total current liabilities	22,238	57,718	705,508	27,830	18,665	19,654	-	90,403	21,531
Non-current liabilities:									
Accrued compensated absences,									
non-current	1,956	1,121	5,394	2,512	2,461	823	-	5,632	3,549
Accrued pension liability	4,023	3,537	8,492	6,219	6,665	4,683	-	10,513	5,985
Loans payable, non-current	1,737,720	1,278,303	5,687,746	1,846,986	906,942	1,698,302	-	2,821,871	2,100,000
Other non-current liabilities	-	-	307,718	-	-	-	-	-	-
Total non-current liabilities	1,743,699	1,282,961	6,009,350	1,855,717	916,068	1,703,808	-	2,838,016	2,109,534
Total liabilities	1,765,937	1,340,679	6,714,858	1,883,547	934,733	1,723,462	-	2,928,419	2,131,065
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Pension	4,913	4,320	10,373	7,595	8,141	5,720	-	12,841	7,311
Prepaid ground lease	-	-	-	-	-	-	-	-	-
Total deferred inflows of resources	4,913	4,320	10,373	7,595	8,141	5,720	-	12,841	7,311
<b>NET POSITION</b>									
Net position:									
Net investment in capital assets	1,209,888	1,117,037	513,099	940,694	(125,783)	1,252,110	-	(206,043)	(543,469)
Restricted	336,538	54,860	171,608	26,724	93,315	437,718	-	654,568	239,199
Unrestricted (deficit)	59,962	(2,775)	(389,821)	1,871	33,867	22,499	-	95,776	45,644
Total net position	1,606,388	1,169,122	294,886	969,289	1,399	1,712,327	-	544,301	(258,626)
Total liabilities, deferred inflows of resources and net position	\$ 3,377,238	\$ 2,514,121	\$ 7,020,117	\$ 2,860,431	\$ 944,273	\$ 3,441,509	\$ -	\$ 3,485,561	\$ 1,879,750

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**COMBINING SCHEDULE OF NET POSITION (continued)**  
**PRIMARY GOVERNMENT**  
**AS OF DECEMBER 31, 2023**

	Bavarian Villa	Housing Choice Vouchers	FSS Self Sufficiency	FSS Forfeit Self Sufficiency	General	Elimination	Total
<u>LIABILITIES</u>							
Current liabilities:							
Accounts payable	\$ 100,346	\$ -	-	\$ -	\$ 8,389	-	\$ 331,910
Accrued expenses	1,004	20,052	-	-	22,574	-	75,743
Tenant security deposits	14,099	-	-	-	-	-	217,031
Prepaid rent	4,713	109	-	-	-	-	65,757
Loans payable, current	6,905	-	-	-	-	-	583,425
Accrued interest payable	(1,648)	-	-	-	-	-	163,359
Other current liabilities	11,909	-	-	-	-	(30,705)	665,587
Total current liabilities	137,328	20,161	-	-	30,963	(30,705)	2,102,812
Non-current liabilities:							
Accrued compensated absences, non-current	1,776	19,365	-	-	19,076	-	90,948
Accrued pension liability	4,100	51,110	-	-	39,254	-	194,329
Loans payable, non-current	3,109,724	-	-	-	-	-	28,091,141
Other non-current liabilities	51,489	21,335	-	-	-	-	497,660
Total non-current liabilities	3,167,089	91,810	-	-	58,330	-	28,874,078
Total liabilities	3,304,417	111,971	-	-	89,293	(30,705)	30,976,890
<u>DEFERRED INFLOWS OF RESOURCES</u>							
Pension	5,008	62,427	-	-	47,946	-	237,358
Prepaid ground lease	-	-	-	-	288,047	-	288,047
Total deferred inflows of resources	5,008	62,427	-	-	335,993	-	525,405
<u>NET POSITION</u>							
Net position:							
Net investment in capital assets	(46,349)	431	-	-	292,950	-	7,027,374
Restricted	80,920	125,738	-	5,639	93,349	-	4,800,314
Unrestricted (deficit)	(36,249)	283,457	-	-	3,433,597	-	3,304,002
Total net position	(1,678)	409,626	-	5,639	3,819,896	-	15,131,690
Total liabilities, deferred inflows of resources and net position	\$ 3,307,747	\$ 584,024	\$ -	\$ 5,639	\$ 4,245,182	\$ (30,705)	\$ 46,633,985

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**COMBINING SCHEDULE OF REVENUES, EXPENSES,**  
**AND CHANGES IN NET POSITION**  
**PRIMARY GOVERNMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	Washington Square	Wenatchee II	Applewood	Man*Sun Villa	River Run	Heritage Glen	Chelan Gardens	Entiat Gardens	Gibson Gardens
Operating revenues:									
Tenant revenue:	\$ 232,074	\$ 213,476	\$ 229,265	\$ 89,745	\$ 68,939	\$ 228,358	\$ 78,786	\$ 309,314	\$ 87,933
HUD operating grants	-	-	-	63,949	4,288	-	4,691	-	-
Other government grants	70,065	64,884	46,978	59,065	48,043	62,815	61,540	-	74,164
Fraud recovery revenue	-	-	-	-	-	-	-	-	-
Other revenues	7,713	7,544	9,932	6,016	10,354	7,246	5,080	12,577	23,722
Total operating revenues	309,852	285,904	286,175	218,775	131,624	298,419	150,097	321,891	185,819
Operating expenses:									
Administrative	64,113	62,561	61,904	44,324	38,384	66,112	75,836	57,533	64,738
Tenant services	117	2,179	117	1,220	59	110	53	1,013	84
Utilities	49,178	63,598	64,230	17,372	13,229	32,664	24,716	57,034	32,387
Ordinary repairs and maint.	92,287	90,097	126,532	79,066	36,269	77,655	79,794	135,755	85,986
Insurance	11,572	11,036	12,718	6,102	5,784	11,286	4,534	8,807	6,248
General expenses	4,491	3,943	1,498	2,535	2,505	(48)	2,050	3,340	3,881
Housing assistance payments	-	-	-	-	-	-	-	(402)	-
Depreciation	51,998	52,218	96,425	12,938	53,284	85,118	15,100	33,521	60,712
Total operating expenses	273,756	285,632	363,424	163,557	149,514	272,897	202,083	296,601	254,936
Operating income (loss)	36,096	272	(77,249)	55,218	(17,890)	25,522	(51,986)	25,290	(68,217)
Non-operating revenues(expenses):									
Investment income	68	87	65	1	57	81	17	114	48
Interest expense	(4,027)	(4,394)	(1,274)	(66,460)	(18,804)	(7,893)	(31,749)	(17,973)	(18,577)
Net non-operating revenues (expenses)	(3,959)	(4,307)	(1,209)	(66,459)	(18,747)	(7,812)	(31,732)	(17,859)	(18,529)
Income (loss) before special items	32,137	(4,035)	(78,458)	(11,241)	(36,637)	17,710	(83,718)	7,431	(86,746)
Special items - capital contributions	-	-	-	-	-	-	-	-	-
Transfers between primary government and discretely presented component units	-	-	-	-	-	-	-	-	-
Transfers between primary government	-	-	-	-	-	-	-	-	-
Change in net position	32,137	(4,035)	(78,458)	(11,241)	(36,637)	17,710	(83,718)	7,431	(86,746)

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE  
COMBINING SCHEDULE OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION (continued)  
PRIMARY GOVERNMENT  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Washington Square	Wenatchee II	Applewood	Man*Sun Villa	River Run	Heritage Glen	Chelan Gardens	Entiat Gardens	Gibson Gardens
Net position, beginning of year (as originally reported)	483,784	802,577	1,554,332	(252,890)	142,780	1,268,670	212,200	786,079	105,146
Priod period adjustment	-	-	-	-	-	-	-	-	-
Net position, beginning of year (as restated)	483,784	802,577	1,554,332	(252,890)	142,780	1,268,670	212,200	786,079	105,146
Net position, end of year	\$ 515,921	\$ 798,542	\$ 1,475,874	\$ (264,131)	\$ 106,143	\$ 1,286,380	\$ 128,482	\$ 793,510	\$ 18,400



**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**COMBINING SCHEDULE OF REVENUES, EXPENSES,**  
**AND CHANGES IN NET POSITION (continued)**  
**PRIMARY GOVERNMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	Vista Del Rio	Chelan Bluff	Emerson Manor LLC	Bello Rio	Morning Sun Park LP	Columbia Pointe	Emerson Manor	Wenatchee House	Lake Chelan
Operating revenues:									
Tenant revenue:	\$ 77,205	\$ 176,311	\$ 192,817	\$ 200,716	\$ 152,497	\$ 77,951	\$ -	\$ 204,781	\$ 132,911
HUD operating grants	-	-	426,572	-	-	-	-	305,692	81,760
Other government grants	163,451	43,356	-	-	-	150,341	-	-	-
Fraud recovery revenue	-	-	-	-	-	-	-	-	-
Other revenues	5,920	4,585	18,242	16,582	10,740	7,341	-	14,343	7,968
Total operating revenues	246,576	224,252	637,631	217,298	163,237	235,633	-	524,816	222,639
Operating expenses:									
Administrative	41,956	41,317	138,246	55,706	67,619	46,148	-	121,474	75,023
Tenant services	64	77	1,827	1,209	566	77	-	3,452	1,036
Utilities	41,650	47,519	44,590	37,614	30,410	51,220	-	51,188	43,776
Ordinary repairs and maint.	70,616	75,509	66,200	91,898	60,391	64,427	-	78,669	55,591
Insurance	11,076	11,304	14,069	14,405	7,775	12,450	-	15,506	9,883
General expenses	2,409	1,637	52,679	2,314	3,159	2,092	-	6,378	6,210
Housing assistance payments	-	-	-	-	-	-	-	-	-
Depreciation	108,074	98,301	72,409	66,986	47,170	108,405	-	100,034	46,748
Total operating expenses	275,845	275,664	390,020	270,132	217,090	284,819	-	376,701	238,267
Operating income (loss)	(29,269)	(51,412)	247,611	(52,834)	(53,853)	(49,186)	-	148,115	(15,628)
Non-operating revenues(expenses):									
Investment income	71	13	3	5	88	85	-	511	231
Interest expense	(13,400)	(8,084)	-	-	-	(1,753)	-	(73,402)	-
Net non-operating revenues (expenses)	(13,329)	(8,071)	3	5	88	(1,668)	-	(72,891)	231
Income (loss) before special items	(42,598)	(59,483)	247,614	(52,829)	(53,765)	(50,854)	-	75,224	(15,397)
Special items - capital contributions	-	-	47,272	-	-	-	-	-	-
Transfers between primary government and discretely presented component units	-	-	-	-	-	-	-	-	-
Transfers between primary government	-	-	-	-	-	-	(122,190)	-	-
Change in net position	(42,598)	(59,483)	294,886	(52,829)	(53,765)	(50,854)	(122,190)	75,224	(15,397)

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE  
COMBINING SCHEDULE OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION (continued)  
PRIMARY GOVERNMENT  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Vista Del Rio	Chelan Bluff	Emerson Manor LLC	Bello Rio	Morning Sun Park LP	Columbia Pointe	Emerson Manor	Wenatchee House	Lake Chelan
Net position, beginning of year (as originally reported)	1,648,986	1,228,605	268,608	1,022,118	55,164	1,763,181	122,190	469,077	(243,229)
Priod period adjustment	-	-	(268,608)	-	-	-	-	-	-
Net position, beginning of year (as restated)	1,648,986	1,228,605	-	1,022,118	55,164	1,763,181	122,190	469,077	(243,229)
Net position, end of year	\$ 1,606,388	\$ 1,169,122	\$ 294,886	\$ 969,289	\$ 1,399	\$ 1,712,327	\$ -	\$ 544,301	\$ (258,626)

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**COMBINING SCHEDULE OF REVENUES, EXPENSES,**  
**AND CHANGES IN NET POSITION (continued)**  
**PRIMARY GOVERNMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	Bavarian Villa	Housing Choice Vouchers	FSS Self Sufficiency	FSS Forfeit Self Sufficiency	General	Elimination	Total
Operating revenues:							
Tenant revenue	\$ 128,895	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,881,974
HUD operating grants	-	4,808,876	48,943	-	-	-	5,744,771
Other government grants	54,419	-	-	-	322,640	-	1,221,761
Fraud recovery revenue	-	9,426	-	-	-	-	9,426
Other revenues	38,886	71,741	-	-	1,311,072	(475,408)	1,122,196
Total operating revenues	222,200	4,890,043	48,943	-	1,633,712	(475,408)	10,980,128
Operating expenses:							
Administrative	57,900	634,044	-	-	525,898	(444,661)	1,896,175
Tenant services	2,976	1,777	48,943	-	115	-	67,071
Utilities	19,707	622	-	-	(99)	-	722,605
Ordinary repairs and maint.	46,139	2,712	-	-	34,125	(30,747)	1,418,971
Insurance	9,029	2,104	-	-	9,078	-	194,766
General expenses	5,231	48,654	-	-	36,860	-	191,818
Housing assistance payments	-	4,231,024	-	-	-	-	4,230,622
Depreciation	27,972	740	-	-	5,847	-	1,144,000
Total operating expenses	168,954	4,921,677	48,943	-	611,824	(475,408)	9,866,028
Operating income (loss)	53,246	(31,634)	-	-	1,021,888	-	1,114,100
Non-operating revenues(expenses):							
Investment income	33	65	-	-	157	-	1,800
Interest expense	(7,647)	-	-	-	-	-	(275,437)
Net non-operating revenues (expenses)	(7,614)	65	-	-	157	-	(273,637)
Income (loss) before special items	45,632	(31,569)	-	-	1,022,045	-	840,463
Special items - capital contributions	-	-	-	-	-	-	47,272
Transfers between primary government and discretely presented component units	-	-	-	-	(322,640)	-	(322,640)
Transfers between primary government	-	-	-	-	122,190	-	-
Change in net position	45,632	(31,569)	-	-	821,595	-	565,095

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE  
COMBINING SCHEDULE OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION (continued)  
PRIMARY GOVERNMENT  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Bavarian Villa	Housing Choice Vouchers	FSS Self Sufficiency	FSS Forfeit Self Sufficiency	General	Elimination	Total
Net position, beginning of year (as originally reported)	(47,310)	441,195	-	5,639	2,998,301	-	14,835,203
Prior period adjustment	-	-	-	-	-	-	(268,608)
Net position, beginning of year (as restated)	(47,310)	441,195	-	5,639	2,998,301	-	14,566,595
Net position, end of year	<u>\$ (1,678)</u>	<u>\$ 409,626</u>	<u>\$ -</u>	<u>\$ 5,639</u>	<u>\$ 3,819,896</u>	<u>\$ -</u>	<u>\$ 15,131,690</u>

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE  
COMBINING SCHEDULE OF NET POSITION  
DISCRETELY PRESENTED COMPONENT UNITS  
AS OF DECEMBER 31, 2023**

**ASSETS**

	<u>Garten Haus, LLLP</u>	<u>Mountain View Housing, LLLP</u>	<u>Total</u>
Current assets:			
Cash and cash equivalents	\$ 221,937	\$ 956,666	\$ 1,178,603
Tenant security deposits	19,468	53,344	72,812
Accounts receivable, net	27,455	47,554	75,009
Prepaid expenses	<u>9,060</u>	<u>830</u>	<u>9,890</u>
Total current assets	<u>277,920</u>	<u>1,058,394</u>	<u>1,336,314</u>
Non-current assets:			
Restricted cash	133,677	15,003	148,680
Right-of-use asset, net - leases	-	287,152	287,152
Tax credit fees	45,433	200,214	245,647
Capital assets, net	<u>12,164,146</u>	<u>17,803,943</u>	<u>29,968,089</u>
Total non-current assets	<u>12,343,256</u>	<u>18,306,312</u>	<u>30,649,568</u>
Total assets	<u>\$ 12,621,176</u>	<u>\$ 19,364,706</u>	<u>\$ 31,985,882</u>

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**COMBINING SCHEDULE OF NET POSITION**  
**DISCRETELY PRESENTED COMPONENT UNITS (continued)**  
**AS OF DECEMBER 31, 2023**

**LIABILITIES**

	Garten Haus, LLLP	Mountain View Housing, LLLP	Total
Current liabilities:			
Accounts payable	\$ 36,140	\$ 36,371	\$ 72,511
Accrued expenses	437	23,247	23,684
Tenant security deposits	19,468	53,344	72,812
Prepaid rent	2,438	8,317	10,755
Note payable, current	2,102,477	16,027	2,118,504
Accrued interest payable	713,437	52,625	766,062
Other current liabilities	<u>1,295,835</u>	<u>1,050,471</u>	<u>2,346,306</u>
Total current liabilities	<u>4,170,232</u>	<u>1,240,402</u>	<u>5,410,634</u>
Non-current liabilities:			
Accrued compensated absences, non-current	2,919	1,837	4,756
Loans payable, non-current	<u>8,878,452</u>	<u>5,532,940</u>	<u>14,411,392</u>
Total non-current liabilities	<u>8,881,371</u>	<u>5,534,777</u>	<u>14,416,148</u>
Total liabilities	<u>13,051,603</u>	<u>6,775,179</u>	<u>19,826,782</u>

**NET POSITION**

Net position:			
Net investment in capital assets	1,183,217	12,254,976	13,438,193
Restricted	133,677	15,003	148,680
Unrestricted	<u>(1,747,321)</u>	<u>319,548</u>	<u>(1,427,773)</u>
Total net position	<u>\$ (430,427)</u>	<u>\$ 12,589,527</u>	<u>\$ 12,159,100</u>
Total liabilities and net position	<u>\$ 12,621,176</u>	<u>\$ 19,364,706</u>	<u>\$ 31,985,882</u>

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE  
COMBINING SCHEDULE OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION -  
DISCRETELY PRESENTED COMPONENT UNITS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Garten Haus, LLLP	Mountain View Housing, LLLP	Total
Operating revenues:			
Tenant revenue	\$ 451,451	\$ 561,914	\$ 1,013,365
Other revenues	<u>(37)</u>	<u>18,186</u>	<u>18,149</u>
Total operating revenues	<u>451,414</u>	<u>580,100</u>	<u>1,031,514</u>
Operating expenses:			
Administrative	131,616	202,968	334,584
Tenant services	3,064	157	3,221
Utilities	37,346	113,712	151,058
Ordinary repairs and maintenance	76,896	83,395	160,291
Insurance	25,068	-	25,068
General expenses	77,629	69,926	147,555
Depreciation	<u>438,026</u>	<u>513,576</u>	<u>951,602</u>
Total operating expenses	<u>789,645</u>	<u>983,734</u>	<u>1,773,379</u>
Operating loss	<u>(338,231)</u>	<u>(403,634)</u>	<u>(741,865)</u>
Non-operating revenues (expenses):			
Investment income	308	5	313
Interest expense	<u>(236,327)</u>	<u>(509,181)</u>	<u>(745,508)</u>
Net non-operating (expenses)	<u>(236,019)</u>	<u>(509,176)</u>	<u>(745,195)</u>
Loss before special items	(574,250)	(912,810)	(1,487,060)
Special item - contributions	-	11,995,356	11,995,356
Transfers between primary government and discretely presented component units	<u>-</u>	<u>322,640</u>	<u>322,640</u>
Change in net position	(574,250)	11,405,186	10,830,936
Net position, beginning of year	<u>143,823</u>	<u>1,184,341</u>	<u>1,328,164</u>
Net position, end of year	<u><u>\$ (430,427)</u></u>	<u><u>\$ 12,589,527</u></u>	<u><u>\$ 12,159,100</u></u>

**Housing Authority of Chelan County and the City of Wenatchee**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2023**

Expenditures											
Federal Agency (Pass-Through Agency)	Federal Program	ALN		Other Award Number	From Pass-Through Awards		From Direct Awards		Total	Passed through to Subrecipients	Note
		Number									
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Farm Labor Housing Loans and Grants	10.405		56-004-778255888 01 1	-	273,178	273,178	-	273,178	-	1,2,3,7
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Farm Labor Housing Loans and Grants	10.405		56-004-778255888 01 1	-	119,052	119,052	-	119,052	-	1,2,3,7
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Farm Labor Housing Loans and Grants	10.405		56-004-778255888 02 5	-	341,400	341,400	-	341,400	-	1,2,3,7
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Farm Labor Housing Loans and Grants	10.405		56-004-778255888 02 5	-	61,922	61,922	-	61,922	-	1,2,3,7
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Farm Labor Housing Loans and Grants	10.405		56-004-778255888 02 5	-	24,628	24,628	-	24,628	-	1,2,3,7
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Farm Labor Housing Loans and Grants	10.405		56-004-778255888 04 9	-	119,956	119,956	-	119,956	-	1,2,3,7
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Farm Labor Housing Loans and Grants	10.405		56-004-778255888 07 4	-	294,253	294,253	-	294,253	-	1,2,3,7
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Farm Labor Housing Loans and Grants	10.405		56-004-778255888 11 6	-	385,415	385,415	-	385,415	-	1,2,3,7
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Farm Labor Housing Loans and Grants	10.405		56-004-778255888 12 8	-	118,978	118,978	-	118,978	-	1,2,3,7
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Farm Labor Housing Loans and Grants	10.405		56-004-778255888 13-0	-	173,391	173,391	-	173,391	-	1,2,3,7
Total ALN 10.405:					-	1,912,173	1,912,173	-	1,912,173	-	



**Housing Authority of Chelan County and the City of Wenatchee**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2023**

**Expenditures**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	From Pass-Through Awards		From Direct Awards	Total	Passed through to Subrecipients	Note
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Rural Rental Housing Loans	10.415	56-004-778255888 03 7	-		364,892	364,892	-	1,2,3,7
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Rural Rental Housing Loans	10.415	56-004-778255888 03 7	-		215,074	215,074	-	1,2,3,7
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Rural Rental Housing Loans	10.415	56-004-778255888 03-7	-		63,949	63,949	-	1,2,3,7
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Rural Rental Housing Loans	10.415	56-004-778255888 06 2	-		269,108	269,108	-	1,2,3,7
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Rural Rental Housing Loans	10.415	56-004-778255888 06 2	-		87,638	87,638	-	1,2,3,7
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Rural Rental Housing Loans	10.415	56-004-778255888 06-2	-		4,288	4,288	-	1,2,3,7
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Rural Rental Housing Loans	10.415	56-004-778255888 06-2	-		974,980	974,980	-	1,2,3,7
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Rural Rental Housing Loans	10.415	56-004-778255888 08 6	-		154,103	154,103	-	1,2,3,7
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Rural Rental Housing Loans	10.415	56-004-778255888 08 6	-		1,198,005	1,198,005	-	1,2,3,7
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Rural Rental Housing Loans	10.415	56-009-778255888 08-6	-		4,691	4,691	-	1,2,3,7
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Rural Rental Housing Loans	10.415	56-004-778255888 10 4	-		166,503	166,503	-	1,2,3,7

**Housing Authority of Chelan County and the City of Wenatchee**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2023**

**Expenditures**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	From Pass-Through Awards		Total	Passed through to Subrecipients	Note
					From Direct Awards			
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Rural Rental Housing Loans	10.415	56-004-778255888 09 8	-	210,491	210,491	-	1,2,3,7
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Rural Rental Housing Loans	10.415	56-009-778255888 09-9	-	1,093,424	1,093,424	-	1,2,3,7
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Rural Rental Housing Loans	10.415	56-009-778255888 15-2	-	632,372	632,372	-	1,2,3,7
<b>Total ALN 10.415:</b>				-	<b>5,439,518</b>	<b>5,439,518</b>	-	
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Rural Rental Assistance Payments	10.427	56-004-778255888 01 1	-	70,065	70,065	-	1,2,7
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Rural Rental Assistance Payments	10.427	56-004-778255888 02 5	-	64,884	64,884	-	1,2,7
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Rural Rental Assistance Payments	10.427	56-004-778255888 03 7	-	59,065	59,065	-	1,2,7
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Rural Rental Assistance Payments	10.427	56-004-778255888 04 9	-	46,978	46,978	-	1,2,7
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Rural Rental Assistance Payments	10.427	56-004-778255888 06 2	-	48,043	48,043	-	1,2,7
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Rural Rental Assistance Payments	10.427	56-004-778255888 07 4	-	62,815	62,815	-	1,2,7
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Rural Rental Assistance Payments	10.427	56-004-778255888 08 6	-	61,540	61,540	-	1,2,7
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Rural Rental Assistance Payments	10.427	56-004-778255888 09 8	-	73,334	73,334	-	1,2,7

**Housing Authority of Chelan County and the City of Wenatchee**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2023**

**Expenditures**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	From Pass-Through Awards		Total	Passed through to Subrecipients	Note
				From Direct Awards	From Direct Awards			
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Rural Rental Assistance Payments	10.427	56-004-778255888 11 6	-	43,356	43,356	-	1,2,7
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Rural Rental Assistance Payments	10.427	56-009-778255888 12 8	-	163,451	163,451	-	1,2,7
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Rural Rental Assistance Payments	10.427	56-004-778255888 13 0	-	150,341	150,341	-	1,2,7
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Rural Rental Assistance Payments	10.427	56-004-778255888 15 2	-	54,419	54,419	-	1,2,7
<b>Total ALN 10.427:</b>				-	<b>898,291</b>	<b>898,291</b>	-	
<b>Section 8 Project-Based Cluster</b>								
ASST SECRETARY FOR HOUSING- FEDERAL HOUSING COMMISSIONER, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Project-Based Rental Assistance (PBRA)	14.195	WA19R000018	-	204,395	204,395	-	1,2,7
ASST SECRETARY FOR HOUSING- FEDERAL HOUSING COMMISSIONER, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Project-Based Rental Assistance (PBRA)	14.195	WA190038002	-	318,491	318,491	-	1,2,7
ASST SECRETARY FOR HOUSING- FEDERAL HOUSING COMMISSIONER, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Project-Based Rental Assistance (PBRA)	14.195	WA19M000050	-	81,361	81,361	-	1,2,7

**Housing Authority of Chelan County and the City of Wenatchee**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2023**

**Expenditures**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	From Pass-Through Awards		Total	Passed through to Subrecipients	Note
				From Direct Awards	From Direct Awards			
ASST SECRETARY FOR HOUSING- FEDERAL HOUSING COMMISSIONER, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Project-Based Rental Assistance (PBRA)	14.195	WA190015002	-	305,692	305,692	-	1,2,7
<b>Housing Voucher Cluster</b>								
<b>Total Section 8 Project-Based Cluster:</b>								
ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Section 8 Housing Choice Vouchers	14.871	WA064	-	4,921,677	4,921,677	-	1,2,5,7
<b>Total Housing Voucher Cluster:</b>								
ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Family Self-Sufficiency Program	14.896	WA064	-	48,943	48,943	-	1,2,6,7
<b>Total Federal Awards Expended:</b>								
<b>14,130,541</b>								

**Housing Authority of Chelan County and the City of Wenatchee  
Notes to the Schedule of Expenditures of Federal Awards  
For Year Ended December 31, 2023**

**NOTE 1 – BASIS OF ACCOUNTING**

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

**NOTE 2 – INDIRECT COST RATE**

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

**NOTE 3 – FEDERAL LOANS**

The amounts listed for the following federal loans include loan proceeds received during the year and the outstanding loan balances as of December 31, 2023

• USDA – RD, ALN 10.405 - Washington Square	\$ 392,230
• USDA – RD, ALN 10.405 – Wenatchee II	\$ 427,950
• USDA – RD, ALN 10.405 – Applewood	\$ 119,956
• USDA – RD, ALN 10.405 – Heritage Glen	\$ 290,253
• USDA – RD, ALN 10.405 – Chelan Bluff	\$ 385,415
• USDA – RD, ALN 10.405 – Vista Del Rio	\$ 118,978
• USDA – RD, ALN 10.405 – Columbia Pointe	\$ 173,391
• USDA – RD, ALN 10.415 – ManSun Villa	\$ 579,966
• USDA – RD, ALN 10.415 – River Run	\$1,331,726
• USDA – RD, ALN 10.415 – Chelan Gardens	\$1,352,108
• USDA – RD, ALN 10.415 – Entiat Gardens	\$ 166,503
• USDA – RD, ALN 10.415 – Gibson Gardens	\$1,303,915
• USDA – RD, ALN 10.415 – Bavarian Village	\$ 632,372

**NOTE 4 – RURAL RENTAL HOUSING LOAN SUBSIDY CREDIT**

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

• USDA – RD, ALN 10.415 – ManSun Villa	\$63,949
• USDA – RD, ALN 10.415 – Chelan Gardens	\$ 7,169
• USDA – RD, ALN 10.415 - River Run	\$ 4,691

**NOTE 5 – HOUSING CHOICE VOUCHER PROGRAM EXPENDITURES**

HUD interprets federal awards expended for the Housing Choice Voucher program (ALN 14.871) as the net ACC subsidy for the fiscal year (Section 8 dollars received net of year-end adjustments) which was \$4,808,876 in 2023. Actual expenditures for 2023 were \$4,921,677.

**NOTE 6 – FAMILY SELF-SUFFICIENCY PROGRAM**

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

**NOTE 7 – PROGRAM COSTS**

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

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

Entity Wide Revenue and Expense Summary

Fiscal Year End: 12/31/2023

Submission Type: Audited/Single Audit

	14.EFA FSS Escrow Forfeiture Account	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.896 PIH Family Self-Sufficiency Program	10.405 Farm Labor Housing Loans and Grants	1 Business Activities	10.415 Rural Rental Housing Loans	14.195 Section 8 Housing Assistance Program- Special Allocations	14.871 Housing Choice Vouchers	10.427 Rural Rental Assistance Payments	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue		\$1,010,830	\$189,708		\$1,212,407	\$352,718	\$732,737	\$327,872			\$3,826,272		\$3,826,272
70400 Tenant Revenue - Other		\$2,535	\$3,109		\$22,233	\$495	\$30,875	\$9,820			\$69,067		\$69,067
70500 Total Tenant Revenue	\$0	\$1,013,365	\$192,817	\$0	\$1,234,640	\$353,213	\$763,612	\$337,692	\$0	\$0	\$3,895,339	\$0	\$3,895,339
70600 HUD PHA Operating Grants			\$426,572	\$48,943			\$72,928	\$387,452	\$4,808,876		\$5,744,771		\$5,744,771
70610 Capital Grants													
70710 Management Fee													
70720 Asset Management Fee													
70730 Book Keeping Fee													
70740 Front Line Service Fee													
70750 Other Fees													
70700 Total Fee Revenue											\$0	\$0	\$0
70800 Other Government Grants													
71100 Investment Income - Unrestricted		\$7	\$3		\$601,890	\$322,640				\$297,231	\$1,221,761		\$1,221,761
71200 Mortgage Interest Income					\$60	\$173	\$50	\$29	\$65		\$387		\$387
71300 Proceeds from Disposition of Assets Held for Sale													
71310 Cost of Sale of Assets													
71400 Fraud Recovery									\$9,426		\$9,426		\$9,426
71500 Other Revenue		\$18,149	\$18,242		\$50,281	\$1,338,394	\$96,635	\$22,311	\$71,741		\$1,615,753	-\$475,408	\$1,140,345
71600 Gain or Loss on Sale of Capital Assets													
72000 Investment Income - Restricted		\$306			\$410	\$77	\$220	\$713			\$1,726		\$1,726
70000 Total Revenue	\$0	\$1,031,827	\$637,634	\$48,943	\$1,887,281	\$2,014,497	\$933,445	\$748,197	\$4,890,108	\$297,231	\$12,489,163	-\$475,408	\$12,013,755
91100 Administrative Salaries		\$108,804	\$61,254		\$88,499	\$350,396	\$78,914	\$80,826	\$334,020		\$1,102,713		\$1,102,713
91200 Auditing Fees		\$2,032	\$2,950		\$10,100	\$24,223	\$17,050	\$3,254	\$13,641		\$73,250		\$73,250
91300 Management Fee		\$76,565	\$28,775		\$191,422	\$32,478	\$112,189	\$46,743	\$27,238		\$515,410	-\$404,160	\$111,250
91310 Book-keeping Fee		\$56,047	\$20,348		\$5,266	\$1,669	\$3,482	\$15,635	\$11,643		\$114,090		\$114,090
91400 Advertising and Marketing		\$2,460	\$152		\$568	\$647	\$1,504	\$451	\$707		\$6,489		\$6,489
91500 Employee Benefit contributions - Administrative		\$36,226	\$16,278		\$39,149	\$104,230	\$34,284	\$32,790	\$149,382		\$412,339		\$412,339
91600 Office Expenses		\$15,145	\$5,895		\$29,566	\$94,250	\$50,307	\$9,069	\$41,983		\$246,225	-\$22,501	\$223,724
91700 Legal Expenses		\$889	\$487		\$4,710	\$14,178	\$28,365	\$1,647	\$2,562		\$52,838		\$52,838
91800 Travel		\$7,401	\$92		\$2,530	\$5,738	\$4,899	\$1,269	\$2,510		\$24,439		\$24,439
91810 Allocated Overhead													
91900 Other		\$29,015	\$2,015		\$12,301	\$21,414	\$7,721	\$4,813	\$50,348		\$127,627	-\$18,000	\$109,627
91000 Total Operating - Administrative	\$0	\$334,584	\$138,246	\$0	\$384,111	\$649,223	\$338,715	\$196,497	\$634,044	\$0	\$2,675,420	-\$444,661	\$2,230,759
92000 Asset Management Fee													
92100 Tenant Services - Salaries				\$48,943							\$48,943		\$48,943
92200 Relocation Costs					\$2,062		\$4,042	\$59			\$6,163		\$6,163
92300 Employee Benefit Contributions - Tenant Services													
92400 Tenant Services - Other		\$3,221	\$1,827		\$679	\$1,890	\$1,363	\$4,429	\$1,777		\$15,186		\$15,186
92500 Total Tenant Services	\$0	\$3,221	\$1,827	\$48,943	\$2,741	\$1,890	\$5,405	\$4,488	\$1,777	\$0	\$70,292	\$0	\$70,292





97000	Excess of Operating Revenue over Operating Expenses	\$0	-\$535,458	\$320,023	\$0	\$414,958	\$1,035,454	-\$259,385	\$206,609	\$4,200,195	\$297,231	\$5,679,627	\$0	\$5,679,627
97100	Extraordinary Maintenance													
97200	Casualty Losses - Non-capitalized													
97300	Housing Assistance Payments							-\$402		\$4,231,024		\$4,230,622		\$4,230,622
97350	HAP Portability-In													
97400	Depreciation Expense		\$951,602	\$72,409		\$600,539	\$120,003	\$203,527	\$146,782	\$740		\$2,095,602		\$2,095,602
97500	Fraud Losses													
97600	Capital Outlays - Governmental Funds													
97700	Debt Principal Payment - Governmental Funds													
97800	Dwelling Units Rent Expense													
90000	Total Expenses	\$0	\$2,518,887	\$390,020	\$48,943	\$2,072,862	\$1,099,046	\$1,395,955	\$688,370	\$4,921,677	\$0	\$13,135,760	-\$475,408	\$12,660,352
10010	Operating Transfer In							\$297,231				\$297,231	-\$297,231	\$0
10020	Operating transfer Out										-\$297,231	-\$297,231	\$297,231	\$0
10030	Operating Transfers from/to Primary Government													
10040	Operating Transfers from/to Component Unit													
10050	Proceeds from Notes, Loans and Bonds													
10060	Proceeds from Property Sales													
10070	Extraordinary Items, Net Gain/Loss													
10080	Special Items (Net Gain/Loss)		\$11,995,356	\$47,272								\$12,042,628		\$12,042,628
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	\$11,995,356	\$47,272	\$0	\$0	\$0	\$297,231	\$0	\$0	-\$297,231	\$12,042,628	\$0	\$12,042,628
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$0	\$10,508,296	\$294,886	\$0	-\$185,581	\$915,451	-\$165,279	\$59,827	-\$31,569	\$0	\$11,396,031	\$0	\$11,396,031
11020	Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
11030	Beginning Equity	\$5,639	\$0	\$1,328,164	\$0	\$8,750,135	\$4,075,583	\$946,005	\$616,646	\$441,195	\$0	\$16,163,367		\$16,163,367
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors		\$1,650,804	-\$1,328,164			-\$200,450		-\$390,798			-\$268,608		-\$268,608
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									\$402,042		\$402,042		\$402,042
11180	Housing Assistance Payments Equity													
11190	Unit Months Available		1264	422		2244	540	1500	936	8346		\$7,584	15252	\$7,584
11210	Number of Unit Months Leased		1135	414		2133	536	1457	923	5914		12512	12512	12512
11270	Excess Cash													
11610	Land Purchases													
11620	Building Purchases													
11630	Furniture & Equipment - Dwelling Purchases													
11640	Furniture & Equipment - Administrative Purchases													
11650	Leasehold Improvements Purchases													
11660	Infrastructure Purchases													
13510	OFFP Debt Service Payments													
13901	Replacement Housing Factor Funds													

HA Of Chelan Co and the City of Wenatchee (WA0064)  
Wenatchee, WA

Entity Wide Balance Sheet Summary

Fiscal Year End: 12/31/2023

Submission Type: Audited/Single Audit

	14.EFA FSS Escrow Forfeiture Account	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.896 PIH Family Self-Sufficiency Program	10.405 Farm Labor Housing Loans and Grants	1 Business Activities	10.415 Rural Rental Housing Loans	14.195 Section 8 Housing Assistance Program_Special Allocations	14.871 Housing Choice Vouchers	10.427 Rural Rental Assistance Payments	Subtotal	ELIM	Total
111 Cash - Unrestricted		\$1,178,603	\$364,101		\$285,405	\$830,737	\$338,692	\$144,420	\$301,405		\$3,443,363		\$3,443,363
112 Cash - Restricted - Modernization and Development		\$89,749	\$100,000		\$2,100,574	\$12,348	\$1,124,446	\$250,891			\$3,678,008		\$3,678,008
113 Cash - Other Restricted	\$5,639	\$58,931	\$51,975		\$42	\$80,504	\$12,362	\$604,734	\$28,919		\$843,106		\$843,106
114 Cash - Tenant Security Deposits		\$72,812	\$11,789		\$97,378	\$24,096	\$88,421	\$25,347			\$289,843		\$289,843
115 Cash - Restricted for Payment of Current Liabilities													
100 Total Cash	\$5,639	\$1,400,095	\$527,865	\$0	\$2,483,399	\$947,685	\$1,533,921	\$1,025,392	\$330,324	\$0	\$8,254,320	\$0	\$8,254,320
121 Accounts Receivable - PHA Projects													
122 Accounts Receivable - HUD Other Projects													
124 Accounts Receivable - Other Government						\$3,392					\$3,392		\$3,392
125 Accounts Receivable - Miscellaneous		\$1,766	\$5		\$168	\$1,171,984			\$12,364		\$1,186,285	-\$307,705	\$1,155,580
126 Accounts Receivable - Tenants		\$73,243	\$1,687		\$20,725	\$8,906	\$78,825	\$25,440			\$208,826		\$208,826
126.1 Allowance for Doubtful Accounts - Tenants		\$0	\$0		\$0	-\$2,370	\$0	\$0	-\$320		-\$2,690		-\$2,690
126.2 Allowance for Doubtful Accounts - Other		\$0	\$0		\$0	\$0			\$0		\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current													
128 Fraud Recovery													
128.1 Allowance for Doubtful Accounts - Fraud									\$162,628		\$162,628		\$162,628
129 Accrued Interest Receivable									-\$148,272		-\$148,272		-\$148,272
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$75,009	\$1,692	\$0	\$20,891	\$1,181,912	\$78,825	\$25,440	\$26,400	\$0	\$1,410,169	-\$307,705	\$1,379,464
131 Investments - Unrestricted													
132 Investments - Restricted													
135 Investments - Restricted for Payment of Current Liability													
142 Prepaid Expenses and Other Assets		\$9,890	\$8,229		\$49,996	\$15,515	\$30,474	\$19,005	\$13,474		\$146,583		\$146,583
143 Inventories													
143.1 Allowance for Obsolete Inventories													
144 Inter Program Due From						\$0					\$0		\$0
145 Assets Held for Sale													
150 Total Current Assets	\$5,639	\$1,484,994	\$537,786	\$0	\$2,554,286	\$2,145,112	\$1,643,220	\$1,069,837	\$370,198	\$0	\$9,811,072	-\$307,705	\$9,780,367
161 Land		\$888,452	\$285,000		\$1,402,004	\$468,268	\$1,082,240	\$620,950			\$4,746,914		\$4,746,914
162 Buildings		\$27,750,172	\$6,234,282		\$21,077,765	\$4,493,021	\$6,757,025	\$4,802,802			\$71,115,067		\$71,115,067
163 Furniture, Equipment & Machinery - Dwellings		\$387,672			\$70,836	\$33,700	\$14,852	\$12,037			\$519,097		\$519,097
164 Furniture, Equipment & Machinery - Administration					\$134,811	\$125,979	\$30,416	\$666	\$16,226		\$308,098		\$308,098
165 Leasehold Improvements		\$2,250,820			\$3,021,147	\$379,044	\$370,903	\$4,206			\$6,026,120		\$6,026,120
166 Accumulated Depreciation		-\$1,309,027	-\$72,409		-\$12,977,342	-\$1,660,990	-\$2,919,793	-\$1,214,073	-\$15,795		-\$20,169,429		-\$20,169,429
167 Construction in Progress					\$50,873	\$22,767	\$3,050,522				\$3,124,162		\$3,124,162
168 Infrastructure													
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$29,968,089	\$6,446,873	\$0	\$12,780,094	\$3,861,789	\$8,386,165	\$4,226,588	\$431	\$0	\$65,670,029	\$0	\$65,670,029
171 Notes, Loans and Mortgages Receivable - Non-Current													
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due						\$1,825,291					\$1,825,291		\$1,825,291
173 Grants Receivable - Non Current													
174 Other Assets		\$532,799	\$19,633		\$87,380	\$120,536	\$65,412	\$38,142	\$118,154		\$982,056		\$982,056
176 Investments in Joint Ventures													
180 Total Non-Current Assets	\$0	\$30,500,888	\$6,466,506	\$0	\$12,867,474	\$5,807,616	\$8,451,577	\$4,264,730	\$118,585	\$0	\$68,477,376	\$0	\$68,477,376
200 Deferred Outflow of Resources					\$70,432	\$97,158	\$52,724	\$30,744	\$95,241		\$362,124		\$362,124
290 Total Assets and Deferred Outflow of Resources	\$5,639	\$31,985,882	\$7,020,117	\$0	\$15,492,192	\$8,049,886	\$10,147,521	\$5,365,311	\$584,024	\$0	\$78,650,572	-\$307,705	\$78,619,867





## CORRECTIVE ACTION PLAN FOR FINDINGS REPORTED UNDER UNIFORM GUIDANCE

### Housing Authority of Chelan County and the City of Wenatchee January 1, 2023 through December 31, 2023

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

<b>Finding ref number:</b> 2023-001	<b>Finding caption:</b> The Housing Authority had inadequate internal controls for ensuring compliance with the Housing Quality Standards inspection requirements of its Project-Based Rental Assistance Program.
<b>Name, address, and telephone of Housing Authority contact person:</b> Joanna Tepley, Finance Director 1555 S. Methow Street Wenatchee, WA 98801 (509) 663-7421	
<b>Corrective action the auditee plans to take in response to the finding:</b> <i>In 2023, CCWHA resumed its annual inspections of leased units, assigning a specific inspection month to each property. We acknowledge that, during this transition, certain units were not inspected within the expected annual timeline, as noted by the State Auditor's Office. This was primarily due to tenant refusals and necessary rescheduling.</i> <i>To address this, CCWHA has implemented the following corrective measures:</i> <i>1. Revised Inspection Schedule: We have adopted a new system to ensure that inspections are completed in the month preceding the assigned inspection month from the prior year.</i> <i>2. Ongoing Staff Training: Housing Authority staff responsible for inspections will continue to receive regular training to emphasize the importance of timely, comprehensive assessments. This training reinforces the need for compliance with federal Housing Quality Standards (HQS) and the importance of maintaining accurate records.</i> <i>We fully understand the importance of adhering to HQS requirements to ensure a safe and healthy living environment for our tenants. We are committed to continuously improving our inspection processes and appreciate the opportunity to address these concerns.</i>	
<b>Anticipated date to complete the corrective action:</b> Immediately	

<b>Finding ref number:</b> 2023-002	<b>Finding caption:</b> The Housing Authority had inadequate internal controls for ensuring compliance with the Housing Quality Standards enforcement requirements of its Housing Voucher Cluster program.
<b>Name, address, and telephone of Housing Authority contact person:</b> Joanna Tepley, Finance Director 1555 S. Methow Street Wenatchee, WA 98801 (509) 663-7421	
<b>Corrective action the auditee plans to take in response to the finding:</b> <i>The HCV department will be creating an Excel spreadsheet for the inspector to complete and utilize to better manage compliance dates. It will include the failed inspection date, compliance due date, tenant and landlord names, passed date, abatement start date, and memos. In addition, the supervisor will be monitoring this spreadsheet and auditing inspection compliance more frequently.</i>	
<b>Anticipated date to complete the corrective action:</b> Immediately	

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