Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

Housing Authority of Thurston County

For the period July 1, 2023 through June 30, 2024

Published March 13, 2025

Report No. 1036607

Scan to see another great way we're helping advance #GoodGovernment

Office of the Washington State Auditor
Pat McCarthy

March 13, 2025

Board of Commissioners
Housing Authority of Thurston County
Olympia, Washington

Report on Financial Statements and Federal Single Audit

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

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

Sincerely,

Pat McCarthy, State Auditor

Olympia, WA

Americans with Disabilities

In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at webmaster@sao.wa.gov.

TABLE OF CONTENTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Housing Authority of Thurston County
July 1, 2023 through June 30, 2024

SECTION I – SUMMARY OF AUDITOR'S RESULTS

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

Financial Statements

We issued an unmodified opinion on the fair presentation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).

Internal Control over Financial Reporting:

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

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

Federal Awards

Internal Control over Major Programs:

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

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

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

Identification of Major Federal Programs

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

ALN	Program or Cluster Title
14.871	Housing Voucher Cluster - Section 8 Housing Choice Vouchers
14.879	Housing Voucher Cluster - Mainstream Vouchers

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was $862,514.

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

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

INDEPENDENT AUDITOR'S REPORT

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

Housing Authority of Thurston County
July 1, 2023 through June 30, 2024

Board of Commissioners
Housing Authority of Thurston County
Olympia, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of the Housing Authority of Thurston County, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements, and have issued our report thereon dated February 26, 2025.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

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

REPORT ON COMPLIANCE AND OTHER MATTERS

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

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

PURPOSE OF THIS REPORT

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

Pat McCarthy, State Auditor

Olympia, WA

February 26, 2025

INDEPENDENT AUDITOR'S REPORT

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

Housing Authority of Thurston County
July 1, 2023 through June 30, 2024

Board of Commissioners
Housing Authority of Thurston County
Olympia, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on Each Major Federal Program

We have audited the compliance of the Housing Authority of Thurston County, with the types of compliance requirements identified as subject to audit in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Housing Authority's major federal programs for the year ended June 30, 2024. The Housing Authority's major federal programs are identified in the auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

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

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

Purpose of this Report

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

Pat McCarthy

Pat McCarthy, State Auditor

Olympia, WA

February 26, 2025

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Housing Authority of Thurston County
July 1, 2023 through June 30, 2024

Board of Commissioners
Housing Authority of Thurston County
Olympia, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of the Housing Authority of Thurston County, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements as listed in the financial section of our report.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of Thurston County, as of June 30, 2024, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Matters of Emphasis

As discussed in Note 1 to the financial statements, in 2024, the Authority adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority's ability to continue as a going concern for a reasonable period of time; and
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2025 on our consideration of the Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority's internal control over financial reporting and compliance.

Pat McCarthy, State Auditor

Olympia, WA

February 26, 2025

FINANCIAL SECTION

Housing Authority of Thurston County
July 1, 2023 through June 30, 2024

REQUIRED SUPPLEMENTARY INFORMATION

BASIC FINANCIAL STATEMENTS

REQUIRED SUPPLEMENTARY INFORMATION

SUPPLEMENTARY AND OTHER INFORMATION

As management of the Housing Authority of Thurston County ("Housing Authority" or "The Authority"), we offer readers of the Housing Authority's financial statements this narrative overview and analysis of the financial activities of the Housing Authority for the year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with the Housing Authority's financial statements and notes to financial statements.

Overview of the Housing Authority of Thurston County

The Housing Authority's mission is to provide decent, safe, and affordable housing and services to persons with disabilities, low income and at-risk individuals and families in Thurston County. The Housing Authority's goal is to assist individuals and families to secure or maintain long-term permanent housing. To this end, our program and development goals are to increase affordable housing opportunities by creating or providing rent subsidies, acquiring multi-family housing in order to preserve modest rents, and by developing new multifamily rental housing offered at below market rates. The Authority's properties are financially self-sustaining with no reliance on grants or external governmental funding sources to maintain their high quality; this is an unusual attribute in the mission-driven affordable housing sector. The properties also enhance neighborhoods and often serve as a catalyst for additional neighborhood housing investments.

The Housing Authority carries out its goals through the administration of US Housing and Urban Development ("HUD") tenant-based rental voucher programs. The Authority, allocates over 20% of its voucher program for Project Based Voucher ("PBV") rental subsidies to nine non-profit providers of permanent supportive housing serving neighbors with special needs such as having experienced chronic homelessness, extremely low incomes, and behavioral health challenges. The Collaborative Housing strategy, of providing these subsidies to these non-profit partners has created over 500 rental housing units. The Authority was a pioneer among its public housing peers in implementing a Collaborative Housing strategy that leverages the experience and resources of seasoned non-profits.

Management estimates that the Housing Authority directly assists about 5,000 people, with about 4,000 through rent subsidies and 1,000 through Housing Authority properties that offer substantially below-market rate rents. Approximately 70% of the households receiving a rent subsidy are elderly and/or disabled.

The largest Federal program the Authority administers is the Section 8 Housing Choice Voucher (HCV) program. The program does not fund HCV at a level sufficient to support all income eligible households; funding also does not reflect the increase in market rents. Nationally, the program is funded at a level that can only serve 20-25% of income eligible households. With funding not keeping pace with market rent elevations, the rising rents require increasingly large subsidies for each household on the program. Over the past five-year, Average Per Unit Cost (subsidy per unit) has increased by over 50%. The result is that fewer households receive subsidy.

To absorb the funding inconsistency, the Authority has diversified its resources to absorb minor short falls, to maintain high levels of client and landlord service, and to create additional affordable housing.

The Authority's approach to diversifying its resources has been to develop locally financed projects to bring added capacity to serve the community. Since early 1990's, the Authority has acquired existing or built new housing developments utilizing a combination of local, State, and Federal funds to augment traditional financing. This approach enables the Authority to price units to not only assist the participants of the HCV program but also helps those households living below the area median income levels to find more affordable units. The Authority's model evolved to a level where the Authority can develop units with meaningful independence from the uncertainly and restrictive nature of many governmental housing finance programs

Financial Highlights

- On June 30, 2024, the Housing Authority's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources (net position) by $23.6 Million. Of this amount, $1.5 Million (unrestricted net position) may be used to meet the Housing Authority's ongoing obligations to citizens and creditors.

- The Housing Authority's cash and cash equivalents balances decreased from the previous year by $3,158,444 and totaled $3,158,855 at the end of the fiscal year.

- Net capital assets increased in 2024 by $8.05 Million. The increase is due to buildings and improvements increases of $7.5 Million and land increase of $2.5 Million due to Olympia Crest III placed in service during the year.

- The balance in constructions in progress of $5.3 Million is primarily due to the acquisition of the Tumwater Inn for $4.8 Million and predevelopment costs of $470,564.

- Long-term liabilities increased by $5.6 Million. The increase is the result of a deferred loan with the Department of Commerce of $4.8 Million used to acquire the Tumwater Inn and the final Olympia Crest III construction draws of $1.2 Million from Heritage Bank.

- Total operating revenues for the year ended June 30, 2024 of $34.78 Million increased from the prior year by $5.16 Million. Total operating expenses for the year of $33.87 Million resulted in an increase of $5.54 Million compared to the prior year. The increase in operating revenues is primarily due to administrative and Housing Assistance Payment revenue, increase in tenant revenue, increase in expenses are primarily due to higher property operating costs and increase of housing assistance payments. The change in net position for the year ended June 30, 2024 is $358,290; a decrease of $530,895 from the prior year.

- The Housing Authority was awarded with $7.9 Million funds from the Department of Commerce and 275,000 from the City of Tumwater to purchase and renovate Sterling Pines. The renovation of Sterling Pines is anticipated sometime in 2025. The Housing Authority has relocated all the resident and is working with architects, engineers, and other related parties regarding rehab.

- The Authority acquired 2.51 acres of land adjacent to the existing Sequoia Landing apartments in Tumwater, Washington in December, 2021. The property will be developed as affordable housing for seniors living on fixed incomes at or below 50% area median income. The development of this property has been put on hold. Sequoia North. Prior to acquiring the land, The Authority commissioned a professional study that indicated no Mazama Pocket Gopher activity. The US Fish and Wildlife Service lists this gopher as an endangered species. Subsequent to the purchase, the federal agency expanded areas they determined probable to be gopher occupied. During the permitting process in the subject fiscal year for the planned development, the City of Tumwater required an updated gopher study. This study indicated some evidence of gopher activity. After conferring with a local attorney specializing in this issue, as well as City of Tumwater management, planning for Sequoia North was put on hold.. The attorney and City of Tumwater management advised The Authority that development will not be possible on this site until the City of Tumwater and a major landowner in this neighborhood (Port of Olympia) reach an agreement with US Fish and Wildlife Service for a Habitat Conservation Plan. The Authority was advised that such an agreement will not be reached for at least 18-24 months. The Authority's management perceived that range as quite optimistic. Given the site's many attributes The Authority will hold the property until it is possible to obtain necessary permitting. Combined state and local conditional grant awards of $4.5 Million were received to develop the site. In the subsequent fiscal year The Authority identified another prospective site, which if acquired and properly zoned will facilitate the grant funders to shift their conditional commitments to the alternative site. The alternative site is owned by a local governmental entity and is likely to be transferred to The Authority for substantially below market value.

- Our financial statements now adhere to recent accounting standard requirement of Compensated Absences, recognizing leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means.

Overview of the Financial Statements

The Authority's Financial Statements consist of two parts – Management's Discussion and Analysis (this section) and the Financial Statements. The Financial Statements include the government-wide Financial Statements and Notes to the Financial Statements. The Authority is a stand-alone governmental entity engaged only in business type activities.

The Financial Statements include a Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position and a Statement of Cash Flows. The Financial Statements report information about the Authority as a whole using accounting methods similar to those used by private sector companies.

- Statement of Net Position -- reports the Authority's current financial resources (short-term spendable resources) with capital assets, deferred outflows of resources, current liabilities, long-term debt obligations, deferred inflows of resources and net position are broken into the following three category.
    - **Net investment in capital/intangible assets** consist of all capital assets and intangible assets, reduced by the outstanding balances of bonds, mortgages, notes, other borrowings, or contract that are attributable to the acquisition, construction, improvement, or use of these assets
    - **Restricted** consists of restricted assets when constraints are placed on the assets by creditors (such as debt covenants), grantors, contributors, laws, or regulations.
    - **Unrestricted** consists of unrestricted assets that do not meet the definition of net investment in capital assets.

- Statement of Revenues, Expenses, and Changes in Net Position -- reports the Authority's operating and non-operating revenues by major source, along with operating and non-operating expenses and capital contributions.

- Statement of Cash Flows -- reports the Housing Authority's cash flows from operating, investing, and capital and non-capital financing activities.

- Finally, the Notes provide additional information that is essential to a full understanding of the data provided and are an integral part of the Financial Statements.

Financial Analysis of the Housing Authority

The following table summarizes net position at June 30, 2024 and

2023: **CONDENSED STATEMENT OF NET POSITION**

Assets	**2024**	**2023**	**Change**
Current Assets	$ 5,482,254	$ 7,841,672	$ (2,359,418)
Capital Assets- net	45,192,049	37,135,467	8,056,582
Other noncurrent assets	1,628,436	1,609,984	18,452
Total Assets	$ 52,302,739	$ 46,587,123	$ 5,715,616
Deferred Outflows of Resources	$ 607,652	$ 688,437	$ (80,785)
Current Liabilities			
Current Liabilities	$ 2,282,231	$ 2,385,944	$ (103,713)
Non-current liabilities	26,669,122	21,041,361	5,627,761
Total Liabilities	$ 28,951,353	$ 23,427,305	$ 5,524,048
Deferred Inflows of Resources	$ 324,710	$ 572,217	$ (247,507)
Net Position			
Net investment in capital	$ 20,804,331	$ 17,882,156	$ 2,922,175
Restricted net position	1,315,877	1,201,386	114,491
Unrestricted	1,514,121	4,192,496	(2,678,375)
Total net position	$ 23,634,328	$ 23,276,038	$ 358,290

The Housing Authority's 2024 current assets exceed current liabilities by $3.2 million, for a current ratio of 2.4. The current ratio is a measure of the ability to pay debts as they become due.

The Housing Authority has $1,203,326 in cash that is restricted for tenant security deposits, client escrow deposits, and Down Payment Assistance revolving loan fund.

Capital assets, before depreciation and amortization, increased by $9,120,886 primarily due to the completion of the 28 unit at Olympia Crest Phase III.

Deferred outflows of resources of $607,652, deferred inflows of resources of $324,710, net pension asset of 601,891 and a net pension liability of $260,278 are directly related to the reporting for pensions. For details of these balances see Note 9 - State Sponsored Pension Plans.

The following table summarizes changes in net position for the year ended June 30, 2024 and 2023:

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Revenues:	**2024**	**2023**	**Change**
Operating Revenue- Tenant rental revenue	$ 6,044,841	$ 5,811,228	$ 233,613
Operating revenue- other	1,911	5,720	(3,809)
Operating grants- federal	28,680,557	23,800,555	4,880,002
Operating grants- Local	50,186	-	50,186
Total Operating Revenues	34,777,495	29,617,503	5,159,992
Non-operating misc. income	96,189	101,487	(5,298)
Investment income	109,520	100,929	8,591
Total Non-operating Revenues	205,209	202,416	3,293
Total Revenues	34,983,204	29,819,919	5,163,285
Expenses:			
Housing assistance payments	25,187,264	21,086,247	4,101,017
Salaries	2,170,664	2,031,870	138,794
Employee benefits & taxes	839,242	413,827	425,415
Maintenance and operations	3,744,539	2,935,641	808,898
Other operating expenses	837,228	968,078	(130,850)
Depreciation	1,084,006	881,366	202,640
Amortization	9,035	19,702	(10,667)
Total Operating Expenses	33,871,978	28,336,731	5,535,247
Interest Expense	752,936	589,949	162,987
Loss on disposition of capital assets	0	4,055	(4,055)
Total Non-operating Expenses	752,936	594,004	158,932
Total expenses	34,624,914	28,930,735	5,694,179
Change in net position	358,290	889,184	(530,894)
Net position, beginning of year	23,276,038	22,386,854	889,184
Net position, end of year	$23,634,328	$23,276,038	$358,290

The Housing Authority's operating revenues increased $5,159,992 or 17.42% from the prior year, while operating expenses increased $5,535,247 or 19.53% resulting in a decrease in net operating income of $375,255 or (29.30)%. As detailed below, nearly the all the increase in expenses are due to increased rental subsidy payments to support vulnerable families, operational expenses due to COLA adjustments and staff changes, and to maintenance expenditures like siding repair, repairing of units, and repaving a parking lot all related to Housing Authority properties.

Revenues are derived from various sources with approximately 81.93% received either directly from the U.S. Department of Housing and Urban Development (HUD) or indirectly through the state and local governments from HUD and other Federal agencies, 17.27% generated from rental of Housing Authority-owned properties, and 0.8% from other sources. Even though 81.93% of the revenue comes from grants like HUD, the Authority net income is derived from the revenue generated by the rental property that is owned by the Authority, which makes up 17.27% of the total revenue.

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

Salaries increased in total by 6.8% in 2024 due to succession planning and hiring of new staff members due to anticipated staff retirements, as well as the Housing Authority providing a COLA and step increases due to staff work performance. Salaries did decrease to 6.24% of operating revenue for the year ended June 30, 2024, which is a decrease of .62% from the prior year. The Housing Authority provided a COLA of 4% on July 01, 2023 due to the rising inflation. Employee benefits and taxes, representing 2.41% of operating revenues for the year ended June 30, 2024, which is an increase of 1.01% from the prior year is primarily due to the adjustment to Other Post-Employment Benefits (OPEB) liability in accordance with GASB 75 and net pension assets in accordance with GASB 68. The impact of the OPEB and net pension assets adjustments to benefits and taxes was $(15,597) in 2024 and $(159,640) in 2023. Benefits and taxes without the adjustments for OPEB and net pension assets were $854,839 in 2024 and $573,467 in 2023; resulting in an increase of $281,372. A significant contributor of this increase is due to the implementation of GASB 101 regarding Compensated Absences. The Housing Authority reporting of compensated absences includes payouts of sick leave for employees who are eligible to receive a payout, according to the Housing Authority's policy, see Note 1,12 to the financial statements for more detail.

Housing assistance payments, representing 72.4% of operating revenues, increased 19.45% from the prior year primarily due to an increase in the average cost of unit months leased in the Housing Choice Voucher program (HCV) and additional units leased. The HCV program is on a calendar year end. The second half of the 2023 contract and the first half of the 2024 contract are included in the Housing Authority's fiscal year end June 30, 2024. The Housing Authority is given a budget authority by the Federal government with a ceiling on both dollars and unit months leased in the contract year. In order to maximize the number of clients assisted within the budget limits, participation is monitored and projected on a monthly basis for the contract year. If the projections indicate less than 100% utilization, clients are added from the wait list.

Capital asset and debt administration

Capital assets

Detailed information regarding the Housing Authority's capital assets may be found in Note 4 to the financial statements. The following table summarizes the changes in capital assets between fiscal years 2023 and 2024:

	June 30, 2024	June 30, 2023	Net Change
Land	$ 10,913,661	$ 8,456,563	$ 2,457,098
Buildings and improvements	42,553,039	35,002,993	7,550,046
Equipment	1,257,116	1,080,828	176,288
Construction in progress	5,310,422	6,344,232	(1,033,810)
Subscription-Based Information Technology Arrangement (SBITA)	-	28,737	(28,737)
Totals	60,034,238	50,913,353	9,120,885
Accumulated Depreciation/Amortization	(14,842,189)	(13,777,885)	(1,064,304)
Capital assets, net	$ 45,192,049	$ 37,135,468	$ 8,056,581

Buildings and Improvements includes the completion of Olympia Crest phase III, which has 28 units and represents $6.8 million of the buildings and improvements total. Construction in progress decreased due to the completion of Olympia Crest phase III. $5.2 million of the construction in progress is represented by the Sterling Pines project, which is in Tumwater Washington. This project will serve seniors with extremely and very low-income seniors. Funding for acquisition and most of the renovation costs awarded through Washington Department of Commerce Rapid Capital for Housing Acquisition program with an additional grant from City of Tumwater.

Subscription-Based Information Technology Arrangement (SBITA) is a GASB 96 requirement and was implemented in FY 2023. The Housing Authority in fiscal year 2024, does not have any subscription assets due to the subscription contracts expiring. In 2023, the accounting and housing assistance software with MRI made up majority of the asset amount, however, in December of 2023 the contract ended. The Housing Authority is working with MRI to implement the new housing assistance software as well as update the financial system as required by the new software. The Housing Authority has not fully implemented the new software but still have access to the old software and part of the new software to prevent any disruption of business.

The Housing Authority has a preventative maintenance program to preserve the value and extend the life of its housing assets. The Housing Authority also invested $1,253,672 in repairs, maintenance, and minor capital replacements for all of the HATC properties in FYE 2024. The

Housing Authority sets aside cash in capital replacement reserves for future expenditures. There is no reliance on grants or government programs for maintenance or capital improvements.

Long-term Debt

The Housing Authority typically issues various types of debt obligations, including installment notes, deferred notes and tax-exempt revenue bonds to finance the acquisition and construction of assets. The Housing Authority is solely responsible for its debt obligations; the debts are **not** obligations of the County of Thurston, State of Washington, or any other entity. Detailed information regarding the Housing Authority's outstanding long-term debt may be found in Note 9 to the financial statements. At June 30, 2024 the Housing Authority had net long-term debt outstanding in the amount of $17.1 Million.

In October, 2003, the Housing Authority entered a contract with the Washington State Department of Community Trade and Economic Development (DCTED) (now known as Department of Commerce) to administer a revolving fund. As of June 30, 2024, the Housing Authority has assisted 51 families with their first-time home purchases and the balance at year end is $1,459,800. Detailed information regarding the Housing Authority's outstanding long-term liability may be found in Note 7 to the financial statements.

Contacting the Housing Authority's Financial Management

The financial report is designed to provide a general overview of the Housing Authority's finances for all those with an interest. Questions concerning any of the information should be addressed to the Executive Director of the Housing Authority of Thurston County. The Housing Authority's offices are located at 1206 12th Avenue SE, Olympia, Washington 98501 mailing address is PO Box 1638 Olympia WA 98507-1638. The telephone number is (360) 753-8292.

HOUSING AUTHORITY OF THURSTON COUNTY

STATEMENT OF NET POSITION

June 30, 2024

ASSETS

CURRENT ASSETS:		
Cash and cash equivalents	$	3,158,855
Accounts receivable		1,029,477
Restricted cash and cash equivalents		1,203,326
Other current assets		90,596
Total current assets		5,482,254
NONCURRENT ASSETS:		
Capital assets		
Land		10,913,661
Construction in progress		5,310,422
Depreciable assets		
Building and improvements		42,553,039
Equipment		1,257,116
Less accumulated depreciation/amortization		(14,842,189)
Total capital assets-net		45,192,049
Net Pension Asset		601,891
Mortgage receivable		1,026,545
Total noncurrent assets	$	46,820,485
Total assets	$	52,302,739
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	$	607,652

LIABILITIES

CURRENT LIABILITIES:		
Accounts payable	$	423,147
Accrued compensated absences		489,071
Current portion of total OPEB liability		26,544
Current portion of long-term debt		575,043
Payable from restricted assets:		
Tenant security deposits		330,547
Escrow deposits payable		437,878
Total current liabilities		2,282,231
LONG-TERM LIABILITIES:		
Interest Payable		46,685
Revolving loan fund		1,459,800
Other notes payable		6,714,852
Long-term debt--net		17,097,823
Net pension liability		260,278
Total OPEB liability		1,089,684
Total long-term liabilities		26,669,122
Total liabilities	$	28,951,353
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	$	324,710

NET POSITION

Net investment in capital assets	$	20,804,331
Restricted net position- Other		434,900
Restricted net position- Net Pension Asset		601,891
Restricted net position- Rental Assistance Program		279,086
Unrestricted		1,514,121
Total net position	$	23,634,328

The accompanying notes are an integral part of these financial statements.

HOUSING AUTHORITY OF THURSTON COUNTY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the year ended June 30, 2024

OPERATING REVENUES:		
Tenant rental revenue	$	6,044,841
Federal program grants		28,680,557
Local Grants		50,186
Miscellaneous income		1,911
Total operating revenues		34,777,495
OPERATING EXPENSES:		
Salaries		2,170,664
Employee benefits & taxes		839,242
Housing assistance payments		25,187,264
Maintenance & operations		3,744,539
Professional services		150,194
Insurance		252,111
Operating expenses		434,923
Depreciation		1,084,006
Amortization		9,035
Total operating expenses		33,871,978
Operating income (loss)		905,517
NON-OPERATING REVENUES (EXPENSES):		
Interest income		109,520
Interest expense		(752,936)
Miscellaneous income		96,189
Net non-operating revenues (expenses)		(547,227)
CHANGE IN NET POSITION		358,290
NET POSITION, beginning of year		23,276,038
NET POSITION, end of year	$	23,634,328

The accompanying notes are an integral part of these financial statements.

HOUSING AUTHORITY OF THURSTON COUNTY

STATEMENT OF CASH FLOWS

For the year ended June 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers and funders	$	34,184,397
Cash payments to suppliers for goods and services		(29,768,379)
Cash payments to employees for services		(2,993,500)
Net cash provided by operating activities		1,422,518
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Payments on DPA Mortgages		27,690
Other Receipts		96,189
Net cash provided by non-capital financing activities		123,879
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Principal paid on revenue bonds and other debt		(899,729)
Interest paid on revenue bonds and other debt		(696,090)
Proceeds on revenue bonds and other debt		6,023,977
Retirement of debt with revenue bonds proceeds		-
Purchases of property and equipment		(9,149,623)
Net cash used by capital and related financing activities		(4,721,465)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest income received		109,716
Net cash provided by investing activities		109,716
NET DREASE IN CASH AND CASH EQUIVALENTS		(3,065,352)
CASH AND CASH EQUIVALENTS, at beginning of year		7,427,533
CASH AND CASH EQUIVALENTS, at end of year	$	4,362,181
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	$	905,517
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense		1,084,006
Amortization expense		9,035
Changes in assets and liabilities:		
(Increase) decrease in operating accounts receivable		(693,423)
(Increase) decrease in operating other current assets		(15,166)
(Increase) decrease in Net Pension Asset		(43,682)
Increase (decrease) in accounts payable		95,188
Increase (decrease) in accrued compensated absences		241,910
Increase (decrease) in total OPEB liabilities		45,073
Increase (decrease) in net pension liability		(60,175)
Tenant security deposits received		87,600
Tenant security deposits refunded		(61,343)
Escrow deposits received		316,047
Escrow deposits paid out		(321,347)
Changes in deferred outflows/inflows:		
(Increase) decrease in deferred outflows of resources-related to pensions		80,785
Increase (decrease) in deferred inflows of resources-related to pensions		(247,507)
Net cash provided (used) by operating activities	$	1,422,518
NONCASH INVESTING,CAPITAL AND FINANCING ACTIVITIES:		
Amortization of Discounts on Bonds Payable	$	10,161

The accompanying notes are an integral part of these financial statements.

The following notes are an integral part of the accompanying financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Housing Authority of Thurston County have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described below.

A. Reporting Entity

The Authority was incorporated in 1971 and operates under the laws of the state of Washington applicable to Housing Authorities. The primary public housing authority statute is Chapter 35.82 Revised Code of Washington (RCW).

As required by the generally accepted accounting principles the financial statements present Authority, the primary government, and its component units. The Authority has no component units.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Accounting records are maintained according to the proprietary fund model that is similar to private business enterprises. The Housing Authority's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows. Capital asset purchases are capitalized and depreciated over their useful lives and long-term liabilities are accounted for in the proprietary fund.

The proprietary fund is composed of a number of programs. These programs (both federally and locally financed housing programs) are designed to provide quality affordable housing opportunities and increase the self-sufficiency of those housed.

Operating Revenues/Expenses

The Authority's statements of revenues, expenses, and changes in net position distinguish between operating and non-operating revenues and expenses. Operating revenues result from fees and charges from providing services in connection with the ongoing operations of providing low-income housing. Operating subsidies and grants are reported as operating revenues and are presented as cash flows from non-capital financing activities in the statement of cash flows. Operating expenses are those expenses that are directly incurred in the operation of providing low-income housing. Operating revenues and expenses also include federal operating subsidies and housing assistance payments provided by U.S. Department of Housing and Urban Development (HUD). The use of this classification is based on guidance from HUD, the primary user of these financial statements. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses, including but not limited to capital and noncapital federal grants, interest income and expense.

This presentation results in operating revenues that are higher than if subsidies and/or grants were presented as non-operating revenues. Overall, it does not affect the presentation of the change in net position in the statement of revenues, expenses, and changes in net position, or the presentation of cash and cash equivalents in the statement of cash flows.

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

Public Support and Revenues

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Budgetary Information

Annual appropriated budgets are adopted on the accrual basis of accounting. Budget procedures are mandated by HUD. The budget, as adopted by the Housing Authority and partially approved by HUD, constitutes the authority for expenditures. The partially approved budget by HUD includes the Housing Choice Voucher, Moderate Rehabilitation programs, and Emergency Housing Voucher program.

D. Assets, Liabilities, Net Position

1. Cash and Cash Equivalents

It is the Authority's policy to invest all temporary cash surpluses. At June 30, 2024, on behalf of the Authority, the Thurston County Treasurer was holding $4,362,181 in short-term residual investments of surplus cash. This amount is classified on the balance sheet as cash and cash equivalents.

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

2. Investments

Investments for the Authority are reported at fair value. The Thurston County Investment Pool is not registered with the Securities and Exchange Commission and is an unrated investment pool. Rather, the pool operates in accordance with appropriate state laws and regulations, and is audited annually by the Washington State Auditor's Office. The reported value of the pool is the same as the fair value of the pool shares. For various risks related to the investments, see Deposits and Investments Note 2.

3. Receivables

Receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based on historical trends and periodic aging of accounts receivable. Major receivable balances include HUD and other governments and property management companies.

4. Mortgage Receivable

Mortgages receivable consist of subordinate mortgage loans made under a down payment assistance program for first time home buyers. These loans are 0% interest loans secured by a deed of trust and payable upon sale or transfer of title or change of use.

The Non-current portion of $1,026,545 decreased in 2024 by $27,960 from 2023. Housing Authority is not anticipating a reduction in 2024 due to no required monthly payments on these notes; repayment typically occurs upon sale of property.

5. Restricted Assets and Liabilities

The Restricted Asset accounts contain resources for tenant security deposits, Family Self Sufficiency (FSS) escrows, HUD restricted net position, and restricted revolving loan funds. Related liabilities are shown as "Payable from Restricted Assets" in the Statement of Net Position. For a detailed listing of restricted asset balances as of June 30, 2024 see Note 2 – Deposits and Investments.

6. Capital Assets

Property and equipment purchases are recorded at cost. The Housing Authority's policy is to capitalize purchased property and equipment with a cost greater than $1,200 for the rental properties and those with a cost greater than $5,000 for all other operations. Maintenance and repairs are charged to expenses as incurred; major improvements are capitalized.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Costs for additions or improvements to capital assets are capitalized when they increase the effectiveness or efficiency of the asset.

The costs for normal maintenance and repairs are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation is calculated on the straight-line basis over the estimated useful lives of the respective assets, which are as follows:

Assets	**Years**
Land improvements	5 to 20 years
Building and improvements	15 to 40 years
Equipment	5 to 12 years

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows 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/expenditure) until then. For the Authority, deferred outflows or resources are reported for pension related activities.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources include pension. Deferred inflows of resources related to pension are reported on the statement of net position.

8. Compensation Absences

All regular full-time and part-time employees are eligible to accrue annual leave based upon length of employment. Regular full-time employees accrue sick leave at a rate of one sick day (eight hours) for each month of continuous service. Regular part-time employees accrue sick leave at a rate determined by multiplying the employee's full-time equivalency rate by eight hours. All accrued unused annual leave will be paid out upon termination of employment. Regular employees who have completed five years of continuous employment with the HATC who are leaving HATC due to retirement pursuant to the Public Employees Retirement System or due to death will be partially paid for accumulated sick leave. Under no other circumstances are payments made for accrued, unused sick leave.

In addition, non-exempt employees are allowed to accumulate compensatory time in lieu of overtime pay. Compensatory time, if elected, shall accrue at the rate of one-and-one-half hours for each hour of overtime worked. All accrued, unused compensatory time will be paid out upon termination of employment.

Compensated absences payable, as reported on the balance sheet, are based on the accrued annual leave, compensatory time balances and sick leave for employees who eligible as of June 30, 2024.

9. Pensions

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

For purposes of calculating the restricted net position related to the net pension asset, the authority includes the net pension asset only. For details of the Pension Plans see Note – 10.

10. Long-Term Debt (See Note 9 – *Long-Term Debt*)

11. Net Position

Net position represents the difference between assets, deferred outflows of resources, deferred inflows of resources, and liabilities.

Net Investment in Capital Assets/Intangible Assets consists of capital assets and intangible assets like software, net of accumulated depreciation/amortization, reduced by the outstanding balances of any borrowings that have been used for the acquisition, construction or improvement of those assets or the life of the subscriptions being used.

Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Authority applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

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

12. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from these estimates.

13. Accounting Standards

Statement No. 96- Subscription-Based Information Technology

In fiscal year 2023, the Authority implemented GASB 96, Subscription-Based Information Technology Arrangements, which provides guidance on accounting for Subscription-Based Information Technology Arrangements (SBITA) where the government contracts for the right to use another party’s software. The standards for SBITAs are based on the standards established in GASB Statement No. 87, Leases. The requirements of this statement are effective for fiscal years beginning after June 15, 2022. See Note 5 for more detail.

Statement No. 101- Compensated Absences

In fiscal year 2024, the Authority fully implemented GASB 101, Compensated Absences, which provides further guidance on GASB 16, which addressed accounting for Compensated Absences. The requirements of this statement are effective for fiscal years beginning after December 15, 2023. See Note 12 for further details.

The Authority is restricted in its cash deposits and investments to those allowed by RCW 35.82.070(6). In general, deposits must be made with qualified financial institutions whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC). All funds of the Authority are held in qualified financial institutions or with the Thurston County Treasurer.

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits

As of June 30, 2024, deposits with financial institutions are $347,597.

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

Investments

Cash of the Housing Authority is combined with Thurston County's Investment Pool. The Authority is invested at 100% of their daily balance for each of its funds. The investment instruments are diversified under the guidelines of the Thurston County Investment Policy and conform to all state statutes. All funds deposited in the TCIP are available to the Authority at full face value without regard to current market values of the investment pool. Earnings distributions, including any realized transactions in the pool, are distributed monthly, calculated on the average daily balance of the Authority's cash balances.

The Authority has complete liquidity in all funds under the care of the Thurston County Treasurer. Because of this liquidity, it is never necessary to call funds early for cash management purposes, and the Housing Authority does not hold funds in specific time securities owned exclusively by the Authority. Therefore, all funds on deposit with the Thurston County Treasurer are considered cash equivalents as required by Washington State law, the Housing Authority's cash and cash equivalents are limited to obligations of the U.S. Government, U.S. agency issues, obligations of the State of Washington, general obligations of Washington State municipalities, or certificates of deposit with Washington State banks and
Savings and loan institutions. Because Washington State law limits the Authority's deposits and investments to those with no risk of loss, the Housing Authority has no policies addressing custodial credit risk. As of June 30, 2023, all of the Housing Authority's cash and cash equivalents are in the Thurston County Investment Pool or in checking and savings accounts with federally insured financial institutions. The cash and cash equivalents are recorded at cost plus accrued interest earnings, which approximate fair value.

At June 30, 2024, all cash and cash equivalents of the Housing Authority are fully insured and are held by the Housing Authority, or their agents in the Housing Authority's name.

	Carrying Amount	Fair Value
Federally Insured Financial Institutions.	$ 347,597	$ 347,597
Thurston County Investment Pool	4,014,584	4,014,584
Total	$ 4,362,181	$ 4,362,181

Cash and cash equivalents

At June 30, 2024, unrestricted cash and cash equivalents consists of the following--

Amounts designated for maintenance and operating reserves	$ 1,349,278
Amounts designated for Rental Assistance programs	524,415
Undesignated cash and cash equivalents	1,285,162
Total unrestricted cash and cash equivalents	$ 3,158,855

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Restricted cash and cash equivalents consist of the following:

a. **Restricted Net Position – Rental Assistance (RA) Program**
Housing authorities are required to maintain the balance of rental assistance funds received in excess of expenditures. The cumulative balance of those excesses is referred to as Restricted Net Position (RNP). The RNP balance is restricted by HUD to be used for Housing Choice Voucher (HCV), Mainstream, and Emergency Housing Voucher (EHV) rental assistance payments only.

b. **FSS payable to tenants**:
FSS payable to tenants reflects the accumulated deposits and interest earnings to be paid to the FSS program participants upon their successful completion of the program.

c. **Tenant security deposits**:
Tenants are required to pay a security deposit at the time they move into one of the Housing Authority's developments. The security deposits are refundable provided that the unit's physical condition is satisfactory at the time the tenant moves out. Security deposit checking accounts have been established to cover the total security deposits payable to tenants.

d. **Restricted revolving loan funds**
As a provision of the Down Payment Assistance (DPA) program, all funds received to pay off the corresponding mortgages are accounted for separately and restricted for use consistent with the DPA program.

At June 30, 2024, restricted cash and cash equivalents consist of the following--

FSS payable to tenants	$	439,976
Tenant security deposits		330,547
DPA restricted loan funds		432,803
Total restricted cash	$	1,203,326

NOTE 3 - ACCOUNTS RECEIVABLE:

At June 30, 2024, accounts receivable consists of the following--

Federal grants	$	632,434
Property management companies		324,103
Portable vouchers		24,314
Interest Receivable		16,565
Over paid HAP		130,371
Allowance for doubtful accounts		(98,310)
Total accounts receivable	$	1,029,477

NOTE 4 – CAPITAL ASSETS

The following is summary of the changes in capital assets for the year ended June 30, 2024:

	Balance, Beginning of year	Additions	Retirements	Balance, End of year
Capital Assets not being depreciated:				
Land	$ 8,456,563	2,457,098	-	$ 10,913,661
Construction in Progress	6,344,232		1,033,810	5,310,422
Total Capital assets not being depreciated	14,800,795	**2,457,098**	**1,033,810**	**16,224,083**
Capital assets being depreciated				
Subscriptions	28,737		28,737	-
Buildings and improvements	35,002,993	7,550,046	-	42,553,039
Machinery/Equipment	1,080,828	176,288	-	1,257,116
Total capital assets being depreciated	**36,112,558**	**7,726,334**	**28,737**	**43,810,155**
Less accumulated depreciation/ amortization	(13,777,885)	(1,093,041)	(28,737)	(14,842,189)
Total capital assets being depreciated-net	22,334,673	6,633,293	-	28,967,966
Total capital assets - net	$37,135,468	**$9,090,426**	**$1,033,810**	**$45,192,049**

NOTE 5– SUBSCRIPTION BASED INFORMATION TECHNOLOGY AGREEMENTS (SBITA)

For the year ended 6/30/2024, the financial statements include the adoption of GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset. For additional information, refer to the disclosures below.

Based on analysis, none of the subscriptions the Housing Authority has entered does not meet the requirements as an asset, as which is listed below.

As of 06/30/2024, Housing Authority of Thurston County, WA had 2 active subscriptions. The subscriptions have payments that range from $0 to $0 and interest rates that range from 1.8503% to 2.1937%. As of 06/30/2024, the total combined value of the subscription liability is $0, and the total combined value of the short-term subscription liability is $0. The combined value of the right to use asset, as of 06/30/2024 of $0 with accumulated amortization of $0 is included within the Subscription Class activities table found below. The subscriptions had $0 of Variable Payments and $0 of Other Payments, not included in the Subscription Liability, within the Fiscal Year.

See note 17, Subsequent Events, for more detail regarding software the Housing Authority is implementing and will be considered an asset under GASB 96 in 2025.

NOTE 5– SUBSCRIPTION BASED INFORMATION TECHNOLOGY AGREEMENTS (SBITA) (continued)

	Balance as of July 1, 2023	Additions	Reductions	Balance as of June 30, 2024
Subscription Assets				
Software				
Go8 Rent Watch	5,965	-	5,965	-
MRI Software - Saas	22,772	-	22,772	-
Total Software Subscription Assets	**28,737**	**-**	**28,737**	-
Total Subscription Assets	**28,737**	**-**	**28,737**	-
Subscription Accumulated Amortization				
Software				
Go8 Rent Watch	4,521	1,444	5,965	-
MRI Software - Saas	15,181	7,591	22,772	-
Total Software Subscription Accumulated Amortization	**19,702**	**9,035**	**28,737**	-
Total Subscription Accumulated Amortization	**19,702**	**9,035**	**28,737**	**-**
Total Subscription Assets, Net	**9,035**	**(9,035)**	**-**	**-**

NOTE 6 – CONSTRUCTION-IN-PROGRESS

As of June 30, 2024, the Construction-in-Progress account reflects ongoing developments, primarily associated with two projects: the construction of Olympia Crest III in Olympia, Washington, and the acquisition and redevelopment of the Tumwater Inn in Tumwater, Washington, which will be renamed as Sterling Pines.

Olympia Crest III:
On January 16, 2019, the Housing Authority acquired adjacent land to Olympia Crest Apartments for $612,500. The development plan includes the construction of 28 additional units, augmenting the existing 164 units. Funding for this project involves a contribution of approximately $1.7 million from the Housing Authority and $6,553,338 from a tax-exempt bond secured through Heritage Bank.

Sterling Pines (formerly Tumwater Inn):
In July 2023, the Housing Authority acquired the Tumwater Inn for redevelopment, earmarked for a complex dedicated to the elderly in our community and known as Sterling Pines. The Housing Authority is contributing approximately $278,850 to the construction. Additionally, funding support has been received from the City of Tumwater and Department of Commerce in the amounts of $275,000 and $7,900,000; respectively.

These Construction-in-Progress balances represent the capitalized costs associated with the ongoing construction activities, in accordance with Generally Accepted Accounting Principles (GAAP). The costs include direct expenditures related to land acquisition, construction, and development activities.

NOTE 7 - ACCOUNTS PAYABLE:

At June 30, 2024, accounts payable consists of the following-

Accounts payable—Vendors	$	269,613
Accounts payable— HUD payable		153,535
Total accounts payable	$	423,148

NOTE 7 – ACCOUNTS PAYABLE (continued)

Accounts payable include amounts due to HUD that has not been paid for yet due to our reconciliation with HUD. The sum of all outstanding amounts owed to HUD is shown above.

NOTE 8 – REVOLVING LOAN FUND

In October, 2003 the Housing Authority entered into a contract with the Washington State Department of Commerce (previously Department of Community Trade and Economic Development) to administer a revolving fund. The total award is in the form of a recoverable grant with no expectation of repayment if the Housing Authority is in compliance with the terms and conditions set forth in the agreement for the term of the commitment ending December 31, 2034. Under this agreement, the Housing Authority issues second mortgages in connection with first-time home purchases for eligible low-income families. The second mortgages are secured by a deed of trust and any payments are restricted for the purpose of providing additional opportunities for low-income families to purchase homes. As of June 30, 2024, the Housing Authority has assisted 51 families with their first-time home purchases.
Revolving loan Fund is summarized as follows:

Beginning Balance	Additions	Reductions	End of Year	Due within one Year
$1,459,800	$0	$0	$1,459,800	$0

NOTE 9 – OTHER NOTES PAYABLE AND LONG-TERM LIABILITIES

The Housing Authority issued a variety of revenue bonds and notes to acquire several of its apartment complexes. Descriptions and terms of the debt issued for each complex are as follows:

1. **Notes Payable**:

   a. **<u>Lake Park Complex – Note Payable</u>**:
   An 8-unit apartment complex was purchased in November, 1999. The Authority signed a zero-interest deferred note from the Department of Commerce of $470,911. An amendment was made in July 2002 where the deferment for twenty-five years and secured by a Deed of Trust on the property will begin January 1,2023 thru December 31, 2028. Conditions of the deferred note are to provide transitional housing for homeless families with children and if the terms and conditions of the contract have been met, the note will be forgiven on December 31, 2028.

   b. **<u>Olympia Crest Phase II – Notes Payable:</u>**
   Land adjacent to an existing property was purchased in May, 2008. The Authority signed a deferred note payable from the City of Olympia of $360,000. The deferred note is a zero-interest with payment deferred provided that the property is used as low-income housing and is secured by a Deed of Trust. If the property is no longer used as low-income housing, the note shall be payable in 240 equal monthly payments bearing interest at 12% per annum. It is the intent of both the borrower and the lender to renegotiate the terms of this loan agreement every 5 years on or about the anniversary of the loan closing date for the purpose of determining the feasibility of converting this to an installment payment loan at 0%.

   The Authority received a contract award of $2,000,000 in April, 2009 from the Department of Commerce to build 24 units adjacent to the existing Olympia Crest Apartment Complex. The contact is secured by a Deed of Trust on the property. $1,000,000 of the award is a recoverable grant with no expectation of repayment if the terms and conditions of the contract have been met through the term of the commitment that ends on September 30, 2050. The remaining $1,000,000 of the award is a zero-interest note with quarterly payment of $6,000.00 beginning March 31, 2011 with the final payment due March 31, 2045.

NOTE 9 – OTHER NOTES PAYABLE AND LONG-TERM LIABILITIES (continued)

c. Horizons West – Notes Payable:
The Horizons West apartment complex was purchased in September, 1993. The Authority signed two loans from the Department of Commerce for acquisition and rehabilitation secured by a Deed of Trust on the property. In the event the property is sold, or the property is not used as required by the contract, the lender is entitled to the unpaid balance, the amount representing the prorated appreciation and any costs incurred by the lender for collection. The terms of the loans are as follows:

1. **Note Payable**: The Authority signed a zero interest note from Department of Commerce for $467,421, with terms deferred until sale, refinance, change of use, or fifty years, whichever occurs first.

2. **Amortized Note Payable**: The Authority signed an additional zero interest note from Department of Commerce for $151,590. This note requires payments of $3,031.80 per year and the note matures in December, 2043.

d. Hall Street – Notes Payable:
Two, fourplexes in Lacey, WA were purchased in September, 2014. The Authority signed two zero interest promissory notes from Thurston County of $191,393 for a total of $382,786 for the acquisition. The notes are secured by a Deed of Trust and Restrictive Covenant Agreement on each property. Provided the Authority complies with all the agreements, the entire balance of principal, interest, and default interest, if any, shall be forgiven in April, 2045.

e. Triplexes – Notes Payable
The Authority signed two zero-interest promissory notes in August, 2019 from Thurston County of $116,687 for a total of $233,734 to help fund the construction of two triplexes in Lacey, WA. The notes are secured by a Deed of Trust and Restrictive Covenant Agreement on each property. Provided the Authority complies with all the agreements, the entire balance of principal, interest, and default interest, if any, shall be forgiven in August, 2039.

f. Triplexes – Olympia Federal Savings Note Payable
The Authority signed a construction loan agreement and promissory note in February, 2019 with Olympia Federal Savings to provide $650,000 for part of the funding for construction of two triplexes in Lacey, WA. The promissory note bears an interest rate of 5.00% and matures on October 1, 2049 and is secured by a deed of trust. Monthly payment is $3,518.55.

g. Creekwood – Olympia Federal Savings Note Payable
The Authority purchased four, fourplexes in Olympia, WA in December, 2021. The Authority signed an agreement and promissory note with Olympia Federal Savings for $2,000,000 with an interest rate of 3.950% and monthly payments of $9,556.19. The note is secured by a deed of trust and matures in January, 2052.

h. Sequoia Landing Phase II – Sawyer Group
The Authority purchased 2.51 acres of land adjacent to the Sequoia Landing Apartments in Tumwater, Washington for $865,000 in December, 2021. The Authority signed an agreement with Sawyer Group, LLC to finance the purchase based on 50% down and a 5-year, 4% promissory note with monthly payments of $3,500 and a balloon payment in January, 2027.

i. Sterling Pines-
The Authority purchased the Tumwater Inn in July, 2023, for $4,800,000 to redevelopment into permanent housing for the elderly in our community that will be known as Sterling Pines. The Authority signed a contract with the Washington State Department of Commerce for a total amount of $7,900,000 for the purchase and renovation of he property. The contract includes a 40 year, fully deferred loan with simple interest of one percent (1%) accrued annually. Principal and accrued interest are due and payable on July 10, 2064, unless otherwise negotiated with the Department of Commerce to extend the commitment period. As of June 30, 2024, the outstanding principal is $4,800,000 and accrued interest payable is $46,685.

NOTE 9 – OTHER NOTES PAYABLE AND LONG-TERM LIABILITIES (continued)

2. Bonds Payable:

Refunding Revenue Bond – Heritage Bank:
In August, 2004, the Authority entered into an agreement with Heritage Bank providing for the issuance of a 4.90% single pooled refunding revenue bond of the Authority in a principal amount of $8,300,000 and monthly payments of $55,020.51. The proceeds of the bond were used to refund all of the Authority's Housing Revenue Bonds, 1993 (Surrey Lane Project), Housing Revenue Bonds, 1993 (Forest Park Project – Olympia Crest), and Housing Revenue Bonds, 1994 (Villa Granada Project – Falls Pointe). The bond matures in August, 2024, and is collateralized by a deed of trust on all three properties and a security interest in the property rents. The unamortized discounts on the refunded bonds are amortized over the life of the bond.

Multifamily Revenue Bond – Washington State Housing Finance Commission:
In May, 2011, the Authority entered into an agreement with the Washington State Housing Finance Commission (WSHFC) providing funding for Sequoia Landing construction with a $2,500,000 grant and issuance of a 4.95% Multifamily Revenue Bond in the principal amount of $3,356,000 with monthly payments of $18,061.53. The proceeds of the bond were used to build 40 units on Littlerock Road in Tumwater, Washington. The bond matures in June, 2043 and collateralized by a deed of trust on the property and a security interest in the property rents.

Revenue Bond - Heritage Bank:
In July, 2016, the Authority entered into an agreement with Heritage Bank providing for the issuance of a revenue bond of the Authority in a principal amount not to exceed $2,975,000. The proceeds of the bond were used to build 24 units (12 duplexes) referred to as Allen Orchard in Tumwater, Washington.

This revenue bond bears an interest rate of 3.75% per annum with a monthly payment of $13,782.80. Effective July 22, 2031, and every fifth anniversary of that date thereafter until maturity (July 22, 2047) or repayment in full of this bond, the outstanding balance shall bear the interest as the rate determined by the bank to be the greater of 3.75% per annum, or the sum of 2.75% plus 65% of the most-recent five-year advanced rate of the Federal Home Loan Bank (FHLB) of Des Moines. The revenue bond is collateralized by a deed of trust on the property and a security interest in the property rents.

Revenue and Refunding Bond - Heritage Bank:
In September, 2022, the Authority entered into an agreement with Heritage Bank providing for the issuance of a 3.73% revenue and refunding bond of the Authority in a principal amount not to exceed $8,950,000 with a monthly payment of $41,347.34. The proceeds of the bond were used to pay off the $1,500,000 line of credit on Olympia Crest Apartments Phase I that provided interim funding for planned renovations, the $896,662 balance of the revenue bond on Olympia Crest Apartments Phase II and the balance of $6,553,338 was used to construct 28 apartments known as Olympia Crest Apartments Phase III. The bond matures in September, 2038 and collateralized by a deed of trust on the property and a security interest in the property rents.

NOTE 9 – OTHER NOTES PAYABLE AND LONG-TERM LIABILITIES (continued)

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

	Balance, Beginning of year	Additions	Reductions	Balance, End of year	Due Within One Year
Other Notes Payable at June 30, 2024 is summarized as follows ---					
DCTED Note Payable--- Lake Park	$ 470,911	$ -	$ -	$ 470,911	$ -
City of Olympia Note Payable --- Olympia Crest	360,000	-	-	360,000	-
DCD Note Payable --- Horizons West	467,421	-	-	467,421	-
Note Payable --- Hall Street	382,786	-	-	382,786	-
Thurston County Note Payable --- Triplexes	233,734		-	233,734	-
DC Notes Payable --- Sterling Pines	-	4,800,000	-	4,800,000	-
Total other notes payable	$ 1,914,852	$ 4,800,000	$ -	$ 6,714,852	-
Long- Term debt at June 30, 2024 is summarized as follows ---					
DCD Note payable --- Horizons West	$63,668	-	$ 3,032	60,636	$3,032
Bond Payable – Heritage Bank	751,313	-	637,268	114,044	114,044
HTF Note Payable – Olympia Crest Phase II	700,000	-	24,000	676,000	24,000
WSHFC- Bond Payable- Sequoia Landing	2,692,242	-	88,324	2,603,918	89,846
Bond Payable- Heritage Bank- Allen Orchard	2,606,117	-	69,090	2,537,027	71,463
Olympia Federal Note Payable --- Triplexes	609,989	-	11,996	597,994	12,611
Olympia Federal Note Payable--- Creekwood 4-4 Triplexes	1,945,420	-	38,941	1,906,479	61,515
Sawyer Group--- Sequoia Phase II	391,629	-	27,078	364,551	28,201
'Bond Payable - Heritage Olympia Crest III	7,589,157	1,223,977	0	8,813,134	170,331
					-
Total long-term debt	$17,349,535	$1,223,977	$899,729	17,673,783	$575,043
Less current portion of long-term debt				(575,043)	
Less discounts on refunded bonds payable				(917)	
Long term debt- net				$17,097,823	
Net Pension Liability at June 30, 2024 is summarized as follows ---	$ 320,453	260,278	320,453	$ 260,278	
Total OPEB Liabilities at June 30, 2024 is summarized as follows	$ 1,071,155	1,116,228	1,071,155	$ 1,116,228	26,544

The annual debt service requirements to maturity for long-term debt as of June 30, 2024, are as follows:

	Principal	Interest
2025	575,043	665,992
2026	462,906	654,006
2027	752,166	623,037
2028	461,831	600,398
2029	480,701	581,530
2030-2034	2,703,459	2,607,694
2035-2039	8,742,622	1,866,713
2040-2044	2,157,547	442,327
2045-2049	1,172,436	130,693
2050-2054	165,072	5,176
Totals	**17,673,783**	**8,177,567**

Note 10– Pension Plans

The following table represents the aggregate pension amounts for all plans for the year 2024:

Aggregate Pension Amounts – All Plans	
Pension liabilities	$ 260,278
Pension assets	$ 601,891
Deferred outflows of resources	$ 607,652
Deferred inflows of resources	$ 324,710
Pension expense/expenditures	$ (69,228)

State Sponsored Pension Plans

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

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

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

Public Employees' Retirement System (PERS)

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

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

PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. PERS Plan 1 retirement benefits are actuarially reduced if a survivor benefit is chosen. Members retiring from active status prior to the age of 65 may also receive actuarially reduced benefits. Other benefits include an optional cost-of-living adjustment (COLA). PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

The PERS Plan 1 member contribution rate is established by State statute at 6%. The employer contribution rate is developed by the Office of the State Actuary, adopted by the Pension Funding Council and is subject to change by the legislature. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2023 were as follows:

Note 10– Pension Plans (continued)

PERS Plan 1		
Actual Contribution Rates	**Employer**	**Employee***
July – August 2023		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	3.71%	
Administrative Fee	0.18%	
Total	**10.25%**	**6.00%**
September 2023 – June 2024		
PERS Plan 1	10.21%	6.00%
Administrative Fee	0.18%	
Total	**10.39%**	**6.00%**

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the member's AFC times the member's years of service for Plan 2 and 1% of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 retirement benefits are actuarially reduced if a survivor benefit is chosen. Other PERS Plan 2/3 benefits include a COLA based on the CPI, capped at 3% annually. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

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

Contributions

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

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

Note 10– Pension Plans (continued)

The PERS Plan 2/3 defined benefit 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***
July – August 2021		
PERS Plan 2/3	6.36%	6.36%
PERS Plan 1 UAAL	3.71%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	**10.25%**	**6.36%**
September 2022 – June 2023		
PERS Plan 2/3	6.36%	6.36%
PERS Plan 1 UAAL	3.85%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	**10.39%**	**6.36%**

The Authority's actual PERS plan contributions were $63,808 to PERS Plan 1 and $543,022 to PERS Plan 2/3 for the year ended June 30, 2024.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2023 with a valuation date of June 30, 2022. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2013-2018 Demographic Experience Study* and the *2021 Economic Experience Study*.
Additional assumptions for subsequent events and law changes are current as of the 2022 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2023. Plan liabilities were rolled forward from June 30, 2022, to June 30, 2023, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

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

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

Methods did not change from the prior contribution rate setting June 30, 2021 Actuarial Valuation Report (AVR). OSA did make an assumption change to adjust TRS Plan 1 assets, LEOFF Plan 1/2 assets, and LEOFF participant data to reflect certain material changes occurring after the June 30, 2022 measurement date.

Discount Rate

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

To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA's assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit

Note 10– Pension Plans (continued)

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

Long-Term Expected Rate of Return

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

Estimated Rates of Return by Asset Class

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

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	1.50%
Tangible Assets	7%	4.7%
Real Estate	18%	5.40%
Global Equity	32%	5.90%
Private Equity	23%	8.90%
	100%	

Sensitivity of the Net Pension Liability/ (Asset)

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

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
PERS 1	$363,627	$260,277	$170,077
PERS 2/3	$654,629	$(601,892)	$(1,634,203)

Pension Plan Fiduciary Net Position

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

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

At June 30, 2023, the Authority reported its proportionate share of the net pension liabilities as follows:

Note 10– Pension Plans (continued)

	Liability (Asset)
PERS 1	$260,278
PERS 2/3	$(601,891)

At June 30, the Authority's proportionate share of the collective net pension liabilities was as follows (only report applicable plans):

	Proportionate Share 6/30/22	Proportionate Share 6/30/23	Change in Proportion
PERS 1	.011509%	.011402%	.000107%
PERS 2/3	.015051%	.014685%	.000366%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2023 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the Schedules of Employer and Nonemployer Allocations for all plans except LEOFF 1.

Pension Expense

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

	Pension Expense
PERS 1	$(6,224)
PERS 2/3	$(63,044)
TOTAL	$(69,228)

Deferred Outflows of Resources and Deferred Inflows of Resource

At June 30, 2024, 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		
Plans	PERS 1	PERS 2/3	Total	PERS 1	PERS 2/3	Total
Differences between expected and actual experience		$122,605	$ 122,605		$6,725	$6,725
Net difference between projected and actual investment earnings on pension plan investments				$29,360	$226,829	$256,189
Changes of assumptions		$252,695	$ 252,695		$55,078	$ 55,078
Changes in proportion and differences between contributions and proportionate share of contributions		$31,004	$ 31,004		$6,713	$ 6,713
Contributions subsequent to the measurement date	$63,808	$137,544	$201,352			
TOTAL	$63,808	$543,848	$607,656	$29,360	$295,345	$324,705

Note 10– Pension Plans (continued)

Deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	PERS 1	PERS 2/3	Total
2024	(19,976)	(96,715)	$ (116,690)
2025	(25,122)	(124,682)	$ (149,803)
2026	15,490	189,030	$ 204,520
2027	247	69,712	$ 69,960
2028		68,502	$ 68,502
Thereafter		4,284	$ 4,284
Total	$ (29,360)	$ 110,133	$ 80,773

NOTE 11- DEFERRED COMPENSATION PLAN

The Housing Authority of Thurston County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This plan is with the State of Washington Committee for Deferred Compensation. The plan, available to eligible employees, permits them to defer a portion of their salaries until future years. The deferred compensation is not available to the employees until termination, retirement, death, or unforeseeable emergency. At discretion of the Board of Commissioners at the Housing Authority, the Authority matches up to 6.2% of the Deferred compensation in lieu of social security.

In June 1998, the State of Washington Deferred Compensation Program Plan assets were placed in trust for the exclusive benefit of participants and their beneficiaries. Pursuant to GASB Statement 32, since the Housing Authority of Thurston County is no longer the owner of these assets, the plan assets and liabilities are not recorded on the financial statements of the Housing Authority of Thurston County.

NOTE 12- COMPENSATED ABSENCES

The Housing Authority has implemented GASB 101, which provided more clarification and requirements of the recognition and measurement of compensated absences. The Housing Authority of Thurston County has created a policy regarding the recognition of sick leave. Per the Housing Authority's policy, sick leave is only paid out when an employee retires from the agency. Sick leave is not paid out in any other circumstance. Henceforth, the Housing Authority policy on the recognition of sick leave is only for employees who have reached the minimum age of 60. The Housing Authority will recognize all sick leave for those employees 60+, since the likelihood these employees will retire and pay this leave out is higher.

In 2024, the change in our policy and how sick leave is accounted for resulted in an increase liability of $36,442 due to six employees qualifying due to this change in accounting. The total compensated absence for fiscal year 2024 is $489,071.

NOTE 13 – WASHINGTON HOUSING AUTHORITIES' RISK RETENTION POOL

The Housing Authority is not facing any type of risk and has no settlements that exceeded the insurance coverage traditionally insured with property and casualty insurance. We are unaware of any loss exposures that may need specialized coverage traditionally excluded in property and casualty insurance.

The Housing Authority of Thurston County is a member of Housing Authorities Risk Retention Pool (HARRP). Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 (Interlocal Cooperation Act), fifty-five public housing authorities in the states of Washington, Oregon and California originally formed HARRP in March 1987. HARRP was created for the purpose of providing a pooling mechanism for jointly purchasing

NOTE 13 – WASHINGTON HOUSING AUTHORITIES' RISK RETENTION POOL (continued)

insurance, jointly self-insuring, and/or jointly contracting for risk management services. HARRP is a U.S. Department of Housing and Urban Development (HUD) approved self-insurance entity for utilization by public housing authorities. HARRP has a total of eighty four member/owner housing authorities in the states of Washington, Oregon, California and Nevada. Thirty-six of the eighty six members are Washington State public housing entities. In 2022, HARPP switched to a different provider named Synchrous Risk Management.

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 sixty (60) day notice prior to the renewal date. Termination does not relieve a former member from its unresolved losses incurred during membership.

General and Automobile Liability 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).

Fidelity coverage is also offered, 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. 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 $2,000,000 and purchases an additional $1million 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 adjustment

Note 14– Defined Benefit Other Postemployment Benefit (OPEB) Plans

The following table represents the aggregate OPEB amounts for all plans subject to the requirements of GASB 75 for the year 2024.

Aggregate OPEB Amounts – All Plans	
OPEB liabilities	*$1,116,228*
OPEB expense/expenditures	*$67,760*

OPEB Plan Description

Beginning in fiscal year 2018, the Housing Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 75 for other post-employment benefits (OPEB) offered to retirees. This standard addresses how housing authorities should account for and report their costs related to post-employment health care and other non-pension benefits. GASB 75 requires the Housing Authority to accrue the cost of the retiree health subsidy and other post-employment benefits during the period of employees' active employment, while the benefits are being earned, and disclose the unfunded actuarial

Note 14– Defined Benefit Other Postemployment Benefit (OPEB) Plans (continued)

accrued liability in order to accurately account for the total future cost of post-employment benefits and the financial impact on the Housing Authority.

Per RCW 41.05.065, the Public Employees' Benefits Board (PEBB), created within the Washington State Health Care Authority (HCA), is authorized to design benefits and determine the terms and conditions of employee and retired employee participation and coverage. PEBB establishes eligibility criteria for both active employees and retirees. Benefits purchased by PEBB include medical, dental, life and long-term disability. The eligible retirees can choose to participate in the plan and pay 100% of the cost. Entities that belong to PEBB have an OPEB liability related to the implicit rate subsidy for insurance offered to retirees. The Housing Authority funds this subsidy on a pay-as-you-go basis and there are no assets accumulated.

Employees covered by benefit terms: *At June 30, 2024, the following employees were covered by the benefit terms:*

Inactive employees or beneficiaries currently receiving benefits	*8*
Inactive employees entitled to but not yet receiving benefits	*0*
Active employees	*22*
Total	*30*

Assumptions and Other Inputs
The Housing Authority used the Alternative Measurement Method (AMM) permitted under GASB Statement No. 75, prepared by the Office of the State Actuary (OSA). The valuation and measurement date for the OPEB Actuarial Valuation is the same as the Authority, June 30, 2023. A complete copy of the 201185 Other Post-Employment Benefits Actuarial Valuation report may be obtained by writing to: The Office of State Actuary, P.O. Box 40914, Olympia, WA 98504-0914; or it may be downloaded from the OSA website at www.osa.leg.wa.gov.

In addition, the following information related to assumptions and other inputs should be disclosed, as applicable:

OSA used the following assumptions in developing the OPEB liability

- Inflation of 2.35%
- Healthcare cost trend initial rate rang approximately 2-16% reaching an ultimate rate of approximately 3.8% in 2075
- Projected salary changes are at 3.25% plus service based increases
- The implicit subsidy is based on claims experience for employees and non-Medicare eligible retirees being pooled when determining premiums.
- Mortality rates are based on the PubG.H-2010 (General) tables with no age setback, mortality improvements of 100% Sale BB and generational projection period.
- The discount rate at the beginning of the measurement year was 3.65% compared to the end of the measurement year of 3.93%
- Post-retirement participation percentage of 60%

Note 14– Defined Benefit Other Postemployment Benefit (OPEB) Plans (continued)

- Percentage with spouse coverage of 45%

The Specific assumptions used for the AMM were reasonable and are as follows:

- ¾ of members select a UMP plan and 1/4 select a Kaiser Permanente (KP) plan.
- UMP pre- and post-Medicare costs and premiums are equal to the Uniform Medical Plan (UMP) Classic.
- The KP pre-Medicare costs and premiums are a 40/60 blend of KP WA Classic and KP WA Value.
- The KP post-Medicare costs and premiums are equal to KP WA Medicare.
- We estimated retirement service for each active cohort based on the average entry age of 35, with a minimum service of 1 year. For example, an age 47 member is assumed to have 12 years of service. Service is a component of benefit eligibility.
- Assumptions for rates of decrement (retirement, disability, termination, and mortality) are consistent with the most recent PEBB OPEB valuation as of the publication date of this tool. For simplicity, we made the following changes:
    - Based on an average expected retirement age of 65, we applied active mortality rates for ages less than 65 and retiree mortality rates for ages 65+.
- Each cohort is assumed to be a 50/50 male/female split.
- We assume a 45% likelihood that current (and future) retirees cover a spouse.
    - We further assume that eligible spouses are the same age as the primary member.
- We Selected the age-based cohorts for AMM based upon the overall distribution of State employees and retirees that participate in PEBB
- We did not include dental benefits when calculating the total OPEB Liability.

The following presents the net OPEB liability of the Authority calculated using the current healthcare cost trend rate of 6.8 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.8 percent) or 1-percentage point higher (7.8 percent) that the current rate.

	1% Decrease (2.93%)	*Current Discount Rate (3.93%)*	*1% Increase (4.93%)*
Net OPEB Liability	*$952,525*	*$1,116,228*	*$1,322,040*

The following presents the net OPEB liability of the Authority calculated using the discount rate of 3.93 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.93 percent) or 1-percentage point higher (4.93 percent) that the current rate.

	1% Decrease (5.8%)	*Current Healthcare Cost Trend Rate (6.8%)*	*1% Increase (7.8%)*
Net OPEB Liability	*$1,299,617*	*$1,116,228*	*$967,467*

Note 14– Defined Benefit Other Postemployment Benefit (OPEB) Plans (continued)

Changes in the Net OPEB Liability

Plan Name	*Total OPEB Liability*
Balances at 6/30/2023	*$1,071,155*
Changes for the year:	
Service cost	*$26,228*
Interest	*$39,644*
Changes of benefit terms	*$0*
Changes in experience data and assumptions	*$1,888*
Benefit payments	*$(22,687)*
Balances at 6/30/2024	*$1,116,228*

The measurement and valuation date was June 30, 2024.

NOTE 15 – CONTRACTS AND AGREEMENTS

The Housing Authority has agreements with two property management companies for the property management of 553 apartments owned by the Housing Authority located in Olympia, Lacey and Tumwater, Washington. Under the terms of the agreements, the property management companies are responsible for leasing and managing the property, including tenant selection, collection of rents and other receipts, payment of operating expenses, maintenance, and accounting for the property's operations.

In exchange for the services, the Housing Authority pays the property management companies a monthly fixed fee on most of its properties. The Housing Authority does have a few properties that are based on a fixed fee plus a percentage of the total monthly gross receipts from each project.

NOTE 16– CONTINGENCIES AND LITIGATION

The Housing Authority is occasionally party to various legal proceedings which normally occur in housing authority operations. These legal proceedings have historically been resolved in the Housing Authority's favor, and future legal proceedings are not likely to have a material adverse impact on the affected funds of the Housing Authority. Also, the Housing Authority is covered against litigation through the Housing Authorities' Risk Retention Pool, as discussed in Note 12. At June 30, 2024, the Housing Authority was not aware of any pending or threatened litigation or other contingent liabilities that are required to be accrued or disclosed in the financial statements.

NOTE 17- Subsequent Events

Software Conversion:

On December 31, 2023, the Housing Authority's software contract with MRI terminated. Despite this, the Housing Authority continued using the software's basic functions while negotiating a new agreement with MRI.
In March 2024, the Housing Authority entered a new contract with MRI to implement their updated software. During the implementation period, the Housing Authority retained access to the previous software.

By September 2024, the Housing Authority implemented PHA Pro, a module of the new software designed for the Housing Choice Voucher program. This module was mostly operational by October 2024.

Additionally, transitioning to the updated accounting software was necessary to facilitate the implementation. The Housing Authority continues to work with MRI toward full implementation of the updated accounting system, which is anticipated to be completed by the end of 2024. After the accounting system and PHA Pro, the Housing Authority would have fully implemented into the new software and be following the applicable accounting requirements and standards.

NOTE 18- Construction and Other Significant Commitments

Sequoia North:

The Authority acquired 2.51 acres of land adjacent to the existing Sequoia Landing apartments in Tumwater, Washington in December, 2021. The property is intended to be developed as permanent housing for seniors living on fixed incomes at or below 50% area median income. The working name for the senior development is Sequoia North. Prior to acquiring the land, The Authority commissioned a professional study that indicated no Mazama Pocket Gopher activity. The US Fish and Wildlife Service lists this gopher as an endangered species. After the purchase, the federal agency expanded areas they determined probable to be gopher occupied.

During the permitting process for the planned development, the City of Tumwater required an updated gopher study. This study indicated some evidence of gopher activity. After conferring with a local attorney specializing in this issue, as well as City of Tumwater management, planning for Sequoia North was put on hold. The attorney and City of Tumwater management advised The Authority that development will not be possible on this site until the City of Tumwater and a major landowner in this neighborhood (Port of Olympia) reach an agreement with US Fish and Wildlife Service for a Habitat Conservation Plan. The Authority was advised that such an agreement will not be reached for at least 18-24 months. The Authority's management perceived that range as quite optimistic.
Given the site's many attributes The Authority will hold the property until it is possible to obtain necessary permitting. Combined state and local conditional grant awards of $4.5 Million were received to develop the site.

Lacey Property:

In the subsequent fiscal year, The Authority identified another prospective site, which if acquired and properly zoned will facilitate the grant funders' ability, willingness to shift their conditional commitments to the alternative site. The alternative site is owned by a local governmental entity and is likely to ultimately be transferred to The Authority for substantially below market value, potentially for a token amount.
The City of Lacey commissioned a gopher study that concluded that is no gopher activity on this site. Given the vegetation such activity is unlikely to occur. This is a larger site, approximately 5.5 acres. It would accommodate the originally planned senior cottage village plus multi-generational units. The City developed and reviewed a preliminary site plan. A zoning modification will be necessary to accommodate the planned density with City management believes is feasible.

The property has been declared surplus by another local governmental entity, the City is negotiating to acquire it, with intentions of transferring it to The Authority.

REQUIRED SUPPLEMENTARY INFORMATION For State Sponsored Plans (PERS)

Housing Authority of Thurston County
Schedule of Proportionate Share of the Net Pension Liability (Asset)
Public Employees' Retirement System Plan 1
As of June 30, 2024
Last 10 Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Employer's proportion of the net pension liability (asset)	0.011402%	0.011509%	0.012069%	0.012177%	0.00012483	0.00012841	0.000124%	0.000130%	0.000148%	0.000152%
Employer's proportionate share of the net pension liability (asset)	$ 317,474	140,552	426,101	429,914	480,016	573,483	586,919	696,819	773,968	763,192
Covered payroll	$ 2,030,105	1,901,227	1,853,114	1,841,454	1,750,495	1,626,421	1,457,656	1,443,507	1,603,118	
Employer's proportionate share of the net pension liability as a percentage of covered payroll	15.64%	7.39%	22.99%	23.35%	27.42%	35.26%	40.26%	48.27%	48.28%	
Plan fiduciary net position as a percentage of the total pension liability	80.16%	76.56%	88.74%	68.64%	63.22%	61.24%	57.03%	59.10%	61.19%	

Notes to Schedule:

REQUIRED SUPPLEMENTARY INFORMATION For State Sponsored Plans (PERS)

Housing Authority of Thurston County
Schedule of Proportionate Share of the Net Pension Liability (Asset)
Public Employees' Retirement System Plan 2/3
As of June 30, 2024
Last 10 Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Employer's proportion of the net pension liability (asset)	0.014685%	0.015051%	0.015494%	0.015765%	0.016107%	0.015266%	0.014070%	0.014759%	0.017232%	0.017608%
Employer's proportionate share of the net pension liability (asset)	$ (544,634)	-1,543,452	198,159	201,625	156,454	260,653	488,865	743,104	615,709	355,921
Covered payroll	$ 2,030,105	1,901,227	1,853,114	1,841,454	1,750,495	1,572,733	1,379,464	1,367,595	1,529,054	
Employer's proportionate share of the net pension liability as a percentage of covered payroll	-26.83%	-81.18%	10.69%	10.95%	8.94%	16.57%	35.44%	54.34%	40.27%	
Plan fiduciary net position as a percentage of the total pension liability	107.02%	106.73%	120.29%	97.22%	95.77%	90.97%	85.82%	89.20%	93.29%	

Notes to Schedule:

REQUIRED SUPPLEMENTARY INFORMATION For State Sponsored Plans (PERS)

Housing Authority of Thurston County
Schedule of Employer Contributions
Public Employees' Retirement System Plan 1
For the year ended June 30, 2024
Last 10 Fiscal Years*

	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily or contractually required contributions	$ 63,808	77,699	70,535	89,898	88,252	89,511	85830	74402	73585
Contributions in relation to the statutorily or contractually required contributions	(63,808)	-77,699	-70,535	-89,898	-88,252	-89,511	-85,830	-74,402	-73,585
Contribution deficiency (excess)	0	0	0	0	0	0	0	0	0
Covered payroll	$ 2,162,632	2,030,105	1,901,227	1,853,114	1,841,454	1,750,495	1,626,421	1,457,656	1,443,507
Contributions as a percentage of covered payroll	2.95%	3.83%	3.71%	4.85%	4.79%	5.11%	5.28%	5.10%	5.10%

Notes to Schedule:
*Until a full 10-year trend is compiled, only information for those years available is presented.

REQUIRED SUPPLEMENTARY INFORMATION For State Sponsored Plans (PERS)

Housing Authority of Thurston County
Schedule of Employer Contributions
Public Employees' Retirement System Plan 2/3
For the year ended June 30, 2024
Last 10 Fiscal Years*

	current year	prior years - until 10 years are presented							
	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily or contractually required contributions	$ 137,544	129,115	120,919	146,767	145,232	131,550	117,798	85,940	85,201
Contributions in relation to the statutorily or contractually required contributions	(137,544)	-129,115	-120,919	-146,767	-145,232	-131,550	-117,798	-85,940	-85,201
Contribution deficiency (excess)	0	0	0	0	0	0	0	0	0
Covered payroll	2,162,632	2,030,105	1,901,227	1,853,114	1,841,454	1,750,495	1,572,733	1,379,464	1,367,595
Contributions as a percentage of covered payroll	6.36%	6.360%	6.360%	7.920%	7.887%	7.515%	7.490%	6.230%	6.230%

Notes to Schedule:
*Until a full 10-year trend is compiled, only information for those years available is presented.

Housing Authority of Thurston County
Schedule of Changes in Total OPEB Liability and Related Ratios
For the year ended June 30, 2024
Last 10 Fiscal Years*

	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability - beginning	$ 1,071,155	$ 1,190,058	$ 1,382,334.00	$ 1,504,207.00	$ 1,174,234.00	$ 1,310,728.00	$ 1,301,961.00
Service cost	28,939	32,311	$ 54,511.00	$ 58,327.00	$ 44,409.00	$ 45,104.00	$ 51,896.00
Interest	39,608	42,700	$ 30,779.00	$ 34,237.00	$ 42,331.00	$ 52,051.00	$ 48,183.00
Changes in benefit terms	0	0	$ -	$ -	$ -	$ -	$ -
Differences between expected and actual experience	0	0	$ -	$ -	$ -	$ -	$ (75,270.00)
Changes of assumptions	(83,543)	(161,326)	$ (253,689.00)	$ (187,576.00)	$ 261,791.00	$ (211,728.00)	$ -
Benefit payments	(30,160)	(32,588)	$ (23,877.00)	$ (26,861.00)	$ (18,558.00)	$ (21,921.00)	$ (16,042.00)
Other changes							
Total OPEB liability - ending	1,025,999	1,071,155	$ 1,190,058.00	$ 1,382,334.00	$ 1,504,207.00	$ 1,174,234.00	$ 1,310,728.00
Covered-employee payroll	2,162,632	2,030,105	$ 1,901,227.00	$ 1,853,114.00	$ 1,833,738.00	$ 1,750,495.00	$ 1,646,725.00
Total OPEB liability as a % of covered-employee payroll	47.44%	52.76%	62.59%	74.60%	82.03%	67.08%	79.60%

Notes to Schedule:
* Until a full 10-year trend is compiled, only information for those years available is presented.
No assets are accumulated in a qualifying trust.

HOUSING AUTHORITY OF THURSTON COUNTY
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2024

NOTE 1 - BASIS OF ACCOUNTING AND PRESENTATION

The Housing Authority maintains its accounting records in accordance with US Generally Accepted Accounting Principles (GAAP) on the accrual basis. Revenues are recognized in the period earned, with the corresponding receivable recorded at that time. Expenses are recognized in the period incurred.

NOTE 2 – OTHER POST EMPLOYMENT BENEFITS

Plan Description and Funding Policy
The Housing Authority provides medical benefits through the Public Employees Benefit Board (PEBB). The plan provides healthcare insurance for eligible retirees and their dependents. The eligible retirees can choose to participate in the plan and pay 100% of the cost. Entities that belong to PEBB have an OPEB liability related to the implicit rate subsidy for insurance offered to retirees. The Housing Authority funds this subsidy on a pay-as-you-go basis. No assets are accumulated in a trust to pay related benefits.

Actuarial Methods and Assumptions
The Housing Authority used the Alternative Measurement Method (AMM) permitted under GASB Statement No. 75, prepared by the Office of the State Actuary (OSA). The valuation and measurement date for the OPEB Actuarial Valuation is the same as the Authority, June 30, 2024. OSA assumptions were an inflation factor of 2.35%, Healthcare cost trend initial rate from about 2-16%, reach an ultimate rate of approximately 3.8% in 2075, projected salary changes are at 3.25% plus service based increases, the implicit subsidy is based on claims experience for employees and non-Medicare eligible retirees being pooled when determining premiums, mortality rates are based on the PubG.H-2010 (General) tables with an age setback of 0 year, mortality improvements of 100% Sale BB and generational projection period and the discount rate at the beginning of the measurement year was 3.65% compared to the end of the measurement year of 3.93 %. A complete copy of the 201185 Other Post-Employment Benefits Actuarial Valuation report may be obtained by writing to: The Office of State Actuary, P.O. Box 40914, Olympia, WA 98504-0914; or it may be downloaded from the OSA website at www.osa.leg.wa.gov.

NOTE 3 – PENSION PLANS – SCHEDULES OF PROPORTIONATE SHARE OF NET PENSION LIABILITY AND EMPLOYER CONTRIBUTIONS

The employer contributions processed within the fiscal years ended June 30 are used as the basis for determining each employer's proportionate share of the Net Pension Liability (NPL).

The Total Pension Liability (TPL) or Total Net Pension Asset (TPA) for each of the plans was determined using the most recent actuarial valuation completed in 2023 with a valuation date of June 30, 2022. The TPL and TPA 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. Mortality rates were based on Pub.H-2010 report's Combined Healthy Table and Combined Disabled Table. The Society of Actuaries published the document. The OSA applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB.

Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to: Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98504-8380; or it may be downloaded from the DRS website at www.drs.wa.gov.

Housing Authority of Thurston County
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures: From Pass-Through Awards	Expenditures: From Direct Awards	Expenditures: Total	Passed through to Subrecipients	Note
CDBG - Entitlement/Special Purpose Grants Cluster								
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via 'U.S. Dept. of HUD (via Thurston County))	Community Development Block Grants/Entitlement Grants	14.218	CDBG-HATC-RHA	382,786	-	382,786	-	3
	Total CDBG - Entitlement/Special Purpose Grants Cluster:			**382,786**	**-**	**382,786**	-	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Dept of Hud-City of Olympia)	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	RRP-188	360,000	-	360,000	-	3
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via 'U.S. Dept. of HUD (via Thurston County))	Home Investment Partnerships Program	14.239	1718-HOME-HC-HATC-GOLFCLUB	233,734	-	233,734	-	3
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Continuum of Care Program	14.267	WA0086LOT011710	-	$ 133,123.00	$ 133,123.00	-	
Section 8 Project-Based Cluster								
ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation	14.856	WA049-MRO-001	-	$ 237,455.00	$ 237,455.00	-	
	Total Section 8 Project-Based Cluster:			**-**	**$ 237,455.00**	**$ 237,455.00**	-	
Housing Voucher Cluster								
ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Section 8 Housing Choice Vouchers	14.871	WA049-VO	-	$ 24,709,062.10	$ 24,709,062.10	-	
ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Section 8 Housing Choice Vouchers	14.871	WA049-0APH	-	$ 924,309.00	$ 924,309.00	-	
			Total ALN 14.871:	**-**	**$ 25,633,371.10**	**$ 25,633,371.10**	-	
ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Mainstream Vouchers	14.879	WA049 DV	-	$ 1,609,285.00	$ 1,609,285.00	-	
	Total Housing Voucher Cluster:			**-**	**$ 27,242,656.10**	**$ 27,242,656.10**	-	
ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Family Self-Sufficiency Program	14.896	FSS18WA2158	-	$ 160,709.00	$ 160,709.00	-	
	Total Federal Awards Expended:			**$ 976,520.00**	**$ 27,773,943.10**	**$ 28,750,463.10**	**-**	

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THURSTON COUNTY
Notes to the Schedules of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2024

NOTE 1 - BASIS OF ACCOUNTING

The Housing Authority maintains its accounting records in accordance with US. Generally Accepted Accounting Principles (GAAP) on the accrual basis. Revenues are recognized in the period earned, with the corresponding receivable recorded at that time. Expenses are recognized in the period incurred.

NOTE 2 - PROGRAM COSTS

The amounts shown as current year expenditures represent only the federal grant portion of the program costs for the federal awards. Costs expended from other sources are not included on these schedules.

NOTE 3 – FEDERAL LOANS

ALN #: 14.228 Community Development Block Grants States Program

The Housing Authority of Thurston County was approved for a loan from the City of Olympia using Community Development Block Grant funds totaling $360,000. The funds were used to acquire land to build 24 additional units at an existing property for low income individuals and families. The amount listed is the outstanding balance from prior years. The project was completed in July 2011.

ALN #: 14.218 Community Development Block Grant Entitlement Grants

The Housing Authority of Thurston County entered into a sub-recipient agreement on September 26, 2014 secured by a deed of trust and promissory note with Thurston County using Community Development Block Grant funds totaling $382,726. The funds were used to acquire two 4-plexes for low income individuals and families. The amount listed for this loan includes the proceeds used during the year and the outstanding balance at year end.

ALN #: 14.239 HOME Investment Partnership Program

The Housing Authority of Thurston County entered into an agreement on September 26, 2014 secured by a deed of trust and promissory note with Thurston County using HOME funds totaling $233,734. The funds were used to build two triplexes for low income individuals and families. The amount listed for this loan includes the proceeds used during the year and the outstanding balance at year end.

NOTE 4 – FEDERAL INDIRECT COST RATE

The amount expended includes $702,580 claimed as an indirect cost recovery using an approved indirect cost rate. The Housing Authority has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 5 – AUTHORITY REPORTING

The Housing Authority of Thurston County reported total expenditures of federal awards. When the total expenditures exceed the total award, the amount reported represents the federal award. The Section 8 Housing Choice Voucher program award of $25,607,252 had expenditures of $24,709,062. The Emergency Housing Voucher program award of $924,309 had expenditures of $1,019,635.

HOUSING AUTHORITY OF THURSTON COUNTY

Olympia WA

COMBINED FINANCIAL DATA SCHEDULES

Fiscal Year Ending June 30, 2024

	CFDA:	1	2	93.958	14.879	14.218	14.228	14.267	14.239	14.871	14.896	14.EFA	14.856	14.EHV		
		Business	State &	Mental Health Blk				COC		Section 8	ROSS	FSS Escrow	Section 8			
Line #		Activities	Local	Grant (HVLAP)	Mainstream	CDBG	CDBG	HATS	HOME	Voucher	FSS	Forefiture	Mod Rehab	EHV PROGRAM	Elimination	Total
111	Cash - Unrestricted	2,033,859	24,250	36,803	405,099		291,581	0	-	154,806			181,916	5,881		3,134,193
113	Cash - Other Restricted	-	432,803	-			-	-	-		24,463	785	-	-		458,050
114	Cash - Tenant Security Deposits	330,547	-	-	-		-	-	-	-	-		-	-		330,547
115	Cash-Restricted for payment of Current Liabilities	-	-	-	-		-	-	-	429,682	(0)		-	9,709		439,391
100	Total Cash	2,364,405	457,053	36,803	405,099	-	291,581	0	-	584,488	24,462	785	181,916	15,589	-	4,362,181
121	A/R - PHA Projects		-	-	-	-	-	-	-	-	-		-	-		0
122	A/R - HUD Other Projects		-	-	-		-	0	-	640,389	16,359		-	-		656,748
124	A/R - Other Government		-	-	-		-		-				-			0
125	A/R - Miscellaneous	324,104	-	-			-		-				-			324,104
126.2	Allownace for Doubtful Accts - Other													-		0
127	Notes,Loans, & Mortgage Receivable -Current													-		0
128	Fraud Recovery	-		-	928	-	-	-	-	128,027	-		1,416	-		130,371
128.1	Allownace for Doubtful Accts - Fraud	-	-	-	(129)	-	-	-	-	(97,802)	-		(379)	-		(98,310)
129	Accrued Interest Receivable	13,810								2,158	-		596	(0)		16,565
120	Total Receivables, net of allowances for Doubt. Accts	337,914	-	-	799	-	-	0	-	672,771	16,359	-	1,633	(0)		1,029,477
																0
142	Prepaid Expenses & Other Assets	49,900	-	-	-		-	-	-	40,696	-		-	-		90,596
144	Interprogram Due From	5,776,520	4,800,000	-		382,786	360,000		233,734				-	-	(11,553,040)	0
150	Total Current Assets	8,528,740	5,257,053	36,803	405,898	382,786	651,581	0	233,734	1,297,955	40,822	785	183,549	15,589	(11,553,040)	5,482,254
161	Land	10,913,661	-	-	-		-	-	-	-	-		-	-		10,913,661
162	Buildings	42,553,039	-	-	-		-	-	-	-	-		-	-		42,553,039
163	Furniture, Equipment & Machinery - Dwellings	743,945	-	-	-		-	-	-	-	-		-	-		743,945
164	Furniture, Equipment & Machinery - Admin	513,171	-	-	-		-	-	-	-	-		-	-		513,171
165	Leasehold Improvements	-	-	-	-	-	-	-	-	-	-		-	-	-	0
166	Accumulated Depreciation	(14,842,189)	-	-	0		-	-	-	-	-		0	0		(14,842,189)
167	Contruction in Progress	5,310,422	-	-	-	-	-	-	-	-	-		-	-		5,310,422
160	Total Fixed Assets, Net of Accum Depr	45,192,049	-	-	0	-	-	-	-	-	-	-	0	0		45,192,049
171	Notes,Loans, & Mortgage Receivable - Non Current		1,026,545													1,026,545
174	Other Assets	200,318	53	-	19,788		-	47,849	-	313,211	-		7,329	13,343		601,891
180	Total Non-Current Assets	45,392,367	1,026,598	-	19,788	-	-	47,849	-	313,211	-	-	7,329	13,343		46,820,485
200	Deferred Outflow of Resources	188,726	85	-	26,944		-	50,029	-	283,199	36,921		8,787	12,961		607,652
290	Total Assets	54,109,833	6,283,736	36,803	452,630	382,786	651,581	97,878	233,734	1,894,365	77,743	785	199,665	41,893	(11,553,040)	52,910,391
311	Bank Overdrafts													-		0
312	Accounts Payable <90 days	200,790	-	-	(0)		-	2,653	-	65,433	-		362	374		269,612
321	Accrued Wages / Payroll Taxes Payable	-	-	-	-	-	-	-	-	-	-		-	-		0
322	Accrued Compensated Absences	185,179	52	-	15,527		-	37,079	-	218,826	17,684		8,438	6,287		489,071
325	Accrued Interest Payable	-	-	-	-	-	-	-	-	-	-		-	-		0
331	A/P - HUD PHA Programs	-	-	-	-	-	-	-	-	-	-		153,535	-		153,535
341	Tenant Security Deposits	330,547	-	-	-		-	-	-	-	-		-	-		330,547
342	Unearned Revenues	-	-	-	-	-	-	-	-	-	-		-	-		0
343	Current Portion of Long Term Debt - Capital Prjcts	575,043	-	-	-	-	-	-	-	-	-		-	-		575,043
344	Current Portion of Long-term Debt - Operating Borrowings													-		0
345	Other Current Liabilities	-	-	-	-	-	-	-	-	428,212	-		-	9,666		437,878
347	Interprogram Due To	8,827,101	253,161	62,616	720			1,859,450	167,783	341,434			40,775		(11,553,040)	0
310	Total Current Liabilities	10,118,660	253,213	62,616	16,247	-	-	1,899,182	167,783	1,053,906	17,684	-	203,109	16,327	(11,553,040)	2,255,687

HOUSING AUTHORITY OF THURSTON COUNTY
Olympia WA

COMBINED FINANCIAL DATA SCHEDULES
Fiscal Year Ending June 30, 2024

Line #	CFDA:	1 Business Activities	2 State & Local	93.958 Mental Health Blk Grant (HVLAP)	14.879 Mainstream	14.218 CDBG	14.228 CDBG	14.267 COC HATS	14.239 HOME	14.871 Section 8 Voucher	14.896 ROSS FSS	14.EFA FSS Escrow Forefiture	14.856 Section 8 Mod Rehab	14.EHV EHV PROGRAM	Elimination	Total
351	Long Term Debt, Net of Current - Capital Projects	18,082,839	1,459,800	-	-		-	-	-	-	-		-	-		19,542,640
352	Long-term Debt, Net of Current - Operating Borrowings		4,800,000			382,786	360,000		233,734					-		5,776,520
353	Noncurrent liabilities other	0												-		0
357	Accrued Pension and OPEB Liability	510,063	4,239	1,164	33,927		6,829	85,305	26,084	665,995	21,242		21,658	-		1,376,506
350	Total Non-Current Liabilities	18,592,902	6,264,039	1,164	33,927	382,786	366,829	85,305	259,818	665,995	21,242	-	21,658	-		26,695,666
300	Total Liabilities	28,711,563	6,517,252	63,780	50,174	382,786	366,829	1,984,487	427,601	1,719,901	38,926	-	224,767	16,327	(11,553,040)	28,951,352
400	Deferred Inflow of Resources	100,848	45	-	14,398		-	26,734	-	151,334	19,730		4,695	6,926		324,710
508.4	Investment in Capital assets, net of related debt	20,804,331	-	-	0	-	-	-	-	-	-	-	0	0		20,804,331
511.4	Restricted Net Position	200,318	432,856	-	93,195	-	-	0	-	170,578		785	(0)	16,782		914,514
512.4	Unrestricted Net Position	4,292,774	(666,417)	(26,977)	294,863	-	284,752	(1,913,342)	(193,867)	(147,448)	19,087	(0)	(29,798)	1,858	-	1,915,484
513	Total Equity	25,297,422	(233,562)	(26,977)	388,059	-	284,752	(1,913,342)	(193,867)	23,130	19,087	785	(29,798)	18,640	-	23,634,328.27
600	Total Liabilities, Deferred Inflows & Equity	54,109,833	6,283,736	36,803	452,630	382,786	651,581	97,879	233,734	1,894,365	77,742	785	199,664	41,893	(11,553,040)	52,910,391
		(0)	-	(0)	(0)	-	0	(0)	-	0	0	0	0	0	-	0
70300	Net Tenant Rental Revenue	6,047,484			-	-		-	-	-						6,047,484
70400	Tenant Revenue other	(2,644)				-										(2,644)
																0
70500	Total Tenant Revenue	6,044,840	-	-	-	-	-	-	-	-	-		-			6,044,840
70600-010	Housing Assistance Payments									23,165,081				825,564		23,990,645
70600-020	Ongoing Administrative Fees Earned									2,405,613				99,135		2,504,748
70600-031	FSS Coordinator Grant													-		0
														-		0
70600	HUD PHA Grants				1,608,296			133,123			160,709		237,455			2,139,584
70800	Other Government Grants		50,186													50,186
71100-020	Investment Income - Unrestricted-admin fee				-					7,189	-			(0)		7,189
71100	Investment Income - Unrestricted	98,379											3,954			102,332
71400-010	Fraud Recovery-HAP				434					-			-	-		434
71400-020	Fraud Recovery-Admin				989					35,101			-	-		36,090
71400	Fraud Recovery													-		0
71500	Other Revenue	99,753	-				-			56,085		5,927		24,299		186,064
71600	Gain or Loss on sale of fixed assets															0
72000-010	Investment Income - Restricted-HAP															0
70000	Total Revenue	6,242,971	50,186	-	1,609,718	-	-	133,123	-	25,669,069	160,709	5,927	241,409	948,998		35,062,111

HOUSING AUTHORITY OF THURSTON COUNTY

Olympia WA

COMBINED FINANCIAL DATA SCHEDULES

Fiscal Year Ending June 30, 2024

Line #	CFDA:	1 Business Activities	2 State & Local	93.958 Mental Health Blk Grant (HVLAP)	14.879 Mainstream	14.218 CDBG	14.228 CDBG	14.267 COC HATS	14.239 HOME	14.871 Section 8 Voucher	14.896 ROSS FSS	14.EFA FSS Escrow Forefiture	14.856 Section 8 Mod Rehab	14.EHV EHV PROGRAM	Elimination	Total
91100	Administrative Salaries	351,501	354	-	117,459		-	217,675	-	1,257,111			37,605	56,929		2,038,633
91200	Auditing Fees				2,349			231		36,390			606	1,670		41,245
91300	Outside management fees	297,337												-		297,337
91400	Advertisitng and Marketing	11,832								1,309				-		13,141
91500	Employee Benefits - Administrative	26,411	79	-	37,470		-	55,465	-	408,400			11,324	18,424		557,573
91600	Office Expenses	66,614	-	-	-		-	719	-	13,426			-	-		80,759
91700	**Legal Expense**	61,819								-				-		61,819
91800	Travel	16,690		-	79			2,491	-	12,453	1,312		-	74		33,099
91900	Other expenses	149,595	-	-	212		-	609	-	68,065	-		54	91		218,626
92100	Tenant Services - Salaries										132,030					132,030
92300	Employee Benefits - Tenant Services										26,498					26,498
93100	Water	260,482												-		260,482
93200	Electricity	98,907												-		98,907
93300	Gas													-		0
93600	Sewer	315,047												-		315,047
93800	Other utilities expense	243,891						2,203	-	2,013				-		248,107
94200	Ord Maint & Oper - Other	2,335,794	33	-	17,779		-	31,582	-	271,386	-		5,117	8,676		2,670,368
95300	Protective services - Other	39,781												-		39,781
96110	Property Insurance	242,877												-		242,877
96120	Property Insurance	-	-	-	155		-	-	-	8,999	-		80	-		9,234
96130	Workers Comp	3,245	2	-	619		-	980	-	7,053	869		195	298		13,260
96200	General Expense	-										7,003		-		7,003
96210	Compensated Absences	98,441	-	-	11,071		-	16,878	-	106,296	0		3,739	5,484		241,910
96600	Bad Debt-Other													-		0
96710	Interest Expense	752,936	-	-	-	-	-	-	-	-	-		-	-		752,936
96730	Amortize bond costs													-		
96800	Severance Expense													-		0
96900	Total Operating Expense	5,373,200	468	-	187,192	-	-	328,833	-	2,192,900	160,710	7,003	58,721	91,647		8,400,674
97000	Excess Operating Revenue Over Operating Expense	869,771	49,718	-	1,422,526	-	-	(195,709)	-	23,476,169	(0)	(1,077)	182,688	857,351		26,661,437
97200	Casualty Losses - Non-Capitalized													-		0
97300-010	Mainstream													-		0
97300-020	Home Ownership									15,629				-		15,629
97300-040	Tenant Protection									47,281				-		47,281
97300-041	Port-outs									371,376				-		371,376
97300-045	FSS escrow deposits									290,083				2,027		292,110
97300-049	Special purpose vouchers									5,361,907				-		5,361,907
97300-050	All Other									16,452,411						16,452,411
97300	Housing Assistance Payments			-	1,474,278	-	-	-	-				190,680	925,961		2,590,919
97350	HAP - Portability In									54,629				23,845		78,473
97400	Depreciation Expense	1,084,581	-	-	309		-	786	-	6,903	-		88	374		1,093,041
97500	Fraud Losses													-		0
90000	Total Expenses	6,457,781	468	-	1,661,780	-	-	329,618	-	24,793,119	160,710	7,003	249,489	1,043,854		34,703,821
10010	Operating Transfers In	-	-	-	-		-	-	-	-	-		-	-	-	0
10020	Operating Transfers Out	-	-	-	-		-	-	-	-	-		-	-	-	0
10100	Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-	-	-	-	-		-	-
10000	Excess (Deficiency) Operating Rev Over (Under) Exp	(214,809)	49,718	-	(52,062)	-	-	(196,495)	-	875,950	(0)	(1,077)	(8,080)	(94,856)		358,290
11020	Required Annual debt payments	575,043							-							575,043
11030	Beginning Equity	25,512,232	(283,280)	(26,977)	440,120	-	284,752	(1,716,847)	(193,867)	(852,819)	19,087	1,861	(21,718)	113,496		23,276,039
11040	Prior Period Adjustments, Equity Tfrs & Corrects															-
11170	Administrative Fee Equity									(147,448)						(147,448)
11180	Housing Assistance Payment Equit				93,195					170,578				16,782		280,555
11190	Unit Months Available				2,040					25,383			480	780		28,683
11210	Number of Months Leased	-			1,604					22,820			464	775		25,663

ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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

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

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

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

Stay connected at sao.wa.gov

- Find your audit team
- Request public records
- Search BARS Manuals (GAAP and cash), and find reporting templates
- Learn about our training workshops and on-demand videos
- Discover which governments serve you — enter an address on our map
- Explore public financial data with the Financial Intelligence Tool

Other ways to stay in touch

- Main telephone: (564) 999-0950
- Toll-free Citizen Hotline: (866) 902-3900
- Email: webmaster@sao.wa.gov