



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, 2021 through June 30, 2022

*Published March 30, 2023*

Report No. 1032331



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

March 30, 2023

Board of Directors  
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 condition.

Sincerely,

Pat McCarthy, State Auditor  
Olympia, WA

***Americans with Disabilities***

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# SCHEDULE OF FINDINGS AND QUESTIONED COSTS

## Housing Authority of Thurston County July 1, 2021 through June 30, 2022

### 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 its major federal program.

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

## Identification of Major Federal Programs

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

<u>ALN</u>	<u>Program or Cluster Title</u>
14.871	Housing Voucher Cluster – Section 8 Housing Choice Vouchers
14.871	Housing Voucher Cluster – COVID-19 – 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 \$750,000.

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

## SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

## SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

## INDEPENDENT AUDITOR'S REPORT

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

#### **Housing Authority of Thurston County July 1, 2021 through June 30, 2022**

Board of Directors  
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, 2022, 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 March 27, 2023.

### **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

March 27, 2023

# 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, 2021 through June 30, 2022

Board of Directors  
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, 2022. 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, 2022.

### Basis for Opinion on Each Major Federal Program

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

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

for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the Housing Authority's compliance with the compliance requirements referred to above.

### **Responsibilities of Management for Compliance**

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

### **Auditor's Responsibilities for the Audit of Compliance**

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

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

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

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

## **REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

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

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

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

### **Purpose of this Report**

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

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

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

Pat McCarthy, State Auditor

Olympia, WA

March 27, 2023

# INDEPENDENT AUDITOR'S REPORT

## Report on the Audit of the Financial Statements

### **Housing Authority of Thurston County July 1, 2021 through June 30, 2022**

Board of Directors  
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, 2022, 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, 2022, 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.

### **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 March 27, 2023 on our consideration of the Housing Authority's internal control over financial

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

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

Pat McCarthy, State Auditor

Olympia, WA

March 27, 2023

## **FINANCIAL SECTION**

### **Housing Authority of Thurston County July 1, 2021 through June 30, 2022**

#### **REQUIRED SUPPLEMENTARY INFORMATION**

Management's Discussion and Analysis – 2022

#### **BASIC FINANCIAL STATEMENTS**

Statement of Net Position – 2022

Statement of Revenues, Expenses and Changes in Net Position – 2022

Statement of Cash Flows – 2022

Notes to Financial Statements – 2022

#### **REQUIRED SUPPLEMENTARY INFORMATION**

Schedule of Proportionate Share of Net Pension Liability – PERS 1, PERS 2/3 – 2022

Schedule of Employer Contributions – PERS 1, PERS 2/3 – 2022

Schedule of Changes in Total OPEB Liability and Related Ratios – 2022

Notes to the Required Supplementary Information – 2022

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

Schedule of Expenditures of Federal Awards – 2022

Notes to the Schedule of Expenditures of Federal Awards – 2022

Financial Data Schedule – 2022

# HOUSING AUTHORITY OF THURSTON COUNTY

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022

As management of the Housing Authority of Thurston County ("Housing Authority"), we offer readers of the Housing Authority's financial statements this narrative overview and analysis of the financial activities of the Housing Authority for the year ended June 30, 2022. 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 programs and developments goals are to increase affordable housing opportunities by creating or preserving efforts which preserve residential areas by acquiring and developing properties in the community that are affordable for the community.

The Housing Authority carries out its goals through the administration of Federal tenant-based rental voucher programs and project based rental subsidies for nine non-profit providers of supportive housing; the direct ownership of housing units; and case management services to help people attain housing stability.

Management estimates that the Housing Authority 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. With funding relatively flat, the rising rents require increasingly large subsidies for each household on the program. The end 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

# HOUSING AUTHORITY OF THURSTON COUNTY

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022

### Financial Highlights

- On June 30, 2022, the Housing Authority's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources (net position) by \$22.4 million. Of this amount, 3.1 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 \$194,451 and totaled \$5,914,312 at the end of the fiscal year.
- Net capital assets increased in 2022 by \$3.6 million. In December of 2021, the Housing Authority purchased four additional four-plexes at the Creekwood development in Olympia, WA for \$2.7 million and land adjacent to Sequoia Landing in Tumwater, WA for \$0.9 million. Construction in progress decreased in 2022 by \$1.3 million to a balance of \$1.1 million as of June 30, 2022. The decrease is due to the completion of Olympia Crest I siding and renovations for \$2.0 million. The balance in construction in progress is the construction of 28 new units known as the Olympia Crest apartment phase III project.
- Other noncurrent assets increased from June 30, 2021 to June 30, 2022 by \$1.6 million primarily from the inclusion of a \$1.5 million net pension asset related to the authority's participation in the PERS 2 and 3 state pension plans.
- Total operating revenues for the year ended June 30, 2022 of \$26.6 million increased from the prior year by \$1.5 million. Total operating expenses for the year of \$24.6 million resulted in an increase of \$1.8 million compared to the prior year. The increase in operating revenues are primarily due to administrative and Housing Assistance Payment revenue, increase in tenant revenue, increase in expenses are primarily due to higher property operating costs. The change in net position for the year ended June 30, 2022 is \$1,624,969; a decrease of \$333,839 from the prior year.
- In June of 2022, the Housing Authority entered into an agreement with contractor to start construction of Olympia Crest Phase III project in the amount of \$7.1 million.

# HOUSING AUTHORITY OF THURSTON COUNTY

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022

### 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 assets** consist of all capital assets, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement 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.

**HOUSING AUTHORITY OF THURSTON COUNTY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2022

**Financial Analysis of the Housing Authority**

The following table summarizes net assets at June 30, 2022 and 2021:

**CONDENSED STATEMENT OF NET POSITION**

<b>Assets</b>	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>Change</u></b>
Current Assets	\$ 7,295,667	\$ 7,958,850	(663,183)
Capital Assets- net	32,676,163	29,098,693	3,577,470
Other noncurrent assets	<u>2,637,618</u>	<u>1,070,956</u>	<u>1,566,662</u>
Total Assets	<u>\$ 42,609,448</u>	<u>\$ 38,128,499</u>	<u>\$ 4,480,949</u>
 <b>Deferred Outflows of Resources</b>	 <u>\$ 306,682</u>	 <u>\$ 360,499</u>	 <u>\$ (53,817)</u>
 <b>Current Liabilities</b>			
Current Liabilities	\$ 3,636,619	\$ 3,093,588	\$ 543,031
Non-current liabilities	<u>15,292,684</u>	<u>14,439,251</u>	<u>853,433</u>
Total Liabilities	<u>\$ 18,929,303</u>	<u>\$ 17,532,839</u>	<u>\$ 1,396,464</u>
 <b>Deferred Inflows of Resources</b>	 <u>\$ 1,599,973</u>	 <u>\$ 194,000</u>	 <u>\$ 1,405,973</u>
 <b><u>Net Position</u></b>			
Net investment in capital assets	\$ 17,769,275	\$ 16,338,045	\$ 1,431,230
Restricted net position	1,993,126	76,831	1,916,295
Unrestricted	<u>2,624,453</u>	<u>4,347,282</u>	<u>(1,722,829)</u>
Total net position	<u>\$ 22,386,854</u>	<u>\$ 20,762,158</u>	<u>\$ 1,624,696</u>

The Housing Authority's 2022 current assets exceed current liabilities by \$3.6 million, for a current ratio of 2.0. The current ratio is a measure of the ability to pay debts as they become due.

The Housing Authority has \$1,037,218 in cash that is restricted for tenant security deposits, client escrow deposits, and Down Payment Assistance revolving loan fund.

Capital assets, before depreciation, increased by \$4,436,478 due to projects associated with the Olympia Crest Phase I siding and renovations, 16 units at Creekwood acquisition and purchase of land adjacent to Sequoia Landing.

Deferred outflows of resources of \$306,682, deferred inflows of resources of \$1,599,973, net pension asset of 1,543,451 and a net pension liability of \$147,391 are directly related to the reporting for pensions. For details of these balances see Note 10 - State Sponsored Pension Plans.

**HOUSING AUTHORITY OF THURSTON COUNTY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2022

The following table summarizes changes in net position for the year ended June 30, 2022 and 2021:

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

<b><u>Revenues:</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>Change</u></b>
Operating Revenue- Tenant rental revenue	\$ 5,557,995	\$ 5,290,623	\$ 267,371
Operating revenue- other	893	5,191	(4,298)
Operating grants- federal	20,960,928	19,797,890	1,163,039
Operating grants- state and local	<u>92,000</u>	<u>0</u>	<u>92,000</u>
 Total Operating Revenues	 <u>26,611,816</u>	 <u>25,093,704</u>	 <u>1,518,112</u>
 Non-operating misc. income	 74,172	 51,076	 23,096
Investment income	<u>42,126</u>	<u>47,149</u>	<u>(5,023)</u>
 Total Non-operating Revenues	 <u>116,298</u>	 <u>98,225</u>	 <u>18,073</u>
 Total Revenues	 <u>26,728,114</u>	 <u>25,191,929</u>	 <u>1,536,185</u>
 <b><u>Expenses:</u></b>			
Housing assistance payments	18,656,650	16,972,018	1,684,632
Salaries	1,909,207	1,860,638	48,568
Employee benefits & taxes	(59,713)	451,704	(511,417)
Maintenance and operations	2,441,949	2,109,800	332,149
Other operating expenses	755,921	544,151	211,770
Depreciation	<u>859,008</u>	<u>836,685</u>	<u>22,324</u>
 Total Operating Expenses	 <u>24,563,022</u>	 <u>22,774,996</u>	 <u>1,788,026</u>
 Interest Expense	 <u>540,396</u>	 <u>458,398</u>	 <u>81,998</u>
 Total Non-operating Expenses	 <u>540,396</u>	 <u>458,398</u>	 <u>81,998</u>
 Total expenses	 <u>25,103,418</u>	 <u>23,233,394</u>	 <u>1,870,024</u>
 Change in net position	 <u>1,624,696</u>	 <u>1,958,535</u>	 <u>(333,839)</u>
 <b>Net position</b> , beginning of year	 <u>20,762,158</u>	 <u>18,803,623</u>	 <u>1,958,535</u>
<b>Net position</b> , end of year	<u>\$ 22,386,854</u>	<u>\$ 20,762,158</u>	<u>\$ 1,624,696</u>

The Housing Authority's operating revenues increased \$1,518,112 or 6.05% from the prior year, while operating expenses increased \$1,788,026 or 7.85% resulting in a decrease in net operating income of \$269,914 or 11.64%. As detailed below, nearly the all of the increase in expenses is due to increased rental subsidy payments to support vulnerable families and to operational expenses due to staff changes.

Revenues are derived from various sources with approximately 78.4% received either directly from the U.S. Department of Housing and Urban Development (HUD) or indirectly through the state and local governments

# HOUSING AUTHORITY OF THURSTON COUNTY

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022

from HUD and other Federal agencies, .34 % received from state and local agencies, 20.8% generated from rental of Housing Authority-owned properties, and 0.44% from other sources.

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

Salaries expense increased to 7.17% of operating revenue for the year ended June 30, 2022, which is an increase of 2.61% from the prior year. The Housing Authority provided a COLA of 3% on July 01, 2021 due to COVID recovery and not providing a COLA in 2020. Employee benefits and taxes, representing -.22% of operating revenues for the year ended June 30, 2022, 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.

Housing assistance payments, representing 70.11% of operating revenues, increased 9.93% 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 2021 contract and the first half of the 2022 contract are included in the Housing Authority's fiscal year end June 30, 2022. 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. The Housing Authority did receive 68 additional vouchers in a new program HUD established called Emergency Housing Voucher. The program official start date is July 2021.

### 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 2020 and 2021:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Net Change</u>
Land	\$ 8,456,563	\$ 6,980,328	\$ 1,476,235
Buildings and improvements	34,979,285	30,695,577	4,283,708
Equipment	1,065,089	1,041,240	23,849
Construction in progress	<u>1,054,296</u>	<u>2,401,610</u>	<u>(1,347,314)</u>
Totals	45,555,233	41,118,755	4,436,478
Accumulated Depreciation	<u>(12,879,070)</u>	<u>(12,020,062)</u>	<u>(859,008)</u>
Capital assets, net	<u>\$ 32,676,163</u>	<u>\$ 29,098,693</u>	<u>\$ 3,577,470</u>

Construction-in-progress represents expenditures as of June 30, 2022. The new development adjacent to Olympia Crest Apartments (Phase 1 and 2) in Olympia, Washington known as Olympia Crest phase 3 will have 28 units and represents the full amount of \$1,054,296. The decrease in construction in progress is due to the completion of the Olympia Crest Phase I siding and renovations project transferred to Buildings and improvements for a total of \$2.0 million.

# HOUSING AUTHORITY OF THURSTON COUNTY

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022

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 \$511,691 in repairs, maintenance, and minor capital replacements for all of the HATC properties in FYE 2022. 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, 2022 the Housing Authority had net long-term debt outstanding in the amount of \$11.5 million.

In October, 2003, the Housing Authority entered into 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, 2022, 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 12<sup>th</sup> 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, 2022

### ASSETS

#### **CURRENT ASSETS:**

Cash and cash equivalents	\$	5,914,312
Accounts receivable		294,014
Mortgage receivable - current portion		2,556
Restricted cash and cash equivalents		1,037,218
Other current assets		47,567
Total current assets		<u>7,295,667</u>

#### **NONCURRENT ASSETS:**

Capital assets		
Land		8,456,563
Construction in progress		1,054,296
Depreciable assets		
Building and improvements		34,979,285
Equipment		1,065,089
Less accumulated depreciation		<u>(12,879,070)</u>
Total capital assets-net		32,676,163
Net Pension Asset		1,543,451
Mortgage receivable		1,094,167
Total noncurrent assets		<u>35,313,781</u>
Total assets	\$	<u>42,609,448</u>

#### **DEFERRED OUTFLOWS OF RESOURCES**

Deferred outflows related to pensions	\$	<u>306,682</u>
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### LIABILITIES

#### **CURRENT LIABILITIES:**

Accounts payable	\$	302,700
Accrued compensated absences		234,709
Line of Credit		1,500,000
Current portion of total OPEB liability		28,500
Current portion of long-term debt		882,953
Payable from restricted assets:		
Tenant security deposits		293,871
Escrow deposits payable		393,886
Total current liabilities		<u>3,636,619</u>

#### **LONG-TERM LIABILITIES:**

Revolving loan fund		1,459,800
Other notes payable		1,914,852
Long-term debt--net		10,609,083
Net pension liability		147,391
Total OPEB liability		<u>1,161,558</u>
Total long-term liabilities		<u>15,292,684</u>
Total liabilities	\$	<u>18,929,303</u>

#### **DEFERRED INFLOWS OF RESOURCES**

Deferred inflows related to pensions	\$	<u>1,599,973</u>
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### NET POSITION

Net investment in capital assets	\$	17,769,275
Restricted net position- Other		349,461
Restricted net position- Net Pension Asset		1,543,451
Restricted net position- Rental Assistance Program		100,214
Unrestricted		2,624,453
Total net position	\$	<u>22,386,854</u>

**HOUSING AUTHORITY OF THURSTON COUNTY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
For the year ended June 30, 2022

**OPERATING REVENUES:**

Tenant rental revenue	\$ 5,557,995
Federal program grants	20,960,928
State and local program grants	92,000
Miscellaneous income	893
Total operating revenues	26,611,816

**OPERATING EXPENSES:**

Salaries	1,909,207
Employee benefits & taxes	(59,713)
Housing assistance payments	18,656,650
Maintenance & operations	2,441,949
Professional services	113,304
Insurance	168,961
Operating expenses	473,656
Depreciation	859,008
Total operating expenses	24,563,022
Operating income (loss)	2,048,794

**NON-OPERATING REVENUES (EXPENSES):**

Interest income	42,126
Interest expense	(540,396)
Miscellaneous income	74,172
Net non-operating revenues (expenses)	(424,098)

**CHANGE IN NET POSITION** 1,624,696

**NET POSITION, beginning of year** 20,762,158

**NET POSITION, end of year** \$ 22,386,854

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, 2022

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Cash received from customers and funders	\$	26,611,812
Cash payments to suppliers for goods and services		(21,649,018)
Cash payments to employees for services		(2,622,346)
Net cash provided by operating activities		2,340,448

**CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:**

Payments on DPA Mortgages		(31,439)
Other Receipts		74,172
Net cash provided by non-capital financing activities		42,733

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:**

Principal paid on revenue bonds and other debt		(813,304)
Interest paid on revenue bonds and other debt		(520,074)
Proceeds on revenue bonds and other debt		2,939,223
Purchases of property and equipment		(4,436,478)
Net cash used by capital and related financing activities		(2,830,633)

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Interest income received		39,975
Net cash provided by investing activities		39,975

**NET INCREASE IN CASH AND CASH EQUIVALENTS** (407,477)

CASH AND CASH EQUIVALENTS, at beginning of year		7,359,007
CASH AND CASH EQUIVALENTS, at end of year	\$	6,951,530

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED)**

**BY OPERATING ACTIVITIES:**

Operating income (loss)	\$	2,048,794
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense		859,008
Changes in assets and liabilities:		
(Increase) decrease in operating accounts receivable		152,396
(Increase) decrease in operating other current assets		105,687
(Increase) decrease in Net Pension Asset		(1,543,451)
Increase (decrease) in accounts payable		39,165
Increase (decrease) in accrued compensated absences		(12,768)
Increase (decrease) in unearned revenue		(166,132)
Increase (decrease) in total OPEB liabilities		(192,276)
Increase (decrease) in net pension liability		(484,148)
Tenant security deposits received		88,980
Tenant security deposits refunded		(68,370)
Escrow deposits received		218,037
Escrow deposits paid out		(164,266)
Changes in deferred outflows/inflows:		
(Increase) decrease in deferred outflows of resources-related to pensions		53,817
Increase (decrease) in deferred inflows of resources-related to pensions		1,405,973
Net cash provided (used) by operating activities	\$	2,340,448

**NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:**

Amortization of Discounts on Bonds Payable	\$	20,322
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The accompanying notes are an integral part of these financial statements.

**HOUSING AUTHORITY OF THURSTON COUNTY**  
**Notes to Financial Statements**  
**June 30, 2022**

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

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 revenue results from exchange transactions associated with providing housing and services directly related to the Agency's mission. Operating revenues and expenses also include federal operating subsidies and housing assistance payments provided by U.S. Department of Housing and Urban Development. The use of this classification is based on guidance from HUD, the primary user of these financial statements. Operating expenses are those expenses that are directly incurred in the operation of providing housing and other management activities, including administrative expenses and depreciation on capital assets. 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.

**HOUSING AUTHORITY OF THURSTON COUNTY**  
**Notes to Financial Statements**  
**June 30, 2022**

**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 and Moderate Rehabilitation programs.

**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, 2022, the treasurer was holding \$5,914,312 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 current portion is \$2,556, which is found in the Statement of Net Assets. The Non-current portion is \$1,094,167. The current portion is based on an estimated amount of what we will receive for the next 12 months.

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, 2022 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. Depreciation is calculated on the straight-line basis over the estimated useful lives of the respective assets, which are as follows:

**HOUSING AUTHORITY OF THURSTON COUNTY**  
**Notes to Financial Statements**  
**June 30, 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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 and compensatory time balances as of June 30, 2022.

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.

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. Short-Term Debt (See Note 8 – *Short-Term Debt*)

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

**HOUSING AUTHORITY OF THURSTON COUNTY**  
**Notes to Financial Statements**  
**June 30, 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

12. Net Position

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

Net Investment in Capital Assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings that have been used for the acquisition, construction or improvement of those assets.

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.”

13. 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.

14. Future Accounting Standards

Statement No. 96

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

**NOTE 2 – DEPOSITS AND INVESTMENTS**

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.

**Deposits**

As of June 30, 2022, deposits with financial institutions are \$326,554.

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).

**HOUSING AUTHORITY OF THURSTON COUNTY**  
**Notes to Financial Statements**  
**June 30, 2022**

**NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)**

**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, 2022, 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, 2022, 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.

	<u>Carrying Amount</u>	<u>Fair Value</u>
Federally Insured Financial Institutions.	\$ 325,754	325,754
Thurston County Investment Pool	6,624,976	6,624,976
Total	\$ 6,950,730	\$ 6,950,730

**Cash and cash equivalents**

At June 30, 2022, unrestricted cash and cash equivalents consists of the following--

Amounts designated for maintenance and operating reserves	\$ 1,569,234
Amounts designated for Section 8 programs	565,237
Undesignated cash and cash equivalents	3,779,840
Total unrestricted cash and cash equivalents	\$ 5,914,312

**Restricted cash and cash equivalents** consist of the following:

- a. **Restricted Net Position – Housing Choice Voucher (HCV) 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 HCV 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.

**HOUSING AUTHORITY OF THURSTON COUNTY**  
**Notes to Financial Statements**  
**June 30, 2022**

**NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)**

**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, 2022, restricted cash and cash equivalents consist of the following--

FSS payable to tenants	\$	380,722
Tenant security deposits		293,871
DPA restricted loan funds		362,625
Total restricted cash	\$	<u>1,037,218</u>

**NOTE 3 - ACCOUNTS RECEIVABLE:**

At June 30, 2022, accounts receivable consists of the following--

Federal grants	\$	22,709
Property management companies		224,226
Portable vouchers		18,644
Other		11,133
Over paid HAP		240,830
Allowance for doubtful accounts		(223,528)
Total accounts receivable	\$	<u>290,014</u>

**NOTE 4 – CAPITAL ASSETS**

The following is summary of the changes in capital assets for the year ended June 30, 2022:

	Balance, Beginning of year	Additions	Retirement s	Balance, End of year
Capital Assets not being depreciated:				
Land	\$ 6,980,328	1,476,235	-	\$ 8,456,563
Construction in Progress	2,401,610	711,475	2,058,789	1,054,296
<b>Total Capital assets not being depreciated</b>	<b>9,381,938</b>	<b>2,187,710</b>	<b>2,058,789</b>	<b>9,510,859</b>
Capital assets being depreciated				
Buildings and improvements	30,695,577	4,283,708	-	34,979,285
Machinery/Equipment	1,041,240	23,849	-	1,065,089
<b>Total capital assets being depreciated</b>	<b>31,736,817</b>	<b>4,307,558</b>	<b>-</b>	<b>36,044,374</b>
Less accumulated depreciation	(12,020,062)	(859,008)	-	(12,879,070)
<b>Total capital assets being depreciated-net</b>	<b>19,716,755</b>	<b>3,448,550</b>	<b>-</b>	<b>23,165,305</b>
<b>Total capital assets - net</b>	<b>\$29,098,693</b>	<b>\$5,636,260</b>	<b>\$2,058,789</b>	<b>\$32,676,163</b>

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**NOTE 5 – CONSTRUCTION-IN-PROGRESS**

Construction-in-progress represents expenditures as of June 30, 2022 with the new development of the Olympia Crest III in Olympia, Washington that is adjacent to both Olympia Crest I and Olympia Crest II. On January 16, 2019, the Housing Authority purchased land adjacent to the Olympia Crest Apartments for \$612,500 and will develop 28 units adding to the current 164 units. The Housing Authority will be contributing approximately \$1.7 million to the construction along with the \$6,553,338 from a tax-exempt bond with Heritage Bank.

**NOTE 6 - ACCOUNTS PAYABLE:**

At June 30, 2022, accounts payable consists of the following-

Accounts payable—vendors	\$	283,889
Accounts payable—HUD		18,811
Total accounts payable		302,700

Accounts payable include amounts due to vendors, suppliers, and to landlords that have not been paid for yet. The sum of all outstanding amounts owed to vendors is shown above.

**NOTE 7 – 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, 2022, 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
\$1,476,800	\$0	\$8,000	\$1,459,800	\$0

**NOTE 8 – SHORT-TERM DEBT**

Short-term activities for the year ended June 30, 2022 was as follows:

	<u>Balance, Beginning of year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, End of year</u>
<b>Short-Term Notes Payable at June 30, 2022 is summarized as follows -</b>				
--				
Heritage Note Payable- Olympia Crest Phase I Siding	<u>\$993,277</u>	<u>\$506,723</u>	<u>0</u>	<u>\$1,500,000</u>
<b>Short- Term debt at June 30, 2022 is summarized as follows -</b>	<u>\$993,277</u>	<u>\$506,723</u>	<u>0</u>	<u>\$1,500,000</u>

**Olympia Crest Phase 1 Siding Project - Heritage Bank:**

On July 29, 2021, the Housing Authority entered into a Draw down Line of Credit Loan with Heritage Bank to provide \$1,500,000 for the improvement of the Olympia Crest I in Olympia, WA for siding, painting, new rails, electrical improvements, and community building remodeling. The promissory note bears a variable interest rate with a max interest rate of 5.000% and an original maturity date of February 1, 2022. In the event of default the lender may declare

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**NOTE 8 – SHORT-TERM DEBT (CONTINUED)**

entire principal balance along with any accrued interest immediately due and payable. The Housing Authority received an extension of the line of credit until September 2022. As of June 30, 2022 the draws on the construction loan total \$1,500,000.

**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. Lake Park Complex – Note Payable:**

The Housing Authority executed a Purchase and Sales Agreement in November 1999 for the purchase of an 8-unit apartment complex. The Housing Authority received a deferred note from the Department of Commerce (previously Department of Community Trade and Economic Development) Housing Finance Unit to purchase and rehabilitate the eight units in the amount of \$470,911. The deferred note is a zero-interest note with payment deferred for twenty-five years and is secured by a Deed of Trust on the property. Seven of the project's eight units must be used for transitional housing for homeless families with children in households that have incomes at or below 50% of Thurston County's median income. If the terms and conditions of the contract have been met, the note will be forgiven on December 31, 2028. In the event the property is sold, refinanced, or the property is not used as required by the contract prior to December 31, 2028, the balance of the note plus shared appreciation will be due and payable at the time of disposition

**b. Olympia Crest Phase II – Notes Payable:**

**1. Note Payable:**

The Housing Authority received a deferred note payable on May 21, 2008 from the City of Olympia for \$360,000 to purchase land adjacent to the existing property on which 24 new units were built. The note is secured by a Deed of Trust on the property. The note is a zero interest note with payment deferred until the property is sold, provided that the property is used as low-income housing. 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%.

**2. Note Payable:**

The Housing Authority received a contract award of \$2,000,000 in April, 2009 from the Department of Commerce (previously Department of Community Trade and Economic Development) to build 24 units adjacent to the existing Olympia Crest Apartment Complex. The contract 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 beginning March 31, 2011 with the final payment due March 31, 2045. However, if the Property is sold, refinanced, transferred, the use changes during the Commitment Period, or the Housing Authority is materially out of compliance with the terms and conditions of the Contract, the recoverable grant, plus a proportional share of the appreciated value of the Property will be due and payable to the HTF within thirty (30) days of such event.

**c. Horizons West – Notes Payable:**

The Housing Authority received two loans from the Department of Commerce (previously Department of Community Trade and Economic Development) for the acquisition and rehabilitation of the Horizons West apartment complex. Tenants of this complex must have household income that does not exceed 50% of the median income for Thurston County. Both notes are secured by a Deed of Trust on the property. In the event the property is sold, or the property is not used as

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

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 Housing Authority received 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 Housing Authority received an additional note payable from Department of Commerce for \$151,590. This note requires payments of \$3,031.80 per year, 0% interest, and the note matures in December, 2043.

**d. Hall Street – Notes Payable**

The Housing Authority entered into a Subrecipient Agreement on September 26, 2014 with Thurston County for \$382,786 of CDBG funds to help fund the acquisition of 2, 4-plexes in Lacey, WA. Along with Housing Authority funds of \$224,389, the properties were acquired on September 30, 2014. Two secured promissory notes dated April 20, 2015 for \$191,393 each with 0% interest and maturity dates of April 20, 2045 were signed on April 14, 2015. The notes are secured by a Deed of Trust and Restrictive Covenant Agreement on each property. Provided the Housing Authority complies with all the agreements, on the maturity date set forth above, the entire balance of principal, interest and default interest, if any, shall be forgiven. In the event of default as defined in the restrictive covenant agreement, that cannot be remedied in 30 days, the note will bear interest at 10% per annum until the borrower remedies the default; or at the lender's discretion, the entire principal balance along with any accrued default interest, if any, may become immediately due and payable.

**e. Triplexes – Notes Payable**

The Housing Authority entered into an Agreement on January 18, 2018 with Thurston County for \$233,734 of HOME funds to help fund the construction of 2, triplexes in Lacey, WA. Two secured promissory notes dated August 14, 2019 for \$116,867 each with 0% interest and Maturity dates of August 14, 2039 were signed on August 15, 2019. The notes are secured by a Deed of Trust and Restrictive Covenant Agreement on each property. Provided the Housing Authority complies with all the agreements, on the maturity date set forth above, the entire balance of principal, interest and default interest, if any, shall be forgiven. In the event of default as defined in the restrictive covenant agreement, that cannot be remedied in 30 days, the note will bear interest at 10% per annum until the borrower remedies the default; or at the lender's discretion, the entire principal balance along with any accrued default interest, if any, may become immediately due and payable. As of June 30, 2021 the amount drawn on the HOME contract is \$233,734.

**f. Triplexes – Olympia Federal Savings Note Payable**

On February 20, 2019, the Housing Authority entered into a construction loan agreement and promissory note with Olympia Federal Savings to provide \$650,000 for the construction of the 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. The monthly payments of \$3,518.55 commenced on November 1, 2019 and amortized over 30 years. In the event of default the lender may declare entire principal balance along with any accrued interest immediately due and payable.

**g. Creekwood – Olympia Federal Savings Note Payable**

The Housing Authority entered into an agreement and promissory note with Olympia Federal Savings to provide \$2,000,000 on December 14, 2021 with an interest rate of 3.950% for the purchase of four-fourplexes. The Housing Authority also contributed \$700,282 of its own funds for the purchase of the four- fourplexes. The maturity of the loan is January 1, 2052.

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

**h. Sequoia Landing Phase II – Sawyer Group**

On December 7, 2021, the Housing Authority entered into an agreement with Sawyer Group, LLC to purchase 2.51 acres of land adjacent to the Sequoia Landing Apartments in Tumwater, Washington for \$865,000. The seller financed the purchase based on 50% down and a 5 year promissory note with monthly payments of \$3,500. The balance of the note is payable on the 10<sup>th</sup> day of January, 2027. The land will be used to build more units and will be known as Sequoia Landing Phase II.

**2. Bonds Payable:**

**Refunding Revenue Bond – Heritage Bank:**

On August 25, 2004, the Housing Authority entered into an agreement with Heritage Bank providing for the issuance of a single pooled refunding revenue bond of the Authority in a principal amount of \$8,300,000. 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), and to pay the costs of issuing the bond. In addition, \$221,724 of the proceeds, along with \$117,159 of cash, was used to pay off a 7.25% loan payable on the Shadow Wood apartment complex. The pooled refunding revenue bond was issued in the aggregate principal amount of \$8,300,000, bears an interest rate of 4.90% per annum and matures on August 25, 2024, with principal and interest payments of \$55,020.51. The pooled refunding revenue bond is collateralized by a deed of trust on all three properties and a security interest in the property rents. In the event of default that is not cured within the terms of the loan agreement the Lender, at its option, may declare all bond obligations immediately due and payable. The unamortized discounts on the refunded bonds payable will be amortized over the life of the pooled refunding revenue bond.

On October 28, 2009, the Housing 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 \$1,800,000. On June 15, 2011, the Housing Authority modified the Heritage Bank agreement bringing the principal amount down to \$1,125,000. The proceeds of the bond were used to build 24 units referred to as Olympia Crest Apartments Phase II. This revenue bond bears an interest rate of 5.50% per annum and matures June 30, 2031, with monthly principal and interest payments of \$6,444.96. The revenue bond is collateralized by a deed of trust on the property and a security interest in the property rents. In the event of default that is not cured within the terms of the loan agreement the Lender, at its option, may declare all bond obligations immediately due and payable.

**Multifamily Revenue Bond – Washington State Housing Finance Commission:**

On May 15, 2011, the Housing Authority entered into an agreement with the Washington State Housing Finance Commission (WSHFC) providing funding for Sequoia Landing with a \$2,500,000 grant and issuance of a Multifamily Revenue Bond in the principal amount of \$3,356,000. The proceeds of the bond were used to build 40 units on Littlerock Road in Tumwater, Washington. This bond bears an interest rate of 4.95% per annum and matures June 1, 2043. Beginning July 1, 2013, monthly principal and interest payments of \$18,061.53 are due on the 1<sup>st</sup> of each month amortized over a 30-year period. The revenue bond is collateralized by a deed of trust on the property and a security interest in the property rents. In the event of default that is not cured within the terms of the loan agreement the Lender, at its option, may declare all bond obligations immediately due and payable.

**Revenue Bond - Heritage Bank:**

On July 22, 2016, the Housing 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. 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 monthly principal and interest payments of

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

\$13,782.80 are due on the 1<sup>st</sup> of each month amortized over 30 years. The revenue bond is collateralized by a deed of trust on the property and a security interest in the property rents. In the event of default that is not cured within the terms of the loan agreement the Lender, at its option, may declare all bond obligations immediately due and payable.

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
<b>Other Notes Payable at June 30, 2022 is summarized as follows ---</b>					
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	<u>233,734</u>	-	-	<u>233,734</u>	-
Total other notes payable	<u>\$ 1,914,852</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,914,852</u>	<u>=</u>
<b>Long- Term debt at June 30, 2022 is summarized as follows - --</b>					
DCD Note payable --- Horizons West	69,732	-	\$ 3,032	66,700	\$ 3,032
Bond Payable – Heritage Bank	1,934,881	-	577,125	1,357,756	606,413
HTF Note Payable – Olympia Crest Phase II	748,000	-	24,000	724,000	24,000
Bond Payable Heritage – Olympia Crest Phase II	927,320	-	26,291	901,029	27,789
WSHFC- Bond Payable- Sequoia Landing	2,846,521	-	75,574	2,770,947	81,387
Bond Payable- Heritage Bank- Allen Orchard	2,736,291	-	63,868	2,672,423	66,298
Olympia Federal Note Payable -- - Triplexes	632,257	-	10,856	621,401	12,020
Olympia Federal Note Payable--- Creekwood 4-4 Triplexes	-	2,000,000	17,766	1,982,234	35,935
Sawyer Group--- Sequoia Phase II	-	432,500	14,792	417,708	26,079
Total long-term debt	<u>\$ 9,895,002</u>	<u>\$ 2,432,500</u>	<u>\$ 813,304</u>	11,514,198	<u>\$ 882,953</u>
Less current portion of long-term debt				(882,953)	
Less discounts on refunded bonds payable				<u>(22,162)</u>	
Long term debt- net				<u>\$ 10,609,083</u>	
<b>Net Pension Liability at June 30, 2022 is summarized as follows ---</b>	<u>\$ 631,539</u>	<u>147,391</u>	<u>631,539</u>	<u>\$ 147,391</u>	
<b>Total OPEB Liabilities at June 30, 2022 is summarized as follows</b>	<u>\$ 1,382,334</u>	<u>1,190,058</u>	<u>1,382,334</u>	<u>\$ 1,190,058</u>	<u>28,500</u>

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

The annual debt service requirements to maturity for long-term debt as of June 30, 2022, are as follows:

	<b>Principal</b>	<b>Interest</b>
<b>2023</b>	882,953	462,695
<b>2024</b>	923,982	421,667
<b>2025</b>	436,492	385,937
<b>2026</b>	319,490	378,592
<b>2027</b>	603,906	351,483
<b>2028-2032</b>	2,221,629	1,546,355
<b>2033-2037</b>	1,805,247	1,025,063
<b>2038-2042</b>	2,253,593	614,863
<b>2043-2047</b>	1,640,677	227,754
<b>2048-2052</b>	426,229	32,683
<b>2053</b>	\$0	\$0
<b>Total=</b>	<b>\$11,514,198</b>	<b>\$5,447,092</b>

**Note 10 – Pension Plans**

The following table represents the aggregate pension amounts for all plans for the year 2022:

<b>Aggregate Pension Amounts – All Plans</b>	
Pension liabilities	\$ 147,391
Pension assets	\$ 1,543,451
Deferred outflows of resources	\$ 306,682
Deferred inflows of resources	\$ 1,599,973
Pension expense/expenditures	\$ (376,356)

**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 obtained by writing to:

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

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

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

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

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**NOTE 10 – PENSION PLANS (CONTINUED)**

**PERS Plan 1** provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member’s average final compensation (AFC) times the member’s years of service. The AFC is the average of the member’s 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2021 were as follows:

<b>PERS Plan 1</b>		
<b>Actual Contribution Rates</b>	<b>Employer</b>	<b>Employee*</b>
July – August 2021		
PERS Plan 1	7.92%	6.00%
PERS Plan 1 UAAL	4.87%	
Administrative Fee	0.18%	
<b>Total</b>	<b>12.97%</b>	<b>6.00%</b>
September 2021 – June 2022		
PERS Plan 1	10.07%	6.00%
Administrative Fee	0.18%	
<b>Total</b>	<b>10.25%</b>	<b>6.00%</b>

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

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

PERS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

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**NOTE 10 – PENSION PLANS (CONTINUED)**

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

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 Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2021 were as follows:

<b>PERS Plan 2/3</b>		
<b>Actual Contribution Rates</b>	<b>Employer 2/3</b>	<b>Employee 2*</b>
July – August 2021		
PERS Plan 2/3	7.92%	7.90%
PERS Plan 1 UAAL	4.87%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
<b>Total</b>	<b>12.97%</b>	<b>7.90%</b>
September 2021 – June 2022		
PERS Plan 2/3	6.36%	6.36%
PERS Plan 1 UAAL	3.71%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
<b>Total</b>	<b>10.25%</b>	<b>6.36%</b>

The Authority’s actual PERS plan contributions were \$70,535 to PERS Plan 1 and \$120,919 to PERS Plan 2/3 for the year ended June 30, 2022.

**Actuarial Assumptions**

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2021 with a valuation date of June 30, 2020. 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 *2019 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2020 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2021. Plan liabilities were rolled forward from June 30, 2020, to June 30, 2021, reflecting each plan’s normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 2.75% total economic inflation; 3.50% salary inflation
- **Salary increases:** In addition to the base 3.50% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.4%

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

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**NOTE 10 – PENSION PLANS (CONTINUED)**

There were no changes in assumptions since the last valuation. There were changes in methods since the last valuation.

- For purposes of the June 30, 2020 Actuarial Valuation Report (AVR), a non-contribution rate setting valuation under current funding policy, the Office of the State Actuary (OSA) introduced temporary method changes to produce asset and liability measures as of the valuation date. See high-level summary below. OSA will revert back to the methods outlined in the 2019 AVR when preparing the 2021 AVR, a contribution rate-setting valuation, which will serve as the basis for 2022 ACFR results.
- To produce measures at June 30, 2020, unless otherwise noted in the 2020 AVR, OSA relied on the same data, assets, methods, and assumptions as the June 30, 2019 AVR. OSA projected the data forward one year reflecting assumed new hires and current members exiting the plan as expected. OSA estimated June 30, 2020, assets by relying on the fiscal year end 2019 assets, reflecting actual investment performance over FY 2020, and reflecting assumed contribution amounts and benefit payments during FY 2020. OSA reviewed the actual June 30, 2020, participant and financial data to determine if any material changes to projection assumptions were necessary. OSA also considered any material impacts to the plans from 2021 legislation. See the 2020 AVR for more information.

**Discount Rate**

The discount rate used to measure the total pension liability for all DRS plans was 7.4 percent.

To determine that rate, an asset sufficiency test was completed to test whether each pension plan’s fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA’s assumptions, the pension plans’ fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.4 percent was used to determine the total liability.

**Long-Term Expected Rate of Return**

The long-term expected rate of return on the DRS pension plan investments of 7.4 percent was determined using a building-block-method. In selecting this assumption, the OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMA’s) and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the CMA’s and their target asset allocation to simulate future investment returns at various future times.

**Estimated Rates of Return by Asset Class**

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of June 30, 2021 are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB’s most recent long-term estimate of broad economic inflation.

<b>Asset Class</b>	<b>Target Allocation</b>	<b>% Long-Term Expected Real Rate of Return Arithmetic</b>
Fixed Income	20%	2.20%
Tangible Assets	7%	5.10%
Real Estate	18%	5.80%
Global Equity	32%	6.30%
Private Equity	23%	9.30%
	<b>100%</b>	

**HOUSING AUTHORITY OF THURSTON COUNTY**  
**Notes to Financial Statements**  
**June 30, 2022**

**NOTE 10 – PENSION PLANS (CONTINUED)**

**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 7.4 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 (6.4 percent) or 1-percentage point higher (8.4 percent) than the current rate.

	<b>1% Decrease (6.4%)</b>	<b>Current Discount Rate (7.4%)</b>	<b>1% Increase (8.4%)</b>
PERS 1	\$251,088	\$147,391	\$56,956
PERS 2/3	\$(439,699)	\$(1,543,451)	\$(2,452,392)

**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, 2022, the Authority reported its proportionate share of the net pension liabilities as follows:

	<b>Liability (Asset)</b>
PERS 1	\$147,391
PERS 2/3	\$(1,543,451)

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

	<b>Proportionate Share 6/30/20</b>	<b>Proportionate Share 6/30/21</b>	<b>Change in Proportion</b>
PERS 1	.012177%	.012069%	.000108%
PERS 2/3	.015765%	.015494%	.000271%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2021 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.

LEOFF Plan 1 allocation percentages are based on the total historical employer contributions to LEOFF 1 from 1971 through 2000 and the retirement benefit payments in fiscal year 2021. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). The state of Washington contributed 87.12 percent of LEOFF 1 employer contributions and all other employers contributed the remaining 12.88 percent of employer contributions. LEOFF 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. The allocation method the plan chose reflects the projected long-term contribution effort based on historical data.

In fiscal year 2021, the state of Washington contributed 39 percent of LEOFF 2 employer contributions pursuant to [RCW 41.26.725](#) and all other employers contributed the remaining 61 percent of employer contributions.

**HOUSING AUTHORITY OF THURSTON COUNTY**  
**Notes to Financial Statements**  
**June 30, 2022**

**NOTE 10 – PENSION PLANS (CONTINUED)**

**Pension Expense**

For the year ended June 30, 2022, the Authority recognized pension expense as follows:

	<b>Pension Expense</b>
PERS 1	\$(31,464)
PERS 2/3	\$(344,892)
<b>TOTAL</b>	<b>\$(376,356)</b>

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

At June 30, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Plans	Deferred Outflows of Resources			Deferred Inflows of Resources		
	PERS 1	PERS 2/3	Total	PERS 1	PERS 2/3	Total
Differences between expected and actual experience		\$74,962	\$ 74,962		\$18,921	\$ 18,921
Net difference between projected and actual investment earnings on pension plan investments				\$163,554	\$1,289,966	\$1,453,520
Changes of assumptions		\$2,255	\$ 2,255		\$109,612	\$ 109,612
Changes in proportion and differences between contributions and proportionate share of contributions		\$38,013	\$ 38,013		\$17,920	\$ 17,920
Contributions subsequent to the measurement date	\$70,535	\$120,917	\$191,452			
<b>TOTAL</b>	<b>\$70,535</b>	<b>\$236,150</b>	<b>\$306,682</b>	<b>\$163,554</b>	<b>\$1,436,419</b>	<b>\$1,599,973</b>

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

**HOUSING AUTHORITY OF THURSTON COUNTY**  
**Notes to Financial Statements**  
**June 30, 2022**

**NOTE 10 – PENSION PLANS (CONTINUED)**

Year ended June 30:	PERS 1	PERS 2/3	Total
2022	(43,326)	(347,635)	\$ (390,961)
2023	(39,702)	(324,459)	\$ (364,161)
2024	(37,540)	(307,341)	\$ (344,881)
2025	(42,987)	(336,613)	\$ (379,600)
2026		(5,349)	\$ (5,349)
Thereafter		213	\$ 213
Total	\$ (163,554)	\$ (1,321,183)	\$ (1,484,738)

**Actuarial Assumptions**

The total pension asset for the VFFRPF was determined by an actuarial valuation by the Office of the State Actuary (OSA) as of June 30, 2020, and rolled forward to June 30, 2021, using the following actuarial assumptions, applied to all prior periods included in the measurement:

- **Inflation:** 2.25%
- **Salary increases:** N/A
- **Investment rate of return:** 6.00%

The actuarial assumptions used in the valuation were based on the results of the OSA’s *2021 Report on Financial Condition and Economic Experience Study*, the *2021 Pension Experience Study*, and the *2018 Relief Experience Study*. Additional assumptions for subsequent events and law changes are current as of the 2020 valuation report.

Mortality assumptions used for this plan are consistent with assumptions used for Public Employees’ Retirement System. 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.

**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.

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 – 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 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

**HOUSING AUTHORITY OF THURSTON COUNTY**  
**Notes to Financial Statements**  
**June 30, 2022**

**NOTE 12 – WASHINGTON HOUSING AUTHORITIES’ RISK RETENTION POOL (continued)**

six 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 insurance provider named Synchronous 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 \$1million of coverage for liability lines and purchases an additional \$1 million in reinsurance for a total of \$2 million. For property, HARRP retains the first \$1,000,000 and purchases an additional \$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 13 – Defined Benefit Other Postemployment Benefit (OPEB) Plans**

*The following table represents the aggregate OPEB amounts for all plans subject to the requirements of GASBS 75 for the year 2022*

<b>Aggregate OPEB Amounts – All Plans</b>	
<i>OPEB liabilities</i>	<i>\$1,190,058</i>
<i>OPEB expense/expenditures</i>	<i>\$(168,399)</i>

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

**HOUSING AUTHORITY OF THURSTON COUNTY**  
**Notes to Financial Statements**  
**June 30, 2022**

**NOTE 13– DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)**

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, 2022, the following employees were covered by the benefit terms:*

<i>Inactive employees or beneficiaries currently receiving benefits</i>	<i>7</i>
<i>Inactive employees entitled to but not yet receiving benefits</i>	<i>0</i>
<i>Active employees</i>	<i>22</i>
<i>Total</i>	<i>29</i>

**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, 2021. 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](http://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 2.75%
- Healthcare cost trend initial rate rang approximately 2-11% reaching an ultimate rate of approximately 4.3% in 2075
- Projected salary changes are at 3.5% 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 Healthy RP-2000 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 2.16% compared to the end of the measurement year of 3.54%
- Post-retirement participation percentage of 65%
- Percentage with spouse coverage of 45%

**HOUSING AUTHORITY OF THURSTON COUNTY**  
**Notes to Financial Statements**  
**June 30, 2022**

**NOTE 13– DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)**

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

- 2/3 of members select a UMP plan and 1/3 select a Kaiser Permanente (KP) plan.
- UMP pre- and post-Medicare costs and premiums are equal to the Uniform Medical Plan (UMP).
- The KP pre-Medicare costs and premiums are a 50/50 blend of KP Classic and KP Value.
- The KP post-Medicare costs and premiums are equal to KP WA Medicare.
- 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 retirement, disability, termination, and mortality are consistent with the most recent PEBB OPEB valuation as of the publication date of this tool.
- OSA made the following changes for simplicity; assumed Plan 2 decrement rates. Assumed all employees are retirement eligible at age 55 and all employees retire by age 70. 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.
- Assume a 45% likelihood that current (and future) retirees cover a spouse. OSA assumed that eligible spouses are the same age as the primary member.
- Selected the age-based cohorts for AMM based upon the overall distribution of State employees and retirees that participate in PEBB
- No dental benefits when calculating Total OPEB Liability. Dental benefits represent less than 2% of the accrued benefit obligations under the 2021 PEBB OPEB AVR.

*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) than the current rate.*

	1% Decrease (5.8%)	Current Healthcare Cost Trend Rate (6.8%)	1% Increase (7.8%)
<i>Net OPEB Liability</i>	\$1,000,071	\$1,190,058	\$1,434,015

*The following presents the net OPEB liability of the Authority calculated using the discount rate of 3.5 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.5 percent) or 1-percentage point higher (4.5 percent) than the current rate.*

	1% Decrease (2.5%)	Current Discount Rate (3.5%)	1% Increase (4.5%)
<i>Net OPEB Liability</i>	\$1,403,379	\$1,190,058	\$1,019,567

**HOUSING AUTHORITY OF THURSTON COUNTY**  
**Notes to Financial Statements**  
**June 30, 2022**

**NOTE 13– DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)**

**Changes in the Net OPEB Liability**

<i>Plan Name</i>	<i>Total OPEB Liability</i>
<i>Balances at 6/30/2021</i>	<i>\$1,382,334</i>
<i>Changes for the year:</i>	
<i>Service cost</i>	<i>\$54,511</i>
<i>Interest</i>	<i>\$30,779</i>
<i>Changes of benefit terms</i>	<i>\$0</i>
<i>Changes in experience data and assumptions</i>	<i>\$(253,689)</i>
<i>Benefit payments</i>	<i>\$(23,877)</i>
<i>Balances at 6/30/2022</i>	<i>\$1,190,058</i>

The measurement and valuation date was June 30, 2022.

**NOTE 14 – 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 Olympia Crest, Falls Point and Surrey Lane. The other properties are based on a fixed fee plus a percentage of the total monthly gross receipts from each project.

**NOTE 15 – 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, 2022, the Housing Authority was not aware of any pending or threatened litigation or other contingent liabilities that are required to be accrued or disclosed in the financial statements.

**NOTE 16- SUBSEQUENT EVENTS**

Housing Revenue and Refunding Bond

On September 14, 2022, The Housing Authority entered into an agreement with Heritage Bank providing for the issuance of the Housing Revenue and Refunding Bond to Heritage Bank for \$8,950,000. The proceeds of the bond will be used to pay off the \$1,500,000 Heritage Bank line of credit and pay off the \$896,662 balance of the \$1,125,000 Heritage Bank revenue bond issued to build Olympia Crest Phase II, and the balance of \$6,553,338 will be used for construction of Olympia Crest Phase III. The Housing Revenue and Refunding Bond bears an interest rate of 3.73% per annum and matures on September 14, 2038, with principal and interest payment of \$41,347.34 will begin October 1, 2023. The bond is collateralized by a deed of trust on all three Olympia Crest apartments and a security interest on the property rents.

**REQUIRED SUPPLEMENTARY INFORMATION**

Housing Authority of Thurston County  
 Schedule of Proportionate Share of the Net Pension Liability  
 Public Employees' Retirement System Plan 1  
 As of June 30, 2022  
 Last 10 Fiscal Years\*

	2021	2020	2019	2018	2017	2016	2015	2014
Employer's proportion of the net pension liability (asset)	% 0.012069%	0.012177%	0.012483%	0.012841%	0.000124%	0.000130%	0.000148%	0.000152%
Employer's proportionate share of the net pension liability	\$ 426,101	429,914	480,016	573,483	586,919	696,819	773,968	763,192
Covered payroll	\$ 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	% 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	% 88.74%	68.64%	63.22%	61.24%	57.03%	59.10%	61.19%	

**Notes to Schedule:**

\*Until a full 10-year trend is compiled, only information for those years available is presented.

**REQUIRED SUPPLEMENTARY INFORMATION**

Housing Authority of Thurston County  
 Schedule of Proportionate Share of the Net Pension Liability  
 Public Employees' Retirement System Plan 2/3  
 As of June 30, 2022  
 Last 10 Fiscal Years\*

	2021	2020	2019	2018	2017	2016	2015	2014
Employer's proportion of the net pension liability (asset)	% 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	\$ 198,159	201,625	156,454	260,653	488,865	743,104	615,709	355,921
Covered payroll	\$ 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	% 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	% 120.29%	97.22%	95.77%	90.97%	85.82%	89.20%	93.29%	

**Notes to Schedule:**

\*Until a full 10-year trend is compiled, only information for those years available is presented.

**REQUIRED SUPPLEMENTARY INFORMATION**

Housing Authority of Thurston County  
 Schedule of Employer Contributions  
 Public Employees' Retirement System Plan 1  
 For the year ended June 30, 2022  
 Last 10 Fiscal Years\*

	2022	2021	2020	2019	2018	2017	2016
<u>Statutorily or contractually required contributions</u>	\$ 70,535	89,898	88,252	89,511	85,830	74,402	73,585
Contributions in relation to the statutorily or contractually required contributions	<u>(70,535)</u>	<u>(89,898)</u>	<u>(88,252)</u>	<u>(89,511)</u>	<u>(85,830)</u>	<u>(74,402)</u>	<u>(73,585)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Covered payroll</u>	\$ 1,901,227	1,853,114	1,841,454	1,750,495	1,626,421	1,457,656	1,443,507
<u>Contributions as a percentage of covered payroll</u>	<u>3.71%</u>	<u>4.85%</u>	<u>4.79%</u>	<u>5.11%</u>	<u>5.28%</u>	<u>5.10%</u>	<u>5.10%</u>

**Notes to Schedule:**

\*Until a full 10-year trend is compiled, only information for those years available is presented.

**REQUIRED SUPPLEMENTARY INFORMATION**

Housing Authority of Thurston County  
 Schedule of Employer Contributions  
 Public Employees' Retirement System Plan 2/3  
 For the year ended June 30, 2022  
 Last 10 Fiscal Years\*

	2022	2021	2020	2019	2018	2017	2016
<u>Statutorily or contractually required contributions</u>	\$ 120,919	146,767	145,232	131,550	117,798	85,940	85,201
Contributions in relation to the statutorily or contractually required contributions	\$ (120,919)	(146,767)	(145,232)	(131,550)	(117,798)	(85,940)	(85,201)
<u>Contribution deficiency (excess)</u>	\$ 0	0	0	0	0	0	0
<u>Covered payroll</u>	\$ 1,901,227	1,853,114	1,841,454	1,750,495	1,572,733	1,379,464	1,367,595
<u>Contributions as a percentage of covered payroll</u>	% 6.36%	7.92%	7.89%	7.52%	7.49%	6.23%	6.23%

**Notes to Schedule:**

\*Until a full 10-year trend is compiled, only information for those years available is presented.

**REQUIRED SUPPLEMENTARY INFORMATION**

Housing Authority of Thurston County  
 Schedule of Changes in Total OPEB Liability and Related Ratios  
 For the year ended June 30, 2022  
 Last 10 Fiscal Years\*

	2022	2021	2020	2019	2018
<b>Total OPEB liability - beginning</b>	\$ 1,382,334	\$ 1,504,207	1,174,234	1,310,728	1,301,961
Service cost	54,511	58,327	44,409	45,104	51,896
Interest	30,779	34,237	42,331	52,051	48,183
Changes in benefit terms	0	0	0	0	0
Differences between expected and actual experience	0	0	0	0	-75,270
Changes of assumptions	(253,689)	(187,576)	261,791	-211,728	0
Benefit payments	(23,877)	(26,861)	-18,558	-21,921	-16,042
Other changes					
<b>Total OPEB liability - ending</b>	<b>1,190,058</b>	<b>1,382,334</b>	<b>1,504,207</b>	<b>1,174,234</b>	<b>1,310,728</b>
<b>Covered-employee payroll</b>	<b>1,901,227</b>	<b>1,853,114</b>	<b>1,833,738</b>	<b>1,750,495</b>	<b>1,646,725</b>
<b>Total OPEB liability as a % of covered-employee payroll</b>	<b>62.59%</b>	<b>74.60%</b>	<b>82.03%</b>	<b>67.08%</b>	<b>79.60%</b>

**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 trust that meets the criteria in paragraph 4 of GASB 75.

**HOUSING AUTHORITY OF THURSTON COUNTY**  
**Notes to Required Supplementary Information**  
**For the Fiscal Year Ended June 30, 2022**

**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, 2022. OSA assumptions were an inflation factor of 2.75%, Healthcare cost trend initial rate from about 2-11%, reach an ultimate rate of approximately 4.3% in 2075, projected salary changes are at 3.50% 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 Healthy PubG.H-2010 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 2.16% compared to the end of the measurement year of 3.54%. 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](http://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) for each of the plans was determined using the most recent actuarial valuation completed in 2021 with a valuation date of June 30, 2020. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2021. Plan liabilities were rolled forward from June 30, 2020, to June 30, 2021, 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](http://www.drs.wa.gov).

**Housing Authority of Thurston County  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2022**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
<b>CDBG - Entitlement Grants Cluster</b>								
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via THURSTON COUNTY)	Community Development Block Grants/Entitlement Grants	14.218	CDBG-HATC- RHA	382,786	-	382,786	-	3
<b>Total CDBG - Entitlement Grants Cluster:</b>				<b>382,786</b>	<b>-</b>	<b>382,786</b>	<b>-</b>	
<b>Section 8 Project-Based Cluster</b>								
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228		-	-	-	-	3
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via 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
<b>Total ALN 14.228:</b>				<b>360,000</b>	<b>-</b>	<b>360,000</b>	<b>-</b>	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (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		-	137,293	137,293	-	

**Section 8 Project-Based Cluster**

The accompanying notes are an integral part of this schedule.

**Housing Authority of Thurston County  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2022**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	From Pass- Through Awards	Expenditures			Passed through to Subrecipients	Note
					From Direct Awards	Total			
ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation	14.856	-	-	239,672	239,672	-		
<b>Total Section 8 Project-Based Cluster:</b>					<b>239,672</b>	<b>239,672</b>	-		
<b>Housing Voucher Cluster</b>									
ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Section 8 Housing Choice Vouchers	14.871	-	-	18,591,360	18,591,360	-		
ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	COVID 19 - Section 8 Housing Choice Vouchers	14.871	-	-	50,000	50,000	-		
ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Section 8 Housing Choice Vouchers	14.871	-	-	402,884	402,884	-		
<b>Total ALN 14.871:</b>					<b>19,044,244</b>	<b>19,044,244</b>	-		
ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Mainstream Vouchers	14.879	-	-	1,257,028	1,257,028	-		
<b>Total Housing Voucher Cluster:</b>					<b>20,301,272</b>	<b>20,301,272</b>	-		

The accompanying notes are an integral part of this schedule.

**Housing Authority of Thurston County  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2022**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Family Self-Sufficiency Program	14,896	-	-	98,377	98,377	-	
<b>Total Federal Awards Expended:</b>				<b>976,520</b>	<b>20,776,614</b>	<b>21,753,134</b>	<b>-</b>	

The accompanying notes are an integral part of this schedule.

**HOUSING AUTHORITY OF THURSTON COUNTY**  
**Notes to the Schedules of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2022**

**NOTE 1 - BASIS OF ACCOUNTING AND PRESENTATION**

The Housing Authority maintains its accounting records in accordance with U.S. 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 - LOANS**

**CFDA #: 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.

**CFDA #: 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 \$382,786. 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.

**CFDA #: 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 – INDIRECT COST RATE**

The amount expended includes \$582,462 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.

HOUSING AUTHORITY OF THURSTON COUNTY  
Olympia, WA

COMBINED FINANCIAL DATA SCHEDULES  
Fiscal Year Ending June 30, 2022

Line #	CFDA:	CFDA:														Total
		1	2	93.958	14.879	14.218	14.228	14.267	14.239	14.871	14.11CC	14.896	14.856	14.4E1V		
		Business	State & Local	Mental Health/Bk	Mainstream	CDBG	CDBG	HATS	HOME	Section 8 Voucher	HCV Cures Act Funding	FSS	Section 8 Mod Rehab	EHV PROGRAM	Elimination	
111		4,830,073	24,251	36,803	256,530	264,104	0	0	0	326,257	0	97,827	54,581	24,068	591,433	
113			362,625												362,625	
114		293,871								380,721					293,871	
115															380,721	
100		5,123,944	386,876	36,803	256,530	264,104	0	0	0	706,978	0	97,827	54,581	24,068	6,951,530	
121															0	
122										18,644		11,778		10,931	41,354	
124															0	
125		224,226													224,226	
126.2															0	
127			2,556												2,556	
128					1,852					237,573			1,405		240,830	
128.1					(1,498)					(221,663)			(368)		(223,529)	
129		9,380								1,488			81	184	11,133	
120		233,606	2,556		354					36,042		11,778	1,118	11,115	296,570	
142			36,092							11,475					47,567	
144		1,767,730			360,000	382,786			233,734						(2,744,250)	
150		7,161,372	389,432	36,803	256,704	382,786	624,104	0	233,734	754,495	0	109,605	55,699	35,183	7,295,667	
161			9,834,459												9,834,459	
162			33,601,388												33,601,388	
163			567,657												567,657	
164			497,432												497,432	
166		(12,879,070)													(12,879,070)	
167		1,054,296													1,054,296	
160		32,676,162													32,676,162	
171			1,094,167												1,094,167	
174		511,218	3,015		36,968			118,163		789,458			10,540	74,089	1,543,451	
180		33,187,380	1,097,182		36,968			118,163		789,458			10,540	74,089	35,313,780	
200		79,924	662		8,121			25,938		155,841		17,585	2,315	16,276	306,682	
290		40,238,677	1,487,276	36,803	301,795	382,786	624,104	144,121	233,734	1,699,794	0	127,190	68,554	125,548	42,916,129	
311															0	
312			266,779		0			396		1,2826			79	3,808	283,889	
321															0	
322			86,775		4,185			16,021		113,231		8,319	4,763	1,363	234,709	
325															0	
331													18,811		18,811	
341			293,871												293,871	
342															0	
343			2,382,953												2,382,953	
344															0	
345			48,8431					1,456,101		262,786			53,604		593,886	
347		3,468,809	302,981	62,616	4,185			1,472,518	167,783	782,729		8,319	77,257	5,171	3,608,118	
310															0	

HOUSING AUTHORITY OF THURSTON COUNTY  
Olympia, WA

COMBINED FINANCIAL DATA SCHEDULES  
Fiscal Year Ending June 30, 2022

Line #	CFDA:	1 Business Activities	2 State & Local	93,958 Mental Health/Elk Grant (HYLAB)	14,879 Mainstream	14,218 CDBG	14,228 CDBG	14,267 COC HATS	14,239 HOME	14,871 Section 8 Voucher	14,111 HCV Cares Act Funding	14,896 ROSS FSS	14,856 Section 8 Mod Rehab	14,411 EHY PROGRAM	14,411 EHY	Total	
																	11,547,415
351	Long Term Debt, Net of Current - Capital Projects																13,007,216
352	Long-term Debt, Net of Current - Operating Borrowings																976,520
353	Noncurrent liabilities other																0
357	Accrued Pension and OPEB Liability	389,081	4,236	1,164	34,200	6,829	6,829	92,758	26,084	733,815	-	271,129	22,153	-	-	1,337,449	
350	Total Non-Current Liabilities	11,936,496	1,464,036	1,164	34,200	366,829	366,829	92,758	259,818	733,815	-	271,129	22,153	-	-	15,321,185	
300	Total Liabilities	15,405,305	1,767,017	63,780	38,385	382,786	366,829	1,565,276	427,601	1,516,544	-	35,448	99,410	5,171	(2,744,250)	18,929,302	
400	Deferred Inflow of Resources	416,969	3,456	-	42,367	-	-	135,422	-	813,026	-	91,742	12,080	84,911	-	1,599,973	
508.4	Investment in Capital assets, net of related debt	17,769,274	-	-	-	-	-	-	-	-	-	-	-	-	-	17,769,274	
511.4	Restricted Net Position	-	362,625	-	40,239	-	-	-	-	-	-	-	-	59,975	-	462,839	
512.4	Unrestricted Net Position	6,837,128	(645,823)	(26,977)	180,802	(257,275)	257,275	(1,556,576)	(193,867)	(629,775)	0	(0)	(42,936)	(24,509)	-	4,154,741	
513	Total Equity	24,606,402	(283,198)	(26,977)	221,041	257,275	257,275	(1,556,576)	(193,867)	(629,775)	0	(0)	(42,936)	35,466	-	22,386,854.45	
600	Total Liabilities, Deferred Inflows & Equity	40,428,677	1,487,276	36,803	301,793	382,786	624,104	144,121	233,734	1,699,795	(0)	127,190	68,554	125,548	(2,744,250)	42,916,130	
70300	Net Tenant Rental Revenue	5,456,119	-	-	-	-	-	-	-	-	-	-	-	-	-	5,456,119	
70400	Tenant Revenue other	101,876	-	-	-	-	-	-	-	-	-	-	-	-	-	101,876	
70500	Total Tenant Revenue	5,557,995	-	-	-	-	-	-	-	-	-	-	-	-	-	5,557,995	
70600-010	Housing Assistance Payments																
70600-020	Ongoing Administrative Fees Earned									16,641,060	-			249,355	-	16,890,415	
70600-031	FSS Coordinator Grant									1,953,706	50,000			161,003	-	2,164,709	
70600	HUD PHA Grants				1,313,596			137,293				144,790	270,031			1,865,710	
70800	Other Government Grants															0	
71100-020	Investment Income - Unrestricted-admin fee									4,212				791		5,003	
71100	Investment Income - Unrestricted	36,844											279			37,123	
71400-010	Fraud Recovery-HAP				735					9,178						9,913	
71400-020	Fraud Recovery-Admin				445					32,321						32,766	
71400	Fraud Recovery															0	
71500	Other Revenue	11,973	92,000			67,653				76,430						248,056	
71600	Gain or Loss on sale of fixed assets															0	
72000-010	Investment Income - Restricted-HAP				1,314,776			137,293								1,452,069	
70000	Total Revenue	5,606,811	92,000	-	1,314,776	67,653	-	137,293	-	18,716,907	50,000	144,790	270,310	411,149	-	26,811,690	

HOUSING AUTHORITY OF THURSTON COUNTY  
Olympia, WA

COMBINED FINANCIAL DATA SCHEDULES  
Fiscal Year Ending June 30, 2022

Line #	CFDA:	1	2	93.958	14.879	14.218	14.228	14.267	14.239	14.871	14.11CC	14.896	14.856	14.4HV	Total
91100		250,233	4,618	-	58,532	-	188,332	-	-	1,147,733	15,777	-	16,535	117,920	1,800,221
91200	Administrative Salaries														31,244
91300	Auditing fees	210,747			2,066		232			34,423			303		210,747
91400	Outside management fees	7,272								789					7,272
91500	Advertising and Marketing	685,293	(174)		3,230		(6,388)			478			461	(1,569)	(63,220)
91600	Employee Benefits - Administrative	55,170					3,689			39,797				197	99,118
91700	Office Expense	27,500								3,480					31,084
91800	Legal Expense	4,415								3,836			12		9,712
91900	Travel Expenses	103,644			144		1,406			80,134	37		106	45	185,517
92100	Other Expenses														108,985
92300	Tenant Services - Salaries														35,046
92300	Employee Benefits - Tenant Services														134,151
93100	Water	134,151													74,630
93200	Electricity	74,630													74,630
93300	Gas														0
93600	Sewer	328,646													328,646
93800	Other utilities expense	198,880				2,019				3,874					204,773
94200	Ord Maint & Oper - Other	1,281,882	80,540		10,736		29,886			301,931	28,079		2,345	94,667	1,830,067
95300	Protective services - Other	21,953													21,953
96110	Property Insurance	159,830													159,830
96120	Workers Comp	1,727			120					8,951			60		9,131
96130	Property Insurance				439					6,440			90	773	11,229
96200	General Expense														0
96210	Compensated Absences	38	28		975		(2,877)			(12,708)			412	1,364	(12,768)
96710	Bad Debt-Other														0
96710	Interest Expense	540,396													540,396
96730	Amortize bond costs														0
96800	Severance Expense														0
96900	Total Operating Expense	3,300,677	85,032		76,316		219,380			1,619,298	50,000	144,790	20,524	213,504	5,729,519
97000	Excess Operating Revenue Over Operating Expense	2,306,135	6,968		1,238,460		(82,086)			17,097,609	0	(0)	249,786	197,646	21,082,171
97200	Casualty Losses - Non-Capitalized														0
97300-010	Home Ownership									13,012	0				13,012
97300-020	Tenant Protection									50,734	0				50,734
97300-041	Port-outs									496,623	0				496,623
97300-045	FSS escrow deposits									188,652	0				188,652
97300-049	Special purpose vouchers									4,222,799	0				4,222,799
97300-050	All Other									11,984,080	0				11,984,080
97300	Housing Assistance Payments				1,181,448								219,148	189,380	1,589,976
97350	HAP - Portability In									52,589					52,589
97400	Depreciation Expense	859,008													859,008
97500	Fraud Losses														0
90000	Total Expenses	4,159,685	85,032		1,257,764		219,380			18,627,787	50,000	144,790	239,672	402,884	25,186,992

10010	Operating Transfers In														0
10020	Operating Transfers Out														0
10100	Total Other Financing Sources (Uses)														0
10000	Excess (Deficiency) Operating Rev Over (Under) Exp	1,447,126	6,968		57,012		67,653	(82,086)		89,120	0	(0)	30,638	8,266	1,624,697
11020	Required Annual debt payments	882,953													882,953
11030	Beginning Equity	23,159,276			164,028		(1,474,490)		(193,867)	(718,893)	\$		(73,574)	27,200	20,762,160
11040	Prior Period Adjustments, Equity Trfs & Corrects			(26,977)											(629,775)
11170	Administrative Fee Equity														0
11180	Housing Assistance Payment Equity				40,239										59,975
11190	Unit Months Available	6,636			1,680					24,840			468	816	34,440
11210	Number of Months Leased	6,536			1,599					22,031			428	199	30,793
24,606-402															
24,606-402															

## 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.

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