



Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

Housing Authority of Grant County

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

Published September 30, 2024

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

September 30, 2024

Board of Commissioners
Housing Authority of Grant County
Moses Lake, Washington

Report on Financial Statements and Federal Single Audit

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

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

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Housing Authority of Grant County January 1, 2023 through December 31, 2023

SECTION I – SUMMARY OF AUDITOR’S RESULTS

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

Financial Statements

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

Internal Control over Financial Reporting:

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

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

Federal Awards

Internal Control over Major Programs:

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

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

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

Identification of Major Federal Programs

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

<u>ALN</u>	<u>Program or Cluster Title</u>
10.405	Farm Labor Housing Loans and Grants
21.027	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

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

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

INDEPENDENT AUDITOR'S REPORT

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

Housing Authority of Grant County January 1, 2023 through December 31, 2023

Board of Commissioners
Housing Authority of Grant County
Moses Lake, 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 Grant County, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements, and have issued our report thereon dated September 19, 2024.

Our report includes a reference to other auditors who audited the financial statements of the Camas Court Limited Partnership and Dawn Village, LLC as described in our report on the Housing Authority's financial statements. The financial statements of the Camas Court Limited Partnership and Dawn Village, LLC were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the Camas Court Limited Partnership and Dawn Village, LLC 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 19, 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 Grant County January 1, 2023 through December 31, 2023

Board of Commissioners
Housing Authority of Grant County
Moses Lake, 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 Grant County, with the types of compliance requirements identified as subject to audit in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Housing Authority's major federal programs for the year ended December 31, 2023. The Housing Authority's major federal programs are identified in the auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

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

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

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

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

Purpose of this Report

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

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

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

Pat McCarthy, State Auditor

Olympia, WA

September 19, 2024

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Housing Authority of Grant County January 1, 2023 through December 31, 2023

Board of Commissioners
Housing Authority of Grant County
Moses Lake, 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 Grant County, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements as listed in the financial section of our report.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Housing Authority of Grant County, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Camas Court Limited Partnership or Dawn Village, LLC, which in aggregate represent 100 percent of the assets, net position and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Camas Court Limited Partnership and Dawn Village LLC, is based solely on the reports of the other auditors. The financial statements of the Camas Court Limited Partnership and Dawn Village, LLC were not audited in accordance with *Government Auditing Standards*.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing

an opinion on the effectiveness of the Housing Authority's internal control. Accordingly, no such opinion is expressed;

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority's ability to continue as a going concern for a reasonable period of time; and
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

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

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 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, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

September 19, 2024

FINANCIAL SECTION

Housing Authority of Grant County 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 the Housing Authority's Proportionate Share of Net Pension Liability –
PERS 1, PERS 2/3 – 2023

Schedule of the Housing Authority's Contributions – PERS 1, PERS 2/3 – 2023

Notes to Required Supplementary Information – 2023

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Expenditures of Federal Awards – 2023

Notes to the Schedule of Expenditures of Federal Awards – 2023

Financial Data Schedule – Entity Wide Balance Sheet Summary – 2023

Financial Data Schedule – Entity Wide Revenue and Expense Summary – 2023

Housing Authority of Grant County Management's Discussion and Analysis December 31, 2023

The Housing Authority of Grant County is pleased to present its basic financial statements for the fiscal year that ended December 31, 2023. These financial statements were completed in conformance with the Governmental Accounting Standards Board (GASB) based on the financial reporting model set forth in GASB Statement No. 34.

In addition to providing financial statements, recently established reporting standards require the provision of a management discussion and analysis, which is a narrative review of the agency's financial performance during the previous year.

Overview of the Financial Statements

Financial reporting standards require the inclusion of three basic financial statements, including:

- Statement of Net Position (balance sheet);
- Statement of Revenues, Expenses and Changes in Net Position, and;
- Statement of Cash Flows

The financial statements provide both long term and short term information about the Housing Authority's overall financial condition. They also include notes that explain some of the information in the financial statements. The statements are followed by a section of other supplemental information that further explains and supports the information in the financial statements.

The Housing Authority's financial statements are prepared in conformance with accounting principles generally accepted in the United States of America as applied to governmental units on an accrual basis. Under this basis, revenues are recorded in the period in which they are earned, and expenses are recognized in the period in which they are incurred. Depreciation of assets is recognized in the Statement of Revenues, Expenses and Changes in Net Position.

The financial statements presented in 2023 show a minor change from 2022. The major change was primarily due to the amount of Cares Act funding we received and made payments for. The amount for 2022 was \$9.4 million and in 2023 it was \$4.3 million.

Beginning with 2015, the Housing Authority adopted GASB Statement No. 68, *Financial Reporting for Pensions*. This statement establishes accounting and financial reporting

requirements for pension plans that are administered through trusts. Statement No. 68 requires governments participating in cost-sharing multiple-employer defined benefit plans to recognize a liability for its proportionate share of the net pension liability of all employers in the plan. A cost sharing employer is required to recognize pension expense and report deferred outflows and deferred inflows of resources related to pensions. The Authority also adopted GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date* (an amendment of GASB Statement No. 68).

The Housing Authority includes two Tax Credit Partnerships as component units in their financial statements due to their fiscal dependency on the Housing Authority, as prescribed by GASB 14.

Financial Highlights

Statement of Net Position:

Total assets and deferred outflows of resources in 2022 were \$47,840,432. This number decreased by \$1,232,606 (primary government total column) in 2023 to a total of \$46,607,826. Total liabilities, in 2022 were \$29,098,682 and decreased to \$27,839,098 in 2023.

Significant changes in assets and liabilities included the following:

- Current Assets (primary government total) were \$4,166,773 in 2022 as compared to \$3,431,485 in 2023. This was a decrease of \$735,288.
- Total current liabilities were \$1,930,019 in 2022 and \$2,654,759 in 2023, increasing by \$724,740.
- Total non-current assets were \$43,081,030 in 2022 and \$42,653,157 in 2023. The decrease was \$427,873.
- Total non-current liabilities were \$26,551,053 in 2022 and decreased by \$1,773,358 in 2023 to \$24,777,695.
- Total net position in 2022 was \$18,741,750 as compared to \$18,768,728 in 2023.

In summary, the Housing Authority's financial condition experienced an increase during the period under review with a net increase in total net position of \$26,978 for 2023.

A condensed version of the Statement of Net Position for the Fiscal years Ended December 31, 2023 and 2022 is provided below:

	2023	2022
Assets and Deferred Outflows of Resources		
Total Current Assets	\$3,431,485	\$4,166,773
Total Non-Current Assets	\$42,653,157	\$43,081,030
Deferred Outflows of resources-Pensions	\$523,184	\$592,629
Total Assets and Deferred Outflows of Resources	<u>\$46,607,826</u>	<u>\$47,840,432</u>
 Liabilities, Deferred Inflows of Resources and Net Assets		
Total Current Liabilities	\$2,654,759	\$1,930,019
Total Non-Current Liabilities	\$24,777,695	\$26,551,053
Total Liabilities	\$27,432,454	\$28,481,072
Deferred Inflows of resources-Pensions	\$406,644	\$617,610
Total Liabilities, Deferred Inflows of Resources	<u>\$27,839,098</u>	<u>\$29,098,682</u>
 Net Position		
Invested in Capital Assets, Net of Related Debt	\$11,352,338	\$11,767,460
Restricted Assets	\$2,870,929	\$2,570,066
Unrestricted Assets	\$4,545,461	\$4,404,224
Total Net Position	<u>\$18,768,728</u>	<u>\$18,741,750</u>
 Total Liabilities, Deferred Inflows of resources & Net Position	<u><u>\$46,607,826</u></u>	<u><u>\$47,840,432</u></u>

Statement of Revenues, Expenses and Changes in Fund Net Position:

Total revenue (operating and non-operating), which was \$19,324,166 in 2022, decreased by \$4,446,853 in 2023 to total revenue of \$14,877,313.

A condensed version of the Statement of Revenues, Expenses and Changes in Fund Net Position for 2023 and 2022 is provided below.

	2023	2022
Total Operating Revenue	\$14,317,143	\$18,537,040
Total Non-Operating Revenue	\$1,538,393	\$787,126
Total Revenues	\$15,855,536	\$19,324,166
Total Operating Expense	\$16,204,305	\$20,407,676
Total Non-Operating Expense	\$224,085	\$274,365
Total Expenses	\$16,428,390	\$20,682,041
Capital Grant Revenue	\$599,832	\$736,721
Change in Net Position	\$26,978	-\$621,154
Net Position, Beginning of Year-Restated	\$18,741,750	\$19,362,904
Net Position, End of Year	\$18,768,728	\$18,741,750

Financial Analysis:

The statement of net position presents the assets, liabilities and net position (assets minus liabilities) at the end of the fiscal year. Assets are broken down into two categories, "current assets" and "non-current assets." Current assets are things like cash, prepaid expenses, inventories, and short-term investments. Non-current assets include land, buildings, equipment, furnishings and capital improvements made to agency-owned buildings. Liabilities also are broken down into "current liabilities" and "non-current liabilities." Current liabilities generally represent cash that will be paid out by the agency over the short term. This category includes things like accounts payable in the next 90 days, the current portion of long-term debt and accrued interest payable. It also includes items that might need to be paid in the short term, such as tenant security deposits. Non-current liabilities are generally the long-term portion of notes or bonds.

A primary measure of creditworthiness is the ratio obtained by dividing an organization's current assets by its current liabilities (called "current ratio"), with a minimum standard typically being 1.2 to 1. The Housing Authority's current ratio as of December 31, 2023 was 1.3 to 1, which meets the minimum standard. The current ratio was greater in 2022.

Revenue compared to expense provides a picture of the Housing Authority's income and how that compares to what it cost to pay for agency operations. The agency's total income in 2023 (primary government column) was \$14,877,313, while total expenses were \$16,859,459.

Capital Assets and Long-Term Debt Activity:

The net capital assets were \$36,342,117 in 2023 decreasing from \$37,175,507 in 2022, with a net Capital Asset decrease of \$833,390, net of depreciation.

Long-term debt, net of current maturities, was \$24,496,969 in 2023 decreasing from \$26,039,437 in 2022, a decrease of \$1,542,468. A majority of the long-term debt is offset by the related notes receivable from the Tax Credit Partnerships.

Economic Factors Affecting the Housing Authority's Future:

In 2023, approximately 78% of the agency's total revenue, was income from the federal government, appropriated by the United States Congress, USDA-Rural Development, or from Washington State Department of Commerce to support capital improvements or help nearly a thousand Grant County families afford to pay rent. This funding typically has use restrictions and limits our ability to leverage debt financing, it is a major contribution to the success of our mission. Because national budget priorities have shifted over the past several years, federal support for affordable housing has eroded and continues to be at risk for continued erosion.

The Housing Authority of Grant County, like similar agencies across the state and across the country is challenged by the continued decline in federal support. In recent years, our Housing Authority has responded to this challenge by adopting a short-term strategy of developing new rental properties and capturing certain portions of the development revenue to augment agency operating income. The competition for tax credit financing and other hurdles with state funded developments is intense, but we are continuing our efforts to capitalize on obtaining funding for projects that deliver additional revenue. During 2023, the Housing Authority of Grant County received approximately \$4.3M of CARES Act funding to assist the Housing Authority provide assistance for families affected by the Coronavirus pandemic. The pandemic affected the ability of families to afford housing, but with the assistance of the federal government, the short-term affect on the Housing Authorities financial condition had a minimal impact.

Because of the risks involved and the timing of estimates, the changes being made by the Washington State Finance Commission and the Washington State Department of Commerce, this Housing Authority was not able to secure financing for any tax credit development projects. Strategic planning for a longer-term solution to the decline in federal support while still providing additional housing for low-income residents is still continuing. The development projects completed during the last few years have become valuable self-sustaining projects and sources of revenue for the Housing Authority. These projects have assisted the Authority in fulfilling its mission. In addition to the federal CARES Act funding, another avenue the Housing Authority has been developing to increase cash flow and cover a portion of its administrative cost is by becoming the primary agency in Grant County that provides assistance to those that are literally homeless or at-risk of becoming homeless.

Local government and for-profit businesses have some economic realities in common, the most primary being the fact that operating costs perpetually increase. The greatest challenge to our Housing Authority is the severe limitation on ways in which we can increase revenues to offset cost increases. On federally subsidized properties and those built using other types of government funds, have rent levels that are dictated by statute. The agency has no taxing authority, and by state law has limitations on business activities it can engage in. Future economic challenges, therefore, must be met through creative planning and with great caution. With the recent decline in federal funding and the reduced availability of financing through low income housing tax credits, the Housing Authority has partnered with federal and state agencies, and private lenders to continue supplementing its resources necessary for future development.

Housing Authority of Grant County

Statement of Net Position

December 31, 2023

<u>Assets and Deferred Outflows of Resources</u>	<u>Primary Government</u>	<u>Component Units</u>
Current Assets:		
Cash and cash equivalents		
Unrestricted cash and cash equivalents	\$ 1,812,468	237,971
Unrestricted investments	740,182	-
Tenant security deposits	278,079	14,809
	<u>2,830,729</u>	<u>252,780</u>
Accounts receivable:		
HUD	83,798	-
Miscellaneous	269,075	-
Tenants, dwelling units	116,154	2,749
Allowance for doubtful accounts	(5,354)	-
Prepaid expenses and other assets	79,976	46,960
Inventories	57,107	-
Total current assets	<u>3,431,485</u>	<u>302,489</u>
Noncurrent Assets:		
Restricted investments	2,870,929	887,639
Capital assets:		
Land	3,318,384	261,200
Land improvements	1,917,875	-
Buildings	77,736,358	6,788,936
Furniture and equipment, dwelling	2,047,828	9,650
Furniture and equipment, administrative	1,474,250	-
Construction in progress	949,668	-
Less accumulated depreciation	<u>(51,102,246)</u>	<u>(2,778,741)</u>
Capital assets, net	36,342,117	4,281,045
Notes and mortgages receivable	616,364	-
Notes receivable from component units	2,115,691	-
Net pension asset	362,988	
Other assets	345,068	-
Total noncurrent assets	<u>42,653,157</u>	<u>5,168,684</u>
Deferred outflows of resources:		
Pensions	523,184	-
Total assets and deferred outflows of resources	<u>\$ 46,607,826</u>	<u>5,471,173</u>

The accompanying notes to the financial statements are an integral part of this financial statement

(continued)

Housing Authority of Grant County

Statement of Net Position, continued

December 31, 2023

<u>Liabilities, Deferred Inflows of Resources and Net Position</u>	<u>Primary Government</u>	<u>Component Units</u>
Current Liabilities:		
Accounts payable	\$ 603,695	24,517
Accrued compensated absences	65,165	-
Accrued interest payable	94,268	8,914
Tenant security deposits	292,199	14,779
Unearned income	32,084	13,439
Other current liabilities	-	24,081
Current maturities of long-term debt and other	1,567,348	16,311
Total current liabilities	2,654,759	102,041
Noncurrent Liabilities:		
Accrued compensated absences, net of current	160,849	-
Long-term debt, net of current maturities	24,496,969	1,972,903
Net pension liability	-	-
Other long-term liabilities	119,877	367,111
Total other non-current liabilities	24,777,695	2,340,014
Total liabilities	27,432,454	2,442,055
Deferred inflows of resources:		
Pensions	406,644	-
Net Position:		
Invested in capital assets, net of related debt	11,352,338	1,924,720
Restricted	2,870,929	887,639
Unrestricted	4,545,461	216,759
Total net position	18,768,728	3,029,118
Total liabilities, deferred inflows of resources and net position	\$ 46,607,826	5,471,173

The accompanying notes to the financial statements are an integral part of this financial statement

Housing Authority of Grant County
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2023

	Primary Government	Component Units
Operating revenues:		
Tenant rentals	\$ 5,049,455	441,917
Housing assistance payment subsidies	8,646,470	-
Other	621,218	118,253
Total operating revenues	14,317,143	560,170
Operating expenses:		
Administration	3,111,106	162,399
Utility services	1,583,009	105,560
Maintenance	2,530,323	154,538
Protective services	26,098	-
Housing assistance payments	6,512,079	-
Other	100,873	62,093
Depreciation and amortization	2,340,817	170,564
Total operating expenses	16,204,305	655,154
Income (loss) from operations	(1,887,162)	(94,984)
Non-operating revenue and (expenses):		
Operating grants	-	-
Interest income	56,138	2,899
Interest expense	(224,085)	(81,744)
Other	1,482,255	-
Total non-operating revenue and expenses	1,314,308	(78,845)
Income (loss) before capital contributions	(572,854)	(173,829)
Capital contributions:		
Capital grant revenue	599,832	-
Partner capital contributions	-	-
Total capital contributions	599,832	-
Change in net position	26,978	(173,829)
Net position, beginning of year	18,741,750	3,202,947
Net position, end of year	\$ 18,768,728	3,029,118

The accompanying notes to the financial statements are an integral part of this financial statement

Housing Authority of Grant County
Statement of Cash Flows
Increase (Decrease) in Cash and Cash Equivalents
For the Year Ended December 31, 2023

	Primary Government	Component Units
<i>CASH FLOWS FROM OPERATING ACTIVITIES:</i>		
Cash received from:		
Tenants	\$ 5,271,583	441,849
Housing assistance payment subsidies	8,646,470	-
Other funds	84,571	-
Other	621,218	118,253
Cash paid to/for:		
Rental operations	(11,663,752)	(275,397)
General & Administrative	(3,108,752)	(162,399)
Other funds	(84,571)	-
Net cash provided by (used in) operating activities	<u>(233,233)</u>	<u>122,306</u>
<i>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</i>		
Other income	<u>1,482,255</u>	<u>-</u>
<i>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</i>		
Land, building, and equipment additions	(1,507,426)	(840)
Principal borrowing (payments) on long-term debt	(418,268)	(15,016)
Capital contributions (distributions)	599,832	-
Mortgage interest paid	(224,085)	(81,744)
Net cash used in capital and related financing activities	<u>(1,549,947)</u>	<u>(97,600)</u>
<i>CASH FLOWS FROM INVESTING ACTIVITIES:</i>		
Interest received on contracts and investments	56,138	2,899
Net cash transferred (to) from investments	(300,863)	(23,768)
Payments (made) received on notes and financing leases receivable	23,135	841
Net cash provided by (used in) investing activities	<u>(221,590)</u>	<u>(20,028)</u>
<i>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</i>	(522,515)	4,678
<i>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</i>	<u>3,353,244</u>	<u>248,102</u>
<i>CASH AND CASH EQUIVALENTS, END OF YEAR</i>	<u><u>\$ 2,830,729</u></u>	<u><u>252,780</u></u>
<i>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</i>		
Income (Loss) from operations	\$ (1,887,162)	(94,984)
Adjustments to reconcile loss from operations to net cash provided by (used in) operating activities:		
Depreciation and amortization	2,340,817	170,564
Change in assets and liabilities:		
Decrease (increase) in assets:		
Accounts and other receivables	222,128	(68)
Inventories	(15,066)	-
Prepaid expenses and other assets	5,711	(6,855)
Deferred outflows of resources	69,445	-
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	(517,659)	43,716
Prepaid rent	(112,691)	9,933
Deferred inflows of resources	(210,966)	-
Net pension liability	(127,790)	-
Net cash provided by (used in) operating activities	<u><u>\$ (233,233)</u></u>	<u><u>122,306</u></u>

The accompanying notes to the financial statements are an integral part of this financial statement

Housing Authority of Grant County
Notes to Financial Statements
December 31, 2023

NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization and Program Descriptions:

The Housing Authority of Grant County (Housing Authority) was duly created and incorporated in 1943 pursuant to the authority of the Constitution and statutes of Washington and is a municipal corporation established particularly pursuant to Title 35.82 RCW. The primary purpose of the Housing Authority is to finance the acquisition, construction, rehabilitation and ownership of housing intended for occupancy or ownership, or both, by families of low or moderate income in Grant County and to operate its housing programs in accordance with Federal and State laws and regulations.

Reporting Entity:

The Housing Authority is governed by an elected six-member board. The Housing Authority is not financially dependent on any other entities and is not considered to be a component unit of any other entities. The Housing Authority reports all of its activities as one enterprise fund, in accordance with Generally Accepted Accounting Principles (GAAP).

As defined by GAAP established by the Governmental Accounting Standards Board (GASB), the reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as appointment of a voting majority of the component units' board, and either (a) the ability to impose will by the primary government, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government, or (c) the component unit is financially dependent on the primary government.

Component units are reported as part of the reporting entity under either the blended or discreet method of presentation. There are two situations where blending is allowed (1) when the board of the component unit is substantially the same as that of the primary government and (2) when the component unit serves the primary government exclusively, or almost exclusively. The discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the Authority.

Program Descriptions:

The Housing Authority's programs are accounted for through the use of various project accounting codes created to demonstrate compliance with financial and legal requirements. These individual programs and projects, which are described below, are assigned to various programs which comprise the single enterprise proprietary fund of the Housing Authority. The following are the programs and housing projects of the Housing Authority:

- **Operating Program and Projects**

Larson— The Larson project was established to account for the original purchase of the Larson Air Force Base in 1977. The base consisted of 1,186 housing units located on 374 acres in Moses Lake, Washington. Since the original purchase, the Larson has been engaged in the transition of these housing units to private ownership and to federal housing programs. The project currently consists of approximately 112 housing units, which are used to provide low and moderate-income housing.

Housing Authority of Grant County
Notes to Financial Statements
December 31, 2023

NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Summary of Significant Accounting Policies (continued):

Organization and Program Descriptions (continued):

- **Operating Program and Projects, continued**

Mental Health Housing – The Mental Health Housing project consists of 10 housing units in Moses Lake and Ephrata, Washington. The project was established in 1995 to provide low-income housing to individuals with chronic mental illness. Funding for the construction of the housing units was provided through a Washington Department of Community Development loan.

Developmentally Disabled – The Developmentally Disabled project consists of 5 housing units in Moses Lake, Washington. The project was established in 1994 to provide low-income housing to developmentally disabled individuals. Funding for the construction of the housing units was provided through a Washington Department of Community Development loan.

- **Rural Rental Assistance Payments Program and Projects**

Mattawa – The Mattawa project consists of 20 housing units for low-income agricultural workers located in Mattawa, Washington. The funding for the renovation of the 20 houses was provided through a USDA Rural Development loan in 1986. The project receives ongoing rental assistance subsidies from USDA. There are no housing assistance payments paid.

Beverly Lane Apartments – The Beverly Lane Apartments project consists of 32 housing units for low-income rural housing located in Quincy, Washington. The Housing Authority acquired the project in 1998 by assuming the existing USDA Rural Development loan and by issuing additional tax-exempt promissory notes. The project receives ongoing rental assistance subsidies from USDA. There are no housing assistance payments paid.

Karen Lane Apartments – The Karen Lane Apartments project consists of 24 housing units for low-income rural housing located in Ephrata, Washington. The Housing Authority acquired the project in 1998 by assuming the existing USDA Rural Development loan and by issuing additional tax-exempt promissory notes. The project receives ongoing rental assistance subsidies from USDA. There are no housing assistance payments paid.

Esperanza – The Esperanza project consists of 32 units of temporary housing in Mattawa, Washington. Starting in 2015, the project was renovated to provide seasonal low-income farmworker housing to domestic farm laborer families. Funding for the project was provided by Washington State Department of Commerce and USDA Rural Development. The project receives ongoing rental assistance subsidies from USDA.

Spring Canyon - The Spring Canyon project consists of 17 low-income housing units located in Grand Coulee, Washington. The funding for the purchase and renovation was provided by a Washington State Department of Commerce loan. The project receives ongoing rental assistance from HUD. The project was purchased in 2008.

Nueva Vida - The Nueva Vida project consists of 9 low-income agricultural worker housing units located in Mattawa, Washington. The funding for the purchase and renovation was provided by a Washington State Department of Commerce loan. The project was acquired in 2009.

Housing Authority of Grant County
Notes to Financial Statements
December 31, 2023

NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Summary of Significant Accounting Policies (continued):

Organization and Program Descriptions (continued):

Joseph Cove - The Joseph Cove project consists of 18 low-income housing units located in Bridgeport, Washington. The funding for the purchase and renovation was provided by a Washington State Department of Commerce loan. The project receives ongoing rental assistance from HUD. The project was purchased in 2010, and was completed in 2011.

Bell Hotel - The Bell Hotel project consists of 14 low-income apartment housing units, and 7 commercial units located in Ephrata, Washington. The funding for the purchase and renovation was provided by Washington State Department of Commerce and WCRA loans. The project was purchased in 2010.

Rose Garden - The Rose Garden project consists of 9 low-income apartment housing units located in Ephrata, Washington. The funding for the purchase was provided by a Washington State Department of Commerce loan. The project was purchased in 2010.

Purple Sage – The Purple Sage projects consists of 8 housing units located in Quincy, Washington and 16 units in Ephrata, Washington. The funding for the purchase and renovation was provided by a Washington State Department of Commerce loan. The original 8 Quincy Project units were purchased in 2010 and through rehab and additions, have been renamed Purple Sage and was completed during 2012.

Airway Apartments - The Airway Apartments project consists of 12 transitional housing units located in Moses Lake, Washington. The project was acquired in 2010.

Beasley Hills Apartments – Beasley Hills Apartments projects consists of a 26 housing unit apartment complex located in Ephrata, Washington. The project was acquired in 2015.

Frenchman Hill Apartments – Frenchman Hill Apartments project consists of a 26 housing unit apartment complex located in Royal City, Washington. The project was acquired in 2015.

Wahluke Slope Apartments – Wahluke Slope Apartments project consists of a 25 housing unit apartment complex located in Mattawa, Washington. The project was acquired in 2015.

Priest Rapids Apartments – Priest Rapids Apartments project consists of a 26 housing unit apartment complex located in Mattawa, Washington. The project was acquired in 2017.

Capehart Wherry Apartments – Capehart Wherry Apartments project consists of a 50 housing unit apartment complex located in Moses Lake, Washington. The project was acquired in 2018.

Baird Springs Apartments Limited Partnership – Baird Springs Apartments project consists of a 26 housing unit apartment complex located in Ephrata, Washington. The project was acquired in 2019.

Pershing Apartments Limited Partnership – Pershing Apartments project consists of a 26 housing unit apartment complex located in Moses Lake, Washington. The project was acquired in 2019.

Housing Authority of Grant County
Notes to Financial Statements
December 31, 2023

NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Summary of Significant Accounting Policies (continued):

Organization and Program Descriptions (continued):

Jardin De Rosas— Jardin De Rosas project consists of a 25 unit housing unit apartment complex located in Royal City, Washington. The project was acquired in 2021.

Pelican Horn Apartments— Pelican Horn Apartments project consists of a 36 unit housing unit apartment complex located in Moses Lake, Washington. The project was acquired in 2021.

- **Section 8 Program**

Section 8 Larson — The Section 8 Larson project consists of 47 housing units for low-income families located in Moses Lake, Washington. The funding for the renovation of the 47 houses was provided through a U.S. Department of Agriculture (USDA) Rural Development loan in 1982. The project receives ongoing rental assistance payments from HUD. There are no housing assistance payments paid.

Housing Authority of Grant County
Notes to Financial Statements
December 31, 2023

NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Summary of Significant Accounting Policies (continued):

Organization and Program Descriptions (continued):

- **Low Rent Public Housing Program**

HUD Public Housing – The HUD Public Housing project consists of 217 housing units for low-income families located in Moses Lake, Washington, and other surrounding communities. The U.S. Department of Housing and Urban Development (HUD) provided the funding to purchase these housing units. HUD provides ongoing operating subsidies to the project.

- **Housing Choice Vouchers Program**

Section 8 Voucher – The Section 8 Voucher program was established to account for the income and expenses related to the administration of the HUD Section 8 Voucher program. The Housing Authority administers approximately 237 housing vouchers which assist low-income families to obtain rental housing.

Public Housing Capital Fund Program

HUD Capital Fund Program and Comprehensive Improvement Assistance Program – The HUD Capital Fund Program (CFP) and Comprehensive Improvement Assistance Program (CIAP) was established to account for capital funds provided by HUD to improve and upgrade existing public housing units. During 2023, CIAP improvements of \$600,898 of the existing public housing units were completed and improvements of \$140,994 were not yet transferred from CFP to the HUD Public Housing Program.

Discretely Presented Component Units:

The Housing Authority has component units, which are discretely presented and consolidated into the “Component Units” column in the financial statements. The Housing Authority is the general partner/managing member in these component units and controls the day-to-day operations of the partnerships. The limited partner/investor member interests are held by third parties unrelated to the Housing Authority. These component units are fiscally dependent on the Housing Authority according to the terms of the partnership/operating agreements. These agreements include a legal obligation for the Housing Authority to fund operating deficits up to specified limits.

The component units discussed below are included in the Housing Authority’s reporting entity since they are fiscally dependent on the Housing Authority and the Housing Authority has financial benefits and potential financial burdens from these entities. These component units do not provide services exclusively or almost exclusively to the benefit of the Housing Authority.

Each of the component units have a December 31 year-end. The financial statements of the component units are presented as of December 31, 2023. Copies of their separate financial statements can be obtained by contacting the Housing Authority. Condensed financial information for each of the component units is provided in Note 11. Although these component units do not follow government accounting standards, for presentation purposes certain transactions and balances may be reflected differently in the Housing Authority’s financial statements than in the separately issued statements in order to conform to the presentation and classifications of the Housing Authority’s statements

As of and for the year ended December 31, 2023, the Housing Authority had the following discretely presented component units:

Housing Authority of Grant County
Notes to Financial Statements
December 31, 2023

NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Summary of Significant Accounting Policies (continued):

Discretely Presented Component Units (continued):

- **Camas Court Limited Partnership** – Camas Court Limited Partnership is a legally separate entity formed to take advantage of low income housing tax credits needed to finance the project. The Housing Authority on December 15, 2007, entered into a limited partnership agreement with Camas Court Limited Partnership for the purpose of constructing and operating a residential housing project. The Housing Authority is a general partner with a .01% interest in the partnership. All profits, losses, and credits are allocated to the partners in accordance with their partnership interests.
- **Dawn Village LLC** – Dawn Village LLC is a legally separate entity formed to take advantage of low income housing tax credits needed to finance the project. The Housing Authority is the managing member with a .01% interest in the LLC. All profits, losses, and credits are allocated to the members in accordance with their member interests.

Housing Authority of Grant County
Notes to Financial Statements
December 31, 2023

NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Summary of Significant Accounting Policies (continued):

Basis of accounting and presentation

The Housing Authority funds are accounted and reported using the economic resources measurement focus. The Housing Authority uses the full-accrual basis of accounting where revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows. Property and equipment purchases are capitalized and long-term liabilities are accounted for in the appropriate fund. Depreciation of assets is recognized and all assets and liabilities associated with the operation of the Housing Authority are included in the statement of net assets. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Operating revenues include fees and charges from providing services in connection with the ongoing operations of providing low income housing. Operating revenues also include operating subsidies and grants provided by Housing and Urban Development (HUD) for each unit rented to qualified tenants in the public housing and Section 8 programs. The use of this classification is based on guidance from HUD, the primary user of the financial statements. Operating expenses are those expenses that are directly incurred while in the operation of providing low income housing.

This presentation results in an operating income that is higher than a non-operating revenue presentation by the amount of the subsidies and/or grants. Overall it does not affect the presentation of net income or the change in net assets in the statement of revenues, expenses, and changes in net assets, or the presentation of cash and cash equivalents in the statement of cash flows.

The accounting records are maintained in accordance with Financial and Accounting Handbooks (RHA 7510.1 and 7420.6) prescribed by HUD and applicable rules prescribed by the Department of Agriculture, Farmers Home Administration (USDA-RD)

Recently Adopted Accounting Standards

GASB Statement No. 83, Certain Asset Retirement Obligations, standardizes requirements for the recognition and measurement of asset retirement obligations, other than landfills, to reduce inconsistency in financial reporting and enhance comparability. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement. There was no impact to the Authority's financial statements as a result of implementing this statement.

GASB Statement No. 84, Fiduciary Activities, defines criteria for identifying activities that state and local governments should report as fiduciary activities and how they should be reported. There was no impact to the Authority's financial statements as a result of implementing this statement.

GASB Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Placements requires additional disclosures in the notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. There was no financial impact to the Authority's financial statements as a result of implementing this statement, and the disclosures related to debt have been updated to conform to the requirements in this statement.

GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. It requires recognition of interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred instead of be capitalized as part of the historical cost of a capital asset. There was no impact to the Authority's financial statements as a result of implementing this statement.

Housing Authority of Grant County
Notes to Financial Statements
December 31, 2023

NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Recently Adopted Accounting Standards, continued

GASB Statement 90, Majority Equity Interests, requires governments to record a majority equity interest in a legally separate organization as an equity method investment if the government's holding of the equity interest meets the definition of an investment, unless it is held by a special purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment or permanent fund. Those governments and funds should measure the majority equity interest at fair value. There was no impact to the Authority's financial statements as a result of implementing this statement.

GASB Statement No. 93, Replacement of Interbank Offered Rates (IBOR), addresses accounting and financial reporting implications that result from the replacement of an IBOR. There was no impact to the Authority's financial statements as a result of implementing this statement.

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

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

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

GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, is effective for fiscal years beginning after June 15, 2022. Its objective is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs), and to provide guidance for accounting and financial reporting for availability payment arrangements (APAs). There was no impact to the Authority's financial statements as a result of implementing this statement.

GASB Statement No. 96, Subscription-Based Information Technology Arrangements, is effective for fiscal years beginning after June 15, 2022. Its objective is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. There was no impact to the Authority's financial statements as a result of implementing this statement.

GASB Statement No. 99, Omnibus 2022, will enhance comparability in accounting and financial reporting and improve the consistency of authoritative literature by addressing both practice issues that have been identified during implementation and application of certain GASB statements as well as accounting and financial reporting for financial guarantees. The requirements of this statement are effective immediately for certain provisions and other provisions are effective for fiscal years beginning after June 15, 2022 and June 15, 2023. There was no impact to the Authority's financial statements as a result of implementing this statement.

Housing Authority of Grant County
Notes to Financial Statements
December 31, 2023

New Accounting Standards Adopted in Future Years

GASB Statement No. 100, Accounting Changes and Error Corrections – an amendment of GASB statement No. 62, will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this statement are effective for periods beginning after June 15, 2023.

GASB Statement No. 101, Compensated Absences, will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability between governments that offer different types of leave. The requirements of this statement are effective for fiscal years beginning after December 15, 2023 and all reporting periods thereafter.

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

Housing Authority of Grant County
Notes to Financial Statements
December 31, 2023

NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Cash, Cash Equivalents, and Investments

For purposes of the statements of cash flows, all unrestricted and restricted cash and highly liquid unrestricted investment with an original maturity of three months or less are considered to be cash equivalents (See note 2). Investments include deposits with original maturities exceeding three months, and securities and other assets held by trustees.

As of December 31, 2023 the Housing Authority's carrying amounts of deposits was \$5,701,658 (See note 2) and are classified as cash, cash equivalents and restricted investments on the statement of net assets. The Housing Authority's deposits and certificates of deposit are entirely covered by the Federal Deposit Insurance Corporation (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission.

Accounts receivable

An allowance for doubtful tenant accounts receivable has been established by management based on historical collection results. Accounts receivable from HUD are comprised primarily of grant funds receivable under the HUD Capital Fund Program. No allowance for doubtful accounts for HUD and other accounts receivable has been established as management believes these amounts will be collected in full.

Inventories

Inventories of materials and supplies are stated at the lower of cost or market on a first-in, first-out method.

Restricted assets

Restricted assets consist of cash and investments that are restricted in use by various lease agreements, loan agreements and regulatory agreements. Restricted assets were held for the following purposes:

	Primary Government	Component Units
Escrow accounts (taxes and insurance)	\$ -	-
HUD Family Self Sufficiency	-	-
Tenant security deposits	278,078	14,809
Operating and replacement reserve accounts	2,715,161	887,639
Down payment assistance program	155,768	-
	<u>\$ 3,149,007</u>	<u>902,448</u>

Restricted net position

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

	Primary Government	Component Units
Operating and replacement reserve accounts	\$ 2,715,161	887,639
Down payment assistance program	155,768	-
	<u>\$ 2,870,929</u>	<u>887,639</u>

Housing Authority of Grant County
Notes to Financial Statements
December 31, 2023

NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Summary of Significant Accounting Policies (continued):

Capital assets and Depreciation

All capital assets are recorded at historical cost (See Note 4). Property and equipment acquired through contributions are recorded at the fair value on the date donated. All capital assets, including expenditures for property and equipment including major improvements and renovations, with a value greater than \$5,000 and a useful life of over one year are capitalized. Expenditures for maintenance, repairs, and minor replacements are charged to expenses when incurred. Assets retired, replaced, or otherwise disposed of are eliminated from the asset accounts and the related amounts of accumulated depreciation are eliminated from the accumulated depreciation accounts. See Note 4 for the capital asset components and balances at December 31, 2023 and fiscal year activity.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The related property and equipment categories and their respective depreciable range of lives are as follows:

Buildings	20 – 40 years
Furniture, equipment, and machinery	3 – 10 years

Depreciation is not computed on housing units until the construction is completed.

Leases

The Authority follows the accounting and reporting requirements of *GASB 87, Leases*.

At the commencement of a lease, the Authority initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term using the straight-line basis.

Key estimates and judgments related to lease include how the Housing Authority determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Housing Authority uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease liability are composed of fixed payments from the lessee.

The Housing Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable. See Note 6 for more information.

At the commencement of a lease, the Authority initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized using the straight-line basis the same useful lives as the asset category of the underlying assets. If the asset's life is equivalent to the lease term, the Government's right to use asset is amortized over the life of the lease from implementation through lease term end.

Housing Authority of Grant County
Notes to Financial Statements
December 31, 2023

NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Summary of Significant Accounting Policies (continued):

Key estimates and judgments related to lease include how the Housing Authority determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Housing Authority uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Housing Authority generally uses its incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Housing Authority is reasonably certain to exercise.

The Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

At December 31, 2023, there were no leases which met the reporting requirements of *GASB 87, Leases*.

SBITA Liability and Right to Use Asset

SBITA liabilities consist of amounts recorded in compliance with GASB 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The Authority has recorded the SBITA liability and associated intangible, right to use, SBITA asset. At the commencement of a subscription-based information technology arrangement, the Authority initially measures the SBITA liability at the present value of payments expected to be made during the SBITA term. Subsequently, the SBITA liability is reduced by the principal portion of SBITA payments made. The SBITA asset is initially measured as the initial amount of the SBITA liability, adjusted for payments made at or before the implementation date, plus certain initial direct costs. Subsequently, the SBITA asset is amortized using the straight-line basis over the same useful lives as the SBITA term.

Income taxes

Income received or generated by the Housing Authority is not subject to federal income tax pursuant to Internal Revenue Code Section 115. The Authority is exempt from state and local property taxes.

Unearned Revenue

The Housing Authority has unearned revenue from operating lease payments, operating grant payments, and tenant rent payments received in advance of the period in which these are considered earned. The operating grant payments were paid by grantors and will be recognized as revenue in the following fiscal year when the related qualifying expenditures occur. Unearned tenant rent payments were received by year-end before they were due.

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 all state sponsored pension plans and additions to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For purposes of calculating the restricted net position related to the net pension asset, the Authority includes the net pension asset only. For details of the Pension Plans, see Note 5.

Housing Authority of Grant County
Notes to Financial Statements
December 31, 2023

NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Summary of Significant Accounting Policies (continued):

Accrued compensated absences

The Housing Authority records unpaid leave for compensated absences as an expense and liability when earned by the employee. Both union and nonunion employees are entitled to paid sick leave and vacation which is earned over a scheduled period of time as follows:

- Sick leave – Full-time employees accrue sick leave at the rate of 120 hours per year worked up to a maximum of 480 hours for union employees and 480 hours for nonunion employees. Upon termination of employment, employees will be paid 33% of up to the maximum accrual amount of 480 hours.
- Vacation – Full-time union and all nonunion employees are entitled to receive annual vacation pay after completion of one year of service. Unused vacation for union employees may be accumulated and carried over to the next year up to a maximum of 160 hours or up to 240 hours with approval from the Executive Director. Nonunion employees are able to accumulate and carry over vacation up to a maximum of 240 hours. Any vacation leave in excess of these limitations will be forfeited. Upon termination of employment, all employees will be allowed vacation pay for any vacation earned and accrued but not yet taken.

Vacation is accumulated for employees as follows:

0 – 2 year of service	120 hours
3 – 4 years of service	150 hours
5 – 8 years of service	170 hours
9 – 14 years of service	190 hours
15+ years of service	220 hours

Part-time nonunion employees accrue annual vacation leave prorated on the basis of hours actually worked in a standard work year of 2,080 hours.

Allowance for loan losses

The Housing Authority provides for loan losses when a specific need for an allowance is identified. The provision for loan losses charged or credited to operating expense is the amount necessary, in management's judgment to maintain the allowance at a level it believes sufficient to cover losses on collection of loans. Estimated future losses involve the exercise of management's judgment and assumptions with respect to future conditions. The principal factors considered by management in determining the adequacy of the allowance are the composition of the loan portfolio, historical loss experience, economic conditions, the value and adequacy of collateral, and the current level of the allowance. The provision for loan losses was \$5,354 for the year ending December 31, 2023.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Housing Authority of Grant County
Notes to Financial Statements
December 31, 2023

NOTE 2 — DEPOSITS AND INVESTMENTS:

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

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

Cash deposits and investments at December 31, 2023 are categorized as follows:

Cash and cash equivalents:	
Money market savings	\$ 4,548,564
Investments:	
Investment in Grant County investment pool	1,153,094
	<u>\$ 5,701,658</u>

As required by state law, all investments of the Housing Authority's funds are obligations of the U.S. Government, U.S. agency issues, obligations of the state of Washington, general obligations of Washington State municipalities, the Grant County of Washington Investment Pool, bankers' acceptances, or certificates of deposit with Washington State banks and savings and loan institutions.

Fair Value

The Authority measures and reports investments at fair value using a three-level hierarchy established by generally accepted accounting principles, as follows:

- Level 1 inputs - quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date
- Level 2 inputs - inputs other than quoted priced included within Level 1 that are observable for an asset or liability either directly or indirectly
- Level 3 Inputs - unobservable inputs for an asset or liability

GASB Statement No.79 *Certain External Investment Pools and Pool Participants*, allows the Authority to report investments with the WA State Investment Pool (LGIP) at amortized cost. The Authority also reports its investment in Grant County Investment Pool (GCIP) at amortized cost rather than fair value because the difference between amortized cost and fair value is insignificant. Currently the Authority utilizes the GCIP and there are no limitations or restrictions on withdrawals from the pool.

The Authority's investments by fair level value are shown in the table below:

	Amortized	Level 1	Level 2	Level 3
	Cost	Quoted Prices	Observable	Unobservable
	<u>Inputs</u>	<u>Inputs</u>	<u>Inputs</u>	<u>Inputs</u>
Grant County Investment Pool	\$ 1,153,094			
Total Investments	<u>\$ 1,153,094</u>			

Housing Authority of Grant County
Notes to Financial Statements
December 31, 2023

NOTE 2 — DEPOSITS AND INVESTMENTS: (continued)

There are many factors that can affect the value of investments. Some, such as custodial risk, concentration of credit risk, and foreign currency risk may affect both equity and fixed-income securities. Fixed income securities are particularly sensitive to credit risks and changes in interest rates. The Housing Authority's cash and investments are subject to several types of risk, which are examined in more detail below:

Interest rate risk is the risk that the value of fixed-income securities will decline because of rising interest rates. The prices of fixed-income securities with a longer time to maturity tend to be more sensitive to changes in interest rates and, therefore, more volatile than those with shorter maturities. The Housing Authority's investment policy does not restrict investment maturities. At year end, the average maturities of investments are less than one year.

Concentration of credit risk is the risk of loss associated with a lack of diversification of having too much invested in a few individual issuers, thereby exposing the organization to greater risks resulting from adverse economic, political, regulatory, geographic, or credit developments. Securities issued or explicitly guaranteed by the U.S. government, mutual funds, external investment pools, and other pooled investments are excluded from this review. Investments in the various investment pools managed by the State are external investment pools and are not subject to concentration of credit risk. There is no concentration of any single individual issuer of equity or non-U.S. government fixed income securities that comprise more than five percent of total investments.

Foreign currency risk is the possibility that changes in exchange rates between the U.S. dollar and foreign currencies could adversely affect a deposit or investment's fair value. The Housing Authority has no exposure to foreign currency risk.

Custodial risk for investments is the risk that in the event of failure of the counterparty to a transaction, the Authority will not be able to recover the value of the investments. As of December 31, 2023, all investments were insured or registered, and held by the Authority or its agent in the Authority's name, or uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Authority's name, or investment pools that are not classified since the investments are not evidenced by securities that exist in physical or book entry form. Therefore, the investments are not exposed to custodial risk. The Authority's policy allows for safekeeping of securities either by the agent or a third party custodian as is the case for the Grant County Investment Pool. Investments in U.S. Treasury-backed short-term money market funds are investments held by the trustee in the Authority's name for bond issues.

Housing Authority of Grant County
Notes to Financial Statements
December 31, 2023

NOTE 3 — NOTES AND MORTGAGES RECEIVABLE:

The Housing Authority's notes and mortgages receivable are comprised of second mortgages issued in connection with the sale of housing units to low-income families. Substantially all mortgage receivables are secured by a lien on the real property. The Housing Authority's notes receivable from component units were issued in conjunction with the acquisition and construction of housing units and are comprised of secured and unsecured notes receivable.

A portion of these notes are related to the sale of housing units in the HUD Public Housing program. These homes are sold as part of the HUD Hope I program. The Hope I notes include a provision in which principal and interest is forgiven over fourteen years starting six years after the date of the note. Consequently, the Housing Authority has recorded a deferred credit in noncurrent liabilities on the balance sheets equal to the amount of Hope I notes.

The Housing Authority has also issued second mortgages in connection with the sale of Larson Division housing units to low-income families. These notes bear interest in the range of 5% to 7%. All interest and principal payments are deferred for five years from the date of the note.

The Housing Authority administers a revolving loan fund in cooperation with the Washington State Department of Community Trade and Economic Development (DCTED). Under this agreement the Housing Authority has issued second mortgages in connection with the sale of housing units to low-income families. The note principal payment is deferred 50 years. Contingent interest will be charged if there is a default on the note before the 50-years maturity. The Housing Authority has recorded the principal amount of these notes as assets on the balance sheets with an offsetting amount in concurrent liabilities representing the liability for the revolving loan funds to DCTED.

At December 31, 2023, the Housing Authority's notes and mortgages receivable were as follows:

HUD Public Housing Hope I notes	\$ -
Larson Division second mortgages	17,636
DCTED revolving loan fund notes	451,462
Other notes receivable	147,267
Notes receivable from component units	<u>2,115,691</u>
	<u>\$ 2,732,056</u>

Notes and mortgages receivable at year-end consist of amounts owed on mortgages, promissory notes or contracts receivable. Amounts owed on mortgages, promissory notes or contracts receivable generally refer to loan amounts that are due and payable over time and consist of long-term receivables for loans that are secured by real property, or for deferred developer fees from our tax credit partnerships, which are component units of the Authority. Because the material account balances are generally secured by partnership agreements, or secured by liens against real property there is generally no need to estimate uncollectible amounts.

Notes receivable due from component units, as of December 31, 2023, consisted of the following:

Camas Court Limited Partnership	\$ 710,122
Dawn Village Apartments, LLC	1,405,569
	<u>\$ 2,115,691</u>

Housing Authority of Grant County
Notes to Financial Statements
December 31, 2023

NOTE 3 — NOTES AND MORTGAGES RECEIVABLE (continued):

Camas Court Limited Partnership

The project was developed by the general partner. At December 31, 2023 Camas Court Limited Partnership had a note payable for an assigned acquisition note of \$707,462 and other payables of \$2,659.

Dawn Village, LLC

The project was developed by the managing member. At December 31, 2023, Dawn Village Apartments LLC had two acquisition notes payable, including accrued interest, payable to the managing member, the Housing Authority, totaling \$1,400,695 and other payables of \$4,874.

Housing Authority of Grant County
Notes to Financial Statements
December 31, 2023

NOTE 4 — CAPITAL ASSETS:

The following is a summary of the changes in capital assets of the Housing Authority:

Primary government:

	Balance January 1, 2023	Additions	Dispositions and Transfers	Balance December 31, 2023
Capital assets not being depreciated:				
Land	\$ 3,316,463	1,921	-	3,318,384
Construction in progress	433,668	410,436	105,564	949,668
Depreciable capital assets:				
Buildings	77,064,024	724,244	(51,910)	77,736,358
Furniture, equipment and machinery, dwelling	2,045,387	50,255	(47,814)	2,047,828
Furniture, equipment and machinery, administrative	1,456,045	21,986	(3,781)	1,474,250
Leasehold improvements	1,877,702	45,859	(5,686)	1,917,875
	82,443,158	842,344	(109,191)	83,176,311
Less accumulated depreciation	49,017,782	2,314,499	(230,035)	51,102,246
Total capital assets being depreciated, net	33,425,376	(1,472,155)	120,844	32,074,065
Total capital assets, net	\$ 37,175,507	(1,059,798)	226,408	36,342,117

The following is a summary of the changes in capital assets of the Housing Authority's component units:

	Balance January 1, 2023	Additions	Dispositions and Transfers	Balance December 31, 2023
Capital assets not being depreciated:				
Land	\$ 261,200	-	-	261,200
Construction in progress	-	-	-	-
Depreciable capital assets:				
Buildings and improvements	6,788,936	-	-	6,788,936
Furniture, equipment and machinery, dwelling	9,650	-	-	9,650
	6,798,586	-	-	6,798,586
Less accumulated depreciation	2,609,018	169,723	-	2,778,741
Total capital assets being depreciated, net	4,189,568	(169,723)	-	4,019,845
Total capital assets, net	\$ 4,450,768	(169,723)	-	4,281,045

Housing Authority of Grant County
Notes to Financial Statements
December 31, 2023

NOTE 5 — PENSION PLANS:

All full-time and part-time permanent Housing Authority 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 retirement plans. The state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

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

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

The following table represents the aggregate pension amounts for all plans for the year 2023:

Aggregate Pension Amounts - All Plans

Pension liabilities	\$ 275,343
Pension assets	638,329
Deferred outflows of resources	523,184
Deferred inflows of resources	404,887
Pension expense	(\$58,281)

The Authority actual PERS plan contributions were \$75,595 to PERS Plan 1 and \$141,280 to PERS Plan 2/3 for the year ended December 31, 2023.

Plan Description:

Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer retirement system comprised of three separate plans for membership purposes: Plan 1 and 2 are defined benefit plans and Plan 3 is a combination defined benefit/defined contribution plan. Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts (other than judges in a judicial retirement system); employees of legislative committees; community and technical colleges, college and university employees (not in national higher education retirement programs); judges of district and municipal courts; and employees of local governments. Approximately 50% of PERS members are State employees. PERS contains 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 is comprised of and reported as three separate plans for accounting purposes: Plan 1, Plan 2/3 and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of the benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of Plan 2/3 may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered to be a single plan for accounting purposes.

Housing Authority of Grant County
Notes to Financial Statements
December 31, 2023

NOTE 5 — PENSION PLANS (continued):

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-paid consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit if found eligible by the Department of Labor and Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service for Plan 2 and 1 percent of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. Members are eligible for retirement with a full benefit at age 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 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 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the Consumer Price Index), capped at three percent annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

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

Housing Authority of Grant County
Notes to Financial Statements
December 31, 2023

NOTE 5 — PENSION PLANS (continued):

The Washington State Investment Board (WSIB) has been authorized by statute (chapter 43.33A of the RCW) as having the investment responsibility for the pension funds. Investments are reported at fair value, and unrealized gains and losses are included as investment income in the Statement of Changes in Fiduciary Net Position presented in the DRS Comprehensive Annual Financial Report. Purchases and sales of investments are recorded on a trade-date basis.

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

Contributions:

Each biennium, the legislature establishes Plan 1 and Plan 3 employer contribution rates and Plan 2 employer and employee contribution rates. Employee contribution rates for Plan 1 are established by legislative statute and do not vary from year to year. Employer rates for Plan 1 are not necessarily adequate to fully fund the system. The employer and employee contribution rates for Plan 2 and for Plan 3 are developed by the Office of the State Actuary to fully fund the system. The methods used to determine the contribution requirements were established under State statute. All employers are required to contribute at the level established by the legislature and the Office of the State Actuary.

The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2023 were as follows:

PERS Plan 1		
Actual Contribution Rates	Employer	Employee*
June - July 2023		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	3.85%	
Administrative Fee	0.18%	
Total	10.39%	6.00%

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

Housing Authority of Grant County
Notes to Financial Statements
December 31, 2023

NOTE 5 — PENSION PLANS (continued):

PERS Plan 2/3		
Actual Contribution Rates	Employer 2/3	Employee 2*
June - July 2023		
PERS Plan 2/3	6.36%	6.36%
PERS Plan 1 UAAL	3.85%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	10.39%	6.36%

Both the Housing Authority and the employees made the required contributions to the pension plans. The Housing Authority's required contributions for the year ended December 31 were:

	<u>PERS Plan 1</u>	<u>PERS Plan 2</u>	<u>PERS Plan 3</u>
Employer	\$ 0	\$ 142,477	\$ 78,539
Employee	\$ 0	\$ 91,242	\$ 51,644

Actuarial Assumptions:

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

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

- **Inflation:** 2.75% total economic inflation; 3.25% salary inflation
- **Salary increases:** In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.0%

Housing Authority of Grant County
Notes to Financial Statements
December 31, 2023

NOTE 5 — PENSION PLANS (continued):

Actuarial Assumptions, continued

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

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

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

Discount Rate:

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

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

Long-Term Expected Rate of Return

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

Housing Authority of Grant County
Notes to Financial Statements
December 31, 2023

NOTE 5 — PENSION PLANS (continued):

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, 2022, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The table below presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.0%, 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 (6.0%) or 1- percentage point higher (8.0%) than the current rate.

Pension Trust	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
PERS 1	384,675	275,343	179,922
PERS 2/3	694,259	(638,329)	(1,733,134)
	<u>1,078,934</u>	<u>(362,986)</u>	<u>(1,553,212)</u>

Pension Plan Fiduciary Net Position

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

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

At December 31, 2023, the Authority reported a total pension liability of \$275,343 and a total pension asset of \$638,329 for its proportionate share of the net pension liabilities (assets) as follows:

Plan	Liability or (Asset)
PERS # 1	275,343
PERS # 2/3	(638,329)
	<u>(362,986)</u>

Housing Authority of Grant County
Notes to Financial Statements
December 31, 2023

NOTE 5 — PENSION PLANS (continued):

Proportionate Share

Collective pension amounts are determined as of a measurement date which can be no earlier than an employer's prior fiscal year. The measurement date for the pension liabilities recorded by the Authority as of December 31, 2023 was June 30, 2023. The Authority's contributions received and processed by DRS during the fiscal year ended June 30, 2023 have been used as the basis for determining the Authority's proportionate share of the collective pension amounts reported by DRS in their June 30, 2023 Schedules of Employer and Nonemployer Allocations for PERS Plans 1, 2 and 3. The Authority's proportionate share of the collective net pension liabilities was as follows:

<u>Plan</u>	<u>Proportionate Share 06/30/23</u>	<u>Proportionate Share 06/30/22</u>	<u>Change in Proportion</u>
PERS # 1	0.012062%	0.011533%	0.000529%
PERS # 2/3	0.015574%	0.015000%	0.000574%

Pension Expense

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

	<u>Pension Expense</u>
PERS 1	16,265
PERS 2/3	(74,545)

Housing Authority of Grant County
Notes to Financial Statements
December 31, 2023

NOTE 5 — PENSION PLANS (continued):

Deferred Outflows of Resources and Deferred Inflows of Resources

The Authority's deferred outflows of resources and deferred inflows of resources pertaining to PERS as of December 31, 2023 are presented in the following tables:

PERS 1

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	-	-
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	(31,060)
Changes in proportion and differences between Housing Authority contributions and proportionate share of contributions	-	-
Authority contributions subsequent to the measurement date	30,521	-
Total	<u>30,521</u>	<u>(31,060)</u>

PERS 2/3

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	130,027	(7,132)
Changes of assumptions	267,993	(58,412)
Net difference between projected and actual earnings on pension plan investments	-	(240,561)
Changes in proportion and differences between Housing Authority contributions and proportionate share of contributions	27,822	(67,722)
Authority contributions subsequent to the measurement date	66,822	-
Total	<u>492,663</u>	<u>(373,827)</u>

Housing Authority of Grant County
Notes to Financial Statements
December 31, 2023

NOTE 5 — PENSION PLANS (continued):

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

<u>Year</u>	<u>PERS 1</u>	<u>PERS 2/3</u>
2024	(21,132)	(117,359)
2025	(26,576)	(153,408)
2026	16,386	191,978
2027	262	64,185
2028	-	66,251
Thereafter	-	367

NOTE 6 — COMPENSATED ABSENCES

The compensated absence balance as of December 31, 2023 is as follows:

Compensated absences at January 1, 2023	\$ 249,893
Increase (decrease) during the year	<u>(23,879)</u>
Compensated absences at December 31, 2023	<u><u>\$ 226,014</u></u>
Current portion of compensated absences	\$ 65,165
Noncurrent portion of compensated absences	<u>160,849</u>
	<u><u>\$ 226,014</u></u>

Housing Authority of Grant County
Notes to Financial Statements
December 31, 2023

NOTE 7 — LONG-TERM DEBT:

Primary government:

	Balance January 1, 2023	Additions	Reductions	Balance December 31, 2023
Beverly Lane Apartments:				
Note payable to USDA Rural Housing Service, payable \$4,456 per month, including interest at 6.75% with final payment due June 2025; secured by the project's real estate	122,703	-	46,619	76,084
Note payable to Washington Community Reinvestment Association, payable \$3,995 per month, including interest at 6.375% with final payment due July 2028; secured by the project's real estate	224,722	-	34,616	190,106
Karen Lane Apartments:				
Note payable to USDA Rural Housing Service, payable \$1,458 per month, including interest at 6.75% with final payment due May 2029; secured by the project's real estate	80,199	-	12,463	67,736
Note payable to WCRA, payable \$2,899 per month, including interest at 6.375% with final payment due July 2028; secured by the project's real estate.	163,094	-	25,121	137,973
NuevaVida Apartments:				
Note payable to CTED, annual interest payments of 1%; secured by the project's real estate. Final payment of all remaining principal due April, 2053.	1,205,260	-	7,454	1,197,806
Spring Canyon Apartments:				
Note payable to CTED, annual interest payments of 1% commencing April, 2010; secured by the project's real estate. Final payment of all remaining principal due April, 2049.	2,439,416	-	-	2,439,416
Joseph Cove Apartments				
Note payable to CTED with 0% annual payments of \$15,000 beginning August 2012, secured by the project's real estate, final payment due August 2050.	2,751,423	-	15,000	2,736,423
Purple Sage Apartments				
Note payable to WCRA, payable \$5,399 per month including interest at 4.25%. Final payment due January, 2042.	846,120	-	29,406	816,714
Note payable to Washington State Housing Finance Commission with 0% interest, secured by the project's real estate. Final payment due May 2086.	2,080,528	-	32,765	2,047,763
Rose Garden Apartments				
Note payable to CTED with 0% annual payments of \$5,248 beginning December 2012, secured by the project's real estate. Final payment due June 2054	194,189	-	-	194,189
Bell Hotel				
Note payable to CTED with 0% payments of \$3,412 beginning September 2014, secured by the project's real estate. Final payment due June 2052.	842,986	-	-	842,986
Note payable to WCRA with 6.75% annual payments of \$5,798 beginning September 2010, secured by the project's real estate. Final payment due September 2035.	53,289	-	2,704	50,585
Beasley Hills Apartments				
Note payable to Banner Bank with 7.5% payments of \$1,538, secured by the project's real estate. Final payment due October 1, 2031.	118,860	-	9,834	109,026
Priest Rapids Apartments				
Note payable with 7.6% payments of \$3,390, secured by the project's real estate. Final payment due October 1, 2033.	299,369	-	18,495	280,874
Capehart Wherry Apartments				
Note payable with monthly payments of \$1,689 with interest of 7.95% due November 2020.	41,734	-	17,246	24,488

Housing Authority of Grant County
Notes to Financial Statements
December 31, 2023

NOTE 7 — LONG-TERM DEBT (continued):

Primary government (continued):

	Balance January 1, 2023	Additions	Reductions	Balance December 31, 2023
Baird Springs Apartments				
Note payable with 7% payments of \$2,967, secured by the project's real estate. Final payment due October 1, 2035.	300,924	-	15,012	285,912
Pershing Apartments				
Note payable with 7.37% payments of \$3,107, secured by the project's real estate. Final payment due May 11, 2036.	317,069	-	14,389	302,680
Larson Division:				
Note payable to Washington Trust with payments of \$469 per month including interest at 6.25% secured by the project's real estate.	8,727	-	5,236	3,491
Note payable to Washington Trust with payments of \$512 per month including interest at 6.25% secured by the project's real estate.	29,932	-	3,910	26,022
Note payable to Washington Trust \$467 per month, including interest at 6.25% by the project's real estate.	25,984	-	5,017	20,967
Note payable to Washington State Department of Community, Trade and Economic Development (CTED), payable \$10,410 annually with 0% interest; secured by the project's real estate. Final payment of all remaining principal due September 2050	322,711	-	-	322,711
Note payable to CTED, payable \$13,107 annually with 0% interest; secured by the project's real estate. Final payment of all remaining principal due June 2050.	511,167	-	13,107	498,060
Note payable to CTED dated June 7, 2005 and bears interest at 3%. Quarterly payments of \$5,018 commence on May 31, 2021. The note is due in full on February 28, 2046.	1,021,168	-	-	1,021,168
Note payable to CTED payable upon maturity with 0% interest. Final payment of all remaining principal due June 2045.	870,142	-	-	870,142
Note payable to CTED. Interest on the note is payable annually at 1% simple interest. Final payment of all remaining principal due June 2047	365,484	-	-	365,484
Note payable to CTED payable upon maturity with 0% interest. Final payment of all remaining principal due June 2045.	709,054	-	-	709,054
Developmentally Disabled Project:				
Note payable to Washington Department of Community Development, with no minimum monthly payment at 0% interest due and payable in full in December 2024	336,743	-	0	336,743
Mental Health Housing Project:				
Note payable to Washington Department of Community Development, payable \$15,640 annually, including interest at 1% with final payment due December 2047	356,218	-	0	356,218
Esperanza:				
Note payable to USDA-RD at 0% interest. Payable in full in 2047.	1,200,000	-	-	1,200,000
Note payable to CTED, with no minimum monthly payment at 0% interest due and payable in full June 2054	1,850,000	-	-	1,850,000
Note payable to USDA-RD, at 1% interest due and payable in full in 2047	1,475,452	-	52,156	1,423,296
Note payable to USDA-RD, at 1% interest due and payable in full in 2047	1,750,170	-	57,715	1,692,455
Note payable to USDA-RD, at 0% interest due and payable in full in 2049	756,478	-	0	756,478
Note payable to Housing Trust Fund, 0% interest, payable in full 2056	2,021,308	-	0	2,021,308
Note payable to CTED, with no minimum monthly payment at 0% interest due and payable in full June 2024	789,962	-	-	789,962
Total long-term debt	<u>26,482,585</u>	<u>-</u>	<u>418,268</u>	<u>26,064,317</u>

Housing Authority of Grant County
Notes to Financial Statements
December 31, 2023

NOTE 7 — LONG-TERM DEBT (continued):

Primary government (continued):

Principal maturities of long-term obligations as of December 31 are as follows:

<u>Years</u>	<u>Total Principal</u>	<u>Total Interest</u>	<u>Total</u>
2024	1,567,348	144,644	1,711,992
2025	392,018	129,222	521,240
2026	400,353	115,792	516,145
2027	404,734	102,621	507,355
2028	379,824	88,995	468,819
2029 - 2033	1,645,956	314,866	1,960,822
2034 - 2038	1,392,578	161,027	1,553,605
2039 - 2043	1,206,135	65,710	1,271,845
2044 - 2048	5,158,475	16,253	5,174,728
2049 - 2053	9,608,839	77	9,608,916
2054 - 2058	3,908,057	-	3,908,057
2059 - 2063	-	-	-
2064 - 2068	-	-	-
	<u>26,064,317</u>	<u>1,139,207</u>	<u>27,203,524</u>

During the year ended December 31, 2023, the following changes occurred in long-term liabilities:

	<u>Balance January 1, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2023</u>
Long term debt (notes payable)	26,482,585	-	(418,268)	26,064,317
Net pension liability	-	-	-	-
Other long-term liabilities	511,616	-	(230,890)	280,726

Housing Authority of Grant County
Notes to Financial Statements
December 31, 2023

NOTE 7 — LONG-TERM DEBT (continued):

Component Units:

	Balance January 1, 2023	Additions	Reductions	Balance December 31, 2023	Debt Issuance Costs	Net Balance December 31, 2023
Camas Court Limited Partnership	709,054	-	-	709,054	(25,122)	683,932
Dawn Village Apartments LLC	1,332,030	-	(15,098)	1,316,932	(9,650)	1,307,282
	2,041,084	-	(15,098)	2,025,986	(34,772)	1,991,214

Principal maturities of long-term obligations of the component units as of December 31, 2023 are as follows:

Years	Total Principal	Total Interest	Total
2024	16,315	55,127	71,442
2025	17,626	53,816	71,442
2026	19,041	52,401	71,442
2027	20,571	50,872	71,443
2028	22,223	49,219	71,442
2029 - 2033	114,629	217,075	331,704
2034 - 2038	-	197,430	197,430
2039 - 2043	-	197,430	197,430
2044 - 2048	1,073,362	197,430	1,270,792
2049 - 2053	742,219	157,944	900,163
2054 - 2058	-	-	-
	2,025,986	1,228,744	3,254,730

Housing Authority of Grant County
Notes to Financial Statements
December 31, 2023

NOTE 8 — HOUSING AUTHORITY RISK RETENTION POOL:

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

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

General and Automobile Liability coverages are written on an occurrence basis, without member deductibles. Errors & Omissions coverage (which includes Employment Practices Liability) is written on a claims made basis, and the members are responsible for 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.

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

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

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

Settled claims have not exceeded insurance coverage during the past three years.

Housing Authority of Grant County
Notes to Financial Statements
December 31, 2023

NOTE 9 — CONTINGENCIES:

In connection with various Federal and State grant programs, the Housing Authority is obligated to administer related programs and spend funds in accordance with regulatory restrictions, and is subject to audit by the grantor agencies. In cases of noncompliance, the agencies involved may require the Housing Authority to refund program monies. The amount, if any, of expenses which may be disallowed by the grantor cannot be determined at this time, although the Housing Authority expects such amount, if any, to be immaterial.

The Housing Authority receives approximately \$8,646,470 of its rental revenue in the form of subsidies from HUD and USDA Rural Housing Service. These subsidy contracts expire at various intervals and are subject to renewal by the funding agency.

As of December 31, 2023, the Housing Authority and its component units have outstanding construction contracts and other commitments totaling approximately \$511,499 of which \$360,000 has been paid by December 31, 2023 and the remaining work was completed subsequent to year end. These commitments are primarily related to the implementation of redevelopment activities and capital projects funded by Federal, State and local financial assistance and tax credit equity contributions.

The Housing Authority is also contingently liable in connection with claims and contracts arising in the normal course of its activities. The Housing Authority's management is of the opinion that the outcome of such matters will not have a material effect on the accompanying financial statements.

The possibility exists that HUD contributions may decrease in the future. In the event such contributions were significantly reduced, the Housing Authority would need to seek other funding sources to maintain operations at current levels.

The Housing Authority assists qualifying individuals with the purchase of homes through a bank by being the guarantor on the loan if the borrower should default. The total amount outstanding at December 31, 2023, is approximately \$86,267. Management believes that all loans in which the Housing Authority is the guarantor will be paid in full.

The Housing Authority has entered into agreements with Camas Court L.P. and Dawn Village, LLC. whereby the Housing Authority has agreed to loan to the project partnership any funds required to fund operating deficits of the project partnership incurred during the period commencing with a breakeven date and ending on the third anniversary of the break even date. The Housing Authority has also agreed to guaranty and pay any development deficit and any downward adjustment excess amounts and any unpaid deferred development fee amount and that from the date of the agreement until the break even date the Housing Authority will pay all expense of operating and maintaining the improvements in excess of the gross collections to the extent necessary to maintain break even operations. All payments made by the guarantor to the project partnership and limited partners shall be made without any right of repayment.

In addition, The Housing Authority has agreed to guarantee the repayment of any tax credit recapture event that is triggered by the filing of a tax return claiming less credits than the amounts allowed per the agreement or as a result of an audit by the Internal Revenue Service which results in the assessment of a tax deficiency.

Housing Authority of Grant County
Notes to Financial Statements
December 31, 2023

NOTE 10 — IMPACT OF COVID-19 PANDEMIC:

In February 2020, the Governor of the State of Washington declared a state of emergency in response to the spread of a deadly new virus. In the weeks following the declaration, precautionary measures to slow the spread of the virus have been ordered. These measures include closing schools, canceling public events, limiting gathering sizes, and requiring people to stay home unless they are leaving for an essential function. There has been minimal immediate impact on the operations of the Housing Authority. Future potential impacts may include disruptions or restrictions on staff ability to work and reductions in tenants ability to pay the required monthly charges. A federal moratorium on evictions for nonpayment of rents was effective beginning in September 2020 and has been extended into 2022. Operating functions that may be impacted include tenant applications, recertifications and maintenance operations. Changes to the operating environment may increase operating costs.

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

NOTE 11 — SUBSEQUENT EVENTS:

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

Housing Authority of Grant County

Notes to Financial Statements

December 31, 2023

NOTE 12 — DISCRETELY PRESENTED COMPONENT UNITS FINANCIAL INFORMATION:

Balance Sheet Information

	<u>Camas Court</u>	<u>Dawn Village</u>
<u>Assets</u>		
Current Assets:		
Cash and cash equivalents		
Unrestricted cash and cash equivalents	177,871	60,100
Tenant security deposits	7,373	7,436
Accounts receivable:		
Tenants, dwelling units and other	928	1,821
Prepaid expenses and other assets	10,499	36,461
Total current assets	196,671	105,818
Restricted Assets:		
Restricted investments	443,304	444,335
Total restricted assets	443,304	444,335
Noncurrent Assets:		
Land	140,200	121,000
Buildings	3,736,432	3,052,504
Furniture, equipment and machinery, dwelling	4,792	4,858
	3,881,424	3,178,362
Less accumulated depreciation	(1,475,327)	(1,303,414)
	2,406,097	1,874,948
Other assets	-	-
Total noncurrent assets	2,406,097	1,874,948
Total Assets	3,046,072	2,425,101
<u>Liabilities and Net Assets</u>		
Current Liabilities:		
Accounts payable	8,900	15,617
Accrued interest payable	8,914	-
Tenant security deposits	7,393	7,386
Deferred revenues	969	12,470
Accrued expenses	-	24,081
Current maturities of long-term debt and other	-	16,311
Total current liabilities	26,176	75,865
Noncurrent Liabilities:		
Long-term debt, net of current maturities	681,932	1,290,971
Other long-term liabilities	11,152	355,959
Total other non-current liabilities	693,084	1,646,930
Total liabilities	719,260	1,722,795
Net Assets:		
Invested in capital assets, net of related debt	1,713,013	211,707
Restricted	443,304	444,335
Unrestricted	170,495	46,264
Total net assets	2,326,812	702,306
Total liabilities and net assets	3,046,072	2,425,101

Housing Authority of Grant County

Notes to Financial Statements

December 31, 2023

NOTE 12 — DISCRETELY PRESENTED COMPONENT UNITS FINANCIAL INFORMATION:

Operating Statement Information

	Camas Court	Dawn Village
Operating revenues:		
Tenant rentals	98,120	343,797
Other	<u>112,182</u>	<u>6,071</u>
Total operating revenues	210,302	349,868
Operating expenses:		
Administration	75,396	87,003
Tenant services	-	-
Utility services	37,993	67,567
Maintenance	56,896	97,642
Protective services	-	-
Housing assistance payments	-	-
Other	22,070	40,023
Depreciation and amortization	<u>94,251</u>	<u>76,313</u>
Total operating expenses	286,606	368,548
Income (loss) from operations	(76,304)	(18,680)
Non-operating revenue and (expenses):		
Operating grants	-	-
Interest income	2,799	100
Interest expense	(3,689)	(78,055)
Other	<u>-</u>	<u>-</u>
Total non-operating revenue and expen	(890)	(77,955)
Capital Grants & Contributions/Distributions:		
Capital grant revenue	-	-
Contributions/Distributions	<u>-</u>	<u>-</u>
Total contributions	-	-
Change in net assets	<u>(77,194)</u>	<u>(96,635)</u>
Total net assets at beginning of year	<u>2,404,006</u>	<u>798,941</u>
Total net assets at end of year	<u><u>2,326,812</u></u>	<u><u>702,306</u></u>

Housing Authority of Grant County
Schedules of Required Supplementary Information
Schedule of the Housing Authority's Proportionate Share of the Net Pension
Liability Last 10 Fiscal Years As Of June 30

PERS # 1	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Housing Authority's proportion of the net pension liability (asset)	0.012062%	0.011533%	0.010931%	0.012242%	0.011528%	0.001405%	0.012673%	0.013095%	0.015629%	0.013490%	0.011015%
Housing Authority's proportionate share of the net pension liability (asset)	275,343	321,121	133,493	432,209	443,293	627,388	601,344	703,263	817,542	679,570	643,634
Housing Authority's covered-employee payroll	2,223,541	2,607,049	1,796,654	1,678,078	1,894,010	1,699,867	1,800,927	1,721,118	1,564,625	1,490,091	1,441,214
Housing Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	12.38%	12.32%	7.43%	25.76%	23.40%	36.91%	33.39%	40.86%	52.25%	45.61%	44.66%
Plan fiduciary net position as a percentage of the total pension liability	80.16%	76.56%	88.74%	68.64%	67.12%	63.22%	61.24%	57.03%	59.10%	61.19%	
PERS # 2/3	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Housing Authority's proportion of the net pension liability (asset)	0.015574%	0.015000%	0.014057%	0.015856%	0.014877%	0.017275%	0.015025%	0.014678%	0.017643%	0.015853%	0.014669%
Housing Authority's proportionate share of the net pension liability (asset)	(638,329)	(556,317)	(1,400,303)	202,789	144,506	294,955	522,047	739,026	630,394	320,446	626,369
Housing Authority's covered-employee payroll	2,223,541	2,607,049	1,796,654	1,678,078	1,894,010	1,699,867	1,800,927	1,721,118	1,564,625	1,490,091	1,441,214
Housing Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-28.71%	-21.34%	-77.94%	12.08%	7.63%	17.35%	28.99%	42.94%	40.29%	21.51%	43.46%
Plan fiduciary net position as a percentage of the total pension liability	107.02%	106.73%	120.29%	97.22%	97.77%	95.77%	90.97%	85.82%	89.20%	93.29%	

Housing Authority of Grant County
Schedules of Required Supplementary Information
Schedule of the Housing Authority's Contributions
Last 10 Fiscal Years As Of December 31

PERS # 1	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	75,595	74,106	76,740	80,482	93,475	85,933	80,730	74,262	71,833	62,341	34,294
Contributions in relation to the contractually required contribution	(75,595)	(74,106)	(76,740)	(80,482)	(93,475)	(85,933)	(80,730)	(74,262)	(71,833)	(62,341)	(34,294)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-	-
Housing Authority's covered-employee payroll	2,223,541	2,607,049	1,796,654	1,678,078	1,894,010	1,699,867	1,800,927	1,721,118	1,564,625	1,490,091	1,441,214
Contributions as a percentage of covered-employee payroll	3.40%	2.84%	4.27%	4.80%	4.94%	5.06%	4.48%	4.31%	4.59%	4.18%	2.38%
PERS # 2/3	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	141,280	125,361	127,829	132,904	144,857	127,450	105,134	84,732	78,591	66,969	56,922
Contributions in relation to the contractually required contribution	(141,280)	(125,361)	(127,829)	(132,904)	(144,857)	(127,450)	(105,134)	(84,732)	(78,591)	(66,969)	(56,922)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-	-
Housing Authority's covered-employee payroll	2,223,541	2,607,049	1,796,654	1,678,078	1,894,010	1,699,867	1,800,927	1,721,118	1,564,625	1,490,091	1,441,214
Contributions as a percentage of covered-employee payroll	6.35%	4.81%	7.11%	7.92%	7.65%	7.50%	5.84%	4.92%	5.02%	4.49%	3.95%

Housing Authority of Grant County
Notes to Required Supplementary Information - Pension
Last 10 Fiscal Years As Of December 31

Note 1: Information Provided

GASB 68 was implemented for the year ended December 31, 2015, therefore there is no data available for years prior to 2013.

Note 2: Significant Factors

There were no changes of benefit terms, significant changes in the employees covered under the benefit terms or in the use of different assumptions.

Note 3: Covered payroll

Covered payroll has been presented in accordance with GASB 82, Pension Issues. Covered payroll includes all payroll on which a contribution is based.

Note 4: Change in contribution rate

Rates in effect during the periods covered by the Required Supplemental Information are below:

PERS 1

<u>From this Date</u>	<u>Through this Date</u>	<u>Rate</u>	
9/1/2013	6/30/2015	9.21%	
7/1/2015	6/30/2017	11.18%	
7/1/2017	8/31/2018	12.70%	
9/1/2018	6/30/2019	12.83%	
7/1/2019	8/31/2020	12.86%	
9/1/2020	06/30/2021	12.97%	*
7/1/2021	12/31/2021	10.25%	*
1/1/2022	06/30/2022	10.26%	*
7/1/2022	Current	10.39%	*

* Employer contribution rate includes an administrative expense rate of 0.18%

PERS 2/3

<u>From this Date</u>	<u>Through this Date</u>	<u>Rate</u>	
9/1/2013	6/30/2015	9.21%	
7/1/2015	6/30/2017	11.18%	
7/1/2017	8/31/2018	12.70%	
9/1/2018	6/30/2019	12.83%	
7/1/2019	8/31/2020	12.86%	
9/1/2020	06/30/2021	12.97%	*
7/1/2021	06/30/2022	10.25%	*
7/1/2022	Current	10.39%	*

* Employer contribution rate includes an administrative expense rate of 0.18%

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

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Expenditures				Passed through to Subrecipients	Note
			Other Award Number	From Pass- Through Awards	From Direct Awards	Total		
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Farm Labor Housing Loans and Grants	10.405		-	1,423,296	1,423,296	-	1
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Farm Labor Housing Loans and Grants	10.405		-	1,692,454	1,692,454	-	1
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Farm Labor Housing Loans and Grants	10.405		-	1,200,000	1,200,000	-	1
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Farm Labor Housing Loans and Grants	10.405		-	756,478	756,478	-	1
			Total ALN 10.405:	-	5,072,228	5,072,228	-	
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Rural Rental Housing Loans	10.415		-	76,083	76,083	-	1
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Rural Rental Housing Loans	10.415		-	67,736	67,736	-	1
			Total ALN 10.415:	-	143,819	143,819	-	
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Rural Rental Assistance Payments	10.427		-	178,155	178,155	-	1
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Rural Rental Assistance Payments	10.427		-	114,280	114,280	-	1
			Total ALN 10.427:	-	292,435	292,435	-	

The accompanying notes are an integral part of this schedule.

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

Federal Agency (Pass-Through Agency)	Expenditures							
	Federal Program	ALN Number	Other Award Number	From Pass- Through Awards	From Direct Awards	Total	Passed through to Subrecipients	Note
Section 8 Project-Based Cluster								
ASST SECRETARY FOR HOUSING--FEDERAL HOUSING COMMISSIONER, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Project-Based Rental Assistance (PBRA)	14.195		-	207,582	207,582	-	1
	Project-Based Rental Assistance (PBRA)	14.195		-	40,074	40,074	-	1
	Project-Based Rental Assistance (PBRA)	14.195		-	96,847	96,847	-	1
Total Section 8 Project-Based Cluster:				-	344,503	344,503	-	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Wa State Department of Commerce)	Home Investment Partnerships Program	14.239	13-47101- 120/14-42401- 120	116,306	-	116,306	-	1
ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Public Housing Operating Fund	14.850		-	681,269	681,269	-	1
Housing Voucher Cluster								

The accompanying notes are an integral part of this schedule.

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

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Section 8 Housing Choice Vouchers	14.871	-	-	1,742,685	1,742,685	-	1
Total Housing Voucher Cluster:				-	1,742,685	1,742,685	-	
ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Public Housing Capital Fund	14.872	-	-	55,389	55,389	-	1
ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Public Housing Capital Fund	14.872	-	-	147,151	147,151	-	1
ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Public Housing Capital Fund	14.872	-	-	176,953	176,953	-	1
ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Public Housing Capital Fund	14.872	-	-	221,405	221,405	-	1
Total ALN 14.872:				-	600,898	600,898	-	
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Grant County)	COVID-19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	21-4619C-108	4,378,521	-	4,378,521	-	1

The accompanying notes are an integral part of this schedule.

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

Federal Agency (Pass-Through Agency)	Federal Program	Expenditures				Passed through to Subrecipients	Note
		ALN Number	Other Award Number	From Pass- Through Awards	From Direct Awards	Total	
		Total Federal Awards Expended:				13,372,664	-
				4,494,827	8,877,837	13,372,664	

The accompanying notes are an integral part of this schedule.

Grant County Housing Authority
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

NOTE 1-BASIS OF ACCOUNTING

This Schedule is prepared on the same basis of accounting as the Housing Authority's financial statements. The Housing Authority uses the accrual basis of accounting.

NOTE 2-FEDERAL INDIRECT COST RATE

The Housing Authority of Grant County has not elected to use the 10% de minimis indirect cost rate allowed under Uniform Guidance.

NOTE 3-FEDERAL LOANS

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

- A. The Housing Authority was approved by the USDA Rural Development to receive a loan totaling \$1,799,990 for construction of Esperanza Housing Development. The amount listed for this loan includes the beginning of the period loan balance plus proceeds used during the year. The balance owing at the end of the period is \$1,423,296.
- B. The Housing Authority was approved by the USDA Rural Development to receive a loan totaling \$2,016,263 for construction of Esperanza Housing Development. The amount listed for this loan includes the beginning of the period loan balance plus proceeds used during the year. The balance owing at the end of the period is \$1,692,454.
- C. The Housing Authority was approved by the USDA Rural Development to receive a loan totaling \$1,200,000 for construction of Esperanza Housing Development. The amount listed for this loan includes the beginning of the period loan balance plus proceeds used during the year. The balance owing at the end of the period is \$1,200,000.
- D. The Housing Authority was approved by the USDA Rural Development to receive a loan totaling \$756,478 for construction of Esperanza Housing Development. The amount listed for this loan includes the beginning of the period loan balance plus proceeds used during the year. The balance owing at the end of the period is \$756,478.

- E. The Housing Authority was approved by the USDA Rural Development to receive a loan totaling \$450,702 for a mortgage on Beverly Lane Apartments. The amount listed for this loan includes the beginning of the period loan balance plus proceeds used during the year. The balance owing at the end of the period is \$76,083.
- F. The Housing Authority was approved by the USDA Rural Development to receive a loan totaling \$159,194 for a mortgage on Karen Lane Apartments. The amount listed for this loan includes the beginning of the period loan balance plus proceeds used during the year. The balance owing at the end of the period is \$67,736.

HA Of Grant County (WA014)
MOSES LAKE, WA
Entity Wide Balance Sheet Summary

Submission Audited/Single Audit Fiscal Year End: 12/31/2023

Submission	Audited/Single Audit Type:	12/31/2023														Subtotal	ELIM	Total
		Project Total	6.1 Component Unit - Discretely Presented	Homeless Prevention and Rapid Re-Housing Program (RAE)	21,019 Coronavirus Relief Fund	10,405 Farm Labor Housing Loans and Grants	2 State/Local	21,027 Coronavirus State and Local Fiscal Recovery Funds	10,415 Rural Rental Housing Loans	14,195 Section 8 Housing Assistance Payments Program, Special Allocations	14,239 HOME Investment Partnerships Program	21,023 Emergency Rental Assistance Program	14,871 Housing Choice Vouchers	14,231 Emergency Shelter Grants Program	10,427 Rural Rental Assistance Payments	14,885 Formula Capital Fund Stimulus Grant		
111 Cash - Unrestricted		\$36,766	\$237,971				\$410,860				\$200,135		\$1,164,707			\$2,050,439		\$2,050,439
112 Cash - Restricted - Modernization and Development																		
113 Cash - Other Restricted																		
114 Cash - Tenant Security Deposits		\$56,570	\$14,809				\$50,164			\$15,556					\$155,788	\$292,887		\$292,887
115 Cash - Restricted for Payment of Current Liabilities																		
100 Total Cash		\$93,336	\$252,780	\$0	\$0	\$0	\$461,024	\$0	\$0	\$15,556	\$0	\$0	\$200,135	\$0	\$1,320,495	\$0	\$0	\$2,343,326
121 Accounts Receivable - PHA Projects																		
122 Accounts Receivable - HUD Other Projects							\$84,238									\$84,238		\$84,238
124 Accounts Receivable - Other Government							\$225,511									\$225,511		\$225,511
125 Accounts Receivable - Miscellaneous															\$43,564	\$43,564		\$43,564
126 Accounts Receivable - Tenants		\$12,504	\$2,749				\$811			\$22,243					\$80,156	\$118,463		\$118,463
126.1 Allowance for Doubtful Accounts - Tenants		-\$1,589	\$0				-\$811			-\$582					-\$252	-\$3,234		-\$3,234
126.2 Allowance for Doubtful Accounts - Other							-\$2,120								\$0	-\$2,120		-\$2,120
127 Notes, Loans, & Mortgages Receivable - Current																		
128 Fraud Recovery																		
128.1 Allowance for Doubtful Accounts - Fraud																		
129 Accrued Interest Receivable																		
120 Total Receivables, Net of Allowances for Doubtful Accounts		\$10,915	\$2,749	\$0	\$0	\$0	\$307,629	\$0	\$0	\$21,661	\$0	\$0	\$0	\$0	\$123,468	\$0	\$0	\$466,422
131 Investments - Unrestricted		\$312,938					\$331,813			\$28,473			\$65,822		\$1,136	\$740,182		\$740,182
132 Investments - Restricted			\$887,639				\$155,768				\$790				\$2,714,371	\$3,758,568		\$3,758,568
135 Investments - Restricted for Payment of Current Liability																		
142 Prepaid Expenses and Other Assets		\$23,086	\$46,960				\$15,336			\$2,549			\$999		\$38,006	\$126,936		\$126,936
143 Inventories							\$57,382									\$57,382		\$57,382
143.1 Allowance for Obsolete Inventories							-\$275									-\$275		-\$275
144 Inter Program Due From							\$9,574,326			\$12,447					\$73,991	\$9,660,764	-\$9,660,764	\$0
145 Assets Held for Sale																		
150 Total Current Assets		\$440,275	\$1,190,128	\$0	\$0	\$0	\$10,903,003	\$0	\$0	\$80,686	\$0	\$0	\$267,746	\$0	\$4,271,467	\$17,153,305	-\$9,660,764	\$7,492,541
161 Land		\$461,043	\$261,200				\$1,594,588			\$29,985					\$1,232,768	\$3,579,584		\$3,579,584
162 Buildings		\$15,931,048	\$6,788,936				\$7,029,968			\$1,590,420					\$53,184,922	\$84,525,294		\$84,525,294
163 Furniture, Equipment & Machinery - Dwellings		\$354,819	\$9,650				\$129,994			\$33,788					\$1,529,227	\$2,057,478		\$2,057,478
164 Furniture, Equipment & Machinery - Administration		\$956,814					\$433,783			\$60,074					\$18,260	\$1,468,931		\$1,468,931
165 Leasehold Improvements		\$1,061,944					\$749,352			\$83,595					\$22,984	\$1,917,875		\$1,917,875
166 Accumulated Depreciation		-\$14,461,426	-\$2,778,741				-\$7,482,006			-\$1,461,585					-\$27,691,910	-\$53,875,668		-\$53,875,668
167 Construction in Progress		\$923,870					\$25,798									\$949,668		\$949,668
168 Infrastructure																		
160 Total Capital Assets, Net of Accumulated Depreciation		\$5,228,112	\$4,281,045	\$0	\$0	\$0	\$2,481,477	\$0	\$0	\$336,277	\$0	\$0	\$0	\$0	\$28,296,251	\$0	\$0	\$40,623,162
171 Notes, Loans and Mortgages Receivable - Non-Current																		
172 Notes, Loans, & Mortgages Receivable - Non-Current Due							\$2,732,056									\$2,732,056		\$2,732,056
173 Grants Receivable - Non Current																		
174 Other Assets							\$362,988									\$362,988		\$362,988
176 Investments in Joint Ventures							\$345,068									\$345,068		\$345,068
180 Total Non-Current Assets		\$5,228,112	\$4,281,045	\$0	\$0	\$0	\$5,921,589	\$0	\$0	\$336,277	\$0	\$0	\$0	\$0	\$28,296,251	\$0	\$0	\$44,063,274
200 Deferred Outflow of Resources							\$523,184									\$523,184		\$523,184

HA Of Grant County (WAO14)

MOSES LAKE, WA

Entity Wide Revenue and Expense Summary

Submission Type:	Audited/Single Audit	Fiscal Year End: 12/31/2023										14,239 HOME Investment Partnerships Program	21,023 Emergency Rental Assistance Program	14,871 Housing Choice Vouchers	14,231 Emergency Shelter Grants Program	10,427 Rural Rental Assistance Payments	14,885 Formula Capital Fund Stimulus Grant	Subtotal	ELIM	Total
		Project Total	6.1 Component Unit - Discretely Presented	14,257 Homelessness Prevention and Rapid Re-Housing Program (RAH)	21,019 Coronavirus Relief Fund	10,405 Farm Labor Housing Loans and Grants	2 State/Local	21,027 Coronavirus State and Local Fiscal Recovery Funds	10,415 Rural Rental Housing Loans	14,195 Section 8 Housing Assistance Payments Program, Special Allocations										
70300 Net Tenant Rental Revenue		\$1,043,125	\$441,917				\$912,763			\$165,761						\$2,927,220	\$5,490,786			\$5,490,786
70400 Tenant Revenue - Other		\$56,226	\$118,253				\$155,894			\$9,272						\$144,094	\$483,739			\$483,739
70500 Total Tenant Revenue		\$1,099,351	\$560,170	\$0	\$0	\$0	\$1,068,657	\$0	\$0	\$175,033	\$0	\$0	\$0	\$0	\$0	\$3,071,314	\$5,974,525	\$0	\$0	\$5,974,525
70600 HUD PHA Operating Grants		\$681,269			\$4,378,030		\$689,001			\$207,582				\$1,865,497		\$625,091	\$8,646,470			\$8,646,470
70610 Capital Grants		\$599,832															\$599,832			\$599,832
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	\$0
70800 Other Government Grants																				
71100 Investment Income - Unrestricted		\$7,228														\$255,732	\$255,732			\$255,732
71200 Mortgage Interest Income							\$6,205			\$659				\$1,828		\$38,711	\$54,631			\$54,631
71300 Proceeds from Disposition of Assets Held for Sale																				
71310 Cost of Sale of Assets																				
71400 Fraud Recovery																				
71500 Other Revenue		\$85,109					\$1,367,513			\$9,814				\$1,375		\$19,030	\$1,482,841			\$1,482,841
71600 Gain or Loss on Sale of Capital Assets																				
72000 Investment Income - Restricted			\$2,899				\$1,505							\$0		\$2	\$4,406			\$4,406
70000 Total Revenue		\$2,472,789	\$563,069	\$0	\$4,378,030	\$0	\$3,332,881	\$0	\$0	\$393,088	\$0	\$0	\$0	\$1,868,700	\$0	\$4,009,880	\$17,018,437	\$0	\$0	\$17,018,437
91100 Administrative Salaries		\$318,108			\$84,048		\$621,482			\$62,599				\$88,344		\$466,967	\$1,641,548			\$1,641,548
91200 Auditing Fees		\$24,416					\$16,238			\$5,306				\$2,928		\$57,919	\$106,807			\$106,807
91300 Management Fee			\$9,337													\$269,769	\$279,106			\$279,106
91310 Book-keeping Fee		\$10,303					\$6,297			\$2,259				\$1,154		\$1,242	\$21,255			\$21,255
91400 Advertising and Marketing		\$3,772					\$1,629			\$554				\$1,003		\$301	\$7,259			\$7,259
91500 Employee Benefit contributions - Administrative		\$107,130			\$30,296		\$215,947			\$19,945				\$43,806		\$32,015	\$449,139			\$449,139
91600 Office Expenses		\$49,592	\$153,062		\$598		\$38,437			\$9,249				\$18,699		\$149,855	\$419,492			\$419,492
91700 Legal Expense		\$7,927					\$3,043			\$14,809						\$49,837	\$75,616			\$75,616
91800 Travel		\$22					\$78										\$100			\$100
91810 Allocated Overhead							\$100,525										\$100,525			\$100,525
91900 Other		\$84,569			\$2,000					\$17,085				\$27,018		\$39,632	\$170,304			\$170,304
91000 Total Operating - Administrative		\$605,839	\$162,399	\$0	\$116,942	\$0	\$1,003,676	\$0	\$0	\$131,806	\$0	\$0	\$0	\$182,952	\$0	\$1,067,537	\$3,271,151	\$0	\$0	\$3,271,151
92000 Asset Management Fee																				
92100 Tenant Services - Salaries																				
92200 Relocation Costs		\$2,354															\$2,354			\$2,354
92300 Employee Benefit Contributions - Tenant Services																				
92400 Tenant Services - Other																				
92500 Total Tenant Services		\$2,354	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,354	\$0	\$0	\$2,354
93100 Water		\$157,505																		\$685,064
93200 Electricity		\$21,986					\$119,516			\$52,180						\$355,863	\$685,064			\$685,064
93300 Gas							\$45,779			\$380						\$90,329	\$158,474			\$158,474
93400 Fuel																				
93500 Labor																				

[illegible]

ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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

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

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

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

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