



Office of the Washington State Auditor
Pat McCarthy

**Financial Statements and Federal Single Audit
Report**

**Housing Authority of the City of
Everett**

For the period July 1, 2018 through June 30, 2019

Published March 2, 2020

Report No. 1025719





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

March 2, 2020

Board of Commissioners
Housing Authority of the City of Everett
Everett, Washington

Report on Financial Statements and Federal Single Audit

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

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

Sincerely,

Pat McCarthy
State Auditor
Olympia, WA

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Housing Authority of the City of Everett July 1, 2018 through June 30, 2019

SECTION I – SUMMARY OF AUDITOR’S RESULTS

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

Financial Statements

We issued an unmodified opinion on the fair presentation of the financial statements of the business-type activities and the aggregate discretely presented component units in accordance with accounting principles generally accepted in the United States of America (GAAP).

Internal Control over Financial Reporting:

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

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

Federal Awards

Internal Control over Major Programs:

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

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

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

Identification of Major Federal Programs

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

<u>CFDA No.</u>	<u>Program or Cluster Title</u>
14.871	Housing Voucher Cluster – Section 8 Housing Choice Vouchers

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was \$1,210,333.

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

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

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

**Housing Authority of the City of Everett
July 1, 2018 through June 30, 2019**

Board of Commissioners
Housing Authority of the City of Everett
Everett, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of the Housing Authority of the City of Everett, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements, and have issued our report thereon dated February 24, 2020.

Our report includes a reference to other auditors who audited the financial statements of the Wiggums Park Place Limited Liability Limited Partnership, Broadway Plaza Limited Liability Limited Partnership, Pivotal Point Limited Liability Limited Partnership, Bakerview/Grandview Affordable Housing Limited Liability Limited Partnership, Everett Affordable Housing Portfolio Limited Liability Limited Partnership, EHA Senior Housing I Limited Liability Limited Partnership (collectively, the partnerships); as well as Lynn Woods Senior Housing Association of Snohomish County, Silver Lake Senior Housing Association of Snohomish County, Lake Woods Senior Housing Association of Snohomish County, Lynn Crest Senior Housing Association of Snohomish County, Silver View Senior Housing Association, Evergreen Court Senior Housing Association, Village East Senior Housing Association, Meadow Park Senior Housing Association, Scriber Pointe Senior Housing Association, Evergreen Village Senior Housing Association and Hawkins House Senior Housing Association, as described in our report on the Housing Authority's financial statements. This report includes our considerations of the results of the other auditors' testing on internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors. The financial statements of the partnerships were not audited in accordance with

Governmental Auditing Standards and accordingly this report does not include reporting on internal controls over financial reporting or instances of reportable noncompliance associated with these partnerships

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

Our consideration of internal control was for the limited purpose described 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

COMPLIANCE AND OTHER MATTERS

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

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

PURPOSE OF THIS REPORT

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

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

Pat McCarthy
State Auditor
Olympia, WA

February 24, 2020

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

Housing Authority of the City of Everett July 1, 2018 through June 30, 2019

Board of Commissioners
Housing Authority of the City of Everett
Everett, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited the compliance of the Housing Authority of the City of Everett, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Housing Authority's major federal programs for the year ended June 30, 2019. The Housing Authority's major federal programs are identified in the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Housing Authority's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain

reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the Housing Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Housing Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

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

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

Pat McCarthy

State Auditor

Olympia, WA

February 24, 2020

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Housing Authority of the City of Everett July 1, 2018 through June 30, 2019

Board of Commissioners
Housing Authority of the City of Everett
Everett, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the Housing Authority of the City of Everett, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements as listed on page 16.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Wiggums Park Place Limited Liability Limited Partnership, Broadway Plaza Limited Liability Limited Partnership, Pivotal Point Limited Liability Limited Partnership, Bakerview/Grandview Affordable Housing Limited Liability Limited Partnership, Everett Affordable Housing Portfolio Limited Liability Limited Partnership, EHA Senior Housing I Limited Liability Limited Partnership (collectively, the partnerships); as well as Lynn Woods Senior Housing Association of Snohomish County, Silver Lake Senior Housing Association of Snohomish County, Lake Woods Senior Housing Association of Snohomish County, Lynn Crest Senior Housing Association of Snohomish County, Silver View Senior Housing Association, Evergreen Court Senior Housing Association, Village East Senior

Housing Association, Meadow Park Senior Housing Association, Scriber Pointe Senior Housing Association, Evergreen Village Senior Housing Association and Hawkins House Senior Housing Association, which combined represent 100 percent of the assets, net position and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for these entities is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the partnerships, as well as Lynn Woods Senior Housing Association of Snohomish County, Silver Lake Senior Housing Association of Snohomish County, Lake Woods Senior Housing Association of Snohomish County, Lynn Crest Senior Housing Association of Snohomish County, Silver View Senior Housing Association, Evergreen Court Senior Housing Association, Village East Senior Housing Association, Meadow Park Senior Housing Association, Scriber Pointe Senior Housing Association, Evergreen Village Senior Housing Association and Hawkins House Senior Housing Association were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Housing Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Housing Authority of the City of Everett, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed on page 16 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority's basic financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The accompanying Financial Data Schedule and HUD forms are supplementary information required by HUD. These schedules are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and

reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of other auditors, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2020 on our consideration of the Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority's internal control over financial reporting and compliance.



Pat McCarthy

State Auditor

Olympia, WA

February 24, 2020

FINANCIAL SECTION

Housing Authority of the City of Everett July 1, 2018 through June 30, 2019

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2019

BASIC FINANCIAL STATEMENTS

Statement of Net Position – 2019

Statement of Revenues, Expenses and Changes in Net Position – 2019

Statement of Cash Flows – 2019

Notes to Financial Statements – 2019

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportionate Share of Net Pension Liability – PERS 1 and PERS 2/3 – 2019

Schedule of Employer Contributions – PERS 1 and PERS 2/3 – 2019

Notes to the Required Supplementary Information – 2019

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Expenditures of Federal Awards – 2019

Notes to the Schedule of Expenditures of Federal Awards – 2019

Financial Data Schedule – 2019

Actual Modernization Cost Certificate, form HUD-53001, project WA01P006501-16 –
2019

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Management's Discussion and Analysis

June 30, 2019

The Housing Authority of the City of Everett ("EHA" or the "Authority") is pleased to present its financial statements for the year ended June 30, 2019, which have been 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. GAAP requires the inclusion of three basic financial statements: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. Additionally, GASB requires the inclusion of this Management's Discussion and Analysis ("MD&A") as supplementary information to the financial statements. MD&A is an objective analysis of the government's financial activities, the overall financial position and results of operations intended to assist users of the financial statements in assessing whether the financial position has improved or deteriorated as a result of the year's activities.

Our MD&A is intended to assist users of the financial statements in identifying what management considers significant financial issues, provide an overview of the financial performance for the year ended June 30, 2019, identify and offer a discussion regarding any changes in EHA's financial position as well as provide currently known facts, decisions, or conditions that are expected to have a significant effect on EHA's financial position or operations. Please read this MD&A in conjunction with the financial statements.

EHA prepares its financial statements on the accrual basis of accounting consistent with GAAP. Revenues are recognized in the period in which they are earned and expenses, including depreciation, are recognized in the period in which they are incurred. All assets and liabilities associated with the operations of EHA are included in the statement of net position.

Financial Highlights

- Total net position increased by \$5,108,759 (4.9%) during the fiscal year ended June 30, 2019. The Authority showed \$1.89 million in operating income, mostly due to developer fee earned and an increase in grants and subsidies. In addition, \$2.98 million in interest income and \$292,073 in capital contributions were recorded.
- The Authority is the general partner in six tax credit partnerships which are reported as discretely presented component units. In addition, the Authority is the sponsor and manager of eleven 501(c)3 organizations which operate low-income housing properties. These nonprofit organizations are reported as discretely presented component units. The financial performance discussed in this MD&A does not include the financial activity of any of the tax credit partnerships or nonprofit organizations. More information about these entities is included in the Notes to the Financial Statements.
- EHA's total assets and deferred outflows of resources exceeded the total liabilities and deferred inflows of resources by \$110,193,492 at June 30, 2019. This is comprised of three amounts. The first portion is unrestricted net position of \$100,798,389, which may be used to meet ongoing obligations. The second portion, investments in capital assets net of associated debt amounted to \$8,915,883, and the third, remaining portion of \$479,220 is restricted to meet defined obligations.
- Overall, capital assets decreased by \$248,107, largely due to retirement and disposal of obsolete vehicles and equipment offset by a net increase in construction in progress and the purchase of new vehicles and equipment. In addition, there was a \$110,500 prior period adjustment to restate land value from fair market to historical value.

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Management's Discussion and Analysis

June 30, 2019

- Total liabilities increased by \$3,194,242 (7.6%) from the prior year. Most fluctuations in liabilities were minor and related to normal business operations. In addition, during the fiscal year the Authority borrowed an additional \$4.5 million in construction bonds related to the renovation of several buildings on behalf of Wiggums Park Place LLLP and other bonds that had been issued by EHA on behalf of five other tax credit partnerships were paid down during the fiscal year.
- Operating expenses increased by \$5,517,768 (13.1%) from the prior year largely due to an increase in housing assistance payments of \$5.4 million in our Section 8 Housing Choice Voucher ("HCV") program. This increase occurred as the Authority continued to receive new allocations of Tenant Based vouchers related to the Section 18 disposition of our final two Public Housing projects. In addition, rents in our area continue to rise and HUD increased fair market rents on October 1, 2018. EHA increased our payment standards effective January 1, 2019. Relating to other operating expenses, administrative expenses decreased by \$121,496, tenant services costs increased by \$225,367 and maintenance expenses increased by \$133,965. The increases in tenant services are also correlated with expenses related to the relocation of tenants from our Baker Heights property. There were normal inflationary increases in salaries, benefits, and other operating costs, however pension expenses decreased significantly in the current year as a result of adjustments required under GASB.
- Operating revenues (outside of HUD operating grants) increased \$2.719 million (42.8%) from the prior year. EHA earned \$2.715 million in development fee revenue for the year ended June 30, 2019 when none was earned in the prior year. Rent revenues were down \$355,745 due to vacancies from the ongoing relocation of tenants out of our Public Housing properties as the Section 18 disposition process continues. This decrease was offset as other categories of revenue showed slight increases. HUD operating grant revenues increased \$6.6 million (19.7%) over the prior year due mostly to increases in our Section 8 HCV program subsidy as discussed in the paragraph above, but also due to increases in other grants and subsidies as well as administrative fee revenues.
- Non-operating revenues (net of non-operating expenses) decreased by \$8,546,110 (74.5%). While interest income increased by \$286,586 compared to the prior year, there were no gains on the sale of capital assets related to tax credit partnerships when there had been \$8.2 million in gains from this activity in 2018. In addition, in 2018 EHA had received a \$591,514 legal settlement resulting from the Authority's participation in a successful lawsuit related to a funding offset implemented in 2012 by HUD. There were no such settlements in 2019.

Overview of the Basic Financial Statements

EHA's financial statements are comprised of two components: 1) the basic financial statements and 2) notes to the basic financial statements that provide additional information and more detailed data.

The *Statement of Net Position* presents information on EHA's assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position of the Authority at the end of the fiscal year. Assets are presented in the order of liquidity and are classified as "current" (convertible to cash within one year) and "non-current". "Current" liabilities are obligations that should be satisfied within one year and liabilities that do not meet this expectation are classified as "non-current".

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON
Management's Discussion and Analysis
June 30, 2019

The purpose of this statement is to provide readers with a snapshot of the fiscal condition of the Authority as of a certain point in time through representation of the net position net of liabilities, for the entire Authority. Over time, increases or decreases in net position may serve as useful indicators as to whether EHA's financial health is improving or deteriorating.

The *Statement of Revenues, Expenses and Changes in Net Position* reports the Authority's operating revenues such as rental income and subsidy and operating expenses such as administrative, utilities, maintenance, etc. It also reports non-operating revenues such as interest income and gains and non-operating expenses such as interest expense. It presents information showing how EHA's net position changed during the year, which is similar to net income or loss. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported for some items that will only result in cash flows in future years.

The *Statement of Cash Flows* reports how EHA's cash was used in and provided by its operating, non-capital financing, capital and related financing, and investing activities during the year. The net of these activities is added to the beginning year cash balance to reconcile to the cash balance at June 30, 2019. EHA uses the direct method of presenting cash flows, which includes a reconciliation of operating activities to operating income. This statement reflects cash inflows and outflows that occurred throughout the year.

Notes to the Basic Financial Statements provide financial statement disclosures that are an integral part of the basic financial statements. Such disclosures provide more detailed and explanatory information and are essential to a comprehensive understanding of the information provided in the basic financial statements.

Net position is summarized in the table below: *

	June 30	
	2019	2018 **
Assets:		
Current assets	\$ 30,168,389	\$ 22,231,927
Capital assets, net	11,391,053	11,639,160
Other non-current assets	113,985,209	112,825,774
Total assets	<u>155,544,651</u>	<u>146,696,861</u>
Deferred outflows of resources related to pensions	<u>1,110,545</u>	<u>1,195,665</u>
Total assets and deferred outflows of resources	156,655,196	147,892,526
Liabilities:		
Current liabilities	7,872,220	1,946,267
Non-current liabilities	37,462,644	40,194,355
Total liabilities	<u>45,334,864</u>	<u>42,140,622</u>
Deferred inflows of resources related to pensions	<u>1,126,840</u>	<u>667,171</u>
Total liabilities and deferred inflows of resources	46,461,704	42,807,793
Net position:		
Net investment in capital assets	8,915,883	9,109,112
Restricted	479,220	27,187
Unrestricted	100,798,389	95,948,434
Total net position	<u>\$ 110,193,492</u>	<u>\$ 105,084,733</u>

* Component units are not included.

** Beginning balance has been restated, see Note 17

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Management's Discussion and Analysis

June 30, 2019

Total assets of the Authority at June 30, 2019 and 2018 amounted to \$155,544,651 and \$146,696,861, respectively. Current assets are comprised of cash, investments, receivables, current portion of notes and interest receivable, current portion of development fee receivable inventories, prepaid items, and restricted assets. Current assets of \$30.2 million are approximately \$7.9 million (36%) higher at June 30, 2019 than June 30, 2018, due to an increase in short term notes receivable of approximately \$5.78 million. The increase in current notes receivable is primarily due to an increase in construction bond debt issued for our Wiggums Park Place LLLP tax credit partnership. The conversion of this debt to a long-term permanent note is expected to be funded with an equity installment payment from the limited partner in 2020.

Total liabilities of the Authority, which are segregated between current and non-current portions, increased by 7.6% to \$45,334,864 at June 30, 2019 from \$42,140,622 at June 30, 2018. Current liabilities include accounts payable, accrued expenses, unearned revenue, tenant security deposits and the current portions of notes and bonds payable. A liability is considered to be current if it is due within one year. Current liabilities increased 304% from 2018 to 2019 primarily due to the 2020 expected paydown of bonds used to finance construction activities in one of our tax credit partnerships. Non-current liabilities decreased 7% in 2019 primarily because of the conversion of short-term construction bonds to long term permanent debt issued by the Authority.

EHA's current ratio reflects the relationship between current assets and current liabilities and is a measure of EHA's ability to liquidate its current obligations. EHA's current ratio decreased from 11.42:1 in 2018 to 3.83:1 in 2019.

Net position represents the equity of EHA after total liabilities and deferred inflows of resources are subtracted from total assets and deferred outflows of resources. Net position is divided into three major categories. The first category, *net investment in capital assets*, shows EHA's equity in land, buildings and improvements, construction in progress, and equipment, reduced by accumulated depreciation and related outstanding debt. The second category, *restricted net position*, has external limitations on the way in which these assets can be used. The last category, *unrestricted net position*, is available to be used by the Authority for any lawful and prudent purpose in pursuit of EHA's mission.

The Authority's total net position increased by \$5,108,759 during the year. Cash increased by approximately \$1.3 million, short term assets increased because of a note receivable related to construction bonds issued by the Authority on the behalf of our Wiggums Park Place LLLP construction efforts, which we expect will be paid off in 2020, and long term assets increased largely due to an increase in long term receivables related to our tax credit partnerships. These large increases were offset by higher liabilities associated with bonds payable related to our tax credit partnerships and decreased amounts associated with the Authority's pension liability. The remainder of the change in net position resulted from ordinary operations of the Authority and capital fund contributions from HUD. There was operating income of \$1.9 million which included \$2.7 million in developer fee earned but not collected and \$497,142 in depreciation expense during the year.

While operating results are a significant measure of the Authority's activities, the analysis of the changes in unrestricted net position may provide a clearer picture of financial well-being.

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON
Management's Discussion and Analysis
June 30, 2019

Changes in Unrestricted Net Position

Changes in unrestricted net position are summarized in the following table:

Unrestricted net position, June 30, 2018	\$ 95,948,434
Total change in net position	5,108,759
Adjustments:	
Depreciation (1)	497,142
Adjusted change in net position	5,605,901
Payments on capital asset long-term debt borrowings	(54,877)
Capital asset reductions	(249,036)
Increase in restricted assets	(452,033)
Unrestricted net position, June 30, 2019	<u>\$ 100,798,389</u>

(1) Depreciation is treated as an expense and reduces the amount invested in capital assets, net of related capital debt, but does not have an impact on unrestricted net assets.

Financial Analysis

Revenues, Expenses and Changes in Net Position

Changes in net position are summarized in the table below: *

	Year Ended June 30	
	2019	2018
Operating revenues	\$ 49,441,164	\$ 40,084,384
Non-operating revenues	2,988,817	11,532,800
Total revenues	52,429,981	51,617,184
Operating expenses	47,548,211	42,032,570
Non-operating expenses	65,084	62,957
Total expenses	47,613,295	42,095,527
Excess before contributions	4,816,686	9,521,657
Capital grant contributions	292,073	434,655
Change in net position	5,108,759	9,956,312
Net position, beginning of year	105,084,733	95,017,921
Prior period adjustment	-	110,500
Net position, end of year	<u>\$ 110,193,492</u>	<u>\$ 105,084,733</u>

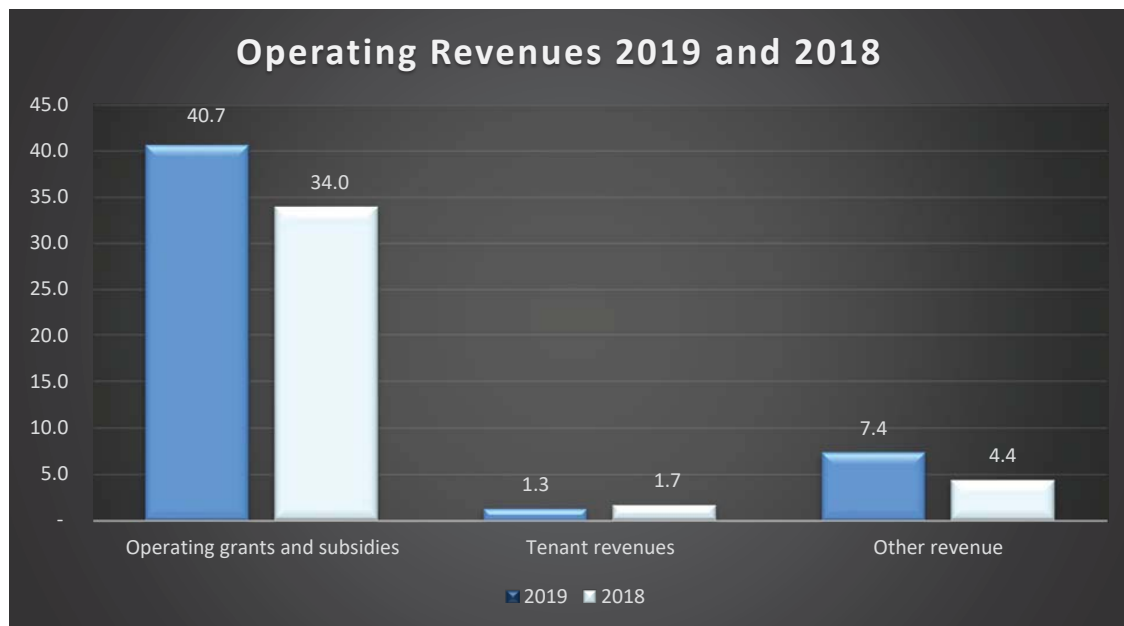
* Component units are not included.

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON
Management's Discussion and Analysis
June 30, 2019

The Authority had operating income of \$1,892,953 compared to an operating loss of \$1,948,186 in 2018. Operating revenues were 23.3% higher in 2019 than 2018 which was primarily due to an increase in grants and subsidies as well as smaller increases in other revenue and an increase in development fee revenue.

The Authority received 20.7% more in Housing Choice Voucher HAP subsidy and earned 12% more in Housing Choice Voucher Administrative Fee revenue in 2019 than 2018. Operating expenses were 13.1% higher in 2019 than 2018 primarily because our Housing Assistance Payments increased by \$5.4 million (15.5%) but also due to increased costs for tenant services partly due to the Section 18 disposition program as discussed previously in the Financial Highlights section of the MD&A. The Public Housing program had a small net loss of \$49,047 before depreciation and capital contributions in 2019, again primarily due to costs associated with vacating our final two Public Housing projects, Baker Heights and Scattered Sites, in preparation for the previously disclosed Section 18 disposition. Public Housing properties have sufficient operating reserves to bear these losses and the Authority expects to continue utilizing those reserves in the coming year. Public housing grant subsidies increased due to receipt of HUD's asset repositioning fee ("ARF") monies associated with the disposition process. ARF began in April of 2018 for Baker Heights and October of 2019 for Scattered Sites. This funding will be available in diminishing amounts for a period of twenty-four months of the onset of the funding for each property during the Section 18 disposition process. Baker Heights ARF funding is expected to end after March 2020 and Scattered Sites is expected to end no later than September of 2021. Capital grant revenue decreased somewhat because we have not drawn all funds for a planned project. This grant is reimbursable and as expenditures are made, funding is provided. Substantially all capital funding available to the agency has been obligated and is expected to be spent in the timeline required. Tenant rent revenues decreased by 21%, again due to relocation expenses associated with the disposition of Baker Heights and Scattered Sites.

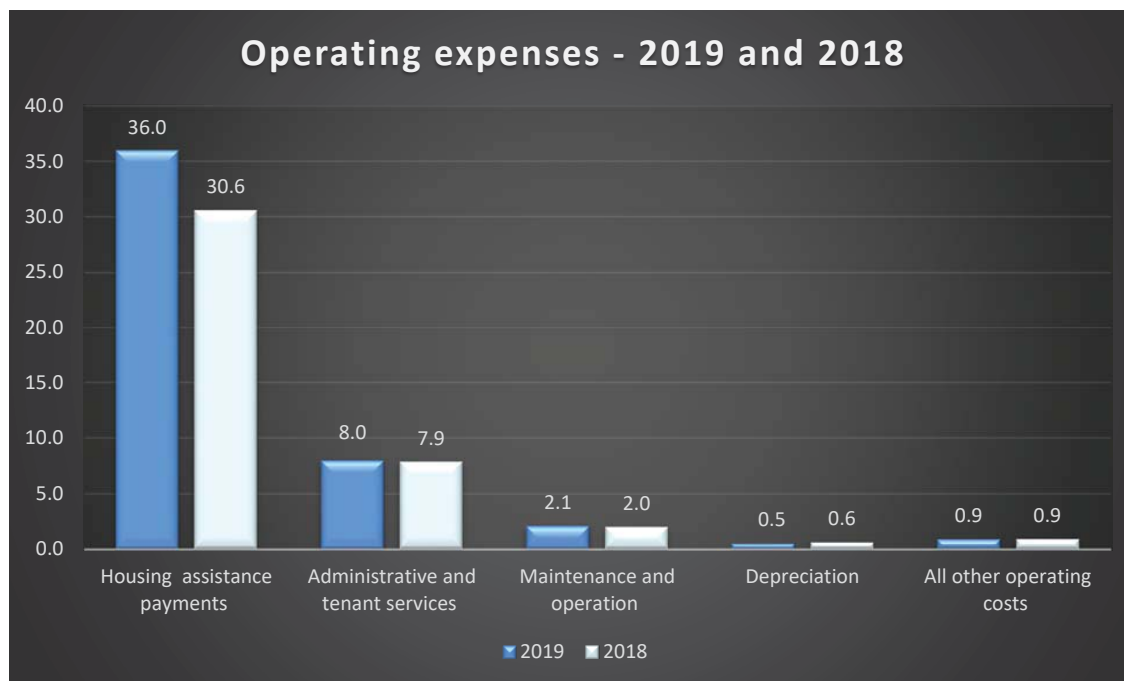
Operating revenues for the entire primary government are shown in detail in the chart below:



Dollars (in millions)

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON
Management's Discussion and Analysis
June 30, 2019

Operating expenses are shown in detail in the chart below:



Dollars (in millions)

Capital Assets and Debt Administration

The EHA's capital assets are summarized in the table below:

	June 30	
	2019	2018*
Land and site improvements	\$ 3,513,664	\$ 3,513,664
Building and building improvements	23,294,517	23,190,803
Equipment	1,383,130	1,466,716
Construction in progress	401,847	354,317
Total capital assets	28,593,158	28,525,500
Less accumulated depreciation	(17,202,105)	(16,886,340)
Net capital assets	<u>\$ 11,391,053</u>	<u>\$ 11,639,160</u>

* Beginning balance has been restated, see Note 17

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Management's Discussion and Analysis

June 30, 2019

The net investment in capital assets decreased by approximately \$193,229 (2.1%) during the year. As of June 30, 2019 EHA, had incurred pre-development, legal, and other costs for projects in conjunction with the re-development of a portion of our Baker Heights project as well as smaller capital improvements in other developments and our central office building.

Some equipment was acquired, and others disposed of during the year. Depreciation of \$497,142 was recorded during the year. Note 6 of the Authority's basic financial statements provides additional detail regarding the changes in capital assets during the year.

EHA's outstanding notes and bonds payable is summarized in the table below:

	June 30	
	2019	2018
Current portion of notes and bonds payable	\$ 6,140,548	\$ 360,132
Bonds payable - long term	30,696,021	32,252,460
Notes payable - long term	3,223,946	3,246,706
Total notes and bonds payable	<u>\$ 40,060,515</u>	<u>\$ 35,859,298</u>

The increase in the current portion of notes and bonds payable is due to construction bonds which were used to finance the renovations at our Wiggums Park Place, LLLP partnership. A portion of those bonds will be paid off and the rest converted to permanent debt in 2020. All debt service payments were made in 2019 as scheduled. Please refer to Note 8 of the Notes to the Financial Statements for more information on long-term debt.

The current portion of notes and bonds payable consists of principal amounts due within twelve months. The majority of long-term bonds payable is permanent bond debt associated with our six tax credit partnerships. The corresponding notes receivable from the partnerships offset that debt. Operating income from the tax credit partnerships is expected to meet the annual debt obligations of these bonds.

Economic Factors Affecting the Housing Authority

The majority of EHA's funding is from the Housing and Urban Development (HUD) agency of the federal government in the form of public housing operating subsidies, capital fund grants, Section 8 housing assistance payments and administrative fees, and other smaller grants. Therefore, the Authority is heavily reliant on the federal government and subject to legislation that governs that funding. While housing authorities have been underfunded for most of the past decade, the following funding impacts from such actions were experienced in 2019 and are expected for 2020:

- The administrative cost portion of the Section 8 Housing Choice Voucher program was funded at varying rates from 79.4% to 80.6% during 2019 and is expected to be funded at similar rates during 2020. Administering this program continues to be challenging at this level of funding. Housing Assistance Payments (HAP) are funded at 99.5% of eligibility during the calendar year 2019 with an inflation renewal factor of 1.02172 (2.172%). Eligibility is based primarily on prior year expenditures and prorated according to HUD's budgetary constraints.

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Management's Discussion and Analysis

June 30, 2019

- During the fiscal year ended June 30, 2019, rents in our area continued to rise although the rate of this rise appears to be slowing. Because of higher rents and HUD's current eligibility formula, it is possible that our future budget authority may not meet the needs of our program. Near the end of the 2019 calendar year, EHA applied for and received over \$1.358 million in shortfall funding from HUD. We may apply for set-aside shortfall funding from HUD during the 2020 calendar year if funding provided does not meet the needs of our program.
- Although our unrestricted cash reserve available to help pay for administration of the HCV program has dwindled in recent years, we believe that we have sufficient unrestricted cash to administer this program. We operate prudently and plan to continue to carefully manage this program. However, as always there is no guarantee that funding will continue at a sufficient level and the viability of this program is heavily reliant on Congressional budgetary action and HUD funding.
- In the fiscal year 2019, although HUD's funding from the federal budget for the Low-Rent Public Housing operating subsidy increased by 3.4%, funding varied between 88.7% and 97.26% of eligibility and is expected to be funded at about the same rate in 2020.
- For more than 15 years, capital fund grants provided by HUD for the Public Housing program have been insufficient to meet the capital repair and replacement needs of housing authorities across the country. HUD decreased EHA's capital grant award from \$605,848 in 2018 to \$592,807 in 2019. At this level of funding, there are not sufficient monies to complete all the outstanding capital repairs that our public housing properties need and are projected to continue to need in the future. We do not know what funding levels will be in the coming years. Three of our former public housing projects have converted to tax credit partnerships and they no longer rely on Capital Fund grants. Our final two Public Housing projects are undergoing an approved Section 18 disposition action.
- When adjusted for inflation, Congress and the federal government has for many years cut federal housing subsidies, presumably due to changes in federal budget priorities. The trend in reduced funding continues to have an impact on EHA's economic position because federal housing dollars make up the largest source of revenue for the Authority. Because of this decline and because of continued increasing demand for affordable housing in our area, EHA must pursue funding opportunities outside the Public Housing program. During the 2019 fiscal year, EHA received \$1.065 million in federal operating subsidy for its Public Housing program and \$39.3 million in federal funds to operate the Section 8 Housing Choice Voucher program.
- EHA continues to develop an assertive strategy to increase our housing portfolio through acquisition and development of affordable housing primarily utilizing the Low-Income Housing Tax Credit program. In addition, in recent years EHA has expanded our housing portfolio by assuming the sponsorship and management of eleven affordable senior housing complexes in Everett and Snohomish County. These complexes operate as nonprofit corporations and are included in EHA's financial statements as discretely presented component units.
- Because of the economic conditions discussed above, and for other reasons, EHA submitted Section 18 disposition applications to HUD's Special Application Center requesting that we be allowed to dispose of both of our remaining Public Housing projects. On June 6, 2017 we received approval from HUD to proceed with the disposition of the 244-unit Public Housing project known as Baker Heights. EHA received an allocation of 244 new Tenant Protection Vouchers from HUD in order

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Management's Discussion and Analysis

June 30, 2019

to continue to provide assistance to affected tenants as they relocate to new housing. Tenants were offered relocation assistance from EHA's relocation team and the process of vacating Baker Heights was completed in October of 2019. The Authority has signed a Memorandum of Understanding with Washington State University, who intends to purchase nearly ten acres of the Baker Heights site. The Authority plans to demolish the obsolete buildings on the remaining portion of the site and construct new affordable housing. We expect that construction will be done in phases and will commence in late 2020 or early 2021.

- On July 20, 2018, EHA received approval to dispose of our final remaining 44-unit Public Housing Scattered Sites properties. We received an allocation of 44 new Tenant Protection Vouchers from HUD in order to continue to offer subsidy to all affected households as they move to new homes. EHA is offering assistance to these households and relocation is currently underway and expected to be complete in 2020. As buildings are vacated, they will be sold at fair market value. The Authority has begun the process of selling vacated units and expects to close on the first group of sales in late 2019.
- EHA is currently exploring funding options for the acquisition and/or new development of other replacement low income housing to be at least partially paid for with the proceeds of the sales of these two projects. However, the rising cost of housing and construction costs in the Everett area continues to create challenges for EHA and our clients.

Additional significant economic factors affecting the Authority are as follows:

- Local labor supply and demand, which affect salary and wage rates of the Authority as well as the cost of construction and other contracts.
- Collective bargaining negotiations and agreements.
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income.
- Inflationary pressure on utility rates, supplies and other costs, which affects the costs of the programs.
- Employee health insurance and other benefit costs continue to rise, and new laws require that we will pay more for additional benefits in the future.
- Interest rates, which affect both investment revenue and debt financing.
- The bond and tax credit markets as they affect the Authority's ability to attract equity investment and finance property redevelopment.

Requests for Information

This financial report is designed to provide the reader with a general overview of EHA's finances and to demonstrate EHA's financial accountability over its resources. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Executive Director, Housing Authority of the City of Everett, 3107 Colby Ave., Everett, WA 98201. EHA's web site may be found at www.evha.org.

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Statement of Net Position

June 30, 2019

	Primary Government	Component Unit Discretely Presented
Assets and Deferred Outflows of Resources		
Current assets:		
Cash and cash equivalents - unrestricted	\$ 19,642,972	\$ 3,015,189
Cash and cash equivalents - restricted	882,491	7,010,179
Receivables - net	2,982,463	108,517
Interest receivable - current portion	501,177	-
Inventories	41,969	-
Prepaid expenses and other current assets	21,198	244,898
Notes and leases receivable - current portion	6,096,119	-
Total current assets	<u>30,168,389</u>	<u>10,378,783</u>
Non-current assets:		
Capital assets:		
Land	3,513,664	12,702,417
Property and equipment, net	7,475,542	157,452,112
Construction in progress	401,847	-
Total capital assets	<u>11,391,053</u>	<u>170,154,529</u>
Notes, interest and leases receivable	107,959,270	-
Development fee notes and other assets	6,025,939	740,851
Total non-current assets	<u>125,376,262</u>	<u>170,895,380</u>
Total assets	<u>155,544,651</u>	<u>181,274,163</u>
Deferred outflows of resources related to pensions	<u>1,110,545</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>156,655,196</u>	<u>181,274,163</u>
Liabilities, Deferred Inflows of Resources and Net Position		
Current liabilities:		
Accounts payable	190,382	773,518
Accrued expenses	577,805	195,175
Unearned revenue	24,208	18,958
Tenant security deposits	39,440	381,489
Other credits and current liabilities	205,155	641,377
Money held in escrow (FSS escrow)	207,281	-
Notes and bonds payable - current portion	6,140,548	2,856,413
Accrued interest payable - current portion	487,401	842,095
Total current liabilities	<u>7,872,220</u>	<u>5,709,025</u>
Non-current liabilities:		
Notes and bonds payable, less current portion	33,919,968	111,597,601
Accrued interest payable, less current portion	221,684	9,231,931
Accrued compensated absences, less current portion	318,515	189,746
Money held in escrow (FSS escrow)	156,550	-
Net pension liability	2,845,927	-
Total non-current liabilities	<u>37,462,644</u>	<u>121,019,278</u>
Total liabilities	<u>45,334,864</u>	<u>126,728,303</u>
Deferred inflows of resources related to pensions	<u>1,126,840</u>	<u>-</u>
Total Liabilities and Deferred Inflows of Resources	<u>46,461,704</u>	<u>126,728,303</u>
Net position:		
Net investment in capital assets	8,915,883	56,293,349
Restricted	479,220	6,628,690
Unrestricted (deficit)	100,798,389	(8,376,179)
Total Net Position	<u>\$ 110,193,492</u>	<u>\$ 54,545,860</u>

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

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON
Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2019

	Primary Government	Component Unit Discretely Presented
Operating revenues:		
Tenant rents	\$ 1,315,804	\$ 12,221,029
HUD operating grants and subsidies	40,379,274	-
Other operating grants	313,776	137,205
Other tenant charges	26,792	149,539
Management fees	724,981	-
Development fee earned	2,715,545	-
Other revenue	3,964,992	9,746,304
	<hr/>	<hr/>
Total operating revenues	49,441,164	22,254,077
	<hr/>	<hr/>
Operating expenses:		
Administrative	6,445,419	3,167,051
Tenant services	1,558,832	484,592
Utilities	316,050	1,228,506
Maintenance & operations	2,130,559	2,754,086
General	573,817	587,914
Housing assistance payments	36,026,392	-
Interest expense - amortization of debt issuance costs	-	139,560
Depreciation	497,142	5,204,881
	<hr/>	<hr/>
Total operating expenses	47,548,211	13,566,590
	<hr/>	<hr/>
Operating income (loss)	1,892,953	8,687,487
	<hr/>	<hr/>
Non-operating revenues (expenses):		
Interest income	2,988,817	51,624
Interest expense	(65,084)	(3,938,349)
	<hr/>	<hr/>
Total non-operating revenues (expenses)	2,923,733	(3,886,725)
	<hr/>	<hr/>
Income (loss) before contributions	4,816,686	4,800,762
	<hr/>	<hr/>
Capital contributions - HUD	292,073	-
Total contributions	292,073	-
	<hr/>	<hr/>
Change in net position	5,108,759	4,800,762
	<hr/>	<hr/>
Net position - beginning of year	104,974,233	49,745,098
	<hr/>	<hr/>
Prior period adjustment	110,500	-
	<hr/>	<hr/>
Net position - end of year	\$ 110,193,492	\$ 54,545,860
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The accompanying notes are an integral part of these financial statements.

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Statement of Cash Flows

Year Ended June 30, 2019

	<u>Primary Government</u>
Cash flows from operating activities:	
Receipts from HUD grants	\$ 40,357,877
Receipts from other grants	232,155
Receipts from tenants	1,335,540
Receipts from others	4,778,212
Payments to employees and on behalf of employees	(8,649,820)
Payments to suppliers for goods and services	(2,847,645)
Payments to landlords for housing assistance	(35,923,975)
Payments to component units	(137,205)
	<hr/>
Net cash used for operating activities	(854,861)
	<hr/>
Cash flows from capital and related financing activities:	
Principal received on capital debt	4,201,218
Interest paid on capital debt	(45,527)
Capital contributions - HUD capital grant	382,764
Property and equipment reductions	(277,971)
	<hr/>
Net cash provided by capital and related financing activities	4,260,484
	<hr/>
Cash flows from investing activities:	
Payments paid on notes/bonds receivable - partnerships	(4,237,112)
Development fees received - partnerships	1,210,817
Interest received	947,136
	<hr/>
Net cash used by by investing activities	(2,079,159)
	<hr/>
Net increase in cash and cash equivalents	1,326,464
	<hr/>
Cash and cash equivalents - beginning of year	19,198,999
	<hr/>
Cash and cash equivalents - end of year	\$ 20,525,463
	<hr/>

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

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON
Statement of Cash Flows
Year Ended June 30, 2019

	<u>Primary Government</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 1,892,953
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	497,142
Changes in operating assets and liabilities:	
(Increase) decrease in assets:	
Accounts receivable tenants	18,648
Accounts receivable - HUD operating grants	(93,187)
Accounts receivable - other grants	(81,621)
Accounts receivable - other	(2,649,215)
Inventories	16,594
Prepaid expenses and other assets	(9,749)
Increase (decrease) in liabilities:	
Accounts payable - vendors	(17,310)
Accounts payable - HUD	(5,378)
Accounts payable - other governments	77,168
Accrued expenses	(15,752)
Unearned revenue	22,406
FSS escrow	102,417
Security deposits	(25,300)
Accrued compensated absences	46,815
Net pension liability	(630,591)
Other credits	(901)
Net cash used for operating activities	<u><u>\$ (854,861)</u></u>

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

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2019

1. Summary of Significant Accounting Policies

The Housing Authority of the City of Everett (“EHA” or the “Authority”) was created in 1942 as a public body corporate and politic to provide safe, decent, and sanitary housing for low-and moderate-income residents of the City of Everett (“City”). The Authority derives its power from Washington State Law, RCW 35.82. The Authority operates programs that are administered through the U.S. Department of Housing and Urban Development (“HUD”) under provisions of the U.S., Housing Act of 1937, as amended.

The basic financial statements of the Authority have been prepared in conformity with U.S. generally accepted accounting principles (“GAAP”). The Governmental Accounting Standards Board (“GASB”) is responsible for establishing GAAP for state and local governments through its pronouncements. The Authority applies all relevant GASB pronouncements. The significant accounting policies are described below.

a. Reporting Entity

The Authority is governed by a six-member Board of Commissioners appointed by the Mayor of the City of Everett for five-year terms, subject to approval by the City Council. The Board of Commissioners’ terms are staggered so that generally one term expires each year on October 6, the Authority’s anniversary. The Board approves the policies of the Authority and hires the Executive Director who directs the daily operation of the Authority.

The Authority is a legally separate entity and is not considered a component unit of the City of Everett. However, the Authority cooperates closely with the City in carrying out housing programs within the Everett area. The City of Everett does not have the ability to affect the operations of the Authority, nor does the Authority provide a financial benefit to or impose a financial burden on the City.

In determining how to define the reporting entity, management has considered all potential component units. The determination to include a component unit in the reporting entity was made by applying the criteria set forth in Governmental Accounting and Financial Reporting Standards and GASB Statements No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14*, and No. 34, GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units – An Amendment of GASB Statement No. 14* and GASB Statement No. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*. These criteria include: financial accountability; appointment of a voting majority; imposition of will; financial benefit to or burden on a primary organization; financial accountability as a result of fiscal dependency; potential for dual inclusion; and organizations included in the reporting entity although the primary organization is not financially accountable.

Component units are reported as part of the reporting entity under either the blended or discrete method of presentation. The discrete method presents the financial statements of the component unit outside of the basic financial statement totals of the primary government. The Authority has identified seventeen legally separate organizations that are reported as discretely presented component units in the basic financial statements. The blended method combines activity from the component unit with the primary government and its financial statement activity is presented as part of the primary government. The Authority has no blended component units.

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2019

Discretely Presented Component Units – Tax Credit Limited Partnerships

The Authority is the general partner in six tax credit limited partnerships (“Component Units”). These partnerships were formed for the purpose of developing, operating, managing and leasing housing units in a manner that qualifies them for low-income housing credits under Section 42 of Internal Revenue Code of 1986, as amended.

The Authority is responsible for the management of these partnerships and may impose its will on the limited partnerships through direct influence over their policies, budgets, and operations. In addition, the Authority is contractually obligated to fund operating deficits through loans and advances to the partnerships and has primary responsibility for the debt issued on behalf of each partnership. The limited partnerships provide housing to low-income citizens of Everett and do not serve the primary government exclusively, or almost exclusively. Therefore, the partnerships’ financial statements are discretely presented and included in a single column entitled “Component Units” in the accompanying financial statements in accordance with GASB Statement 14 (as amended by GASB Statements No. 61 and No. 80). These entities are as follows:

Broadway Plaza Limited Liability Limited Partnership: In 2011, the Authority entered into a limited liability limited partnership with Boston Capital Corporation to form Broadway Plaza LLLP (“BP”). EHA is the 0.01% owner and the general partner responsible to manage this 190-unit rental property. There is an initial 15-year regulatory compliance period monitored by the Washington State Housing Finance Commission which ends in 2026 at which time the investing partner may exit the partnership according to the provisions of the partnership agreement.

Pivotal Point Limited Liability Limited Partnership: In 2013, the Authority entered into a limited liability limited partnership with PNC Real Estate Tax Credit Capital to form Pivotal Point LLLP (“PP”). The Authority is the 0.01% owner and the general partner responsible to manage this 20-unit rental property. There is an initial 15-year regulatory compliance period monitored by the Washington State Housing Finance Commission which ends in 2028 at which time the investing partner may exit the partnership according to the provisions of the partnership agreement.

Bakerview/Grandview Affordable Housing Limited Liability Limited Partnership: In 2014, the Authority entered into a limited liability limited partnership with the Royal Bank of Canada (“RBC”) to form Bakerview/Grandview Affordable Housing LLLP (“BV/GV”). The Authority is the 0.01% owner and the general partner responsible to manage this 299-unit rental property. There is an initial 15-year regulatory compliance period monitored by the Washington State Housing Finance Commission which ends in 2029 at which time the investing partner may exit the partnership according to the provisions of the partnership agreement.

Everett Affordable Housing Portfolio Limited Liability Limited Partnership: In 2014, the Authority entered into a limited liability limited partnership with RBC to form Everett Affordable Housing Portfolio LLLP (“EAHP”). The Authority is the 0.01% owner and the general partner responsible to manage this 159-unit rental property. There is an initial 15-year regulatory compliance period monitored by the Washington State Housing Finance Commission which ends in 2029 at which time the investing partner may exit the partnership according to the provisions of the partnership agreement.

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2019

EHA Senior Housing I Limited Liability Limited Partnership: In 2016, the Authority entered into a limited liability limited partnership with Boston Capital Corporation to form EHA Senior Housing I LLLP (“EHA Senior Housing I”). The Authority is the .01% owner and the general partner responsible for managing this 203-unit four building property. There is an initial 15-year regulatory compliance period monitored by the Washington State Housing Finance Commission which ends in 2031 at which time the investing partner may exit the partnership according to the provisions of the partnership agreement.

Wiggums Park Place Limited Liability Limited Partnership: In 2017, the Authority entered into a limited liability limited partnership with Boston Capital Corporation to form Wiggums Park Place LLLP (“WPP”). The Authority is the .01% owner and the general partner responsible for managing this 80-unit rental property. There is an initial 15-year regulatory compliance period monitored by the Washington State Housing Finance Commission which ends in 2033 at which time the investing partner may exit the partnership according to the provisions of the partnership agreement.

Financial statements for the Component Units have a calendar year-end. The financial statements for the Component Units are presented as of December 31, 2018. Individual financial statements for each limited partnership may be obtained from the Authority’s administrative offices. Budgets are prepared annually and are subject to the approval of the Limited Partner.

Discretely Presented Component Units – Nonprofit Organizations

The Authority is the sponsor of eleven 501(c)(3) organizations (“Component Units”). Each of these nonprofits were organized to acquire real property located in Everett, Monroe, Lake Stevens, or Lynnwood, Washington, and to construct and operate thereon low-income housing units. Revenue is earned primarily from tenant rents and rental assistance from HUD. The nonprofits are regulated by HUD with respect to rental charges and operating methods. The Authority is responsible for the management of these nonprofits and may impose its will on them through direct influence over their policies, budgets, and operations.

The nonprofits provide housing to low-income citizens of the cities of Everett, Monroe, Lake Stevens, and Lynnwood and do not serve the primary government exclusively, or almost exclusively. The board of directors of the nonprofits is not substantively the same as the Authority’s Board of Commissioners and the primary government is not the sole corporate member of the nonprofits. Therefore, the nonprofits’ financial statements are discretely presented and included in a single column entitled “Component Units” in the accompanying financial statements in accordance with GASB Statement 14 (as amended by GASB Statements No. 61 and No. 80). The nonprofits are as follows:

Lynn Woods Senior Housing Association of Snohomish County (the “Association”): The Association is a Washington nonprofit corporation formed November 24, 1986. It was organized to acquire real property located in Lynnwood, Washington, and to construct and operate thereon a 38-unit apartment complex, Lynn Woods Senior Apartments - HUD Project No. 127-11135 (the “Project”), under Section 202 of the National Housing Act. The use restriction is in effect through January 31, 2048. The Association entered into a Section 8 Housing Assistance Payments (“HAP”) agreement with HUD on April 28, 1989 and receives rent subsidy on 37 of the units.

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Silver Lake Senior Housing Association of Snohomish County (the “Association”): The Association is a Washington nonprofit corporation formed May 21, 1987. It was organized to acquire real property located in Everett, Washington, and to construct and operate thereon a 38-unit apartment complex, Silver Woods Senior Apartments - HUD Project No. 127-11136 (the “Project”), under Section 202 of the National Housing Act. The use restriction is in effect through 2048. The Association entered into a HAP agreement with HUD on January 11, 1990 and receives rent subsidy on 37 of the units.

Lake Woods Senior Housing Association of Snohomish County (the “Association”): The Association is a Washington nonprofit corporation formed January 10, 1991. It was organized to acquire real property located in Everett, Washington, and to construct and operate thereon a 60-unit apartment complex, Lake Woods Senior Apartments - HUD Project No. 127-EH145 (the “Project”), under Section 202 of the National Housing Act. The use restriction is in effect from September 1, 1992 through September 1, 2032. The Association entered into a Project Rental Assistance Contract (“PRAC”) with HUD and receives rent subsidies on 59 of the units.

Lynn Crest Senior Housing Association of Snohomish County (the “Association”): The Association is a Washington nonprofit corporation formed December 7, 1992. It was organized to acquire real property located in Lynnwood, Washington, and to construct and operate thereon a 40-unit apartment complex, Lynn Crest Senior Apartments - HUD Project No. 127-EE006 (the “Project”), under Section 202 of the National Housing Act. The use restriction is in effect from April 1, 1994 through April 1, 2034. The Association entered into a PRAC with HUD and receives rent subsidies on 39 of the units.

Silver View Senior Housing Association (the “Association”): The Association is a Washington nonprofit corporation formed July 28, 1994. It was organized to acquire real property located in Everett, Washington, and to construct and operate thereon a 40-unit apartment complex, Silver View Senior Apartments - HUD Project No. 127-EE011 (the “Project”), under Section 202 of the National Housing Act. The use restriction is in effect from August 31, 1996, through August 31, 2036 for HUD and through 2035 for Snohomish County. The Association entered into a PRAC with HUD and receives rent subsidies on 39 of the units.

Evergreen Court Senior Housing Association (the “Association”): The Association is a Washington nonprofit corporation formed January 16, 1996. It was organized to acquire real property located in Everett, Washington, and to construct and operate thereon a 38-unit apartment complex, Evergreen Court Senior Apartments - HUD Project No. 127-EE013 (the “Project”), under Section 202 of the National Housing Act. The use restriction is in effect from April 24, 1998, through April 24, 2038. The Association entered into a PRAC with HUD and receives rent subsidies on 37 of the units.

Village East Senior Housing Association (the “Association”): The Association is a Washington nonprofit corporation formed January 16, 1996. It was organized to acquire real property located in Monroe, Washington, and to construct and operate thereon a 39-unit apartment complex, Village East Senior Apartments - HUD Project No. 127-EE018 (the “Project”), under Section 202 of the National Housing Act. The use restriction is in effect from April 24, 1998 through April 24, 2038. The Association entered into a PRAC with HUD and receives rent subsidies on 38 of the units.

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Meadow Park Senior Housing Association (the “Association”): The Association is a Washington nonprofit corporation formed November 19, 1997. It was organized to acquire real property located in Everett, Washington, and to construct and operate thereon a 40-unit apartment complex, Meadow Park Senior Apartments - HUD Project No. 127-EE021 (the “Project”), under Section 202 of the National Housing Act. The use restriction is in effect from 2000 through June 1, 2040 for HUD and through 2050 for Snohomish County. The Association entered into a PRAC with HUD and receives rent subsidies on 39 of the units.

Scriber Pointe Senior Housing Association (the “Association”): The Association is a Washington nonprofit corporation formed January 13, 1999. It was organized to acquire real property located in Lynnwood, Washington, and to construct and operate thereon a 40-unit apartment complex, Scriber Pointe Senior Apartments - HUD Project No. 127-EE022 (the “Project”), under Section 202 of the National Housing Act. The use restriction is in effect from July 1, 2002, through July 1, 2042 for HUD and 2052 for Snohomish County. The Association entered into a PRAC with HUD and receives rent subsidies on 39 of the units.

Evergreen Village Senior Housing Association (the “Association”): The Association is a Washington nonprofit corporation formed June 30, 2000. It was organized to acquire real property located in Everett, Washington, and to construct and operate thereon a 40-unit apartment complex, Evergreen Village Senior Apartments - HUD Project No. 127-EE024 (the “Project”), under Section 202 of the National Housing Act. The use restriction is in effect from July 1, 2003 through July 1, 2043 for HUD and 2053 for Snohomish County. The Association entered into a PRAC with HUD and receives rent subsidies on 39 of the units.

Hawkins House, HUD Project No. 127-EE059, (the “Project”): The Project is a Washington nonprofit corporation formed June 21, 2007. It was organized to acquire real property located in Lake Stevens, Washington, and to construct and operate thereon a 40-unit apartment complex under Section 202 of the National Housing Act. The use restriction is in effect through 2049. The Project entered into PRAC with HUD and receives rent subsidies on 39 of the units.

Financial statements for the nonprofits have a calendar year-end. The financial statements for the Component Units are presented as of December 31, 2018. Individual financial statements for each nonprofit may be obtained from the Authority’s administrative offices.

Programs Administered by the Everett Housing Authority

The Authority administers Annual Contributions Contracts to provide low-income housing with primary financial support from HUD and develops and manages affordable properties. Major programs administered by EHA are as follows:

Public Housing—EHA owns and operates two housing projects consisting of 288 units of public housing. The properties were acquired through bonds and notes guaranteed by HUD and through grants from HUD. Revenues consist primarily of rents and other fees collected from tenants and an operating subsidy from HUD. Typically, residents pay 30% of their adjusted household income in rents. The Authority’s subsidy is received under an Annual Contributions Contract to offset the cost of operating the units. Grants from the Capital Fund Program provided by HUD are used to maintain and improve this public housing portfolio. Substantially all additions to land and structures of public housing are accomplished through capital grant funding.

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In June of 2017 the Authority received approval to begin disposition of Baker Heights, a 244-unit project, and in July of 2018 HUD also approved the disposition of our last remaining public housing project, the 44-unit Scattered Sites. In 2018 the Authority began receiving Asset Repositioning Fee ("ARF") which supplements costs associated with administration of disposition, tenant relocation, security and services associated with such efforts. ARF will continue through March of 2020 for Baker Heights and September of 2021 for Scattered Sites, in declining amounts. For further discussion regarding contingencies associated with these disposition actions, see Note 15.

Housing Choice Vouchers—Section 8 of the U.S. Housing and Community Development Act of 1974 provides subsidy payments on behalf of low-income families to private landlords. EHA receives funding from HUD under the Housing Choice Voucher program and the Moderate Rehabilitation program. HUD contracts with the Authority to enter into HAP contracts with owners to make assistance payments for the difference between the approved contract rent and the actual rent paid by the low-income families, which equals 30% of adjusted household gross income. Housing assistance payments made to owners and some participants are funded through Annual Contributions Contracts. EHA received an allocation of vouchers from HUD starting with 3,032 vouchers and increasing to 3,160 vouchers per month. This equated to 37,173 voucher unit months during the fiscal year.

In late 2017, EHA began issuing vouchers as part of a new allocation of 244 Tenant Protection Vouchers. Those vouchers are being issued to and leased by tenants relocating from our Baker Heights public housing project. All of these new tenant protection vouchers were issued and leased at the end of 2019. We received an additional allocation of Tenant Protection Vouchers associated with the disposition of our 44-unit Scattered Sites public housing project in February of 2019. Leasing of these vouchers is underway. EHA actively monitors and plans activities related to the management of our voucher counts in order to comply with HUD's leasing provisions on a calendar year basis.

Affordable Housing—EHA operates an affordable housing portfolio consisting of twenty-one low-income projects representing 1,459 units of housing. Of these units, 443 are sponsored and operated for eleven nonprofit organizations and 951 units are owned through six tax credit partnerships. The tax credit properties are financed primarily through tax exempt revenue bond issues, investing partners' equity, and seller financing.

b. Basis of Accounting

The Authority maintains its accounting records as an enterprise fund. Enterprise funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. All assets and deferred outflows of resources and liabilities and deferred inflows of resources associated with the operation of the Authority are included in the Statement of Net Position.

The Authority's Statement of Revenues, Expenses and Changes in Net Position distinguishes between operating and nonoperating revenues and expenses. Operating revenues and expenses are derived from providing services in connection with EHA's ongoing operations. Operating revenues generally include rental income, operating subsidies, operating grant revenue and development fee income.

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Notes to Basic Financial Statements

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The Authority classifies operating grants and subsidies as operating revenues (rather than as non-operating revenues) based on guidance from HUD, the primary user of the financial statements.

Operating expenses generally include housing assistance payments, maintenance and operations, tenant services, administrative expenses, general expenses and depreciation on capital assets. All revenue and expenses not meeting this definition are classified as non-operating revenues and expenses, primarily interest income and interest expense. Gains and losses could also occur in certain years and are classified as non-operating.

c. Cash and Cash Equivalents

For the purpose of the Statement of Net Position and the Statement of Cash Flows, the Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased, or available on demand, to be cash equivalents.

d. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. The Authority had restricted assets for the Housing Choice Voucher Program Housing Assistance Grants, Family Self-Sufficiency (FSS) escrow deposits, tenant security deposits and replacement reserves.

e. Accounts and Grants Receivable

Grants receivable consist of amounts due from HUD for reimbursement for costs incurred by the Authority as of year-end under the Capital Fund and Housing Choice Voucher programs. Accounts receivable consist largely of amounts owed for tenant rent and subsidy, Section 8 portability (from other housing authorities), fraud recovery, and management fees receivable. Annually, tenant receivables are analyzed and the allowance for doubtful accounts is adjusted. Unpaid tenant account balances are written off at the time a tenant vacates. No allowances existed at June 30, 2019 other than the allowance for tenant and client accounts receivable. On occasion, other receivables may be recorded, such as for notes and developer fees receivable.

f. Inventories and Prepaid Items

Inventories are stated at lower of average cost or market and consist of expendable materials and supplies. Inventory items are expensed when consumed, using a moving weighted-average cost method. Prepaid items are for payments made by the Authority in the current year for services or goods received in a subsequent fiscal year. There is no allowance for obsolete inventory. Obsolete inventory is periodically retired and sold as surplus in accordance with Authority policy.

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g. Capital Assets and Depreciation

All land, structures and equipment are stated at historical cost. Assets acquired through contribution are recorded at acquisition value as of the date of receipt. Capital assets with an initial value greater than \$5,000 and a life expectancy of three years or more are capitalized. Depreciation is calculated using the straight-line method over estimated useful lives as follows:

Buildings and improvements	15 to 35 years
Furnishings and equipment	10 to 12 years
Computer equipment	5 years
Vehicles	7 years

Major outlays for capital assets and improvements are capitalized as projects are built. Costs associated with the acquisition, development, improvement, or construction of a real estate project, including indirect costs and interest, are capitalized as a cost of the project. The cost of normal maintenance and repairs that does not add to the effectiveness, efficiency, or value of the asset are expensed when incurred. Upon retirement or other disposal of property and equipment, the cost and related accumulated depreciation are removed from the accounts, and any resulting gains or losses are included in non-operating revenues and expenses.

h. Impairment of Capital Assets

GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, establishes accounting and financial reporting standards for impairment of capital assets. A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. EHA is required to evaluate prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. EHA did not realize any impairment losses for the fiscal year ending June 30, 2019.

i. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources and/or deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. Deferred inflows of resources represent an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

j. Unearned Revenue

Unearned revenues arise when resources are received before the Authority has met the eligibility requirements or obligation. Unearned revenue consists primarily of rents paid before they were due as of the end of the year.

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2019

k. Revenue Recognition

Operating subsidies received from HUD and other grantors are generally recognized during the periods to which they relate, and all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted. Receipts from the Public Housing Capital Fund Program and other reimbursement-based grants are recognized when the related expenses are incurred. Tenant rental revenues are recognized during the period of occupancy.

l. Compensated Absences

All regular employees who are scheduled to work at least 20 hours per week are eligible to receive compensation for vacations, holidays, illness, and certain other qualifying absences. The number of days compensated in the various categories of absence is based generally on position or length of service. Compensated absences, which have been earned but not paid, have been accrued in the accompanying basic financial statements.

Vacation hours may be accumulated up to a maximum of 30 days and amounts earned are payable upon termination at the employee's final pay rate. Sick leave may be accumulated up to 900 hours and in the event of employee separation in good standing, twenty-five percent of the balance will be paid at his or her final pay rate.

The Authority has a gift of leave program, wherein employees may choose to donate accrued leave to a fund that may be made available to employees who have exhausted all of their leave. Employees who meet the requirements as defined in the Personnel Policy of the Authority may request to use the gift of leave funds. Each request is evaluated for eligibility according to the policy. Amounts donated to the gift of leave program are accrued as a liability to the agency.

m. Pension Plans

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

n. Income Taxes

The Everett Housing Authority is exempt from federal income tax under Section 115 of the Internal Revenue Code of 1986, as amended. Accordingly, no provision for income tax is reflected in the financial statements.

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Notes to Basic Financial Statements

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o. Payments in Lieu of Taxes

As a governmental entity, EHA is exempt from state and local property taxes. Instead, EHA makes voluntary payments to the City of Everett called Payments in Lieu of Taxes (PILOT) for public housing rental properties owned by EHA. Under an agreement with the City of Everett, the Authority makes annual payments equal to 10% of the shelter rent charged tenants residing in public housing properties. Shelter rent is the total of all charges to tenants for dwelling rents less the cost of utilities. Total PILOT for the year ended June 30, 2019 was \$34,168.

p. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and deferred outflows of resources and 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 expenditures during the reporting period. Actual results could differ from those estimates.

q. Public Support Funding

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

r. Budget Accounting and Control

Budgets are prepared on an annual basis for each major operating program and are used as a management tool throughout the accounting cycle. Capital Fund Program budgets are adopted on a "project length" basis covering up to four years. The Authority's annual budgets are prepared by agency staff and approved by the Board of Commissioners. Budgets are not, however, legally adopted nor required for financial statement presentation.

The Authority maintains budgetary control by not permitting total operating expenses and expenditures for individual programs to exceed their respective budget amounts without appropriate approvals. All budget amounts lapse at year-end. Encumbrance accounting is not used as an extension of formal budget control.

s. New Accounting Standards Adopted

The following new statement issued by the GASB was effective or adopted this year:

GASB Statement No. 83, *Certain Asset Retirement Obligations*, is effective for the year ending June 30, 2019. This statement standardizes requirements for the recognition and measurement of asset retirement obligations, other than landfills, to reduce inconsistency in financial reporting and enhance comparability. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement.

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GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placement*, is effective for the year ending June 30, 2019. This statement provides additional requirements for disclosure in notes to government financial statements related to debt, including direct borrowings and direct placements.

t. Future Accounting Standards

GASB Statement No. 84, *Fiduciary Activities*, is effective for the year ending June 30, 2020. This statement defines criteria for identifying activities that state and local governments should report as fiduciary activities and how they should be reported.

GASB Statement No. 87, *Leases*, is effective for the year ending June 30, 2021. Its objective is to improve accounting and financial reporting for leases by governments by establishing a single model for lease accounting based on the principle that leases are financing of the right to use an underlying asset. It requires recognition of certain lease assets and liabilities that were previously classified as operating.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the end of a Construction Period*, is effective for the year ending June 30, 2021. This statement suspends paragraphs 5-22 of GASB Statement No. 62 and requires that interest cost incurred before the end of a construction period be recognized as an expense. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

GASB Statement No. 90, *Majority Equity Interest*, is effective for the year ending June 30, 2020. This statement amends GASB Statement No. 14 and GASB Statement No. 61 and defines a majority equity interest and specifies how a majority equity interest in a legally separate organization should be reported.

GASB Statement No. 91, *Conduit Debt Obligations*, is effective for the year ending June 30, 2022. This statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with commitments extended by users, arrangements associated with conduit debt obligations, and related note disclosures.

The Authority has not yet adopted these standards and is evaluating the impact they may have on its financial statements.

2. Cash and Investments

a. Deposits

Deposits, including those in restricted assets, are defined as cash on deposit with financial institutions. At June 30, 2019, the carrying amount of Authority's demand deposits was \$540,753 and the bank balance was \$194,982. The carrying balance for the demand deposits of the component unit was \$7,099,029 at December 31, 2018, and the bank balance was \$7,078,608. Bank deposits are held with financial institutions and are fully insured or collateralized by the Federal Deposit Insurance Corporation ("FDIC") and the Washington Public Deposit Protection Commission.

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The Washington Public Deposit Protection Act (“Act”), as created in 1969 and subsequently amended, requires all participating banks in the State of Washington to collectively assure that no loss of funds will be suffered by any public treasurer or custodian of public funds, within certain guidelines as stipulated by amendments to the original Act. The Act therefore allows all custodians of public funds in the State of Washington to maintain deposits in excess of the financial institution’s FDIC limit. Deposits in the BNY Mellon trustee account are held by the trustee in the Authority’s name for the Broadway Plaza component unit’s bond issue.

All demand deposit accounts are maintained at depositories approved by the Board of Commissioners and are held in the name of the Authority.

b. Investments

The Authority’s cash management and investment policy requires that all available cash funds are to be managed to preserve the value of the cash resources and to earn the maximum return on funds until they are disbursed. Safety and preservation of capital through prudent stewardship of the Authority’s cash funds is a primary objective of the policy. The investment policy does not permit the Authority to invest in any securities that would be considered as speculative or leveraged investments. Washington State Law (RCW 35.82.070(6)) limits investments by housing authorities to those investments that are legal for savings banks. In general, permitted investments include: bonds or other obligations issued or guaranteed by the United States; bonds or other obligations issued by any state, county, city, town, special district, or other municipal corporation; time, money market, or savings deposits in qualified public depositories; or loans secured by real property.

The Authority invests a portion of its funds with the Washington State Local Government Investment Pool (“LGIP”) managed by the State Treasurer’s office. Investments in this pool are comprised of repurchase agreements, government securities, interest bearing bank deposits and certificates of deposit. The LGIP operates in a manner consistent with the Security and Exchange Commission’s Rule 2a-7 of the Investment Company Act of 1940. As such, the LGIP uses amortized cost to report net assets and share prices since that amount approximates fair value. Currently, the Authority has no funds classified as “Investments” other than what is invested in the LGIP.

Since the Authority reports all of its investments at fair value, no additional disclosure is required under GASB Technical Bulletin No. 2003-1, Disclosure Requirements for Derivatives Not Reported at Fair Value on the Statement of Net Position.

The Authority restricts its participation in money market mutual funds to those investing only in U.S. Treasury securities. However, any indirect exposure by the Authority to any risks arising from derivative instruments utilized by such funds is unknown.

c. Custodial Risk

For an investment, the custodial credit risk is that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Authority will not be able to recover the value of its investments that are in the possession of another party. The Authority’s custodial credit risk policy is to require all securities purchased to be made in such a manner so that the securities are at all times insured, registered in the Authority’s name, or in the possession of the Authority.

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At June 30, 2019, all investments of the Authority (as well as those of the Component Units as of December 31, 2018) were insured or registered and held by the Authority or its agent in the Authority's name, or uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Authority's name, or held in investment pools that are not classified since the investments are not evidenced by securities that exist in physical or book entry form. Therefore, the investments are not exposed to custodial risk.

Investments in the LGIP are classified as cash because the investments are not evidenced by securities that exist in physical or book entry form.

d. Concentration of Credit Risk and Interest Rate Risk

Concentration of credit risk is the risk of loss that may occur due to the amount of investments in a single issuer. Investments issued or guaranteed by the U.S. Government, investments in a mutual fund or external investment pools are excluded. At June 30, 2019, the Authority's investments were limited to investments that were guaranteed by the U.S. Government or to investments in external investment pools.

Credit risk of investments is the risk that the issuer or other counterparty will not meet its obligations. This credit risk is measured by the credit quality rating of investments in debt securities as described by a national statistical rating organization, such as Standard and Poor's ("S&P"). To limit credit risk, the Authority's investment policy does not allow for the investment in corporate bonds or other fixed income securities that are not guaranteed or insured by the U.S. Government, or have not been issued by a state or local government.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority's policy limits investments to securities maturing in periods of up to one year, or up to three years for the investment of operating reserves. None of the investments of the Authority or the Component Units exceeded one year at their respective year ends.

e. Cash and Cash Equivalents

Cash is classified in the accompanying financial statements as follows:

	Primary Government	Component Units
Cash and cash equivalents - unrestricted	\$ 19,642,972	\$ 3,015,189
Cash and cash equivalents - restricted	882,491	7,010,179
Total cash and cash equivalents	<u>\$ 20,525,463</u>	<u>\$ 10,025,368</u>

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June 30, 2019

Cash is further categorized as follows:

	Primary Government	Component Units
Change and petty cash funds	\$ 295	\$ 35
Deposits with financial institutions	1,130,123	6,893,167
Deposits with state investment pool (LGIP)	19,395,045	2,928,047
Deposits with BNY Mellon Trustee	-	204,119
	<hr/>	<hr/>
Total cash	<u>\$ 20,525,463</u>	<u>\$ 10,025,368</u>

3. Restricted Assets

Only cash, investments, and receivables that have been legally or externally restricted are classified in the Statement of Net Position as restricted assets.

These restrictions are summarized in the following table:

	Cash and Cash Equivalents
Primary Government:	
Replacement reserves	\$ 15,075
Tenant security deposits	39,440
HAP reserves	464,145
FSS escrow deposits	363,831
	<hr/>
	<u>\$ 882,491</u>
Component Units:	
Replacement reserves	\$ 3,426,474
Operating reserves	2,525,454
Residual receipts reserves	50,546
Tenant security deposits	382,610
Funds held by Trustee	204,119
Other	420,976
	<hr/>
	<u>\$ 7,010,179</u>

4. Accounts Receivable

Accounts receivable consisted of the following amounts due to the primary government and the Component Units:

	Primary Government	Component Units
Public Housing capital grant - HUD	\$ 23,048	\$ -
Other governments	315,657	-
Other HUD programs	235,352	32,455
Tenants accounts receivable - net	9,086	27,750
Fraud recovery - net	47,548	-
Developer fee	2,077,283	-
Other accounts receivable	274,489	48,312
	<hr/>	<hr/>
Total accounts receivable	<u>\$ 2,982,463</u>	<u>\$ 108,517</u>

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2019

5. Notes and Lease Receivables –

Notes and lease receivables due from Component Units include amounts due for obligations incurred by the Authority to acquire, construct and remodel buildings for housing and other related purposes and for development fees earned by the Authority as developer for some Component Units.

At June 30, 2019, notes receivable and leases are summarized in the following table:

	Interest Rate	Final Maturity Date	Notes and Accrued Interest
Wiggums Park Place LLLP			
Construction bond	2.88%	2020	\$ 12,527,457
Seller financing note	3.15%	2057	6,325,000
Development fee note	6.00%	2032	2,715,545
Ground lease	2.58%	2116	582,834
			<u>22,150,836</u>
Accrued interest due			
Current interest			33,050
Deferred interest			<u>388,642</u>
Total notes and accrued interest			22,572,528
Less: Current portion of note principal and interest			<u>7,047,512</u>
Total notes and accrued interest - long-term			<u>15,525,016</u>
Broadway Plaza LLLP			
Bond mortgage note	1.99% - 5.865%	2029	6,445,000
Seller financing note	4.05%	2061	9,875,000
			<u>16,320,000</u>
Accrued interest due			
Current interest			154,119
Deferred interest			<u>2,852,695</u>
Total notes and accrued interest			19,326,814
Less: Current portion of note principal and interest			<u>254,119</u>
Total notes and accrued interest - long-term			<u>19,072,695</u>
Pivotal Point LLLP			
State of Washington HTF note	0% - 1%	2055	865,000
EHA promisory note	7%	2055	14,150
Total notes and accrued interest - long-term			<u>879,150</u>

Continued on next page

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Notes to Basic Financial Statements

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Notes Receivable – (continued)

	Interest Rate	Final Maturity Date	Notes and Accrued Interest
Bakerview/Grandview LLLP			
Seller financing note	3.45%	2066	22,950,000
EHA sponsor note	3.45%	2066	5,000,000
Development fee note	0.00%	2024	2,825,412
Revenue bond	5.49%	2033	6,125,271
			<u>36,900,683</u>
Accrued interest due on notes			
Current interest			28,023
Deferred interest			4,255,952
Total notes and accrued interest			<u>41,184,658</u>
Less: Current portion of note principal and interest			<u>556,094</u>
Total notes and accrued interest - long-term			<u><u>40,628,564</u></u>
Everett Affordable Housing Portfolio, LLLP			
Seller financing note	3.45%	2066	9,694,066
EHA sponsor note	3.45%	2066	2,000,000
Development fee note	0.00%	2024	1,667,758
Revenue bond	5.49%	2033	5,229,044
			<u>18,590,868</u>
Accrued interest due on notes			
Current interest			23,923
Deferred interest			1,812,824
Total notes and accrued interest			<u>20,427,615</u>
Less: Current portion of note principal and interest			<u>465,617</u>
Total notes and accrued interest - long-term			<u><u>19,961,998</u></u>
EHA Senior Housing I, LLLP			
Seller financing note	3.10%	2056	8,375,000
EHA sponsor note	3.10%	2056	1,284,756
Development fee note	0.00%	2029	893,907
Bond mortgage	4.13%	2035	6,393,573
			<u>16,947,236</u>
Accrued interest due on notes			
Current interest			262,061
Deferred interest			1,059,126
Total notes and accrued interest			<u>18,268,423</u>
Less: Current portion of note principal and interest			<u>351,237</u>
Total notes and accrued interest - long-term			<u><u>17,917,186</u></u>
Combined Total Notes and Accrued Interest			
Current portion			8,674,579
Long-term			<u>113,984,609</u>
Total notes and accrued interest			<u><u>\$ 122,659,188</u></u>

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2019

Changes in notes, leases, and accrued interest due from partnerships during the year ended June 30, 2019 are summarized below:

	Balance July 1	Additions	Reductions	Balance June 30	Due Within One Year
Wiggums Park Place LLLP					
Construction bond	\$ 7,966,110	\$ 4,561,347	\$ -	\$ 12,527,457	\$ 5,767,552
Grounds lease	582,834	-	-	582,834	12,979
Seller financing note	6,325,000	-	-	6,325,000	-
Development fee note	-	2,715,545	-	2,715,545	1,233,931
Accrued interest due					
Current interest	25,642	33,050	25,642	33,050	33,050
Deferred interest	183,621	205,022	-	388,643	-
	<u>15,083,207</u>	<u>7,514,964</u>	<u>25,642</u>	<u>22,572,529</u>	<u>7,047,512</u>
Broadway Plaza LLLP					
Bond mortgage note	6,545,000	-	100,000	6,445,000	100,000
Seller financing note	9,875,000	-	-	9,875,000	-
Accrued interest due					
Current interest	155,619	154,119	155,619	154,119	154,119
Deferred interest	2,870,234	-	17,539	2,852,695	-
	<u>19,445,853</u>	<u>154,119</u>	<u>273,158</u>	<u>19,326,814</u>	<u>254,119</u>
Pivotal Point LLLP					
EHA note	33,134	-	18,984	14,150	-
State of WA HTF note	865,000	-	-	865,000	-
	<u>898,134</u>	<u>-</u>	<u>18,984</u>	<u>879,150</u>	<u>-</u>
Bakerview/Grandview LLLP					
Revenue bond	6,189,343	-	64,072	6,125,271	67,680
Seller financing note	22,950,000	-	-	22,950,000	-
EHA sponsor note	5,000,000	-	-	5,000,000	-
Development fee note	3,225,412	-	400,000	2,825,412	460,391
Accrued interest due					
Current interest	28,316	28,023	28,316	28,023	28,023
Deferred interest	3,181,902	1,074,050	-	4,255,952	-
	<u>40,574,973</u>	<u>1,102,073</u>	<u>492,388</u>	<u>41,184,658</u>	<u>556,094</u>
Everett Affordable Housing LLLP					
Revenue bond	5,284,646	-	55,602	5,229,044	58,733
Seller financing note	9,694,066	-	-	9,694,066	-
EHA sponsor note	2,000,000	-	-	2,000,000	-
Development fee note	2,038,718	-	370,960	1,667,758	382,961
Accrued interest due					
Current interest	24,177	23,923	24,177	23,923	23,923
Deferred interest	1,362,376	450,447	-	1,812,823	-
	<u>20,403,983</u>	<u>474,370</u>	<u>450,739</u>	<u>20,427,614</u>	<u>465,617</u>

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Notes to Basic Financial Statements

June 30, 2019

Changes in notes, leases, and accrued interest due from partnerships during the year ended June 30, 2019
(continued)

	Balance July 1	Additions	Reductions	Balance June 30	Due Within One Year
EHA Senior Housing I LLLP					
Bond mortgage note	6,479,151	-	85,578	6,393,573	89,175
Seller financing note	8,375,000	-	-	8,375,000	-
EHA sponsor note	1,284,756	-	-	1,284,756	-
Development fee note	1,333,764	-	439,857	893,907	-
Accrued interest due					
Current interest	265,659	262,061	265,659	262,061	262,061
Deferred interest	736,832	322,294	-	1,059,126	-
	18,475,162	584,355	791,094	18,268,423	351,236
Total notes and accrued interest	\$ 114,881,312	\$ 9,829,880	\$ 2,052,004	\$ 122,659,188	\$ 8,674,579

Broadway Plaza LLLP Notes Receivable

a. Note Receivable – Bond Mortgage Note

On June 29, 2011, the Authority executed a note with Broadway Plaza LLLP in the original amount of \$7,000,000, concurrent with the sale of tax-exempt revenue bonds (Housing Revenue Bonds, 2011 (Broadway Plaza Project)) in the principal amount of \$7,000,000. The revenue bonds were issued to finance the acquisition of a 190-unit multifamily apartment property located in Everett, Washington. Under terms of the partnership agreement, Broadway Plaza LLLP is obligated to make payments to the Authority, the general partner of the partnership, sufficient to make required debt service payments on the revenue bonds. At June 30, 2019, the unpaid balance of the note was \$6,445,000, of which \$100,000 was classified as current. Interest in the amount of \$154,119 had accrued.

b. Promissory Note – Seller Financing Note

A promissory note in the original amount of \$9,375,000 dated June 29, 2011 was issued in connection with the acquisition of the leasehold estate in the 190-unit apartment complex by Broadway Plaza LLLP. In November of 2013, the Authority loaned an additional \$500,000 to Broadway Plaza LLLP in accordance with the original promissory note agreement increasing the promissory note to \$9,875,000. No annual payments are required on the principle or the interest which accrues at the compounding rate of 4.05% per annum. Interest in the amount of \$2,852,695 had accrued as of June 30, 2019. The note is classified as non-current since repayment is subject to available cash flow of the Broadway Plaza LLLP. The note matures on June 29, 2061.

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2019

Pivotal Point LLLP Notes Receivable

a. Loan Obligation – Washington State Department of Commerce Housing Trust Fund Loan

On September 24, 2013, the Authority executed a note with the Washington State Department of Commerce in the amount of \$865,000 concurrent with an Assignment, Assumption and Consent Agreement between the Department of Commerce, the Authority, and Pivotal Point LLLP. The purpose of this loan was to provide funding for new construction of two apartment buildings totaling twenty units of low-income housing. Quarterly simple interest of 1% shall accrue beginning on January 1, 2016 and ending December 31, 2030. Interest in the amount of 1% shall be compounded quarterly beginning January 1, 2031 and ending December 31, 2055. Beginning March 31, 2016 quarterly payments of interest in the amount of \$2,162.50 shall be payable. Beginning March 31, 2031 payments of principal and interest in the amount of \$9,800 shall be due quarterly and a final payment of \$8,305.22 shall be due on or before December 31, 2055.

b. Promissory Note – Everett Housing Authority

On January 1, 2015, the Authority loaned to Pivotal Point, LLLP the amount of \$122,298 in conjunction with a promissory note dated September 1, 2013. The purpose of this note was to provide funding for construction of the police substation space which was part of this twenty-unit apartment complex. Interest in the amount of 7% per annum accrues on the unpaid principal balance and is payable annually from net cash flow and net cash proceeds (as defined in the partnership agreement). All outstanding principal and interest shall be payable at maturity on December 31, 2055. This note may be prepaid in whole or in part at any time. On June 30, 2019, the balance of the loan was \$14,150. The note is classified as non-current since repayment is subject to available cash flow.

Bakerview/Grandview LLLP Notes Receivable

a. Promissory Note – Seller Financing Note

A promissory note totaling \$22,950,000 dated September 29, 2014 was issued in connection with the acquisition of the leasehold estate in two apartment complexes with a total of 299 units for Bakerview/Grandview Affordable Housing LLLP. No annual payments are required on the principle or the interest which accrues at the compounding rate of 3.45% per annum. Interest in the amount of \$3,726,171 had accrued as of June 30, 2019. The note is classified as non-current since repayment is subject to available cash flow of the partnership. The note matures on September 1, 2066.

b. Sponsor Note

A sponsor note in the amount of \$550,000 was executed on September 29, 2014 in connection with the acquisition and development of Bakerview/Grandview Affordable Housing. This note was increased to \$5,000,000 in 2016. No annual payments are required on the principle or the interest which accrues at the compounding rate of 3.45% per annum. Interest in the amount of \$529,781 had accrued as of June 30, 2019. The note is classified as non-current since repayment is subject to available cash flow of the partnership. The note matures on September 1, 2066.

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2019

c. Development Fee Note

A development fee note in the amount of \$7,000,000 was executed on September 29, 2014 in connection with the acquisition and development of Bakerview/Grandview Affordable Housing LLLP. Some of the development fee was to be paid from equity installment payments from the limited partner and some will be paid from operations at the end of each year, subject to availability of cash. Any installment of the development amount not paid when otherwise due is deferred with interest at the rate of 0% per annum and paid in the priority described in the partnership agreement. All amounts are payable by the end of the ten-year tax credit benefit period. As of June 30, 2019, the balance of the note was \$2,825,412 and \$460,391 was classified as current.

d. Permanent Loan Obligation – Berkadia Revenue Bond

On September 29, 2014, the Authority signed a note with Citibank that provided a construction loan to fund the renovation of the Bakerview/Grandview apartments. The loan was not to exceed \$26,750,000. Variable rate interest only payments were made at rates set forth in the Funding Loan Agreement. The note was a pass-through obligation relating to a construction and permanent loan under an agreement dated September 1, 2014. As of June 30, 2019, the loan had converted to permanent financing with Berkadia. The balance of the loan was \$6,125,271. Of that, \$67,680 was classified as current.

Everett Affordable Housing Portfolio LLLP Notes Receivable

a. Promissory Note – Seller Financing Note

A promissory note in an amount not to exceed \$9,700,000 was issued on September 29, 2014 in connection with the acquisition of the leasehold estate in eight apartment complexes with 159 units by Everett Affordable Housing Portfolio LLLP. No annual payments are required on the principle or the interest which accrues at the compounding rate of 3.45% per annum. Interest in the amount of \$1,602,713 had accrued as of June 30, 2019. The note is classified as non-current since repayment is subject to available cash flow of the partnership. The note matures on September 1, 2066.

b. Sponsor Note

A sponsor note in an amount not to exceed \$2,000,000 was executed on September 30, 2014 relating to the acquisition and development of Everett Affordable Housing Portfolio LLLP. The initial loan amount was \$8,511 and an additional \$1,991,489 was loaned in July of 2016. No annual payments are required on the principle or the interest which accrues at the compounding rate of 3.45% per annum. Interest in the amount of \$210,110 had accrued as of June 30, 2019. The note is classified as non-current since repayment is subject to available cash flow of the partnership. The note matures on September 29, 2066.

c. Development Fee Note

A development fee note in the amount of \$3,275,000 was executed on September 29, 2014 in connection with the acquisition and development of Everett Affordable Housing Portfolio, LLLP. Some of the development fee was to be paid from equity installment payments from the limited partner and some will be paid from operations over time at the end of each year, subject to availability of cash.

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June 30, 2019

Any installment of the development amount not paid when otherwise due is deferred with interest at the rate of 0% per annum and paid in the priority described in the partnership agreement. All amounts are payable by the end of the ten-year tax credit benefit period. As of June 30, 2019, the balance of the note was \$1,667,758 of which \$382,961 was classified as current.

d. Permanent Loan Obligation – Berkadia Revenue Bond

On September 29, 2014, the Authority signed a note with Citibank that provided a construction loan to fund the renovation of the Everett Affordable Housing Portfolio properties. The loan was not to exceed \$13,990,000. Variable rate interest only payments were made at rates set forth in the Funding Loan Agreement. At June 30, 2019, the loan had converted to permanent debt with Berkadia and the balance was \$5,229,044. Of that, \$58,733 was classified as current.

EHA Senior Housing I LLLP Notes Receivable

a. Promissory Note – Seller Financing Note

A promissory note in the amount of \$8,375,000 dated February 5, 2016 was issued for the acquisition of the leasehold estate in four apartment complexes with 203 units by EHA Senior Housing I LLLP. No annual payments are required on the principle or the interest which accrues at the compounding rate of 3.1% per annum. Interest in the amount of \$918,261 had accrued as of June 30, 2019. The note is classified as non-current since repayment is subject to available cash flow of the partnership. The note matures on February 1, 2056.

b. Sponsor Note

A sponsor note in an amount not to exceed \$2,000,000 was executed on February 5, 2016 in connection with the acquisition and development of EHA Senior Housing I. No annual payments are required on the principle or the interest which accrues at the compounding rate of 3.1% per annum. As of June 30, 2019, the principal balance was \$1,284,756 and interest of \$140,865 had accrued. The note is classified as non-current since repayment is subject to available cash flow of the partnership. The note matures on February 1, 2056.

c. Permanent Loan Obligation – Bond Mortgage Note

On February 5, 2016, the Authority signed a note with Banner Bank for a temporary construction loan for the renovation of the EHA Senior Housing I properties. The loan is not to exceed \$15,970,000 and bears interest at a fixed rate of 2.5% per annum. Interest only payments will be made on the first day of each month beginning March 1, 2016 until the loan converts to permanent financing. As of June 30, 2019, the loan had converted to permanent financing with Banner Bank and the balance of the loan was \$6,393,573 of which \$89,175 was classified as current.

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Notes to Basic Financial Statements

June 30, 2019

c. Development Fee Note

A development agreement was executed on February 5, 2016 relating to the acquisition and development of EHA Senior Housing I LLLP. The total amount of the development fee to be paid was \$3,686,208. Any development amount not paid when otherwise due will be deferred with interest at the rate of 0% per annum and paid in the priority described in the partnership agreement. All amounts are payable by the end of the ten-year tax credit benefit period. On June 30, 2019 the balance of the note was \$893,907.

Wiggums Park Place LLLP

a. Construction Loan Obligation – Bond Mortgage Note

On August 1, 2017, the Authority signed a note with Banner Bank for a temporary construction loan for the renovation of the Wiggums Park Place LLLP property. The loan is not to exceed \$12,700,000 and bears interest at a fixed rate of 2.875% per annum. Interest only payments will be made on the first day of each month beginning September 1, 2017 until the loan converts to permanent financing. The loan is expected to convert to permanent financing in March of 2020. As of June 30, 2019, the loan had not converted to permanent financing with Banner Bank and the balance of the loan was \$12,527,457 of which \$5,767,552 was classified as current.

b. Ground Lease

On August 1, 2017, the Authority signed a ground lease with Wiggums Park Place LLLP for the land the Wiggums Park Place LLLP property is built on. The lease term commenced on August 1, 2017 and expires on December 31, 2116. The appraised value of the land is \$600,000 and the Authority collects ground rent in the amount of \$23,616 per year for 40 years, and thereafter, \$1 per year. Ground rent is payable from available cash flow, as defined in the partnership, starting on January 2, 2018. Unpaid ground rent accrues interest at a rate of 2.58% per annum, compounded annually. As of June 30, 2019, the balance of the ground lease was \$582,834, of which \$12,979 was current and interest of \$14,196 had accrued.

c. Promissory Note – Seller Financing Note

A promissory note in the amount of \$6,325,000 dated August 1, 2017 was issued for the acquisition of the leasehold estate in one apartment complex with 80 units by Wiggums Park Place LLLP. No annual payments are required on the principle or the interest which accrues at the compounding rate of 3.15% per annum. Interest in the amount of \$388,642 had accrued as of June 30, 2019. The note is classified as non-current since repayment is subject to available cash flow of the partnership. The note matures on August 1, 2057.

d. Development Fee Note

A development agreement was executed on August 1, 2017 relating to the acquisition and development of Wiggums Park Place LLLP. The total amount of the development fee earned was \$2,715,545. Any development amount not paid when otherwise due will be deferred with interest at the rate of 6% per annum and paid in the priority described in the partnership agreement.

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All amounts are payable by 2032. On June 30, 2019 the balance of the note was \$2,715,545, of which \$1,233,931 was classified as current.

6. Capital Assets

Primary Government:

The following is a summary of the changes (at cost) in capital assets (land, structures and equipment) used by the Authority in its enterprise fund operations:

	Balance July 1, 2018*	Additions and Transfers	Reductions and Transfers	Balance June 30, 2019
Capital assets, not being depreciated:				
Land	\$ 3,513,664	\$ -	\$ -	\$ 3,513,664
Construction in progress	354,317	177,893	130,363	401,847
Total capital assets, not being depreciated	3,867,981	177,893	130,363	3,915,511
Capital assets, being depreciated:				
Building and building improvements	23,190,803	105,244	1,530	23,294,517
Furniture, equipment and machinery	1,466,716	97,791	181,377	1,383,130
Total capital assets, being depreciated	24,657,519	203,035	182,907	24,677,647
Less accumulated depreciation for:				
Building and building improvements	15,576,762	451,142	-	16,027,904
Furniture, equipment and machinery	1,309,578	46,000	181,377	1,174,201
Total accumulated depreciation	16,886,340	497,142	181,377	17,202,105
Total capital assets being depreciated, net	7,771,179	(294,107)	1,530	7,475,542
Total capital assets, net	\$ 11,639,160	\$ (116,214)	\$ 131,893	\$ 11,391,053

* Beginning balance has been restated to increase land by \$110,500. See Note 17

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2019

Component Units:

The following is a summary of the changes (at cost) in capital assets (land, structures and equipment) held by the component units on December 31, 2018:

	Balance January 1, 2018	Additions and Transfers	Reductions and Transfers	Balance December 31, 2018
Capital assets, not being depreciated:				
Land	\$ 8,091,008	\$ -	\$ 170,989	7,920,019
Leasehold improvements	46,020	-	-	46,020
Construction in progress	3,043,773	-	3,043,773	-
Total capital assets, not being depreciated	11,180,801	-	3,214,762	7,966,039
Capital assets, being depreciated:				
Site improvements	3,869,502	912,896	-	4,782,398
Building and building improvements	174,177,111	13,103,990	894,234	186,386,867
Furniture, equipment and machinery	3,480,804	716,211	-	4,197,015
Total capital assets, being depreciated	181,527,417	14,733,097	894,234	195,366,280
Less accumulated depreciation for:				
Site improvements	1,866,880	184,684	9,331	2,042,233
Building and building improvements	23,662,105	4,636,462	-	28,298,567
Furniture, equipment and machinery	2,443,922	393,068	-	2,836,990
Total accumulated depreciation*	27,972,907	5,214,214	9,331	33,177,790
Total capital assets being depreciated, net	153,554,510	9,518,883	884,903	162,188,490
Total capital assets, net	\$ 164,735,311	\$ 9,518,883	\$ 4,099,665	\$ 170,154,529

7. Construction in Progress

Primary Government:

Capital improvements made to EHA's Public Housing units are financed primarily with grant funds provided by HUD through the Capital Fund program. Capital grants are awarded annually based on a 5-year comprehensive modernization plan submitted to HUD. When modernization projects are completed, HUD issues a modernization cost certificate for each grant, at which time construction in progress for that grant is placed in service and transferred to the buildings or improvement categories. Capital grants are required to be expended within four years of award and may be spent at our public housing properties or the Central Office Cost Center.

Construction in progress represents expenditures for modernization and remodeling work at the Central Office Cost Center in addition to predevelopment work for two other projects.

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Notes to Basic Financial Statements
June 30, 2019

The following schedule shows the significant components of construction in progress at June 30, 2019:

	Project Authorization	Expended through 6/30/2019	Committed
Legacy predevelopment	\$ 205,371	\$ 205,371	\$ -
Central Office Cost Center	25,788	25,788	-
Grandview Clubhouse/Unit renovation	170,688	170,688	-
	<u>\$ 401,847</u>	<u>\$ 401,847</u>	<u>\$ -</u>

8. Non-Current Liabilities

Primary Government:

As of June 30, 2019, the primary government had revenue bonds outstanding as follows:

	Issuance Date	Maturity Date	Interest Rate	Bond Issuance	Balance at June 30	Principal Payments
<i>Tax Credit Partnerships</i>						
Revenue Bond 2011						
Broadway Plaza Apartments	06/29/11	07/01/29	1.99%-5.865%	\$ 7,000,000	\$ 6,445,000	\$ 100,000
Revenue Bond 2014						
Bakerview/Grandview	05/04/17	05/04/33	5.49%	6,250,000	6,125,271	67,680
Revenue Bond 2014						
Everett Affordable Housing Portfolio	02/22/17	02/22/33	5.49%	5,350,000	5,229,044	58,733
Revenue Bond 2016						
EHA Senior Housing I	02/05/16	03/15/35	4.13%	6,500,000	6,393,573	89,175
Revenue Bond 2017						
Wiggums Park Place	09/01/17	03/01/20	2.875%	12,700,000	12,527,457	5,767,552
Total Tax Credit Partnership Bonds					<u>\$ 36,720,345</u>	
<i>Affordable Housing</i>						
Revenue Bond 2006						
Gibson Road Townhomes Project						
(Pacific Square Apartments)	12/28/06	01/01/22	5.25%	400,000	93,464	34,649
Total Affordable Housing Bonds					<u>93,464</u>	
Total Revenue Bonds					<u>\$ 36,813,809</u>	

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Notes to Basic Financial Statements
June 30, 2019

As of June 30, 2019, the primary government had promissory notes outstanding as follows:

	Issuance Date	Maturity Date	Interest Rate	Note Issuance	Balance at June 30	Principal Payments
<i>Tax Credit Partnerships</i>						
HTF Promissory Note - Pivotal Point Apartments	09/24/13	12/31/55	0-1%	\$ 865,000	\$ 865,000	\$ -
Total Tax Credit Partnership Notes					<u>\$ 865,000</u>	
<i>Affordable Housing</i>						
Promissory Note - City of Everett (HOME Loan) - Gibson Road Townhomes Project (Pacific Square)	12/06/06	12/06/31	3.00%	65,633	65,633	-
Promissory Note - City of Everett (Housing Trust Fund) - Gibson Road Townhomes Project	12/06/06	12/06/31	3.00%	232,544	232,544	-
Promissory Note - City of Everett (Housing Trust Fund) - Lakeview Terrace Apartments Project	07/31/07	07/31/32	3.00%	90,036	90,036	-
WA State (Housing Trust Fund) - Evergreen Cottages	06/03/09	01/31/59	1.00%	525,000	444,513	9,155
Snohomish County (Home Loan) - Evergreen Cottages	08/15/08	08/14/48	0.00%	647,150	647,150	-
Everett (Housing Trust Fund) - Evergreen Cottages	07/22/08	07/21/33	3.00%	200,000	200,000	-
Banner Bank - Evergreen Cottages	06/24/15	07/01/25	4.95%	750,000	701,830	13,605
Total Affordable Housing Notes					<u>2,381,706</u>	
Total Notes					<u><u>\$ 3,246,706</u></u>	

Changes in long-term liabilities for the primary government during the year ended June 30, 2019 are summarized below:

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Due Within One Year
Revenue bonds	\$ 32,590,579	\$ 4,561,347	\$ 338,117	\$ 36,813,809	\$ 6,117,788
Promissory notes	3,268,719	-	22,013	3,246,706	22,760
	<u>35,859,298</u>	<u>4,561,347</u>	<u>360,130</u>	<u>40,060,515</u>	<u>6,140,548</u>
Compensated absences	377,871	46,816	-	424,687	106,172
Accrued interest	695,173	19,715	5,803	709,085	487,401
Pension liability	4,021,305	-	1,175,378	2,845,927	-
	<u>5,094,349</u>	<u>66,531</u>	<u>1,181,181</u>	<u>3,979,699</u>	<u>593,573</u>
Total	<u>\$ 40,953,647</u>	<u>\$ 4,627,878</u>	<u>\$ 1,541,311</u>	<u>\$ 44,040,214</u>	<u>\$ 6,734,121</u>

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The annual debt service requirements of the primary government for revenue bonds and notes at June 30, 2019 are as follows:

Year Ended June 30	Bond Principal	Note Principal	Interest Due	Total
2020	\$ 6,117,802	\$ 22,760	\$ 1,392,458	\$ 7,533,020
2021	461,739	23,540	1,529,183	2,014,462
2022	517,496	24,357	1,506,763	2,048,616
2023	476,034	25,211	1,482,625	1,983,870
2024	497,576	26,105	1,458,541	1,982,222
2025-2029	2,831,607	675,657	6,699,203	10,206,467
2030-2034	16,284,895	548,502	4,458,316	21,291,713
2035-2039	5,879,548	416,249	1,444,656	7,740,453
2040-2044	1,090,024	227,323	702,667	2,020,014
2045-2049	1,339,231	238,963	441,820	2,020,014
2050-2054	1,317,857	898,349	128,992	2,345,198
2055-2059	-	119,692	2,064	121,756
	<u>\$ 36,813,809</u>	<u>\$ 3,246,708</u>	<u>\$ 21,247,288</u>	<u>\$ 61,307,805</u>

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON
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Component Units: The following is a schedule of outstanding notes of the Component Units as of December 31, 2018:

Description of Note	Issuance Date	Maturity Date	Interest Rate	Note Issuance	Outstanding December 31
Broadway Plaza LLLP					
Revenue bond	06/29/11	07/01/29	1.99% - 5.865%	7,000,000	6,445,000
Seller financing note	06/29/11	06/29/61	4.05%	9,875,000	9,875,000
					<u>16,320,000</u>
Pivotal Point LLLP					
Housing Trust Fund loan	09/24/13	12/31/55	0% - 1%	865,000	865,000
EHA promissory note	09/01/13	12/31/55	7.0%	122,298	33,134
					<u>898,134</u>
Bakerview/Grandview LLLP					
Revenue bond	05/04/17	05/04/33	5.49%	6,250,000	6,157,745
EHA sponsor note	09/29/14	09/01/66	3.45%	5,000,000	5,000,000
Seller financing note	09/29/14	09/01/66	3.45%	22,950,000	22,950,000
					<u>34,107,745</u>
Everett Affordable Housing Portfolio LLLP					
Revenue bond	02/22/17	02/22/33	5.49%	5,350,000	5,257,226
EHA sponsor note	09/29/14	09/01/66	3.45%	2,000,000	2,000,000
Seller financing note	09/29/14	09/01/66	3.45%	9,700,000	9,694,066
WA State Dept of Commerce	03/15/04	03/31/43	1.00%	580,000	392,541
City of Everett - Housing	11/18/09	03/31/44	3.00%	500,000	500,000
					<u>17,843,833</u>
EHA Senior Housing I LLLP					
Revenue bond	02/05/16	03/15/35	4.13%	6,500,000	6,443,921
EHA sponsor note	02/01/16	02/01/56	3.10%	2,000,000	1,284,756
Seller financing note	02/01/16	02/01/56	3.10%	8,375,000	8,375,000
					<u>16,103,677</u>
Wiggums Park Place LLLP					
Revenue construction bond	09/01/17	03/01/20	2.875%	12,700,000	11,680,944
Seller financing note	08/01/17	08/01/57	3.15%	6,325,000	6,325,000
Ground lease	08/01/17	12/31/2116	2.58%	600,000	582,834
					<u>18,588,778</u>
Evergreen Village Senior Apartments					
WA State Dept of Commerce	07/31/02	05/31/43	0.00%	200,000	130,000
Lynn Woods Apartments					
Mortgage note	10/31/06	05/01/41	4.17%	1,570,400	1,312,893
Silver Woods Apartments					
City of Everett HOME loan	11/21/07	11/21/47	3.00%	100,000	100,000
Mortgage note	10/31/06	11/01/41	4.58%	1,589,500	1,342,276
					<u>1,442,276</u>

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Changes in outstanding notes and compensated absences for the Component Units during the year ended December 31, 2018 are summarized below:

	Balance January 1	Additions	Reductions	Balance December 31	Due Within One Year
Broadway Plaza LLLP					
Promissory note - Everett Housing Authority					
Housing revenue bonds 2011	6,545,000	-	100,000	6,445,000	100,000
Seller financing note	9,875,000	-	-	9,875,000	-
	16,420,000	-	100,000	16,320,000	100,000
Compensated absences	22,733	5,349	-	28,082	7,020
Total	16,442,733	5,349	100,000	16,348,082	107,020
Pivotal Point LLLP					
Housing Trust Fund loan	865,000	-	-	865,000	-
EHA promissory note	59,928	-	26,794	33,134	-
	924,928	-	26,794	898,134	-
Compensated absences	4,847	57	-	4,904	1,226
Total	929,775	57	26,794	903,038	1,226
Bakerview/Grandview LLLP					
Revenue bond	6,220,086	-	62,341	6,157,745	65,851
EHA sponsor note	5,000,000	-	-	5,000,000	-
Seller financing note	22,950,000	-	-	22,950,000	-
	34,170,086	-	62,341	34,107,745	65,851
Compensated absences	43,760	12,192	-	55,952	13,988
Total	34,213,846	12,192	62,341	34,163,697	79,839
Everett Affordable Housing Portfolio LLLP					
Revenue bond	5,311,326	-	54,100	5,257,226	57,146
EHA sponsor note	2,000,000	-	-	2,000,000	-
Seller financing note	9,694,066	-	-	9,694,066	-
WA St Dept of Commerce	406,141	-	13,600	392,541	13,767
City of Everett - Housing Trust Fund	500,000	-	-	500,000	-
	17,911,533	-	67,700	17,843,833	70,913
Compensated absences	27,666	6,142	-	33,808	8,452
Total	\$ 17,939,199	\$ 6,142	\$ 67,700	\$ 17,877,641	\$ 79,365
Wiggums Park Place, LLLP					
Revenue construction bond	4,204,481	7,476,463	-	11,680,944	-
Seller financing note	6,325,000	-	-	6,325,000	-
Ground lease	600,000	-	17,166	582,834	-
	11,129,481	7,476,463	17,166	18,588,778	-
Compensated absences	26,872	7,633	-	34,505	8,626
Total	\$ 11,156,353	\$ 7,484,096	\$ 17,166	\$ 18,623,283	\$ 8,626

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Changes in outstanding notes and compensated absences for the Component Units during the year ended December 31, 2018 (continued)

	Balance January 1	Additions	Reductions	Balance December 31	Due Within One Year
EHA Senior Housing I LLLP					
Revenue construction bond	\$ 15,969,500	\$ -	\$ 9,525,579	\$ 6,443,921	\$ 87,059
EHA sponsor note	1,284,756	-	-	1,284,756	-
Seller financing note	8,375,000	-	-	8,375,000	-
	25,629,256	-	9,525,579	16,103,677	87,059
Compensated absences	24,187	3,065	-	27,252	6,813
Total	25,653,443	3,065	9,525,579	16,130,929	93,872
Evergreen Village Senior Apartments					
WA State Dept of Commerce	130,000	-	-	130,000	-
	130,000	-	-	130,000	-
Compensated absences	5,561	-	532	5,029	1,257
Total	135,561	-	532	135,029	1,257
Lynn Woods Senior Apartments					
Mortgage note	1,346,434	-	33,541	1,312,893	34,967
	1,346,434	-	33,541	1,312,893	34,967
Compensated absences	4,932	-	32	4,900	1,225
Total	1,351,366	-	33,573	1,317,793	36,192
Silver Woods Senior Apartments					
City of Everett HOME loan	100,000	-	-	100,000	-
Mortgage note	1,374,683	-	32,407	1,342,276	33,923
	1,474,683	-	32,407	1,442,276	33,923
Compensated absences	5,877	298	-	6,175	1,544
Total	1,480,560	298	32,407	1,448,451	35,467
Evergreen Court Senior Apartments					
Compensated absences	4,265	2,413	-	6,678	1,670
Hawkins House Senior Apartments					
Compensated absences	4,407	2,732	-	7,139	1,785
Lynn Crest Senior Apartments					
Compensated absences	4,787	526	-	5,313	1,328
Lake Woods Senior Apartments					
Compensated absences	4,357	7,498	-	11,855	2,964
Meadow Park Senior Apartments					
Compensated absences	4,107	2,795	-	6,902	1,725
Scriber Pointe Senior Apartments					
Compensated absences	2,480	1,421	-	3,901	975
Silver View Senior Apartments					
Compensated absences	5,741	412	-	6,153	1,538
Village East Senior Apartments					
Compensated absences	3,214	1,234	-	4,448	1,112

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Notes to Basic Financial Statements

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The annual debt service requirements of the Component Units' long-term debt obligations at December 31, 2018 are as follows:

Year Ended				
December 31	Notes	Interest	Total	
2019	\$ 420,245	\$ 1,408,916	\$ 1,829,161	
2020	5,377,021	1,588,223	6,965,244	
2021	530,215	1,606,519	2,136,734	
2022	564,338	1,581,083	2,145,421	
2023	589,356	1,554,555	2,143,911	
2024-2028	2,911,931	6,448,318	9,360,249	
2029-2033	17,161,295	5,102,149	22,263,444	
2034-2038	6,455,166	1,502,009	7,957,175	
Thereafter	72,737,770	9,944,842	82,682,612	
	<u>\$ 106,747,337</u>	<u>\$ 30,736,614</u>	<u>\$ 137,483,951</u>	

9. Arbitrage

The Housing Authority periodically monitors for the existence of any rebatable arbitrage interest associated with its tax-exempt debt. Rebatable arbitrage interest is based on the difference between the interest earnings from the investment of bond proceeds as compared to the interest expense associated with the respective bonds. As of June 30, 2019, the Housing Authority estimated that no arbitrage rebate exists in conjunction with its debt reserve funds, and therefore no liability exists.

10. Conduit Debt

The Authority has issued special revenue low income housing bonds to provide financial assistance to nonprofit agencies to acquire, construct and rehabilitate low-income housing. These bonds are payable solely from the revenue of the low-income housing properties owned by the nonprofit agencies, and do not constitute a debt or pledge of the full faith and credit of the Authority, the State of Washington or any political subdivision thereof. Accordingly, these obligations and related assets are not presented in the financial statements of the Authority.

As of June 30, 2019, there were two separate series of these special revenue bonds outstanding with an aggregate original principal amount payable of \$2,504,000. The unpaid principal balance of these obligations at June 30, 2019 is \$1,641,308. The Authority anticipates that the nonprofit agency responsible for these conduit bonds will retire the bonds in 2020.

11. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; injuries to employees; and natural disasters. The Agency maintains comprehensive insurance coverage with private carriers for vehicles, earthquake, and employee major medical and dental. Workman's compensation insurance is provided through the Washington State Department of Labor and Industries.

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

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Coverage for property, general liability, errors and omissions, and fidelity insurance is provided by the Housing Authorities Risk Retention Pool ("HARRP").

The Authority has elected to pay for its unemployment insurance coverage through quarterly reimbursements to the Washington State Employment Security Department as provided for by RCW 50.44.060. This reimbursement method is in lieu of paying unemployment taxes.

The Authority is a member of the HARRP. Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. HARRP was created in March 1987 for the purposes of providing insurance and risk management services for housing authorities in the states of Washington, Nevada, Oregon and California. HARRP currently has a total of eighty-three member/owner housing authorities in the states of Washington, Oregon, California and Nevada, of which thirty-four are Washington housing authorities.

The Everett Housing Authority has obtained the following coverages from HARRP:

- General liability coverage is written on an occurrence form basis with a limit of \$2,000,000 per occurrence, without any deductible.
- Errors and omissions coverage, including employment practices liability, is written on a claims made basis with a limit of \$2,000,000 per occurrence. The Authority is responsible for 10% of any incurred loss.
- Property loss coverage is on a replacement cost basis with a deductible of \$2,500 per occurrence.
- Fidelity coverage with a limit of \$900,000 for employee dishonesty and forgery or alteration and \$90,000 for theft, with a deductible of \$1,000 per occurrence.

Coverage limits for general liability, errors & omissions and employment practices liability are \$2,000,000 per occurrence with a \$2,000,000 annual aggregate. Property coverage is provided on a full replacement cost basis, per structure, up to the stated values reported to HARRP. The HARRP Board of Directors determines the limits and coverage terms, in its sole discretion.

HARRP provides loss control services, claim investigation and adjusting, litigation management and defense with in-house staff and retained third party contractors.

HARRP is fully funded by member assessments that are adjusted annually by the HARRP Board of Directors on the basis of independent actuarial studies. These assessments cover loss, loss adjustment, reinsurance and other administrative expenses. HARRP does not have the right to assess the membership for any shortfall in its funding. Such shortfalls are made up through future rate adjustments.

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12. Pension Plan

The following table represents the aggregate pension amounts for all plans for the year 2019:

Aggregate Pension Amounts – All Plans	
Pension liabilities	\$ (2,845,927)
Pension assets	\$ -
Deferred outflows of resources	\$ 1,110,544
Deferred inflows of resources	\$ (1,126,840)
Pension expense/expenditures	\$ 163,014

State Sponsored Pension Plans

Substantially all Everett Housing 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 comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to:

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

Or the DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov.

Public Employees' Retirement System (PERS)

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

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

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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 2018 and 2019 were as follows:

PERS Plan 1		
Actual Contribution Rates	Employer	Employee*
July – August 2018		
PERS Plan 1	7.49%	6.00%
PERS Plan 1 UAAL	5.03%	
Administrative Fee	0.18%	
Total	12.70%	6.00%
September 2018 – June 2019		
PERS Plan 1	7.52%	6.00%
PERS Plan 1 UAAL	5.13%	
Administrative Fee	0.18%	
Total	12.83%	6.00%

* For employees participating in JBM, the contribution rate was 12.26%.

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

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

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

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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.

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 2018 and 2019 were as follows:

PERS Plan 2/3		
Actual Contribution Rates	Employer 2/3	Employee 2*
July – August 2018		
PERS Plan 2/3	7.49%	7.38%
PERS Plan 1 UAAL	5.03%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	12.70%	7.38%
September 2018 – June 2019		
PERS Plan 2/3	7.52%	7.41%
PERS Plan 1 UAAL	5.13%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	12.83%	7.41%

* For employees participating in JBM, the contribution rate was 18.45% to 18.53%.

The Everett Housing Authority's actual PERS plan contributions were \$314,206 to PERS Plan 1 and \$465,270 to PERS Plan 2/3 for the year ended June 30, 2019.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2018 with a valuation date of June 30, 2017. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2007-2012 Experience Study* and the *2017 Economic Experience Study*.

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Additional assumptions for subsequent events and law changes are current as of the 2017 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2018. Plan liabilities were rolled forward from June 30, 2017, to June 30, 2018, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

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

Mortality rates were based on the RP-2000 report's Combined Healthy Table and Combined Disabled Table, published by the Society of Actuaries. The OSA applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. 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.

There were changes in methods and assumptions since the last valuation.

- Lowered the valuation interest rate from 7.70% to 7.50% for all systems
- Lowered the assumed general salary growth from 3.75% to 3.50% for all systems.
- Lowered assumed inflation from 3.00% to 2.75% for all systems.

Discount Rate

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

To determine that rate, an asset sufficiency test included an assumed 7.5 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. Consistent with the long-term expected rate of return, a 7.4 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, whose rates include a component for the PERS 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 7.4 percent was used to determine the total liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.4 percent was determined using a building-block-method. In selecting this assumption, the Office of the State Actuary (OSA) reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered capital market assumptions and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns over various time horizons.

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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, 2018, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	1.70%
Tangible Assets	7%	4.90%
Real Estate	18%	5.80%
Global Equity	32%	6.30%
Private Equity	23%	9.30%
	100%	

Sensitivity of the Net Pension Liability/(Asset)

The table below presents the Everett Housing Authority's proportionate share of the net pension liability calculated using the discount rate of 7.4 percent, as well as what the Everett Housing Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.4 percent) or 1-percentage point higher (8.4 percent) than the current rate.

	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
PERS 1	\$ 2,346,653	\$ 1,909,497	\$ 1,530,832
PERS 2/3	4,283,251	936,430	(1,807,590)

Pension Plan Fiduciary Net Position

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

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

At June 30, 2019, the Everett Housing Authority reported a total pension liability of \$2,845,927 for its proportionate share of the net pension liabilities as follows:

	Liability (or Asset)
PERS 1	\$ 1,909,497
PERS 2/3	936,430

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

	Proportionate Share 6/30/17	Proportionate Share 6/30/18	Change in Proportion
PERS 1	.043642%	.042756%	-.000886%
PERS 2/3	.056136%	.054845%	-.001291%

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

The collective net pension liability (asset) was measured as of June 30, 2018, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2017, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended June 30, 2019, the Everett Housing Authority recognized pension expense as follows:

	Pension Expense
PERS 1	\$ 118,567
PERS 2/3	44,447
TOTAL	163,014

Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2019, the Everett Housing Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$-	\$-
Net difference between projected and actual investment earnings on pension plan investments	-	(75,882)
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	314,206	-
TOTAL	\$314,206	(\$75,882)

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2019

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$114,782	(\$163,952)
Net difference between projected and actual investment earnings on pension plan investments	-	(574,637)
Changes of assumptions	10,955	(266,500)-
Changes in proportion and differences between contributions and proportionate share of contributions	205,332	(45,869)
Contributions subsequent to the measurement date	465,270	-
TOTAL	\$796,339	(\$1,050,958)

Deferred outflows of resources related to pensions resulting from the Everett Housing Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	PERS 1	PERS 2/3
2020	\$3,320	(28,321)
2021	(16,588)	(161,726)
2022	(49,777)	(327,794)
2023	(12,837)	(106,312)
2024	-	(24,273)
Thereafter	-	(71,463)
TOTAL	(\$75,882)	(\$719,889)

13. Deferred Compensation Plan

The Housing Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457. The plan is managed by the Washington State Department of Retirement Systems, which maintains an individual account for each participant. Pursuant to GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, since EHA is not the owner or trustee of these assets, the plan assets are not reported as part of EHA's basic financial statements.

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2019

14. Related Party Transactions

a. Tax Credit Partnerships

The Authority serves as the general partner for the following six tax credit partnerships accounted for as discretely presented component units as described in Note 1.

- Wiggums Park Place LLLP
- Broadway Plaza LLLP
- Pivotal Point LLLP
- Bakerview/Grandview Affordable Housing LLLP
- Everett Affordable Housing Portfolio LLLP
- EHA Senior Housing I LLLP

Each partnership is formed to develop and provide low-income housing either through acquisition and remodel of units that were previously owned by the Authority or a third party or through constructing new units. The sources of funding for acquisition and development is a combination of seller/sponsor financing, tax exempt bond financing, public funder debt, equity payments from the limited investor partner, and cash flow from operations. The Authority serves as the developer for these projects and collects a development fee. A portion of that fee is paid in cash at the completion of the work from installments of equity payments and the balance is deferred and paid from operating cash flow over a period of approximately 10 years.

These properties derive revenue primarily from rent charged to tenants and rental assistance provided by contracts with HUD. The Authority manages the housing projects owned by the partnerships by providing staff to operate and maintain the property and to provide regulatory compliance administration. Salaries and benefits of frontline staff are paid from operating revenues. The Authority may also collect annual management fees, incentive management fees, payments of deferred development fees, payments for loans, interest and leases made to the properties and general partner fees from these projects.

	Development Fee Payments	Incentive Mgt Fee	Property Mgt Fees	General Partner Fees	Loan & Lease Payments	Total
Wiggums Park Place LLLP	\$ -	\$ -	\$ 49,865	\$ -	\$ -	\$ 49,865
Broadway Plaza LLLP	-	-	96,875	-	527,227	624,102
Pivotal Point LLLP	-	15,324	14,428	7,997	18,984	56,733
Bakerview/Grandview LLLP	400,000	-	97,884	-	-	497,884
Everett Affordable Housing LLLP	370,960	-	71,792	-	-	442,752
EHA Senior Housing I LLLP	439,857	-	97,959	-	10,879	548,695
Total	\$ 1,210,817	\$ 15,324	\$ 428,803	\$ 7,997	\$ 557,090	\$ 2,220,031

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON
Notes to Basic Financial Statements
June 30, 2019

The Authority issues bond debt used to finance these projects which is then loaned to the partnerships. In addition, the Authority is obligated to fund operating deficits through advances to the partnerships. The balances owed to the Authority for all receivables for the year ending June 30, 2019 were:

	Development Notes Receivable	Bond Notes Receivable	Sponsor Loans Receivable	Seller/EHA Financing Notes Receivable	HOME/HTF and other Loans	Grounds Lease	Interest	Total
Wiggums Park Place LLLP	\$ 2,715,545	\$ 12,527,457	\$ -	\$ 6,325,000	\$ -	\$ 582,834	\$ 421,693	\$ 22,572,529
Broadway Plaza LLLP	-	6,445,000	-	9,875,000	-	-	3,006,814	19,326,814
Pivotal Point LLLP	-	-	-	14,150	865,000	-	-	879,150
Bakerview/Grandview LLLP	2,825,412	6,125,271	5,000,000	22,950,000	-	-	4,283,975	41,184,658
Everett Affordable Housing LLLP	1,667,758	5,229,044	2,000,000	9,694,066	-	-	1,836,746	20,427,614
EHA Senior Housing I LLLP	893,907	6,393,573	1,284,756	8,375,000	-	-	1,321,187	18,268,423
Total	\$ 8,102,622	\$ 36,720,345	\$ 8,284,756	\$ 57,233,216	\$ 865,000	\$ 582,834	\$ 10,870,415	\$ 122,659,188

Further detail for these receivables is available in Note 5.

Nonprofit Organizations

In 2017 the Authority assumed sponsorship and management of eleven 501(c)3 organizations as described in Note 1. These properties were accounted for as discretely presented component units. During the year ending June 30, 2019, EHA received \$314,019 in management fees from these properties. Those properties are:

- Lynn Woods Senior Housing Association of Snohomish County
- Silver Lake Senior Housing Association of Snohomish County
- Lake Woods Senior Housing Association of Snohomish County
- Lynn Crest Senior Housing Association of Snohomish County
- Silver View Senior Housing Association
- Evergreen Court Senior Housing Association
- Village East Senior Housing Association
- Meadow Park Senior Housing Association
- Scriber Pointe Senior Housing Association
- Evergreen Village Senior Housing Association
- Hawkins House

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON
Notes to Basic Financial Statements
June 30, 2019

Condensed Financial Data for the Component Units for the year ended December 31, 2018 is as follows:

	Discretely Presented Component Units, December 31, 2018						
	Broadway Plaza LLLP	Pivotal Point LLLP	Bakerview/ Grandview LLLP	Everett Aff Hsg Port LLLP	EHA Senior Housing I LLLP	Wiggums Park Place LLLP	Total Tax Credits
Assets, Liabilities and Net Position							
Assets							
Cash and investments	\$ 2,295,225	\$ 524,198	\$ 1,743,560	\$ 1,506,537	\$ 1,136,873	\$ 288,979	\$ 7,495,372
Receivables and other assets	150,940	30,850	332,735	188,527	134,662	154,185	991,899
Capital assets, net	18,441,730	4,036,214	52,903,353	25,420,903	27,488,863	22,048,712	150,339,775
Total assets	<u>\$20,887,895</u>	<u>\$4,591,262</u>	<u>\$54,979,648</u>	<u>\$27,115,967</u>	<u>\$28,760,398</u>	<u>\$22,491,876</u>	<u>\$158,827,046</u>
Liabilities and net position							
Liabilities							
Current liabilities	\$ 886,774	\$ 57,374	\$ 616,240	\$ 557,837	\$ 649,267	\$ 2,117,302	\$ 4,884,794
Long-term liabilities	18,574,702	834,636	40,099,333	20,736,338	17,713,336	20,229,975	118,188,321
Total liabilities	19,461,476	892,010	40,715,573	21,294,175	18,362,603	22,347,277	123,073,115
Net position	1,426,419	3,699,252	14,264,075	5,821,792	10,397,795	144,599	35,753,931
Total liabilities and net position	<u>\$20,887,895</u>	<u>\$4,591,262</u>	<u>\$54,979,648</u>	<u>\$27,115,967</u>	<u>\$28,760,398</u>	<u>\$22,491,876</u>	<u>\$158,827,046</u>
Revenues, Expenses and Changes in Net Position							
Operating revenues	\$ 2,290,590	\$ 242,142	\$ 2,676,011	\$ 1,718,595	\$11,506,117	\$ 888,792	\$ 19,322,246
Operating expenses							
Administration & tenant services	610,101	91,769	622,762	346,874	440,283	286,424	2,398,213
Maintenance & operations	336,584	46,222	677,562	423,681	348,740	159,947	1,992,736
Utilities & general	335,814	44,388	351,598	205,027	201,220	106,760	1,244,806
Depreciation and amortization	549,893	175,191	1,554,450	780,539	838,013	522,767	4,420,853
Total operating expenses	<u>1,832,392</u>	<u>357,570</u>	<u>3,206,371</u>	<u>1,756,121</u>	<u>1,828,255</u>	<u>1,075,899</u>	<u>10,056,608</u>
Operating income	<u>458,198</u>	<u>(115,428)</u>	<u>(530,360)</u>	<u>(37,526)</u>	<u>9,677,862</u>	<u>(187,107)</u>	<u>9,265,638</u>
Non-operating revenues (expenses)							
Investment income	14,249	3,650	7,044	10,903	8,047	3,130	47,023
Interest expense	(880,063)	(11,263)	(1,395,629)	(751,877)	(624,854)	(153,062)	(3,816,748)
Total non-operating (expenses)	<u>(865,813)</u>	<u>(7,613)</u>	<u>(1,388,585)</u>	<u>(740,975)</u>	<u>(616,807)</u>	<u>(149,932)</u>	<u>(3,769,725)</u>
Income (loss) before capital contributions	(407,616)	(123,041)	(1,918,945)	(778,501)	9,061,055	(337,040)	5,495,913
Change in net position	(407,616)	(123,041)	(1,918,945)	(778,501)	9,061,055	(337,040)	5,495,913
Beginning net position	1,834,034	3,822,296	16,183,025	6,600,294	1,336,742	481,634	30,258,025
Ending net position	<u>\$ 1,426,418</u>	<u>\$ 3,699,255</u>	<u>\$ 14,264,080</u>	<u>\$ 5,821,793</u>	<u>\$ 10,397,797</u>	<u>\$ 144,594</u>	<u>\$ 35,753,938</u>

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Notes to Basic Financial Statements
June 30, 2019

	Evergreen Court	Evergreen Village	Hawkins House	Lynncrest	Lake Woods	Lynn Woods
Assets, Liabilities and Net Position						
Assets						
Cash and investments	\$ 276,597	\$ 94,402	\$ 169,740	\$ 135,507	\$ 242,078	\$ 421,033
Receivables and other assets	17,028	4,682	5,043	8,082	6,411	13,947
Capital assets, net	1,406,990	2,265,758	5,613,235	1,126,282	1,155,689	810,218
Total assets	<u>\$ 1,700,615</u>	<u>\$ 2,364,842</u>	<u>\$ 5,788,018</u>	<u>\$ 1,269,871</u>	<u>\$ 1,404,178</u>	<u>\$ 1,245,198</u>
Liabilities and net position						
Liabilities						
Current liabilities	\$ 32,492	\$ 53,630	\$ 81,970	\$ 81,521	\$ 170,034	\$ 93,394
Long-term liabilities	5,008	133,771	5,354	3,986	8,891	1,265,540
Total liabilities	37,500	187,401	87,324	85,507	178,925	1,358,934
Net position	1,663,115	2,177,441	5,700,694	1,184,364	1,225,253	(113,736)
Total liabilities and net position	<u>\$ 1,700,615</u>	<u>\$ 2,364,842</u>	<u>\$ 5,788,018</u>	<u>\$ 1,269,871</u>	<u>\$ 1,404,178</u>	<u>\$ 1,245,198</u>
Revenues, Expenses and Changes in Net Position						
Operating revenues	\$ 256,674	\$ 213,109	\$ 253,140	\$ 261,200	\$ 270,514	\$ 367,773
Operating expenses						
Administration & tenant services	102,577	110,252	126,878	111,907	139,181	103,868
Maintenance & operations	56,974	55,136	61,478	65,229	118,751	77,104
Utilities & general	42,081	49,248	69,053	51,340	66,869	50,474
Depreciation and amortization	65,808	94,994	179,821	69,171	78,287	72,477
Total operating expenses	267,440	309,630	437,230	297,647	403,088	303,923
Operating income	(10,766)	(96,521)	(184,090)	(36,447)	(132,574)	63,850
Non-operating revenues (expenses)						
Investment income	600	245	249	227	390	478
Interest expense	-	-	-	-	-	(55,394)
Total non-operating (expenses)	600	245	249	227	390	(54,916)
Change in net position	(10,166)	(96,276)	(183,841)	(36,220)	(132,184)	8,934
Beginning net position	1,673,279	2,273,711	5,884,536	1,220,583	1,357,435	(122,671)
Ending net position	<u>\$ 1,663,113</u>	<u>\$ 2,177,434</u>	<u>\$ 5,700,695</u>	<u>\$ 1,184,364</u>	<u>\$ 1,225,251</u>	<u>\$ (113,739)</u>

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2019

Assets, Liabilities and Net Position							Total Discrete Component Units
	Meadow Park	Scriber Pointe	Silver View	Silver Woods	Village East	Total Nonprofits	
Assets							
Cash and investments	\$ 142,217	\$ 170,515	\$ 263,579	\$ 475,133	\$ 139,195	\$ 2,529,996	\$ 10,025,368
Receivables and other assets	4,945	14,441	10,074	12,548	5,166	102,367	1,094,266
Capital assets, net	1,641,189	2,176,064	1,248,322	900,153	1,470,854	19,814,754	170,154,529
Total assets	<u>\$ 1,788,351</u>	<u>\$ 2,361,020</u>	<u>\$ 1,521,975</u>	<u>\$ 1,387,834</u>	<u>\$ 1,615,215</u>	<u>\$ 22,447,117</u>	<u>\$ 181,274,163</u>
Liabilities and net position							
Liabilities							
Current liabilities	\$ 45,402	\$ 35,796	\$ 45,210	\$ 142,265	\$ 42,517	\$ 824,231	\$ 5,709,025
Long-term liabilities	5,176	2,926	4,615	1,392,355	3,335	2,830,957	121,019,278
Total liabilities	<u>50,578</u>	<u>38,722</u>	<u>49,825</u>	<u>1,534,620</u>	<u>45,852</u>	<u>3,655,188</u>	<u>126,728,303</u>
Net position	<u>1,737,773</u>	<u>2,322,298</u>	<u>1,472,150</u>	<u>(146,786)</u>	<u>1,569,363</u>	<u>18,791,929</u>	<u>54,545,860</u>
Total liabilities and net position	<u>\$ 1,788,351</u>	<u>\$ 2,361,020</u>	<u>\$ 1,521,975</u>	<u>\$ 1,387,834</u>	<u>\$ 1,615,215</u>	<u>\$ 22,447,117</u>	<u>\$ 181,274,163</u>
Revenues, Expenses and Changes in Net Position							
Operating revenues	\$ 248,276	\$ 232,438	\$ 235,032	\$ 353,260	\$ 240,415	\$ 2,931,831	\$ 22,254,077
Operating expenses							
Administration & tenant services	119,290	100,254	100,359	99,457	139,407	1,253,430	3,651,643
Maintenance & operations	61,296	74,974	67,370	62,258	60,780	761,350	2,754,086
Utilities & general	46,765	55,621	44,232	42,728	53,203	571,614	1,816,420
Depreciation and amortization	84,461	89,495	49,123	68,724	71,227	923,588	5,344,441
Total operating expenses	<u>311,812</u>	<u>320,344</u>	<u>261,084</u>	<u>273,167</u>	<u>324,617</u>	<u>3,509,982</u>	<u>13,566,590</u>
Operating income	<u>(63,536)</u>	<u>(87,906)</u>	<u>(26,052)</u>	<u>80,093</u>	<u>(84,202)</u>	<u>(578,151)</u>	<u>8,687,487</u>
Non-operating revenues (expenses)							
Investment income	625	350	539	613	285	4,601	51,624
Interest expense	-	-	-	(66,207)	-	(121,601)	(3,938,349)
Total non-operating (expenses)	<u>625</u>	<u>350</u>	<u>539</u>	<u>(65,594)</u>	<u>285</u>	<u>(117,000)</u>	<u>(3,886,725)</u>
Change in net position	<u>(62,911)</u>	<u>(87,556)</u>	<u>(25,513)</u>	<u>14,499</u>	<u>(83,917)</u>	<u>(695,151)</u>	<u>4,800,762</u>
Beginning net position	<u>1,800,683</u>	<u>2,409,850</u>	<u>1,497,665</u>	<u>(161,280)</u>	<u>1,653,282</u>	<u>19,487,073</u>	<u>49,745,098</u>
Ending net position	<u>\$ 1,737,773</u>	<u>\$ 2,322,295</u>	<u>\$ 1,472,152</u>	<u>\$ (146,782)</u>	<u>\$ 1,569,366</u>	<u>\$ 18,791,922</u>	<u>\$ 54,545,860</u>

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2019

15. Contingencies

The Authority is a party to various legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects. The Authority's management believes that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the Authority.

Under the terms of federal grants, periodic audits are required, and certain costs may be questioned as not being appropriate expenses under the terms of the grants. Any disallowed costs may constitute a liability of the applicable funds. The amount, if any, of expenses which may be disallowed by the grantor cannot be determined at this time, although the Authority expects such amounts, if any, to be immaterial.

The Authority is in the process of disposing of its remaining Public Housing projects. Under the current contracts, EHA utilizes three non-residential properties, the Colby Office, the Facilities office, and the Wiggums Hollow ballfield. The Public Housing projects also have ownership in certain equipment that has been utilized in operations. Under the terms of the Section 18 disposition, the Authority may submit a retention application to HUD requesting to retain these non-residential properties and the related capital equipment. As of June 30, 2019, EHA did not know if HUD will approve or deny its application requesting to retain the three non-residential properties and related equipment. While it is reasonably possible that HUD will deny the Authority's request to retain the properties and equipment, the Authority does not find this outcome probable. Based on the uncertainty surrounding the application, the Authority determined that the range of possible contingent loss falls between \$0 and \$3,445,236. If the retention application is denied, it is likely that the Authority would enter into negotiations with HUD requesting that we be allowed to purchase the property at below fair market value. However, management has evaluated the circumstances surrounding the application and has determined that a loss is not probable. Therefore, no contingent liability has been accrued as of June 30, 2019 relating to EHA's exit from Public Housing.

16. Subsequent Events

On November 1, 2019, The Authority signed a purchase and sale agreement to purchase Pepperwood Apartments, a 25-unit apartment complex located in Lynnwood, Washington. The purchase price was \$1,359,568. The payment terms consist of a cash payment of \$738,000, \$438,000 of which is expected to be financed with a loan and \$300,000 of which will be paid for with the Authority's cash. The Authority will also assume the property's existing debt which is not to exceed \$621,568.

The Authority is in the process of selling vacated Scattered Sites units in accordance with the approved Section 18 disposition of that Public Housing project. As of January 2020, the Authority had sold five units and collected proceeds amounting to \$1,669,683. The Authority has a committed buyer for an additional unit and expects to collect approximately \$320,000 on that sale at closing, which is estimated to occur in February 2020.

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2019

On September 26, 2019, the Authority was awarded a Family Self-Sufficiency Grant from HUD in the amount of \$72,000. The purpose of the grant is to support the salaries and training needs of FSS Program Coordinators who assist participating families receiving housing assistance through the Housing Choice Vouchers and Public Housing programs.

On November 14, 2019, the Authority was awarded funds from the Mainstream Voucher Program through HUD. The effective date may be as early as November 1, 2019 and no later than July 1, 2020. The funding award is a 12-month term for 60 units with a budget authority of \$743,436.

In January 2019, the Authority signed a Memorandum of Understanding ("MOU") with Washington State University ("WSU") to facilitate the sale of Baker Heights Public Housing units. The MOU specifies that WSU will acquire at least ten acres of land at a price of \$31 per square foot. The Authority anticipates a sales price of \$13,500,000. The MOU also outlines that the Authority will provide WSU with a seller's note of approximately \$3,500,000 to finance the transaction. The seller note repayment terms are not specified in the MOU. The MOU does not constitute a formal or binding agreement between WSU and EHA or imply a contract. Negotiations for the sale are ongoing but the Authority anticipates closing on the transaction in July of 2020.

In October and November of 2019, the Authority received acknowledgement and consent from HUD to loan operating funds to seven of the nonprofit associations, including Evergreen Village, Hawkins House, Lakewood's I, Lynn Crest, Scriber Point, Silver View and Village East. The aggregate amount of the loans was \$420,670 and the loans do not bear interest. The aggregate amount is recorded as a receivable within the Primary Government. Payments on the loans may only be paid when the individual property realizes surplus cash, as defined by HUD. EHA must submit form HUD-9250, Funds Authorization for HUD's approval prior to withdrawing the funds from the individual property's residual receipts cash account in order to make payments on the loans.

17. Prior Period Adjustment

A prior period adjustment was required within the Authority's Business-type Activities to adjust the historical value of land related to the RAD conversion of the Bakerview, Grandview, and Pineview Public Housing projects. This resulted in an increase of \$110,500 in capital assets within the Primary Government with a corresponding increase in Net Position - Net Investments in Capital Assets on the Statement of Net Position.

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON
Schedule of Proportionate Share of the Net Pension Liability
As of June 30, 2018
Last 10 Fiscal Years*

PERS # 1	2018**	2017	2016	2015	2014	2013
Employer's proportion of the net pension liability (asset)	0.042756%	0.043642%	0.039816%	0.037174%	0.034937%	0.034695%
Employer's proportionate share of the net pension liability	1,909,497	2,070,847	2,138,307	1,944,546	1,759,968	2,027,317
Employer's covered payroll	5,684,333	5,525,858	4,516,285	4,281,598	3,853,601	3,819,873
Employer's proportionate share of the net pension liability as a percentage of covered payroll	33.59%	37.48%	47.35%	45.42%	45.67%	53.07%
Plan fiduciary net position as a percentage of the total pension liability	63.22%	61.24%	57.03%	59.10%	61.19%	
PERS #2/3	2018**	2017	2016	2015	2014	2013
Employer's proportion of the net pension liability (asset)	0.054845%	0.056136%	0.051023%	0.048023%	0.044981%	0.046204%
Employer's proportionate share of the net pension liability	936,430	1,950,458	2,568,968	1,715,889	909,228	1,972,918
Employer's covered payroll	5,684,333	5,525,858	4,516,285	4,281,598	3,853,601	3,819,873
Employer's proportionate share of the net pension liability as a percentage of covered payroll	16.47%	35.30%	56.88%	40.08%	23.59%	51.65%
Plan fiduciary net position as a percentage of the total pension liability	95.77%	90.97%	85.82%	89.20%	93.29%	

*These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

**These schedules provide information as of the measurement date of June 30, 2018 for amounts recorded as of June 30, 2019 financial statements related to net pension liabilities, expenses, deferred outflows of resources and deferred inflows of resources.

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON
Schedule of Employer Contributions
For the Year Ended June 30, 2019
Last 10 Fiscal Years*

PERS # 1	2019**	2018	2017	2016	2015	2014	2013
Contractually required contributions	314,206	285,788	262,520	225,796	170,851	154,640	89,978
Contributions in relation to the contractually required contributions	(314,206)	(285,788)	(262,520)	(225,796)	(170,851)	(154,640)	(89,978)
Contribution deficiency (excess)	-	-	-	-	-	-	-
Covered payroll	6,231,069	5,684,333	5,525,858	4,516,285	4,281,598	3,853,601	3,819,873
Contributions as a percentage of covered employer payroll	5.04%	5.03%	4.75%	5.00%	3.99%	4.01%	2.36%
PERS #2/3	2019**	2018**	2017**	2016	2015	2014	2013
Contractually required contributions	465,270	423,189	342,871	294,550	213,920	190,017	179,299
Contributions in relation to the contractually required contributions	(465,270)	(423,189)	(342,871)	(294,550)	(213,920)	(190,017)	(179,299)
Contribution deficiency (excess)	-	-	-	-	-	-	-
Covered payroll	6,231,069	5,684,333	5,525,858	4,516,285	4,281,598	3,853,601	3,819,873
Contributions as a percentage of covered employer payroll	7.47%	7.44%	6.20%	6.52%	5.00%	4.93%	4.69%

*These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

**These schedules provide information as of the measurement date of June 30, 2018 for amounts recorded as of June 30, 2019 financial statements related to net pension liabilities, expenses, deferred outflows of resources and deferred inflows of resources.

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON
Notes to the Schedule of Proportionate Share of the Net Pension Liability
June 30, 2019

1. Changes of Benefit Terms

There were no changes in the benefit terms for the Pension Plans

2. Changes of Assumptions

Updated valuation interest rate, general salary growth, and inflation assumptions to be consistent with the assumptions adopted by the Pension Funding Council.

Lowered the valuation interest rate from 7.70% to 7.50% for all systems.

Lowered assumed general salary growth from 3.75% to 3.50% for all systems

Lowered assumed inflation for 3.00% to 2.75% for all systems

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Supplemental Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2019

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Note
				From Pass-Through Awards	From Direct Awards	Total	Passed Through to Subrecipients
Section 8 Project-Based Cluster							
Office of Community Planning And Development, Department Of Housing And Urban Development	Section 8 Moderate Rehabilitation Single Room Occupancy	14.249	WA006SR0004	-	139,347	139,347	1, 2
Office of Public And Indian Housing, Department Of Housing And Urban Development	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation	14.856	WA006MR0003	-	51,090	51,090	1, 2
	Total Section 8 Project-Based Cluster:			-	190,437	190,437	-
Office of Public And Indian Housing, Department Of Housing And Urban Development	Public and Indian Housing	14.850	WA006	-	1,065,042	1,065,042	1, 2
Housing Voucher Cluster							
Office of Public And Indian Housing, Department Of Housing And Urban Development	Section 8 Housing Choice Vouchers	14.871	WA006	-	38,642,895	38,642,895	1, 2
	Total Housing Voucher Cluster:			-	38,642,895	38,642,895	-
Office of Public And Indian Housing, Department Of Housing And Urban Development	Public Housing Capital Fund	14.872	WA01P006501	-	292,073	292,073	1, 2
Aging Cluster							
Administration for Community Living (ACL), Health and Human Services, Department of (via Snohomish County Human Services Department)	Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	A-18-44-01-184(1)	25,000	-	25,000	1, 2
	Total Aging Cluster:			25,000	-	25,000	-
Substance Abuse and Mental Health Services Administration, Health and Human Services, Department of (via Snohomish County Human Services department)	Block Grants for Community Mental Health Services	93.958	NSBHO-SNOHOMISHCO-MHBG-17-18 BH-17-90-01-184(1)	129,000	-	129,000	1, 2
	Total Federal Awards Expended:			154,000	40,190,447	40,344,447	-

The accompanying notes are an integral part of this schedule

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON
Notes to the Supplemental Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

1. Basis of Accounting

The accompanying Supplemental Schedule of Expenditures of Federal Awards (The "Schedule") presents the activity of all federal financial assistance programs of the Everett Housing Authority (the "Authority"). The Authority's reporting entity is defined in Note 1 to the Authority's financial statements. All federal financial assistance received directly from the federal government as well as federal financial assistance that is passed through to other governmental agencies is required to be included on the Schedule.

The information presented in the Schedule is presented in accordance with the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Revenue and expenses are presented on an accrual basis of accounting with the exception of fixed assets and depreciation. For purposes of the Schedule, depreciation expense is not recorded and the cost of fixed asset additions is included as an expenditure.

2. Program Costs

The amounts shown on the Schedule are for current year expenditures and represent only the federal portion of the actual program costs. Actual program costs, including the Authority's portion, may be more than shown.

3. Indirect Cost Rate

The Everett Housing Authority has not elected to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON
Supplemental Financial Data Schedule
Statement of Net Position
As of June 30, 2019

Line item number & account description	Hope Options 93,958	Special Prgrms for the Aging 93,004	Housing Choice Vouchers 14,871	Section 8 Mod Rehab 14,249	Section 8 Mod Rehab 14,856	Business Activities
111 Cash - Unrestricted	\$ -	\$ -	\$ 260,874	\$ 124,970	\$ 42,498	\$ 16,835,801
113 Cash - Other Restricted	-	-	614,456	-	-	15,075
114 Cash - Tenant Security Deposits	-	-	-	-	-	23,390
115 Cash - Restricted for Payment of Current Liabilities	-	-	191,215	-	-	-
100 Total Cash	-	-	1,066,545	124,970	42,498	16,874,266
121 Accounts Receivable - PHA Projects	-	-	-	-	-	-
122 Accounts Receivable - HUD Other Projects	-	-	232,141	-	727	-
124 Accounts Receivable - Other Government	54,886	-	21,929	-	-	241,327
125 Accounts Receivable - Miscellaneous	-	-	49,543	-	-	2,301,694
126 Accounts Receivable - Tenants	-	-	-	-	-	1,496
126.1 Allowance for Doubtful Accounts - Tenants	-	-	-	-	-	(51)
126.2 Allowance for Doubtful Accounts - Other	-	-	(33,168)	-	-	-
127 Notes, Loans, & Mortgages Receivable - Current	-	-	-	-	-	6,096,119
128 Fraud Recovery	-	-	113,883	-	-	-
128.1 Allowance for Doubtful Accounts - Fraud	-	-	(33,168)	-	-	-
129 Accrued Interest Receivable	-	-	-	-	-	-
120 Total Receivables, Net of Allowances for Doubtful Accounts	54,886	-	351,160	-	727	501,177
131 Investments - Unrestricted	-	-	-	-	-	-
132 Investments - Restricted	-	-	-	-	-	-
142 Prepaid Expenses and Other Assets	-	-	1,487	-	-	4,177
143 Inventories	-	-	-	-	-	-
144 Inter Program Due From	-	-	-	-	-	40,572
150 Total Current Assets	54,886	-	1,419,192	124,970	43,225	26,060,777
161 Land	-	-	-	-	-	2,393,936
162 Buildings	-	-	154,860	-	-	5,270,467
163 Furniture, Equipment & Machinery - Dwellings	-	-	-	-	-	8,000
164 Furniture, Equipment & Machinery - Administration	-	-	87,256	-	-	307,848
165 Leasehold Improvements	-	-	-	-	-	-
166 Accumulated Depreciation	-	-	(129,780)	-	-	(1,436,355)
167 Construction in Progress	-	-	-	-	-	376,059
160 Total Capital Assets, Net of Accumulated Depreciation	-	-	112,336	-	-	6,919,955
171 Notes, Loans and Mortgages Receivable - Non-Current	-	-	-	-	-	107,959,270
174 Other Assets	-	-	-	-	-	6,025,939
180 Total Non-Current Assets	-	-	112,336	-	-	120,905,164
200 Deferred Outflow of Resources	-	-	185,606	-	-	724,161
190 Total Assets and Deferred Outflow of Resources	\$ 54,886	\$ -	\$ 1,717,134	\$ 124,970	\$ 43,225	\$ 147,690,102

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON
Supplemental Financial Data Schedule
Statement of Net Position
As of June 30, 2019

Line item number & account description	Hope Options 93,958	Special Prgrms for the Aging 93,004	Housing Choice Vouchers 14,871	Section 8 Mod Rehab 14,249	Section 8 Mod Rehab 14,856	Business Activities
312 Accounts Payable <= 90 Days	334	-	35,801	759	289	59,067
321 Accrued Wages/Payroll Taxes Payable	-	-	-	-	-	-
322 Accrued Compensated Absences - Current Portion	3,440	-	23,943	11	4	44,167
325 Accrued Interest Payable	-	-	-	-	-	487,401
331 Accounts Payable - HUD PHA Programs	-	-	1,499	9,438	-	-
332 Account Payable - PHA Projects	-	-	-	-	-	-
333 Accounts Payable - Other Government	-	-	-	-	-	-
341 Tenant Security Deposits	-	-	-	-	-	-
342 Unearned Revenue	-	-	-	-	-	23,390
343 Current Portion of Long-term Debt - Capital	-	-	-	-	-	23,378
344 Current Portion of Long-term Debt - Operating Borrowings	-	-	-	-	-	57,408
345 Other Current Liabilities	-	-	191,215	-	-	6,083,140
346 Accrued Liabilities - Other	221	-	-	-	-	-
347 Inter Program - Due To	40,572	-	-	-	-	16,761
310 Total Current Liabilities	44,567	-	252,458	10,208	293	6,794,712
351 Long-term Debt, Net of Current - Capital Projects/Mortgage	-	-	-	-	-	2,417,763
352 Long-term Debt, Net of Current - Operating Borrowings	-	-	-	-	-	31,502,205
353 Non-current Liabilities - Other	-	-	150,311	-	-	221,684
354 Accrued Compensated Absences - Non Current	10,319	-	71,830	35	13	132,500
357 Accrued Pension and OPEB Liabilities	-	-	475,641	-	-	1,855,762
350 Total Non-Current Liabilities	10,319	-	697,782	35	13	36,129,914
300 Total Liabilities	54,886	-	950,240	10,243	306	42,924,626
400 Deferred Inflow of Resources	-	-	188,329	-	-	734,786
508.4 Net Investment in Capital Assets	-	-	112,336	-	-	4,444,784
511.4 Restricted Net Position	-	-	464,145	-	-	15,075
512.4 Unrestricted Net Position	-	-	2,084	114,727	42,919	99,570,831
513 Total Equity - Net Assets / Position	-	-	578,565	114,727	42,919	104,030,690
600 Total Liabilities, Deferred Inflows of Resources and Equity/Net Assets	\$ 54,886	\$ -	\$ 1,717,134	\$ 124,970	\$ 43,225	\$ 147,690,102

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON
Supplemental Financial Data Schedule
Statement of Net Position
As of June 30, 2019

Line item number & account description	Baker Heights WAO06000100	Grandview Homes WAO06000200	Bakerview Apts WAO06000300	Pineview Apts WAO06000400	Scattered Sites WAO06000500	Total Public Housing Projects	COCC
111 Cash - Unrestricted	\$ 1,091,277	\$ -	\$ -	\$ -	\$ 1,287,257	\$ 2,378,534	\$ 295
113 Cash - Other Restricted	6,239	-	-	-	-	6,239	-
114 Cash - Tenant Security Deposits	6,000	-	-	-	10,050	16,050	-
115 Cash - Restricted for Payment of Current Liabilities	7,603	-	-	-	8,463	16,066	-
100 Total Cash	1,111,119	-	-	-	1,305,770	2,416,889	295
121 Accounts Receivable - PHA Projects	-	-	-	-	-	-	-
122 Accounts Receivable - HUD Other Projects	-	-	-	-	-	-	23,048
124 Accounts Receivable - Other Government	-	-	-	-	-	-	-
125 Accounts Receivable - Miscellaneous	-	-	-	-	535	535	-
126 Accounts Receivable - Tenants	145	-	-	-	8,345	8,490	-
126.1 Allowance for Doubtful Accounts - Tenants	(15)	-	-	-	(834)	(849)	-
126.2 Allowance for Doubtful Accounts - Other	-	-	-	-	-	-	-
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	130	-	-	-	8,046	8,176	23,048
131 Investments - Unrestricted	-	-	-	-	-	-	-
132 Investments - Restricted	-	-	-	-	-	-	-
142 Prepaid Expenses and Other Assets	2,488	-	-	-	976	3,464	12,070
143 Inventories	-	-	-	-	-	-	41,969
144 Inter Program Due From	-	-	-	-	-	-	-
150 Total Current Assets	1,113,737	-	-	-	1,314,792	2,428,529	77,382
161 Land	12,028	-	-	-	901,500	913,528	206,200
162 Buildings	10,421,301	-	-	-	4,095,445	14,516,746	3,352,443
163 Furniture, Equipment & Machinery - Dwellings	-	-	-	-	-	-	-
164 Furniture, Equipment & Machinery - Administration	150,169	-	-	-	60,684	210,853	769,172
165 Leasehold Improvements	-	-	-	-	-	-	-
166 Accumulated Depreciation	(10,355,851)	-	-	-	(2,868,796)	(13,224,647)	(2,411,321)
167 Construction in Progress	-	-	-	-	-	-	25,788
160 Total Capital Assets, Net of Accumulated Depreciation	227,647	-	-	-	2,188,833	2,416,480	1,942,282
171 Notes, Loans and Mortgages Receivable - Non-Current	-	-	-	-	-	-	-
174 Other Assets	-	-	-	-	-	-	-
180 Total Non-Current Assets	227,647	-	-	-	2,188,833	2,416,480	1,942,282
200 Deferred Outflow of Resources	68,817	-	-	-	17,485	86,302	114,476
190 Total Assets and Deferred Outflow of Resources	\$ 1,410,201	\$ -	\$ -	\$ -	\$ 3,521,110	\$ 4,931,311	\$ 2,134,140

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON
Supplemental Financial Data Schedule
Statement of Net Position
As of June 30, 2019

Line item number & account description	Baker Heights WA006000100	Grandview Homes WA006000200	Bakerview Apts WA006000300	Pineview Apts WA006000400	Scattered Sites WA006000500	Total Public Housing Projects	COCC
312 Accounts Payable <= 90 Days	15,953	-	-	-	14,564	30,517	52,678
321 Accrued Wages/Payroll Taxes Payable	-	-	-	-	-	-	232,791
322 Accrued Compensated Absences - Current Portion	10,826	-	-	-	2,766	13,592	21,015
325 Accrued Interest Payable	-	-	-	-	-	-	-
331 Accounts Payable - HUD PHA Programs	-	-	-	-	-	-	-
332 Account Payable - PHA Projects	-	-	-	-	-	-	-
333 Accounts Payable - Other Government	-	-	-	-	-	-	-
341 Tenant Security Deposits	6,000	-	-	-	-	-	238,842
342 Unearned Revenue	13	-	-	-	10,050	16,050	-
343 Current Portion of Long-term Debt - Capital	-	-	-	-	817	830	-
344 Current Portion of Long-term Debt - Operating Borrowings	-	-	-	-	-	-	-
345 Other Current Liabilities	7,603	-	-	-	8,463	16,066	-
346 Accrued Liabilities - Other	22,555	-	-	-	16,788	39,343	148,830
347 Inter Program - Due To	-	-	-	-	-	-	-
310 Total Current Liabilities	62,950	-	-	-	53,448	116,398	694,156
351 Long-term Debt, Net of Current - Capital Projects/Mortgage	-	-	-	-	-	-	-
352 Long-term Debt, Net of Current - Operating Borrowings	-	-	-	-	-	-	-
353 Non-current Liabilities - Other	6,239	-	-	-	-	6,239	-
354 Accrued Compensated Absences - Non Current	32,478	-	-	-	8,297	40,775	63,043
357 Accrued Pension and OPEB Liabilities	176,354	-	-	-	44,808	221,162	293,362
350 Total Non-Current Liabilities	215,071	-	-	-	53,105	268,176	356,405
300 Total Liabilities	278,021	-	-	-	106,553	384,574	1,050,561
400 Deferred Inflow of Resources	69,827	-	-	-	17,742	87,569	116,156
508.4 Net Investment in Capital Assets	227,647	-	-	-	2,188,833	2,416,480	1,942,283
511.4 Restricted Net Position	-	-	-	-	-	-	-
512.4 Unrestricted Net Position	834,706	-	-	-	1,207,982	2,042,688	(974,860)
513 Total Equity - Net Assets / Position	1,062,353	-	-	-	3,396,815	4,459,168	967,423
600 Total Liabilities, Deferred Inflows of Resources and Equity/Net Assets	\$ 1,410,201	\$ -	\$ -	\$ -	\$ 3,521,110	\$ 4,931,311	\$ 2,134,140

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON
Supplemental Financial Data Schedule
Statement of Net Position
As of June 30, 2019

Line item number & account description	Total Other Programs	Subtotal Housing Authority Projects/Programs	Eliminations	Total Housing Authority	Component Unit Discretely Presented	Memorandum Total
111 Cash - Unrestricted	\$ 17,264,143	\$ 19,642,972	\$ -	\$ 19,642,972	\$ 3,015,189	\$ 22,658,161
113 Cash - Other Restricted	629,531	635,770	-	635,770	6,627,569	7,263,339
114 Cash - Tenant Security Deposits	23,390	39,440	-	39,440	382,610	422,050
115 Cash - Restricted for Payment of Current Liabilities	191,215	207,281	-	207,281	-	207,281
100 Total Cash	18,108,279	20,525,463	-	20,525,463	10,025,368	30,550,831
121 Accounts Receivable - PHA Projects	-	-	-	-	-	-
122 Accounts Receivable - HUD Other Projects	232,868	255,916	-	255,916	-	255,916
124 Accounts Receivable - Other Government	318,142	318,142	-	318,142	32,455	350,597
125 Accounts Receivable - Miscellaneous	2,351,237	2,351,772	-	2,351,772	48,313	2,400,085
126 Accounts Receivable - Tenants	1,496	9,986	-	9,986	40,717	50,703
126.1 Allowance for Doubtful Accounts - Tenants	(51)	(900)	-	(900)	(12,968)	(13,868)
126.2 Allowance for Doubtful Accounts - Other	(33,168)	(33,168)	-	(33,168)	-	(33,168)
127 Notes, Loans, & Mortgages Receivable - Current	6,096,119	6,096,119	-	6,096,119	-	6,096,119
128 Fraud Recovery	113,883	113,883	-	113,883	-	113,883
128.1 Allowance for Doubtful Accounts - Fraud	(33,168)	(33,168)	-	(33,168)	-	(33,168)
129 Accrued Interest Receivable	501,177	501,177	-	501,177	-	501,177
120 Total Receivables, Net of Allowances for Doubtful Accounts	9,548,535	9,579,759	-	9,579,759	108,517	9,688,276
131 Investments - Unrestricted	-	-	-	-	-	-
132 Investments - Restricted	-	-	-	-	-	-
142 Prepaid Expenses and Other Assets	5,664	21,198	-	21,198	244,898	266,096
143 Inventories	-	41,969	-	41,969	-	41,969
144 Inter Program Due From	40,572	40,572	(40,572)	-	-	-
150 Total Current Assets	27,703,050	30,208,961	(40,572)	30,168,389	10,378,783	40,547,172
161 Land	2,393,936	3,513,664	-	3,513,664	12,702,417	16,216,081
162 Buildings	5,425,327	23,294,516	-	23,294,516	186,386,867	209,681,383
163 Furniture, Equipment & Machinery - Dwellings	8,000	8,000	-	8,000	3,541,275	3,549,275
164 Furniture, Equipment & Machinery - Administration	395,104	1,375,129	-	1,375,129	655,740	2,030,869
165 Leasehold Improvements	-	-	-	-	46,020	46,020
166 Accumulated Depreciation	(1,566,135)	(17,202,103)	-	(17,202,103)	(33,177,790)	(50,379,893)
167 Construction in Progress	376,059	401,847	-	401,847	-	401,847
160 Total Capital Assets, Net of Accumulated Depreciation	7,032,291	11,391,053	-	11,391,053	170,154,529	181,545,582
171 Notes, Loans and Mortgages Receivable - Non-Current	107,959,270	107,959,270	-	107,959,270	-	107,959,270
174 Other Assets	6,025,939	6,025,939	-	6,025,939	740,851	6,766,790
180 Total Non-Current Assets	121,017,500	125,376,262	-	125,376,262	170,895,380	296,271,642
200 Deferred Outflow of Resources	909,767	1,110,545	-	1,110,545	-	1,110,545
190 Total Assets and Deferred Outflows of Resources	\$ 149,630,317	\$ 156,695,768	\$ (40,572)	\$ 156,655,196	\$ 181,274,163	\$ 337,929,359

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON
Supplemental Financial Data Schedule
Statement of Net Position
As of June 30, 2019

Line item number & account description	Total Other Programs	Subtotal Housing Authority Projects/Programs	Eliminations	Total Housing Authority	Component Unit Discreetly Presented	Memorandum Total
312 Accounts Payable <= 90 Days	96,250	179,445	-	179,445	771,974	951,419
321 Accrued Wages/Payroll Taxes Payable	-	232,791	-	232,791	-	232,791
322 Accrued Compensated Absences - Current Portion	71,565	106,172	-	106,172	63,249	169,421
325 Accrued Interest Payable	487,401	487,401	-	487,401	842,095	1,329,496
331 Accounts Payable - HUD PHA Programs	10,937	10,937	-	10,937	1,544	12,481
332 Account Payable - PHA Projects	-	-	-	-	-	-
333 Accounts Payable - Other Government	-	238,842	-	238,842	131,926	370,768
341 Tenant Security Deposits	23,390	39,440	-	39,440	381,489	420,929
342 Unearned Revenue	23,378	24,208	-	24,208	18,958	43,166
343 Current Portion of Long-term Debt - Capital	57,408	57,408	-	57,408	2,856,413	2,913,821
344 Current Portion of Long-term Debt - Operating Borrowings	6,083,140	6,083,140	-	6,083,140	-	6,083,140
345 Other Current Liabilities	191,215	207,281	-	207,281	236,201	443,482
346 Accrued Liabilities - Other	16,982	205,155	-	205,155	405,176	610,331
347 Inter Program - Due To	40,572	40,572	(40,572)	-	-	-
310 Total Current Liabilities	7,102,238	7,912,792	(40,572)	7,872,220	5,709,025	13,581,245
351 Long-term Debt, Net of Current - Capital Projects/Mortgage	2,417,763	2,417,763	-	2,417,763	111,004,767	113,422,530
352 Long-term Debt, Net of Current - Operating Borrowings	31,502,205	31,502,205	-	31,502,205	592,834	32,095,039
353 Non-current Liabilities - Other	371,995	378,234	-	378,234	9,231,931	9,610,165
354 Accrued Compensated Absences - Non Current	214,697	318,515	-	318,515	189,746	508,261
357 Accrued Pension and OPEB Liabilities	2,331,403	2,845,927	-	2,845,927	-	2,845,927
350 Total Non-Current Liabilities	36,838,063	37,462,644	-	37,462,644	121,019,278	158,481,922
300 Total Liabilities	43,940,301	45,375,436	(40,572)	45,334,864	126,728,303	172,063,167
400 Deferred Inflow of Resources	923,115	1,126,840	-	1,126,840	-	1,126,840
508.4 Net Investment in Capital Assets	4,557,120	8,915,883	-	8,915,883	56,293,349	65,209,232
511.4 Restricted Net Position	479,220	479,220	-	479,220	6,628,690	7,107,910
512.4 Unrestricted Net Position	99,730,561	100,798,389	-	100,798,389	(8,376,179)	92,422,210
513 Total Equity - Net Assets / Position	104,766,901	110,193,492	-	110,193,492	54,545,860	164,739,352
600 Total Liabilities, Deferred Inflow of Resources and Equity/Net Assts	\$ 149,630,317	\$ 156,695,768	\$ (40,572)	\$ 156,655,196	\$ 181,274,163	\$ 337,929,359

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON
Supplemental Financial Data Schedule
Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2019

Line item number & account description	Hope Options 93.958	Special Prgrms for the Aging 93.004	Housing Choice Vouchers 14.871	Section 8 Mod Rehab 14.249	Section 8 Mod Rehab 14.856	Business Activities
70300 Net Tenant Rental Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 747,774
70400 Tenant Revenue - Other	-	-	-	-	-	3,154
70500 Total Tenant Revenue	-	-	-	-	-	750,928
70600 HUD PHA Operating Grants	-	-	39,114,560	146,062	53,610	-
70610 Capital Grants	-	-	-	-	-	-
70710 Management Fee	-	-	-	-	-	-
70720 Asset Management Fee	-	-	-	-	-	-
70730 Book Keeping Fee	-	-	-	-	-	-
70740 Front Line Service Fee	-	-	-	-	-	-
70750 Other Fees	-	-	-	-	-	724,981
70700 Total Fee Revenue	-	-	-	-	-	724,981
70800 Other Government Grants	288,776	25,000	-	-	-	-
71100 Investment Income - Unrestricted	-	-	7,220	2,521	1,004	2,919,135
71200 Mortgage Interest Income	-	-	-	-	-	-
71400 Fraud Recovery	-	-	19,781	-	-	-
71500 Other Revenue	-	-	11,560	-	-	6,639,880
71600 Gain or Loss on Sale of Capital Assets	-	-	-	-	-	-
72000 Investment Income - Restricted	-	-	-	-	-	7
70000 Total Revenue	288,776	25,000	39,153,121	148,583	54,614	11,034,931
91100 Administrative Salaries	-	-	1,057,968	2,363	900	2,479,166
91200 Auditing Fees	-	-	29,857	216	82	9,720
91300 Management Fee	-	-	565,141	2,868	1,116	-
91310 Book-keeping Fee	-	-	279,600	1,792	698	-
91400 Advertising and Marketing	-	-	1,360	-	-	5,252
91500 Employee Benefit Contributions - Administrative	-	-	314,684	1,053	401	623,300
91600 Office Expenses	3,040	-	198,329	948	362	89,048
91700 Legal Expense	-	-	700	-	-	9,578
91800 Travel	-	-	33,745	18	6	53,574
91900 Other	236	-	29,665	9,284	3,537	68,071
91000 Total Operating - Administrative	3,276	-	2,511,049	18,542	7,102	3,337,709
92000 Asset Management Fee	-	-	-	-	-	-
92100 Tenant Services - Salaries	151,347	-	16,903	-	-	455,558
92200 Relocation Costs	-	-	-	-	-	57,467
92300 Employee Benefit Contributions - Tenant Services	46,266	-	4,445	-	-	98,917

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Line item number & account description	Hope Options 93.958	Special Prgrms for the Aging 93.004	Housing Choice Vouchers 14.871	Section 8 Mod Rehab 14.249	Section 8 Mod Rehab 14.856	Business Activities
92400 Tenant Services - Other	94,534	25,000	5,326	-	-	7,107
92500 Total Tenant Services	292,147	25,000	26,674	-	-	619,049
93100 Water	-	-	-	-	-	15,968
93200 Electricity	-	-	-	-	-	18,589
93300 Gas	-	-	-	-	-	2,832
93600 Sewer	-	-	-	-	-	31,737
93800 Other Utilities Expense	-	-	-	-	-	552
93000 Total Utilities	-	-	-	-	-	69,678
94100 Ordinary Maintenance and Operations - Labor	-	-	19	-	-	1,070,867
94200 Ordinary Maintenance and Operations - Materials and Other	-	-	12,772	-	-	46,132
94300 Ordinary Maintenance and Operations Contracts	-	-	82,592	-	-	60,947
94500 Employee Benefit Contributions - Ordinary Maintenance	-	-	6	-	-	255,720
94000 Total Maintenance	-	-	95,389	-	-	1,433,666
95200 Protective Services - Other Contract Costs	-	-	-	-	-	-
95000 Total Protective Services	-	-	-	-	-	-
96110 Property Insurance	-	-	-	-	-	13,530
96120 Liability Insurance	-	-	8,846	47	18	2,136
96130 Workmen's Compensation	752	-	5,084	10	4	67,836
96140 All Other Insurance	-	-	1,335	-	-	1,882
96100 Total Insurance Premiums	752	-	15,265	57	22	85,384
96200 Other General Expenses	-	-	131,933	-	-	137,205
96300 Payments in Lieu of Taxes	-	-	-	-	-	-
96400 Bad Debt - Tenant Rents	-	-	-	-	-	79
96600 Bad Debt - Other	-	-	907	-	-	-
96000 Total Other General Expenses	-	-	132,840	-	-	137,284
96710 Interest of Mortgage (or Bonds) Payable	-	-	-	-	-	63,115
96720 Interest on Notes Payable (Short and Long Term)	-	-	-	-	-	1,969
96730 Amortization of Bond Issue Costs	-	-	-	-	-	-
96700 Total Interest Expense and Amortization Cost	-	-	-	-	-	65,084
96900 Total Operating Expenses	296,175	25,000	2,781,217	18,599	7,124	5,747,854
97000 Excess of Operating Revenue over Operating Expenses	(7,399)	-	36,371,904	129,984	47,490	5,287,077
97100 Extraordinary Maintenance	-	-	-	-	-	20,881

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Line item number & account description	Hope Options 93.958	Special Prgrms for the Aging 93.004	Housing Choice Vouchers 14.871	Section 8 Mod Rehab 14.249	Section 8 Mod Rehab 14.856	Business Activities
97200 Casualty Losses - Non-capitalized	-	-	-	-	-	-
97300 Housing Assistance Payments	-	-	35,861,679	120,747	43,966	-
97350 HAP Portability-In	-	-	-	-	-	-
97400 Depreciation Expense	-	-	12,758	-	-	179,704
90000 Total Expenses	296,175	25,000	38,655,654	139,346	51,090	5,948,439
10010 Operating Transfer In	7,399	-	-	-	-	-
10020 Operating Transfer Out	-	-	-	-	-	(133,156)
10030 Operating Transfers from/to Primary Government	-	-	-	-	-	-
10040 Operating Transfers from/to Component Unit	-	-	-	-	-	-
10070 Extraordinary Items, Net Gain/Loss	-	-	-	-	-	-
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)	7,399	-	-	-	-	(133,156)
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$ -	\$ -	\$ 497,467	\$ 9,237	\$ 3,524	\$ 4,953,336
11020 Required Annual Debt Principal Payments	-	-	-	-	-	54,877
11030 Beginning Equity	-	-	20,328	105,490	39,395	99,126,519
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	60,770	-	-	(49,166)
11170 Administrative Fee Equity	-	-	114,420	-	-	-
11180 Housing Assistance Payments Equity	-	-	464,145	-	-	-
11190 Unit Months Available	-	-	37,173	252	96	780
11210 Number of Unit Months Leased	-	-	37,284	239	93	771
11270 Excess Cash	-	-	-	-	-	-
11610 Land Purchases	-	-	-	-	-	-
11620 Building Purchases	-	-	-	-	-	-
11640 Furniture & Equipment - Administrative Purchases	-	-	-	-	-	-

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Line item number & account description	Baker Heights	Grandview		Bakerview Apts	Pineview Apts	Scattered Sites	Total Public Housing Projects	COCO
	WA006000100 \$	Homes WA006000200 \$		WA006000300 \$	WA006000400 \$	WA006000500 \$	\$	
70300 Net Tenant Rental Revenue	332,232	-	-	-	-	235,798	568,030	-
70400 Tenant Revenue - Other	20,807	-	-	-	-	2,831	23,638	-
70500 Total Tenant Revenue	353,039	-	-	-	-	238,629	591,668	-
70600 HUD PHA Operating Grants	909,220	-	-	-	-	155,822	1,065,042	-
70610 Capital Grants	266,618	-	-	-	-	25,455	292,073	-
70710 Management Fee	-	-	-	-	-	-	-	770,336
70720 Asset Management Fee	-	-	-	-	-	-	-	13,680
70730 Book Keeping Fee	-	-	-	-	-	-	-	292,350
70740 Front Line Service Fee	-	-	-	-	-	-	-	-
70750 Other Fees	-	-	-	-	-	-	-	-
70700 Total Fee Revenue	-	-	-	-	-	-	-	1,076,366
70800 Other Government Grants	-	-	-	-	-	-	-	-
71100 Investment Income - Unrestricted	45,046	-	-	-	-	13,884	58,930	-
71200 Mortgage Interest Income	-	-	-	-	-	-	-	-
71400 Fraud Recovery	-	-	-	-	-	-	-	-
71500 Other Revenue	-	-	-	-	-	-	-	9,316
71600 Gain or Loss on Sale of Capital Assets	-	-	-	-	-	-	-	-
72000 Investment Income - Restricted	-	-	-	-	-	-	-	-
70000 Total Revenue	1,573,923	-	-	-	-	433,790	2,007,713	1,085,682
91100 Administrative Salaries	133,501	-	-	-	-	40,642	174,143	645,063
91200 Auditing Fees	2,535	-	-	-	-	447	2,982	1,826
91300 Management Fee	173,141	-	-	-	-	28,070	201,211	-
91310 Book-keeping Fee	6,480	-	-	-	-	3,780	10,260	-
91400 Advertising and Marketing	597	-	-	-	-	151	748	7,800
91500 Employee Benefit Contributions - Administrative	39,212	-	-	-	-	10,312	49,524	147,722
91600 Office Expenses	23,768	-	-	-	-	5,235	29,003	172,493
91700 Legal Expense	5,044	-	-	-	-	16,714	21,758	85,465
91800 Travel	2,304	-	-	-	-	651	2,955	41,024
91900 Other	4,684	-	-	-	-	1,409	6,093	30,357
91000 Total Operating - Administrative	391,266	-	-	-	-	107,411	498,677	1,131,750
92000 Asset Management Fee	8,640	-	-	-	-	5,040	13,680	-
92100 Tenant Services - Salaries	30,087	-	-	-	-	2,904	32,991	-
92200 Relocation Costs	501,673	-	-	-	-	51,315	552,988	-
92300 Employee Benefit Contributions - Tenant Services	6,709	-	-	-	-	760	7,469	-

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Line item number & account description	Baker Heights WA006000100	Grandview Homes WA006000200	Bakerview Apts WA006000300	Pineview Apts WA006000400	Scattered Sites WA006000500	Total Public Housing Projects	COC
92400 Tenant Services - Other	1,812	-	-	-	691	2,503	11
92500 Total Tenant Services	540,281	-	-	-	55,670	595,951	11
93100 Water	19,338	-	-	-	23,813	43,151	1,765
93200 Electricity	37,258	-	-	-	1,040	38,298	10,785
93300 Gas	37,875	-	-	-	-	37,875	4,248
93600 Sewer	63,967	-	-	-	42,697	106,664	3,220
93800 Other Utilities Expense	-	-	-	-	366	366	-
93000 Total Utilities	158,438	-	-	-	67,916	226,354	20,018
94100 Ordinary Maintenance and Operations - Labor	69,266	-	-	-	38,225	107,491	19,912
94200 Ordinary Maintenance and Operations - Materials and Other	24,917	-	-	-	23,177	48,094	25,545
94300 Ordinary Maintenance and Operations Contracts	87,551	-	-	-	26,348	113,899	52,510
94500 Employee Benefit Contributions - Ordinary Maintenance	14,710	-	-	-	15,044	29,754	2,648
94000 Total Maintenance	196,444	-	-	-	102,794	299,238	100,615
95200 Protective Services - Other Contract Costs	65,701	-	-	-	-	65,701	-
95000 Total Protective Services	65,701	-	-	-	-	65,701	-
96110 Property Insurance	34,201	-	-	-	12,700	46,901	6,175
96120 Liability Insurance	8,465	-	-	-	1,604	10,069	4,651
96130 Workmen's Compensation	4,201	-	-	-	1,837	6,038	4,091
96140 All Other Insurance	3,948	-	-	-	2,773	6,721	2,955
96100 Total Insurance Premiums	50,815	-	-	-	18,914	69,729	17,872
96200 Other General Expenses	-	-	-	-	4,790	4,790	-
96300 Payments in Lieu of Taxes	17,380	-	-	-	16,788	34,168	-
96400 Bad Debt - Tenant Rents	14	-	-	-	284	298	-
96600 Bad Debt - Other	9,655	-	-	-	-	9,655	-
96000 Total Other General Expenses	27,049	-	-	-	21,862	48,911	-
96710 Interest of Mortgage (or Bonds) Payable	-	-	-	-	-	-	-
96720 Interest on Notes Payable (Short and Long Term)	-	-	-	-	-	-	-
96730 Amortization of Bond Issue Costs	-	-	-	-	-	-	-
96700 Total Interest Expense and Amortization Cost	-	-	-	-	-	-	-
96900 Total Operating Expenses	1,438,634	-	-	-	379,607	1,818,241	1,270,266
97000 Excess of Operating Revenue over Operating Expenses	135,289	-	-	-	54,183	189,472	(184,584)

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Line item number & account description	Baker Heights WAO06000100	Grandview Homes WAO06000200	Bakerview Apts WAO06000300	Pineview Apts WAO06000400	Scattered Sites WAO06000500	Total Public Housing Projects	COC
97100 Extraordinary Maintenance	150,929	-	-	-	28,241	179,170	1,600
97200 Casualty Losses - Non-capitalized	-	-	-	-	-	-	-
97300 Housing Assistance Payments	-	-	-	-	-	-	-
97350 HAP Portability-In	-	-	-	-	-	-	-
97400 Depreciation Expense	29,888	-	-	-	161,224	191,112	113,568
90000 Total Expenses	1,619,451	-	-	-	569,072	2,188,523	1,385,434
10010 Operating Transfer In	-	-	-	-	-	-	125,757
10020 Operating Transfer Out	-	-	-	-	-	-	-
10030 Operating Transfers from/to Primary Government	-	-	-	-	-	-	-
10040 Operating Transfers from/to Component Unit	-	-	-	-	-	-	-
10070 Extraordinary Items, Net Gain/Loss	-	-	-	-	-	-	-
10080 Special Items (Net Gain/Loss)	-	-	-	-	-	-	-
10091 Inter Project Excess Cash Transfer In	-	-	-	-	700,000	700,000	-
10092 Inter Project Excess Cash Transfer Out	(700,000)	-	-	-	-	(700,000)	-
10093 Transfers between Program and Project - In	-	-	-	-	-	-	130,107
10094 Transfers between Project and Program - Out	(130,107)	-	-	-	-	(130,107)	-
10100 Total Other Financing Sources (Uses)	(830,107)	-	-	-	700,000	(130,107)	255,864
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$ (875,635)	\$ -	\$ -	\$ -	\$ 564,718	\$ (310,917)	\$ (43,888)
11020 Required Annual Debt Principal Payments	-	-	-	-	-	-	-
11030 Beginning Equity	1,867,740	-	-	-	2,847,338	4,715,078	967,423
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	70,248	-	-	-	(15,241)	55,007	43,889
11170 Administrative Fee Equity	-	-	-	-	-	-	-
11180 Housing Assistance Payments Equity	-	-	-	-	-	-	-
11190 Unit Months Available	864	-	-	-	504	1,368	-
11210 Number of Unit Months Leased	864	-	-	-	504	1,368	-
11270 Excess Cash	922,174	-	-	-	1,228,735	2,150,909	-
11610 Land Purchases	-	-	-	-	-	-	-
11620 Building Purchases	268,618	-	-	-	25,455	292,073	-
11640 Furniture & Equipment - Administrative Purchases	-	-	-	-	-	-	-

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Line item number & account description	Total Other Programs	Subtotal Housing Authority Projects/Programs	Eliminations	Total Housing Authority	Component Unit Discreetly Presented	Memorandum Total
70300 Net Tenant Rental Revenue	\$ 747,774	\$ 1,315,804	\$ -	\$ 1,315,804	\$ 12,221,029	\$ 13,536,833
70400 Tenant Revenue - Other	3,154	26,792	-	26,792	149,539	176,331
70500 Total Tenant Revenue	750,928	1,342,596	-	1,342,596	12,370,568	13,713,164
70600 HUD PHA Operating Grants	39,314,232	40,379,274	-	40,379,274	-	40,379,274
70610 Capital Grants	-	292,073	-	292,073	-	292,073
70710 Management Fee	-	770,336	(770,336)	-	-	-
70720 Asset Management Fee	-	13,680	(13,680)	-	-	-
70730 Book Keeping Fee	-	292,350	(292,350)	-	-	-
70740 Front Line Service Fee	-	-	-	-	-	-
70750 Other Fees	724,981	724,981	-	724,981	-	724,981
70700 Total Fee Revenue	724,981	1,801,347	(1,076,366)	724,981	-	724,981
70800 Other Government Grants	313,776	313,776	-	313,776	137,205	450,981
71100 Investment Income - Unrestricted	2,929,880	2,988,810	-	2,988,810	41,492	3,030,302
71200 Mortgage Interest Income	-	-	-	-	-	-
71400 Fraud Recovery	19,781	19,781	-	19,781	-	19,781
71500 Other Revenue	6,651,440	6,660,756	-	6,660,756	9,746,304	16,407,060
71600 Gain or Loss on Sale of Capital Assets	-	-	-	-	-	-
72000 Investment Income - Restricted	7	7	-	7	10,132	10,139
70000 Total Revenue	50,705,025	53,798,420	(1,076,366)	52,722,054	22,305,701	75,027,755
91100 Administrative Salaries	3,540,397	4,359,603	-	4,359,603	1,279,623	5,639,226
91200 Auditing Fees	39,875	44,683	-	44,683	140,505	185,188
91300 Management Fee	569,125	770,336	(770,336)	-	667,975	667,975
91310 Book-keeping Fee	282,090	292,350	(292,350)	-	-	-
91400 Advertising and Marketing	6,612	15,160	-	15,160	13,509	28,669
91500 Employee Benefit Contributions - Administrative	939,438	1,136,684	-	1,136,684	489,197	1,625,881
91600 Office Expenses	291,727	493,223	-	493,223	350,649	843,872
91700 Legal Expense	10,278	117,501	-	117,501	64,151	181,652
91800 Travel	87,343	131,322	-	131,322	28,379	159,701
91900 Other	110,793	147,243	-	147,243	133,063	280,306
91000 Total Operating - Administrative	5,877,678	7,508,105	(1,062,686)	6,445,419	3,167,051	9,612,470
92000 Asset Management Fee	-	13,680	(13,680)	-	-	-
92100 Tenant Services - Salaries	623,808	656,799	-	656,799	320,907	977,706
92200 Relocation Costs	57,467	610,455	-	610,455	5,125	615,580
92300 Employee Benefit Contributions - Tenant Services	149,628	157,097	-	157,097	97,854	254,951

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Line item number & account description	Total Other Programs	Subtotal Housing Authority Projects/Programs	Eliminations	Total Housing Authority	Component Unit Discreetly Presented	Memorandum Total
92400 Tenant Services - Other	131,967	134,481	-	134,481	60,706	195,187
92500 Total Tenant Services	962,870	1,558,832	-	1,558,832	484,592	2,043,424
93100 Water	15,968	60,884	-	60,884	252,697	313,581
93200 Electricity	18,589	67,672	-	67,672	309,910	377,582
93300 Gas	2,832	44,955	-	44,955	60,846	105,801
93600 Sewer	31,737	141,621	-	141,621	601,777	743,398
93800 Other Utilities Expense	552	918	-	918	3,276	4,194
93000 Total Utilities	69,678	316,050	-	316,050	1,228,506	1,544,556
94100 Ordinary Maintenance and Operations - Labor	1,070,886	1,198,289	-	1,198,289	988,653	2,166,942
94200 Ordinary Maintenance and Operations - Materials and Other	58,904	132,543	-	132,543	368,494	501,037
94300 Ordinary Maintenance and Operations Contracts	143,539	309,948	-	309,948	915,443	1,225,391
94500 Employee Benefit Contributions - Ordinary Maintenance	255,726	288,128	-	288,128	311,901	600,029
94000 Total Maintenance	1,529,055	1,928,908	-	1,928,908	2,564,491	4,493,399
95200 Protective Services - Other Contract Costs	-	65,701	-	65,701	-	65,701
95000 Total Protective Services	-	65,701	-	65,701	-	65,701
96110 Property Insurance	13,530	66,606	-	66,606	228,104	294,710
96120 Liability Insurance	11,047	25,767	-	25,767	101,774	127,541
96130 Workmen's Compensation	73,686	83,815	-	83,815	68,826	152,641
96140 All Other Insurance	3,217	12,893	-	12,893	57,923	70,816
96100 Total Insurance Premiums	101,480	189,081	-	189,081	456,627	645,708
96200 Other General Expenses	269,138	273,928	-	273,928	41,917	315,845
96300 Payments in Lieu of Taxes	-	34,168	-	34,168	-	34,168
96400 Bad Debt - Tenant Rents	79	377	-	377	29,561	29,938
96600 Bad Debt - Other	907	10,562	-	10,562	59,809	70,371
96000 Total Other General Expenses	270,124	319,035	-	319,035	131,287	450,322
96710 Interest of Mortgage (or Bonds) Payable	63,115	63,115	-	63,115	1,588,391	1,651,506
96720 Interest on Notes Payable (Short and Long Term)	1,969	1,969	-	1,969	2,349,958	2,351,927
96730 Amortization of Bond Issue Costs	-	-	-	-	139,560	139,560
96700 Total Interest Expense and Amortization Cost	65,084	65,084	-	65,084	4,077,909	4,142,993
96900 Total Operating Expenses	8,875,989	11,964,476	(1,076,366)	10,888,110	12,110,463	22,998,573
97000 Excess of Operating Revenue over Operating Expenses	41,829,056	41,833,944	-	41,833,944	10,195,238	52,029,182
97100 Extraordinary Maintenance	20,881	201,651	-	201,651	88,372	290,023

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Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2019

Line item number & account description	Total Other Programs	Subtotal Housing Authority Projects/Programs	Eliminations	Total Housing Authority	Component Unit Discreetly Presented	Memorandum Total
97200 Casualty Losses - Non-capitalized	-	-	-	-	101,223	101,223
97300 Housing Assistance Payments	36,026,392	36,026,392	-	36,026,392	-	36,026,392
97350 HAP Portability-In	-	-	-	-	-	-
97400 Depreciation Expense	192,462	497,142	-	497,142	5,204,881	5,702,023
90000 Total Expenses	45,115,704	48,689,661	(1,076,366)	47,613,295	17,504,939	65,118,234
10010 Operating Transfer In	7,399	133,156	-	133,156	-	133,156
10020 Operating Transfer Out	(133,156)	(133,156)	-	(133,156)	-	(133,156)
10030 Operating Transfers from/to Primary Government	-	-	-	-	-	-
10040 Operating Transfers from/to Component Unit	-	-	-	-	-	-
10070 Extraordinary Items, Net Gain/Loss	-	-	-	-	-	-
10080 Special Items (Net Gain/Loss)	-	-	-	-	-	-
10091 Inter Project Excess Cash Transfer In	-	700,000	-	700,000	-	700,000
10092 Inter Project Excess Cash Transfer Out	-	(700,000)	-	(700,000)	-	(700,000)
10093 Transfers between Program and Project - In	-	130,107	-	130,107	-	130,107
10094 Transfers between Project and Program - Out	-	(130,107)	-	(130,107)	-	(130,107)
10100 Total Other Financing Sources (Uses)	(125,757)	-	-	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$ 5,463,564	\$ 5,108,759	\$ -	\$ 5,108,759	\$ 4,800,762	\$ 9,909,521
11020 Required Annual Debt Principal Payments	54,877	54,877	-	54,877	9,855,481	9,910,358
11030 Beginning Equity	99,291,732	104,974,233	-	104,974,233	49,745,098	154,719,331
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	11,604	110,500	-	110,500	-	110,500
11170 Administrative Fee Equity	114,420	114,420	-	114,420	-	114,420
11180 Housing Assistance Payments Equity	464,145	464,145	-	464,145	-	464,145
11190 Unit Months Available	38,301	39,669	-	39,669	16,721	56,390
11210 Number of Unit Months Leased	38,387	39,755	-	39,755	16,493	56,248
11270 Excess Cash	-	2,150,909	-	2,150,909	-	2,150,909
11610 Land Purchases	-	-	-	-	-	-
11620 Building Purchases	-	292,073	-	292,073	-	292,073
11640 Furniture & Equipment - Administrative Purchases	-	-	-	-	-	-

Actual Modernization Cost Certificate

U.S. Department of Housing
and Urban Development
Office of Public and Indian Housing

OMB Approval No. 2577-0157 (exp. 03/31/2020)

Capital Fund Program (CFP)

Public reporting burden for this collection of information is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Reports Management Officer, Paperwork Reduction Project (2577-0044 and 0157), Office of Information Technology, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-3600. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number.

Do not send this form to the above address.

This collection of information requires that each Public Housing Authority (PHA) submit information to enable HUD to initiate the fiscal closeout process. The information will be used by HUD to determine whether the modernization grant is ready to be audited and closed out. The information is essential for audit verification and fiscal close out. Responses to the collection are required by regulation. The information requested does not lend itself to confidentiality.

PHA Name:

HOUSING AUTHORITY OF THE CITY OF EVERETT

Modernization Project Number:

WA01P006501-16

The PHA hereby certifies to the Department of Housing and Urban Development as follows:

1. That the total amount of Modernization Cost (herein called the "Actual Modernization Cost") of the Modernization Grant, is as shown below:

A. Funds Approved	\$ 377,834
B. Funds Disbursed	\$ 377,834
C. Funds Expended (Actual Modernization Cost)	\$ 377,834
D. Amount to be Recaptured (A-C)	\$
E. Excess of Funds Disbursed (B-C)	\$

2. That all modernization work in connection with the Modernization Grant has been completed;

3. That the entire Actual Modernization Cost or liabilities therefor incurred by the PHA have been fully paid;

4. That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work;

5. That the time in which such liens could be filed has expired; and

6. That for any years in which the grantee is subject to the audit requirements of the Single Audit Act, 31 U.S.C. § 7501 et seq., as amended, the grantee has or will perform an audit in compliance with said requirements.

7. Please mark one:

☒ A. This grant will be included in the PHA's next fiscal year audit per the requirements of the Single Audit Act.

☐ B. This grant will not be included in the PHA's next fiscal year audit per the requirements of the Single Audit Act.

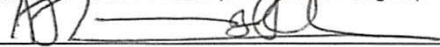
I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Name & Title of Authorized Signatory (type or print clearly):

Ashley Lommers-Johnson, Executive Director

Signature of Executive Director (or Authorized Designee):

X 

Date:

11-13-18

For HUD Use Only

The Cost Certificate is approved for audit (if box 7A is marked):

Approved for Audit: Director, Office of Public Housing
X HARLAN STEWART
Digitally signed by HARLAN STEWART
DN: cn=HARLAN STEWART, o=US O = U.S. Government OU =
Department of Housing and Urban Development, Office of Administration
Date: 2018.11.16 10:54:23 -0800

Date:

11/16/2018

The costs shown above agree with HUD verified costs (if box 7A or 7B is marked):



Approved: (Director, Office of Public Housing)

X

Date:

form HUD-53001 (10/96)

Annual Statement / Performance and Evaluation Report Capital Fund Program, Capital Fund Program Replacement Housing Factor and Capital Fund Financing Program		U. S. Department of Housing and Urban Development Office of Public and Indian Housing PMB No. 2577-0226 Expires 4-30-2011	
Part 1: Summary		Grant Type and Number: WAO1P006501-2016 Replacement Housing Factor Grant No: _____ Date of CFFP: _____	
PHA Name: _____		FFY of Grant 2016	
Housing Authority of the City of Everett		FFY of Grant Approval 2016	
<input type="checkbox"/> Original Annual Statement		<input type="checkbox"/> Revised Annual Statement/Revision	
<input type="checkbox"/> Reserve for Disaster/Emergencies		<input type="checkbox"/> Performance and Evaluation Report for Program Year Ending--12-31-2017	
<input checked="" type="checkbox"/> Final Performance and Evaluation Report		<input type="checkbox"/> Performance and Evaluation Report for Program Year Ending--12-31-2017	
Summary by Development Account		Total Estimated Cost	
Line No.		Original	
1		37,783.40	
2		37,783.40	
3		37,783.40	
4		37,783.40	
5		37,783.40	
6		37,783.40	
7		37,783.40	
8		37,783.40	
9		37,783.40	
10		37,783.40	
11		37,783.40	
12		37,783.40	
13		37,783.40	
14		37,783.40	
15		37,783.40	
16		37,783.40	
17		37,783.40	
Total Non-CGP Funds		37,783.40	
1406		37,783.40	
1408		37,783.40	
1410		37,783.40	
1411		37,783.40	
1415		37,783.40	
1430		37,783.40	
1440		37,783.40	
1450		37,783.40	
1460		37,783.40	
1465.1		37,783.40	
1470		37,783.40	
1475		37,783.40	
1485		37,783.40	
1492		37,783.40	
1495.1		37,783.40	
1499		37,783.40	
Total		37,783.40	
Development Activities (4)		37,783.40	
1		37,783.40	
2		37,783.40	
3		37,783.40	
4		37,783.40	

Annual Statement / Performance and Evaluation Report Capital Fund Program, Capital Fund Program Replacement Housing Factor and Capital Fund Financing Program		U. S. Department of Housing and Urban Development Office of Public and Indian Housing PMB No. 2577-0226 Expires 4-30-2011	
Part 1: Summary		Grant Type and Number: WA01P006501-2016 Replacement Housing Factor Grant No: _____ Date of CFFP: _____	
PHA Name:	FFY of Grant 2016		
Housing Authority of the City of Everett	FFY of Grant Approval 2016		
<input type="checkbox"/> Original Annual Statement	<input type="checkbox"/> Reserve for Disaster/Emergencies	<input type="checkbox"/> Revised Annual Statement/Revision	
<input checked="" type="checkbox"/> Final Performance and Evaluation Report			
Line No. Summary by Development Account			
18a	1501	Collateralization or Debt Service paid by the PHA	
18b	9000	Collateralization or Debt Service paid Via System of Direct Payment	
19	1502	Contingency (may not exceed 8% of 20)	
20	Amount of Annual Grant (Sum of lines 2-19)		377,834.00
21	Amount of Line 20 Related to LBP Activities		
22	Amount of Line 20 Related to Section 504 Activities		
23	Amount of Line 20 Related to Security-Soft Costs		
24	Amount of Line 20 Related to Security-Hard Costs		
25	Amount of Line 20 Related to Energy Conservation Measures		
Signature of Executive Director and Date		Signature of Public Housing Director	
 Date: 11-13-18		 Date: 11/16/2018	
1 To be completed for the Performance and Evaluation Report 2 To be completed for the Performance and Evaluation Report or a Revised Annual Statement 3 PHA's with under 250 units in management may use 100% of CFP Grants for operations 4 RHF funds shall be included here			

Annual Statement / Performance and evaluation Report Capital Fund Program, Capital Fund Program Replacement Housing Factor and Capital Fund Financing Program				U.S. Department of Housing and Urban Office of Public and Indian Housing PMB No. 2577-0226 Expires 4-30-2011			
Part II: Summary				Grant Type and Number: WAOIP006501-2016 Replacement Housing Factor Grant No. _____ Date of CFFP: _____			
PHA Name: Housing Authority of the City of Everett				FFY of Grant 2016 FFY of Grant Approval 2016			
Summary of Development Account	Development Number/Name General Description of Major Work Categories	Quantity	Original Estimated Cost	Revised Budgeted Costs	Obligated Amount	Expended Amounts	Status of Work
6005 146000	Interior and Exterior Renovations	5	232,760.60	32,528.52	32,528.52	32,528.52	Interior and exterior renovations to scattered site properties. Detail listed below. Reduced amount to cover the estimated costs for relocation services. Due to issuing with scheduling this work, the entire balance of this budget has been moved to the relocation account for Baker Heights
	Dwelling Structures	1460	232,760.60	32,528.52	32,528.52	32,528.52	
141010	Management Fee	1	37,783.40	37,783.40	37,783.40	37,783.40	Management fee of 10%
	Administration	1410	37,783.40	37,783.40	37,783.40	37,783.40	Retainage from the Admin office painting from previous grant. Moved to this grant as the retainage hadn't been paid because DOR has not released for payment. Deadline for expenditures is 05-18-18.
147000	Admin office renovations	1		943.19	943.19	943.19	
	Dwelling Structures	1460		943.19	943.19	943.19	
6001 149510	Relocation costs	1	107,290.00	306,578.89	306,578.89	306,578.89	To address relocation needs for the Baker Heights residents, added funds to help in the cost of the relocation services.
	Relocation Costs	1495	107,290.00	306,578.89	306,578.89	306,578.89	
	Grant Total		377,834.00	377,834.00	377,834.00	377,834.00	
			377,834.00				
<p>Interior Renovations of units could include abatement and installation of new flooring, upgrade to exhaust fans for ranges if possible, upgrade of all electrical fixtures, new kitchen and bath cabinets and countertops, new sinks, toilets, showers, shower doors/curtains, studio room privacy; interior doors; baseboard heater replacement; lighting upgrades, carbon monoxide detectors, dishwasher-optional; fire extinguishers; firewalls/draftstops in attics, removal and installation of attic insulation and storage areas; entry fiberglass doors; window replacements, smoke and fire detectors, thermostats; and modernization related to energy efficiency improvements and ADA improvements/revisions.</p> <p>Exterior Renovations of units could include the replacement of siding, painting, shutters, roof replacement, gutters and downspouts, landscaping needs, garage or carport renovations</p>							

Annual Statement / Performance and evaluation Report
Capital Fund Program, Capital Fund Program Replacement Housing Factor and
Capital Fund Financing Program

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
PMB No. 2577-0226
Expires 4-30-2011

Part III: Implementation Schedule for Capital Fund Financing Program									
PHA Name:		(Grant Type and Number: WA01P006501-2016 Replacement Housing Factor Grant No: _____ Date of CFFP: _____)				FFY of Grant 2016			
Housing Authority of the City of Everett									
Part 3: Implementation Schedule									
Dev #/Activities		All Fund Obligated Quarter Ending Date			All Funds Expended (Quarter Ending Date)			Reasons for Revised Target Dates	
		Original	Revised	Actual		Original	Revised	Actual	
6001: Baker Heights		30-Jun-2018	18-Apr-18	18-Apr-18		30-Jun-2020	18-Apr-20	31-Oct-18	
6005: Scattered Sites		30-Jun-2018	18-Apr-18	18-Apr-18		30-Jun-2020	18-Apr-20	31-Oct-18	
Management Improvements		30-Jun-2018	18-Apr-18	18-Apr-18		30-Jun-2020	18-Apr-20	31-Oct-18	
Administration		30-Jun-2018	18-Apr-18	18-Apr-18		30-Jun-2020	18-Apr-20	31-Oct-18	
Non Dwelling Structures & Equipment		30-Jun-2018	18-Apr-18	18-Apr-18		30-Jun-2020	18-Apr-20	31-Oct-18	
WA006 000 100 P	Baker Heights	6001							
WA006 000 500 P	Scattered Sites	6005							

ABOUT THE STATE AUDITOR'S OFFICE

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

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

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Contact information for the State Auditor's Office	
Public Records requests	PublicRecords@sao.wa.gov
Main telephone	(564) 999-0950
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Website	www.sao.wa.gov