



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

January 23, 2025

Board of Commissioners
Housing Authority of Skagit County
Burlington, Washington

**Contracted CPA Firm's Audit Report on Financial Statements and
Federal Single Audit**

We have reviewed the audit report issued by a certified public accounting (CPA) firm on the financial statements and compliance with federal grant requirements of the Housing Authority of Skagit County for the fiscal year ended September 30, 2023. The Housing Authority contracted with the CPA firm for this audit and requested that we accept it in lieu of performing our own audit.

Based on this review, we have accepted this report in lieu of the audit required by RCW 43.09.260. The Office of the Washington State Auditor did not audit the accompanying financial statements or the Housing Authority of Skagit County's compliance with federal grant agreements and, accordingly, we do not express an opinion on those financial statements or on compliance.

This report is being published on the Office of the Washington State Auditor website as a matter of public record.

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

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HOUSING AUTHORITY OF SKAGIT COUNTY

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED SEPTEMBER 30, 2023



CPAs | CONSULTANTS | WEALTH ADVISORS

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YEAR ENDED SEPTEMBER 30, 2023**

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Housing Authority of Skagit County
Burlington, Washington

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of business-type activities and the discretely presented component unit of the Housing Authority of Skagit County (the Authority), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit as of September 30, 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.

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

Emphasis of Matter

Restatement due to Accounting Error – Business-Type Activities

As discussed in Note 1 to the financial statements, the Authority restated beginning balances to correct an accounting error that occurred in the prior year. Our opinions are not modified with respect to that matter.

Changing in Reporting Year End – Discretely Presented Component Unit

As discussed in Note 1 to the financial statements, the discretely presented component unit has a calendar year-end. Historically, the calendar year-end 9 months prior to the Authority's fiscal year-end was presented. During the fiscal year September 30, 2023, the calendar year-end 3 months subsequent to year-end September 30, 2023 has been presented as a result of a separate audit being performed. Our opinions are not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 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.

Auditors' 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 auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with 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.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 to 9, schedule of the Authority's proportionate share of the net pension liability, schedule of Authority's pension contributions, and related notes on pages 39 to 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the 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 of Skagit County's basic financial statements. The financial data schedules, as required by the U.S. Department of Housing and Urban Development, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and 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 GAAS. In our opinion, the financial data schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board of Commissioners
Housing Authority of Skagit County

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 6, 2024, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Bellevue, Washington
August 6, 2024

FINANCIAL SECTION

**HOUSING AUTHORITY OF SKAGIT COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

As management of the Housing Authority of Skagit County (the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended September 30, 2023. This discussion and analysis are intended to assist the reader in focusing on significant financial issues, provide an overview of the Authority's financial position, and identify issues or concerns. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

The financial performance discussed in the following analysis does not include the tax credit entity identified as a discrete component unit. The tax credit entity is owned by separate legal entities with the Authority acting as the general partner or managing member. The separate legal entity is not carried directly on the books of the Authority but is listed as a component unit in the Authority's financial statements and is detailed in portions of the notes to the financial statements. With those exceptions, neither the component unit, nor its financial data, are included in this analysis.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$14.1 million.
- The majority (70%) of the Authority's programs are funded by federal grants and subsidies.
- Twenty percent (19%) of the net position is subject to external restrictions on how it may be used. The portions of net position that are federal programs that cannot be used for day-to-day operations are restricted.
- The unrestricted category of net position is \$4,175,494 at September 30, 2023. Unrestricted net position represents the amount the Authority can use to meet the ongoing obligations to citizens and creditors.
- The Authority's total net position increased between September 30, 2022 and September 30, 2023, by \$318,569.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis provide an introduction and overview to the Authority's basic financial statements. The basic financial statements comprise three components: 1) entity-wide financial statements, 2) notes to the financial statements, and 3) required supplementary financial information.

Financial Statements – The entity-wide financial statements consist of a statement of net position, statement of revenues, expenses and changes in net position and a statement of cash flows. For more information on the separate federal programs of the Authority, see the list on the Schedule of Expenditures of Federal Awards. The Authority is considered a special purpose government; therefore, the U.S. Department of Housing and Urban Development (HUD) has recommended that this model be used.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide financial statements. They are intended to disclose all pertinent matters as prescribed under Generally Accepted Accounting Principles (GAAP).

**HOUSING AUTHORITY OF SKAGIT COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

FINANCIAL ANALYSIS

Condensed Statement of Net Position

A brief condensed comparative analysis of current and prior year net financial position and performance follows.

**HOUSING AUTHORITY OF SKAGIT COUNTY
Condensed Statements of Net Position**

	2023	2022
Assets and Deferred Outflows of Resources:		
Current and Other Assets	\$ 7,849,118	\$ 7,511,961
Capital Assets	19,265,687	19,763,202
Total Assets	27,114,805	27,275,163
Deferred Outflows of Resources	293,288	331,328
 Total Assets and Deferred Outflows of Resources	 \$ 27,408,093	 \$ 27,606,491
 Liabilities and Deferred Inflows of Resources:		
Long-Term Debt Outstanding	\$ 11,918,508	\$ 12,238,719
Other Liabilities	1,106,895	1,160,344
Total Liabilities	13,025,403	13,399,063
Deferred Inflows of Resources	240,378	383,685
Total Liabilities and Deferred Inflows of Resources	13,265,781	13,782,748
 Net Position:		
Net Investment in Capital Assets	7,347,179	7,524,483
Restricted	2,619,639	2,582,606
Unrestricted	4,175,494	3,716,654
Total Net Position	14,142,312	13,823,743
 Total Liabilities, Deferred Inflows of Resources, and Net Position	 \$ 27,408,093	 \$ 27,606,491

**HOUSING AUTHORITY OF SKAGIT COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

The Authority's net position is \$14.1 million at September 30, 2023. Of this amount, \$2.6 million, or 19% of total net position, is restricted for legal constraints from debt covenants, net pension assets, enabling legislation and federal grant requirements that limits the Authority's ability to use this component of net position for day-to-day operations. The four major components of restricted net position are debt service reserves, net pension assets, Housing Choice Voucher housing assistance payment (HAP) program reserves and required replacement reserves.

At September 30, 2023, the unrestricted net position increased to \$.5 million, or 30% of net position. This represents the amount that may be used to meet the Authority's ongoing obligations. The increase is due to increased tenant rents and other income exceeding operating expenses.

The Authority's investment in capital, less any related debt used to acquire the assets that is still outstanding, reflects its net investment in capital assets (\$7.3 million or 52.0% at 2023). The Authority's capital assets are used to provide housing to citizens. Consequently, these assets are not available for future spending. The net investment in capital assets at fiscal year-end shows a 2% decrease.

The current and other asset category increased \$.3 million from FY2022 to FY2023, caused by increases of cash and cash equivalents and accounts receivables. Capital assets decreased due to annual depreciation expense offsetting additions.

The Authority's total liabilities decreased 3% between 2022 and 2023 due to principal payments on bonds and mortgages payable. Other liabilities decreased by \$53,449 or 5%.

At September 30, 2023, the Authority reports positive balances in all three categories of net position. Overall, the Authority's financial condition has improved.

Condensed Statement of Revenue, Expense, and Changes in Fund Net Position

Direct grants and subsidies from HUD, USDA and other grant programs make up 69% of the revenue received, including contributions. The largest program the Authority administers is the Housing Choice Voucher program, commonly known as Section 8. This program also generates the largest single category of expense in the form of housing assistance payments (HAP), which are disbursements to private landlords to assist eligible low-income families with their rent.

A major factor affecting the Statement of Revenues, Expenses and Changes in Net Position is Congress' continued appropriation and support for these programs. In fiscal year 2023, HUD support increased from the prior year by \$0.20 million; economic factors including rising rents and high occupancy rates in the local rental market resulted in fewer families assisted.

**HOUSING AUTHORITY OF SKAGIT COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

The tenant revenues between fiscal year 2022 and 2023 increased 3%, or \$.08 million. Tenant rents fluctuate based on the tenants' ability to pay. Most of this increase was in the state and local subsidized housing business line. Grants from other government agencies increased by 45.6% or \$.5 million.

Total operating expense increased by 12.3% or \$1.0 million compared to FY 2023 due to increases in the utility programs. The primary cause is an increase in the State and Local program increased by \$.01 million due to increases in the administrative expenses.

Overall, total revenues increased by 10.8% and total expenses increased by 26.8% between FY2022 and FY2023 for the reasons explained above.

Key elements of the Condensed Statement of Revenue, Expense, and Changes in Fund Net Position for the Authority are as follows:

**Condensed Statement of Revenue, Expenses, and Changes in Net Position
For the Fiscal Years Ended September 30,**

	<u>2023</u>	<u>2022</u>
Revenues:		
Operating Revenue:		
Net Tenant Rental Revenue	\$ 2,565,535	\$ 2,485,259
HUD Operating Grants	4,905,474	4,701,513
Other Government Grants	1,649,494	1,132,951
Other Revenue	204,754	97,980
Total Operating Revenue	<u>9,325,257</u>	<u>8,417,703</u>
Nonoperating Revenue:		
Other Nonoperating Revenue	<u>125,695</u>	<u>27,407</u>
Total Nonoperating Revenue	<u>125,695</u>	<u>27,407</u>
Total Revenues	9,450,952	8,445,110
Expenses:		
Operating Expenses	8,985,972	7,999,473
Nonoperating Expenses:		
Gain on Disposal of Capital Assets	-	(979,030)
Interest Expense	<u>146,411</u>	<u>181,251</u>
Total Expenses	<u>9,132,383</u>	<u>7,201,694</u>
Change in Net Position	318,569	1,243,416
Net Position - Beginning, As Restated	<u>13,823,743</u>	<u>12,580,327</u>
Net Position - Ending, As Restated	<u><u>\$ 14,142,312</u></u>	<u><u>\$ 13,823,743</u></u>

**HOUSING AUTHORITY OF SKAGIT COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Authority's investment in capital assets as of September 30, 2023 amounts to \$19.3 million (net of accumulated depreciation). The changes between 2022 and 2023 represent capital asset additions less depreciation. This investment in capital assets includes land, buildings and equipment and improvements other than buildings reduced by the related accumulated depreciation or amortization.

	2023	2022
Land	\$ 3,094,975	\$ 3,094,975
Buildings	21,968,121	21,912,962
Equipment	2,056,140	1,951,558
Land Improvements	600,643	562,043
Total Depreciable Capital Assets	24,624,904	24,426,563
Accumulated Depreciation	(8,454,192)	(7,758,336)
Total Depreciable Capital Assets, Net	16,170,712	16,668,227
Total Capital Assets, Net	\$ 19,265,687	\$ 19,763,202

Long-Term Debt

At September 30, 2023, the Authority had total capital debt outstanding of \$11.9 million compared to \$12.2 million at September 30, 2022. This decrease represents scheduled debt payments of \$0.3 million. The Authority is in good standing with all debt obligations and foresees no imminent difficulties with meeting its scheduled debt obligations.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Authority is primarily dependent upon HUD, USDA, and the Washington State Department of Commerce for funding of operations; therefore, the Authority is affected by the Federal budget in addition to local economic conditions. Federal budget cuts enacted in prior years and expected to occur in future periods represent the greatest economic issue for the Authority.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Housing Authority of Skagit County's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to Executive Director, Housing Authority of Skagit County, 1650 Port Drive, Burlington, Washington 98233.

BASIC FINANCIAL STATEMENTS

HOUSING AUTHORITY OF SKAGIT COUNTY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

	Business-Type Activities	Discretely Presented Component Unit
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Cash Unrestricted	\$ 2,786,570	\$ 39,249
Investments	395,352	-
Accounts Receivable (Net)	258,880	5,578
Prepaid and Other Assets	821,106	44,302
Inventory (Net)	7,607	-
Cash Restricted	2,326,728	16,517
Tenant Security Deposits	131,165	41,812
Total Current Assets	6,727,408	147,458
NONCURRENT ASSETS		
Capital Assets:		
Nondepreciable	3,094,975	1,110,687
Depreciable, Net	16,170,712	15,223,536
Total Capital Assets, Net	19,265,687	16,334,223
Net Pension Asset	386,710	-
Developer Fee Receivable	375,000	-
Other Assets	360,000	122,755
Total Noncurrent Assets	20,387,397	16,456,978
Total Assets	27,114,805	16,604,436
DEFERRED OUTFLOWS OF RESOURCES		
Amounts Related to Pension	293,288	-
Total Deferred Outflows of Resources	293,288	-
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
CURRENT LIABILITIES		
Accounts Payable and Other Accrued Liabilities	651,734	517,949
Interest Payable	11,362	199,527
Unearned Revenues	12,502	-
Current Portion, Long Term Debt	369,913	8,055,000
Other Current Liabilities	4,065	27,500
Tenant Security Deposits	131,165	40,800
Total Current Liabilities	1,180,741	8,840,776
NONCURRENT LIABILITIES		
Long Term Debt, Net of Current Portion	11,548,595	5,596,848
Compensated Absences	51,579	-
Net Pension Liability	167,256	-
Other Noncurrent Liabilities	77,232	375,000
Total Noncurrent Liabilities	11,844,662	5,971,848
Total Liabilities	13,025,403	14,812,624
DEFERRED INFLOWS OF RESOURCES		
Amounts Related to Pension	240,378	-
Total Deferred Inflows of Resources	240,378	-
NET POSITION		
Net Investment in Capital Assets	7,347,179	1,826,103
Restricted for Program Reserves	2,232,929	17,529
Restricted for Pension Asset	386,710	-
Unrestricted Net Position	4,175,494	(51,820)
Total Net Position	\$ 14,142,312	\$ 1,791,812

See accompanying Notes to Financial Statements.

HOUSING AUTHORITY OF SKAGIT COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
BUSINESS-TYPE ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2023

	Business-Type Activities
OPERATING REVENUE	
Net Rental Revenue	\$ 2,565,535
HUD PHA Operating Grants	4,905,474
Other Government Grants	1,649,494
Other Income	204,754
Total Operating Revenue	9,325,257
OPERATING EXPENSES	
Administrative	1,399,208
Tenant Services	240,025
Utilities	448,059
Maintenance	767,873
Protective Services	6,543
Other General Expenses	1,180,822
Housing Assistance Payments	4,247,586
Depreciation and Amortization	695,856
Total Operating Expenses	8,985,972
OPERATING INCOME	339,285
NONOPERATING INCOME (EXPENSES)	
Investment Income	125,695
Interest Expense	(146,411)
Total Nonoperating Expenses	(20,716)
CHANGE IN NET POSITION	318,569
Net Position - Beginning of Year, As Restated	13,823,743
NET POSITION - END OF YEAR	\$ 14,142,312

See accompanying Notes to Financial Statements.

**HOUSING AUTHORITY OF SKAGIT COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
DISCRETELY PRESENTED COMPONENT UNIT
YEAR ENDED SEPTEMBER 30, 2023**

	<u>Discretely Presented Component Unit</u>
OPERATING REVENUE	
Net Rental Revenue	\$ 441,638
Other Income	13,095
Total Operating Revenue	<u>454,733</u>
OPERATING EXPENSES	
Administrative	218,147
Utilities	59,826
Maintenance	84,002
Other General Expenses	99,747
Depreciation and Amortization	663,827
Total Operating Expenses	<u>1,125,549</u>
OPERATING LOSS	(670,816)
NONOPERATING INCOME (EXPENSES)	
Other	54,406
Interest Expense	(744,894)
Total Nonoperating Income	<u>(690,488)</u>
CHANGE IN NET POSITION	(1,361,304)
Capital Contribution	1,975,000
Net Position - Beginning of Year	<u>1,178,116</u>
NET POSITION - END OF YEAR	<u>\$ 1,791,812</u>

See accompanying Notes to Financial Statements.

**HOUSING AUTHORITY OF SKAGIT COUNTY
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2023**

	<u>Business-Type Activities</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Tenants	\$ 2,647,109
Cash Received from Other Activities	1,854,034
Cash Received from HUD Operating Grants	4,847,351
Cash Paid to Suppliers	(2,402,108)
Cash Paid to Employees	(1,832,521)
Cash Paid to Landlords	(4,247,586)
Net Cash Provided by Operating Activities	<u>866,279</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of Capital Assets	(163,950)
Principal Paid on Long-Term Debt	(354,599)
Interest Paid	(146,411)
Net Cash Used by Capital and Related Financing Activities	<u>(664,960)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	125,695
Purchases of investment securities	(395,352)
Net Cash Used by Investing Activities	<u>(269,657)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(68,338)
Cash and Cash Equivalents - Beginning of Year	<u>5,312,801</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 5,244,463</u></u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION	
Cash and Cash Equivalents, Unrestricted	\$ 2,786,570
Cash and Cash Equivalents, Restricted - Current	2,326,728
Tenant Security Deposits	131,165
Cash and Cash Equivalents, Total	<u><u>\$ 5,244,463</u></u>

See accompanying Notes to Financial Statements.

**HOUSING AUTHORITY OF SKAGIT COUNTY
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2023**

	Business-Type Activities
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Net Income	\$ 339,285
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:	
Depreciation and Amortization	695,856
Increase (Decrease) in Cash Due to Changes in Assets and Liabilities:	
Accounts Receivable - Tenants	(24,941)
Accounts Receivable - Other	(14,625)
Prepaid Expenses	(28,788)
Developer Fee Receivable	103,636
Net Pension Asset	(45,428)
Accounts Payable and Other Accrued Liabilities	35,223
Tenant Security Deposits	2,665
Compensated Absences	(4,697)
Unearned Revenue	(43,498)
Other Liabilities	(13,599)
Pension Liability	(29,543)
Deferred Outflows	38,040
Deferred Inflows	(143,307)
Net Adjustments	526,994
Net Cash Provided by Operating Activities	\$ 866,279

See accompanying Notes to Financial Statements.

HOUSING AUTHORITY OF SKAGIT COUNTY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization and Reporting Entity

The Authority is a municipal corporation governed by a five-member appointed board. In determining how to define the reporting entity, management has considered all potential component units of the Authority. Component units are legally separate entities for which the Authority is financially accountable or are other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The decision to include a component unit in the reporting entity using the blending method or by discrete presentation was made by applying the criteria set forth in Sections 2100 and 2600 of the Government Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting.

Discretely Presented Component Unit

Based on the criteria above, the Housing Authority of Skagit County Mount Vernon LLLP (the Company) is presented as a discrete component unit. The Company was organized to develop, construct, own, maintain, and operate thereon 51 multi-family residential units for rental to low-income tenants. The Authority is the managing member of the LLLP. The apartment building was substantially completed at December 31, 2022. The Company has a December 31 fiscal year-end; therefore, the information shown in the component unit column is for the fiscal year ended December 31, 2022.

B. Basis of Accounting and Presentation

The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority is a special purpose governmental entity created to provide low rent housing and engages only in business-type activities and, therefore, presents only the financial statements required for an enterprise fund, in accordance with GASB Statement 34 paragraph 138.

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

The Authority has elected to report as a single-enterprise proprietary fund and uses the accrual basis of accounting. The measurement focus is on the flow of economic resources. Under the accrual basis of accounting, revenue is recognized when earned and expenses are recognized when obligations are incurred or when benefits are received. Capital asset purchases are capitalized, and long-term debt liabilities are accounted for in the fund. Proprietary funds are used to account for activities that are operated in a manner similar to private enterprise business. The proprietary fund is composed of a number of programs. These programs are designed to provide low-income individuals with housing.

HOUSING AUTHORITY OF SKAGIT COUNTY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Accounting and Presentation (Continued)

The Authority's financial statements distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The Authority's principal operating revenues are charges to tenants for providing housing and related services, and subsidies from federal and state agencies for these same services. Operating expenses for programs include the cost of sales and services, administrative expenses, and depreciation on capital assets. Nonroutine maintenance expenses are expensed as incurred. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The GASB defines the basic financial statements of a business-type activity as the: statement of net position, statement of revenues, expenses, and changes in net position, and the statement of cash flows. These basic financial statements are supplemented by a management's discussion and analysis as required supplemental information. The statement of net position is presented to illustrate both the current and noncurrent balances of each asset and liability. All revenues and expenses are classified as either operating or nonoperating activities in the statement of revenues, expenses, and changes in net position.

The following are the primary programs administered by the Authority and included in these financial statements:

Housing Choice Vouchers Program

The Authority administers the Housing and Urban Development (HUD) Housing Choice Vouchers program for Skagit County and San Juan County. HUD provides a contracted number of vouchers and Veterans Affairs Supportive Housing Vouchers to the Authority, which are used to provide rental payments to landlords for a specified number and type of housing units for low-income tenants.

Weatherization Program

The Authority receives federal grants from the Department of Health and Human Services and the Department of Energy and also receives state grants for the purpose of providing assistance to low-income homeowners and tenants to properly weatherize their homes for energy efficiency.

Family Housing Program

The Authority owns the Mount Baker Meadows apartment complex of 20 units, operated subject to Section 514 of the Housing Act of 1949 and United States Department of Agriculture (USDA) regulations. The apartments may be used only for the purpose of housing people under these regulations.

The Authority owns the Skagit County Seasonal Farmworker Housing composed of 16 multiple bed units located in Skagit County, Washington. This property is operated subject to United States Department of Agriculture (USDA) regulations for transient farmworker housing.

HOUSING AUTHORITY OF SKAGIT COUNTY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Accounting and Presentation (Continued)

Family Housing Program (Continued)

The Authority owns the Burlington Terrace apartment complex of 85 units. The purchase of this complex was financed with the issuance of bonds.

The Authority owns the President apartment complex of 38 housing units and additional commercial space, located in Mount Vernon, Washington. The purchase of this complex was financed with the issuance of bonds, a revenue note, and a mortgage loan.

The Authority owns the La Paloma apartment complex of 40 units, operated subject to Section 514 of the Housing Act of 1949 and United States Department of Agriculture (USDA) regulations. The apartments may be used only for the purpose of housing people under these regulations. The Authority receives rental assistance from USDA for low-income tenants housed in the apartments.

The Authority owns the Raspberry Ridge apartment complex of 50 units located in Skagit County, Washington. This project will be subject to Washington State Department of Commerce Housing Finance debt service provisions, under negotiations at this time.

The Authority owns the Raspberry Ridge II apartment complex of 30 units located in Skagit County, Washington.

C. Cash, Cash Equivalents, and Investments

For purposes of the statement of cash flows, the Authority considers all cash on hand, demand deposits, cash in money market accounts, and short-term investments generally with original maturity of three months or less from the date of acquisition to be cash equivalents, including restricted cash and cash equivalents. Investments of the Authority include money market mutual funds investing in U.S. Treasury securities and investments in the Washington State Treasurer's Office Local Government Investment Pool (LGIP).

D. Capital Assets

Major expenditures for capital assets, including capital leases and major repairs that increase useful lives, are capitalized. Maintenance, repairs, and minor renewals are accounted for as expenses when incurred.

Capital assets are defined by the Authority as assets with an individual cost of more than \$3,000 and an estimated useful life in excess of one year. Capital assets are recorded at cost (where the historical cost is known). Where historical cost is not known, assets are recorded at fair market value. Donations are recorded at acquisition value at the time of donation, or the appraised value.

Depreciation is computed on the straight-line method over the estimated useful lives of the assets, which are buildings 35 to 45 years and equipment 3 to 20 years (see Note 5).

HOUSING AUTHORITY OF SKAGIT COUNTY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Restricted Assets

In accordance with bond resolutions, loan and regulatory agreements, and other agreements, separate restricted cash and cash equivalent accounts are required to be established. The assets held in these accounts are restricted for specific uses, including debt service and other special reserve requirements. See Note 3 for further detail.

F. Receivables

The Authority's receivables consist of rent receivable from tenants, grants, developer fees, notes, advances, fraud recovery receivables from Housing Choice Voucher program participants, and other receivables (see Note 4).

The Authority writes off receivables that management has specifically identified as uncollectible. In addition, management estimates an allowance for doubtful receivables using the aging method based on receivables outstanding at year-end. As of September 30, 2023, allowance for uncollectible tenant receivables totaled \$104,523.

The Authority has estimated an uncollectible account allowance for fraud recovery receivable from participants in the Housing Choice Voucher Program and such receivables are shown net of an allowance for uncollectible fraud recovery receivable of \$2,607 at September 30, 2023.

G. Inventories

Inventories are valued at cost using the first-in first-out method, which approximates the market value.

H. Net Pension Liability

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.

HOUSING AUTHORITY OF SKAGIT COUNTY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the Authority, deferred outflows of resources are reported for pensions.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow until that time. For the Authority, deferred inflows of resources are reported for pensions.

J. Compensated Absences

Vacation pay may be carried over from one calendar year to the next in an amount of no more than 240 hours. Vacation pay which has been accumulated is payable upon resignation, retirement, or death in an amount not to exceed 80 hours.

Sick leave may accumulate up to 480 hours, but is not payable in any amount upon resignation, retirement, or death.

K. Net Position Classifications

Net position is reported in three components in accordance with GASB 34:

Net Investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

Restricted – Consists of net position restricted to specific uses either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

In instances where unrestricted or restricted resources are available to fund expenditures, the Authority will initially use restricted assets.

L. Use of Estimates

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

**HOUSING AUTHORITY OF SKAGIT COUNTY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Leases

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

N. New Accounting Pronouncement

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This standard defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset (in tangible asset) and a corresponding subscription liability provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires not disclosure regarding a SBITA. The Authority adopted this statement as of September 30, 2023.

O. Restatement of Prior Period

In a prior year, the Authority did not record the developer fee receivable, payable, and revenue earned related to the development of the Mount Vernon Farmworkers project. This resulted in a restatement of net position as noted below.

	Business-Type Activities
Net Position, September 30, 2022, as Previously Reported	\$ 12,964,359
Inclusion of Developer Fee Receivable Previously Not Reported	859,384
Net Position, September 30, 2022, as Restated	\$ 13,823,743

P. Change in Reporting Year End

In the prior year, the discretely presented component unit presented the calendar year end 9 months prior to the Authority's fiscal year end. During the fiscal year September 30, 2023, the calendar year-end three months subsequent to year-end September 30, 2023 has been presented as a result of a separate audit being performed. The impact to the net position was immaterial and reflected during the current year.

**HOUSING AUTHORITY OF SKAGIT COUNTY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash, cash equivalents and investments held by the Authority as of September 30, 2023, were as follows:

Cash	\$ 2,541,943
U.S. Government Agency Security	395,352
Washington State Local Government Investment Pool	<u>2,702,520</u>
Total Restricted Assets	<u><u>\$ 5,639,815</u></u>

Investments

The Authority invests a portion of its funds with the Washington State Local Government Investment Pool (LGIP or the Pool), which is classified as a cash equivalent. The LGIP is managed by the State Treasurer's office. The pool is not rated and not registered with the SEC. Rather; oversight is provided by the State Finance Committee in accordance with RCW 43.250. The investments in this pool comprise repurchase agreements, government securities, and certificates of deposit. The LGIP operates in a manner consistent with the Security and Exchange Commission's Rule 2a-7 of the Investment Company Act of 1940. As such, the LGIP uses amortized costs to approximate fair value.

The LGIP has a minimum transaction amount for both deposits and withdrawals of \$5,000. There is no maximum transaction amount, but the LGIP requests at least one day advance notice for any transaction in the amount of \$10 million or more. For transactions less than \$10 million, LGIP requires notification the same business day and transactions are limited to one transaction each business day.

The Office of the State Treasurer prepares a stand-alone financial report for the Pool. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, online at www.tre.wa.gov.

As of September 30, 2023, the Authority had \$2,702,520 invested in the Washington State Local Government Investment Pool measured at amortized cost.

The Authority also invests in U.S. Government Agency securities. As of September 30, 2023, the Authority had \$395,352 in U.S. Government Agency securities held with US Bank.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority does not have a policy for interest rate risk but follows the investment guidelines of state law.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As required by state law, all investments of the 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, or certificates of deposit with Washington State banks and savings and loan institutions.

**HOUSING AUTHORITY OF SKAGIT COUNTY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a financial institution failure, the Authority's deposits will not be returned to the Authority. Custodial credit risk for investments is the risk that, in the event of the failure of a counterparty, the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Authority does not have a policy for custodial credit risk.

The Authority's deposits are entirely covered by the Federal Depository Insurance Corporation (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC). The PDPC is a multiple financial institution collateral pool, established under Chapter 39.58 of the Revised Code of Washington.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss that may occur due to the amount of investments in a single issuer (not including investments issued or guaranteed by the U.S. government, investments in a mutual fund, or external investment pools). The Authority has a large percentage of its portfolio invested in the LGIP. The LGIP is not rated.

The following chart shows the Authority's exposure to these risks:

	Fair Value	Maturity		Credit Rating
		Less Than 1 Year	1 - 5 Years	
Washington State Local Government Investment Pool	\$ 2,702,520	\$ 2,702,520	-	N/A
U.S. Government Agency Security	395,352	-	395,352	N/A

Fair Value Measurements

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. Investments in money market funds and the Local Government Investment Pool are not subject to the fair value measurement requirements. The investments in U.S. Government Agency securities is Level 1.

HOUSING AUTHORITY OF SKAGIT COUNTY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 3 RESTRICTED ASSETS

Restricted Deposits and Reserves

Total restricted assets are summarized as follows:

	<u>Business-Type Activities</u>
Reserve for Replacements	\$ 1,900,965
Debt Service	238,424
Housing Choice Voucher Program	88,105
Emergency Housing Vouchers	12,502
Family Self-Sufficiency Escrow	81,297
Family Self-Sufficiency Escrow Forfeiture	5,435
Tenant Security Deposits	131,165
Total Restricted Assets	<u><u>\$ 2,457,893</u></u>

Assets are restricted for the following purposes, for each project:

	<u>Capital Replacement Account</u>	<u>Debt Service Funds</u>	<u>Grant Restricted</u>	<u>Security Deposits</u>	<u>Total</u>
Burlington Terrace	\$ 1,275,431	\$ 97,940	\$ -	\$ 55,000	\$ 1,428,371
President Apartments	-	140,484	-	22,800	163,284
Mount Baker Meadows	-	-	-	6,850	6,850
La Paloma USDA	374,254	-	-	8,000	382,254
Farmworker Housing	74,537	-	-	900	75,437
Raspberry Ridge 1	-	-	-	22,232	22,232
Raspberry Ridge 2	176,743	-	-	15,383	192,126
Housing Choice Voucher	-	-	88,105	-	88,105
Emergency Housing Voucher	-	-	12,502	-	12,502
Family Self Sufficiency - Escrow	-	-	5,435	-	5,435
Family Self Sufficiency	-	-	81,297	-	81,297
Total by Restriction Type	<u><u>\$ 1,900,965</u></u>	<u><u>\$ 238,424</u></u>	<u><u>\$ 187,339</u></u>	<u><u>\$ 131,165</u></u>	<u><u>\$ 2,457,893</u></u>

NOTE 4 ACCOUNTS RECEIVABLE

Accounts receivable at September 30, 2023 reported on the statement of net position consisted of the following components:

Tenants	\$ 155,826
Fraud Recovery	4,945
HUD	25,187
Other Governments	180,052
Total Accounts Receivable	<u>366,010</u>
Less: Allowance for Doubtful Accounts	<u>(107,130)</u>
Total Accounts Receivable, Net	<u><u>\$ 258,880</u></u>

HOUSING AUTHORITY OF SKAGIT COUNTY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 5 CAPITAL ASSETS

Primary Government

The following is a summary of capital asset activity for the year ended September 30, 2023:

	Beginning Balance 9/30/2022	Increase	Transfer	Decrease	Ending Balance 9/30/2023
Capital Assets Not Being Depreciated:					
Land	\$ 3,094,975	\$ -	\$ -	\$ -	\$ 3,094,975
Capital Assets Being Depreciated:					
Buildings	21,912,962	55,159	-	-	21,968,121
Equipment	1,951,558	70,191	-	-	2,021,749
Land Improvements	562,043	38,600	-	-	600,643
Subtotal	<u>24,426,563</u>	<u>163,950</u>	<u>-</u>	<u>-</u>	<u>24,590,513</u>
Less: Accumulated Depreciation for:					
Buildings	(6,020,500)	(568,542)	-	-	(6,589,042)
Equipment	(1,555,344)	(101,906)	-	-	(1,657,250)
Land Improvements	(182,492)	(21,729)	-	-	(204,221)
Subtotal	<u>(7,758,336)</u>	<u>(692,177)</u>	<u>-</u>	<u>-</u>	<u>(8,450,513)</u>
Total Capital Assets Being Depreciated, Net	16,668,227	(528,227)	-	-	16,140,000
Right-to-Use Assets Being Amortized	-	34,391	-	-	34,391
Less: Accumulated Amortization	-	(3,679)	-	-	(3,679)
Total Right-to-Use Assets Being Amortized	<u>-</u>	<u>30,712</u>	<u>-</u>	<u>-</u>	<u>30,712</u>
Total Capital Assets, Net	<u>\$ 19,763,202</u>	<u>\$ (497,515)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,265,687</u>

Discrete Component Unit

The following is a summary of capital asset activity for the year ended December 31, 2023:

	Beginning Balance 1/1/2023	Increase	Transfer	Decrease	Ending Balance 12/31/2023
Capital Assets Not Being Depreciated:					
Land Ground Lease	\$ 960,000	\$ 150,687	\$ -	\$ -	\$ 1,110,687
Construction in Progress	2,476,821	13,407,318	(15,884,139)	-	-
Total Capital Assets Not Being Depreciated	3,436,821	13,558,005	(15,884,139)	-	1,110,687
Capital Assets Being Depreciated:					
Buildings	-	-	13,457,373	-	13,457,373
Furniture and Fixtures	-	-	376,794	-	376,794
Land Improvements	-	-	2,049,972	-	2,049,972
Subtotal	<u>-</u>	<u>-</u>	<u>15,884,139</u>	<u>-</u>	<u>15,884,139</u>
Less: Accumulated Depreciation for:					
Buildings	-	(136,665)	-	-	(136,665)
Furniture and Fixtures	-	(448,579)	-	-	(448,579)
Land Improvements	-	(75,359)	-	-	(75,359)
Subtotal	<u>-</u>	<u>(660,603)</u>	<u>-</u>	<u>-</u>	<u>(660,603)</u>
Total Capital Assets Being Depreciated, Net	<u>-</u>	<u>(660,603)</u>	<u>15,884,139</u>	<u>-</u>	<u>15,223,536</u>
Total Capital Assets, Net	<u>\$ 3,436,821</u>	<u>\$ 12,897,402</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,334,223</u>

**HOUSING AUTHORITY OF SKAGIT COUNTY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 6 CHANGES IN LONG-TERM LIABILITIES

	Beginning Balance 9/30/22	Additions	Reductions	Ending Balance 9/30/2023	Estimated Date Within One Year
Bonds Payable	\$ 771,585	\$ -	\$ (110,272)	\$ 661,313	\$ 116,990
Notes and Mortgage Payable	11,467,134	-	(233,115)	11,234,019	242,557
Total Bonds, Notes, and Mortgage Payable	12,238,719	-	(343,387)	11,895,332	359,547
Lease Liability	-	3,112	(185)	2,927	531
SBITA Liability	-	31,279	(11,028)	20,251	9,835
Net Pension Liability	196,799	-	(29,543)	167,256	-
FSS Escrow	95,612	-	(14,315)	81,297	4,065
Compensated Absences	61,326	-	(4,699)	56,627	5,050
Total Authority	<u>\$ 12,592,456</u>	<u>\$ 34,391</u>	<u>\$ (403,157)</u>	<u>\$ 12,223,690</u>	<u>\$ 379,028</u>

NOTE 7 LONG-TERM DEBT

Long-term debt of the Authority consisted of the following at September 30, 2023:

	Beginning Balance 9/30/22	Additions	Reductions	Ending Balance 9/30/2023	Estimated Date Within One Year
Bonds Payable:					
President Apt Bonds	\$ 290,000	\$ -	\$ (65,000)	\$ 225,000	\$ 70,000
Administrative Bldg Bonds	481,585	-	(45,272)	436,313	46,990
Direct Borrowings:					
Burlington Terrace Loan	2,369,376	-	(139,110)	2,230,263	144,437
Raspberry Ridge 2 - Loan 1	1,675,000	-	-	1,675,000	-
Raspberry Ridge 2 - Loan 2	292,785	-	(4,259)	288,526	4,555
La Paloma Apt - USDA 1	343,937	-	(44,919)	299,018	45,371
La Paloma Apt - USDA 2	63,690	-	(8,318)	55,372	8,402
Raspberry Ridge 1 - OCD Loan 1	1,801,375	-	-	1,801,375	2,917
Raspberry Ridge 1 - OCD Loan 2	350,000	-	-	350,000	-
President Apt - HTF	225,000	-	-	225,000	-
Seasonal Farm - HTF	3,000,000	-	-	3,000,000	-
Seasonal Farm - USDA 1	389,562	-	(10,542)	379,020	10,648
Seasonal Farm - USDA 2	956,409	-	(25,966)	930,443	26,227
Lease Liability	-	3,112	(185)	2,927	9,835
SBITA Liability	-	31,279	(11,028)	20,251	531
Total Authority	<u>\$ 12,238,719</u>	<u>\$ 34,391</u>	<u>\$ (354,599)</u>	<u>\$ 11,918,508</u>	<u>\$ 369,913</u>

Bonds Payable

President Apartment Bonds

The Authority issued Series 1996 bonds in the initial amount of \$1,140,000. Monthly payments of \$6,927 consisting of principal and interest at rates of 5.30% to 6.25% annually are required through maturity on December 1, 2025. The bonds are secured by amounts held in the debt service reserve accounts of the project and the deed of trust. The bond holders have a contingent interest in the property. The Authority has also pledged all of its revenues not pledged to any other purpose as security for payment of principal and interest. In the event of a default, all costs of collections will be paid by the Authority. As of September 30, 2023, the principal balance was \$225,000.

**HOUSING AUTHORITY OF SKAGIT COUNTY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 7 LONG-TERM DEBT (CONTINUED)

Bonds Payable (Continued)

Administrative Building Bonds

The Authority issued Series 2013 bonds purchased entirely Columbia Bank in the initial amount of \$818,723. Monthly payments of \$5,206 consisting of principal and interest at 3.73% annually are required through maturity on September 10, 2023. The bonds are secured by a first deed of trust on the office building. In the event of a default, all costs of collections will be paid by the Authority. As of September 30, 2023, the principal balance was \$436,313.

Debt service requirements for these direct placement bonds are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 116,990	\$ 27,352
2025	123,773	21,038
2026	130,624	14,343
2027	52,545	9,922
2028	54,539	7,928
2029-2033	182,842	11,075
Total	<u>\$ 661,313</u>	<u>\$ 91,658</u>

The Authority maintains restricted cash that represent sinking funds and reserve requirements as contained in the various indentures, as detailed in Note 3.

There are a number of other limitations and restrictions contained in the various bond indentures.

Direct Borrowings

Burlington Terrace Loan

The initial amount of this loan was \$2,600,000 with Banner Bank. Monthly payments of \$19,142 consisting of principal and interest at 3.87% annually are required through maturity on December 1, 2035. The loan is secured by a first deed of trust on the project capital assets and amounts held in the debt service reserve accounts of the project. In the event of a default, the loan is immediately due. As of September 30, 2023, the principal balance was \$2,230,263.

La Paloma Apartments USDA Loan # 1

The initial amount of this loan was \$1,350,113. Monthly payments of \$4,013 consisting of principal and interest at 1.00% annually are due through maturity on March 27, 2031. The mortgage is secured by the La Paloma Apartment project assets. In the event of a default, all costs of collection will be payable by the Authority. As of September 30, 2023, the principal balance was \$299,018.

HOUSING AUTHORITY OF SKAGIT COUNTY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 7 LONG-TERM DEBT (CONTINUED)

Direct Borrowings (Continued)

La Paloma Apartments USDA Loan # 2

The initial amount of this loan was \$250,020. Monthly payments of \$743 consisting of principal and interest at 1.00% annually are due through maturity on March 27, 2031. The mortgage is secured by the La Paloma Apartment project assets. In the event of a default, all costs of collection will be payable by the Authority. As of September 30, 2023, the principal balance was \$55,372.

Raspberry Ridge Apartments 1 – OCD Loans

The initial amount of this loan from the Office of Community Development was \$2,151,375. Principal payments of \$2,917 are due annually beginning September 1, 2008 and continuing to maturity on September 1, 2052. Interest is stated at 0% per annum. The mortgage is secured by a deed of trust on the property.

President Apartments – HTF

The initial amount of this loan from the Washington State Housing Trust Fund was \$225,000. The loan is noninterest bearing and there are no payments due on this mortgage until December 31, 2025, at which time annual payments of \$8,684 including interest at 1.00% per annum will continue through maturity on December 31, 2054. The mortgage is secured by a second deed of trust. In the event of a default, all costs of collection will be payable by the Authority.

Seasonal Farmworker – HTF

The initial amount of this loan from the Washington State Housing Trust Fund was \$3,000,000. The loan is noninterest bearing and there is no expectation of repayment if the terms and conditions of the contract are continued through the commitment period of July 31, 2055. The mortgage is secured by a deed of trust. In the event of noncompliance, a proportional share of the appreciated value of the property along with the principal will be payable within 30 days.

Seasonal Farmworker – USDA # 1

The initial amount of this USDA Rural Development loan was \$399,999. Interest is stated at 1.00% per annum and no payments are due until six months after completion of construction, at which time monthly principal and interest payments of \$1,199 will commence through maturity in January 2053. The loan is secured by a deed of trust. In the event of a default, all costs of collection will be payable by the Authority. As of September 30, 2023, the principal balance was \$379,020.

Seasonal Farmworker – USDA # 2

The initial amount of this USDA Rural Development loan was \$1,000,000. Interest is stated at 1.00% per annum and no payments are due until six months after completion of construction. The loan is secured by a deed of trust. In the event of a default, all costs of collection will be payable by the Authority. As of September 30, 2023, the principal balance was \$930,443.

**HOUSING AUTHORITY OF SKAGIT COUNTY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 7 LONG-TERM DEBT (CONTINUED)

Direct Borrowings (Continued)

Raspberry Ridge 2

A mortgage loan is payable to the Washington State Department of Commerce and had a balance of \$1,675,000 at September 30, 2023. The loan bears 0% interest, is deferred for 40 years, and is secured by a deed of trust on the property. The full principal amount is due and payable on or before July 31, 2048.

A loan payable to the Washington Community Reinvestment Corporation in the initial amount of \$330,000 bears interest at 6.75% per annum. Payments of principal and interest in the amount of \$1,991 are due on the first day of each month through maturity on October 1, 2048. As of September 30, 2023, the principal balance was \$288,526.

Land Acquisition Loan

Debt services requirements for the direct borrowing notes and mortgages are due as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 242,557	\$ 121,004
2025	249,801	113,760
2026	263,513	108,832
2027	271,128	101,116
2028	278,860	93,385
2029 - 2033	1,316,087	340,454
2034 - 2038	803,219	140,975
2039 - 2043	342,329	85,040
2044 - 2048	2,059,181	43,188
2049 - 2053	2,360,267	10,548
2054 - 2058	3,047,077	351
Total	<u>\$ 11,234,019</u>	<u>\$ 1,158,653</u>

NOTE 8 DISCRETELY PRESENTED COMPONENT UNIT LONG-TERM DEBT

Federal Home Loan Bank

The initial amount of this loan from the Federal Home Loan Bank was \$850,000, bears interest at 4%, compounded annually, at the time of each disbursement of funds under the loan agreement. Payments of principal and accrued interest prior to maturity will be paid from capital contributions or available cash flow in the priorities set forth in the partnership agreement. Unpaid principal and interest are due on November 30, 2072. As of December 31, 2023, the balance was \$850,000.

HOUSING AUTHORITY OF SKAGIT COUNTY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 8 DISCRETELY PRESENTED COMPONENT UNIT LONG-TERM DEBT (CONTINUED)

Banner Bank Construction

Construction loan payable to Banner Bank for \$9,855,000, bears variable interest equal to the LIBOR rate plus a margin of 1.95%, with a 2.45% floor at the time of each disbursement of funds under the loan agreement. Unpaid principal and accrued interests are due at maturity on November 1, 2023 with a 6-month extension to May 1, 2024. As of December 31, 2023, the balance was \$8,055,000.

State of Washington Department of Commerce

The initial amount of this loan from the Housing Trust Fund was \$3,000,000 bears 1% simple interest at the time of each disbursement of funds under the loan agreement. A lumpsum payment of principal and accrued interest are due at maturity on November 30, 2072. The loan is secured by a deed of trust covering the Project. As of December 31, 2023, the balance was \$3,000,000.

Skagit County

The initial amount of this loan from Skagit County was \$250,000. The loan has a stated interest of 3%. Unpaid principal and interest are due on November 30, 2072. As of December 31, 2023, the balance was \$250,000.

Note Payable to HASC

The initial amount of this note payable to the Housing Authority of Skagit county was \$360,000. The note has a stated interest of 3% annually on the unpaid principal balance. Payments shall be paid in full, including unpaid interest on November 30, 2027. As of December 31, 2023, the balance was \$360,000.

Loan Payable to Skagit County

Loan payable in the amount of \$661,848, bears interest at 3% at the time of each disbursement of funds under the loan agreement. Payments of principal and accrued interest prior to maturity will be paid from capital contributions or available cash flow in the priorities set forth in the partnership agreement. Unpaid principal and accrued interests are due on November 30, 2072. As of December 31, 2023, the balance was \$661,848.

Loan Payable to HumanGood Affordable Housing

Loan payable in the amount of \$500,000, bears interest at 1.90%, compounded annually, at the time of each disbursement of funds under the loan agreement. A lumpsum payment of principal and accrued interests are due at maturity on November 30, 2027. As of December 31, 2023, the balance was \$475,000.

**HOUSING AUTHORITY OF SKAGIT COUNTY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 8 DISCRETELY PRESENTED COMPONENT UNIT LONG-TERM DEBT (CONTINUED)

Long-term debt of the discretely presented component unit consisted of the following at September 30, 2023:

	Beginning Balance 01/1/2022	Additions	Reductions	Ending Balance 12/31/2023	Estimated Date Within One Year
Direct Borrowings:					
FHLB Loan	\$ 850,000	\$ -	\$ -	\$ 850,000	\$ -
Banner Bank Construction Loan	271,036	9,583,964	(1,800,000)	8,055,000	8,055,000
HTF Forgivable Loan	474,627	2,525,373	-	3,000,000	-
Skagit County Loan	250,000	-	-	250,000	-
Note Payable to HASC	360,000	-	-	360,000	-
Skagit County - REET	-	661,848	-	661,848	-
HumanGood Funding'	-	475,000	-	475,000	-
Total Discretely Presented Component Unit	<u>\$ 2,205,663</u>	<u>\$ 13,246,185</u>	<u>\$ (1,800,000)</u>	<u>\$ 13,651,848</u>	<u>\$ 8,055,000</u>

Debt services requirements for the direct borrowing notes and mortgages are due as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 8,055,000	\$ 226,982
2073	5,596,848	4,040,000
Total	<u>\$ 13,651,848</u>	<u>\$ 4,266,982</u>

NOTE 9 RISK MANAGEMENT

The Authority is a member of Housing Authorities Risk Retention Pool (HARRP). Utilizing Chapter 190.080 ORS and 48.62 RCW (self-insurance regulation) and Chapter 39.34 (Interlocal Cooperation Act), 55 public housing authorities in the states of Washington, Oregon, and California originally formed HARRP in March 1987. HARRP was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and/or jointly contracting for risk management services. HARRP is a HUD approved self-insurance entity for utilization by public housing authorities. HARRP has a total of 82 member/owner housing authorities in the states of Washington, Oregon, California, and Nevada.

New members are underwritten at their original membership and thereafter automatically renew on an annual basis. Members may quit upon giving notice to HARRP prior to their renewal date. Members terminating membership are not eligible to rejoin HARRP for three years. HARRP can terminate the members after giving a 60-day notice prior to the renewal date. Termination does not relieve a former member from its unresolved losses incurred during membership.

HOUSING AUTHORITY OF SKAGIT COUNTY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 9 RISK MANAGEMENT (CONTINUED)

General and Automobile Liability Coverage is written on an occurrence basis, without member deductibles. Errors and Omissions coverage (which includes Employment Practices Liability) is written on claims made basis, and the members are responsible for 10% of the incurred costs of the claims. The Property coverage offered by HARRP is on a replacement cost basis, with deductibles ranging from \$1,000 to \$25,000. (Due to special underwriting circumstances, some members may be subject to greater deductibles and E & O co-payments). Authority property coverages include: Vandalism and Malicious Mischief, Crime, Equipment Breakdown Coverages, as well as Fidelity coverage with limits of \$100,000 (with options up to \$500,000) for employee dishonesty, forgery, or alteration and \$10,000 for theft with deductibles similar to the retention of Property.

Coverage limits for General Liability, as well as Errors and Omissions are \$2,000,000 per occurrence with no annual aggregate. Higher Limits are available by purchasing an umbrella through our insurance agency. Property limits are offered on an agreed amount, based on each structure's value. Limits for Automobile Liability are covered at \$2,000,000, with no aggregate. HARRP self-insures the first \$1 million of coverage for liability lines and purchases an additional \$1 million in reinsurance for a total of \$2 million. For property, HARRP retains the first \$1,000,000 and purchases an additional \$1 million reinsurance policy and then purchases \$45 million of excess insurance from Munich Reinsurance for a combined total of \$47,000,000. The HARRP board of directors determines the limits and coverage terms, at its sole discretion.

HARRP provides loss control and claim services with in-house staff and retained third-party contractors.

HARRP is fully funded by member contributions that are adjusted by the HARRP Board on the basis of independent actuarial studies. These assessments cover loss, loss adjustment expenses, excess insurance, 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 this commercial coverage in any of the past three fiscal years. The Authority is not aware of any loss exposures that may need specialized coverage traditionally excluded in property and casualty insurance.

HOUSING AUTHORITY OF SKAGIT COUNTY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 10 PENSION PLAN

Plan Descriptions

Substantially all the Authority's full-time and qualifying part-time employees participate in one of the Public Employees' Retirement System (PERS) plans, administered by the Washington State Department of Retirement Systems (DRS), which are cost-sharing, multiemployer public employee defined benefit and defined contribution retirement plans. The plans were established in the Revised Code of Washington (RCW) Chapter 41.50. The state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

Under a cost-sharing plan, pension obligations for employees of all employers are pooled and plan assets are available to pay the benefits of the employees of any participating employer providing pension benefits through the plans, regardless of the status of the employer's payment of its pension obligation to the plans.

DRS issues a publicly available annual comprehensive financial report (ACFR) that includes financial statements and required supplementary information for each plan. The DRS ACFR may be obtained by writing to: Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98540-8380 or the DRS ACFR may be downloaded from the DRS website at www.drs.wa.gov.

Public Employees' Retirement System (PERS)

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

PERS Plan 1

This plan provides retirement, disability, and death benefits. Retirement benefits are determined as 2% of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. 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 nonduty 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.

**HOUSING AUTHORITY OF SKAGIT COUNTY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 10 PENSION PLAN (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

PERS Plan 1 (Continued)

Contributions

The PERS Plan 1 member contribution rate is established by state statute at 6%. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18%. 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 2/3 Actual Contribution Rates	Employer 2/3	Employee 2/3*
October 2022 - June 2023		
PERS Plan 1	6.36 %	6.00 %
PERS Plan 1 UAAL	3.85	-
Administrative Fee	0.18	-
Total	<u>10.39 %</u>	<u>6.00 %</u>
July 2023 - August 2023		
PERS Plan 1	6.36 %	6.00 %
PERS Plan 1 UAAL	2.85	-
Administrative Fee	0.18	-
Total	<u>9.39 %</u>	<u>6.00 %</u>
September 2023		
PERS Plan 1	6.36 %	6.00 %
PERS Plan 1 UAAL	2.97	-
Administrative Fee	0.20	-
Total	<u>9.53 %</u>	<u>6.00 %</u>

PERS Plan 2/3

This plan provides retirement, disability, and death benefits. Retirement benefits are determined as 2% of the member's average final compensation (AFC) times the member's years of service for Plan 2 and 1% of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 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 3% 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.

**HOUSING AUTHORITY OF SKAGIT COUNTY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 10 PENSION PLAN (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

PERS Plan 2/3 (Continued)

Contributions (Continued)

PERS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of 5% 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 nonduty disability payments, a cost-of-living allowance (based on the CPI), capped at 3% 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 10 years of service; or after 5 years of service if 12 months of that service are earned after age 44.

PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. PERS Plan 3 members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. As established by statute, Plan 3 required defined contribution rates are set at a minimum of 5% and escalate to 15% 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.

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%. 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:

PERS Plan 2/3 Actual Contribution Rates	Employer 2/3	Employee 2/3*
October 2022 - June 2023		
PERS Plan 1	6.36 %	6.00 %
PERS Plan 1 UAAL	3.85	-
Administrative Fee	0.18	-
Total	10.39 %	6.00 %
July 2023 - August 2023		
PERS Plan 1	6.36 %	6.00 %
PERS Plan 1 UAAL	2.85	-
Administrative Fee	0.18	-
Total	9.39 %	6.00 %
September 2023		
PERS Plan 1	6.36 %	6.00 %
PERS Plan 1 UAAL	2.97	-
Administrative Fee	0.20	-
Total	9.53 %	6.00 %

HOUSING AUTHORITY OF SKAGIT COUNTY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 10 PENSION PLAN (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

PERS Plan 2/3 (Continued)

Contributions (Continued)

The Authority's actual PERS plan contributions were \$48,807 to PERS Plan 1 and \$86,381 to PERS Plan 2/3 for the year ended September 30, 2023.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2023 with a valuation date of June 30, 2022. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2013-2018 Experience Study* and the *2019 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, 2023. Plan liabilities were rolled forward from June 30, 2022 to June 30, 2023, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

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

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 Actuaries, to project mortality rates for every year after the 2010 base table. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.00% was determined using a building-block-method. The Washington State Investment Board (WSIB) used a best estimate of expected future rates of return (expected returns, net of pension plan investment expense, including inflation) to develop each major asset class. Those expected returns make up one component of WSIB's capital market assumptions. The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns at various future times.

**HOUSING AUTHORITY OF SKAGIT COUNTY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 10 PENSION PLAN (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, 2023, are summarized in the table below. The inflation component used to create the table is 2.20% and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	Percent Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20.00 %	1.50 %
Tangible Assets	7.00	4.70
Real Estate	18.00	5.40
Global Equity	32.00	5.90
Private Equity	23.00	8.90

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.00%.

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 7.00% was used to determine the total liability.

Sensitivity of NPL

The table below presents the net pension liability (asset) of the System and the Authority, calculated using the discount rate of 7.00%, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate.

	1% Decrease 6.00%	Current Rate 7.00%	1% Increase 8.00%
PERS 1	\$ 233,669	\$ 167,256	\$ 109,293
PERS 2/3	420,595	(386,710)	(1,049,962)

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.

**HOUSING AUTHORITY OF SKAGIT COUNTY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 10 PENSION PLAN (CONTINUED)

Pension Asset, Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2023, the Authority reported a net pension liability of \$167,256 for its proportionate share of the net pension liability of the PERS 1 System, and a net pension asset of \$386,710 for its proportionate share of the net pension asset of the PERS 2/3 System as follows:

Plan	Liability or (Asset)
PERS 1	\$ 167,256
PERS 2/3	(386,710)
Total	\$ (219,454)

At June 30, the Authority's proportionate share of the collective net pension liability (asset) was as follows:

	Proportionate Share 6/30/22	Proportionate Share 6/30/23	Change in Proportion
PERS 1	0.00707 %	0.00733 %	(0.00026)%
PERS 2/3	0.00920	0.00944	(0.00024)

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

Pension Expense

For the year ended September 30, 2023, the Authority recognized pension expense as follows:

	Pension Expense
PERS 1	\$ 6,640
PERS 2/3	(51,692)
Total	\$ (45,052)

HOUSING AUTHORITY OF SKAGIT COUNTY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 10 PENSION PLAN (CONTINUED)

Deferred Outflows of Resources and Deferred Inflows of Resources

At September 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>PERS 1</u>		
Net Difference between Projected and Actual Investment Earnings on Pension Plan Investments	\$ -	\$ (18,867)
Contributions Subsequent to the Measurement Date	10,511	-
Total	\$ 10,511	\$ (18,867)
 <u>PERS 2/3</u>		
Differences between Expected and Actual Experience	\$ 78,772	\$ (4,320)
Net Difference between Projected and Actual Investment Earnings on Pension Plan Investments	-	(145,736)
Changes of Assumptions	162,355	(35,387)
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions	18,532	(36,068)
Contributions Subsequent to the Measurement Date	23,118	-
Total	\$ 282,777	\$ (221,511)
 <u>Total All Plans</u>		
Differences between Expected and Actual Experience	\$ 78,772	\$ (4,320)
Net Difference between Projected and Actual Investment Earnings on Pension Plan Investments	-	(164,603)
Changes of Assumptions	162,355	(35,387)
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions	18,532	(36,068)
Contributions Subsequent to the Measurement Date	33,629	-
Total	\$ 293,288	\$ (240,378)

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 in the year ended September 30, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending September 30,</u>	PERS 1	PERS 2/3
2024	\$ (12,836)	\$ (75,164)
2025	(16,143)	(87,159)
2026	9,954	119,916
2027	158	40,966
2028	-	38,869
Thereafter	-	720

REQUIRED SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF SKAGIT COUNTY
REQUIRED SUPPLEMENTARY INFORMATION – STATE SPONSORED PLANS
SCHEDULE OF THE AUTHORITY’S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
PERS 1
LAST TEN MEASUREMENT PERIODS

<u>Year Ending June 30,</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)</u>
2023	0.007327 %	\$ 167,256	\$ 1,304,369	12.82 %	80.16 %
2022	0.007068	196,799	1,064,243	18.49	75.56
2021	0.005949	72,651	922,880	7.87	88.74
2020	0.005580	197,004	844,426	23.33	68.64
2019	0.005206	200,189	800,532	25.01	67.12
2018	0.005923	264,523	787,026	33.61	63.22
2017	0.005452	258,702	701,082	36.90	61.24
2016	0.006115	328,404	696,990	47.12	57.03
2015	0.007340	383,950	761,986	50.39	59.10
2014	0.007496	377,615	778,726	48.49	89.20

See accompanying Notes to Required Supplementary Information.

HOUSING AUTHORITY OF SKAGIT COUNTY
REQUIRED SUPPLEMENTARY INFORMATION – STATE SPONSORED PLANS
SCHEDULE OF THE AUTHORITY’S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
PERS 2/3
LAST TEN MEASUREMENT PERIODS

<u>Year Ending June 30,</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)</u>
2023	0.009435 %	\$ (386,711)	\$ 1,304,369	(29.65)%	107.02 %
2022	0.009202	(341,282)	1,064,243	(32.07)	106.73
2021	0.007654	(762,462)	922,880	(82.62)	120.29
2020	0.007215	92,278	844,426	10.93	97.22
2019	0.000672	65,264	800,532	8.15	97.77
2018	0.000764	130,446	787,026	16.57	96.77
2017	0.007012	243,633	701,082	34.75	90.97
2016	0.007843	394,889	696,990	56.66	85.82
2015	0.009062	183,176	761,986	24.04	89.20
2014	0.008586	173,554	734,797	23.62	93.29

See accompanying Notes to Required Supplementary Information.

**HOUSING AUTHORITY OF SKAGIT COUNTY
REQUIRED SUPPLEMENTARY INFORMATION – STATE SPONSORED PLANS
SCHEDULE OF AUTHORITY’S PENSION CONTRIBUTIONS
PERS 1
LAST TEN YEARS**

<u>Year Ending September 30,</u>	<u>Statutorily or Contractually Required Contributions</u>	<u>Contributions in Relation to the Statutorily or Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2023	\$ 48,807	\$ (48,807)	\$ -	\$ 1,358,197	3.59 %
2022	41,828	(41,828)	-	1,123,489	3.72
2021	43,475	(43,475)	-	952,364	4.56
2020	40,863	(40,863)	-	857,347	0.77
2019	40,021	(40,021)	-	794,387	0.04
2018	41,069	(41,069)	-	814,994	0.04
2017	34,094	(34,094)	-	704,611	0.84
2016	30,825	(30,825)	-	696,990	0.42
2015	33,736	(33,736)	-	761,986	0.43
2014	33,180	(33,180)	-	778,726	4.26

See accompanying Notes to Required Supplementary Information.

HOUSING AUTHORITY OF SKAGIT COUNTY
REQUIRED SUPPLEMENTARY INFORMATION – STATE SPONSORED PLANS
SCHEDULE OF AUTHORITY’S PENSION CONTRIBUTIONS
PERS 2/3
LAST TEN YEARS

<u>Year Ending September 30,</u>	<u>Statutorily or Contractually Required Contributions</u>	<u>Contributions in Relation to the Statutorily or Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2023	\$ 86,381	\$ (86,381)	\$ -	\$ 1,358,197	6.36 %
2022	71,454	(71,454)	-	1,123,489	6.36
2021	71,521	(71,521)	-	952,364	7.51
2020	67,902	(67,902)	-	857,347	7.92
2019	60,527	(60,527)	-	794,387	7.62
2018	61,065	(61,065)	-	814,994	7.49
2017	46,243	(46,243)	-	704,611	6.56
2016	40,244	(40,244)	-	696,990	5.77
2015	40,366	(40,366)	-	761,986	5.30
2014	36,269	(36,269)	-	734,797	4.94

See accompanying Notes to Required Supplementary Information.

**HOUSING AUTHORITY OF SKAGIT COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2023**

NOTE 1 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 CONTRIBUTION RATES

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	6/30/2021	12.97	*
7/1/2021	8/30/2022	10.25	*
9/1/2022	6/30/2023	10.39	*
7/1/2023	8/31/2023	9.39	
9/1/2023	Current	9.53	

* Employer contribution rate includes an administrative expense rate of 0.20%

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	6/30/2021	12.97	*
7/1/2021	8/30/2022	10.25	*
9/1/2022	6/30/2023	10.39	*
7/1/2023	8/31/2023	9.39	
9/1/2023	Current	9.53	

* Employer contribution rate includes an administrative expense rate of 0.20%

SUPPLEMENTARY INFORMATION

**HOUSING AUTHORITY OF SKAGIT COUNTY
FINANCIAL DATA SCHEDULE
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023**

Line Item No.	Account Description	Family Self-Sufficiency Program Escrow	Housing Choice Vouchers	Emergency Housing Voucher	State/Local	Rural Rental Assistance Payments	Weatherization Assistance for Low-Income Person	PIH Family Self-Sufficiency Program	10.405 Farm Labor Housing Loans and Grants	93.568 Low-Income Home Energy Assistance	Elimination	Total Primary Government	Discretely Presented Component Unit
CURRENT ASSETS													
111	Cash - Unrestricted	\$ -	\$ 319,738	\$ 25,304	\$ 2,353,948	\$ 87,580	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,786,570	\$ 39,249
113	Cash - Other Restricted	5,435	169,402	12,502	1,690,598	448,791	-	-	-	-	-	2,326,728	16,517
114	Cash - Tenant Security Deposit	-	-	-	122,265	8,900	-	-	-	-	-	131,165	41,812
115	Cash - Restricted for Payment of Current Liabilities	-	-	-	-	-	-	-	-	-	-	-	-
100	Total Cash	5,435	489,140	37,806	4,166,811	545,271	-	-	-	-	-	5,244,463	97,578
122	Accounts Receivable - HUD Other Projects	-	-	10,307	-	-	-	14,880	-	-	-	25,187	-
124	Accounts Receivable - Other Government	-	-	-	24,011	19,714	-	-	-	136,327	-	180,052	-
125	Accounts Receivable - Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-
126	Accounts Receivable - Tenants	-	-	-	148,186	7,640	-	-	-	-	-	155,826	5,578
126.1	Allowance for Doubtful Accounts - Tenants	-	-	-	(102,873)	(1,650)	-	-	-	-	-	(104,523)	-
128	Fraud Recovery	-	4,945	-	-	-	-	-	-	-	-	4,945	-
128.1	Allowance for Doubtful Accounts - Fraud	-	(2,607)	-	-	-	-	-	-	-	-	(2,607)	-
129	Accrued Interest Receivable	-	-	-	-	-	-	-	-	-	-	-	-
120	Total Receivables, Net of Allowances	-	2,338	10,307	69,324	25,704	-	14,880	-	136,327	-	258,880	5,578
131	Investments	-	-	-	395,352	-	-	-	-	-	-	395,352	-
142	Prepaid and Other Assets	-	6,205	-	792,122	20,413	-	-	-	2,366	-	821,106	44,302
143	Inventories	-	-	-	-	-	-	-	-	7,607	-	7,607	-
144	Inter Program - Due from	-	7,268	-	2,067,762	-	-	-	-	-	(2,075,030)	-	-
150	Total Current Assets	5,435	504,951	48,113	7,491,371	591,388	-	14,880	-	146,300	(2,075,030)	6,727,408	147,458
NONCURRENT ASSETS													
161	Land	-	-	-	2,315,008	779,967	-	-	-	-	-	3,094,975	1,110,687
162	Buildings	-	-	-	13,621,216	8,346,905	-	-	-	-	-	21,968,121	15,507,345
163	Furniture, Equipment, and Machinery - Dwellings	-	114,943	-	1,470,278	333,152	-	-	-	137,767	-	2,056,140	376,794
164	Furniture, Equipment, and Machinery - Administration	-	-	-	-	-	-	-	-	-	-	-	-
166	Accumulated Depreciation	-	(99,688)	-	(6,855,596)	(1,431,978)	-	-	-	(66,930)	-	(8,454,192)	(660,603)
167	Construction in Progress	-	-	-	-	-	-	-	-	-	-	-	-
168	Infrastructure	-	-	-	323,937	276,706	-	-	-	-	-	600,643	-
160	Total Fixed Assets, Net of Accumulated Depreciation	-	15,255	-	10,874,843	8,304,752	-	-	-	70,837	-	19,265,687	16,334,223
171	Notes, Loans, and Mortgages Receivable - Noncurrent	-	-	-	360,000	-	-	-	-	-	-	360,000	-
174	Other Assets	-	121,969	-	479,140	64,658	-	-	-	95,943	-	761,710	122,755
176	Investment in Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-
180	Total Noncurrent Assets	5,435	137,224	-	11,713,983	8,369,410	-	-	-	166,780	-	20,387,397	16,456,978
200	DEFERRED OUTFLOWS OF RESOURCES	-	92,503	-	78,982	49,038	-	-	-	72,765	-	293,288	-
190	Total Assets and Deferred Outflows of Resources	\$ 5,435	\$ 734,678	\$ 48,113	\$ 19,284,336	\$ 9,009,836	\$ -	\$ 14,880	\$ -	\$ 385,845	\$ (2,075,030)	\$ 27,408,093	\$ 16,604,436

**HOUSING AUTHORITY OF SKAGIT COUNTY
FINANCIAL DATA SCHEDULE
STATEMENT OF NET POSITION (CONTINUED)
SEPTEMBER 30, 2023**

Line Item No.	Account Description	Family Self-Sufficiency Program Escrow	Housing Choice Vouchers	Emergency Housing Voucher	State/Local	Rural Rental Assistance Payments	Weatherization Assistance for Low-Income Person	PIH Family Self-Sufficiency Program	10.405 Farm Labor Housing Loans and Grants	93.568 Low-Income Home Energy Assistance	Elimination	Total Primary Government	Discretely Presented Component Unit
CURRENT LIABILITIES													
312	Accounts Payable <= 90 Days	\$ -	\$ 6,186	\$ -	\$ 150,347	\$ 13,183	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 169,716	\$ 20,160
321	Accrued Wages and Payroll Taxes Payable	-	10,685	-	32,276	6,780	-	-	-	8,270	-	58,011	-
322	Accrued Compensated Absences - Current Portion	-	1,023	-	3,871	-	-	-	-	156	-	5,050	-
325	Accrued Interest Payable	-	-	-	11,362	-	-	-	-	-	-	11,362	199,527
341	Tenant Security Deposit	-	-	-	122,265	8,900	-	-	-	-	-	131,165	40,800
342	Unearned Revenue	-	-	12,502	-	-	-	-	-	-	-	12,502	-
343	Current Portion of Long-Term Debt - Capital	-	3,225	-	271,988	1,756	-	-	90,648	2,296	-	369,913	8,055,000
345	Other Current Liabilities	-	4,065	-	-	-	-	-	-	-	-	4,065	27,500
346	Accrued Liabilities - Other	-	-	-	418,957	-	-	-	-	-	-	418,957	497,789
347	Inter Program- Due to	-	-	1,084	1,132,594	360,085	-	14,880	-	566,387	(2,075,030)	-	-
310	Total Current Liabilities	-	25,184	13,586	2,143,660	390,704	-	14,880	90,648	577,109	(2,075,030)	1,180,741	8,840,776
NONCURRENT LIABILITIES													
351	Long-Term Debt, Net of Current - Capital	-	3,986	-	6,966,396	3,002,171	-	-	1,573,205	2,837	-	11,548,595	5,596,848
353	Noncurrent Liabilities - Other	-	77,232	-	-	-	-	-	-	-	-	77,232	375,000
354	Accrued Compensated Absences - Noncurrent	-	10,140	-	39,689	-	-	-	-	1,750	-	51,579	-
357	Accrued Pension and OPEB Liabilities	-	52,754	-	45,041	27,965	-	-	-	41,496	-	167,256	-
350	Total Noncurrent Liabilities	-	144,112	-	7,051,126	3,030,136	-	-	1,573,205	46,083	-	11,844,662	5,971,848
300	Total Liabilities	-	169,296	13,586	9,194,786	3,420,840	-	14,880	1,663,853	623,192	(2,075,030)	13,025,403	14,812,624
400	DEFERRED INFLOWS OF RESOURCES	-	75,817	-	64,732	40,191	-	-	-	59,638	-	240,378	-
NET POSITION													
508.4	Net Investment in Capital Assets	-	8,044	-	3,636,459	5,300,825	-	-	(1,663,853)	65,704	-	7,347,179	1,826,103
511.4	Restricted Net Position	5,435	210,074	-	1,794,738	513,449	-	-	-	95,943	-	2,619,639	17,529
512.4	Unrestricted Net Position	-	271,447	34,527	4,593,621	(265,469)	-	-	-	(458,632)	-	4,175,494	(51,820)
513	Total Net Position	5,435	489,565	34,527	10,024,818	5,548,805	-	-	(1,663,853)	(296,985)	-	14,142,312	1,791,812
600	Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 5,435	\$ 734,678	\$ 48,113	\$ 19,284,336	\$ 9,009,836	\$ -	\$ 14,880	\$ -	\$ 385,845	\$ (2,075,030)	\$ 27,408,093	\$ 16,604,436

**HOUSING AUTHORITY OF SKAGIT COUNTY
FINANCIAL DATA SCHEDULE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2023**

Line Item No.	Account Description	Family Self-Sufficiency Program Escrow	Housing Choice Vouchers	Emergency Housing Voucher	State/Local	Rural Rental Assistance Payments	Weatherization Assistance for Low-Income Person	PIH Family Self-Sufficiency Program	10.405 Farm Labor Housing Loans and Grants	93.568 Low-Income Home Energy Assistance	Elimination	Total Primary Government	Discretely Presented Component Unit
REVENUES													
70300	Net Tenant Revenue	\$ -	\$ -	\$ -	\$ 2,254,158	\$ 311,377	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,565,535	\$ 441,638
70400	Tenant Revenue - Other	-	-	-	87,522	16,328	-	-	-	-	-	103,850	13,095
70500	Total Tenant Revenue	-	-	-	2,341,680	327,705	-	-	-	-	-	2,669,385	454,733
70600	HUD PHA Operating Grants	-	4,722,112	53,805	-	-	-	129,557	-	-	-	4,905,474	-
70610	Capital Grants	-	-	-	-	-	-	-	-	-	-	-	-
70800	Other Government Grants	-	-	-	-	313,166	72,305	-	-	1,264,023	-	1,649,494	-
71100	Investment Income - Unrestricted	-	7,162	-	113,396	5,137	-	-	-	-	-	125,695	-
71400	Fraud Recovery	-	2,676	-	-	-	-	-	-	-	-	2,676	-
71500	Other Revenue	4,152	231	-	241,389	10	-	-	-	379	(147,933)	98,228	2,029,406
71600	Gain or Loss on Sale of Capital Assets	-	-	-	-	-	-	-	-	-	-	-	-
70000	Total Revenues	4,152	4,732,181	53,805	2,696,465	646,018	72,305	129,557	-	1,264,402	(147,933)	9,450,952	2,484,139
EXPENSES													
Administrative:													
91100	Administrative Salaries	816	286,012	33,566	140,935	90,650	70,241	1,374	-	271,587	-	895,181	16,931
91200	Auditing Fees	-	20,148	-	21,295	6,869	-	-	-	16,206	-	64,518	-
91300	Management Fee	-	-	-	49,496	-	-	-	-	-	(49,497)	-	31,683
91400	Advertising Expenses	-	170	-	359	153	-	-	-	120	-	802	1,255
91500	Employee Benefit Contributions - Administrative	-	53,605	2,545	27,079	(1,134)	-	-	-	71,752	-	153,847	-
91600	Other Operating - Administrative	-	120,973	-	64,314	33,331	2,064	176	-	67,396	(62,400)	225,854	-
91700	Legal Expense	-	8,980	-	9,878	4,394	-	-	-	6,036	-	29,288	-
91800	Travel Expense	-	1,113	-	106	-	-	-	-	79	-	1,298	-
91900	Other	-	14,731	783	12,596	36,132	-	-	-	215	(36,036)	28,421	168,278
	Total Administrative	816	505,732	36,894	326,058	170,395	72,305	1,550	-	433,391	(147,933)	1,399,208	218,147
Tenant Services:													
92100	Tenant Services - Salaries	-	-	-	67,470	44,548	-	102,926	-	-	-	214,944	-
92300	Employee Benefit Contributions - Tenant Services	-	-	-	-	-	-	25,081	-	-	-	25,081	-
92400	Tenant Services - Other	-	-	-	-	-	-	-	-	-	-	-	-
	Total Tenant Services	-	-	-	67,470	44,548	-	128,007	-	-	-	240,025	-
Utilities:													
93100	Water	-	-	-	142,715	34,923	-	-	-	-	-	177,638	33,151
93200	Electricity	-	-	-	31,358	17,023	-	-	-	-	-	48,381	15,066
93300	Gas	-	-	-	15,341	21,553	-	-	-	-	-	36,894	-
93500	Utility Labor	-	-	-	3,299	-	-	-	-	-	-	3,299	-
93600	Sewer	-	-	-	139,349	34,133	-	-	-	-	-	173,482	-
93800	Other Utilities Expense	-	-	-	2,863	5,502	-	-	-	-	-	8,365	11,609
	Total Utilities	-	-	-	334,925	113,134	-	-	-	-	-	448,059	59,826
Ordinary Maintenance and Operations:													
94100	Ordinary Maintenance and Operations - Labor	-	-	-	152,570	87,298	-	-	-	-	-	239,868	-
94200	Ordinary Maintenance and Operations - Materials and Other	-	-	-	158,291	64,769	-	-	-	-	-	223,060	84,002
94300	Ordinary Maintenance and Operations - Contract Costs	-	-	-	133,095	32,395	-	-	-	-	-	165,490	-
94500	Employee Benefit Contributions - Ordinary Maintenance	-	-	6,604	71,574	61,277	-	-	-	-	-	139,455	-
	Total Ordinary Maintenance and Operations	-	-	6,604	515,530	245,739	-	-	-	-	-	767,873	84,002

**HOUSING AUTHORITY OF SKAGIT COUNTY
FINANCIAL DATA SCHEDULE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2023**

Line Item No.	Account Description	Family Self-Sufficiency Program Escrow	Housing Choice Vouchers	Emergency Housing Voucher	State/Local	Rural Rental Assistance Payments	Weatherization Assistance for Low-Income Person	PIH Family Self-Sufficiency Program	10.405 Farm Labor Housing Loans and Grants	93.568 Low-Income Home Energy Assistance	Elimination	Total Primary Government	Discretely Presented Component Unit
EXPENSES (CONTINUED)													
Protective Services:													
95100	Protective Services - Labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
95200	Protective Services - Other Contract Costs	-	-	-	-	6,543	-	-	-	-	-	6,543	-
95300	Protective Services - Other	-	-	-	-	-	-	-	-	-	-	-	-
	Total Protective Services	-	-	-	-	6,543	-	-	-	-	-	6,543	-
Insurance Premiums:													
96110	Property Insurance	-	-	-	124,941	21,347	-	-	-	4,550	-	150,838	-
96120	Liability Insurance	-	-	-	-	-	-	-	-	-	-	-	-
96130	Workmen's Compensation	-	8,350	-	5,198	2,513	-	-	-	7,039	-	23,100	-
96140	All Other Insurance	-	7,249	-	-	-	-	-	-	-	-	7,249	46,150
	Total Insurance Premiums	-	15,599	-	130,139	23,860	-	-	-	11,589	-	181,187	46,150
General Expenses:													
96200	Other General Expenses	-	(1)	-	150,000	3,062	-	-	-	802,064	-	955,125	33,768
96210	Compensated Absences	-	1,819	-	(4,927)	-	-	-	-	(1,588)	-	(4,696)	-
96300	Payment in Lieu of Taxes	-	-	-	45,930	-	-	-	-	-	-	45,930	-
96400	Bad Debts - Tenant Rents	-	-	-	3,276	-	-	-	-	-	-	3,276	-
	Total General Expenses	-	1,818	-	194,279	3,062	-	-	-	800,476	-	999,635	33,768
96710	Interest on Mortgage or Bonds Payable	-	13	-	129,605	3,840	-	-	12,943	10	-	146,411	744,894
96730	Amortization of Bond Issue Costs	-	-	-	-	-	-	-	-	-	-	-	3,224
96900	Total Operating Expenses	816	523,162	43,498	1,698,006	611,121	72,305	129,557	12,943	1,245,466	(147,933)	4,188,941	1,190,011
97000	EXCESS OPERATING REVENUES OVER (UNDER) OPERATING EXPENSES	3,336	4,209,019	10,307	998,459	34,897	-	-	(12,943)	18,936	-	5,262,011	1,294,128
97300	Housing Assistance Payments	-	4,138,604	108,982	-	-	-	-	-	-	-	4,247,586	-
97350	HAP Portability - In	-	-	-	-	-	-	-	-	-	-	-	-
97400	Depreciation	-	1,142	-	458,232	223,919	-	-	-	12,563	-	695,856	660,603
90000	Total Expenses	816	4,662,908	152,480	2,156,238	835,040	72,305	129,557	12,943	1,268,029	(147,933)	9,132,383	1,850,614
OTHER FINANCING SOURCES (USES)													
10010	Operating Transfers In	-	429	-	-	-	-	-	49,451	37,434	(87,314)	-	-
10020	Operating Transfers Out	-	-	-	(38,478)	(48,836)	-	-	-	-	87,314	-	-
10070	Extraordinary Items (Net Gain/Loss)	-	-	-	-	-	-	-	-	-	-	-	(19,829)
10080	Special Items (Capital Contribution)	-	-	-	-	-	-	-	-	-	-	-	-
10093	Transfers Between Programs - In	-	-	-	-	-	-	-	53,238	-	(53,238)	-	-
10094	Transfers Between Programs - Out	-	-	-	-	(53,238)	-	-	-	-	53,238	-	-
10100	Total Other Financing Sources (Uses)	-	429	-	(38,478)	(102,074)	-	-	102,689	37,434	-	-	(19,829)
10000	EXCESS (DEFICIENCY) OF OPERATING REVENUES OVER (UNDER) OPERATING EXPENSES	\$ 3,336	\$ 69,702	\$ (98,675)	\$ 501,749	\$ (291,096)	\$ -	\$ -	\$ 89,746	\$ 43,807	\$ -	\$ 318,569	\$ 613,696



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Commissioners
Housing Authority of Skagit County
Burlington, Washington

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of the Housing Authority of Skagit County (the Authority), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated August 6, 2024. The audit of the aggregate discretely presented component unit was not performed in accordance with *Government Auditing Standards* and, accordingly, this report does not include the results of the testing of internal control over financial reporting or instances of reportable noncompliance associated with the aggregate discretely presented component unit.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

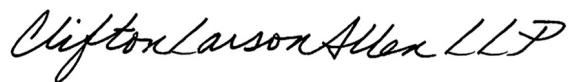
As part of obtaining reasonable assurance about whether the Authority’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Authority’s Response to Finding

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

Purpose of This Report

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



CliftonLarsonAllen LLP

Bellevue, Washington
August 6, 2024



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Commissioners
Housing Authority of Skagit County
Burlington, Washington

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Housing Authority of Skagit County's (the Authority) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended September 30, 2023. Housing Authority of Skagit County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Housing Authority of Skagit County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

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 Authority's federal programs.

Other Matter – Federal Expenditures Not included in the Compliance Audit

The Authority’s basic financial statements include the operations of a discretely presented component unit, as described in our report on the Authority’s financial statements, which may have received federal awards which are not included in the schedule of expenditures of federal awards for the year ended September 30, 2023. Our compliance audit, described below in the Opinion on Each Major Federal Program, did not include the operations of the aggregate discretely presented component unit.

Auditors’ Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority’s compliance based on our audit. 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 material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority’s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

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 a 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 consideration of internal control over compliance was for the limited purpose described in the Auditors' 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. 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. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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.



CliftonLarsonAllen LLP

Bellevue, Washington
August 6, 2024

OTHER SUPPLEMENTARY INFORMATION

**HOUSING AUTHORITY OF SKAGIT COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2023**

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Department of Agriculture Direct Programs				
Farm Labor Housing Loans and Grants	10.405	N/A	\$ -	\$ 1,753,599
Farm Labor Housing Loans and Grants	10.405	N/A	-	163,303
Total Farm Labor Housing Program			-	1,916,902
Rural Rental Assistance Payments	10.427	N/A	-	149,863
Total Department of Agriculture Direct Programs				2,066,765
Department of Housing and Urban Development Direct Programs				
Section 8 Housing Choice Voucher Program	14.871	N/A	-	4,662,909
Emergency Housing Vouchers	14.871	N/A	-	152,480
Total Housing Voucher Cluster			-	4,815,389
PIH Family Self-Sufficiency Program	14.896	N/A	-	129,557
Total Department of Housing and Urban Development Direct Programs			-	4,944,946
Department of Energy Direct Programs				
Passed Through from The Washington State Department of Commerce - Community Services and Housing Division				
Weatherization Assistance for Low-Income Persons	81.042	F19-53103-412	-	72,305
Total Department of Energy Direct Programs			-	72,305
Department of Health and Human Services Direct Programs				
Passed Through from The Washington State Department of Commerce - Community Services and Housing Division				
Low-Income Home Energy Assistance	93.568	F19-53101-412	-	191,883
Total Department of Health and Human Services Direct Programs			-	191,883
Total Expenditures of Federal Awards			\$ -	\$ 7,275,899

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**HOUSING AUTHORITY OF SKAGIT COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2023**

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Housing Authority of Skagit County under programs of the federal government for the year ended September 30, 2023. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Housing Authority of Skagit County, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Housing Authority of Skagit County.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 INDIRECT COSTS

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

NOTE 4 FEDERAL LOANS

The Authority was approved by the U.S. Department of Agriculture to receive loans to develop, acquire, or renovate low-income housing under the Farm Labor Housing Loan and Grant Program (ALN 10.405). Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The loan balances at September 30, 2023 are as follows:

Project	Outstanding Loan Balance
La Paloma #1	\$ 299,018
La Paloma #2	55,373
Seasonal Farm Worker Housing #1	379,020
Seasonal Farm Worker Housing #2	930,443
Total	\$ 1,663,854

**HOUSING AUTHORITY OF SKAGIT COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2023**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? x yes no
- Significant deficiency(ies) identified? yes x none reported
3. Noncompliance material to financial statements noted? yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? yes x no
 - Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes x none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unqualified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes x no

Identification of Major Federal Programs

Assistance Listing Number

14.871

Name of Federal Program or Cluster

Housing Voucher Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 yes x no

**HOUSING AUTHORITY OF SKAGIT COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2023**

Section II – Financial Statement Findings

Finding 2023-001 Correction of an Error

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Condition: The Authority did not record the developer fee receivable due from the discretely presented component unit which resulted in a prior period adjustment of \$859,384.

Criteria or Specific Requirement: The Internal Control-Integrated Framework (COSO Report) requires adequate internal controls over financial reporting to ensure that transactions are properly recorded and accounted for to permit the preparation of reliable financial statements and demonstrate compliance with laws, regulations and other compliance requirements. Internal controls should be in place to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP.

Effect: A prior period adjustment was required to properly state the financial statements.

Cause: The Authority was not aware of the developer fee and that it needed to be reported as an accounts receivable on the books of the Authority.

Repeat Finding: No

Recommendation: The Authority should review all documents as part of new development deals and ensure all transactions are recorded in accordance with U.S. GAAP.

Section III – Federal Award Findings and Questioned Costs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).



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HOUSING AUTHORITY OF SKAGIT COUNTY

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HOUSING AUTHORITY OF SKAGIT COUNTY SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS YEAR ENDED SEPTEMBER 30, 2023

U.S. Department of Housing and Urban Development

The Housing Authority of Skagit County respectfully submits the following summary schedule of prior audit findings for the year ended September 30, 2023.

Audit period: October 1, 2022 – September 30, 2023

The finding from the prior audit's schedule of findings and questioned costs is discussed below. The finding is numbered consistently with the number assigned in the prior year.

FINDINGS—FINANCIAL STATEMENT AUDIT

There were no financial statement audit findings in the prior year.

FINDINGS— FEDERAL AWARD PROGRAMS AUDITS

2022 – 001

Condition: The Authority did not perform HQS and QC inspections in accordance with program compliance requirements. The Authority requested an extension of the COVID-19 waiver that waived the compliance requirement for QC inspections; however, an extension was not granted by HUD. The Authority did not abate units that failed to correct HQS deficiencies within the required timeframe.

Status: Corrective action was taken.

2022 – 002

Condition: The Authority did not review the utility rate data or update the utility allowance schedule during the fiscal year in accordance with compliance requirements.

Status: Corrective action was taken.



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If the U.S. Department of Housing and Urban Development has questions regarding this schedule, please call Dr. Renee C. Sinclair, CPFO at 360-428-1959.



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U.S. Department of Housing and Urban Development

The Housing Authority of Skagit County respectfully submits the following corrective action plan for the year ended September 30, 2023.

Audit period: October 1, 2022 through September 30, 2023

The findings from the schedule of findings and questioned costs are discussed below. The finding is numbered consistently with the numbers assigned in the schedule.

FINDINGS—FINANCIAL STATEMENT AUDIT

SIGNIFICANT DEFICIENCY

2023-001 Correction of Error

Recommendation: The Authority should review all documents as part of new development deals and ensure all transactions are recorded in accordance with U.S. GAAP.

Action planned in response to finding: The Housing Authority will ensure all agreements and documents associated with a new development are provided to the auditors to ensure all required recordings are completed.

Name(s) of the contact person(s) responsible for corrective action: Dr. Renee C. Sinclair, CPFO

Planned completion date for corrective action plan: Pending new development projects.

FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

There were no findings in the current year that require a corrective action plan.

If the U.S. Department of Housing and Urban Development has questions regarding this plan, please call Dr. Renee C. Sinclair, CPFO at 360-428-1959.



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