

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED JUNE 30, 2025

**WITH
REPORT OF INDEPENDENT AUDITORS**

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
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FOR THE YEAR ENDED JUNE 30, 2025**

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REPORT OF INDEPENDENT AUDITORS

To the Board of Commissioners
the Kitsap County Consolidated Housing Authority DBA Housing Kitsap:

Opinions

We have audited the accompanying financial statements of the business-type activities (primary government) and the fiduciary fund of the Kitsap County Consolidated Housing Authority DBA Housing Kitsap (the "Authority") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities (primary government) and the fiduciary fund of the Authority as of June 30, 2025, and the changes in their net position and where applicable, their cash flows, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

Correction of Errors

As discussed in Note 15 to the financial statements, management discovered certain errors that resulted in overstatements of amounts previously reported for land as of June 30, 2024. Accordingly, net position as of June 30, 2024 has been restated to correct these errors. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Financial Statements

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

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

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

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of proportionate share of the net pension liability, and schedule of employer contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of 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.

United States Department of Agriculture Section ("USDA") 502 Borrower Loan Accounts

In connection with our audit, nothing came to our attention that caused us to believe the Authority failed to comply with the terms, covenants, provisions, or conditions of USDA Rural Development ("RD") Instruction 1944-I regarding the Section 502 borrower loan accounts, insofar as they relate to accounting matters. We performed a review of three of thirty borrower files. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Authority's noncompliance with the above-referenced terms, covenants, provisions, or conditions, insofar as they related to accounting matters.

Other Matters (continued)

Restricted Use Relating to the USDA Section 502 Borrower Loan Accounts

The purpose of the communication related to compliance with the aforementioned USDA RD Section 502 borrower loan accounts described in the Other Matters paragraph is solely to describe the scope of our testing of compliance and the results of that testing. This communication is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's compliance. Accordingly, this communication is not suitable for any other purpose.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is not a required part of the basic financial statements. The accompanying financial data schedule is also not a required part of the basic financial statements and is presented for the purposes of additional analysis as required by the U.S. Department of Housing and Urban Development.

The schedule of expenditures of federal awards and financial data schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such 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 schedule of expenditures of federal awards and financial data schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2026 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Novogradac & Company LLP

March 27, 2026
Toms River, New Jersey

MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview of the Housing Authority and Financial Statements

The Kitsap County Consolidated Housing Authority, DBA Housing Kitsap (the "Authority"), was created in 1982 as a municipal corporation, pursuant to the Revised Code of Washington (RCW) 35.82. The Authority is responsible for operating certain low-rent housing programs in Kitsap County (the "County).

The mission of the Authority is to provide affordable housing and homeownership opportunities to families and individuals within our local communities. Together with the support of the Board of Commissioners, employees, residents, and community members, we provide the foundation to create a safe place to call home.

The Authority presents its basic financial statements for the fiscal year ended June 30, 2025, which have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). GAAP requires the inclusion of three basic financial statements: the Statement of Net Position (balance sheet); the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. In addition, GAAP requires the inclusion of a Management's Discussion and Analysis ("MD&A") section as required supplementary information.

The basic financial statements provide both long-term and short-term information about the Authority's overall financial condition. The basic financial statements also include notes that explain financial data reported in the statements and provide more detailed information related to those balances. The statements are followed by a section of other supplementary information that further explains and supports the information in the basic financial statements, including information required to be reported by the Authority's main oversight agency, the U.S. Department of Housing and Urban Development ("HUD").

Financial Analysis

Statement of Net Position

The Statement of Net Position presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position of the Authority and its Component Units at the end of the fiscal year.

The purpose of the Statement of Net Position is to give the financial statement readers a snapshot of the fiscal condition of the Authority as of a certain point in time. It presents end-of-year data for assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position.

Financial Analysis (continued)

Total assets of the Authority at June 30, 2025 are \$63,699,568. Current assets are comprised of several categories. Cash and cash equivalents include the cash and investments maturing within 90 days. Accounts receivable includes tenant receivables, receivables from other governments and receivables from component units. Prepaid expenses and inventory are also assets of the Authority. Non-current assets include capitalized costs, mortgages receivable, and certain investments held for operating and replacement reserves. Capital assets include land, buildings, construction in progress, equipment, and accumulated depreciation of those assets. Additionally, deferred outflows of resources related to GASB 68 total \$1,176,184.

Total assets of the Authority at June 30, 2025 increased approximately \$2 million from June 30, 2024, largely from the increase in current assets. Current assets of the Authority at June 30, 2025 increased approximately \$2,284 thousand from June 30, 2024, primarily due to an increase in cash and cash equivalents of \$3,404 thousand, offset by the reduction of assets held for sale of 1,396 thousand.

Total liabilities of the Authority are \$23,217,355 at June 30, 2025. Liabilities are also presented in current and non-current portions. Current liabilities include accounts payable, other accrued liabilities, unearned revenue, retainage payable and current portions of long-term debt. A liability is considered to be current if it is due within one year. Long-term liabilities primarily consist of notes and mortgages payable over a period of years and accrued pension liability. Additionally, deferred inflows of resources in the amount of \$307,835 are related to GASB 68.

Total liabilities decreased approximately \$1.466 million from June 30, 2024, primarily due to the decrease in notes payable \$1.268 million due to reductions in notes payable coupled with a decrease in accounts payable through the improvement of processes of staff efficiency and capacity.

Net position represents the Authority's equity, a portion of which is restricted for certain uses. Net position is divided into three major categories. The first category, invested in capital assets net of related debt, shows the equity in land, structures, construction in progress and equipment, net of related capital debt outstanding. The next net category is restricted net position. This component of net position has external limitations on the way in which it may be used. The last category is unrestricted net position. This component of net position is available to use for any lawful and prudent purpose of the Authority.

Financial Analysis (continued)

Statement of Revenues, Expenses and Changes in Net Position

The purpose of the statement of revenues, expenses and changes in net position is to present the revenues earned by the Authority, both operating and non-operating, and the expenses incurred, operating and non-operating, and any other revenues, expenses, gains, or losses received or spent by the Authority. Generally, the operating revenues are amounts received for providing housing to tenants.

Non-operating revenues are funds received for which goods or services are not provided. Capital Contributions represent capital grants received to improve or develop capital assets of the Authority.

Authority operating revenue increased by more than \$5 million primarily due to increases in tenant revenue and HUD operating grants. Operating expenses likewise increased by more than \$4.3 million, due mostly to the increase in the Housing Assistance Payment activity of over \$3 million. Nonrecurring expense related to fiscal year 2023 acquisition of Kitsap Apartments 2006, L.P. and coupled with reductions in administrative expense.

Kitsap County Consolidated Housing Authority
 DBA Housing Kitsap
 Management's Discussion and Analysis (continued)
 June 30, 2025

Financial Analysis (continued)

<u>STATEMENT OF NET POSITION</u>	2025	2024	Variance	% Change
<u>ASSETS</u>				
Current Assets	\$ 12,554,951	\$ 10,990,155	\$ 1,564,796	14.24%
Capital Assets	42,719,148	42,433,543	285,605	0.67%
Other Non-Current Assets	8,425,469	8,267,827	157,642	1.91%
TOTAL ASSETS	63,699,568	61,691,525	2,008,043	3.25%
Deferred Outflows - Pensions	1,176,184	903,022	273,162	30.25%
TOTAL ASSETS & DEFERRED OUTFLOWS	\$ 64,875,752	\$ 62,594,547	\$ 2,281,205	3.64%
<u>LIABILITIES & NET POSITION</u>				
Current Liabilities	\$ 2,702,699	\$ 2,835,470	\$ (132,771)	-4.68%
Non-Current Liabilities	20,514,656	21,847,809	(1,333,153)	-6.10%
TOTAL LIABILITIES	23,217,355	24,683,279	(1,465,924)	-5.94%
Deferred Inflows - Pensions	307,835	595,835	(288,000)	-48.34%
TOTAL LIABILITIES & DEFERRED INFLOW	23,525,190	25,279,114	(1,753,924)	-6.94%
<u>NET POSITION</u>				
Invested in Capital Assets	31,183,753	30,813,794	369,959	1.20%
Restricted	5,718,446	5,094,145	624,301	12.26%
Unrestricted	4,448,363	1,407,494	3,040,869	216.05%
TOTAL NET POSITION	41,350,562	37,315,433	4,035,129	10.81%
TOTAL LIABILITIES, DEFERRED INFLOW & NET POSITION	\$ 64,875,752	\$ 62,594,547	\$ 2,281,205	3.64%

Kitsap County Consolidated Housing Authority
 DBA Housing Kitsap
 Management's Discussion and Analysis (continued)
 June 30, 2025

Financial Analysis (continued)

**STATEMENT OF REVENUE, EXPENSES
 & CHANGES IN NET POSITION**

	2025	2024	Variance	% Change
<u>REVENUES</u>				
Tenant Income	\$ 10,104,222	\$ 7,463,097	\$ 2,641,125	35.39%
Operating Grants	12,357,434	9,583,903	2,773,531	28.94%
Other Income	578,778	712,228	(133,450)	-18.74%
TOTAL OPERATING REVENUE	23,040,434	17,759,228	5,281,206	29.74%
Investment and Mortgage Interest Income	227,689	204,502	23,187	11.34%
Forgiveness of Debt Income	0	261,026	(261,026)	-100.00%
Gain (Loss) on Sale of Fixed Assets	1,407,730	537,510	870,220	161.90%
TOTAL NON-OPERATING REVENUE	1,635,419	1,003,038	632,381	63.05%
GROSS REVENUE	24,675,853	18,762,266	5,913,587	31.52%
<u>EXPENSES</u>				
Administrative	3,454,083	3,724,265	(270,182)	-7.25%
Ordinary Repairs and Maintenance	3,408,944	3,497,693	(88,749)	-2.54%
Housing Assistance Payments	7,587,989	4,515,312	3,072,677	68.05%
Depreciation	1,383,109	1,374,790	8,319	0.61%
Other Operating Expenses	3,610,819	2,013,841	1,596,978	79.30%
TOTAL OPERATING EXPENSES	19,444,944	15,125,901	4,319,043	28.55%
Interest Expense	783,896	1,019,938	(236,042)	-23.14%
TOTAL NON-OPERATING EXPENSES	783,896	1,019,938	(236,042)	-23.14%
TOTAL EXPENSES	20,228,840	16,145,839	4,083,001	
INCOME BEFORE CAPITAL GRANTS	4,447,013	2,616,427	1,830,586	69.97%
Capital Grants	0	425,415	(425,415)	-100.00%
CHANGE IN NET POSITION	4,447,013	3,041,842	1,405,171	46.19%
Net Position, Beginning of Year	37,315,433	34,273,591	3,041,842	8.88%
Prior Period Adjustment	(411,884)	0	(411,884)	
NET POSITION, END OF YEAR	\$ 41,350,562	\$ 37,315,433	\$ 4,035,129	10.81%

Financial Highlights

The Authority's financial position continues to improve with staff's ongoing work with funding agencies to request appropriate increases in funding and our internal capacity to identify efficiencies and available resources strengthen.

Economic Factors Affecting the Authority's Future

The Authority's HUD based and USDA-RD financed multifamily portfolio is relatively small. The Authority has an allocation of 553 Section 8 Housing Choice Vouchers that it now manages directly with its participating tenants and landlords. Additional HUD funding is received for various programs, such as the Project Based Rental Assistance contracts at two developments, Viewmont and Heritage. Reductions in federal funds and support for the Authority's federally funded rental assistance programs would have a direct, negative impact on the Authority's operations.

The Authority owns and provides affordable multi-family and single-family housing throughout Kitsap County. The majority of which is dependent on the local economy and the real estate market.

Unfortunately, there are very few new affordable units under construction in Kitsap County. New construction of multifamily housing has increased in the County, though very few affordable units are included where property tax advantages have been enacted by the local jurisdiction. The demand for affordable housing continues to be high and additional affordable units will be necessary to meet this need. Also, the need for affordable housing for veterans, homeless and special and vulnerable populations is acute. The current cost and availability of land, coupled with increased costs of construction materials contributes to the difficulties in building affordable housing.

Because of our successful operation of the program, the Authority continues to receive biennial grants from Rural Development ("RD") to continue building new homes under the Self-Help homeownership program.

Request for Information

This financial report is designed to provide a general overview of the Housing Authority's agency-wide finances. Questions concerning any of the information should be addressed to the Executive Director of Housing Kitsap, located at 2244 NW Bucklin Hill Road, Silverdale, WA 98383, (360) 535-6100.

FINANCIAL STATEMENTS

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
STATEMENT OF NET POSITION
AS OF JUNE 30, 2025**

ASSETS	
	<u>Primary Government</u>
Current assets:	
Cash and cash equivalents	\$ 8,066,599
Tenant security deposits	464,764
Accounts receivable, net	1,206,693
Notes receivable, current	223,136
Prepaid expenses	149,563
Assets held for sale	<u>2,444,196</u>
Total current assets	<u>12,554,951</u>
Non-current assets:	
Restricted cash	5,118,756
Notes receivable, non-current	2,625,958
Pension asset	629,744
Right-of-use asset - leases, net	4,594
Right-of-use asset - SBITA, net	46,417
Capital assets, net	<u>42,719,148</u>
Total non-current assets	<u>51,144,617</u>
Total assets	<u>63,699,568</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Washington State P.E.R.S.	<u>1,176,184</u>
Total deferred outflows of resources	<u>1,176,184</u>
Total assets and deferred outflows of resources	<u>\$ 64,875,752</u>

See accompanying notes to financial statements

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
STATEMENT OF NET POSITION (continued)
AS OF JUNE 30, 2025**

LIABILITIES

	<u>Primary Government</u>
Current liabilities:	
Accounts payable	\$ 471,102
Accrued expenses	52,812
Tenant security deposits	464,764
Unearned revenue	171,726
Accrued compensated absences, current	237,173
Notes payable, current	1,057,081
Accrued interest payable	160,581
Other current liabilities	43,355
Lease liability, current	4,763
SBITA liability, current	<u>39,342</u>
Total current liabilities	<u>2,702,699</u>
Non-current liabilities:	
Accrued compensated absences, non-current	79,057
Accrued pension liability	260,325
Notes payable, non-current	20,100,954
Other non-current liabilities	30,054
Lease liability, non-current	2,484
SBITA liability, non-current	<u>41,782</u>
Total non-current liabilities	<u>20,514,656</u>
Total liabilities	<u>23,217,355</u>

DEFERRED INFLOWS OF RESOURCES

Washington State P.E.R.S.	<u>307,835</u>
Total deferred inflows of resources	<u>307,835</u>

NET POSITION

Net position:	
Net investment in capital assets	31,183,753
Restricted	5,718,446
Unrestricted	<u>4,448,363</u>
Total net position	<u>41,350,562</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 64,875,752</u>

See accompanying notes to financial statements

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Primary Government</u>
Operating revenues:	
Tenant revenue	\$ 10,104,222
HUD operating grants	9,805,742
Other government grants	2,551,692
Other revenues	<u>578,778</u>
Total operating revenues	<u>23,040,434</u>
Operating expenses:	
Administrative	3,454,083
Tenant services	13,712
Utilities	1,348,901
Ordinary repairs and maintenance	3,408,944
Insurance	625,028
General	944,226
Bad debt	559,112
Housing assistance payments	7,587,989
Amortization	119,840
Depreciation	<u>1,383,109</u>
Total operating expenses	<u>19,444,944</u>
Operating income	<u>3,595,490</u>
Non-operating revenues (expenses):	
Investment income	227,689
Interest expense	(783,896)
Gain on sale of capital assets	<u>1,407,730</u>
Net non-operating revenues (expenses)	<u>851,523</u>
Change in net position	4,447,013
Total net position, beginning of year (as originally reported)	<u>37,315,433</u>
Prior period adjustment - correction of errors	<u>(411,884)</u>
Net position, beginning of year (as restated)	<u>36,903,549</u>
Total net position, end of year	<u>\$ 41,350,562</u>

See accompanying notes to financial statements

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Primary Government</u>
Cash Flows from Operating Activities:	
Cash received from tenants and others	\$ 10,571,660
Cash received from grantors	12,581,086
Cash paid to employees	(3,392,217)
Cash paid to vendors and suppliers	<u>(13,638,390)</u>
Net cash provided by operating activities	<u>6,122,139</u>
Cash Flows from Capital and Related Financing Activities:	
Proceeds from issuance of notes payable	750,000
Principal payments on notes payable	(2,017,571)
Interest paid on notes payable	(822,055)
Principal payments on leases	(85,204)
Interest paid on leases	(4,804)
Purchase of capital assets	(2,585,134)
Proceeds from sale of capital assets	<u>1,941,826</u>
Net cash used in capital and related financing activities	<u>(2,822,942)</u>
Cash Flows from Investing Activities:	
Investment income	212,847
Issuance of notes receivable	(105,251)
Collection of notes receivable	266,244
Mortgage interest received	<u>14,842</u>
Net cash provided by investing activities	<u>388,682</u>
Net increase in cash and cash equivalents and restricted cash	3,687,879
Cash and cash equivalents and restricted cash, beginning of year	<u>9,962,240</u>
Cash and cash equivalents and restricted cash, end of year	<u>\$ 13,650,119</u>
Reconciliation of cash and cash equivalents and restricted cash to the Statement of Net Position is as follows:	
Cash and cash equivalents	\$ 8,066,599
Tenant security deposits	464,764
Restricted cash	<u>5,118,756</u>
Cash and cash equivalents and restricted cash	<u>\$ 13,650,119</u>

See accompanying notes to financial statements

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
STATEMENT OF CASH FLOWS (continued)
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Primary Government</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 3,595,490
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,383,109
Amortization	119,840
Changes in operating assets, deferred outflows of resources, liabilities, and deferred inflows of resources:	
Accounts receivable, net	168,397
Prepaid expenses	(123,010)
Assets held for sale	1,367,791
Pension asset	296,189
Deferred outflows of resources	(273,162)
Accounts payable	(24,023)
Accrued expenses	40,659
Tenant security deposits liability	84,414
Unearned revenue	(140,499)
Accrued compensated absences	22,461
Other liabilities	31,522
Accrued pension liability	(139,039)
Deferred inflows of resources	<u>(288,000)</u>
Net cash provided by operating activities	<u>\$ 6,122,139</u>

See accompanying notes to financial statements

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2025**

	ASSETS
	Self-Help Program - Families Trust Fund
Current assets:	
Cash and cash equivalents	\$ 1,212,327
Accounts receivable, net	48,706
Prepaid expenses	<u>2,846</u>
Total assets	<u>\$ 1,263,879</u>
	LIABILITIES
Current liabilities:	
Accounts payable	\$ <u>188,781</u>
Total liabilities	<u>188,781</u>
	FIDUCIARY NET POSITION
Fiduciary net position:	
Unrestricted	<u>1,075,098</u>
Total fiduciary net position	<u>1,075,098</u>
Total liabilities and fiduciary net position	<u>\$ 1,263,879</u>

See accompanying notes to financial statements

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Self-Help Program - Families Trust Fund</u>
Additions:	
Self-Help loan proceeds	\$ <u>3,999,206</u>
Total additions	<u>3,999,206</u>
Deductions:	
Self-Help loan expenditures	<u>3,152,626</u>
Total deductions	<u>3,152,626</u>
Operating income	<u>846,580</u>
Non-operating revenues:	
Investment income	<u>584</u>
Change in fiduciary net position	847,164
Total fiduciary net position, beginning of year	<u>227,934</u>
Total fiduciary net position, end of year	\$ <u><u>1,075,098</u></u>

See accompanying notes to financial statements

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Kitsap County Consolidated Housing Authority, DBA Housing Kitsap (the "Authority"), was created in 1982 as a municipal corporation, pursuant to the Revised Code of Washington (RCW) 35.82. The Authority's mission is to manage, preserve, and build safe affordable housing serving individuals, families and communities throughout Kitsap County (the "County"). The Authority is responsible for operating certain low-rent housing programs in the County under programs administered by the U.S. Department of Housing and Urban Development ("HUD"). These programs provide housing for eligible families under the United States Housing Act of 1937, as amended.

The Authority is governed by a board of commissioners which is essentially autonomous, but is responsible to HUD. An executive director is appointed by the Authority's board of commissioners to manage the day-to-day operations of the Authority.

B. Basis of Accounting / Financial Statement Presentation

The Authority's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The programs of the Authority are organized as separate accounting entities. Each program is accounted for by a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position (program equity), revenues, and expenses. The individual programs account for the governmental resources allocated to them for the purpose of carrying on specific programs in accordance with laws, regulations, or other restrictions, including those imposed by HUD. The programs of the Authority are combined and considered an enterprise fund. An enterprise fund is used to account for activities that are operated in a manner similar to those found in the private sector.

The Authority's enterprise fund is accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, and losses from assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

The Authority's financial statements are prepared in accordance with GASB 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as amended ("GASB 34"). GASB 34 requires the basic financial statements to be prepared using the economic resources measurement focus and the accrual basis of accounting and requires the presentation of a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows. GASB 34 also requires the Authority to include Management's Discussion and Analysis as part of the Required Supplementary Information.

The Authority's primary source of non-exchange revenue relates to grants and subsidies. In accordance with GASB 33, *Accounting and Financial Reporting for Non-exchange Transactions* ("GASB 33"), grant and subsidy revenue are recognized at the time eligible program expenditures occur and/or the Authority has complied with the grant and subsidy requirements.

KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Accounting / Financial Statement Presentation (continued)

On January 30, 2008, HUD issued PIH Notice 2008-9 which requires that unused housing assistance payments ("HAP") under proprietary fund reporting should be reported as restricted net position, with the associated cash and investments also being reported as restricted. Any unused administrative fees should be reported as unrestricted net position, with the associated assets being reported on the financial data schedule as unrestricted.

Both administrative fee and HAP revenue continue to be recognized under the guidelines set forth in GASB 33. Accordingly, both the time and purpose restrictions as defined by GASB 33 are met when these funds are available and measurable, not when these funds are expended. The Section 8 Housing Choice Vouchers program is no longer a cost reimbursement grant; therefore, the Authority recognizes unspent administrative fee and HAP revenue in the reporting period as revenue for financial statement reporting.

In accordance with 2 CFR 200.305(b)(9), any investment income earned up to \$500 on these funds may be retained by the Authority. Amounts in excess of \$500 must be remitted annually to the Department of Health and Human Services, Payment Management System.

The Authority reports a fiduciary trust fund for its Self-Help Program - Families Program (the "Program"). The fiduciary trust fund accounts for assets that are held in trust by the Authority for the beneficiaries of the Program. The Authority does not retain any rights or title to any products or services purchased with Program funds. Further, funds received are proceeds from loans executed by Program participants and are received for the benefit of Program participants solely for payments related to construction expenditures related to the Program participant's home. The Authority bears no liability for the loans or the resultant asset. In the event that a participant fails to successfully complete the Program (essentially defaulting on the executed Mutual Self-Help Housing Group Membership/Labor Agreement), any resultant asset or loan liability would not become the property or responsibility of the Authority. Assets will generally be limited to cash held on behalf of Program participants and liabilities for services or products incurred but not yet paid.

Effective July 1, 2024, the Authority adopted GASB 101, Compensated Absences ("GASB 101"). GASB 101 establishes a more unified model for recognizing and measuring compensated absences, leading to more consistent and comparable financial reporting among government organizations. Key changes resulting from GASB 101 include updating the recognition and measurement of the liability, streamlining the approach and reporting process for consistency, and enhancing disclosures related to the leave types, measurement methods, and key assumptions. For the year ended June 30, 2025, the adoption of GASB 101 did not have a material effect on the financial statements of the Authority.

C. Reporting Entity

In accordance with GASB 61, *The Financial Reporting Entity Omnibus - An Amendment of GASB Statement No. 14 and No. 34*, the Authority's basic financial statements include those of the Authority and any component units. Component units are legally separate organizations whose majority of officials are appointed by the primary government or the organization is fiscally dependent on the primary government and there is a potential for those organizations either to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2025**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Reporting Entity (continued)

An organization has a financial benefit or burden relationship with the primary government if any one of the following conditions exist:

1. The primary government (Authority) is legally entitled to or can otherwise access the organization's resources.
2. The primary government is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization.
3. The primary government is obligated in some manner for the debt of the organization.

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the Authority. These component units are in substance part of the Authority's operations and thus, data from these units is combined with the data of the Authority. Based on the above criteria, this report includes the following blended component units:

HK Communities, LLC

HK Communities, LLC ("HKC") is a single member limited liability company created on April 8, 2015, primarily to acquire and own limited partnership interests in low-income housing developments. The Authority is the sole member and manager of HKC.

Dye's Inlet Associates, L.P.

Dye's Inlet Associates, L.P. ("DIA") was established in 1997 to construct, own, and operate an eighteen unit apartment project located in Silverdale, WA. DIA has agreed to maintain all apartment units as both rent restricted and occupied by low-income elderly tenants for a minimum period of fifty years beginning in 1999. The Authority is the general partner and also serves as the developer and property manager of DIA. The project was completed and rental operations began in July 1999. The partnership agreement provides for the termination of the partnership in 2063. On May 15, 2015, the limited partner, Key Bank, assigned its share to HK Communities, LLC.

Liberty Bay Associates, L.P.

Liberty Bay Associates, L.P. ("LB") was formed in 2001 to construct, own and operate sixteen units of affordable housing located on two sites in Bremerton and Port Orchard, WA. Construction was completed and rental operations began in December 2001. LB has agreed to maintain all apartment units as both rent restricted and occupied by low-income elderly tenants for a minimum period of fifty years beginning in 2001. On September 30, 2018, the limited partner, Corporate Housing Initiatives III, L.P., assigned its share to HK Communities, LLC.

Viewmont Apartments, L.P.

Viewmont Apartments, L.P. ("VA") was formed in 2000 to rehabilitate, own and operate a seventy seven unit apartment project located in Port Orchard, WA. Underlying financing for the acquisition and rehabilitation of the apartment project primarily consists of proceeds from single-purpose, tax-exempt revenue bonds issued. VA receives a Section 8 Special Allocation rental subsidy provided by HUD on seventy six of the units. The rental subsidy contract with HUD expires in July 2027. On December 31, 2017, the limited partner, Key Community Development Corporation, assigned its share to HK Communities, LLC.

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2025**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Reporting Entity (continued)

Heritage Apartments, L.P.

Heritage Apartments, L.P. ("HA") was formed in 2000 to rehabilitate, own and operate a fifty seven unit apartment project located in Port Orchard, WA. Underlying financing for the acquisition and rehabilitation of the apartment project primarily consists of proceeds from single-purpose, tax-exempt revenue bonds issued. HA receives a Section 8 Special Allocation rental subsidy provided by HUD on fifty six of the units. The rental subsidy contract with HUD expires in July 2027. On December 31, 2017, the limited partner, Key Community Development Corporation, assigned its share to HK Communities, LLC.

Red Barn Associates, L.P.

Red Barn Associates, L.P. ("RB") was formed in 1998 to construct, own and operate forty two multi-family rental units including forty one units for low-income tenants and one common area unit for on-site management. Construction was completed and rental operations began in 2004. RB has agreed to maintain all apartment units as both rent restricted and occupied by low-income elderly tenants for a minimum period of fifty years beginning in 2001. On December 31, 2019, the limited partner, Enterprise Housing Partners X, assigned its share to HK Communities, LLC.

Railroad Avenue Associates, L.P.

Railroad Avenue Associates, L.P. ("RA") was formed in 2000 to construct, own and operate sixteen units of affordable housing located in Poulsbo, Washington. Construction was completed and rental operations began July 2004. RA has agreed to maintain all apartment units as both rent restricted and occupied by low-income elderly tenants for a minimum period of fifty years beginning in 2004. The project was financed and constructed under Section 515 of the National Housing Act. Under this program, RA provides affordable housing to tenants subject to regulation by Rural Housing Service ("RHS"). RA receives a rent subsidy and a mortgage interest subsidy from RHS, which expires in December of each year and will automatically renew as long as the rental assistance is available. On December 31, 2019, the limited partner, Enterprise Housing Partners X, assigned its share to HK Communities, LLC.

Kitsap Apartments 2006, L.P.

Kitsap Apartments 2006, L.P. ("KA") was formed in 2006 to rehabilitate, own and operate two hundred and one units, in twenty four buildings, located on three sites in Kingston, Port Orchard, and Bremerton, WA. KA has agreed to maintain all apartment units as both rent restricted and occupied by low-income tenants for a minimum period of fifty years beginning in 2008. On January 1, 2023, the limited partner, Enterprise-EHP XVI Investor, assigned its share to HK Communities, LLC.

D. Description of Programs

The Authority maintains its accounting records by program. A summary of the significant programs operated by the Authority is as follows:

Section 8 Housing Choice Vouchers

The Authority administers a program of rental assistance payments to private owners on behalf of eligible low-income households under Section 8 of the Housing and Urban Development Act of 1974. The program provides payments covering the difference between the maximum rental on a dwelling unit, as approved by HUD, and the amount of rent contribution by a participating household.

KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Description of Programs (continued)

Public and Indian Housing Program

The Public and Indian Housing Program is designed to provide low-cost housing within the County. Under this program, HUD provides funding via an annual contributions contract. These funds, combined with the rental income received from tenants, are available solely to meet the operating expenses of the program.

Public Housing Capital Fund Program

The purpose of the Public Housing Capital Fund Program is to provide another source of funding to cover the cost of physical and management improvements and rehabilitation on existing low-income housing and improving the central office facilities. Funding for this program is provided by grants from HUD.

Rural Rental Housing Loans Program

The purpose of the Rural Rental Housing Loans Program is to provide economically designed and constructed rental and cooperative housing and related facilities suited for rural residents.

Rural Self-Help Housing Technical Assistance Program

The Rural Self-Help Housing Technical Assistance Program is designed to provide financial assistance to qualified nonprofit organizations and public bodies that will aid needy very low and low-income individuals and their families to build homes in rural areas by the self help method.

Community Development Block Grant

The purpose of the Community Development Block Grant is to develop viable urban communities by providing decent housing, a suitable living environment, and expanding economic opportunities, principally for persons of low and moderate income.

Self-Help Homeownership Opportunity Program

The Self-Help Homeownership Opportunity Program is designed to facilitate and encourage innovative homeownership opportunities through the provision of self-help homeownership in which the homebuyer contributes a significant amount of sweat equity toward the development of the units.

Home Investment Partnerships Program

The Home Investment Partnerships Program is designed to expand the supply of affordable housing, particularly rental housing, for low and very low income Americans; to strengthen the abilities of State and local governments to design and implement strategies for achieving adequate supplies of decent, affordable housing; and to extend and strengthen partnerships among all levels of government and the private sector, including for-profit and nonprofit organizations, in the production and operation of affordable housing.

Business Activities

The Authority owns non-federal housing units and various interests in low income housing tax credit partnerships. Revenues earned from these activities are recorded in the Business Activities fund. The Business Activities fund also holds the mortgage notes related to Kitsap Apartments 2006, L.P. and loans made to individuals to assist in the down payment and rehabilitation of privately-owned homes through various programs funded through the County.

KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Use of Management Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources, and 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. Significant estimates include the allowance for doubtful accounts, accrued expenses and net pension liability, depreciable lives of properties and equipment, deferred inflows and outflows of resources, and contingencies. Actual results could differ significantly from these estimates.

F. Cash and Cash Equivalents

HUD requires housing authorities to invest excess funds in obligations of the United States, certificates of deposit or any other federally insured investment.

HUD also requires that deposits be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Pursuant to HUD restrictions, obligations of the United States are allowed as security for deposits. Obligations furnished as security must be held by the Authority or with an unaffiliated bank or trust company for the account of the Authority.

For the statements of cash flows, cash and cash equivalents include all cash balances and highly liquid investments with a maturity of three months or less at time of purchase. It is the Authority's policy to maintain collateralization in accordance with HUD requirements.

G. Accounts Receivable, Net

Rents are due from tenants on the first day of each month. As a result, tenants receivable balances primarily consist of rents past due and amounts due from vacated tenants. An allowance for doubtful accounts is established to provide for accounts which may not be collected in the future for any reason. Collection losses on accounts receivable are charged against the allowance for doubtful accounts. Also, included in accounts receivable are those amounts that tenants owe the Authority as payment for committing fraud or misrepresentation. These charges usually consist of retroactive rent and other amounts that may be determined by a formal written agreement or by a court order.

The Authority recognizes a receivable from HUD and other governmental agencies for amounts earned and billed but not received and for amounts unbilled but earned as of year end.

H. Allowance for Doubtful Accounts

The Authority periodically reviews all accounts receivable to determine the amount, if any, that may be uncollectable. If it is determined that an account or accounts may be uncollectable, the Authority prepares an analysis of such accounts and records an appropriate allowance against such amounts.

KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Notes Receivable

The Authority has utilized development funds in accordance with HUD guidelines to assist in the construction and redevelopment of numerous public housing developments through the issuance of mortgage notes. When preparing financial statements in accordance with generally accepted accounting principles, management is required to make estimates as to the collectability of such mortgage notes. When estimating collectability, management analyzes the value of the underlying mortgaged property, the property's ability to generate positive cash flow, and current economic trends and conditions. Management utilizes these estimates and judgments in connection with establishing an allowance for uncollectable amounts during an accounting period.

J. Prepaid Expenses

Prepaid expenses represent amounts paid as of year-end that will benefit future operations.

K. Assets Held for Sale

Assets held for sale represents assets not used in current operations that the Authority expects to sell in the future.

L. Capital Assets, Net

Capital assets are stated at cost. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Expenditures determined to represent additions or betterments are capitalized. Upon the sale or retirement of capital assets, the cost and related accumulated depreciation are eliminated from the accounts and any related gain or loss is reflected in the Statement of Revenues, Expenses and Changes in Net Position. Depreciation is calculated using the straight-line method based on the estimated useful lives of the following asset groups:

- Buildings and Building Improvements 20 Years
- Equipment, Furniture, and Vehicles 5 Years
- Computer Hardware and Software 3 Years

The Authority has established a capitalization threshold of \$5,000.

M. Impairment of Long Lived Assets

The Authority evaluates events or changes in circumstances affecting long-lived assets to determine whether an impairment of its assets has occurred. If the Authority determines that a capital asset is impaired, and that the impairment is significant and other-than-temporary, then an impairment loss will be recorded in the Authority's financial statements. For the year ended June 30, 2025, there were no impairment losses incurred.

KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Investment in Limited Partnerships

The Authority holds ownership interests in various limited partnerships whereby its maximum exposure to loss is its current investment. Investments in the various limited partnerships that do not meet the criteria established in note 1 (c) are accounted under the equity method, which requires that the investments are recorded at cost and adjusted for the Authority's share of income or loss. Since the Authority has no obligation to fund liabilities of the limited partnerships beyond its investment, the investment may not be reduced below zero.

The Authority regularly assesses its investment in limited partnerships for the existence of impairment. Impairment typically occurs when the carrying value of the Authority's investment in a limited partnership exceeds the estimated value of the investment as determined by management. The estimated value generally consists of remaining future housing tax credits and other tax benefits allocable to, and the estimated residual value if any, of the investment available to the Authority. The residual value is estimated by management based on current economic and capital market conditions, operational results and the terms of the limited partnership's agreements which provide for distributions to the Authority upon the liquidation of the limited partnership or sale or disposition of its assets.

An impairment loss has no effect on the actual fair value of the underlying property or performance of the overall investment, nor does it have any effect on the remaining low-income housing tax credits to be generated. If an investment in a limited partnership is considered to be impaired, the Authority reduces its investment in such limited partnership on the statement of revenues, expenses, and changes in net position.

O. Inter-Program Receivables and Payables

Inter-program receivables and payables are all classified as either current assets or current liabilities, and are the result of the use of a concentrated account depository as the common paymaster for most of the programs of the Authority. Cash settlements are made monthly. All inter-program balances are reconciled, and inter-program receivables and payables balances net to zero. In accordance with GASB 34, inter-program receivables and payables are eliminated for financial statement purposes.

P. Accounts Payable and Accrued Liabilities

The Authority recognizes a liability for goods and services received but not paid for as of year-end. The Authority recognizes a liability for wages and fringe benefits related to services performed at year-end but not yet paid to employees or taxing authorities.

Q. Prepaid Rent

The Authority's prepaid rent primarily consists of the prepayment of rent by residents applicable to future periods.

KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

R. Compensated Absences

Compensated absences are those absences for which employees will be paid in accordance with the Authority's Personnel Policy. A liability for compensated absences that is attributable to services already rendered and that are not contingent on a specific event that is outside the control of the Authority and its employees, is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the Authority and its employees are accounted for in the period in which such services are rendered or in which such event take place.

S. Pensions

For purposes of measuring the net pension asset/liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Washington State Public Employees' Retirement System ("PERS") and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. 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.

T. Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as outflows of resources until that time.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as inflows of resources until that time.

U. Net Position Classifications

Net position is displayed in three components:

Net investment in capital assets — Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted net position — Consists of resources with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position — All other resources that do not meet the definition of "restricted" or "net investment in capital assets."

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2025**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

V. Use of Restricted Assets

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

W. Operating Revenues and Expenses

The Authority defines its operating revenues as income derived from charges to residents, sales of assets held for sale and for services provided as well as government subsidies and grants used for operating purposes. The Authority receives annual operating subsidies from HUD, subject to limitations prescribed by HUD. Operating subsidies from HUD are recorded in accordance with GASB 33 and are accounted for as revenue. Other contributions from HUD that are for development and modernization of capital assets are reflected separately in the accompanying financial statements as capital grants.

Operating expenses are costs incurred in the operation of its program activities to provide services to residents and others. The Authority classifies all other revenues and expenses as non-operating.

X. Regulated Leases

The Authority is a lessor of residential dwelling units under regulated leases as defined by GASB 87 and as such recognizes rental revenue in accordance with the terms of the lease contract. The leases which are twelve months in length are regulated by HUD as to rent, unit size, household composition and tenant income. For the year ended June 30, 2025, rental revenue earned by the primary government under the aforementioned leases totaled \$10,104,222.

Y. Taxes

The Authority is a unit of local government under the State of Washington law and is exempt from real estate, sales and income taxes by both the federal and state governments. However, the Authority will pay a payment in lieu of taxes to cover municipal services provided by the local government for certain properties owned throughout the County.

Z. Budgets and Budgetary Accounting

The Authority adopts annual, appropriated operating budgets for all its programs receiving federal expenditure awards, which are used as a management tool throughout the accounting cycle. All budgets are prepared on a HUD basis, which differs with GAAP. All appropriations lapse at HUD's program year end or at the end of grant periods.

AA. Economic Dependency

The Public and Indian Housing and Section 8 Housing Choice Vouchers Programs are economically dependent on receiving subsidies from HUD. The programs operate at a loss prior to receiving such subsidies.

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2025**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BB. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority is a member of the Housing Authorities Risk Retention Pool ("HARRP"). The HARRP provides self-insured coverage for property, general liability, automotive liability, errors and omissions, and fidelity. Significant losses are covered by the pool for all major programs and there have been no significant reductions in insurance coverage. Claims expenditures and liabilities are reported when it is probable that a loss has occurred, the amount of the loss can be reasonably estimated, and said amount exceeds insurance coverage. Settlement amounts have not exceeded insurance coverage for the last three years.

NOTE 2. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

As of June 30, 2025, the primary government had funds on deposit in checking, savings, and certificates of deposits. The carrying amount of the primary government's cash and cash equivalents (including restricted cash) was \$13,650,119, and the bank balances approximated \$13,897,149. The carrying amount of the fiduciary fund's cash and cash equivalents was \$1,212,327 and the bank balances approximated \$1,222,866.

<u>Cash Category</u>	<u>Primary Government</u>	<u>Self-Help Program - Families Trust Fund</u>
Unrestricted	\$ 8,066,599	\$ 1,212,327
Tenant security deposits	464,764	-
Restricted	<u>5,118,756</u>	<u>-</u>
Total cash and cash equivalents	<u>\$ 13,650,119</u>	<u>\$ 1,212,327</u>

Of the Authority's bank balances, \$1,500,000 was covered by federal depository insurance and the remaining \$13,620,015 was collateralized with the pledging financial institutions as of June 30, 2025.

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The Authority does not have a formal policy for custodial credit risk. As of June 30, 2025, the Authority's bank balances were not exposed to custodial credit risk.

NOTE 3. ACCOUNTS RECEIVABLE, NET

Accounts receivable, net consists of the following as of June 30, 2025:

<u>Description</u>	<u>Primary Government</u>	<u>Self-Help Program - Families Trust Fund</u>
Accounts receivable - tenants, net	\$ 754,978	\$ -
Accounts receivable - other government	290,136	-
Accounts receivable - miscellaneous	<u>161,579</u>	<u>48,706</u>
Total accounts receivable, net	<u>\$ 1,206,693</u>	<u>\$ 48,706</u>

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2025**

NOTE 3. ACCOUNTS RECEIVABLE, NET (continued)

Accounts Receivable - Tenants, Net

Tenant accounts receivable represents amounts owed to the Authority by tenants for outstanding rent. The balance is shown net of an allowance for doubtful accounts of \$1,081,630.

Accounts Receivable - Other Government

Accounts receivable - other government represents amounts owed to the Authority by other federal agencies and state and local governments. Management estimates the amounts to be fully collectible and therefore no allowance for doubtful accounts has been established.

Accounts Receivable - Miscellaneous

Accounts receivable - miscellaneous consists of amounts owed to the Authority for expense reimbursements and developer fees. The primary government balance is shown net of an allowance for doubtful accounts of \$29,532.

NOTE 4. RESTRICTED DEPOSITS

As of June 30, 2025, restricted deposits consisted of the following:

<u>Cash Category</u>	<u>Primary Government</u>
Housing assistance payment reserves	\$ 465,019
FSS program escrows	30,054
Operating reserves	4,009
Replacement reserves	2,592,264
Debt services reserves	1,308,394
Self-Help Homeownership Opportunity Program funds	719,016
Tenant security deposits	<u>464,764</u>
Total restricted deposits	<u>\$ 5,583,520</u>

Housing assistance payment reserves are restricted for use only in the Section 8 Housing Choice Vouchers Program for future housing assistance payments.

Family Self-Sufficiency ("FSS") Program escrows are restricted for use in the Public and Indian Housing and Section 8 Housing Choice Vouchers Programs by FSS program participants.

Operating reserves represent funds that are restricted in the case that the projects encounter an operating deficit.

Replacement reserves are required to be set aside to fund major repairs, capital expenditures, and replacement of capital items in the projects.

Debt services reserves represent funds that are restricted for payments of the related mortgages in the case the projects encounter a lack of cash flow available to service debt and prevent default.

Self-Help Homeownership Opportunity Program funds represent the portion of loans provided by the pass through funder (Community Frameworks) that have been converted to grants but continue to retain program restrictions.

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2025**

NOTE 4. RESTRICTED DEPOSITS (continued)

Tenant security deposits represent amounts held by the Authority on behalf of tenants. Upon termination from the program, the tenant is due amounts deposited plus interest earned less any amounts charged for damage to the unit.

NOTE 5. ASSETS HELD FOR SALE

Assets held for sale consists of homes purchased in the Business Activities Fund for refurbishment and sale. As of June 30, 2025, assets held for sale totaled \$2,444,196. The following is a summary of the changes in assets held for sale during the year ended June 30, 2025:

	<u>Primary Government</u>
Balance at June 30, 2024	\$ 3,840,293
Purchases	-
Expenditures	470,454
Sales	<u>(1,866,551)</u>
Balance at June 30, 2025	<u>\$ 2,444,196</u>

NOTE 6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Leases

On September 23, 2021, the Authority entered into an agreement with a Company to lease 2 printers. During the term of the lease, base rent of \$408 includes an imputed interest rate of 2.62% and is due monthly for sixty months beginning in January 2022. For the year ended June 30, 2025, the Authority incurred amortization expense on the right-of-use asset and interest expense totaling \$4,594 and \$256, respectively. The right-of-use asset as of June 30, 2025, totaled \$4,594. As of June 30, 2025, the lease liability totaled \$7,247, with \$4,763 classified as a current liability.

Subscription-Based Information Technology Arrangements

During the year ended June 30, 2023, the Authority entered into several subscription-based information technology agreements (the "Agreements"). Monthly payments on the Agreements total \$5,169 with an imputed interest rate of 2.63% and expiring during various periods through January 2028. Annual amortization expense under the Agreements totaled \$115,246 and interest expense totaled \$4,548. The right-of-use asset as of June 30, 2025, totaled \$46,417. As of June 30, 2025, the Agreements liability totaled \$81,124, with \$39,342 classified as a current liability.

The following is a summary of the Authority's changes in right-of-use assets for the year ended June 30, 2025:

Description	June 30, 2024	Additions	June 30, 2025
Leases	\$ 22,971	\$ -	\$ 22,971
SBITA	345,738	-	345,738
Less: accumulated amortization	<u>197,858</u>	<u>119,840</u>	<u>317,698</u>
Net right-of-use assets	<u>\$ 170,851</u>	<u>\$ (119,840)</u>	<u>\$ 51,011</u>

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
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NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2025**

NOTE 6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

Annual lease payments for principal and interest over the next three years are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	44,105	1,448	45,553
2027	30,181	680	30,861
2028	<u>14,085</u>	<u>884</u>	<u>14,969</u>
	<u>\$ 88,371</u>	<u>\$ 3,012</u>	<u>\$ 91,383</u>

NOTE 7. CAPITAL ASSETS, NET

The following is a summary of the changes in capital assets during the year ended June 30, 2025:

<u>Description</u>	<u>June 30, 2024</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Transfers</u>	<u>June 30, 2025</u>
<u>Non-depreciable:</u>					
Land	\$ 14,580,151	\$ 475,561	\$ (504,536)	\$ -	\$ 14,551,176
Construction in progress	-	504,994	-	-	504,994
Subtotal	<u>14,580,151</u>	<u>980,555</u>	<u>(504,536)</u>	<u>-</u>	<u>15,056,170</u>
<u>Depreciable:</u>					
Buildings and improvements	59,540,475	1,507,335	-	-	61,047,810
Furniture and equipment	<u>1,904,610</u>	<u>97,244</u>	<u>-</u>	<u>-</u>	<u>2,001,854</u>
Subtotal	<u>61,445,085</u>	<u>1,604,579</u>	<u>-</u>	<u>-</u>	<u>63,049,664</u>
Less: accumulated depreciation	<u>34,003,577</u>	<u>1,383,109</u>	<u>-</u>	<u>-</u>	<u>35,386,686</u>
Net capital assets	<u>\$ 42,021,659</u>	<u>\$ 1,202,025</u>	<u>\$ (504,536)</u>	<u>\$ -</u>	<u>\$ 42,719,148</u>

Depreciation expense for the fiscal year ended June 30, 2025 amounted to \$1,383,109.

NOTE 8. NOTES RECEIVABLE

Outstanding notes receivable as of June 30, 2025 consisted of the following:

<u>Description</u>	<u>Amount</u>
The Authority has made numerous loans to assist low income eligible individuals fund the rehabilitation of single family residences under the KCCHA Rehabilitation Program. The real property to which these funds are to be applied are in Kitsap County and are legally described in the Deed of Trust, which secures the notes. The notes are interest free and payments are deferred for 25 years from date of issuance. As of June 30, 2025, the Authority had 5 loans outstanding totaling \$60,095.	\$ 60,095

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
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NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2025**

NOTE 8. NOTES RECEIVABLE (continued)

On October 5, 2009, the Authority and the Port of Bremerton entered into an agreement to sell office space within the Bremerton Government Center. The loan is due in monthly payments of principal and interest approximating \$3,100 and matures in February 2035. The loan balance is shown net of deferred gain on sale of the building in the amount of \$118,316.

235,394

Pursuant to its contracts with the Kitsap County Department of Community Development, Washington State Department of Commerce and Community Frameworks, the Authority has made numerous loans to individuals to assist low income individuals in funding the down payments required of them to purchase single family residences under the KCCHA Mutual Self-Help Program. The real property to which these funds are to be applied are in Kitsap County and are legally described in the Deed of Trust, which secures the loans. The loans are interest free and payments are deferred for 25 years from date of issuance. As of June 30, 2025, the Authority had 101 loans outstanding totaling \$1,194,133.

1,194,133

The Authority has made numerous loans to assist low income individuals to fund the down payment required of them to purchase single family residences under the KCCHA Parade Ground Affordable Housing Program. The real property to which these funds are to be applied are in Kitsap County and are legally described in the Deed of Trust, which secures the notes. The notes are interest free and payments are deferred for 25 years from date of issuance. As of June 30, 2025, the Authority had 4 loans outstanding totaling \$41,107.

41,107

The Authority has made numerous loans to assist low income eligible individuals to fund the rehabilitation of single family residences under the Kitsap County Housing Rehabilitation Program. The real property to which these funds are to be applied are in Kitsap County and are legally described in the Deed of Trust, which secures the notes. The notes are interest free and payments are deferred for 20 years from date of issuance. As of June 30, 2025, the Authority had 8 loans outstanding totaling \$155,079.

155,079

Pursuant to its contracts with the Washington State Department of Commerce, the Authority has made numerous loans to individuals through the Community Development Block Grant Program. The loans are to assist low income eligible individuals to fund the down payments required of them in the process of constructing a single family residence under the KCCHA Self Help Program. The real property to which these funds are to be applied are in Kitsap County and are legally described in the Deed of Trust, which secures the notes. The notes are interest free and payments are deferred for 25 years from date of issuance. As of June 30, 2025, the Authority had 62 loans outstanding totaling \$1,103,686, shown net of an allowance for uncollectable amounts in the amount of \$921,474.

182,212

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2025**

NOTE 8. NOTES RECEIVABLE (continued)

The Authority has made numerous loans to assist low income eligible individuals to fund the down payments required of them in the process of constructing a single family residence under the Rural Self-Help Technical Assistance Program. The real property to which these funds are to be applied are in Kitsap County and are legally described in the Deed of Trust, which secures the Notes. The notes are interest free and payments are deferred for 25 years from date of issuance. As of June 30, 2025, the Authority had 8 loans outstanding totaling \$88,902.

88,902

Pursuant to its contracts with the Kitsap County Department of Community Development, Washington State Department of Commerce, Housing Assistance Council, and Community Frameworks, the Authority has made numerous loans to individuals through the HOME Investment Partnerships Program and Community Development Block Grant Program. The loans are to assist low income eligible individuals to fund the down payments required of them in the process of constructing a single family residence under the KCCHA Mutual Self-Help Program. The real property to which these funds are to be applied are in Kitsap County and are legally described in the Deed of Trust, which secures the notes. The notes are interest free and payments are deferred for 25 years from date of issuance. As of June 30, 2025, the Authority had 58 loans outstanding totaling \$892,172.

892,172

Total notes receivable

2,849,094

Less: current portion of notes receivable

223,136

Notes receivable, net of current portion

\$ 2,625,958

NOTE 9. ACCOUNTS PAYABLE

As of June 30, 2025, accounts payable consisted of the following:

<u>Description</u>	<u>Primary Government</u>	<u>Self-Help Program - Families Trust Fund</u>
Accounts payable - vendors	\$ 285,143	\$ 188,781
Accounts payable - other governments	<u>185,959</u>	<u>-</u>
Total accounts payable	<u>\$ 471,102</u>	<u>\$ 188,781</u>

Accounts Payable - Vendors

Accounts payable - vendors represents the amounts payable to contractors and vendors for materials received or services rendered.

Accounts Payable - Other Governments

Accounts payable - other governments represents amounts due and payable to the County for payments in lieu of taxes.

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
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NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2025**

NOTE 10. PAYMENTS IN LIEU OF TAXES

Under Federal, State and Local law, the Authority's programs are exempt from income, property and excise taxes. However, the Authority is required to make a payment in lieu of taxes ("PILOT") for the Authority owned units in accordance with the provisions of its Cooperation Agreement with the County. Under the Cooperation Agreement, the Authority must pay the County the lesser of 10% of its net shelter rent or the approximate full real property taxes. For the year ended June 30, 2025, the Authority incurred PILOT expense in the amount of \$24,838.

NOTE 11. NOTES PAYABLE

Notes payable as of June 30, 2025 consisted of the following:

<u>Description</u>	<u>Amount</u>
On September 4, 1996, the Authority entered into a loan agreement with the State of Washington Housing Trust Fund in the original amount of \$1,800,000, to be used solely for the acquisition of Orchard Bluff Mobile Estates. The loan is interest free and is due in annual payments of \$57,338 beginning on December 31, 2020. The loan matures on December 31, 2054 and is secured by a deed of trust.	\$ 1,276,400
In 2012, the Authority assumed a loan with the Washington State Department of Commerce in the original amount of \$1,354,136, as part of the Low Income Housing Tax Credit ("LIHTC") project, Golden Tides II. The loan is interest free and is due in annual payments of \$42,300. The loan matures on June 30, 2046 and is secured by a deed of trust.	887,542
In 2012, the Authority assumed a HOME loan with Kitsap County in the original amount of \$300,000, as part of the LIHTC project, Golden Tides II. The loan accrues interest at a rate of 1.00% and is due in annual principal and interest payments of \$11,359. The loan matures on June 30, 2046 and is secured by a deed of trust.	214,202
In 2013, the Authority assumed a HOME loan with Kitsap County in the original amount of \$350,000, as part of the LIHTC project, Madrona Manor. The loan accrues interest at a rate of 1.00% and is due in annual principal and interest payments of \$13,576. The loan matures on December 31, 2046 and is secured by a deed of trust.	265,962
In 2013, the Authority assumed a loan with the Washington State Department of Commerce in the original amount of \$1,200,000, as part of the LIHTC project, Madrona Manor. The loan is interest free and is due in annual payments of \$30,451. The loan matures on December 31, 2052 and is secured by a deed of trust.	852,642
On February 19, 2008, the Authority entered into a loan agreement with the City of Bainbridge Island Council in the original amount of \$59,171, to be used for emergency repairs of Rhododendron Apartments. The loan is interest free and is due in full upon maturity. The loan matures on March 1, 2028 and is secured by a deed of trust.	59,171

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
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NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2025**

NOTE 11. NOTES PAYABLE (continued)

<p>On May 30, 1996, the Authority entered into a Rural Rental Housing loan agreement with the United States Department of Agriculture ("USDA") in the original amount of \$571,558, to be used solely for the acquisition of Rhododendron Apartments. The loan accrues interest at a rate of 6.75% and is due in monthly principal and interest payments of \$3,609. The loan matures on May 31, 2029 and is secured by an interest in the property.</p>	151,279
<p>On August 31, 2002, the Authority entered into a Rural Rental Housing loan agreement with the USDA in the original amount of \$150,197, to be used for the rehabilitation of Rhododendron Apartments. The loan accrues interest at a rate of 6.75% and is due in monthly principal and interest payments of \$975. The loan matures on September 30, 2032 and is secured by an interest in the property.</p>	66,902
<p>On August 1, 1988, the Authority entered into a Rural Rental Housing loan agreement with the USDA in the original amount of \$1,348,604, to be used for the acquisition of Fjord Manor Apartments. The loan accrues interest at a rate of 8.50% and is due in monthly principal and interest payments of \$9,694. The loan matures on August 19, 2038 and is secured by an interest in the property.</p>	919,910
<p>On August 19, 1988, the Authority entered into a Rural Rental Housing loan agreement with the USDA in the original amount of \$30,940, to be used for the acquisition of Fjord Manor Apartments. The loan accrues interest at a rate of 9.50% and is due in monthly principal and interest payments of \$247. The loan matures on August 19, 2038 and is secured by an interest in the property.</p>	22,199
<p>On July 31, 2003, the Authority entered into a Rural Rental Housing loan agreement with the USDA in the original amount of \$310,112, to be used for the acquisition of Windsong Apartments. The loan accrues interest at a rate of 8.25% and is due in monthly principal and interest payments of \$2,458. The loan matures on August 31, 2032 and is secured by an interest in the property.</p>	72,972
<p>On October 8, 2003, the Authority entered into a HOME loan agreement with the State of Washington Department of Community, Trade, and Economic Development in the original amount of \$300,948, to be used for the acquisition and rehabilitation of Windsong Apartments. The loan is interest free and will be forgiven on December 31, 2043, as long as the terms and conditions of the contract are met. The loan is secured by a deed of trust.</p>	300,948
<p>On July 31, 2003, the Authority entered into a loan agreement with the Washington Community Reinvestment Association in the original amount of \$975,000, to be used for the acquisition and rehabilitation of Windsong Apartments. The loan accrues interest at a rate of 6.50% and is due in monthly principal and interest payments of \$6,123 to Anchor Bank. The loan matures on August 1, 2033 and is secured by a deed of trust.</p>	464,478

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
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NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2025**

NOTE 11. NOTES PAYABLE (continued)

<p>On August 4, 2006, the Authority entered into a loan agreement with the Housing Assistance Council in the original amount of \$550,000 from the Preservation Revolving Loan Fund, to be used for the acquisition and rehabilitation of Finch Place Apartments. The loan accrues interest at a rate of 3.00% and is due in quarterly principal and interest payments of \$6,534 to Anchor Bank. The loan matures on February 28, 2036 and is secured by a deed of trust.</p>	239,388
<p>On March 21, 2007, the Authority entered into a Rural Rental Housing loan agreement with the USDA in the original amount of \$978,811, to be used for the acquisition of Finch Place Apartments. The loan accrues interest at a rate of 5.75% and is due in monthly principal and interest payments of \$4,974. The loan matures on March 1, 2057 and is secured by an interest in the property.</p>	870,087
<p>On February 2, 2016, the Authority entered into a SHOP loan agreement with Community Frameworks in the original amount of \$165,000, to be used for the acquisition and rehabilitation of the Melcher Street Plat Project. The loan is interest free and is secured by a deed of trust. On May 8, 2024, the loan was forgiven and converted to a grant.</p>	-
<p>On December 21, 2021, the Authority entered into a SHOP loan agreement with Community Frameworks in the original amount of \$135,000, to be used for the acquisition and rehabilitation of the Riverstone Project. The loan is interest free and will be forgiven on December 31, 2031, as long as the Authority continues using the funds for eligible purposes. The loan is secured by a deed of trust.</p>	135,000
<p>On December 21, 2021, the Authority entered into a SHOP loan agreement with Community Frameworks in the original amount of \$180,000, to be used for the acquisition and rehabilitation of the Riverstone Project. The loan is interest free and will be forgiven on December 31, 2031, as long as the Authority continues using the funds for eligible purposes. The loan is secured by a deed of trust.</p>	180,000
<p>On December 21, 2021, the Authority entered into a SHOP loan agreement with Community Frameworks in the original amount of \$150,000, to be used for the acquisition and rehabilitation of the Riverstone Project. The loan is interest free and will be forgiven on December 31, 2031, as long as the Authority continues using the funds for eligible purposes. The loan is secured by a deed of trust.</p>	150,000
<p>On December 21, 2021, the Authority entered into a SHOP loan agreement with Community Frameworks in the original amount of \$120,000, to be used for the acquisition and rehabilitation of the Riverstone Project. The loan is interest free and will be forgiven on December 31, 2031, as long as the Authority continues using the funds for eligible purposes. The loan is secured by a deed of trust.</p>	120,000

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
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NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2025**

NOTE 11. NOTES PAYABLE (continued)

<p>On November 2, 1998, DIA entered into a HOME loan agreement with Kitsap County in the original amount of \$300,000, to be used for the acquisition and rehabilitation of Golden Tides III. The loan accrues interest at a rate of 1.00% and will be forgiven on December 31, 2048, as long as the terms and conditions of the contract are met. The loan is secured by a deed of trust.</p>	248,055
<p>On March 31, 1999, DIA entered into a HOME loan agreement with the Washington State Department of Community, Trade, and Economic Development in the original amount of \$273,461, to be used for the acquisition and rehabilitation of Golden Tides III. The loan accrues interest at a rate of 1.00% and will be forgiven on December 31, 2049, as long as the terms and conditions of the contract are met. The loan is secured by a deed of trust.</p>	223,919
<p>On March 31, 1999, DIA entered into a loan agreement with the Washington State Department of Community, Trade, and Economic Development in the original amount of \$305,793, to be used for the acquisition and rehabilitation of Golden Tides III. The loan accrues interest at a rate of 1.00% and will be forgiven on December 31, 2049, as long as the terms and conditions of the contract are met. The loan is secured by a deed of trust.</p>	250,385
<p>On June 6, 2005, the Authority issued \$2,325,000 in tax-exempt variable rate revenue bonds, to refinance the completion of the construction of the Norm Dicks Government Center. In September 2014, the Bremerton Housing Authority refinanced and defeased \$1,635,000 of the bonds, which represented their portion of the obligation. For the remaining bonds, the Authority has pledged general revenue for repayment. The bonds are insured by the MBIA Insurance Corporation. The bonds accrue interest at a rate ranging from 4.25% to 4.50% and are payable semi-annually on July 1 and January 1 of each year until maturity in 2025 and 2034.</p>	123,230
<p>On June 29, 2007, the Authority issued \$2,325,000 in tax-exempt Housing Revenue Bonds, 2007 (Pooled Tax Credit Projects), to provide funds to loan KA. Pursuant to the loan agreement, the funds were used to finance the acquisition for federal tax purposes and rehabilitation of three apartment complexes owned by the Authority, which were then leased back to KA to provide housing for low-income persons within the County. Principal and interest on the bonds will be payable from, and secured by a pledge of loan payments made by KA. The bonds are further secured by deeds of trust and a general revenue pledge of the Authority. The bonds accrue interest at a rate ranging from 4.50% to 4.60% and are payable semi-annually on June 1 and December 1 of each year until maturity in 2027 and 2037.</p>	7,040,000

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
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NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2025**

NOTE 11. NOTES PAYABLE (continued)

<p>On October 1, 2001, the Authority issued Housing Revenue Bonds, 2001 Series A (Heritage Project) and Series B (Viewmont Project) in the aggregate principal amount of \$5,005,000 of which \$2,220,000 are Series A and \$2,785,000 are Series B. These tax-exempt revenue bonds were issued to finance the acquisition and rehabilitation of two apartment complexes. Under capital lease and loan provisions the Authority leases both complexes to HA & VA. Principal and interest on the bonds will be payable from, and secured by a pledge of loan payments of the projects. The bonds are further secured by deeds of trust and a general revenue pledge of the Authority. The bonds accrue interest at a rate ranging from 5.90% to 6.10% and are payable semi-annually on October 1 and April 1 of each year until maturity in 2031.</p>	2,035,000
<p>On September 18, 2000, LB entered into a HOME loan agreement with the State of Washington in the amount of \$476,502 for the construction of sixteen low income housing units. The loan is interest free and is payable in annual payments of \$12,156. The loan matures on December 31, 2051 and secured by a deed of trust and a promissory note.</p>	328,214
<p>On January 1, 2002, LB entered into a HOME loan agreement with Kitsap County in the amount of \$50,000 for the construction of sixteen low income housing units. The loan accrues interest at 1.0% and is payable in annual payments of \$1,276. The loan matures on December 31, 2051 and secured by a deed of trust and a promissory note.</p>	40,218
<p>On October 28, 2003, RB entered into a loan agreement with Washington State Department of Commerce in the amount of \$1,041,426 for the construction of low income housing for senior households. The loan is interest free and is payable in monthly payments of principal. The loan matures on June 30, 2044 and is secured by a promissory note and a deed of trust.</p>	609,631
<p>On October 8, 2004, RB entered into a HOME loan agreement with Kitsap County in the amount of \$129,252 for the payoff of a construction line of credit that financed the construction of senior units known as Mitchell Avenue Senior Housing. The loan accrues interest at 1.0%. The terms of the agreement provided for interest deferral until December 31, 2020. The total deferred interest totaling \$19,388 was added to the outstanding principal and is payable in annual payments of principal and interest. The loan matures on December 31, 2053 and is secured by a promissory note and a deed of trust.</p>	130,440
<p>On April 13, 2006, RB entered into a HOME loan agreement with Kitsap County in the amount of \$440,622 for the payoff of a construction line of credit that financed the construction of senior units known as Mitchell Avenue Senior Housing. The loan accrues interest at 1.0%. The terms of the agreement provided for interest deferral until December 31, 2020. The deferred interest totaling \$66,093 was added to the outstanding principal and is payable in annual payments of principal and interest. The loan matures on December 31, 2054 and is secured by a promissory note and a deed of trust.</p>	444,672

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
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NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2025**

NOTE 11. NOTES PAYABLE (continued)

<p>In April 2005, RA entered into a permanent loan with USDA Rural Development in the amount of \$1,000,156, which were used to pay down general partner construction advances. The loan accrues interest at 5.625% and is payable in monthly payments of principal and interest. The loan matures on April 29, 2035 and is non-recourse. That stated interest rate varies from the effective interest rate of 1.0% due to a mortgage interest subsidy provided by Rural Housing Services. The loan is secured by a deed of trust.</p>	865,217
<p>On May 7, 2004, RA entered into a HOME loan agreement with Washington State Department of Community, Trade and Economic Development in the amount of \$373,929. The loan accrues interest at 1.0% and is payable in monthly payments of principal and interest. The loan matures on May 31, 2054 and is secured by a deed of trust.</p>	238,798
<p>On September 29, 2003, RA entered into a HOME loan agreement with Kitsap County in the amount of \$75,000. The loan accrues interest at 1.0% and is payable in annual payments of principal and interest. The loan matures on December 31, 2053 and is secured by a promissory note and a deed of trust.</p>	47,962
<p>On October 8, 2004, RA entered into a HOME loan agreement with Kitsap County in the amount of \$197,392. The loan accrues interest at 1.0% and is payable in annual payments of principal and interest. The loan matures on December 31, 2054 and is secured by a promissory note and a deed of trust.</p>	199,206
<p>During 2020, KA entered into a CDBG loan agreement with Kitsap County in the amount of \$334,006. The loan accrues interest at 4.0% starting March 2020 with no annual payments and a balloon payment for the full balance on March 1, 2049. The loan added a Low Income Housing Covenant for a period of 18 years from the completion of the project, April 2020. There is no security instrument associated with the loan.</p>	334,006
<p>On July 18, 2022, the Authority entered into a loan agreement with the Rural Community Assistance Corporation in the original amount of \$1,387,224, to be used to develop land into lots for Self-Help Homes known as Riverside Subdivision. The loan accrues interest at a rate of 5.5% and is payable in annual payments of principal and interest. The loan matures on August 1, 2025 and is secured by a deed of trust. During the year ended June 30, 2025 the loan balance was paid in full.</p>	-
<p>On April 4, 2025, the Authority entered into a loan agreement with the Washington State Department of Commerce in the original amount of \$750,000, to be used to purchase and develop land into a multifamily project known as Time Square Apartments. The loan is non interest bearing and will be forgiven in 40 years, as long as the terms and conditions of the contract are met. The loan is secured by a deed of trust.</p>	<u>750,000</u>
Total notes payable	21,158,035
Less: current portion	<u>1,057,081</u>
Notes payable, net of current portion	<u>\$ 20,100,954</u>

KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
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NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2025

NOTE 11. NOTES PAYABLE (continued)

Annual debt service for principal and interest over the next five years and in five-year increments thereafter are as follows:

Year	Principal	Interest	Total
2026	1,057,081	871,206	1,928,287
2027	1,412,084	818,118	2,230,202
2028	1,459,084	765,030	2,224,114
2029	1,492,652	702,313	2,194,965
2030	1,562,220	639,313	2,201,533
2031-2035	4,337,394	1,029,864	5,367,258
2036-2040	3,590,866	720,787	4,311,653
2041-2045	3,446,773	255,989	3,702,762
2046-2050	1,649,555	20,168	1,669,723
2051-2055	368,432	9,411	377,843
2056-2060	31,894	6,192	38,086
2061-2065	750,000	-	750,000
	<u>\$ 21,158,035</u>	<u>\$ 5,838,391</u>	<u>\$ 26,996,426</u>

Accrued interest payable totaled \$160,581 as of June 30, 2025. Interest expense for the year ended June 30, 2025 totaled \$779,092.

NOTE 12. NON-CURRENT LIABILITIES

Non-current liabilities as of June 30, 2025 consisted of the following:

Description	June 30, 2024	Additions	Payments/ Retirements	June 30, 2025	Amounts due within one Year
Compensated absences	\$ 293,769	\$ 242,788	\$ (220,327)	\$ 316,230	\$ 237,173
Accrued pension liability	399,364	46,261	(185,300)	260,325	-
Notes payable	22,425,606	750,000	(2,017,571)	21,158,035	1,057,081
Accrued interest payable	150,479	832,157	(822,055)	160,581	160,581
FSS escrows	36,360	-	(6,306)	30,054	-
Lease liability	11,887	-	(4,640)	7,247	4,763
SBITA liability	161,688	-	(80,564)	81,124	39,342
Other miscellaneous liabilities	9,527	33,828	-	43,355	43,355
Total non-current liabilities	<u>\$ 23,488,680</u>	<u>\$ 1,905,034</u>	<u>\$ (3,336,763)</u>	<u>\$ 22,056,951</u>	<u>\$ 1,542,295</u>

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
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NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2025**

NOTE 13. PENSION PLAN

The following table represents the aggregate pension amounts for all plans subject to the requirements of the GASB Statement 68, *Accounting and Financial Reporting for Pensions* as of and for the year ended June 30, 2025:

<u>Account Description</u>	<u>PERS 1</u>	<u>PERS 2/3</u>
Accrued pension (asset) liability	\$ <u>260,325</u>	\$ <u>(629,744)</u>
Deferred inflows of resources	\$ <u>20,830</u>	\$ <u>287,005</u>
Deferred outflows of resources	\$ <u>88,744</u>	\$ <u>1,087,440</u>
Pension (benefit) expense	\$ <u>(68,133)</u>	\$ <u>(24,645)</u>

A. State Sponsored Pension Plans

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

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

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

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

B. Public Employees' Retirement System

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

PERS Plan 1 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.

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2025**

NOTE 13. PENSION PLAN (continued)

B. Public Employees' Retirement System (continued)

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, 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 2024 were as follows:

PERS Plan 1	<u>Employer</u>	<u>Employee</u>
<u>Actual Contribution Rates:</u>		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	2.97%	0.00%
Administrative Fee	<u>0.20%</u>	<u>0.00%</u>
Total	<u>9.53%</u>	<u>6.00%</u>

The Authority's actual contributions to PERS Plan 1 Plan were \$87,703 for the year ended June 30, 2025.

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's 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.

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2025**

NOTE 13. PENSION PLAN (continued)

B. Public Employees' Retirement System (continued)

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

Contributions

The PERS Plan 2/3 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates.

The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2024 were as follows:

PERS Plan 2/3

<u>Actual Contribution Rates:</u>	<u>Employer</u>	<u>Employee</u>
Employee PERS Plan 2	6.00%	6.36%
Employee PERS Plan 3	6.36%	varies

The Authority's actual contributions to the PERS Plan 2/3 were \$188,025 for the year ended June 30, 2025.

C. Actuarial Assumptions

The total pension liability ("TPL") for each of the DRS plans was determined using the most recent actuarial valuation completed in 2024 with a valuation date of June 30, 2023. 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 Report* and the *2023 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2023 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2024. Plan liabilities were rolled forward from June 30, 2023, to June 30, 2024 reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

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

KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
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NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2025

NOTE 13. PENSION PLAN (continued)

C. Actuarial Assumptions (continued)

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

D. Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.00 percent. To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Consistent with the long-term expected rate of return, a 7.00 percent future investment rate of return on invested assets was assumed for the test.

Contributions from plan members and employers are assumed to continue being made at contractually required rates (including PERS 2/3, PERS 2, SERS 2/3, and TRS 2/3 employers, whose rates include a component for the PERS 1, and TRS 1 plan liabilities). Based on these 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 7.40 percent was used to determine the total liability.

E. Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.00 percent was determined using a building-block-method. In selecting this assumption, OSA reviewed the historical experience date, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions ("CMAs") and simulated expected returns the Washington State Investment Board ("WSIB") provided. The CMAs contain three pieces of information (expected annual return, standard deviation of the annual return, and correlations between the annual returns of each asset class with every other asset class) for each class of assets WSIB currently invests in. The WSIB uses the CMAs and their target asset allocation to simulate future investment returns at various future times.

F. Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2024, are summarized in the table below. The inflation component used to create the table is 2.50 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2025**

NOTE 13. PENSION PLAN (continued)

F. Estimated Rates of Return by Asset Class (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>% Long-Term Expected Real Rate of Return Arithmetic</u>
Fixed Income	19.00%	2.10%
Tangible Assets	8.00%	4.50%
Real Estate	18.00%	4.80%
Global Equity	30.00%	5.60%
Private Equity	25.00%	8.60%

G. Sensitivity of Net Pension Liability

The table below presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.00 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 (6.00 percent) or 1-percentage point higher (8.00 percent) than the current rate.

Authority's proportionate share of the net pension liability	1% Decrease <u>(6.00%)</u>	Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
PERS 1	\$ <u>382,931</u>	\$ <u>260,325</u>	\$ <u>152,796</u>
PERS 2/3	\$ <u>1,135,234</u>	\$ <u>(629,744)</u>	\$ <u>(2,079,285)</u>

H. Pension Plan Fiduciary Net Position

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

I. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2025, the Authority reported a pension asset and pension liability for its proportionate share of the net pension liabilities as follows:

<u>Plan</u>	<u>Pension (Asset) Liability</u>
PERS 1	\$ 260,325
PERS 2/3	<u>(629,744)</u>
Total	<u>\$ (369,419)</u>

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2025**

NOTE 13. PENSION PLAN (continued)

I. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

At June 30, 2025, the Authority's proportionate share of the collective net pension liabilities was as follows:

	Proportionate Share <u>June 30, 2024</u>	Proportionate Share <u>June 30, 2025</u>	<u>Change in Proportion</u>
PERS 1	0.017495%	0.014651%	-0.002844%
PERS 2/3	0.022591%	0.019103%	-0.003488%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2025 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 Non-employer Allocations*.

The collective net pension liability was measured as of June 30, 2024, and the actuarial valuation date on which the total pension liability is based was June 30, 2023, with update procedures used to roll forward the total pension liability to the measurement date.

J. Pension Expense

For the year ended June 30, 2025, the Authority recognized pension expense (benefit) as follows:

<u>Plan</u>	<u>Pension Expense/(Benefit)</u>
PERS 1	\$ (68,133)
PERS 2/3	<u>(24,645)</u>
Total	<u>\$ (92,778)</u>

K. Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>PERS Plan 1</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net differences between projected and actual investment earnings on pension plan investments	\$ -	\$ 20,830
Contributions subsequent to measurement date	<u>88,744</u>	<u>-</u>
Total PERS Plan 1	<u>\$ 88,744</u>	<u>\$ 20,830</u>

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2025**

NOTE 13. PENSION PLAN (continued)

K. Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

<u>PERS Plan 2/3</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions	\$ 347,746	\$ 39,900
Differences between expected and actual experience	357,834	1,458
Net differences between projected and actual investment earnings on pension plan investments	-	180,467
Changes in proportion and differences between contributions and proportionate share of contributions	159,371	65,180
Contributions subsequent to measurement date	<u>222,489</u>	<u>-</u>
Total PERS Plan 2/3	<u>\$ 1,087,440</u>	<u>\$ 287,005</u>
Total PERS Plans 1, 2 and 3	<u>\$ 1,176,184</u>	<u>\$ 307,835</u>

Deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date were recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	<u>PERS 1</u>	<u>PERS 2/3</u>
2026	\$ (34,473)	\$ (143,019)
2027	17,711	292,443
2028	(1,875)	142,665
2029	(2,193)	138,419
2030	-	76,943
Thereafter	<u>-</u>	<u>70,495</u>
	<u>\$ (20,830)</u>	<u>\$ 577,946</u>

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2025**

NOTE 14. RESTRICTED NET POSITION

Restricted net position consists of the following as of June 30, 2025:

<u>Description</u>	<u>Amount</u>
Housing assistance payments reserves	\$ 465,019
Operating reserves	4,009
Replacement reserves	2,592,264
Debt service reserves	1,308,394
Pension asset	629,744
Self-Help Homeownership Opportunity Program funds	<u>719,016</u>
 Total restricted net position	 <u>\$ 5,718,446</u>

Housing assistance payment reserves are restricted for use only in the Section 8 Housing Choice Vouchers Program for future housing assistance payments.

Operating reserves represent funds that are restricted in the case that the projects an operating deficit.

Replacement reserves are required to be set aside to fund major repairs, capital expenditures, and replacement of capital items in the projects.

Debt services reserves represent funds that are restricted for payments of the related mortgages in the case the Authority encounters a lack of cash flow available to service debt and prevent the Authority from defaulting.

The Authority recognizes a pension asset, in accordance with GASB 68, in which employers are required to recognize and report certain amounts associated with their participation in the Washington State PERS (PERS 2/3).

Self-Help Homeownership Opportunity Program funds represent the portion of loans provided by the pass through funder (Community Frameworks) that have been converted to grants but continue to retain program restrictions.

NOTE 15. CORRECTION OF ERRORS

Net position has been restated as of June 30, 2024 due to the correction of errors related to land of \$411,884. As a result of the correction, beginning net position was decreased by \$411,884.

NOTE 16. GAIN ON SALE OF CAPITAL ASSETS

During the year ended June 30, 2025, the Authority sold land and related improvements. Included in gain on sale of capital assets on the Statement of Revenues, Expenses and Changes in Net Position is \$1,407,730, related to this sale. Details of the transaction are as follows:

Sale price	\$ 1,941,826
Cost basis	(532,842)
Expenditures	<u>(1,254)</u>
 Gain on sale of property	 <u>\$ 1,407,730</u>

KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2025

NOTE 17. CONDENSED FINANCIAL INFORMATION FOR BLENDED COMPONENT UNITS

	HKC	DIA	LB	VA
Assets:				
Current assets	\$ -	\$ 64,001	\$ 459,685	\$ 370,193
Capital assets, net	-	811,945	856,878	1,955,299
Non-current assets	-	59,208	119,931	327,439
Total assets	<u>-</u>	<u>935,154</u>	<u>1,436,494</u>	<u>2,652,931</u>
Liabilities:				
Current liabilities	-	129,021	35,119	572,764
Non-current liabilities	-	694,967	355,402	990,000
Total liabilities	<u>-</u>	<u>823,988</u>	<u>390,521</u>	<u>1,562,764</u>
Net Position:				
Net investment in capital assets	-	89,586	488,446	835,299
Restricted	-	59,208	119,931	327,439
Unrestricted	-	(37,628)	437,596	(72,571)
Net position	<u>\$ -</u>	<u>\$ 111,166</u>	<u>\$ 1,045,973</u>	<u>\$ 1,090,167</u>
Operating revenues:				
Tenant revenue	\$ -	\$ 163,905	\$ 295,156	\$ 395,922
HUD operating grants	-	-	-	493,743
Other revenues	-	115	8	1,474
Total operating revenues	<u>-</u>	<u>164,020</u>	<u>295,164</u>	<u>891,139</u>
Operating expenses:				
Administrative	-	18,760	20,852	149,058
Other expenses	-	103,540	108,925	625,699
Depreciation	-	39,679	42,129	86,391
Total operating expenses	<u>-</u>	<u>161,979</u>	<u>171,906</u>	<u>861,148</u>
Other income (expenses)				
Investment income	-	207	393	9,758
Interest expense	-	(7,359)	(407)	(70,226)
Net other income (expenses)	<u>-</u>	<u>(7,152)</u>	<u>(14)</u>	<u>(60,468)</u>
Net income (loss)	<u>\$ -</u>	<u>\$ (5,111)</u>	<u>\$ 123,244</u>	<u>\$ (30,477)</u>

KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2025

NOTE 17. CONDENSED FINANCIAL INFORMATION FOR BLENDED COMPONENT UNITS (continued)

	HA	RB	RA	KA
Assets:				
Current assets	\$ 341,419	\$ 172,494	\$ 65,310	\$ 2,726,005
Capital assets, net	1,498,903	2,735,417	1,259,052	13,926,129
Non-current assets	<u>315,706</u>	<u>129,743</u>	<u>244,973</u>	<u>-</u>
Total assets	<u>2,156,028</u>	<u>3,037,654</u>	<u>1,569,335</u>	<u>16,652,134</u>
Liabilities:				
Current liabilities	320,694	490,974	47,836	1,381,300
Non-current liabilities	<u>1,274,799</u>	<u>1,518,234</u>	<u>1,325,362</u>	<u>20,407,539</u>
Total liabilities	<u>1,595,493</u>	<u>2,009,208</u>	<u>1,373,198</u>	<u>21,788,839</u>
Net Position:				
Net investment in capital assets	583,903	1,550,674	(92,132)	(6,714,625)
Restricted	315,706	129,743	244,973	1,919,890
Unrestricted	<u>(339,074)</u>	<u>(651,971)</u>	<u>43,296</u>	<u>(341,970)</u>
Net position	<u>\$ 560,535</u>	<u>\$ 1,028,446</u>	<u>\$ 196,137</u>	<u>\$ (5,136,705)</u>
Operating revenues:				
Tenant revenue	\$ 225,980	\$ 563,373	\$ 71,829	\$ 3,054,528
HUD operating grants	524,293	-	153,852	-
Other revenues	<u>1,172</u>	<u>5,827</u>	<u>216</u>	<u>207</u>
Total operating revenues	<u>751,445</u>	<u>569,200</u>	<u>225,897</u>	<u>3,054,735</u>
Operating expenses:				
Administrative	117,108	57,996	31,882	308,920
Other expenses	498,465	324,699	100,719	1,788,066
Depreciation	<u>66,884</u>	<u>128,032</u>	<u>53,562</u>	<u>454,527</u>
Total operating expenses	<u>682,457</u>	<u>510,727</u>	<u>186,163</u>	<u>2,551,513</u>
Other income (expenses)				
Investment income	7,888	869	883	42,418
Interest expense	<u>(76,118)</u>	<u>(23,131)</u>	<u>(53,912)</u>	<u>(793,795)</u>
Net other income (expenses)	<u>(68,230)</u>	<u>(22,262)</u>	<u>(53,029)</u>	<u>(751,377)</u>
Net income (loss)	<u>\$ 758</u>	<u>\$ 36,211</u>	<u>\$ (13,295)</u>	<u>\$ (248,155)</u>

NOTE 18. CONTINGENCIES

The Authority receives financial assistance from HUD in the form of grants and subsidies. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by HUD. As a result of these audits, costs previously reimbursed could be disallowed and require payments to HUD. As of June 30, 2025, the Authority estimates that no material liabilities will result from such audits.

KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2025

NOTE 19. SUBSEQUENT EVENTS

Events that occur after the financial statement date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the financial statement date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the financial statement date require disclosure in the accompanying notes to the financial statements. Management evaluated the activity of the Authority through March 27, 2026 (the date the financial statements were available to be issued) and determined that the following subsequent events require disclosure:

- On October 28, 2025, the Authority's board of commissioners adopted Resolution 2025-35, to appoint its board members to serve as the board of directors of Building Affordable Sustainable Innovative Communities ("BASIC") and to proceed with reinstating BASIC's charitable tax-exempt status. BASIC was incorporated by the Authority in the State of Washington on October 18, 2001, for charitable purposes to provide decent, safe and affordable housing for low-and moderate-income persons or families. The Authority is the sole member of BASIC, but the corporation was originally created with different board members. BASIC received its Federal EIN # on December 21, 2001, and its IRS charitable 501(c)3 status on May 22, 2002. Due to corporate inactivity and subsequent lack of federal filings, the IRS revoked BASIC's federal tax-exempt status on May 15, 2020. However, BASIC continues to maintain its status as a Washington corporation.
- In November 2025, Nordic Cottages was placed into service. Nordic Cottages is an eight unit low-income rental property located in the City of Poulsbo. The Authority consulted the City of Poulsbo in the design, permitting and construction of the building. The Authority manages the building's operations, finances, physical maintenance and repairs, tenant leasing and project subsidy vouchers.

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

To the Board of Commissioners
the Kitsap County Consolidated Housing Authority DBA Housing Kitsap:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Kitsap County Consolidated Housing Authority DBA Housing Kitsap (the "Authority") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 27, 2026.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control that we consider to be material weaknesses, which are described in the accompanying schedule of findings and questioned costs as item 2025-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Authority's Response to Findings

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

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 Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Novogradac & Company LLP

March 27, 2026
Toms River, New Jersey

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

To the Board of Commissioners
the Kitsap County Consolidated Housing Authority DBA Housing Kitsap:

Report on Compliance for Each Major Federal Program

We have audited the Kitsap County Consolidated Housing Authority DBA Housing Kitsap's (the "Authority") compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2025. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Opinion on Each Major Federal Program

In our opinion, the 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, 2025.

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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibility of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit.

Auditors' Responsibilities for the Audit of Compliance (continued)

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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Novogradac & Company LLP

March 27, 2026
Toms River, New Jersey

SUPPLEMENTARY INFORMATION

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025**

<u>Federal Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Identifying Number</u>	<u>Federal Expenditures</u>	<u>Amounts Passed Through to Subrecipients</u>
U.S. Department of Housing and Urban Development:				
Housing Voucher Cluster				
Section 8 Housing Choice Vouchers	14.871	N/A	\$ 8,137,554	\$ -
Total Housing Voucher Cluster			8,137,554	-
Section 8 Project Based Cluster				
Project Based Rental Assistance	14.195	N/A	1,018,036	-
Total Section 8 Project Based Cluster			1,018,036	-
Public and Indian Housing Program	14.850	N/A	765	-
Passed through the Kitsap County Department of Human Services:				
Community Development Block Grant	14.218	**Multiple	434,561	-
HOME Investment Partnerships Program	14.239	KC-499-24	9,000	-
Passed through Community Frameworks:				
Self-Help Homeownership Opportunity Program	14.247	***Multiple	585,000	-
Total U.S Department of Housing and Urban Development			<u>10,184,916</u>	<u>-</u>
U.S. Department of Agriculture:				
Rural Rental Housing Loans Program (Mortgage)	10.415	N/A	3,075,914	-
Rural Rental Housing Loans Program (Subsidy)	10.415	N/A	1,132,634	-
Rural Self-Help Technical Assistance Program	10.420	N/A	943,566	-
Total U.S Department of Agriculture			<u>5,152,114</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 15,337,030</u>	<u>\$ -</u>

** KC-500-23, KC-541-24, KC-060-25, and KC-154-24

*** HK-13-4, HK-18-1, HK-19-1, and HK-20-1

See Notes to Schedule of Expenditures of Federal Awards.

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of the Authority under programs of the federal government for the year ended June 30, 2025. The information in the Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of operations of the Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Authority. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of the financial statements.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

NOTE 3. INDIRECT COST RATE

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

NOTE 4. SELF-HELP HOMEOWNERSHIP OPPORTUNITY PROGRAM (MORTGAGE)

The Self-Help Homeownership Opportunity Program (Mortgage) listed subsequently is administered by the U.S. Department of Housing and Urban Development, and balance and transactions relating to the program are included in the Authority's basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balance of the loan outstanding at June 30, 2025 consisted of:

<i>ALN</i>	<i>Program Name</i>	<i>Outstanding Balance at June 30, 2025</i>
14.247	Self-Help Homeownership Program (Mortgage)	\$ <u>585,000</u>

NOTE 5. RURAL RENTAL HOUSING LOANS PROGRAM

The Rural Rental Housing Loans Program (Mortgage) listed subsequently is administered by the U.S. Department of Agriculture, and balance and transactions relating to the program are included in the Authority's basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balance of the loan outstanding at June 30, 2025 consisted of:

<i>ALN</i>	<i>Program Name</i>	<i>Outstanding Balance at June 30, 2025</i>
10.415	Rural Rental Housing Loans Program (Mortgage)	\$ <u>2,968,565</u>

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 6. SCHEDULE OF CAPITAL FUND COSTS AND ADVANCES

The total amounts of Capital Fund Program Costs and Advances incurred and earned by the Authority as of and for the year ended June 30, 2025 are provided herein:

	<u>501-22</u>	<u>501-23</u>	<u>Totals</u>
<u>Budget</u>	\$ <u>484,431</u>	\$ <u>494,059</u>	\$ <u>978,490</u>
<u>Advances:</u>			
Cumulative through 6/30/2024	\$ 441,548	\$ -	\$ 441,548
Current Year	<u>42,883</u>	<u>70,632</u>	<u>113,515</u>
Cumulative through 6/30/2025	<u>484,431</u>	<u>70,632</u>	<u>555,063</u>
<u>Costs:</u>			
Cumulative through 6/30/2024	484,431	70,632	555,063
Current Year	<u>-</u>	<u>-</u>	<u>-</u>
Cumulative through 6/30/2025	<u>484,431</u>	<u>70,632</u>	<u>555,063</u>
Excess / (Deficiency)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

During the year ended June 30, 2025, Capital Fund Grant WA01P036501-22 with approved funding of \$484,431 has been fully drawn down and expended as per Capital Fund Grant Regulations.

In addition, prior to the year ended June 30, 2025, Public Housing Capital Fund Grants WA01P036501-19 and WA01P036501-21 with approved fundings of \$343,575 and \$395,140, respectively, had been fully drawn down and expended as per Capital Fund Grant Regulations. Per HUD's request the Actual Modernization Cost Certificates of the aforementioned Capital Fund Grants have been included on pages 59-60 of this report.

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025**

I. Summary of Auditors' Results

Financial Statement Section

- | | | |
|----|---|---------------|
| 1. | Type of auditors' report issued: | Unmodified |
| 2. | Internal control over financial reporting | |
| | a. Material weakness(es) identified? | Yes |
| | b. Significant deficiency(ies) identified? | None Reported |
| 3. | Noncompliance material to the financial statements? | No |

Federal Awards Section

- | | | |
|----|--|---------------|
| 1. | Internal Control over compliance: | |
| | a. Material weakness(es) identified? | No |
| | b. Significant deficiency(ies) identified? | None Reported |
| 2. | Type of auditors' report on compliance for major programs: | Unmodified |
| 3. | Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No |
| 4. | Identification of major programs: | |

ALN

Name of Federal Program

- | | |
|--------|---|
| 10.415 | Rural Rental Housing Loans Program (Mortgage) |
| 10.415 | Rural Rental Housing Loans Program (Subsidy) |

- | | | |
|----|--|-----------|
| 5. | Dollar threshold used to distinguish between Type A and Type B Programs: | \$750,000 |
| 6. | Auditee qualified as low-risk Auditee? | Yes |

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
FOR THE YEAR ENDED JUNE 30, 2025**

II. Financial Statement Findings

Finding 2025-001

Criteria: The Authority is responsible for establishing and maintaining effective internal controls over financial reporting to ensure that transactions are properly recorded and financial statements are prepared in accordance with GAAP.

Condition: During our audit procedures, we noted the following:

- The Authority recorded a prior period adjustment to correct misstatements of land and net position.
- Numerous adjusting journal entries were required to present the Authority's financial statements in accordance with GAAP.

Cause: Changes within the finance department, including staffing changes and termination of the management agreement related to the Section 8 Housing Choice Vouchers Program, impacted the continuity of established accounting and reconciliation procedures and created some temporary challenges during the transition of responsibilities. As a result, periodic reviews and reconciliations of key general ledger accounts were not being performed in a timely manner.

Effect: The Authority was unable to close its accounting records in a timely manner and have its financial records prepared for the audit. The required prior period adjustment included corrections to capital assets, net and net position that were material to the financial statements. Additionally, numerous audit adjustments were identified as necessary for the financial statements to be presented in accordance with GAAP, indicating that material misstatements could occur and not be detected in a timely manner.

Recommendation: We recommend that the Authority strengthen its internal controls over financial reporting by implementing formal month-end and year-end closing procedures. These procedures should include the timely preparation and review of financial statements, reconciliation of key general ledger accounts to supporting subsidiary records, and supervisory review to ensure the accuracy and completeness of financial information. In addition, management should implement a standardized month-end closing checklist and maintain documentation of completed reconciliations and reviews to ensure that accounting records are accurate and prepared in a timely manner for financial reporting purposes.

Authority's Response: The Authority agrees with the finding and is in the process of assessing and modifying internal controls to avoid similar issues. The Authority will reconcile the statement of financial position and key account balances on an ongoing and periodic basis by implementing a month-end close accounting checklist. Additionally, the Authority will reconcile account balances following any large and unusual adjusting entries.

III. Federal Award Findings and Questioned Costs

There were no findings or questioned costs relating to federal awards.

IV. Schedule of Prior Year Federal Audit Findings

Finding 2024-001

Observation: Based upon inspection of the Authority's files and on discussion with management, there was a unit that failed its inspection and did not pass within 30 days without penalty. There were forty seven (47) units with failed inspections. Of a sample size of five (5) failed inspections, one (1) unit did not pass reinspection within 30 days. Housing assistance payments were not abated nor was the tenant relocated.

Status: Finding has been cleared.

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2025**

	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024	June 30, 2025
PERS #1										
Employer's proportion of the net pension liability	<u>0.022704%</u>	<u>0.0222732%</u>	<u>0.021909%</u>	<u>0.020869%</u>	<u>0.017068%</u>	<u>0.015787%</u>	<u>0.017285%</u>	<u>0.016498%</u>	<u>0.017495%</u>	<u>0.014651%</u>
Employer's proportionate share of the net pension (asset) liability	<u>\$ 1,187,630</u>	<u>\$ 1,196,165</u>	<u>\$ 1,039,599</u>	<u>\$ 932,017</u>	<u>\$ 656,325</u>	<u>\$ 557,366</u>	<u>\$ 211,090</u>	<u>\$ 459,365</u>	<u>\$ 399,364</u>	<u>\$ 260,325</u>
Covered employee payroll*	<u>\$ 2,522,304</u>	<u>\$ 2,612,113</u>	<u>\$ 2,762,029</u>	<u>\$ 2,202,605</u>	<u>\$ 2,385,842</u>	<u>\$ 2,655,526</u>	<u>\$ 2,665,234</u>	<u>\$ 3,142,966</u>	<u>\$ 3,156,602</u>	<u>\$ 3,464,436</u>
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	<u>47.09 %</u>	<u>45.79 %</u>	<u>37.64 %</u>	<u>42.31 %</u>	<u>27.51 %</u>	<u>20.99 %</u>	<u>7.92 %</u>	<u>14.62 %</u>	<u>12.65 %</u>	<u>7.51 %</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>59.10 %</u>	<u>57.03 %</u>	<u>61.24 %</u>	<u>63.22 %</u>	<u>67.12 %</u>	<u>68.64 %</u>	<u>88.74 %</u>	<u>76.56 %</u>	<u>80.16 %</u>	<u>84.05 %</u>

* Covered payroll is the payroll on which contributions to a pension plan are based (GASB 82, par. 5)

See Report of Independent Auditors.

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (continued)
FOR THE YEAR ENDED JUNE 30, 2025**

	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024	June 30, 2025
PERS #2/3										
Employer's proportion of the net pension liability	<u>0.028473%</u>	<u>0.027762%</u>	<u>0.028181%</u>	<u>0.026659%</u>	<u>0.026659%</u>	<u>0.020462%</u>	<u>0.022228%</u>	<u>0.021464%</u>	<u>0.022591%</u>	<u>0.019103%</u>
Employer's proportionate share of the net pension (asset) liability	<u>\$ 1,017,357</u>	<u>\$ 1,397,795</u>	<u>\$ 979,155</u>	<u>\$ 455,179</u>	<u>\$ 214,394</u>	<u>\$ 261,697</u>	<u>\$(2,214,266)</u>	<u>\$(796,053)</u>	<u>\$(925,933)</u>	<u>\$(629,744)</u>
Covered employee payroll*	<u>\$ 2,522,304</u>	<u>\$ 2,612,113</u>	<u>\$ 2,762,029</u>	<u>\$ 2,202,605</u>	<u>\$ 2,385,842</u>	<u>\$ 2,655,526</u>	<u>\$ 2,665,234</u>	<u>\$ 3,142,966</u>	<u>\$ 3,156,602</u>	<u>\$ 3,464,436</u>
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	<u>40.33%</u>	<u>53.51%</u>	<u>35.45%</u>	<u>20.67%</u>	<u>8.99%</u>	<u>9.85%</u>	<u>(83.08)%</u>	<u>(25.33)%</u>	<u>(29.33)%</u>	<u>(18.18)%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>89.20%</u>	<u>85.82%</u>	<u>90.97%</u>	<u>95.77%</u>	<u>97.77%</u>	<u>97.22%</u>	<u>120.29%</u>	<u>106.73%</u>	<u>107.02%</u>	<u>105.17%</u>

* Covered payroll is the payroll on which contributions to a pension plan are based (GASB 82, par. 5)

See Report of Independent Auditors.

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2025**

	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024	June 30, 2025
PERS #1										
Statutorily required contribution	\$ 104,350	\$ 126,311	\$ 131,749	\$ 139,496	\$ 122,382	\$ 114,414	\$ 128,754	\$ 101,109	\$ 111,487	\$ 87,703
Contributions in relation to the statutorily required contributions	<u>104,350</u>	<u>126,311</u>	<u>131,749</u>	<u>139,496</u>	<u>122,382</u>	<u>114,414</u>	<u>128,754</u>	<u>101,109</u>	<u>111,487</u>	<u>87,703</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll*	<u>\$ 2,522,304</u>	<u>\$ 2,612,113</u>	<u>\$ 2,762,029</u>	<u>\$ 2,202,605</u>	<u>\$ 2,385,842</u>	<u>\$ 2,655,526</u>	<u>\$ 2,665,234</u>	<u>\$ 3,142,966</u>	<u>\$ 3,156,602</u>	<u>\$ 3,464,436</u>
Contribution as a percentage of covered payroll	<u>4.14 %</u>	<u>4.84 %</u>	<u>4.77 %</u>	<u>6.33 %</u>	<u>5.13 %</u>	<u>4.31 %</u>	<u>4.83 %</u>	<u>3.22 %</u>	<u>3.53 %</u>	<u>2.53 %</u>

* Covered payroll is the payroll on which contributions to a pension plan are based (GASB 82, par. 5)

See Report of Independent Auditors.

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
DBA HOUSING KITSAP
SCHEDULE OF EMPLOYER CONTRIBUTIONS (continued)
FOR THE YEAR ENDED JUNE 30, 2025**

	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024	June 30, 2025
PERS #2/3										
Statutorily required contribution	\$ 126,833	\$ 160,270	\$ 172,074	\$ 205,701	\$ 180,271	\$ 188,504	\$ 210,562	\$ 172,437	\$ 185,374	\$ 188,025
Contributions in relation to the statutorily required contributions	<u>126,833</u>	<u>160,270</u>	<u>172,074</u>	<u>205,701</u>	<u>180,271</u>	<u>188,504</u>	<u>210,562</u>	<u>172,437</u>	<u>185,374</u>	<u>188,025</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll*	<u>\$ 2,522,304</u>	<u>\$ 2,612,113</u>	<u>\$ 2,762,029</u>	<u>\$ 2,202,605</u>	<u>\$ 2,385,842</u>	<u>\$ 2,655,526</u>	<u>\$ 2,665,234</u>	<u>\$ 3,142,966</u>	<u>\$ 3,156,602</u>	<u>\$ 3,464,436</u>
Contribution as a percentage of covered payroll	<u>5.03 %</u>	<u>6.14 %</u>	<u>6.23 %</u>	<u>9.34 %</u>	<u>7.56 %</u>	<u>7.10 %</u>	<u>7.90 %</u>	<u>5.49 %</u>	<u>5.87 %</u>	<u>5.43 %</u>

* Covered payroll is the payroll on which contributions to a pension plan are based (GASB 82, par. 5)

See Report of Independent Auditors.

Kitsap Consolidated Housing Authority (WA036)

Silverdale, WA

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2025

	Project Total	14.218 Community Development Block Grants/Entitlement Grants	6.2 Component Unit - Blended	1 Business Activities
111 Cash - Unrestricted	\$935,160		\$1,515,949	\$4,169,904
112 Cash - Restricted - Modernization and Development				
113 Cash - Other Restricted	\$6,199		\$3,116,890	\$221,536
114 Cash - Tenant Security Deposits	\$0		\$262,410	\$108,693
115 Cash - Restricted for Payment of Current Liabilities				
100 Total Cash	\$941,359	\$0	\$4,895,249	\$4,500,133
121 Accounts Receivable - PHA Projects				
122 Accounts Receivable - HUD Other Projects				
124 Accounts Receivable - Other Government		\$51,548	\$7,566	\$44,265
125 Accounts Receivable - Miscellaneous				\$102,655
126 Accounts Receivable - Tenants	\$75,447		\$1,157,005	\$513,246
126.1 Allowance for Doubtful Accounts - Tenants	-\$54,560		-\$690,481	-\$268,060
126.2 Allowance for Doubtful Accounts - Other		\$0	\$0	-\$29,532
127 Notes, Loans, & Mortgages Receivable - Current		\$182,211		\$160,806
128 Fraud Recovery				
128.1 Allowance for Doubtful Accounts - Fraud				
129 Accrued Interest Receivable				\$22,133
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$20,887	\$233,759	\$474,090	\$545,513
131 Investments - Unrestricted				\$0
132 Investments - Restricted			\$0	\$0
135 Investments - Restricted for Payment of Current Liability				
142 Prepaid Expenses and Other Assets			\$26,768	\$107,807
143 Inventories				
143.1 Allowance for Obsolete Inventories				
144 Inter Program Due From	\$48,330	\$255,573		\$1,361,080
145 Assets Held for Sale				\$327,524
150 Total Current Assets	\$1,010,576	\$489,332	\$5,396,107	\$6,842,057
161 Land			\$5,839,440	\$7,225,588
162 Buildings			\$33,828,316	\$15,638,989
163 Furniture, Equipment & Machinery - Dwellings			\$644,513	\$1,228,097
164 Furniture, Equipment & Machinery - Administration			\$0	\$0
165 Leasehold Improvements			\$1,036,732	\$3,293,141
166 Accumulated Depreciation			-\$18,336,072	-\$13,146,269
167 Construction in Progress			\$30,694	\$362,445
168 Infrastructure				
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$0	\$23,043,623	\$14,601,991
171 Notes, Loans and Mortgages Receivable - Non-Current		\$280,111		\$25,036,012
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due				
173 Grants Receivable - Non Current				
174 Other Assets	\$0	\$2,771		\$790,283
176 Investments in Joint Ventures				\$2,665,931
180 Total Non-Current Assets	\$0	\$282,882	\$23,043,623	\$43,094,217
200 Deferred Outflow of Resources	\$0	\$5,174		\$856,616
290 Total Assets and Deferred Outflow of Resources	\$1,010,576	\$777,388	\$28,439,730	\$50,792,890

Kitsap Consolidated Housing Authority (WA036)

Silverdale, WA

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2025

	Project Total	14.218 Community Development Block Grants/Entitlement Grants	6.2 Component Unit - Blended	1 Business Activities
311 Bank Overdraft				
312 Accounts Payable <= 90 Days	\$1,276	\$444	\$14,427	\$237,987
313 Accounts Payable >90 Days Past Due				
321 Accrued Wage/Payroll Taxes Payable			\$0	\$52,812
322 Accrued Compensated Absences - Current Portion				\$237,173
324 Accrued Contingency Liability				
325 Accrued Interest Payable			\$174,011	\$69,393
331 Accounts Payable - HUD PHA Programs				
332 Account Payable - PHA Projects				
333 Accounts Payable - Other Government	\$161,826		\$5,541	
341 Tenant Security Deposits	\$0		\$262,410	\$108,693
342 Unearned Revenue			\$58,882	\$108,215
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue			\$784,863	\$213,892
344 Current Portion of Long-term Debt - Operating Borrowings			\$44,258	\$670,000
345 Other Current Liabilities	\$0	\$1,559		\$3,301
346 Accrued Liabilities - Other			\$3,835	\$33,587
347 Inter Program - Due To	\$0	\$0	\$1,629,481	\$0
348 Loan Liability - Current				
310 Total Current Liabilities	\$163,102	\$2,003	\$2,977,708	\$1,735,053
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue			\$25,517,609	\$4,225,887
352 Long-term Debt, Net of Current - Operating Borrowings			\$1,048,694	\$8,405,000
353 Non-current Liabilities - Other	\$6,199			\$0
354 Accrued Compensated Absences - Non Current				\$79,057
355 Loan Liability - Non Current				\$0
356 FASB 5 Liabilities				
357 Accrued Pension and OPEB Liabilities	\$0	\$1,145		\$189,595
350 Total Non-Current Liabilities	\$6,199	\$1,145	\$26,566,303	\$12,899,539
300 Total Liabilities	\$169,301	\$3,148	\$29,544,011	\$14,634,592
400 Deferred Inflow of Resources	\$0	\$1,354		\$224,197
508.4 Net Investment in Capital Assets			-\$3,258,849	\$10,493,853
511.4 Restricted Net Position	\$0	\$2,771	\$3,116,890	\$680,178
512.4 Unrestricted Net Position	\$841,275	\$770,115	-\$962,322	\$24,760,070
513 Total Equity - Net Assets / Position	\$841,275	\$772,886	-\$1,104,281	\$35,934,101
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$1,010,576	\$777,388	\$28,439,730	\$50,792,890

Kitsap Consolidated Housing Authority (WA036)

Silverdale, WA

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2025

	5 Fiduciary	10.415 Rural Rental Housing Loans	14.239 HOME Investment Partnerships Program	14.871 Housing Choice Vouchers
111 Cash - Unrestricted	\$1,212,327	\$637,628		\$572,543
112 Cash - Restricted - Modernization and Development				
113 Cash - Other Restricted		\$566,241		\$488,874
114 Cash - Tenant Security Deposits		\$93,661		
115 Cash - Restricted for Payment of Current Liabilities				
100 Total Cash	\$1,212,327	\$1,297,530	\$0	\$1,061,417
121 Accounts Receivable - PHA Projects				
122 Accounts Receivable - HUD Other Projects				
124 Accounts Receivable - Other Government		\$9,235		\$1,712
125 Accounts Receivable - Miscellaneous	\$48,706			\$88,456
126 Accounts Receivable - Tenants		\$90,910		
126.1 Allowance for Doubtful Accounts - Tenants		-\$68,529		
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current				
128 Fraud Recovery				
128.1 Allowance for Doubtful Accounts - Fraud				
129 Accrued Interest Receivable				
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$48,706	\$31,616	\$0	\$90,168
131 Investments - Unrestricted				
132 Investments - Restricted		\$0		\$0
135 Investments - Restricted for Payment of Current Liability				
142 Prepaid Expenses and Other Assets	\$2,846	\$7,918		\$6,164
143 Inventories				
143.1 Allowance for Obsolete Inventories				
144 Inter Program Due From	\$0	\$0	\$5,701	
145 Assets Held for Sale				
150 Total Current Assets	\$1,263,879	\$1,337,064	\$5,701	\$1,157,749
161 Land		\$1,486,148		
162 Buildings		\$6,930,571		
163 Furniture, Equipment & Machinery - Dwellings		\$88,757		
164 Furniture, Equipment & Machinery - Administration		\$0		\$29,691
165 Leasehold Improvements		\$320,061		
166 Accumulated Depreciation		-\$4,198,892		-\$12,356
167 Construction in Progress	\$0	\$108,673		
168 Infrastructure				
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$4,735,318	\$0	\$17,335
171 Notes, Loans and Mortgages Receivable - Non-Current			\$672,158	
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due				
173 Grants Receivable - Non Current				
174 Other Assets		\$51,639	\$0	\$37,069
176 Investments in Joint Ventures				
180 Total Non-Current Assets	\$0	\$4,786,957	\$672,158	\$54,404
200 Deferred Outflow of Resources		\$96,447		
290 Total Assets and Deferred Outflow of Resources	\$1,263,879	\$6,220,468	\$677,859	\$1,212,153

Kitsap Consolidated Housing Authority (WA036)

Silverdale, WA

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2025

	5 Fiduciary	10.415 Rural Rental Housing Loans	14.239 HOME Investment Partnerships Program	14.871 Housing Choice Vouchers
311 Bank Overdraft				
312 Accounts Payable <= 90 Days	\$188,781	\$24,311		\$197
313 Accounts Payable >90 Days Past Due				
321 Accrued Wage/Payroll Taxes Payable				
322 Accrued Compensated Absences - Current Portion				
324 Accrued Contingency Liability				
325 Accrued Interest Payable		\$3,121		
331 Accounts Payable - HUD PHA Programs				
332 Account Payable - PHA Projects				
333 Accounts Payable - Other Government				\$9,482
341 Tenant Security Deposits		\$93,661		
342 Unearned Revenue		\$4,629		
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue		\$162,185		\$8,362
344 Current Portion of Long-term Debt - Operating Borrowings				
345 Other Current Liabilities		\$1,073		\$0
346 Accrued Liabilities - Other				
347 Inter Program - Due To	\$0	\$458,444	\$0	\$68,059
348 Loan Liability - Current				
310 Total Current Liabilities	\$188,781	\$747,424	\$0	\$86,100
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue		\$3,077,811		\$10,140
352 Long-term Debt, Net of Current - Operating Borrowings				
353 Non-current Liabilities - Other	\$0			\$23,855
354 Accrued Compensated Absences - Non Current				
355 Loan Liability - Non Current	\$0			
356 FASB 5 Liabilities				
357 Accrued Pension and OPEB Liabilities		\$21,347		
350 Total Non-Current Liabilities	\$0	\$3,099,158	\$0	\$33,995
300 Total Liabilities	\$188,781	\$3,846,582	\$0	\$120,095
400 Deferred Inflow of Resources		\$25,242		
508.4 Net Investment in Capital Assets		\$1,495,322		\$35,902
511.4 Restricted Net Position		\$617,880		\$465,019
512.4 Unrestricted Net Position	\$1,075,098	\$235,442	\$677,859	\$591,137
513 Total Equity - Net Assets / Position	\$1,075,098	\$2,348,644	\$677,859	\$1,092,058
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$1,263,879	\$6,220,468	\$677,859	\$1,212,153

Kitsap Consolidated Housing Authority (WA036)

Silverdale, WA

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2025

	10.420 Rural Self-Help Housing Technical Assistance	14.247 Self-Help Homeownership Opportunity Program	ELIM	Total
111 Cash - Unrestricted	\$8,094	\$227,321		\$9,278,926
112 Cash - Restricted - Modernization and Development				
113 Cash - Other Restricted		\$719,016		\$5,118,756
114 Cash - Tenant Security Deposits				\$464,764
115 Cash - Restricted for Payment of Current Liabilities				
100 Total Cash	\$8,094	\$946,337	\$0	\$14,862,446
121 Accounts Receivable - PHA Projects				
122 Accounts Receivable - HUD Other Projects				
124 Accounts Receivable - Other Government	\$175,810	\$0		\$290,136
125 Accounts Receivable - Miscellaneous				\$239,817
126 Accounts Receivable - Tenants			\$0	\$1,836,608
126.1 Allowance for Doubtful Accounts - Tenants				-\$1,081,630
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0		-\$29,532
127 Notes, Loans, & Mortgages Receivable - Current			-\$119,881	\$223,136
128 Fraud Recovery				
128.1 Allowance for Doubtful Accounts - Fraud				
129 Accrued Interest Receivable			-\$22,133	\$0
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$175,810	\$0	-\$142,014	\$1,478,535
131 Investments - Unrestricted				\$0
132 Investments - Restricted				\$0
135 Investments - Restricted for Payment of Current Liability				
142 Prepaid Expenses and Other Assets	\$590	\$316		\$152,409
143 Inventories				
143.1 Allowance for Obsolete Inventories				
144 Inter Program Due From	\$0	\$625,120	-\$2,295,804	\$0
145 Assets Held for Sale		\$2,116,672		\$2,444,196
150 Total Current Assets	\$184,494	\$3,688,445	-\$2,437,818	\$18,937,586
161 Land				\$14,551,176
162 Buildings				\$56,397,876
163 Furniture, Equipment & Machinery - Dwellings				\$1,961,367
164 Furniture, Equipment & Machinery - Administration	\$10,796			\$40,487
165 Leasehold Improvements				\$4,649,934
166 Accumulated Depreciation	-\$10,796			-\$35,704,385
167 Construction in Progress	\$3,182			\$504,994
168 Infrastructure				
160 Total Capital Assets, Net of Accumulated Depreciation	\$3,182	\$0	\$0	\$42,401,449
171 Notes, Loans and Mortgages Receivable - Non-Current		\$88,902	-\$23,451,225	\$2,625,958
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due				
173 Grants Receivable - Non Current				
174 Other Assets	\$116,692	\$0		\$998,454
176 Investments in Joint Ventures			-\$2,665,931	\$0
180 Total Non-Current Assets	\$119,874	\$88,902	-\$26,117,156	\$46,025,861
200 Deferred Outflow of Resources	\$217,947			\$1,176,184
290 Total Assets and Deferred Outflow of Resources	\$522,315	\$3,777,347	-\$28,554,974	\$66,139,631

Kitsap Consolidated Housing Authority (WA036)

Silverdale, WA

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2025

	10.420 Rural Self-Help Housing Technical Assistance	14.247 Self-Help Homeownership Opportunity Program	ELIM	Total
311 Bank Overdraft				
312 Accounts Payable <= 90 Days	\$12	\$6,489		\$473,924
313 Accounts Payable >90 Days Past Due				
321 Accrued Wage/Payroll Taxes Payable				\$52,812
322 Accrued Compensated Absences - Current Portion				\$237,173
324 Accrued Contingency Liability				
325 Accrued Interest Payable			-\$85,944	\$160,581
331 Accounts Payable - HUD PHA Programs				
332 Account Payable - PHA Projects				
333 Accounts Payable - Other Government		\$9,110		\$185,959
341 Tenant Security Deposits				\$464,764
342 Unearned Revenue				\$171,726
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue			-\$738,116	\$431,186
344 Current Portion of Long-term Debt - Operating Borrowings			-\$44,258	\$670,000
345 Other Current Liabilities				\$5,933
346 Accrued Liabilities - Other				\$37,422
347 Inter Program - Due To	\$139,820	\$0	-\$2,295,804	\$0
348 Loan Liability - Current				
310 Total Current Liabilities	\$139,832	\$15,599	-\$3,164,122	\$2,891,480
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue		\$0	-\$21,676,227	\$11,155,220
352 Long-term Debt, Net of Current - Operating Borrowings		\$585,000	-\$1,048,694	\$8,990,000
353 Non-current Liabilities - Other				\$30,054
354 Accrued Compensated Absences - Non Current				\$79,057
355 Loan Liability - Non Current				\$0
356 FASB 5 Liabilities				
357 Accrued Pension and OPEB Liabilities	\$48,238			\$260,325
350 Total Non-Current Liabilities	\$48,238	\$585,000	-\$22,724,921	\$20,514,656
300 Total Liabilities	\$188,070	\$600,599	-\$25,889,043	\$23,406,136
400 Deferred Inflow of Resources	\$57,042			\$307,835
508.4 Net Investment in Capital Assets	\$3,182		\$22,414,343	\$31,183,753
511.4 Restricted Net Position	\$116,692	\$719,016		\$5,718,446
512.4 Unrestricted Net Position	\$157,329	\$2,457,732	-\$25,080,274	\$5,523,461
513 Total Equity - Net Assets / Position	\$277,203	\$3,176,748	-\$2,665,931	\$42,425,660
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$522,315	\$3,777,347	-\$28,554,974	\$66,139,631

Kitsap County Consolidated Housing Authority (WA036)

Silverdale, WA

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 06/30/2025

	Project Total	14.218 Community Development Block Grants/Entitlement Grants	6.2 Component Unit - Blended	1 Business Activities
70300 Net Tenant Rental Revenue			\$4,698,016	\$4,606,270
70400 Tenant Revenue - Other			\$72,677	\$69,983
70500 Total Tenant Revenue	\$0	\$0	\$4,770,693	\$4,676,253
70600 HUD PHA Operating Grants	\$765	\$391,361	\$1,018,036	
70610 Capital Grants				\$0
70710 Management Fee				
70720 Asset Management Fee				
70730 Book Keeping Fee				
70740 Front Line Service Fee				
70750 Other Fees				
70700 Total Fee Revenue				
70800 Other Government Grants		\$43,200	\$153,852	\$432,292
71100 Investment Income - Unrestricted			\$6,971	\$1,963
71200 Mortgage Interest Income				
71300 Proceeds from Disposition of Assets Held for Sale				
71310 Cost of Sale of Assets				
71400 Fraud Recovery				
71500 Other Revenue	\$1,904	\$28,777	\$9,019	\$2,115,726
71600 Gain or Loss on Sale of Capital Assets				\$1,407,730
72000 Investment Income - Restricted			\$55,445	\$472,735
70000 Total Revenue	\$2,669	\$463,338	\$6,014,016	\$9,106,699
91100 Administrative Salaries	\$5,900	\$38,874	\$346,036	\$1,664,853
91200 Auditing Fees	\$0	\$1,135	\$18,001	\$34,866
91300 Management Fee			\$88,176	
91310 Book-keeping Fee				
91400 Advertising and Marketing			\$818	\$170
91500 Employee Benefit contributions - Administrative	\$82,541	\$15,605	\$98,141	\$73,401
91600 Office Expenses	\$2,310		\$92,092	\$168,458
91700 Legal Expense	\$174		\$38,849	\$70,072
91800 Travel	\$0		\$984	\$2,039
91810 Allocated Overhead				
91900 Other	\$1,188	\$2,683	\$21,479	\$10,478
91000 Total Operating - Administrative	\$92,113	\$58,297	\$704,576	\$2,024,337
92000 Asset Management Fee				
92100 Tenant Services - Salaries				
92200 Relocation Costs			\$1,879	\$9,385
92300 Employee Benefit Contributions - Tenant Services				
92400 Tenant Services - Other			\$204	\$1,536
92500 Total Tenant Services	\$0	\$0	\$2,083	\$10,921

Kitsap County Consolidated Housing Authority (WA036)

Silverdale, WA

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 06/30/2025

	Project Total	14.218 Community Development Block Grants/Entitlement Grants	6.2 Component Unit - Blended	1 Business Activities
93100 Water			\$183,935	\$83,082
93200 Electricity			\$130,202	\$74,379
93300 Gas			\$3,956	\$18,785
93400 Fuel				
93500 Labor				
93600 Sewer			\$410,684	\$310,735
93700 Employee Benefit Contributions - Utilities				
93800 Other Utilities Expense				
93000 Total Utilities	\$0	\$0	\$728,777	\$486,981
94100 Ordinary Maintenance and Operations - Labor			\$417,100	\$308,549
94200 Ordinary Maintenance and Operations - Materials and Other			\$541,011	\$236,759
94300 Ordinary Maintenance and Operations Contracts	\$950		\$572,960	\$416,287
94500 Employee Benefit Contributions - Ordinary Maintenance			\$116,529	\$97,397
94000 Total Maintenance	\$950	\$0	\$1,647,600	\$1,058,992
95100 Protective Services - Labor				
95200 Protective Services - Other Contract Costs				
95300 Protective Services - Other				
95500 Employee Benefit Contributions - Protective Services				
95000 Total Protective Services	\$0	\$0	\$0	\$0
96110 Property Insurance				\$247,051
96120 Liability Insurance			\$256,780	
96130 Workmen's Compensation				
96140 All Other Insurance				
96100 Total insurance Premiums	\$0	\$0	\$256,780	\$247,051
96200 Other General Expenses		\$194,151	\$711,689	\$824,035
96210 Compensated Absences				\$22,461
96300 Payments in Lieu of Taxes				
96400 Bad debt - Tenant Rents	\$51,660		\$203,184	\$262,590
96500 Bad debt - Mortgages				
96600 Bad debt - Other				
96800 Severance Expense				\$3,664
96000 Total Other General Expenses	\$51,660	\$194,151	\$914,873	\$1,112,750
96710 Interest of Mortgage (or Bonds) Payable			\$1,024,948	\$11,738
96720 Interest on Notes Payable (Short and Long Term)				
96730 Amortization of Bond Issue Costs				
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$1,024,948	\$11,738
96900 Total Operating Expenses	\$144,723	\$252,448	\$5,279,637	\$4,952,770

Kitsap County Consolidated Housing Authority (WA036)

Silverdale, WA

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 06/30/2025

	Project Total	14,218 Community Development Block Grants/Entitlement Grants	6.2 Component Unit - Blended	1 Business Activities
97000 Excess of Operating Revenue over Operating Expenses	-\$142,054	\$210,890	\$734,379	\$4,153,929
97100 Extraordinary Maintenance				
97200 Casualty Losses - Non-capitalized				
97300 Housing Assistance Payments				\$79,720
97350 HAP Portability-In	-\$77			
97400 Depreciation Expense			\$871,204	\$433,130
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				
90000 Total Expenses	\$144,646	\$252,448	\$6,150,841	\$5,465,620
10010 Operating Transfer In				
10020 Operating transfer Out				
10030 Operating Transfers from/to Primary Government				
10040 Operating Transfers from/to Component Unit				
10050 Proceeds from Notes, Loans and Bonds				
10060 Proceeds from Property Sales				
10070 Extraordinary Items, Net Gain/Loss				\$0
10080 Special Items (Net Gain/Loss)				
10091 Inter Project Excess Cash Transfer In				
10092 Inter Project Excess Cash Transfer Out				
10093 Transfers between Program and Project - In				
10094 Transfers between Project and Program - Out				
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$141,977	\$210,890	-\$136,825	\$3,641,079
11020 Required Annual Debt Principal Payments	\$0	\$0	\$748,598	\$162,749
11030 Beginning Equity	\$0	\$766,813	-\$1,008,956	\$32,541,589
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$983,252	-\$204,817	\$41,500	-\$248,567
11050 Changes in Compensated Absence Balance				
11060 Changes in Contingent Liability Balance				
11070 Changes in Unrecognized Pension Transition Liability				
11080 Changes in Special Term/Severance Benefits Liability				
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents				
11100 Changes in Allowance for Doubtful Accounts - Other				
11170 Administrative Fee Equity				
11180 Housing Assistance Payments Equity				
11190 Unit Months Available	0		0	3768
11210 Number of Unit Months Leased	0		0	3308

Kitsap County Consolidated Housing Authority (WA036)

Silverdale, WA

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 06/30/2025

	5 Fiduciary	10.415 Rural Rental Housing Loans	14.239 HOME Investment Partnerships Program	14.871 Housing Choice Vouchers
70300 Net Tenant Rental Revenue		\$711,310		
70400 Tenant Revenue - Other		\$25,406		\$280
70500 Total Tenant Revenue	\$0	\$736,716	\$0	\$280
70600 HUD PHA Operating Grants			\$9,000	\$8,386,580
70610 Capital Grants				
70710 Management Fee				
70720 Asset Management Fee				
70730 Book Keeping Fee				
70740 Front Line Service Fee				
70750 Other Fees				
70700 Total Fee Revenue				
70800 Other Government Grants		\$978,782		
71100 Investment Income - Unrestricted	\$584	\$209		\$2,721
71200 Mortgage Interest Income				
71300 Proceeds from Disposition of Assets Held for Sale				
71310 Cost of Sale of Assets				
71400 Fraud Recovery				\$1,916
71500 Other Revenue	\$3,999,206	\$25,617	\$8,808	\$12,095
71600 Gain or Loss on Sale of Capital Assets				
72000 Investment Income - Restricted		\$48		\$7,370
70000 Total Revenue	\$3,999,790	\$1,741,372	\$17,808	\$8,410,962
91100 Administrative Salaries		\$122,260	\$7,774	\$123,667
91200 Auditing Fees		\$4,407	\$167	\$51
91300 Management Fee		\$145,191		\$264,482
91310 Book-keeping Fee				
91400 Advertising and Marketing		\$306		
91500 Employee Benefit contributions - Administrative		\$8,042	\$2,514	\$26,694
91600 Office Expenses		\$36,850	\$4,897	\$20,488
91700 Legal Expense		\$652		\$2,735
91800 Travel		\$769		
91810 Allocated Overhead				
91900 Other	\$0	\$1,324		\$5,872
91000 Total Operating - Administrative	\$0	\$320,001	\$15,352	\$443,989
92000 Asset Management Fee				
92100 Tenant Services - Salaries				
92200 Relocation Costs				
92300 Employee Benefit Contributions - Tenant Services				
92400 Tenant Services - Other		\$533		\$175
92500 Total Tenant Services	\$0	\$533	\$0	\$175

Kitsap County Consolidated Housing Authority (WA036)

Silverdale, WA

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 06/30/2025

	5 Fiduciary	10,415 Rural Rental Housing Loans	14,239 HOME Investment Partnerships Program	14,871 Housing Choice Vouchers
93100 Water		\$22,567		
93200 Electricity		\$33,097		
93300 Gas				
93400 Fuel				
93500 Labor				
93600 Sewer		\$115,005		
93700 Employee Benefit Contributions - Utilities				
93800 Other Utilities Expense				
93000 Total Utilities	\$0	\$170,669	\$0	\$0
94100 Ordinary Maintenance and Operations - Labor		\$105,927		\$1,619
94200 Ordinary Maintenance and Operations - Materials and Other		\$72,420		\$469
94300 Ordinary Maintenance and Operations Contracts		\$134,941		
94500 Employee Benefit Contributions - Ordinary Maintenance		\$38,397		\$12,708
94000 Total Maintenance	\$0	\$351,685	\$0	\$14,796
95100 Protective Services - Labor				
95200 Protective Services - Other Contract Costs				
95300 Protective Services - Other				
95500 Employee Benefit Contributions - Protective Services				
95000 Total Protective Services	\$0	\$0	\$0	\$0
96110 Property Insurance		\$117,850		\$1,624
96120 Liability Insurance				
96130 Workmen's Compensation				
96140 All Other Insurance				
96100 Total Insurance Premiums	\$0	\$117,850	\$0	\$1,624
96200 Other General Expenses	\$3,152,626	\$258	\$18,306	\$58,329
96210 Compensated Absences				\$0
96300 Payments in Lieu of Taxes				\$0
96400 Bad debt - Tenant Rents		\$41,678		\$0
96500 Bad debt - Mortgages				\$0
96600 Bad debt - Other				\$0
96800 Severance Expense				\$884
96000 Total Other General Expenses	\$3,152,626	\$41,936	\$18,306	\$59,213
96710 Interest of Mortgage (or Bonds) Payable		\$198,258		\$0
96720 Interest on Notes Payable (Short and Long Term)				\$0
96730 Amortization of Bond Issue Costs				\$0
96700 Total Interest Expense and Amortization Cost	\$0	\$198,258	\$0	\$0
96900 Total Operating Expenses	\$3,152,626	\$1,200,932	\$33,658	\$519,797

Kitsap County Consolidated Housing Authority (WA036)

Silverdale, WA

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 06/30/2025

	5 Fiduciary	10.415 Rural Rental Housing Loans	14.239 HOME Investment Partnerships Program	14.871 Housing Choice Vouchers
97000 Excess of Operating Revenue over Operating Expenses	\$847,164	\$540,440	-\$15,850	\$7,891,165
97100 Extraordinary Maintenance				\$0
97200 Casualty Losses - Non-capitalized				\$0
97300 Housing Assistance Payments				\$7,588,066
97350 HAP Portability-In				\$0
97400 Depreciation Expense		\$186,259		\$12,356
97500 Fraud Losses				\$0
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				\$0
90000 Total Expenses	\$3,152,626	\$1,387,191	\$33,658	\$8,120,219
10010 Operating Transfer In				\$0
10020 Operating transfer Out				\$0
10030 Operating Transfers from/to Primary Government				\$0
10040 Operating Transfers from/to Component Unit				\$0
10050 Proceeds from Notes, Loans and Bonds				
10060 Proceeds from Property Sales				
10070 Extraordinary Items, Net Gain/Loss				\$0
10080 Special Items (Net Gain/Loss)				\$0
10091 Inter Project Excess Cash Transfer In				
10092 Inter Project Excess Cash Transfer Out				
10093 Transfers between Program and Project - In				\$0
10094 Transfers between Project and Program - Out				\$0
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$847,164	\$354,181	-\$15,850	\$290,743
11020 Required Annual Debt Principal Payments	\$0	\$168,829	\$0	\$0
11030 Beginning Equity	\$227,934	\$1,994,463	\$693,709	\$801,315
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors		\$0		\$0
11050 Changes in Compensated Absence Balance				
11060 Changes in Contingent Liability Balance				
11070 Changes in Unrecognized Pension Transition Liability				
11080 Changes in Special Term/Severance Benefits Liability				
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents				
11100 Changes in Allowance for Doubtful Accounts - Other				
11170 Administrative Fee Equity				\$627,039
11180 Housing Assistance Payments Equity				\$465,019
11190 Unit Months Available		1836		6636
11210 Number of Unit Months Leased		1686		5096

Kitsap County Consolidated Housing Authority (WA036)

Silverdale, WA

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 06/30/2025

	10,420 Rural Self-Help Housing Technical Assistance	14,247 Self-Help Homeownership Opportunity Program	ELIM	Total
70300 Net Tenant Rental Revenue			\$79,720	\$9,935,876
70400 Tenant Revenue - Other				\$168,346
70500 Total Tenant Revenue	\$0	\$0	-\$79,720	\$10,104,222
70600 HUD PHA Operating Grants				\$9,805,742
70610 Capital Grants				\$0
70710 Management Fee				
70720 Asset Management Fee				
70730 Book Keeping Fee				
70740 Front Line Service Fee				
70750 Other Fees				
70700 Total Fee Revenue			\$0	\$0
70800 Other Government Grants	\$943,566	\$0		\$2,551,692
71100 Investment Income - Unrestricted	\$141	\$386		\$12,975
71200 Mortgage Interest Income				
71300 Proceeds from Disposition of Assets Held for Sale		\$2,184,000		\$2,184,000
71310 Cost of Sale of Assets		-\$1,838,244		-\$1,838,244
71400 Fraud Recovery				\$1,916
71500 Other Revenue	\$678	\$420	-\$1,971,938	\$4,230,312
71600 Gain or Loss on Sale of Capital Assets				\$1,407,730
72000 Investment Income - Restricted		\$0	-\$320,300	\$215,298
70000 Total Revenue	\$944,385	\$346,562	-\$2,371,958	\$28,675,643
91100 Administrative Salaries	\$256,123			\$2,565,487
91200 Auditing Fees	\$8,204			\$66,831
91300 Management Fee			-\$497,849	\$0
91310 Book-keeping Fee				
91400 Advertising and Marketing	\$2,400			\$3,694
91500 Employee Benefit contributions - Administrative	\$1,621			\$308,559
91600 Office Expenses	\$17,894	\$39		\$343,028
91700 Legal Expense	\$4,723			\$117,405
91800 Travel	\$2,185			\$5,977
91810 Allocated Overhead				
91900 Other	\$78		\$0	\$43,102
91000 Total Operating - Administrative	\$293,228	\$39	-\$497,849	\$3,454,083
92000 Asset Management Fee				
92100 Tenant Services - Salaries				
92200 Relocation Costs				\$11,264
92300 Employee Benefit Contributions - Tenant Services				
92400 Tenant Services - Other				\$2,448
92500 Total Tenant Services	\$0	\$0	\$0	\$13,712

Kitsap County Consolidated Housing Authority (WA036)

Silverdale, WA

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 06/30/2025

	10,420 Rural Self-Help Housing Technical Assistance	14,247 Self-Help Homeownership Opportunity Program	ELIM	Total
93100 Water				\$289,584
93200 Electricity		-\$37,526		\$200,152
93300 Gas				\$22,741
93400 Fuel				
93500 Labor				
93600 Sewer				\$836,424
93700 Employee Benefit Contributions - Utilities				
93800 Other Utilities Expense				
93000 Total Utilities	\$0	-\$37,526	\$0	\$1,348,901
94100 Ordinary Maintenance and Operations - Labor	\$255,220			\$1,088,415
94200 Ordinary Maintenance and Operations - Materials and Other	\$2,591	\$2,431		\$855,681
94300 Ordinary Maintenance and Operations Contracts				\$1,125,138
94500 Employee Benefit Contributions - Ordinary Maintenance	\$74,679			\$339,710
94000 Total Maintenance	\$332,490	\$2,431	\$0	\$3,408,944
95100 Protective Services - Labor				
95200 Protective Services - Other Contract Costs				
95300 Protective Services - Other				
95500 Employee Benefit Contributions - Protective Services				
95000 Total Protective Services	\$0	\$0	\$0	\$0
96110 Property Insurance	\$1,081			\$367,606
96120 Liability Insurance				\$256,780
96130 Workmen's Compensation				
96140 All Other Insurance	\$642			\$642
96100 Total Insurance Premiums	\$1,723	\$0	\$0	\$625,028
96200 Other General Expenses	\$239,218	\$22,391	-\$1,146,612	\$4,074,391
96210 Compensated Absences				\$22,461
96300 Payments in Lieu of Taxes				\$0
96400 Bad debt - Tenant Rents				\$559,112
96500 Bad debt - Mortgages				\$0
96600 Bad debt - Other				\$0
96800 Severance Expense				\$4,548
96000 Total Other General Expenses	\$239,218	\$22,391	-\$1,146,612	\$4,660,512
96710 Interest of Mortgage (or Bonds) Payable			-\$455,596	\$779,348
96720 Interest on Notes Payable (Short and Long Term)				\$0
96730 Amortization of Bond Issue Costs				\$0
96700 Total Interest Expense and Amortization Cost	\$0	\$0	-\$455,596	\$779,348
96900 Total Operating Expenses	\$866,659	-\$12,665	-\$2,100,057	\$14,290,528

Kitsap County Consolidated Housing Authority (WA036)

Silverdale, WA

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 06/30/2025

	10,420 Rural Self-Help Housing Technical Assistance	14,247 Self-Help Homeownership Opportunity Program	ELIM	Total
97000 Excess of Operating Revenue over Operating Expenses	\$77,726	\$359,227	-\$271,901	\$14,385,115
97100 Extraordinary Maintenance				\$0
97200 Casualty Losses - Non-capitalized				\$0
97300 Housing Assistance Payments			-\$79,720	\$7,588,066
97350 HAP Portability-In				-\$77
97400 Depreciation Expense				\$1,502,949
97500 Fraud Losses				\$0
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				\$0
90000 Total Expenses	\$866,659	-\$12,665	-\$2,179,777	\$23,381,466
10010 Operating Transfer In				\$0
10020 Operating transfer Out				\$0
10030 Operating Transfers from/to Primary Government				\$0
10040 Operating Transfers from/to Component Unit				\$0
10050 Proceeds from Notes, Loans and Bonds				
10060 Proceeds from Property Sales				
10070 Extraordinary Items, Net Gain/Loss				\$0
10080 Special Items (Net Gain/Loss)				\$0
10091 Inter Project Excess Cash Transfer In				
10092 Inter Project Excess Cash Transfer Out				
10093 Transfers between Program and Project - In				\$0
10094 Transfers between Project and Program - Out				\$0
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$77,726	\$359,227	-\$192,181	\$5,294,177
11020 Required Annual Debt Principal Payments	\$0	\$0		\$1,080,176
11030 Beginning Equity	\$199,477	\$2,817,521	-\$2,473,750	\$36,560,115
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors				\$571,368
11050 Changes in Compensated Absence Balance				
11060 Changes in Contingent Liability Balance				
11070 Changes in Unrecognized Pension Transition Liability				
11080 Changes in Special Term/Severance Benefits Liability				
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents				
11100 Changes in Allowance for Doubtful Accounts - Other				
11170 Administrative Fee Equity				\$627,039
11180 Housing Assistance Payments Equity				\$465,019
11190 Unit Months Available				12240
11210 Number of Unit Months Leased				10090