



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, 2022 through June 30, 2023

*Published March 21, 2024*

Report No. 1034452



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

March 21, 2024

Board of Commissioners  
Housing Authority of Thurston County  
Olympia, Washington

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

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

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

Sincerely,

Pat McCarthy, State Auditor  
Olympia, WA

***Americans with Disabilities***

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## TABLE OF CONTENTS

Schedule of Findings and Questioned Costs.....	4
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	6
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance With the Uniform Guidance .....	8
Independent Auditor's Report on the Financial Statements.....	12
Financial Section.....	16
About the State Auditor's Office.....	62

# SCHEDULE OF FINDINGS AND QUESTIONED COSTS

## Housing Authority of Thurston County July 1, 2022 through June 30, 2023

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

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

#### Financial Statements

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

##### Internal Control over Financial Reporting:

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

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

#### Federal Awards

##### Internal Control over Major Programs:

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

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

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

## Identification of Major Federal Programs

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

<u>ALN</u>	<u>Program or Cluster Title</u>
14.871	Housing Voucher Cluster – Section 8 Housing Choice Vouchers
14.879	Housing Voucher Cluster – Mainstream Vouchers

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was \$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, 2022 through June 30, 2023**

Board of Commissioners  
Housing Authority of Thurston County  
Olympia, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Housing Authority of Thurston County, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements, and have issued our report thereon dated March 14, 2024.

### **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.

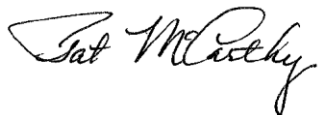
## **REPORT ON COMPLIANCE AND OTHER MATTERS**

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.

A handwritten signature in black ink, reading "Pat McCarthy". The signature is fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly distinguishable.

Pat McCarthy, State Auditor

Olympia, WA

March 14, 2024

## INDEPENDENT AUDITOR'S REPORT

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

#### **Housing Authority of Thurston County July 1, 2022 through June 30, 2023**

Board of Commissioners  
Housing Authority of Thurston County  
Olympia, Washington

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

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

We have audited the compliance of the Housing Authority of Thurston County, with the types of compliance requirements identified as subject to audit in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Housing Authority's major federal programs for the year ended June 30, 2023. The Housing Authority's major federal programs are identified in the auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

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

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

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



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

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

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

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

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

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

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

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

## REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

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

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

### Purpose of this Report

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

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

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

Pat McCarthy, State Auditor

Olympia, WA

March 14, 2024

# INDEPENDENT AUDITOR'S REPORT

## Report on the Audit of the Financial Statements

### **Housing Authority of Thurston County July 1, 2022 through June 30, 2023**

Board of Commissioners  
Housing Authority of Thurston County  
Olympia, Washington

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

### **Opinion**

We have audited the accompanying financial statements of the Housing Authority of Thurston County, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements as listed in the financial section of our report.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of Thurston County, as of June 30, 2023, 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 14, 2024 on our consideration of the Housing Authority's internal control over financial

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

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Pat McCarthy, State Auditor

Olympia, WA

March 14, 2024

## **FINANCIAL SECTION**

### **Housing Authority of Thurston County July 1, 2022 through June 30, 2023**

#### **REQUIRED SUPPLEMENTARY INFORMATION**

Management's Discussion and Analysis – 2023

#### **BASIC FINANCIAL STATEMENTS**

Statement of Net Position – 2023

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

Statement of Cash Flows – 2023

Notes to Financial Statements – 2023

#### **REQUIRED SUPPLEMENTARY INFORMATION**

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

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

Schedule of Changes in Total OPEB Liability and Related Ratios – 2023

Notes to the Required Supplementary Information – 2023

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

Schedule of Expenditures of Federal Awards – 2023

Notes to the Schedule of Expenditures of Federal Awards – 2023

Financial Data Schedule – 2023



# **HOUSING AUTHORITY OF THURSTON COUNTY**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2023

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, 2023. 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 not keeping pace with market rent elevations, the rising rents require increasingly large subsidies for each household on the program. Over the past five years, Average Per Unit Cost (subsidy per unit) has increased by over 49%. The end result is that fewer households receive subsidies.

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 uncertainty and restrictive nature of many governmental housing finance programs.

# HOUSING AUTHORITY OF THURSTON COUNTY

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

### Financial Highlights

- On June 30, 2023, the Housing Authority's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources (net position) by \$23.3 Million. Of this amount, \$4.2 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 increased from the previous year by \$402,987 and totaled \$6,317,299 at the end of the fiscal year.
- Net capital assets increased in 2023 by \$4.5 Million. The increase is due to the construction in progress increase of \$5.3 Million for the construction of 28 units at Olympia Crest III, repair of siding at Creekwood, and for preliminary expenses related to the purchase of Tumwater Inn, Sterling Pines.
- Other noncurrent assets decreased from June 30, 2022 to June 30, 2023 by \$1 Million primarily from the decrease of \$985,242 for Net Pension asset.
- Total operating revenues for the year ended June 30, 2023 of \$29.6 Million increased from the prior year by \$3 Million. Total operating expenses for the year of \$28.3 Million resulted in an increase of \$3.8 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, 2023 is \$889,184; a decrease of \$735,512 from the prior year.
- In June of 2023, the Housing Authority is working on completing the development of property known as Olympia Crest Phase III. The Housing Authority is looking at leasing up the property in early 2024.
- The Housing Authority was awarded with \$7.9 Million funds from the Department of Commerce and \$275,000 from the City of Tumwater to purchase and rehab Sterling Pines. The rehabilitation of Sterling Pines is anticipated to begin in early 2024. The Housing Authority is actively engaged in relocating current residents and working with architects and engineers to submit plans for permitting.
- The Authority acquired 2.51 acres of land adjacent to the existing Sequoia Landing apartments in Tumwater, Washington in December, 2021. The property will be developed as permanent housing for seniors living on fixed incomes at or below 50% area median income. The planning of Sequoia North will begin in early 2024.
- Our financial statements now adhere to recent accounting standard requirement of Subscription Based Information Technology Agreements (SBITAs), recognizing and measuring right-to-use subscription assets and liabilities for government contracts. Subscription liabilities are valued at the present value of expected payments with subsequent amortization. These changes, effective after June 15, 2022, aim to enhance consistency and transparency in reporting SBITA obligations and assets.

# HOUSING AUTHORITY OF THURSTON COUNTY

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

### Overview of the Financial Statements

The Authority's Financial Statements consist of two parts – Management's Discussion and Analysis (this section), the Financial Statements, and the Required Supplementary Information. 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 and intangible assets, reduced by the outstanding balances of bonds, mortgages, notes, other borrowings, or contract that are attributable to the acquisition, construction, improvement, or use of these assets
  - **Restricted** consists of restricted assets when constraints are placed on the assets by creditors (such as debt covenants), grantors, contributors, laws, or regulations.
  - **Unrestricted** consists of unrestricted assets that do not meet the definition of net investment in capital assets.
- Statement of Revenues, Expenses, and Changes in Net Position -- reports the Authority's operating and non-operating revenues by major source, along with operating and non-operating expenses and capital contributions.
- Statement of Cash Flows -- reports the Housing Authority's cash flows from operating, investing, and capital and non-capital financing activities.
- Finally, the Notes provide additional information that is essential to a full understanding of the data provided and are an integral part of the Financial Statements.

# HOUSING AUTHORITY OF THURSTON COUNTY

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

### Financial Analysis of the Housing Authority

The following table summarizes net position at June 30, 2023 and 2022:

#### **CONDENSED STATEMENT OF NET POSITION**

<b>Assets</b>	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>Change</u></b>
Current Assets	\$ 7,841,672	\$ 7,295,667	\$ 546,007
Capital Assets- net	37,135,468	32,676,163	4,459,305
Other noncurrent assets	1,609,984	2,637,618	(1,027,634)
Total Assets	<u>\$ 46,587,124</u>	<u>\$ 42,609,448</u>	<u>\$ 3,968,676</u>
<b>Deferred Outflows of Resources</b>	<u>\$ 688,437</u>	<u>\$ 306,682</u>	<u>\$ 381,755</u>
<b>Current Liabilities</b>			
Current Liabilities	\$ 2,385,944	\$ 3,636,619	\$(1,250,675)
Non-current liabilities	<u>21,041,361</u>	<u>15,292,684</u>	<u>5,748,677</u>
Total Liabilities	<u>\$ 23,427,305</u>	<u>\$ 18,929,303</u>	<u>\$ 4,498,002</u>
<b>Deferred Inflows of Resources</b>	<u>\$ 572,217</u>	<u>\$ 1,599,973</u>	<u>\$(1,027,756)</u>
<b><u>Net Position</u></b>			
Net investment in capital	\$ 17,882,158	\$ 17,769,275	\$112,884
Restricted net position	1,201,387	1,993,126	(791,739)
Unrestricted	<u>4,192,493</u>	<u>2,624,453</u>	<u>1,568,040</u>
Total net position	<u>\$ 23,276,038</u>	<u>\$ 22,386,854</u>	<u>\$ 889,184</u>

The Housing Authority's 2023 current assets exceed current liabilities by \$5.4 million, for a current ratio of 3.28. The current ratio is a measure of the ability to pay debts as they become due.

The Housing Authority has \$1,110,234 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 \$5,329,383 primarily due to projects associated with the Olympia Crest Phase III construction as well as rehabbing the purchase of a property in Tumwater which was known as Tumwater Inn, but now is Sterling Pines.

Deferred outflows of resources of \$688,437, deferred inflows of resources of \$572,217, net pension asset of 558,209 and a net pension liability of \$320,453 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, 2023

The following table summarizes changes in net position for the year ended June 30, 2023 and 2022:

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

<u>Revenues:</u>	<u>2023</u>	<u>2022</u>	<u>Change</u>
Operating Revenue- Tenant rental revenue	\$ 5,811,228	\$ 5,557,995	\$ 253,233
Operating revenue- other	5,720	893	4,827
Operating grants- federal	23,800,555	20,960,928	2,839,627
Operating grants- state and local	<u>0</u>	<u>92,000</u>	<u>92,000</u>
Total Operating Revenues	<u>29,617,503</u>	<u>26,611,816</u>	<u>3,005,687</u>
Non-operating misc. income	101,487	74,172	27,315
Investment income	<u>100,929</u>	<u>42,126</u>	<u>58,803</u>
Total Non-operating Revenues	<u>202,416</u>	<u>116,298</u>	<u>86,119</u>
Total Revenues	<u>29,819,919</u>	<u>26,728,114</u>	<u>3,091,805</u>
<u>Expenses:</u>			
Housing assistance payments	21,086,247	18,656,650	2,429,597
Salaries	2,031,870	1,909,207	122,663
Employee benefits & taxes	413,827	(59,713)	473,540
Maintenance and operations	2,935,641	2,441,949	493,692
Other operating expenses	968,078	755,921	212,157
Depreciation	881,366	859,008	22,358
Amortization	<u>19,702</u>	<u>0</u>	<u>19,702</u>
Total Operating Expenses	<u>28,336,731</u>	<u>24,563,022</u>	<u>3,773,709</u>
Interest Expense	589,949	540,396	49,553
Loss on disposition of capital assets	<u>4,055</u>	<u>0</u>	<u>4,055</u>
Total Non-operating Expenses	<u>594,004</u>	<u>540,396</u>	<u>53,608</u>
Total expenses	<u>28,930,735</u>	<u>25,103,418</u>	<u>3,827,317</u>
Change in net position	<u>889,184</u>	<u>1,624,696</u>	<u>(735,512)</u>
 <b>Net position</b> , beginning of year	 <u>22,386,854</u>	 <u>20,762,158</u>	 <u>1,624,696</u>
<b>Net position</b> , end of year	<u>\$23,276,038</u>	<u>\$ 22,386,854</u>	<u>\$889,184</u>

The Housing Authority's operating revenues increased \$3,005,687 or 11.3% from the prior year, while operating expenses increased \$3,773,709 or 15.4% resulting in a decrease in net operating income of \$768,022 or (37.5)%. As detailed below, nearly the all of the increase in expenses are due to increased rental subsidy payments to support vulnerable families, operational expenses due to staff changes, and to maintenance expenditures related to Housing Authority properties.

# HOUSING AUTHORITY OF THURSTON COUNTY

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

Revenues are derived from various sources with approximately 80.36% received either directly from the U.S. Department of Housing and Urban Development (HUD) or indirectly through the state and local governments from HUD and other Federal agencies, 19.62% generated from rental of Housing Authority-owned properties, and 0.02% from other sources.

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

Salaries decreased to 6.9% of operating revenue for the year ended June 30, 2023, which is a decrease of .3% from the prior year. The Housing Authority provided a COLA of 3% on July 01, 2023 due to the rising inflation. Employee benefits and taxes, representing 1.4% of operating revenues for the year ended June 30, 2023, which is an increase of 1.6% from the prior year is primarily due to the adjustment to Other Post-Employment Benefits (OPEB) liability in accordance with GASB 75 and net pension assets in accordance with GASB 68. The impact of the OPEB and net pension assets adjustments to benefits and taxes was \$(159,640) in 2023 and \$(565,252) in 2022. Benefits and taxes without the adjustments for OPEB and net pension assets were \$573,467 in 2023 and \$505,539 in 2022; resulting in an increase of \$67,928.

Housing assistance payments, representing 71.2% of operating revenues, increased 13.0% 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 2022 contract and the first half of the 2023 contract are included in the Housing Authority's fiscal year end June 30, 2023. The Housing Authority is given a budget authority by the Federal government with a ceiling on both dollars and unit months leased in the contract year. In order to maximize the number of clients assisted within the budget limits, participation is monitored and projected on a monthly basis for the contract year. If the projections indicate less than 100% utilization, clients are added from the wait list.

### Capital asset and debt administration

#### *Capital assets*

Detailed information regarding the Housing Authority's capital assets may be found in Note 4 to the financial statements. The following table summarizes the changes in capital assets between fiscal years 2022 and 2023:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Net Change</u>
Subscription Based Information Technology Agreements (SBITA)	\$ 0	\$ 28,737	\$ (28,737)
Land	8,456,563	8,456,563	0
Buildings and improvements	35,002,993	34,979,285	23,709
Equipment	1,080,828	1,065,089	15,739
Construction in progress	<u>6,344,232</u>	<u>1,054,296</u>	<u>5,289,936</u>
Totals	50,884,616	45,583,970	5,329,383
Accumulated Depreciation	<u>(13,758,183)</u>	<u>(12,879,070)</u>	<u>(879,113)</u>
Capital assets, net	<u>\$ 37,126,433</u>	<u>\$ 32,704,900</u>	<u>\$ 4,421,533</u>

# HOUSING AUTHORITY OF THURSTON COUNTY

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

Construction-in-progress represents expenditures as of June 30, 2023. The new development adjacent to Olympia Crest Apartments (Phase II and III) in Olympia, Washington known as Olympia Crest phase III will have 28 units and represents \$6.28 million of the total. The increase in construction in progress is due to the construction of Olympia Crest Phase III, siding and renovations projects related to Creekwood, and there are some expenditures in the subject fiscal years, during the pre-purchase, due diligence period for Sterling Pines (Tumwater Inn). The purchase was a subsequent event, occurring in July 2023.

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 \$884,972 Million in repairs, maintenance, and minor capital replacements for all of the HATC properties in FYE 2023. 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 10 to the financial statements. At June 30, 2023 the Housing Authority had net long-term debt outstanding in the amount of \$16.3 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, 2023, 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, 2023

### ASSETS

#### **CURRENT ASSETS:**

Cash and cash equivalents	\$	6,317,299
Accounts receivable		336,249
Mortgage receivable - current portion		2,460
Restricted cash and cash equivalents		1,110,234
Other current assets		75,430
Total current assets		<u>7,841,672</u>

#### **NONCURRENT ASSETS:**

Capital assets		
Land		8,456,563
Construction in progress		6,344,232
Depreciable assets		-
Building and improvements		35,002,993
Equipment		1,080,828
Subscription-Based Information Technology Arrangement (SBITA)	\$	28,737
Less accumulated depreciation/amortization		<u>(13,777,885)</u>
Total capital assets-net		37,135,468
Net Pension Asset		558,209
Mortgage receivable		1,051,775
Total noncurrent assets	\$	<u>38,745,452</u>
Total assets	\$	<u>46,587,123</u>

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

Deferred outflows related to pensions	\$	<u>688,437</u>
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### LIABILITIES

#### **CURRENT LIABILITIES:**

Accounts payable	\$	327,958
Accrued compensated absences		247,161
Current portion of total OPEB liability		32,076
Current portion of long-term debt		1,031,281
Payable from restricted assets:		
Tenant security deposits		304,290
Escrow deposits payable		443,178
Total current liabilities		<u>2,385,944</u>

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

Revolving loan fund		1,459,800
Other notes payable		1,914,852
Long-term debt--net		16,307,177
Net pension liability		320,453
Total OPEB liability		<u>1,039,079</u>
Total long-term liabilities		21,041,361
Total liabilities	\$	<u>23,427,305</u>

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

Deferred inflows related to pensions	\$	<u>572,217</u>
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### NET POSITION

Net investment in capital assets	\$	17,882,158
Restricted net position- Other		362,765
Restricted net position- Net Pension Asset		558,209
Restricted net position- Rental Assistance Program		280,413
Unrestricted		4,192,493
Total net position	\$	<u>23,276,038</u>

The accompanying notes are an integral part of these financial statements



**HOUSING AUTHORITY OF THURSTON COUNTY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
For the year ended June 30, 2023

**OPERATING REVENUES:**

Tenant rental revenue	\$ 5,811,228
Federal program grants	23,800,555
Miscellaneous income	5,720
Total operating revenues	<u>29,617,503</u>

**OPERATING EXPENSES:**

Salaries	2,031,870
Employee benefits & taxes	413,827
Housing assistance payments	21,086,247
Maintenance & operations	2,935,641
Professional services	149,346
Insurance	214,781
Operating expenses	603,951
Depreciation	881,366
Amortization	19,702
Total operating expenses	<u>28,336,731</u>
Operating income (loss)	<u>1,280,772</u>

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

Interest income	100,929
Interest expense	(589,949)
Loss on disposition of capital assets	(4,055)
Miscellaneous income	101,487
Net non-operating revenues (expenses)	<u>(391,588)</u>

**CHANGE IN NET POSITION** 889,184

**NET POSITION, beginning of year** 22,386,854

**NET POSITION, end of year** \$ 23,276,038

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, 2023

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Cash received from customers and funders	\$ 29,651,968
Cash payments to suppliers for goods and services	(25,003,932)
Cash payments to employees for services	(2,803,354)
Net cash provided by operating activities	<u>1,844,682</u>

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

Payments on DPA Mortgages	42,488
Other Receipts	101,487
Net cash provided by non-capital financing activities	<u>143,975</u>

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

Principal paid on revenue bonds and other debt	(857,158)
Interest paid on revenue bonds and other debt	(578,864)
Proceeds on revenue bonds and other debt	7,589,157
Retirement of debt with revenue bonds proceeds	(2,396,662)
Purchases of property and equipment	(5,364,428)
Net cash used by capital and related financing activities	<u>(1,607,955)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Interest income received	95,301
Net cash provided by investing activities	<u>95,301</u>

**NET INCREASE IN CASH AND CASH EQUIVALENTS** 476,003

<b>CASH AND CASH EQUIVALENTS, at beginning of year</b>	6,951,530
<b>CASH AND CASH EQUIVALENTS, at end of year</b>	<u>\$ 7,427,533</u>

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

Operating income (loss)	\$ 1,280,772
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	881,366
Amortization expense	19,702
Changes in assets and liabilities:	
(Increase) decrease in operating accounts receivable	(36,608)
(Increase) decrease in operating other current assets	(27,863)
(Increase) decrease in Net Pension Asset	985,242
Increase (decrease) in accounts payable	25,259
Increase (decrease) in accrued compensated absences	12,452
Increase (decrease) in total OPEB liabilities	(118,903)
Increase (decrease) in net pension liability	173,062
Tenant security deposits received	88,363
Tenant security deposits refunded	(77,944)
Escrow deposits received	258,470
Escrow deposits paid out	(209,178)
Changes in deferred outflows/inflows:	
(Increase) decrease in deferred outflows of resources-related to pensions	(381,755)
Increase (decrease) in deferred inflows of resources-related to pensions	(1,027,756)
Net cash provided (used) by operating activities	<u>\$ 1,844,682</u>

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

Amortization of Discounts on Bonds Payable	<u>\$ 11,085</u>
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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, 2023**

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

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

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

**A. Reporting Entity**

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

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

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

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

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

**Operating Revenues/Expenses**

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

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

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

**Public Support and Revenues**

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

**HOUSING AUTHORITY OF THURSTON COUNTY**  
**Notes to Financial Statements**  
**June 30, 2023**

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

**C. Budgetary Information**

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

**D. Assets, Liabilities, Net Position**

**1. Cash and Cash Equivalents**

It is the Authority's policy to invest all temporary cash surpluses. At June 30, 2023, on behalf of the Authority, the Thurston County Treasurer was holding \$6,317,299 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 \$2,460, which is found in the Statement of Net Position. The Non-current portion is \$1,051,775. 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, 2023 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, 2023**

**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 of 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, 2023.

**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 – 11.

**10. Short-Term Debt (See Note 9- *Short-Term Debt*)**

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

**HOUSING AUTHORITY OF THURSTON COUNTY**  
**Notes to Financial Statements**  
**June 30, 2023**

**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 like software, net of accumulated depreciation/amortization, reduced by the outstanding balances of any borrowings that have been used for the acquisition, construction or improvement of those assets or the life of the subscriptions being used.

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

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

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

**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. Accounting Standards**

Statement No. 96- Subscription-Based Information Technology

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

GASB Statement No. 97- Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84 and a Supersession of GASB Statement No. 32

The Statement also intends to mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other post-employment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans). Lastly, the Statement seeks to enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan, and for benefits provided through those plans.

**HOUSING AUTHORITY OF THURSTON COUNTY**  
**Notes to Financial Statements**  
**June 30, 2023**

**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, 2023, deposits with financial institutions are \$319,385.

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

**Investments**

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

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

At June 30, 2023, 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.	\$ 319,385	\$ 319,385
Thurston County Investment Pool	7,108,148	7,108,148
	<hr/>	<hr/>
Total	\$ 7,427,533	\$ 7,427,533

**Cash and cash equivalents**

At June 30, 2023, unrestricted cash and cash equivalents consists of the following--

Amounts designated for maintenance and operating reserves	\$ 1,601,543
Amounts designated for Rental Assistance programs	445,249
Undesignated cash and cash equivalents	4,270,507
Total unrestricted cash and cash equivalents	<u>\$ 6,317,299</u>

**HOUSING AUTHORITY OF THURSTON COUNTY**  
**Notes to Financial Statements**  
**June 30, 2023**

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

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

**a. Restricted Net Position – Rental Assistance (RA) Program**

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

**b. FSS payable to tenants:**

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

**c. Tenant security deposits:**

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

**d. Restricted revolving loan funds**

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

At June 30, 2023, restricted cash and cash equivalents consist of the following--

FSS payable to tenants	\$ 400,831
Tenant security deposits	304,290
DPA restricted loan funds	405,113
Total restricted cash	<u>\$ 1,110,234</u>

**NOTE 3 - ACCOUNTS RECEIVABLE:**

At June 30, 2023, accounts receivable consists of the following--

Federal grants	\$ 0
Property management companies	275,063
Portable vouchers	25,300
Other	16,761
Over paid HAP	243,056
Allowance for doubtful accounts	(223,931)
Total accounts receivable	<u>\$ 336,249</u>



**HOUSING AUTHORITY OF THURSTON COUNTY**  
**Notes to Financial Statements**  
**June 30, 2023**

**NOTE 4 – CAPITAL ASSETS**

The following is summary of the changes in capital assets for the year ended June 30, 2023:

	Balance, Beginning of year	Additions	Retirements	Balance, End of year
Capital Assets not being depreciated/amortized:				
Land	\$ 8,456,563	0	-	\$ 8,456,563
Construction in Progress	1,054,296	5,289,936	-	6,344,232
<b>Total Capital assets not being depreciated/amortized</b>	<b>9,510,859</b>	<b>5,366,906</b>	<b>-</b>	<b>14,800,795</b>
Capital assets being depreciated/amortized				
Subscription	28,737	-	-	28,737
Buildings and improvements	34,979,285	23,708	-	35,002,993
Machinery/Equipment	1,065,089	22,047	6,308	1,080,828
<b>Total capital assets being depreciated/amortized</b>	<b>36,073,111</b>	<b>45,775</b>	<b>6,308</b>	<b>36,112,558</b>
Less accumulated depreciation/amortization	(12,879,070)	(881,366)	(2,253)	(13,777,885)
<b>Total capital assets being depreciated/amortized-net</b>	<b>23,194,041</b>	<b>(835,611)</b>	<b>4,055</b>	<b>22,334,673</b>
<b>Total capital assets - net</b>	<b>\$32,704,900</b>	<b>\$4,454,325</b>	<b>\$4,055</b>	<b>\$37,135,468</b>

The Housing Authority had a loss due to the abandonment of one of its assets because it became obsolete.

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

For the year ended 6/30/2023, the financial statements include the adoption of GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset. For additional information, refer to the disclosures below.

On 07/01/2022, Housing Authority of Thurston County, WA entered into a 18 month Software As A Service (SaaS) subscription with MRI Software for Rental Assistance operations and financial management.. An initial subscription liability was recorded in the amount of \$22,772. As of 06/30/2023, the value of the subscription liability is \$0. Housing Authority of Thurston County, WA is required to make annual fixed payments of \$24,380. The subscription has an interest rate of 2.1937%. The value of the right to use asset as of 06/30/2023 of \$22,772 with accumulated amortization of \$15,181 is included with Software on the Subscription Class activities table found below.

**HOUSING AUTHORITY OF THURSTON COUNTY**  
**Notes to Financial Statements**  
**June 30, 2023**

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

On 07/01/2022, the Authority entered into a 15 month subscription for the use of Go8 Rent Watch. An initial subscription liability was recorded in the amount of \$5,965. As of 06/30/2023, the value of the subscription liability is \$0. Housing Authority of Thurston County, WA is required to make annual fixed payments of \$6,000. The subscription has an interest rate of 1.8503%. The value of the right to use asset as of 06/30/2023 of \$5,965 with accumulated amortization of \$4,521 is included with Software on the Subscription Class activities table found below. Housing Authority of Thurston County, WA has 5 extension option(s), each for 12 months.

Asset Class	As of Fiscal Year-end 2023	
	Subscription Asset Value	Accumulated Amortization
Software	28,737	19,702
Total Subscriptions	28,737	19,702

**NOTE 6 – CONSTRUCTION-IN-PROGRESS**

As of June 30, 2023, the Construction-in-Progress account reflects ongoing developments, primarily associated with two projects: the construction of Olympia Crest III in Olympia, Washington, and the acquisition and redevelopment of the Tumwater Inn in Tumwater, Washington, which will be renamed as Sterling Pines.

**Olympia Crest III:**

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

**Sterling Pines (formerly Tumwater Inn):**

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

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

**NOTE 7 - ACCOUNTS PAYABLE:**

At June 30, 2023, accounts payable consists of the following-

Accounts payable—vendors	\$ 327,958
Accounts payable—HUD	0
Total accounts payable	<u>\$ 327,958</u>

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 8 – REVOLVING LOAN FUND**

**HOUSING AUTHORITY OF THURSTON COUNTY**  
**Notes to Financial Statements**  
**June 30, 2023**

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, 2023, the Housing Authority has assisted 51 families with their first-time home purchases. Revolving loan Fund is summarized as follows:

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

**NOTE 9- SHORT-TERM DEBT**

Short-term activities for the year ended June 30, 2023 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 is summarized as follows:</b>				
Heritage Note Payable- Olympia Crest Phase I Siding	<u>\$1,500,000</u>	<u>\$0</u>	<u>\$1,500,000</u>	<u>\$0</u>
<b>Total Short-Term debt-</b>	<u>\$1,500,000</u>	<u>\$0</u>	<u>1,500,000</u>	<u>\$0</u>

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

In July, 2021, the Housing Authority entered into a draw down line of credit with Heritage Bank to provide \$1,500,000 for the improvement of the Olympia Crest Apartments Phase 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%. The line of credit was repaid in September, 2022 when the Housing Authority signed the Housing Revenue and Refunding Revenue Bond, 2022.

**NOTE 10 – 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:**

An 8-unit apartment complex was purchased in November, 1999. The Authority signed a zero-interest deferred note from the Department of Commerce of \$470,911. The deferred note payment is deferred for twenty-five years and secured by a Deed of Trust on the property. Conditions of the deferred note are to provide transitional housing for homeless families with children and if the terms and conditions of the contract have been met, the note will be forgiven on December 31, 2028.

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

Land adjacent to an existing property was purchased in May, 2008. The Authority signed a deferred note payable from the City of Olympia of \$360,000. The deferred note is a zero-interest with payment deferred provided that the property is used as low-income housing and is secured by a Deed of Trust. If the property is no longer used as low-income housing, the note shall be payable in 240 equal monthly payments bearing interest at 12% per annum. It is the intent of both the borrower and the lender to renegotiate the terms of this loan agreement every 5 years on or about

**NOTE 10 – OTHER NOTES PAYABLE AND LONG-TERM LIABILITIES (CONTINUED)**

**HOUSING AUTHORITY OF THURSTON COUNTY**  
**Notes to Financial Statements**  
**June 30, 2023**

the anniversary of the loan closing date for the purpose of determining the feasibility of converting this to an installment payment loan at 0%.

The Authority received a contract award of \$2,000,000 in April, 2009 from the Department of Commerce to build 24 units adjacent to the existing Olympia Crest Apartment Complex. The 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 of \$6,000.00 beginning March 31, 2011 with the final payment due March 31, 2045.

**c. Horizons West – Notes Payable:**

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

1. **Note Payable:** The Authority signed a zero interest note from Department of Commerce for \$467,421, with terms deferred until sale, refinance, change of use, or fifty years, whichever occurs first.
2. **Amortized Note Payable:** The Authority signed an additional zero interest note from Department of Commerce for \$151,590. This note requires payments of \$3,031.80 per year and the note matures in December, 2043.

**d. Hall Street – Notes Payable:**

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

**e. Triplexes – Notes Payable**

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

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

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

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

The Authority purchased four, fourplexes in Olympia, WA in December, 2021. The Authority signed an agreement and promissory note with Olympia Federal Savings for \$2,000,000 with an interest rate of 3.950% and monthly payments of \$3,518.55. The note is secured by a deed of trust and matures in January, 2052.

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

The Authority purchased 2.51 acres of land adjacent to the Sequoia Landing Apartments in Tumwater, Washington for \$865,000 in December, 2021. The Authority signed an agreement with Sawyer Group,

**NOTE 10 – OTHER NOTES PAYABLE AND LONG-TERM LIABILITIES (CONTINUED)**

**HOUSING AUTHORITY OF THURSTON COUNTY**  
**Notes to Financial Statements**  
**June 30, 2023**

LLC to finance the purchase based on 50% down and a 5 year, 4% promissory note with monthly payments of \$3,500 and a balloon payment in January, 2027.

**2. Bonds Payable:**

**Refunding Revenue Bond – Heritage Bank:**

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

**Revenue Bond – Heritage Bank:**

In October, 2009, the Authority entered into an agreement with Heritage Bank providing for the issuance of a 5.50% 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 with monthly payments of \$6,444.96. The proceeds of the bond were used to build 24 units referred to as Olympia Crest Apartments Phase II. The bond was set to mature June, 2031, and was collateralized by a deed of trust on the property and a security interest in the property rents. The bond was repaid in September, 2022 with the issuance of the Revenue and Refunding Revenue Bond.

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

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

**Revenue Bond - Heritage Bank:**

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

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

**Revenue and Refunding Bond - Heritage Bank:**

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

**HOUSING AUTHORITY OF THURSTON COUNTY**  
**Notes to Financial Statements**  
**June 30, 2023**

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	66,700	-	\$ 3,032	63,668	\$3,032
Bond Payable – Heritage Bank	1,357,756	-	606,444	751,312	637,184
HTF Note Payable – Olympia Crest Phase II	724,000	-	24,000	700,000	24,000
Bond Payable Heritage – Olympia Crest Phase II	901,029	-	901,029	0	-
WSHFC- Bond Payable- Sequoia Landing	2,770,947	-	78,705	2,692,242	85,023
Bond Payable- Heritage Bank- Allen Orchard	2,672,423	-	66,304	2,606,119	68,560
Olympia Federal Note Payable --- Triplexes	621,401	-	11,412	609,989	11,996
Olympia Federal Note Payable--- Creekwood 4- fourplexes	1,982,234	-	36,814	1,945,420	37,222
Sawyer Group--- Sequoia Phase II	417,708	-	26,079	391,629	27,078
'Bond Payable - Heritage Olympia Crest III	<u>0</u>	<u>7,589,157</u>	<u>0</u>	<u>7,589,157</u>	<u>137,186</u>
Total long-term debt	<u>\$ 11,514,198</u>	<u>\$7,589,157</u>	<u>\$ 1,753,819</u>	17,349,536	\$1,031,281
Less current portion of long-term debt				(1,031,281)	
Less discounts on refunded bonds payable				<u>(11,077)</u>	
Long term debt- net				<u>\$ \$16,307,177</u>	
<b>Net Pension Liability at June 30, 2023 is summarized as follows ---</b>	<u>\$ 147,391</u>	<u>320,453</u>	<u>147,391</u>	<u>\$ 320,453</u>	
<b>Total OPEB Liabilities at June 30, 2023 is summarized as follows</b>	<u>\$ 1,190,058</u>	<u>1,071,155</u>	<u>1,190,058</u>	<u>\$ 1,071,155</u>	<u>32,076</u>

**HOUSING AUTHORITY OF THURSTON COUNTY**  
**Notes to Financial Statements**  
**June 30, 2023**

The annual debt service requirements to maturity for long-term debt as of June 30, 2023, are as follows:

	<b>Principal</b>	<b>Interest</b>
2024	1,031,281	650,500
2025	574,963	666,224
2026	462,683	654,229
2027	751,915	623,286
2028	461,570	600,660
2029-2033	2,598,910	2,712,243
2034-2038	3,159,631	2,151,520
2039-2043	7,984,628	565,024
2044-2048	1,381,463	179,705
2049-2053	305,897	14,934
2054		
<b>Totals</b>	<b>18,712,940</b>	<b>8,818,326</b>

**Note 11– Pension Plans**

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

<b>Aggregate Pension Amounts – All Plans</b>	
Pension liabilities	\$ 320,453
Pension assets	\$ 558,209
Deferred outflows of resources	\$ 688,442
Deferred inflows of resources	\$ 572,213
Pension expense/expenditures	\$ (44,393)

**State Sponsored Pension Plans**

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

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

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

**NOTE 11 – PENSION PLANS (CONTINUED)**

**HOUSING AUTHORITY OF THURSTON COUNTY**  
**Notes to Financial Statements**  
**June 30, 2023**

**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 2022 were as follows:

<b>PERS Plan 1</b>		
<b>Actual Contribution Rates</b>	<b>Employer</b>	<b>Employee*</b>
July – August 2022		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	3.71%	
Administrative Fee	0.18%	
<b>Total</b>	<b>10.25%</b>	<b>6.00%</b>
September 2022 – June 2023		
PERS Plan 1	10.21%	6.00%
Administrative Fee	0.18%	
<b>Total</b>	<b>10.39%</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.

**NOTE 11 – PENSION PLANS (CONTINUED)**



**HOUSING AUTHORITY OF THURSTON COUNTY**  
**Notes to Financial Statements**  
**June 30, 2023**

**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 2022 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	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>
September 2022 – June 2023		
PERS Plan 2/3	6.36%	6.36%
PERS Plan 1 UAAL	3.85%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
<b>Total</b>	<b>10.39%</b>	<b>6.36%</b>

The Authority's actual PERS plan contributions were \$77,699 to PERS Plan 1 and \$129,115 to PERS Plan 2/3 for the year ended June 30, 2023.

**Actuarial Assumptions**

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

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

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

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

**NOTE 11 – PENSION PLANS (CONTINUED)**

**HOUSING AUTHORITY OF THURSTON COUNTY**  
**Notes to Financial Statements**  
**June 30, 2023**

meaning, each member is assumed to receive additional mortality improvements in each future year throughout their lifetime.

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

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

**Discount Rate**

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

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

**Long-Term Expected Rate of Return**

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

**Estimated Rates of Return by Asset Class**

The table below summarizes the best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022. The inflation component used to create the table is 2.2% and represents the WSIB's most recent long-term estimate of broad economic inflation.

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

**HOUSING AUTHORITY OF THURSTON COUNTY**  
**Notes to Financial Statements**  
**June 30, 2023**

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

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

	<b>1% Decrease (6.0%)</b>	<b>Current Discount Rate (7.0%)</b>	<b>1% Increase (8.0%)</b>
PERS 1	\$428,121	\$320,453	\$226,484
PERS 2/3	\$657,364	\$(558,209)	\$(1,556,878)

**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	\$320,453
PERS 2/3	\$(558,209)

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

	<b>Proportionate Share 6/30/21</b>	<b>Proportionate Share 6/30/22</b>	<b>Change in Proportion</b>
PERS 1	.012069%	.011509%	.00056%
PERS 2/3	.015494%	.015051%	.000443%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2022 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

**Pension Expense**

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

	<b>Pension Expense</b>
PERS 1	\$133,152
PERS 2/3	\$(177,544)
TOTAL	\$(44,393)

**HOUSING AUTHORITY OF THURSTON COUNTY**  
**Notes to Financial Statements**  
**June 30, 2023**

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

At June 30, 2023, 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		\$138,311	\$ 138,311		\$12,636	\$ 12,363
Net difference between projected and actual investment earnings on pension plan investments				\$53,108	\$412,688	\$465,796
Changes of assumptions		\$311,124	\$ 311,124		\$81,463	\$ 81,463
Changes in proportion and differences between contributions and proportionate share of contributions		\$32,192	\$ 32,192		\$12,316	\$ 12,316
Contributions subsequent to the measurement date	\$77,699	\$129,115	\$206,815			
<b>TOTAL</b>	<b>\$77,699</b>	<b>\$610,742</b>	<b>\$688,442</b>	<b>\$53,108</b>	<b>\$519,104</b>	<b>\$572,213</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, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	PERS 1	PERS 2/3	Total
2023	(22,474)	(121,161)	\$ (143,635)
2024	(20,413)	(104,451)	\$ (124,864)
2025	(25,607)	(133,009)	\$ (158,616)
2026	15,385	188,644	\$ 204,030
2027		66,342	\$ 66,342
Thereafter		66,157	\$ 66,157
Total	\$ (53,108)	\$ (37,477)	\$ (90,586)

**HOUSING AUTHORITY OF THURSTON COUNTY**  
**Notes to Financial Statements**  
**June 30, 2023**

The Authority, in conjunction with the State, offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is managed by DRS. In June 1998, the State Deferred Compensation Program plan assets were placed into trust for the exclusive benefit of participants and their beneficiaries. Pursuant to GASB Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, since the Authority is not the owner of these assets, the plan assets and liabilities are not reported as part of the Authority.

**NOTE 13 – WASHINGTON HOUSING AUTHORITIES' RISK RETENTION POOL**

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

The Housing Authority of Thurston County is a member of Housing Authorities Risk Retention Pool (HARRP). Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 (Interlocal Cooperation Act), fifty-five public housing authorities in the states of Washington, Oregon and California originally formed HARRP in March 1987. HARRP was created for the purpose of providing a pooling mechanism for jointly purchasing 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 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 \$1 Million of coverage for liability lines and purchases an additional \$1 million in reinsurance for a total of \$2 Million. For property, HARRP retains the first \$2,000,000 and purchases an additional \$1million reinsurance policy and then purchases \$45 Million of excess insurance from Munich Reinsurance for a combined total of \$47,000,000. The HARRP Board of Directors determines the limits and coverage terms, at its sole discretion.

HARRP provides loss control and claim services with in-house staff and retained third party contractors. HARRP is fully funded by member contributions that are adjusted by the HARRP Board on the basis of independent actuarial studies. These assessments cover loss, loss adjustment expenses, excess insurance, reinsurance and other administrative expenses. HARRP does not have the right to assess the membership for any shortfall in its funding. Such shortfalls are made up through future rate adjustment

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

**HOUSING AUTHORITY OF THURSTON COUNTY**  
**Notes to Financial Statements**  
**June 30, 2023**

*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>\$1,071,155</i>
<i>OPEB expense/expenditures</i>	<i>\$(86,315)</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.

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, 2023, 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>23</i>
<i>Total</i>	<i>30</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, 2022. 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 2.35%

**NOTE 14– DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)**

**HOUSING AUTHORITY OF THURSTON COUNTY**  
**Notes to Financial Statements**  
**June 30, 2023**

- Healthcare cost trend initial rate rang approximately 2-16% reaching an ultimate rate of approximately 3.8% in 2075
- Projected salary changes are at 3.25% plus service based increases
- The implicit subsidy is based on claims experience for employees and non-Medicare eligible retirees being pooled when determining premiums.
- Mortality rates are based on the PubG.H-2010 (General) tables with no age setback, mortality improvements of 100% Sale BB and generational projection period.
- The discount rate at the beginning of the measurement year was 3.54% compared to the end of the measurement year of 3.65%
- Post-retirement participation percentage of 60%
- Percentage with spouse coverage of 45%

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

- $\frac{3}{4}$  of members select a UMP plan and  $\frac{1}{4}$  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 40/60 blend of KP WA Classic and KP WA 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 rates of decrement (retirement, disability, termination, and mortality) are consistent with the most recent PEBB OPEB valuation as of the publication date of this tool. For simplicity, we made the following changes:
  - Based on an average expected retirement age of approximately 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.
  - We further assume 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
- We did not include dental benefits when calculating the total OPEB Liability.

**NOTE 14– DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)**

**HOUSING AUTHORITY OF THURSTON COUNTY**  
**Notes to Financial Statements**  
**June 30, 2023**

*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.*

	<i>1% Decrease (5.8%)</i>	<i>Current Healthcare Cost Trend Rate (6.8%)</i>	<i>1% Increase (7.8%)</i>
<i>Net OPEB Liability</i>	<i>\$909,296</i>	<i>\$1,071,155</i>	<i>\$1,276,262</i>

*The following presents the net OPEB liability of the Authority calculated using the discount rate of 3.65 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.65 percent) or 1-percentage point higher (4.65 percent) than the current rate.*

	<i>1% Decrease (2.5%)</i>	<i>Current Discount Rate (3.5%)</i>	<i>1% Increase (4.5%)</i>
<i>Net OPEB Liability</i>	<i>\$1,251,279</i>	<i>\$1,071,155</i>	<i>\$925,594</i>

**Changes in the Net OPEB Liability**

<i>Plan Name</i>	<i>Total OPEB Liability</i>
<i>Balances at 6/30/2022</i>	<i>\$1,190,058</i>
<i>Changes for the year:</i>	
<i>Service cost</i>	<i>\$32,311</i>
<i>Interest</i>	<i>\$42,700</i>
<i>Changes of benefit terms</i>	<i>\$0</i>
<i>Changes in experience data and assumptions</i>	<i>\$(161,326)</i>
<i>Benefit payments</i>	<i>\$(32,588)</i>
<i>Balances at 6/30/2022</i>	<i>\$1,071,155</i>

The measurement and valuation date was June 30, 2023.

**NOTE 15 – CONTRACTS AND AGREEMENTS**

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

In exchange for the services, the Housing Authority pays the property management companies a monthly fixed fee on 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 16– CONTINGENCIES AND LITIGATION**



**HOUSING AUTHORITY OF THURSTON COUNTY**  
**Notes to Financial Statements**  
**June 30, 2023**

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, 2023, the Housing Authority was not aware of any pending or threatened litigation or other contingent liabilities that are required to be accrued or disclosed in the financial statements.

**NOTE 17- Subsequent Events**

Sterling Pines:

In July 2023, the Housing Authority acquired motel located in Tumwater, Washington. The rehabilitation of the 24 units will provide permanent housing for seniors living on fixed incomes at or below 50% of area median income and be known as Sterling Pines. The Housing Authority is contributing approximately \$278,850 along with funding support from the City of Tumwater and Department of Commerce in the amounts of \$275,000 and \$7,900,000; respectively.

Olympia Crest III:

The construction of Olympia Crest III will be completed in January, 2024. The Housing Authority intends begin leasing to tenants in January, 2024.

**NOTE 18- Construction and Other Significant Commitments**

Sterling Pines:

The rehabilitation of Sterling Pines is anticipated to begin in early 2024. The Housing Authority is actively engaged in relocating current residents and working with architects and engineers to submit plans for permitting in early 2024.

Sequoia North:

The Authority acquired 2.51 acres of land adjacent to the existing Sequoia Landing apartments in Tumwater, Washington in December, 2021. The property will be developed as permanent housing for seniors living on fixed incomes at or below 50% area median income. The planning of Sequoia North will begin in early 2024.

# 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, 2023 Last 10 Fiscal Years\*

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Employer's proportion of the net pension liability (asset)	%	0.011509%	0.012069%	0.012177%	0.012483%	0.012841%	0.000124%	0.000130%	0.000148%
Employer's proportionate share of the net pension liability	\$	140,552	426,101	429,914	480,016	573,483	586,919	696,819	773,968
Covered payroll	\$	1,901,227	1,853,114	1,841,454	1,750,495	1,626,421	1,457,656	1,443,507	1,603,118
Employer's proportionate share of the net pension liability as a percentage of covered payroll	%	7.39%	22.99%	23.35%	27.42%	35.26%	40.26%	48.27%	48.28%
Plan fiduciary net position as a percentage of the total pension liability	%	76.56%	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 (Net Pension Asset) Public Employees' Retirement System Plan 2/3 As of June 30, 2023 Last 10 Fiscal Years\*

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Employer's proportion of the net pension liability (asset)	% 0.015051%	0.015494%	0.015765%	0.016107%	0.015266%	0.014070%	0.014759%	0.017232%	#####
Employer's proportionate share of the net pension liability (Asset)	\$ (1,543,452)	198,159	201,625	156,454	260,653	488,865	743,104	615,709	355,921
Covered payroll	\$ 1,901,227	1,853,114	1,841,454	1,750,495	1,572,733	1,379,464	1,367,595	1,529,054	
Employer's proportionate share of the net pension liability (Asset) as a percentage of covered payroll	% -81.18%	10.69%	10.95%	8.94%	16.57%	35.44%	54.34%	40.27%	
Plan fiduciary net position as a percentage of the total pension liability	% 106.73%	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, 2023  
Last 10 Fiscal Years \*

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

**Notes to Schedule:**

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

# REQUIRED SUPPLEMENTARY INFORMATION

## Housing Authority of Thurston County Schedule of Employer Contributions Public Employees' Retirement System Plan 2/3 For the year ended June 30, 2023 Last 10 Fiscal Years\*

	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily or contractually required contributions	\$ 129,115	120,919	146,767	145,232	131,550	117,798	85,940	85,201
Contributions in relation to the statutorily or contractually required contributions	\$ (129,115)	(120,919)	(146,767)	(145,232)	(131,550)	(117,798)	(85,940)	(85,201)
Contribution deficiency (excess)	\$ 0	0	0	0	0	0	0	0
Covered payroll	\$ 2,030,105	1,901,227	1,853,114	1,841,454	1,750,495	1,572,733	1,379,464	1,367,595
Contributions as a percentage of covered payroll	% 6.36%	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.

Housing Authority of Thurston County  
Schedule of Changes in Total OPEB Liability and Related Ratios  
For the year ended June 30, 2023  
Last 10 Fiscal Years\*

	2023	2022	2021	2020	2019	2018
<b>Total OPEB liability - beginning</b>	\$ 1,190,058	\$ 1,382,334	\$ 1,504,207	\$ 1,174,234	\$ 1,310,728	\$ 1,301,961
Service cost	32,311	54,511	58,327	44,409	45,104	51,896
Interest	42,700	30,779	34,237	42,331	52,051	48,183
Changes in benefit terms	0	0	0	0	0	0
Differences between expected and actual experience	0	0	0	0	0	-75,270
Changes of assumptions	(161,326)	-253,689	-187,576	261,791	-211,728	0
Benefit payments	(32,588)	-23,877	-26,861	-18,558	-21,921	-16,042
Other changes						
<b>Total OPEB liability - ending</b>	<u>1,071,155</u>	<u>1,190,058</u>	<u>1,382,334</u>	<u>1,504,207</u>	<u>1,174,234</u>	<u>1,310,728</u>
<b>Covered-employee payroll</b>	2,030,105	1,901,227	1,853,114	1,833,738	1,750,495	1,646,725
<b>Total OPEB liability as a % of covered-employee payroll</b>	52.76%	62.59%	74.60%	82.03%	67.08%	79.60%

**Notes to Schedule:**

\* Until a full 10-year trend is compiled, only information for those years available is presented.  
No assets are accumulated in a 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, 2023**

**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, 2023. OSA assumptions were an inflation factor of 2.35%, Healthcare cost trend initial rate from about 2-16%, reach an ultimate rate of approximately 3.8% in 2075, projected salary changes are at 3.25% plus service based increases, the implicit subsidy is based on claims experience for employees and non-Medicare eligible retirees being pooled when determining premiums, mortality rates are based on the PubG.H-2010 (General) tables with an age setback of 0 year, mortality improvements of 100% Scale BB and generational projection period and the discount rate at the beginning of the measurement year was 3.54% compared to the end of the measurement year of 3.65 %. 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.wa.gov](http://www.osa.wa.gov).

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

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

The Total Pension Liability (TPL) or Total Net Pension Asset (TPA) for each of the plans was determined using the most recent actuarial valuation completed in 2022 with a valuation date of June 30, 2021. The TPL and TPA was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2022. Plan liabilities were rolled forward from June 30, 2021, to June 30, 2022, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments. 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, 2023**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
CDBG - Entitlement Grants Cluster								
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
Total CDBG - Entitlement Grants Cluster:				382,786	-	382,786	-	
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
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		-	132,624	132,624	-	
Section 8 Project-Based Cluster								
ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation	14.856		-	266,750	266,750	-	
Total Section 8 Project-Based Cluster:				-	266,750	266,750	-	

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, 2023**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures				Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total			
<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		-	20,955,060	20,955,060		-	
ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Section 8 Housing Choice Vouchers	14.871		-	871,946	871,946		-	
<b>Total ALN 14.871:</b>				-	<b>21,827,006</b>	<b>21,827,006</b>		-	
ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Mainstream Vouchers	14.879		-	1,307,629	1,307,629		-	
<b>Total Housing Voucher Cluster:</b>				-	<b>23,134,635</b>	<b>23,134,635</b>		-	
ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Family Self-Sufficiency Program	14.896		-	134,137	134,137		-	
ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Family Self-Sufficiency Program	14.896		-	3,384	3,384		-	
<b>Total ALN 14.896:</b>				-	<b>137,521</b>	<b>137,521</b>		-	
<b>Total Federal Awards Expended:</b>				<b>976,520</b>	<b>23,671,530</b>	<b>24,648,050</b>		-	

**HOUSING AUTHORITY OF THURSTON COUNTY**  
**Notes to the Schedules of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2023**

**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 - 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**

**ALN #: 14.228 Community Development Block Grants States Program**

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

**ALN #: 14.218 Community Development Block Grant Entitlement Grants**

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

**ALN #: 14.239 HOME Investment Partnership Program**

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

**NOTE 4 – INDIRECT COST RATE**

The amount expended includes \$744,362 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, 2023															
CFDA:															
Line #	Business Activities	1	2	93.958	14.879	14.218	14.228	14.267	14.239	14.871	14.896	14.856	14.856	14.856	Total
		State & Local	Mental Health Bk Grant (HVLAP)	Minstream	CDBG	CDBG	CDBG	HAYS	HOME	Section 8 Voucher	ROSS FSS	FSS Escrow	Mod Rehab	Section 8 EHV PROGRAM	
111	Cash - Unrestricted	5,219,653	242,500	36,803	469,663	291,581	(0)	-	-	0	2,830	1,861	133,167	105,961	6,281,078
113	Cash - Other Restricted	-	405,113	-	-	-	-	-	-	-	-	-	-	-	409,804
114	Cash - Tenant Security Deposits	304,290	-	-	-	-	-	-	-	431,610	-	-	-	751	304,290
115	Cash-Restricted for payment of Current Liabilities	-	-	-	-	-	-	-	-	431,610	2,830	1,861	133,167	106,712	432,361
100	Total Cash	5,523,943	429,363	36,803	469,663	291,581	(0)	-	-	431,610	2,830	1,861	133,167	106,712	7,427,533
121	A/R - PHA Projects	-	-	-	-	-	-	-	-	-	-	-	-	-	0
122	A/R - HUD Other Projects	-	-	-	-	-	-	11,871	-	25,300	22,877	-	-	-	60,048
124	A/R - Other Government	-	-	-	-	-	-	-	-	-	-	-	-	-	0
125	A/R - Miscellaneous	240,315	-	-	-	-	-	-	-	-	-	-	-	-	240,315
126.2	Allowance for Doubtful Accts - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	0
127	Notes, Loans, & Mortgage Receivable - Current	-	2,460	-	-	-	-	-	-	241,125	-	1,372	-	-	2,460
128	Fraud Recovery	-	-	-	559	-	-	-	-	(223,281)	-	(335)	-	-	243,056
128.1	Allowance for Doubtful Accts - Fraud	-	-	-	(315)	-	-	-	-	1,911	-	305	-	203	(223,931)
129	Accrued Interest Receivable	14,342	-	-	-	-	-	-	-	45,055	22,877	-	1,342	203	167,661
120	Total Receivables, net of allowances for Doubt. Accts	254,658	2,460	-	244	-	-	11,871	-	-	-	-	-	-	338,710
142	Prepaid Expenses, & Other Assets	46,067	-	-	-	-	-	-	-	29,363	-	-	-	-	75,430
144	Interprogram Due From	1,567,975	-	-	382,786	360,000	-	-	233,734	-	-	-	-	-	0
150	Total Current Assets	7,392,043	431,823	36,803	469,907	382,786	651,581	11,870	233,734	506,028	25,707	1,861	134,510	106,914	7,841,673
161	Land	8,456,563	-	-	-	-	-	-	-	-	-	-	-	-	8,456,563
162	Buildings	35,002,993	-	-	-	-	-	-	-	-	-	-	-	-	35,002,993
163	Furniture, Equipment & Machinery - Dwellings	567,657	-	-	-	-	-	-	-	-	-	-	-	-	567,657
164	Furniture, Equipment & Machinery - Admin	513,171	-	-	-	-	-	-	-	-	-	-	-	-	513,171
165	Leasehold Improvements	1,724	-	-	1,074	-	-	2,357	-	22,133	-	264	-	1,185	28,737
166	Accumulated Depreciation	(13,759,333)	-	-	(765)	-	-	(1,571)	-	(15,229)	-	-	(176)	(812)	(13,777,885)
167	Construction in Progress	6344,232	-	-	-	-	-	-	-	-	-	-	-	-	6,344,232
160	Total Fixed Assets, Net of Accum Depr	37,127,006	-	-	309	-	-	786	-	6,903	-	-	88	374	37,135,466
171	Notes, Loans, & Mortgage Receivable - Non Current	1,051,775	-	-	-	-	-	-	-	-	-	-	-	-	1,051,775
174	Other Assets	392,148	5	-	4,641	26	-	19,724	-	119,642	13,604	2,389	6,056	-	558,235
180	Total Non-Current Assets	37,519,154	1,051,780	-	4,950	26	-	20,510	-	126,545	13,604	-	2,477	6,430	38,445,476
200	Deferred Outflow of Resources	207,598	14	-	13,439	-	-	57,113	-	346,426	39,392	6,920	17,535	-	688,437
290	Total Assets	45,119,396	1,483,617	36,803	488,296	382,812	651,581	89,493	233,734	979,000	78,703	1,861	143,907	130,879	47,275,586
311	Bank Overdrafts	-	-	-	1,183	-	-	2,651	-	42,347	-	362	-	-	0
312	Accounts Payable <90 days	200,721	-	-	-	-	-	-	-	-	-	-	-	1,254	248,518
321	Accrued Wages / Payroll Taxes Payable	-	-	-	-	-	-	-	-	-	-	-	-	-	0
322	Accrued Compensated Absences	86,737	52	-	4,456	-	-	20,201	-	120,804	9,411	4,698	803	-	247,161
325	Accrued Interest Payable	-	-	-	-	-	-	-	-	-	-	-	-	-	0
331	A/P - HUD PHA Programs	-	-	-	-	-	-	-	-	-	-	79,465	-	-	79,465
341	Tenant Security Deposits	304,290	-	-	-	-	-	-	-	-	-	-	-	-	304,290
342	Unearned Revenues	-	-	-	-	-	-	-	-	-	-	-	-	-	0
343	Current Portion of Long Term Debt - Capital Pjcts	1,031,281	-	-	-	-	-	-	-	-	-	-	-	-	1,031,281
344	Current Portion of Long-term Debt - Operating Borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-	0
345	Other Current Liabilities	-	-	-	-	-	-	-	-	442,426	-	-	-	752	443,178
347	Interprogram Due To	-	302,802	62,616	-	26	-	1,655,567	167,783	301,128	-	54,573	-	-	(2,544,955)
310	Total Current Liabilities	1,623,029	302,854	62,616	5,639	26	-	1,678,420	167,783	906,705	9,411	-	(39,098)	2,808	2,353,893

HOUSING AUTHORITY OF THURSTON COUNTY																				
Olympia WA																				
COMBINED FINANCIAL DATA SCHEDULES																				
Fiscal Year Ending June 30, 2023																				
CFDA:	Business Activities	1	State & Local	2	93.958 Mental Health Bk Grant (HVLAP)	14.879 Mainstream	CDBG	CDBG	14.218	14.228	14.267	COC HATS	14.239	14.871 Section 8 Voucher	14.896 ROSS FSS	14.856 FSS Escrow Forefeiture	14.856 Section 8 Mod Rehab	14.EHIV	Elimination	Total
351	Long Term Debt, Net of Current - Capital Projects	17,245,509	1,459,800	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18,705,309
352	Long-term Debt, Net of Current - Operating Borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	976,520
353	Noncurrent liabilities other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
357	Accrued Pension and OPEB Liability	566,074	4,232	1,164	31,366	6,829	80,450	80,450	26,084	637,171	17,463	-	20,775	-	-	-	-	-	-	1,391,608
350	Total Non-Current Liabilities	17,811,583	1,464,032	1,164	31,366	366,829	80,450	80,450	259,818	637,171	17,463	-	20,775	-	-	-	-	-	-	21,073,437
300	Total Liabilities	19,434,612	1,766,886	63,780	37,005	382,812	1,758,870	427,601	1,543,876	26,874	-	-	159,873	-	2,808	(2,544,495)	-	-	-	23,427,330
400	Deferred Inflow of Resources	172,452	11	-	11,171	-	47,471	-	287,943	32,742	5,752	14,575	-	-	-	-	-	-	-	572,217
508.4	Investment in Capital assets, net of related debt	17,873,697	-	-	309	-	786	-	6,903	-	-	-	88	374	-	-	-	-	-	17,882,157
511.4	Restricted Net Position	392,148	405,118	-	168,359	26	19,724	-	1,861	13,604	1,861	2,389	127,392	1,130,621	-	-	-	-	-	1,130,621
512.4	Unrestricted Net Position	7,246,387	(688,398)	(26,977)	271,452	(26)	284,752	(1,737,357)	(193,867)	(859,723)	5,483	(0)	(24,195)	(14,270)	-	-	-	-	-	4,263,261
513	Total Equity	25,512,232	(283,280)	(26,977)	440,120	-	284,752	(1,716,847)	(193,867)	(852,819)	19,087	1,861	(21,718)	113,496	-	-	-	-	-	23,276,038.93
600	Total Liabilities, Deferred Inflows & Equity	45,119,396	1,483,617	36,803	488,296	382,812	651,581	89,493	233,734	978,999	78,703	1,861	143,907	130,879	(2,544,495)	-	-	-	-	47,275,586
70300	Net Tenant Rental Revenue	(0)	(0)	(0)	(0)	-	0	(0)	-	-	-	0	(0)	(0)	-	-	-	-	-	0
70400	Tenant Revenue other	121,339	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,689,889
70500	Total Tenant Revenue	121,339	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	121,339
70600	Total Tenant Revenue	581,228	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	581,228
70600-010	Housing Assistance Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
70600-020	Ongoing Administrative Fees Earned	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
70600-031	FSS Coordinator Grant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
70600	HUD PHA Grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
70800	Other Government Grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
71100-020	Investment Income - Unrestricted-admin fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
71100	Investment Income - Unrestricted	90,565	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	90,565
71400-010	Fraud Recovery-HAP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
71400-020	Fraud Recovery-Admin	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
71400	Fraud Recovery	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
71500	Other Revenue	81,677	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	81,677
71600	Gain or Loss on sale of fixed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
72000-010	Investment Income - Restricted-HAP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
70000	Total Revenue	5,983,469	-	-	1,528,254	-	27,477	132,624	-	20,843,501	153,223	5,245	288,226	970,084	-	-	-	-	-	29,932,103

HOUSING AUTHORITY OF THURSTON COUNTY Olympia WA													
COMBINED FINANCIAL DATA SCHEDULES Fiscal Year Ending June 30, 2023													
CTDA:													
Line #	1 Business Activities	2 State & Local	93.958 Mental Health Bk Grant (HVLAP)	14.879 Mainstream	CDBG	CDBG	HATS	HOME	Section 8 Voucher	14.896 ROSS FSS	14.EFA FSS Escrow Forfeiture	14.856 Section 8 Mod Rehab	14.EHV
91100	Administrative Salaries	308,216	61	-	47,490	-	202,429	-	1,266,517	-	24,208	66,793	1,915,715
91200	Auditing Fees	243,334	-	-	-	-	346	-	31,426	-	703	-	52,475
91300	Outside management fees	6,319	-	-	-	-	-	-	222	-	-	-	243,334
91400	Advertising and Marketing	704	-	10,839	-	-	34,833	-	312,615	-	5,434	13,485	6,741
91500	Employee Benefits - Administrative	69,066	-	21	-	-	3,018	-	84,317	-	21	-	377,923
91600	Office Expenses	79,828	-	-	-	-	-	-	256	-	-	-	156,235
91700	Legal Expense	11,355	-	76	-	-	4,290	-	11,686	-	-	121	80,084
91800	Travel	181,075	-	461	-	-	2,411	-	86,516	-	147	161	27,528
91900	Other expenses	-	-	-	-	-	-	-	-	-	-	-	270,771
92100	Tenant Services - Salaries	216,176	-	-	-	-	-	-	116,155	-	-	-	116,155
92300	Employee Benefits - Tenant Services	72,209	-	-	-	-	-	-	16,469	-	-	-	16,469
93100	Water	-	-	-	-	-	-	-	-	-	-	-	72,209
93200	Electricity	-	-	-	-	-	-	-	-	-	-	-	-
93300	Gas	-	-	-	-	-	-	-	-	-	-	-	-
93600	Sewer	298,291	-	-	-	-	-	-	-	-	-	-	298,291
93800	Other utilities expense	212,917	-	-	-	-	-	-	1,897	-	-	-	216,956
94200	Ord Maint & Oper - Other	1,670,394	13	10,773	-	-	37,023	-	336,599	-	4,022	86,726	2,145,551
95300	Protective services - Other	23,239	-	-	-	-	-	-	-	-	-	-	23,239
96110	Property Insurance	210,527	-	-	-	-	-	-	-	-	-	-	210,527
96120	Property Insurance	-	-	135	-	-	-	-	4,053	-	66	-	4,254
96130	Workers Comp	1,854	(4)	1	-	-	605	-	3,949	420	69	88	6,982
96200	General Expense	-	-	-	-	-	-	-	-	-	-	-	3,384
96210	Compensated Absences	(38)	-	-	-	-	-	-	-	-	-	-	-
96600	Bad Debt-Other	-	-	271	-	-	4,180	-	7,572	1,092	(65)	(560)	12,452
96710	Interest Expense	589,490	-	14	-	-	47	-	371	-	5	20	589,949
96730	Amortize bond costs	-	-	-	-	-	-	-	-	-	-	-	-
96800	Severance Expense	-	-	-	-	-	-	-	-	-	-	-	-
96900	Total Operating Expense	4,195,125	83	-	70,081	-	291,323	-	2,167,998	134,137	3,384	166,659	7,063,399
97000	Excess Operating Revenue Over Operating Expense	1,788,345	(83)	-	1,458,173	-	21,477	(158,700)	18,675,503	19,087	253,616	803,425	22,868,704
97200	Casualty Losses - Non-Capitalized	-	-	-	-	-	-	-	-	-	-	-	0
97300-010	Mainstream	-	-	-	-	-	-	-	-	-	-	-	0
97300-020	Tenant Ownership	-	-	-	-	-	-	-	-	-	-	-	0
97300-030	Tenant Protection	-	-	-	-	-	-	-	-	-	-	-	0
97300-040	Port-outs	-	-	-	-	-	-	-	-	-	-	-	0
97300-045	FSS escrow deposits	-	-	-	-	-	-	-	-	-	-	-	0
97300-049	Special purpose vouchers	-	-	-	-	-	-	-	-	-	-	-	0
97300-050	All Other	-	-	-	-	-	-	-	-	-	-	-	0
97300	Housing Assistance Payments	-	-	1,238,329	-	-	-	-	-	-	232,222	705,287	13,346,486
97350	HAP - Portability In	-	-	-	-	-	-	-	-	-	-	-	2,175,838
97400	Depreciation Expense	882,515	-	-	765	-	1,571	-	15,229	-	176	812	103,635
97500	Fraud Losses	-	-	-	-	-	-	-	-	-	-	-	901,068
99000	Total Expenses	5,077,640	83	-	1,309,175	-	292,895	(160,271)	(223,044)	19,087	1,861	21,218	889,184
10010	Operating Transfers In	-	-	-	-	-	-	-	-	-	-	-	0
10020	Operating Transfers Out	-	-	-	-	-	-	-	-	-	-	-	0
10100	Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-	-	-	-	-
10000	Excess (Deficiency) Operating Rev Over (Under) Exp	905,829	(83)	-	219,079	-	27,477	(160,271)	(223,044)	19,087	1,861	21,218	78,030
11020	Required Annual debt payments	882,953	-	-	-	-	-	-	-	-	-	-	882,953
11030	Beginning Equity	24,606,402	(283,198)	(26,977)	221,041	-	257,275	(1,556,576)	(629,775)	0	(0)	(42,936)	35,466
11040	Prior Period Adjustments, Equity Trfs & Corrections	-	-	-	-	-	-	-	-	-	-	-	-
11170	Administrative Fee Equity	-	-	-	-	-	-	-	(852,819)	-	-	-	(859,723)
11180	Housing Assistance Payment Equity	6,636	-	168,359	-	-	-	-	24,840	-	468	127,392	295,751
11190	Unit Months Available	6,636	-	1,680	-	-	-	-	24,840	-	468	816	34,440
11210	Number of Months Leased	6,636	-	1,563	-	-	-	-	21,797	-	433	694	31,023
		25,512,232	-	-	-	-	-	-	-	-	-	-	-
		25,512,232	-	-	-	-	-	-	-	-	-	-	-

## ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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

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

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

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

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