



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, 2019 through June 30, 2020

Published March 29, 2021

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

March 29, 2021

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, 2019 through June 30, 2020

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 each of its major federal programs.

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

Identification of Major Federal Programs

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

<u>CFDA No.</u>	<u>Program or Cluster Title</u>
14.871	Housing Voucher Cluster – Section 8 Housing Choice Vouchers
14.871	Housing Voucher Cluster – COVID-19 Section 8 Housing Choice Vouchers
14.879	Housing Voucher Cluster – Mainstream Vouchers

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was \$1,405,706.

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

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

INDEPENDENT AUDITOR'S REPORT

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

Housing Authority of the City of Everett July 1, 2019 through June 30, 2020

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, 2020, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements, and have issued our report thereon dated March 16, 2021.

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); and the 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 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 *Government Auditing*

Standards and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Partnerships.

As discussed in Note 17 to the financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the Housing Authority is unknown.

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 and the other auditors 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 and the reports of the other auditors 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

March 16, 2021

INDEPENDENT AUDITOR'S REPORT

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

Housing Authority of the City of Everett July 1, 2019 through June 30, 2020

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, 2020. 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, 2020.

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

March 16, 2021

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

Housing Authority of the City of Everett July 1, 2019 through June 30, 2020

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, 2020, 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, or EHA Senior Housing I Limited Liability Limited Partnership (collectively, the Partnerships); or the 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 Housing Association, Village East Senior Housing

Association, Meadow Park Senior Housing Association, Scriber Pointe Senior Housing Association, Evergreen Village Senior Housing Association or Hawkins House Senior Housing Association (collectively, the Associations); which in aggregate 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 reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Partnerships and Associations, is based solely on the reports 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 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 the 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, 2020, 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.

Matters of Emphasis

As discussed in Note 17 to the financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the Housing Authority is unknown. Our opinion is not modified with respect to this matter.

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. In our opinion, based on our audit, the procedures performed and 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 March 16, 2021 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.

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

Pat McCarthy
State Auditor
Olympia, WA

March 16, 2021

FINANCIAL SECTION

Housing Authority of the City of Everett July 1, 2019 through June 30, 2020

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2020

BASIC FINANCIAL STATEMENTS

Statement of Net Position – 2020

Statement of Revenues, Expenses and Changes in Net Position – 2020

Statement of Cash Flows – 2020

Notes to Financial Statements – 2020

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportionate Share of Net Pension Liability – PERS 1, PERS 2/3 – 2020

Schedule of Employer Contributions – PERS 1, PERS 2/3 – 2020

Notes to the Required Supplementary Information – 2020

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Expenditures of Federal Awards – 2020

Notes to the Schedule of Expenditures of Federal Awards – 2020

Financial Data Schedule – 2020

Actual Modernization Cost Certificate, form HUD-53001, project WA01P006501-16 –
2020

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON
Management's Discussion and Analysis
June 30, 2020

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, 2020, 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, 2020, 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 \$6,949,064 (6.3%) during the fiscal year ended June 30, 2020. Major factors contributing to this included: there was a \$1.86 million operating loss, mostly due to a \$5.4 million increase in subsidy payment expenses, an \$824 thousand increase in administrative expenses, and a decrease in tenant rent revenue due to planned unit vacancies as the agency engages in disposition activities related to our last two Public Housing projects. The agency did not recognize any revenues related to developer fees during the year. While there was an increase in Housing Assistance Payments (HAP) subsidy revenue from HUD, there was a decrease of just over \$116 thousand in operating subsidy related to Public Housing. There was an increase of \$221.8 thousand in HCV administrative revenues during the year. Non-operating revenues were \$8.1 million in the year. These revenues were comprised of a \$5.2 million gain on sale of capital assets related to the disposition of Public Housing units as well as \$2.95 million in interest income. We received over \$706 thousand in capital contributions from HUD. The agency expected these losses related to operations and had sufficient reserves in place to manage those expenses while also achieving increases in cash related to the disposition of Scattered Sites Public Housing assets.
- 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 senior housing properties. These nonprofit organizations are reported as discretely presented component units. The economic 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.

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Management's Discussion and Analysis

June 30, 2020

- EHA's total assets and deferred outflows of resources exceeded the total liabilities and deferred inflows of resources by \$117,142,556 at June 30, 2020. This is comprised of three amounts. The first portion is unrestricted net assets of \$101,397,372 which may be used to meet ongoing obligations. The second portion, investments in capital assets net of associated debt amounted to \$9,765,861, and the third remaining portion of \$5,979,323 is restricted to meet defined obligations.
- Overall, capital assets net of related debt increased by \$849,978, largely due to investments in a construction project underway at the Colby building as well as pre-development expenditures for a new project. There were adjustments to capital assets and accumulated depreciation related to the sale of the Scattered Sites properties which mostly offset each other as those assets and contra-assets were transferred to the Authority when HUD released the declaration of trust and then reduced when sold.

Total liabilities decreased by \$4,456,294 (9.8%) from the prior year. This change was substantially due to the conversion of a construction note to permanent financing which reduced the principal balance from \$12.5 million to \$6.8 million for our Wiggums Park Place property. In addition, net pension liability was reduced by \$602,037 and there were reductions in liabilities related to ongoing payments of debt.

- Operating expenses increased by \$5,919,969 (12.5%) from the prior year largely due to an increase in housing assistance payments of \$5.43 million in our Section 8 Housing Choice Voucher ("HCV") program. This increase occurred as the Authority continued to lease new Tenant Protection vouchers related to the Section 18 disposition of our Scattered Sites units as well as began leasing a new allocation of sixty Mainstream 5 vouchers in March. In May of 2020, we received an increase to this award of 18 Mainstream 5 vouchers, which we began leasing on October 1. Rents in our area continued to rise, though at a less extreme rate than in the previous year. EHA increased our voucher payment standards effective January 1, 2020. HUD provided an 8.7% voucher inflation factor for our area in 2020. Relating to other operating expenses, administrative expenses increased by \$823,059, tenant services costs decreased by \$220,569, and maintenance expenses decreased by \$75,863. Tenant services and maintenance cost decreases are correlated to the vacancies related to the Section 18 disposition. 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 by GASB 68.
- Operating revenues (outside of HUD operating grants) decreased \$2.7 million (29.9%) from the prior year. EHA had earned \$2.715 million in developer fee revenue for the year ended June 30, 2019 when none was earned in the current year. Rent revenues were down \$390,138 due to units that we vacated in anticipation of the Section 18 disposition of Public Housing properties. Other categories of revenue showed slight increases. HUD operating grant revenues increased \$4.9 million (12.1%) over the prior year due mostly to increases in our HCV program subsidy as discussed in the paragraph above, but those increases were offset by decreases in Public Housing subsidies. The Housing Authority received and expended \$81,186 in Public Housing Coronavirus Aid, Relief, and Economic Security (CARES) Act grant revenues. Additionally, the Authority was awarded \$581,992 in CARES Act grant funding for our HCV/PBV programs. Of this amount, \$166,919 was expended and recognized as revenue as of June 30. \$415,073 was deferred and will be recognized and expended in the coming year. In addition, the Authority received a second appropriations of \$774,351 after the fiscal year end which will be expended in 2021. This funding is discussed further in the "Economic Factors" section of this MD&A.

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Management's Discussion and Analysis

June 30, 2020

- Non-operating revenues (net of non-operating expenses) increased by \$5,180,300 (177.2%). There were gains of \$5,217,148 on the sale of capital assets related to our Scattered Sites Public Housing Section 18 disposition when there had been no gains from this activity in 2019. Interest income decreased by \$39,143 and interest expense decreased by \$2,295 compared to the prior year.
- Capital contributions from HUD increased by \$414,180 (141.8%) in 2020 as EHA drew more funds from the capital grant, primarily to pay for renovations to the Colby office building.

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".

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, 2020. 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.

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON
Management's Discussion and Analysis
June 30, 2020

Net position is summarized in the table below: *

	June 30	
	2020	2019
Assets:		
Current assets	\$ 32,378,251	\$ 30,168,389
Capital assets, net	12,183,627	11,391,053
Other non-current assets	113,553,620	113,985,209
Total assets	<u>158,115,498</u>	<u>155,544,651</u>
Deferred outflows of resources related to pensions	<u>1,210,450</u>	<u>1,110,545</u>
Total assets and deferred outflows of resources	159,325,948	156,655,196
Liabilities:		
Current liabilities	4,021,295	7,872,220
Non-current liabilities	36,857,275	37,462,644
Total liabilities	<u>40,878,570</u>	<u>45,334,864</u>
Deferred inflows of resources related to pensions	<u>1,304,822</u>	<u>1,126,840</u>
Total liabilities and deferred inflows of resources	42,183,392	46,461,704
Net position:		
Net investment in capital assets	9,765,861	8,915,883
Restricted	5,979,323	479,220
Unrestricted	101,397,372	100,798,389
Total net position	<u>\$ 117,142,556</u>	<u>\$ 110,193,492</u>

* Component units are not included.

Total assets of the Authority at June 30, 2020 and 2019 amounted to \$158,115,498 and \$155,544,651, respectively. Current assets are comprised of cash, investments, receivables, current portion of notes and interest receivable, current portion of developer fee receivable inventories, prepaid items, and current restricted assets. Current assets of \$32.4 million are approximately \$2.2 million (7.3%) higher at June 30, 2020 than June 30, 2019, due to receipt of cash proceeds of \$5.2 million from the sale of Scattered Sites as well as an increase in accounts receivable of \$524,535 related to HAP revenues receivable. Those increases were offset by a \$5.6 million decrease in current accounts receivable that resulted from the payoff of the construction bond debt issued by EHA on behalf of Wiggums Park Place LLLP. The conversion of this debt to a long-term permanent note was satisfied 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, decreased by 9.8% to \$40,878,570 at June 30, 2020 from \$45,334,864 at June 30, 2019. Current liabilities include accounts payable, accrued expenses, unearned revenue, tenant security deposits, FSS participant escrow 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 decreased 48.9% from 2019 to 2020 primarily due to the 2020 paydown of bonds used to finance construction activities in one of our tax credit partnerships. Non-current liabilities decreased 1.6% in 2020 primarily because of the decrease in net pension liability as the result of adjustments required under GASB.

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON
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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 increased from 3.83:1 in 2019 to 8.05:1 in 2020. The agency expects to utilize some of these current assets in order to fund the development of low-income housing in the coming years.

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 \$6,949,064 during the year. Cash increased by approximately \$7.1 million, largely due to the sale of several of our Scattered Sites units. Other short-term assets decreased primarily because a \$5.6 million note receivable held by the Authority was paid off during the year. That note was related to construction bonds for our Wiggums Park Place LLLP construction efforts. Long term assets increased a minimal .29% during the year. That increase was due to a \$1.57 million increase in construction in progress at the Colby building and the Cottages, along with predevelopment costs for our Baker Heights "Legacy" project. This was partly offset by an increase in accumulated depreciation on other capital assets. There was a \$602,037 decrease in net pension liability. The remainder of the change in net position resulted from ordinary operations of the Authority.

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
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Changes in Unrestricted Net Position

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

Unrestricted net position, June 30, 2019	\$ 100,798,389
Total change in net position	6,949,064
Adjustments:	
Depreciation (1)	474,382
Adjusted change in net position	7,423,446
Payments on capital asset long-term debt borrowings	(57,404)
Capital asset reductions	(1,266,956)
Increase in restricted assets	(5,500,103)
Unrestricted net position, June 30, 2020	<u>\$ 101,397,372</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	
	2020	2019
Operating revenues	\$ 51,606,958	\$ 49,441,164
Non-operating revenues	8,166,822	2,988,817
Total revenues	59,773,780	52,429,981
Operating expenses	53,468,180	47,548,211
Non-operating expenses	62,789	65,084
Total expenses	53,530,969	47,613,295
Excess before contributions	6,242,811	4,816,686
Capital grant contributions	706,253	292,073
Change in net position	6,949,064	5,108,759
Net position, beginning of year	110,193,492	105,084,733
Net position, end of year	<u>\$ 117,142,556</u>	<u>\$ 110,193,492</u>

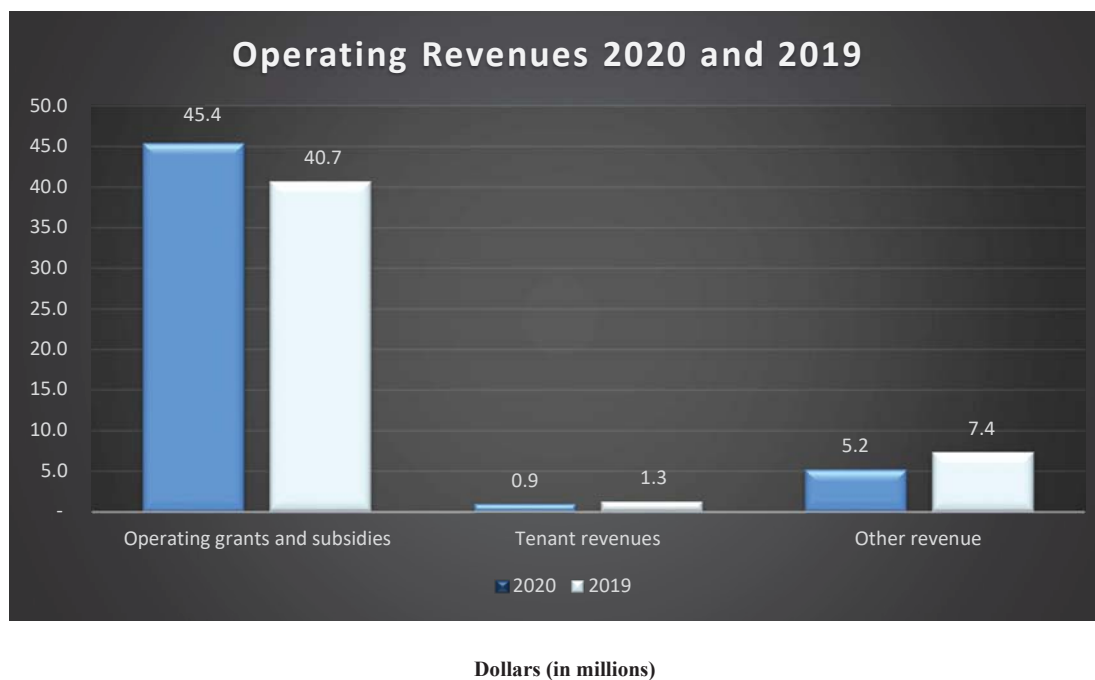
* Component units are not included.

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The Authority had operating loss of \$1,861,222 compared to operating income of \$1,892,953 in 2019 and an operating loss of \$1,948,186 in 2018. Operating revenues were 4.38% higher in 2020 than 2019 which was primarily due to an increase in grants and subsidies as well as smaller increases in other revenue and a decrease in developer fee revenue.

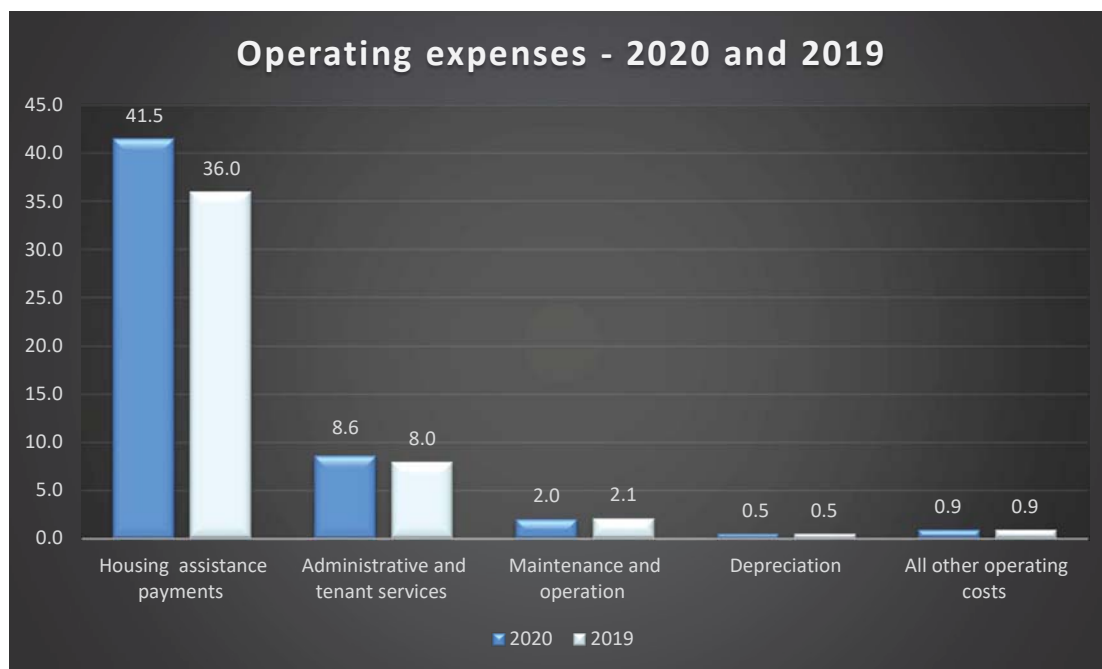
The Authority received 12.3% more in Housing Choice Voucher HAP subsidy and earned 7.85% more in HCV Administrative Fee revenue in 2020 than 2019. Operating expenses were 12.5% higher in 2020 than 2019 primarily because our Housing Assistance Payments increased by \$4.88 million (14.3%) but also due to increased amounts for administrative expenses. The Public Housing program had a net loss of \$177,742 before depreciation and capital contributions in 2020, again primarily due to decreased subsidy and rents and increased costs associated with vacating our final two Public Housing projects, Baker Heights and Scattered Sites, in preparation for the previously disclosed Section 18 disposition. These decreases were anticipated, and Public Housing properties have sufficient operating reserves to bear these losses and the Authority expects to continue utilizing those reserves in the coming year. The Scattered Sites project began receiving HUD's Asset Repositioning Fee (ARF) monies in October of 2019 in lieu of subsidy. 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 ended after March 2020 and Scattered Sites ARF funding is expected to end no later than September of 2021. Capital grant revenue increased somewhat during the year as we ramped up a renovation 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 and other revenues decreased by 29.6%, again due to planned vacancies 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:



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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	
	2020	2019
Land and site improvements	\$ 3,087,753	\$ 3,513,664
Building and building improvements	22,171,581	23,294,517
Equipment	1,404,157	1,383,130
Construction in progress	1,969,010	401,847
Total capital assets	28,632,501	28,593,158
Less accumulated depreciation	(16,448,874)	(17,202,105)
Net capital assets	<u>\$ 12,183,627</u>	<u>\$ 11,391,053</u>

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The net investment in capital assets increased by \$792,574 (7.0%) during the year. As of June 30, 2020 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 other smaller capital improvements in other developments and our central office building.

Some equipment was acquired, and others disposed of during the year. Depreciation of \$474,382 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	
	2020	2019
Current portion of notes and bonds payable	\$ 520,844	\$ 6,140,548
Bonds payable - long term	30,249,682	30,696,021
Notes payable - long term	3,659,789	3,223,946
Total notes and bonds payable	<u>\$ 34,430,315</u>	<u>\$ 40,060,515</u>

The decrease in the current portion of notes and bonds payable is due to the payoff of construction bonds which were used to finance the renovations at our Wiggums Park Place, LLLP tax credit project. The rest was converted to long term debt. All debt service payments were made in 2020 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 United States Department of Housing and Urban Development (HUD) 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 2020 and are expected for 2021:

- The administrative cost portion of the HCV program was funded at varying rates from 80.6% to 81% during 2020 and is expected to be funded at similar rates during 2021. Administering this program continues to be challenging at this level of funding. HAP subsidies are funded at 99.4% of eligibility during the calendar year 2020 with an inflation renewal factor of 1.087 (8.7%). Eligibility is based primarily on prior year expenditures and prorated according to HUD's budgetary constraints.

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- During the fiscal year ended June 30, 2020, 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. We have applied for shortfall funding from HUD for the 2020 calendar year since funding provided did not meet the needs of our program. We have been notified that we will receive at least \$508,288 in shortfall funding in December of 2020.
- 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 2020, although HUD's funding from the federal budget for the Low-Rent Public Housing operating subsidy increased by 3.4%, funding varied between 97.26% and 111.16% of eligibility and is expected to be funded at about the lower of these rates 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' Public Housing portfolios across the country. HUD increased EHA's capital grant award somewhat, from \$592,807 in 2019 to \$640,101 in 2020. However, 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.
- Congress and the federal government have for many years cut federal housing subsidies compared with inflation, 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 2020 fiscal year, EHA received \$948,521 in federal operating subsidy for its Public Housing program and \$44 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 development of affordable housing primarily utilizing the Low-Income Housing Tax Credit (LIHTC) program. We expect to break ground on a new 105-unit LIHTC property in 2021. 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 are subsidized by HUD 202 Project Rental Assistance Contracts and operate as nonprofit corporations. They are included in EHA's financial statements as discretely presented component units. Management believes that these properties do not receive adequate funding from HUD and although major capital repairs are required, we are doubtful that HUD will make sufficient monies available to complete this necessary work. The Authority plans to convert these properties to PBV funding contracts through the Rental Assistance Demonstration program when feasible.

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Management's Discussion and Analysis

June 30, 2020

- 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 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 2020. The Authority expects to dispose of much of the land and are exploring options in order to determine and pursue the most beneficial outcome of this disposition for our agency and our program participants. The Authority plans to demolish the obsolete buildings on the remaining portion of the site and construct new affordable housing. As mentioned earlier, we expect that construction will be done in phases and will commence in mid-2021.
- On July 20, 2019, 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 aiding these households and relocation is currently underway and expected to be complete in 2021. Those 44 units are in 29 separate properties. As buildings are vacated, they are being sold at fair market value. The Authority has begun the process of selling vacated units and as of June 2020 had closed sales on 21 units and recognized a gain of \$5.2 million. We continue to offer the remaining properties for sale at market value and hope to complete the sale of the remaining units by the end of 2021.
- EHA is currently exploring funding options for the development of other replacement affordable housing to be at least partially paid for with the proceeds from the sales of these two projects. The rising cost of housing and construction costs in the Everett area continues to create challenges for EHA and our clients.
- In January of 2020, the first known case of COVID-19 in the United States was diagnosed in Snohomish County just a few miles from our central office. On February 29, 2020 Washington State Governor Jay Inslee issued an emergency proclamation directing state agencies to use all resources necessary to prepare for and respond to the outbreak. On March 23, 2020 he issued Proclamation 2-25 which declared a state of emergency in all counties of Washington State. In response to this state of emergency, many employers, including EHA, have required their employees to conduct all "nonessential" business from their homes. At this writing, our offices remain closed to the public and we expect them to remain closed at least through mid-2021. Our staff have been provided with vital support from the agency and have adapted well to this "work from home" mandate. COVID-19 has been declared a global pandemic and enormous worldwide economic impacts have transpired. No one knows how long the pandemic will continue or what the ultimate impacts on human life and the global economy will be. The United States Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the president signed the act into law on March 27, 2020. This act provides funding for public housing authorities to deal with unexpected costs such as equipment needed for working offsite, sanitation and security of our buildings, tenant safety, and for normal operations during the pandemic. EHA had utilized grant revenues of \$248,105 from the CARES Act as of June 30, 2020 and we expect to recognize additional funds of approximately \$1.2 million in the next fiscal year. EHA management and staff have continued operations in a manner that is as normal as possible but with adjustments that

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON
Management's Discussion and Analysis
June 30, 2020

prioritize the safety of our tenants, our participants, our employees, and our community. We continue to carefully monitor rent losses and other revenue impacts, however currently those impacts are not significant. The Authority is complying with all federal, state, and local mandates related to coronavirus, including eviction moratoriums. The Authority has not laid off any employees due to COVID-19 and staff continue to function efficiently. We cannot predict the effects that this highly unusual global catastrophe will have on our ongoing operations or how long it will continue, but we plan to continue to serve our participants to the best of our ability during this time.

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 equity markets as they affect the Authority's ability to attract equity investment and finance property redevelopment.
- Changes in corporate tax rates and/or tax-exempt private activity bond cap rules enacted by Congress that impact tax credit pricing or the availability of tax credits

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, 2020

	Primary Government	Component Unit Discretely Presented
Assets and Deferred Outflows of Resources		
Current assets:		
Cash and cash equivalents - unrestricted	\$ 20,957,676	\$ 3,594,362
Cash and cash equivalents - restricted	6,656,062	7,000,010
Receivables - net	3,506,998	59,484
Interest receivable - current portion	720,697	-
Inventories	49,223	-
Prepaid expenses and other current assets	17,813	250,919
Notes and leases receivable - current portion	469,782	-
Total current assets	<u>32,378,251</u>	<u>10,904,775</u>
Non-current assets:		
Capital assets:		
Land	3,087,753	12,759,547
Property and equipment, net	7,126,864	152,623,234
Construction in progress	1,969,010	-
Total capital assets	<u>12,183,627</u>	<u>165,382,781</u>
Notes, interest and leases receivable	109,565,087	-
Development fee notes and other assets	3,988,533	678,544
Total non-current assets	<u>125,737,247</u>	<u>166,061,325</u>
Total assets	<u>158,115,498</u>	<u>176,966,100</u>
Deferred outflows of resources related to pensions	<u>1,210,450</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>159,325,948</u>	<u>176,966,100</u>
Liabilities, Deferred Inflows of Resources and Net Position		
Current liabilities:		
Accounts payable	932,324	441,206
Accrued expenses	1,068,398	180,200
Unearned revenue	435,487	22,473
Tenant security deposits	27,190	383,836
Other credits and current liabilities	211,897	41,447
Money held in escrow (FSS escrow)	118,064	-
Notes and bonds payable - current portion	520,844	3,448,147
Accrued interest payable - current portion	707,091	838,500
Total current liabilities	<u>4,021,295</u>	<u>5,355,809</u>
Non-current liabilities:		
Notes and bonds payable, less current portion	33,909,470	110,698,407
Accrued interest payable, less current portion	241,641	11,274,444
Accrued compensated absences, less current portion	345,862	211,276
Money held in escrow (FSS escrow), less current portion	116,412	-
Net pension liability	2,243,890	-
Total non-current liabilities	<u>36,857,275</u>	<u>122,184,127</u>
Total liabilities	<u>40,878,570</u>	<u>127,539,936</u>
Deferred inflows of resources related to pensions	<u>1,304,822</u>	<u>-</u>
Total Liabilities and Deferred Inflows of Resources	<u>42,183,392</u>	<u>127,539,936</u>
Net position:		
Net investment in capital assets	9,765,861	52,241,172
Restricted	5,979,323	6,616,174
Unrestricted (deficit)	<u>101,397,372</u>	<u>(9,431,182)</u>
Total Net Position	<u>\$ 117,142,556</u>	<u>\$ 49,426,164</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, 2020

	Primary Government	Component Unit Discretely Presented
Operating revenues:		
Tenant rents	\$ 925,666	\$ 13,296,537
HUD operating grants and subsidies	45,252,644	-
Other operating grants	184,776	141,331
Other tenant charges	18,961	126,837
Management fees	806,466	-
Port In HAP and administrative fees	204,149	-
Other revenue	4,214,296	391,540
	<hr/>	<hr/>
Total operating revenues	51,606,958	13,956,245
	<hr/>	<hr/>
Operating expenses:		
Administrative	7,268,478	3,391,759
Tenant services	1,338,263	767,094
Utilities	265,984	1,223,394
Maintenance & operations	2,054,696	3,294,731
General	604,188	553,529
Housing assistance payments	41,462,189	-
Interest expense - amortization of debt issuance costs	-	141,996
Depreciation	474,382	5,394,425
	<hr/>	<hr/>
Total operating expenses	53,468,180	14,766,928
	<hr/>	<hr/>
Operating income (loss)	(1,861,222)	(810,683)
	<hr/>	<hr/>
Non-operating revenues (expenses):		
Interest income	2,949,674	70,551
Interest expense	(62,789)	(4,379,564)
Gain on sale of capital assets	5,217,148	-
	<hr/>	<hr/>
Total non-operating revenues (expenses)	8,104,033	(4,309,013)
	<hr/>	<hr/>
Income (loss) before contributions	6,242,811	(5,119,696)
	<hr/>	<hr/>
Capital contributions - HUD	706,253	-
Total contributions	706,253	-
	<hr/>	<hr/>
Change in net position	6,949,064	(5,119,696)
	<hr/>	<hr/>
Net position - beginning of year	110,193,492	54,545,860
	<hr/>	<hr/>
Net position - end of year	<u>\$ 117,142,556</u>	<u>\$ 49,426,164</u>

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, 2020

	Primary Government
Cash flows from operating activities:	
Receipts from HUD grants	\$ 45,205,644
Receipts from other grants	202,303
Receipts from tenants	931,607
Receipts from others	5,287,937
Payments to employees and on behalf of employees	(9,251,378)
Payments to suppliers for goods and services	(2,627,879)
Payments to landlords for housing assistance	(41,591,544)
Payments to component units	(141,331)
	<u>(1,984,641)</u>
Net cash used for operating activities	<u>(1,984,641)</u>
Cash flows from noncapital financing activities:	
Loans made to other entities	(319,057)
Receipts from other governments	494,485
	<u>175,428</u>
Net cash provided by noncapital financing activities	<u>175,428</u>
Cash flows from capital and related financing activities:	
Principal received on capital debt	(6,124,687)
Interest paid on capital debt	(43,000)
Capital contributions - HUD capital grant	402,734
Property and equipment reductions	4,675,041
	<u>(1,089,912)</u>
Net cash used by capital and related financing activities	<u>(1,089,912)</u>
Cash flows from investing activities:	
Payments paid on notes/bonds receivable - partnerships	6,098,812
Development fees received - partnerships	3,016,868
Interest received	871,720
	<u>9,987,400</u>
Net cash provided by investing activities	<u>9,987,400</u>
Net increase in cash and cash equivalents	7,088,275
Cash and cash equivalents - beginning of year	<u>20,525,463</u>
Cash and cash equivalents - end of year	<u>\$ 27,613,738</u>

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

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON
Statement of Cash Flows
Year Ended June 30, 2020

	<u>Primary Government</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating loss	\$ (1,861,222)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	474,382
Changes in operating assets and liabilities:	
(Increase) decrease in assets:	
Accounts receivable tenants	(976)
Accounts receivable - HUD operating grants	(449,755)
Accounts receivable - other grants	(439,091)
Accounts receivable - other	68,118
Inventories	(7,254)
Prepaid expenses and other assets	3,385
Increase (decrease) in liabilities:	
Accounts payable - vendors	19,465
Accounts payable - HUD	(2,372)
Accounts payable - other governments	446,672
Accrued expenses	(17,935)
Unearned revenue	411,279
FSS escrow	(129,355)
Security deposits	(12,250)
Accrued compensated absences	37,320
Net pension liability	(523,960)
Other credits	(1,092)
Net cash used for operating activities	<u><u>\$ (1,984,641)</u></u>
Supplemental disclosure of noncash noncapital financing activities:	
Conversion of management fees receivable to long term notes receivable	\$ 129,955

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

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2020

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.

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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 as part of 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.

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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, 2019. 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 the 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:

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, 2019. 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 the remaining 267 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. In July of 2018, HUD also approved the disposition of EHA's last remaining public housing project, the 44-unit Scattered Sites. During 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 ended in March of 2020 for Baker Heights and EHA will receive declining amounts of ARF ending in September of 2021 for Scattered Sites. For further discussion regarding contingencies associated with these disposition actions, see Note 15.

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 June 30, 2020, The Authority had sold 21 units and recognized total gain on sales of \$5,217,148. Additional units were sold subsequent to June 30, 2020. See Note 17 for further discussion.

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 3,160 vouchers per month from HUD. This equated to 37,920 voucher unit months during the fiscal year.

During 2017, EHA began issuing vouchers as part of an allocation of 244 Tenant Protection Vouchers to be issued to and leased by tenants relocating from the Baker Heights public housing project. As of June 30, 2020, 198 vouchers were utilized, and the remaining 46 households relocated without vouchers for a variety of reasons. In February of 2019, EHA received an additional allocation of 44 Tenant Protection Vouchers to be issued to and leased by tenants relocating from the Scattered Sites public housing project. As of June 30, 2020, 28 vouchers were utilized, 11 vouchers still remained to be issued and leased by tenants and 5 households relocated without vouchers for a variety of reasons. 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.

Mainstream 5 Vouchers —On November 14, 2019, the Authority was awarded funds from the Mainstream 5 Voucher Program through HUD. The funding award is a 12-month term for 60 units with a budget authority of \$743,436. EHA began leasing this allocation of vouchers in March of 2020. As of June 30, 2020, 13 of these vouchers had been leased and leasing of the remaining vouchers was 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.

On May 18, 2020, the Authority received an award of an additional 18 Mainstream 5 vouchers as authorized by the CARES Act. See Note 16 for further information.

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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.

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, replacement reserves and partial proceeds from sales of EHA's Public Housing Scattered Sites units related to an approved Section 18 disposition action.

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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, 2020 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.

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, 2020.

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Notes to Basic Financial Statements

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i. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources and 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 until then. Deferred inflows of resources represent an acquisition of net position that applies to future periods and so will not be recognized as revenue until then. As of June 30, 2020, the Authority recorded deferred inflows of resources and deferred inflows of resources related to pensions. See Note 12 for further information.

j. Unearned Revenue

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

For the year ending June 30, 2020, the Authority had \$415,073 of deferred administrative fee grant revenue related to CARES Act funding. See Note 16 for further information.

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 120 days. 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.

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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.

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, 2020 was \$7,520.

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.

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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 statements issued by the GASB was effective or adopted this year:

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, is effective for the year ending June 30, 2020. This statement provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statement No. 14 and No. 84, and a supersession of GASB Statement No. 32*, is partially effective for the year ending June 30, 2020. The requirements in (1) paragraph 4 of this statement as it applies to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans and (2) paragraph 5 of this statement are effective immediately upon issuance in June of 2020. The requirements in paragraphs 6-9 and all other requirements of this statement are effective for the year ending June 30, 2022. This statement requires that a Section 457 plan be classified as either a pension plan or another employee benefit plan depending on whether the plan meets the definition of a pension plan and (2) clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities.

t. Future Accounting Standards

GASB Statement No. 84, *Fiduciary Activities*, is effective for the year ending June 30, 2021. 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, 2022. 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, 2022. 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.

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GASB Statement No. 90, *Majority Equity Interest*, is effective for the year ending June 30, 2021. 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, 2023. 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.

GASB Statement No. 92, *Omnibus 2020*, is effective for the year ending June 30, 2022. Enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, establishes accounting and reporting requirements related to the replacement of Interbank Offered Rates such as the London Interbank Offered Rate (LIBOR) for hedging derivative instruments. As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form after December 31, 2021. The requirements of this statement, except for paragraphs 11b, 13 and 14 are effective for the year ending June 30, 2021. The removal of LIBOR as an appropriate benchmark interest rate, as referenced in paragraph 11b of this statement, is effective for the year ending June 30, 2022. The requirements for leases, as referenced in paragraphs 13 and 14 of this statement, are effective for the year ending June 30, 2022.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, is effective for the year ending June 30, 2023. This statement provides guidance on accounting for Subscription-Based Information Technology Arrangements (SBITA) where the government contracts for the right to use another party's software. The standards for SBITAs are based on the standards established in GASB Statements No. 87, *Leases*.

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, 2020, the carrying amount of Authority's demand deposits was \$6,556,496 and the bank balance was \$6,396,272. The carrying balance for the demand deposits of the component unit was \$7,454,037 at December 31, 2019, and the bank balance was \$7,607,757. 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.

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2020

At June 30, 2020, all investments of the Authority (as well as those of the Component Units as of December 31, 2019) 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, 2020, 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	\$ 20,957,676	\$ 3,594,362
Cash and cash equivalents - restricted	6,656,062	7,000,010
Total cash and cash equivalents	<u>\$ 27,613,738</u>	<u>\$ 10,594,372</u>

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON
Notes to Basic Financial Statements
June 30, 2020

Cash is further categorized as follows:

	Primary Government	Component Units
Change and petty cash funds	\$ 295	\$ -
Deposits with financial institutions	6,556,496	7,251,591
Deposits with state investment pool (LGIP)	21,056,947	3,140,337
Deposits with BNY Mellon Trustee	<u>-</u>	<u>202,444</u>
Total cash	<u><u>\$ 27,613,738</u></u>	<u><u>\$ 10,594,372</u></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	\$ 19,135
Tenant security deposits	27,190
HAP reserves	159,546
Section 18 deposits	5,800,642
HCV CARES Act Grant	415,073
FSS escrow deposits	234,476
	<u><u>\$ 6,656,062</u></u>
Component Units:	
Replacement reserves	\$ 3,387,813
Operating reserves	2,531,492
Residual receipts reserves	13,690
Tenant security deposits	383,836
Funds held by Trustee	202,444
Other	480,735
	<u><u>\$ 7,000,010</u></u>

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON
Notes to Basic Financial Statements
June 30, 2020

4. Accounts Receivable

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

	<u>Primary Government</u>	<u>Component Units</u>
Public Housing capital grant - HUD	\$ 386,284	\$ -
Other governments	754,746	-
Other HUD programs	685,107	31,420
Tenants accounts receivable - net	10,063	27,553
Fraud recovery - net	42,884	-
Developer fee	1,627,914	-
Other accounts receivable	<u>1,190,479</u>	<u>511</u>
 Total accounts receivable	 <u>\$ 4,697,477</u>	 <u>\$ 59,484</u>

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2020

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, 2020, notes receivable and leases are summarized in the following table:

	Interest Rate	Final Maturity Date	Notes and Accrued Interest
Wiggums Park Place LLLP			
Bond mortgage note	3.63%	2036	\$ 6,775,764
Seller financing note	3.15%	2057	6,325,000
Development fee note	6.00%	2032	1,055,383
Ground lease	2.58%	2116	565,455
			<u>14,721,602</u>
Accrued interest due			
Current interest			258,573
Deferred interest			<u>600,710</u>
Total notes and accrued interest			15,580,885
Less: Current portion of note principal and interest			<u>620,703</u>
Total notes and accrued interest - long-term			<u>14,960,182</u>
Broadway Plaza LLLP			
Bond mortgage note	1.99% - 5.865%	2029	6,345,000
Seller financing note	4.05%	2061	9,875,000
			<u>16,220,000</u>
Accrued interest due			
Current interest			152,444
Deferred interest			<u>2,808,613</u>
Total notes and accrued interest			19,181,057
Less: Current portion of note principal and interest			<u>252,444</u>
Total notes and accrued interest - long-term			<u>18,928,613</u>
Pivotal Point LLLP			
State of Washington HTF note	0% - 1%	2055	865,000
Less: Current portion of note principal			<u>35,103</u>
Total notes - long-term			<u>829,897</u>

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HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON
Notes to Basic Financial Statements
June 30, 2020

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	2,381,760
Revenue bond	5.49%	2033	6,057,591
			<u>36,389,351</u>
Accrued interest due on notes			
Current interest			27,714
Deferred interest			5,367,057
Total notes and accrued interest			41,784,122
Less: Current portion of note principal and interest			545,413
Total notes and accrued interest - long-term			<u>41,238,709</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	1,200,565
Revenue bond	5.49%	2033	5,170,311
			<u>18,064,942</u>
Accrued interest due on notes			
Current interest			23,654
Deferred interest			2,278,811
Total notes and accrued interest			20,367,407
Less: Current portion of note principal and interest			484,366
Total notes and accrued interest - long-term			<u>19,883,041</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	448,046
Bond mortgage	4.13%	2035	6,304,398
			<u>16,412,200</u>
Accrued interest due on notes			
Current interest			258,313
Deferred interest			1,392,336
Total notes and accrued interest			18,062,849
Less: Current portion of note principal and interest			799,283
Total notes and accrued interest - long-term			<u>17,263,566</u>

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HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2020

Notes Receivable (continued)

	Interest Rate	Final Maturity Date	Notes and Accrued Interest
Evergreen Village Senior Apartments			
Residual receipts note	0.00%	2043	<u>68,061</u>
Hawkins House Senior Apartments			
Residual receipts note	0.00%	2049	<u>74,484</u>
Lake Woods Senior Apartments			
Residual receipts note	0.00%	2032	<u>201,884</u>
Lynn Crest Senior Apartments			
Residual receipts note	0.00%	2043	<u>31,723</u>
Scriber Pointe Senior Apartments			
Residual receipts note	0.00%	2042	<u>59,148</u>
Silver View Senior Apartments			
Residual receipts note	0.00%	2036	<u>12,199</u>
Village East Senior Apartments			
Residual receipts note	0.00%	2042	<u>1,513</u>
Combined Total Notes and Accrued Interest			
Current portion			2,737,312
Long-term			<u>113,553,020</u>
Total notes and accrued interest			<u>\$ 116,290,332</u>

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2020

Changes in notes, leases, and accrued interest due from partnerships during the year ended June 30, 2020 are summarized below:

	Balance July 1	Additions	Reductions	Balance June 30	Due Within One Year
Wiggums Park Place LLLP					
Bond mortgage note	\$ 12,527,457	\$ -	\$ 5,751,693	\$ 6,775,764	\$ 99,197
Grounds lease	582,834	-	17,379	565,455	9,027
Seller financing note	6,325,000	-	-	6,325,000	-
Development fee note	2,715,545	-	1,660,162	1,055,383	253,906
Accrued interest due					
Current interest	33,050	258,573	33,050	258,573	258,573
Deferred interest	388,643	212,067	-	600,710	-
	<u>22,572,529</u>	<u>470,640</u>	<u>7,462,284</u>	<u>15,580,885</u>	<u>620,703</u>
Broadway Plaza LLLP					
Bond mortgage note	6,445,000	-	100,000	6,345,000	100,000
Seller financing note	9,875,000	-	-	9,875,000	-
Accrued interest due					
Current interest	154,119	152,444	154,119	152,444	152,444
Deferred interest	2,852,695	508,671	552,753	2,808,613	-
	<u>19,326,814</u>	<u>661,115</u>	<u>806,872</u>	<u>19,181,057</u>	<u>252,444</u>
Pivotal Point LLLP					
EHA note	14,150	-	14,150	-	-
State of WA HTF note	865,000	-	-	865,000	35,103
	<u>879,150</u>	<u>-</u>	<u>14,150</u>	<u>865,000</u>	<u>35,103</u>
Bakerview/Grandview LLLP					
Revenue bond	6,125,271	-	67,680	6,057,591	71,490
Seller financing note	22,950,000	-	-	22,950,000	-
EHA sponsor note	5,000,000	-	-	5,000,000	-
Development fee note	2,825,412	-	443,652	2,381,760	446,209
Accrued interest due					
Current interest	28,023	27,714	28,023	27,714	27,714
Deferred interest	4,255,952	1,111,105	-	5,367,057	-
	<u>41,184,658</u>	<u>1,138,819</u>	<u>539,355</u>	<u>41,784,122</u>	<u>545,413</u>
Everett Affordable Housing LLLP					
Revenue bond	5,229,044	-	58,733	5,170,311	62,040
Seller financing note	9,694,066	-	-	9,694,066	-
EHA sponsor note	2,000,000	-	-	2,000,000	-
Development fee note	1,667,758	-	467,193	1,200,565	398,672
Accrued interest due					
Current interest	23,923	23,654	23,923	23,654	23,654
Deferred interest	1,812,823	465,988	-	2,278,811	-
	<u>20,427,614</u>	<u>489,642</u>	<u>549,849</u>	<u>20,367,407</u>	<u>484,366</u>

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HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON
Notes to Basic Financial Statements
June 30, 2020

Changes in notes, leases, and accrued interest due from partnerships during the year ended June 30, 2020
(continued)

	Balance July 1	Additions	Reductions	Balance June 30	Due Within One Year
EHA Senior Housing I LLLP					
Bond mortgage note	6,393,573	-	89,175	6,304,398	92,924
Seller financing note	8,375,000	-	-	8,375,000	-
EHA sponsor note	1,284,756	-	-	1,284,756	-
Development fee note	893,907	-	445,861	448,046	448,046
Accrued interest due					
Current interest	262,061	258,313	262,061	258,313	258,313
Deferred interest	1,059,126	333,210	-	1,392,336	-
	<u>18,268,423</u>	<u>591,523</u>	<u>797,097</u>	<u>18,062,849</u>	<u>799,283</u>
Evergreen Village Senior Apartments					
Residual receipts note	<u>-</u>	<u>68,061</u>	<u>-</u>	<u>68,061</u>	<u>-</u>
Hawkins House Senior Apartments					
Residual receipts note	<u>-</u>	<u>74,484</u>	<u>-</u>	<u>74,484</u>	<u>-</u>
Lake Woods Senior Apartments					
Residual receipts note	<u>-</u>	<u>201,884</u>	<u>-</u>	<u>201,884</u>	<u>-</u>
Lynn Crest Senior Apartments					
Residual receipts note	<u>-</u>	<u>31,723</u>	<u>-</u>	<u>31,723</u>	<u>-</u>
Scriber Pointe Senior Apartments					
Residual receipts note	<u>-</u>	<u>59,148</u>	<u>-</u>	<u>59,148</u>	<u>-</u>
Silver View Senior Apartments					
Residual receipts note	<u>-</u>	<u>26,083</u>	<u>13,884</u>	<u>12,199</u>	<u>-</u>
Village East Senior Apartments					
Residual receipts note	<u>-</u>	<u>60,748</u>	<u>59,235</u>	<u>1,513</u>	<u>-</u>
Total notes and accrued interest	<u>\$ 122,659,188</u>	<u>\$ 3,873,870</u>	<u>\$ 10,242,726</u>	<u>\$ 116,290,332</u>	<u>\$ 2,737,312</u>

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2020

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, 2020, the unpaid balance of the note was \$6,345,000, of which \$100,000 was classified as current. Interest in the amount of \$152,444 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 \$2,808,613 had accrued as of June 30, 2020. 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.

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. At June 30, 2020, the unpaid balance of the note was \$865,000 of which \$35,103 was classified as current.

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.

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2020

This note may be prepaid in whole or in part at any time. The balance of the loan and all outstanding interest was paid in full in February of 2020. On June 30, 2020, the balance of the loan was \$0.

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 \$4,646,498 had accrued as of June 30, 2020. 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 \$720,559 had accrued as of June 30, 2020. 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.

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, 2020, the balance of the note was \$2,381,760 and \$446,209 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, 2020, the loan had converted to permanent financing with Berkadia. The balance of the loan was \$6,057,591. Of that, \$71,490 was classified as current.

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2020

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 \$1,992,452 had accrued as of June 30, 2020. 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 \$286,359 had accrued as of June 30, 2020. 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. 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, 2020, the balance of the note was \$1,200,565 of which \$398,672 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, 2020, the loan had converted to permanent debt with Berkadia and the balance was \$5,170,311. Of that, \$62,040 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 \$1,207,154 had accrued as of June 30, 2020.

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2020

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, 2020, the principal balance was \$1,284,756 and interest of \$185,182 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, 2020, the loan had converted to permanent financing with Banner Bank and the balance of the loan was \$6,304,398 of which \$92,924 was classified as current.

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, 2020 the balance of the note was \$448,046 and all amounts due were classified as current.

Wiggums Park Place LLLP

a. Permanent 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. As of June 30, 2020, the loan had converted to permanent financing with Banner Bank and the balance of the loan was \$6,775,764 of which \$99,197 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.

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Unpaid ground rent accrues interest at a rate of 2.58% per annum, compounded annually. As of June 30, 2020, the balance of the ground lease was \$565,455, of which \$9,027 was current and interest of \$14,589 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 \$600,710 had accrued as of June 30, 2020. 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 0% per annum and paid in the priority described in the partnership agreement. All amounts are payable by 2032. On June 30, 2020 the balance of the note was \$1,055,383, of which \$253,906 was classified as current.

Evergreen Village Senior Apartments

a. Residual Receipts Note

The Authority was granted permission by HUD to enter into a residual receipts promissory note with Evergreen Village Senior Housing Association in order to fund operating deficits at Evergreen Village Senior Apartments. On November 13, 2019, the note was executed in the amount of \$68,061. The funds may be paid back to EHA only when Evergreen Village Senior Housing Association realizes surplus cash and upon receiving approval from HUD. The note does not bear interest and matures on July 1, 2043. As of June 30, 2020, the balance of the loan was \$68,061.

Hawkins House

a. Residual Receipts Note

The Authority was granted permission by HUD to enter into a residual receipts promissory note with Hawkins House in order to fund operating deficits at Hawkins House Apartments. On November 6, 2019, the note was executed in the amount of \$74,484. The funds may be paid back to EHA only when Hawkins House realizes surplus cash and upon receiving approval from HUD. The note does not bear interest and matures on August 31, 2049. As of June 30, 2020, the balance of the loan was \$74,484.

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Lynn Crest

a. Residual Receipts Note

The Authority was granted permission by HUD to enter into a residual receipts promissory note with Lynn Crest Senior Housing Association in order to fund operating deficits at Lynn Crest Senior Apartments. On October 24, 2019, the note was executed in the amount of \$31,723. The funds may be paid back to EHA only when Lynn Crest Senior Housing Association realizes surplus cash and upon receiving approval from HUD. The note does not bear interest and matures on November 1, 2043. As of June 30, 2020, the balance of the loan was \$31,723.

Lakewoods I

a. Residual Receipts Note

The Authority was granted permission by HUD to enter into a residual receipts promissory note with Lake Woods Senior Housing Association in order to fund operating deficits at Lake Woods Senior Apartments. On November 6, 2019, the note was executed in the amount of \$100,442. In May of 2020, the Authority was granted permission by HUD to increase the note value to fund further operating deficits at Lake Woods Senior Apartments. On May 7, 2020, an additional note was executed in the amount of \$101,442. The funds may be paid back to EHA only when Lake Woods Senior Housing Association realizes surplus cash and upon receiving approval from HUD. The note does not bear interest and matures on August 31, 2032. As of June 30, 2020, the balance of the loan was \$201,884.

Scriber Pointe

a. Residual Receipts Note

The Authority was granted permission by HUD to enter into a residual receipts promissory note with Scriber Pointe Senior Housing Association in order to fund operating deficits at Scriber Pointe Senior Apartments. On October 24, 2019, the note was executed in the amount of \$59,148. The funds may be paid back to EHA only when Scriber Pointe Senior Housing Association realizes surplus cash and upon receiving approval from HUD. The note does not bear interest and matures on July 1, 2042. As of June 30, 2020, the balance of the loan was \$59,148.

Silver View

a. Residual Receipts Note

The Authority was granted permission by HUD to enter into a residual receipts promissory note with Silver View Senior Housing Association in order to fund operating deficits at Silver View Senior Apartments. On November 13, 2019, the note was executed in the amount of \$26,083. The funds may be paid back to EHA only when Silver View Senior Housing Association realizes surplus cash and upon receiving approval from HUD. The note does not bear interest and matures on August 31, 2036. As of June 30, 2020, the balance of the loan was \$12,199.

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Village East

a. Residual Receipts Note

The Authority was granted permission by HUD to enter into a residual receipts promissory note with Village East Senior Housing Association in order to fund operating deficits at Village East Senior Apartments. On October 24, 2019, the note was executed in the amount of \$60,748. The funds may be paid back to EHA only when Village East Senior Housing Association realizes surplus cash and upon receiving approval from HUD. The note does not bear interest and matures on July 1, 2042. As of June 30, 2020, the balance of the loan was \$1,513.

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, 2019	Additions and Transfers	Reductions and Transfers	Balance June 30, 2020
Capital assets, not being depreciated:				
Land	\$ 3,513,664	\$ 11,089	\$ 437,000	\$ 3,087,753
Construction in progress	401,847	2,120,521	553,358	1,969,010
Total capital assets, not being depreciated	3,915,511	2,131,610	990,358	5,056,763
Capital assets, being depreciated:				
Building and building improvements	23,294,517	535,130	1,658,066	22,171,581
Furniture, equipment and machinery	1,383,130	21,027	-	1,404,157
Total capital assets, being depreciated	24,677,647	556,157	1,658,066	23,575,738
Less accumulated depreciation for:				
Building and building improvements	16,027,904	432,918	1,227,613	15,233,209
Furniture, equipment and machinery	1,174,201	41,464	-	1,215,665
Total accumulated depreciation	17,202,105	474,382	1,227,613	16,448,874
Total capital assets being depreciated, net	7,475,542	81,775	430,453	7,126,864
Total capital assets, net	\$ 11,391,053	\$ 2,213,385	\$ 1,420,811	\$ 12,183,627

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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, 2019:

	Balance January 1, 2019	Additions and Transfers	Reductions and Transfers	Balance December 31, 2019
Capital assets, not being depreciated:				
Land	\$ 7,920,019	\$ -	\$ -	7,920,019
Leasehold improvements	46,020	-	-	46,020
Total capital assets, not being depreciated	7,966,039	-	-	7,966,039
Capital assets, being depreciated:				
Site improvements	4,782,398	57,130	-	4,839,528
Building and building improvements	186,386,867	294,259	-	186,681,126
Furniture, equipment and machinery	4,197,015	272,620	1,333	4,468,302
Total capital assets, being depreciated	195,366,280	624,009	1,333	195,988,956
Less accumulated depreciation for:				
Site improvements	2,042,233	242,832	-	2,285,065
Building and building improvements	28,298,567	4,721,251	-	33,019,818
Furniture, equipment and machinery	2,836,990	430,341	-	3,267,331
Total accumulated depreciation	33,177,790	5,394,424	-	38,572,214
Total capital assets being depreciated, net	162,188,490	(4,770,415)	1,333	157,416,742
Total capital assets, net	\$ 170,154,529	\$ (4,770,415)	\$ 1,333	\$ 165,382,781

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 three other projects.

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The following schedule shows the significant components of construction in progress at June 30, 2020:

	Project Authorization	Expended through 6/30/2020	Committed
Legacy predevelopment	\$ 1,244,486	\$ 1,244,486	\$ -
Central Office Cost Center	1,750,219	555,727	1,194,492
Lakeview Terrace renovation	221	221	-
Grandview Clubhouse/Unit renovation	168,576	168,576	-
	<u>\$ 3,163,502</u>	<u>\$ 1,969,010</u>	<u>\$ 1,194,492</u>

8. Non-Current Liabilities

Primary Government:

As of June 30, 2020, the primary government had revenue bonds outstanding as follows:

	Issuance Date	Maturity Date	Interest Rate	Bond Issuance	Balance at June 30	Due Within One Year
<i>Tax Credit Partnerships</i>						
Revenue Bond 2011						
Broadway Plaza Apartments	06/29/11	07/01/29	1.99%-5.865%	\$ 7,000,000	\$ 6,345,000	\$ 100,000
Revenue Bond 2014						
Bakerview/Grandview	05/04/17	05/04/33	5.49%	6,250,000	6,057,591	71,490
Revenue Bond 2014						
Everett Affordable Housing Portfolio	02/22/17	02/22/33	5.49%	5,350,000	5,170,311	62,040
Revenue Bond 2016						
EHA Senior Housing I	02/05/16	03/15/35	4.13%	6,500,000	6,304,398	92,924
Revenue Bond 2017						
Wiggums Park Place	08/01/17	03/01/20	3.625%	12,700,000	6,775,764	99,197
Total Tax Credit Partnership Bonds					<u>\$ 30,653,064</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	58,819	36,550
Total Affordable Housing Bonds					<u>58,819</u>	
Total Revenue Bonds					<u>\$ 30,711,883</u>	

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As of June 30, 2020, the primary government had promissory notes from direct borrowings outstanding as follows:

	Issuance Date	Maturity Date	Interest Rate	Note Issuance	Balance at June 30	Due Within One Year
<i>Tax Credit Partnerships</i>						
HTF Promissory Note - Pivotal Point Apartments	09/24/13	12/31/55	0-1%	\$ 865,000	\$ 865,000	\$ 35,103
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	07/12/07	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	435,358	9,247
Snohomish County (Home Loan) - Evergreen Cottages	08/15/08	08/14/48	0.00%	647,150	647,150	-
Everett (Housing Trust Fund) - Evergreen Cottages	07/23/08	07/30/33	3.00%	200,000	200,000	-
Banner Bank - Evergreen Cottages	06/24/15	07/01/25	4.95%	750,000	688,226	14,293
City of Everett CDBG - Evergreen Cottages	07/01/19	06/30/45	3.00%	539,084	494,485	-
Total Affordable Housing Notes					<u>2,853,432</u>	
Total Notes					<u>\$ 3,718,432</u>	

Changes in long-term liabilities for the primary government during the year ended June 30, 2020 are summarized below:

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Due Within One Year
Revenue bonds	\$ 36,813,809	\$ -	\$ 6,101,926	\$ 30,711,883	\$ 462,201
Direct borrowings	3,246,706	494,485	22,759	3,718,432	58,643
	<u>40,060,515</u>	<u>494,485</u>	<u>6,124,685</u>	<u>34,430,315</u>	<u>520,844</u>
Compensated absences	424,687	37,320	-	462,007	116,145
Accrued interest	709,085	399,245	159,597	948,733	707,091
Pension liability	2,845,927	-	602,037	2,243,890	-
	<u>3,979,699</u>	<u>436,565</u>	<u>761,634</u>	<u>3,654,630</u>	<u>823,236</u>
Total	<u>\$ 44,040,214</u>	<u>\$ 931,050</u>	<u>\$ 6,886,319</u>	<u>\$ 38,084,945</u>	<u>\$ 1,344,080</u>

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Revenue Bonds

a. Tax Credit Partnerships

a. Revenue Bond 2011 – Broadway Plaza Apartments

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. All remaining unpaid principal and interest are due and payable on July 1, 2029. The bond is secured by a multifamily deed of trust and assignment of rents. There is no prepayment penalty and upon default, the lender may declare the entire unpaid principal balance and all accrued unpaid interest immediately due. At June 30, 2020, the unpaid balance of the note was \$6,345,000, of which \$100,000 was classified as current. Interest in the amount of \$152,444 had accrued.

b. Revenue Bond 2014 – Bakerview/Grandview Apartments

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. The loan is secured by a multifamily leasehold deed of trust, assignment of rents and a security agreement and fixture filing. A prepayment fee will be charged if a prepayment is made prior to the one hundred eighty-sixth month anniversary of the conversion date and no voluntary prepayment, in whole or in part, is permitted. Upon default, the lender may declare the entire unpaid principal balance, any accrued interest, the prepayment premium and all other amounts payable immediately due, without prior notice. On May 4, 2017, the loan converted to permanent financing with Berkadia. As of June 30, 2020, the balance of the loan was \$6,057,591. Of that, \$71,490 was classified as current.

c. Revenue Bond 2014 – Everett Affordable Housing Portfolio

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. The loan is secured by a multifamily leasehold deed of trust, assignment of rents and a security agreement and fixture filing. A prepayment fee will be charged if a prepayment is made prior to the one hundred eighty-sixth month anniversary of the conversion date and no voluntary prepayment, in whole or in part, is permitted. Upon default, the lender may declare the entire unpaid principal balance, any accrued interest, the prepayment premium and all other amounts payable immediately due, without prior notice.

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On February 22, 2017, the loan converted to permanent financing with Berkadia. At June 30, 2020, the balance was \$5,170,311. Of that, \$62,040 was classified as current.

d. Revenue Bond 2016 – EHA Senior Housing I

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 4.13% 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. The loan is secured by a deed of trust and a lien against and security interest in the property. A prepayment fee will be charged if the loan is paid in advance before the two-year period prior to the Term Loan maturity date. Upon default, the lender may declare the entire unpaid principal balance and any accrued interest immediately due. As of June 30, 2020, the loan had converted to permanent financing with Banner Bank and the balance of the loan was \$6,304,398 of which \$92,924 was classified as current.

e. Revenue Bond 2017 – Wiggums Park Pace Apartments

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 3.625% 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 secured by a leasehold deed of trust, assignment of leases and rents, security agreement and fixture filing encumbering the leasehold interest in the property and the project. A prepayment fee will be charged if the loan is paid in advance before January 1, 2033. Upon default, the lender may declare the entire unpaid principal balance and any accrued interest immediately due. As of June 30, 2020, the loan had converted to permanent financing with Banner Bank and the balance of the loan was \$6,775,764 of which \$99,197 was classified as current.

b. Affordable Housing

a. Revenue Bond 2006 – Pacific Square Apartments

On December 28, 2006, Cascade Bank agreed to purchase a single revenue bond from the Authority in the amount of \$400,000. The proceeds from the revenue bond were used to finance the cost of acquiring an 8-unit apartment complex located at 12220 East Gibson Road in Everett, Washington. Monthly payments in the amount of \$3,233 began on February 1, 2007. The loan bears interest at a fixed rate of 5.25% and matures on January 1, 2022. The loan is secured by a first deed of trust on the property, together with assignment of leases and rents. There is no prepayment penalty and Cascade Bank reserves the right to withdraw or modify the terms of the loan if there is a material change in the facts and assumptions on which the loan was made. Upon default, the lender is entitled to notify tenants to make payments of rent due or to become due directly to the lender and the lender may make all or any part of the amount owing immediately due. As of June 30, 2020, the balance of the loan was \$58,819 of which \$36,550 was classified as current.

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Direct Borrowings

a. Tax Credit Partnerships

a. HTF Promissory Note – Pivotal Point Apartments

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. The loan is secured by a leasehold deed of trust and leasehold interest in the real property located in Snohomish county, Washington. In the event the property is sold or the property is not used as required by the contract prior to the end of the 40 year length of commitment required in the contract, the lender will be entitled to the unpaid principal balance of the note and any accrued interest and an amount representing the prorated, appreciated value of the property as defined in the contract. At June 30, 2020, the unpaid balance of the note was \$865,000 of which \$35,103 was classified as current.

b. Affordable Housing

a. Promissory Note – City of Everett (HOME Loan) – Pacific Square Apartments

On December 6, 2006, the Authority entered into an agreement with the City of Everett for a HOME loan in the amount of \$65,633. The proceeds from the loan were used to finance the cost of acquiring an 8-unit apartment complex located at 12220 East Gibson Road in Everett, Washington. There are no monthly principal and interest payments. Principal and interest are due at maturity on December 6, 2031. The loan bears interest at a fixed rate of 3% per annum compounded annually. The loan is secured by a deed of trust covering certain real property in Snohomish County, Washington, together with the buildings and improvements now and hereafter erected thereon. There is no prepayment penalty and upon default the whole sum of principal and accrued interest will become immediately due and payable. As of June 30, 2020, the balance of the loan was \$65,633

b. Promissory Note – City of Everett (Housing Trust Fund) – Pacific Square Apartments

On December 6, 2006, the Authority entered into an agreement with the City of Everett for a Housing Trust Fund loan in the amount of \$232,544. The proceeds from the loan were used to finance the cost of acquiring an 8-unit apartment complex located at 12220 East Gibson Road in Everett, Washington. Principal and interest are deferred until December 6, 2031 at which time the full balance due and owing must be paid. The loan bears interest at a fixed rate of 3% per annum compounded annually.

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The loan is secured by a deed of trust covering certain real property in Everett, Washington, together with the buildings and improvements now and hereafter erected thereon. There is no prepayment penalty and upon default the whole sum of principal and accrued interest will become immediately due and payable. As of June 30, 2020, the balance of the loan was \$232,544.

c. Promissory Note – City of Everett (Housing Trust Fund) – Lakeview Terrace Apartments

On July 12, 2007, the Authority entered into an agreement with the City of Everett for a Housing Trust Fund loan in the amount of \$90,036. The proceeds from the loan were used to finance the cost of acquiring an apartment complex located at 418 75th Street SE in Everett, Washington. Principal and interest are deferred until July 31, 2032 at which time the full balance due and owing must be paid. The loan bears interest at a fixed rate of 3% simple interest annually. The loan is secured by a deed of trust covering certain real property in Everett, Washington, together with the buildings and improvements now and hereafter erected thereon. There is no prepayment penalty and upon default the whole sum of principal and accrued interest will become immediately due and payable. As of June 30, 2020, the balance of the loan was \$90,036.

d. WA state (Housing Trust Fund) – Evergreen Cottages

The Authority assumed a note that was executed on June 3, 2009 with the State of Washington Department of Community, Trade and Economic Development for a Housing Trust Fund loan in the amount of \$525,000. Monthly payments in the amount of \$3,391 began on April 30, 2010. The loan bears interest at fixed rate of 1% and matures on January 31, 2059. The note is secured by a deed of trust covering property situated in Snohomish County, Washington. In the event the property is sold or the property is not used as required by the contract prior to the end of the 40 year length of commitment required in the contract, the lender will be entitled to the unpaid principal balance of the note and any accrued interest and an amount representing the prorated, appreciated value of the property as defined in the contract. At June 30, 2020, the unpaid balance of the note was \$435,358 of which \$9,247 was classified as current.

e. Snohomish County (Home Loan) – Evergreen Cottages

The Authority assumed a note that was executed on August 15, 2008 with the City of Everett for a Housing Trust Fund loan in the amount of \$647,150. The note does not bear interest and the lender will forgive the amount due under this note on August 14, 2048 provided that the owner has fully complied with the provision of the note and the HOME agreement. The loan is secured by a deed of trust covering certain real property in Snohomish County, Washington, together with the buildings and improvements now and hereafter erected thereon. The note cannot be prepaid in advance of its maturity and upon default the whole sum of principal and accrued interest will become immediately due and payable. As of June 30, 2020, the balance of the loan was \$647,150.

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f. Everett (Housing Trust Fund) – Evergreen Cottages

The Authority assumed a note that was executed on July 23, 2008 with the City of Everett for a Housing Trust Fund loan in the amount of \$200,000. Principal and interest are deferred until July 30, 2033 at which time the full balance due and owing must be paid. The loan bears interest at a fixed rate of 3%, compounded annually. The loan is secured by a deed of trust covering certain real property in Everett, Washington, together with the buildings and improvements now and hereafter erected thereon. There is no prepayment penalty and upon default the whole sum of principal and accrued interest will become immediately due and payable. As of June 30, 2020, the balance of the loan was \$200,000.

g. Banner Bank – Evergreen Cottages

On June 24, 2015, the Authority signed a promissory note with a principal amount of \$750,000 with Banner Bank to finance the cost of acquiring a 20-unit apartment complex located at 10801 16th Avenue SE in Everett, Washington. The loan bears interest at a fixed rate of 4.95% per annum. Monthly principal and interest payments totaling \$4,003 commenced on August 1, 2015. A final payment of all principal and accrued interest is due at maturity on July 1, 2025. The loan is secured by a deed of trust on real property located in Snohomish County, State of Washington. A prepayment fee will be charged if the loan is paid in advance before ninety days prior to the maturity date. Upon default, lender may declare the entire unpaid principal balance and all accrued unpaid interest, immediately due, without notice in addition to any prepayment premium. As of June 30, 2020, the balance of the loan was \$688,226 of which \$14,293 was classified as current.

h. City of Everett Community Development Block Grant Loan – Evergreen Cottages

On July 1, 2019, the Authority entered into a subrecipient agreement with the City of Everett for a Community Development Block Grant Program loan in the amount of \$539,084. The proceeds from the loan were used to finance the cost of exterior rehabilitation at the Evergreen Cottages property. The loan is non-forgivable with principal and interest due twenty-five years from the closing or June 30, 2045, whichever is later. All payments will be deferred as long as the property is used as housing that serves very low-income persons. Should the property use change, or the terms of this contract not upheld, the lender may at its option, require immediate payment in full of all sums lent plus interest. The loan bears interest at a fixed rate of 3% simple interest annually. As of June 30, 2020, the loan had not been fully drawn and interest had not started to accrue. As of June 30, 2020, the balance of the loan and amount of expended proceeds was \$494,485.

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The annual debt service requirements of the primary government for revenue bonds and direct borrowings at June 30, 2020 are as follows:

Year Ended June 30	Bond Principal	Note Principal	Interest Due	Total
2021	\$ 462,201	\$ 58,585	\$ 1,529,546	\$ 2,050,332
2022	518,001	24,295	1,507,024	2,049,320
2023	476,535	25,146	1,482,871	1,984,552
2024	498,096	26,037	1,458,772	1,982,905
2025	520,454	26,968	1,433,420	1,980,842
2026-2030	7,958,329	660,216	6,454,323	15,072,868
2031-2035	15,443,054	782,389	3,884,869	20,110,312
2036-2040	4,835,213	220,300	201,854	5,257,367
2041-2045	-	726,066	32,249	758,315
2046-2050	-	890,589	20,391	910,980
2051-2055	-	229,130	7,985	237,115
2056-2060	-	49,870	995	50,865
	<u>\$ 30,711,883</u>	<u>\$ 3,719,591</u>	<u>\$ 18,014,299</u>	<u>\$ 52,445,773</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, 2019:

Description of Note	Debt Type	Issuance Date	Maturity Date	Interest Rate	Note Issuance	Outstanding December 31
Broadway Plaza LLLP						
Revenue bond	Revenue bond	06/29/11	07/01/29	1.99% - 5.865%	7,000,000	6,345,000
Seller financing note	Direct borrowing	06/29/11	06/29/61	4.05%	9,875,000	9,875,000
						<u>16,220,000</u>
Pivotal Point LLLP						
Housing Trust Fund loan	Direct borrowing	09/24/13	12/31/55	0% - 1%	865,000	865,000
EHA promissory note	Direct borrowing	09/01/13	12/31/55	7.0%	122,298	14,150
						<u>879,150</u>
Bakerview/Grandview LLLP						
Revenue bond	Revenue bond	05/04/17	05/04/33	5.49%	6,250,000	6,091,894
EHA sponsor note	Direct borrowing	09/29/14	09/01/66	3.45%	5,000,000	5,000,000
Seller financing note	Direct borrowing	09/29/14	09/01/66	3.45%	22,950,000	22,950,000
						<u>34,041,894</u>
Everett Affordable Housing Portfolio LLLP						
Revenue bond	Revenue bond	02/22/17	02/22/33	5.49%	5,350,000	5,200,080
EHA sponsor note	Direct borrowing	09/30/14	09/01/66	3.45%	2,000,000	2,000,000
Seller financing note	Direct borrowing	09/30/14	09/01/66	3.45%	9,700,000	9,694,066
WA State Dept of Commerce	Direct borrowing	03/15/04	03/31/44	1.00%	580,000	378,804
City of Everett - HTF	Direct borrowing	11/18/09	11/18/49	3.00%	500,000	500,000
						<u>17,772,950</u>
EHA Senior Housing I LLLP						
Revenue bond	Revenue bond	02/05/16	03/15/35	4.13%	6,500,000	6,349,444
EHA sponsor note	Direct borrowing	02/05/16	02/01/56	3.10%	2,000,000	1,284,756
Seller financing note	Direct borrowing	02/05/16	02/01/56	3.10%	8,375,000	8,375,000
						<u>16,009,200</u>
Wiggums Park Place LLLP						
Revenue bond	Revenue bond	08/01/17	03/01/20	2.875%	12,700,000	12,527,457
Seller financing note	Direct borrowing	08/01/17	08/01/57	3.15%	6,325,000	6,325,000
Ground lease	Direct borrowing	08/01/17	12/31/2116	2.58%	600,000	574,255
						<u>19,426,712</u>
Evergreen Village Senior Apartments						
WA State Dept of Commerce	Direct borrowing	07/31/02	05/31/43	0.00%	200,000	130,000
Residual receipt note	Direct borrowing	11/13/19	07/01/43	0.00%	68,061	68,061
						<u>198,061</u>

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Description of Note	Debt Type	Issuance Date	Maturity Date	Interest Rate	Note Issuance	Outstanding December 31
Hawkins House						
Residual receipt note	Direct borrowing	11/06/19	08/31/49	0.00%	74,484	<u>74,484</u>
Lynn Crest						
Residual receipt note	Direct borrowing	10/24/19	11/01/43	0.00%	31,723	<u>31,723</u>
Lynn Woods Apartments						
Mortgage note	Direct borrowing	10/31/06	05/01/41	4.17%	1,570,400	<u>1,277,927</u>
Lakewoods I						
Residual receipt note	Direct borrowing	11/06/19	08/31/32	0.00%	100,443	<u>100,443</u>
Scriber Pointe						
Residual receipt note	Direct borrowing	10/24/19	07/01/42	0.00%	59,148	<u>59,148</u>
Silver View						
Residual receipt note	Direct borrowing	11/13/19	08/31/36	0.00%	26,083	<u>26,083</u>
Silver Woods Apartments						
City of Everett HOME loan	Direct borrowing	11/21/07	11/21/47	3.00%	100,000	100,000
Mortgage note	Direct borrowing	10/31/06	11/01/41	4.58%	1,589,500	<u>1,308,353</u>
						<u>1,408,353</u>
Village East						
Residual receipt note	Direct borrowing	10/24/19	07/01/42	0.00%	60,748	<u>60,748</u>

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Changes in outstanding notes and compensated absences for the Component Units during the year ended December 31, 2019 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	6,445,000	-	100,000	6,345,000	100,000
Seller financing note	9,875,000	-	-	9,875,000	-
	16,320,000	-	100,000	16,220,000	100,000
Compensated absences	28,082	5,957	-	34,039	8,510
Total	16,348,082	5,957	100,000	16,254,039	108,510
Pivotal Point LLLP					
Housing Trust Fund loan	865,000	-	-	865,000	35,103
EHA promissory note	33,134	-	18,984	14,150	-
	898,134	-	18,984	879,150	35,103
Compensated absences	4,904	2,216	-	7,120	1,780
Total	903,038	2,216	18,984	886,270	36,883
Bakerview/Grandview LLLP					
Revenue bond	6,157,745	-	65,851	6,091,894	69,559
EHA sponsor note	5,000,000	-	-	5,000,000	-
Seller financing note	22,950,000	-	-	22,950,000	-
	34,107,745	-	65,851	34,041,894	69,559
Compensated absences	55,952	12,500	-	68,452	17,113
Total	34,163,697	12,500	65,851	34,110,346	86,672
Everett Affordable Housing Portfolio LLLP					
Revenue bond	5,257,226	-	57,146	5,200,080	60,363
EHA sponsor note	2,000,000	-	-	2,000,000	-
Seller financing note	9,694,066	-	-	9,694,066	-
WA St Dept of Commerce	392,541	-	13,737	378,804	13,599
City of Everett - Housing Trust Fund	500,000	-	-	500,000	-
	17,843,833	-	70,883	17,772,950	73,962
Compensated absences	33,808	8,066	-	41,874	10,468
Total	\$ 17,877,641	\$ 8,066	\$ 70,883	\$ 17,814,824	\$ 84,430
Wiggums Park Place, LLLP					
Revenue construction bond	11,680,944	846,513	-	12,527,457	5,792,589
Seller financing note	6,325,000	-	-	6,325,000	-
Ground lease	582,834	-	8,579	574,255	8,800
	18,588,778	846,513	8,579	19,426,712	5,801,389
Compensated absences	34,505	-	19,222	15,283	3,821
Total	\$ 18,623,283	\$ 846,513	\$ 27,801	\$ 19,441,995	\$ 5,805,210

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Changes in outstanding notes and compensated absences for the Component Units during the year ended December 31, 2019 (continued)

	Balance January 1	Additions	Reductions	Balance December 31	Due Within One Year
EHA Senior Housing I LLLP					
Revenue bond	\$ 6,443,921	\$ -	\$ 94,477	\$ 6,349,444	\$ 91,030
EHA sponsor note	1,284,756	-	-	1,284,756	-
Seller financing note	8,375,000	-	-	8,375,000	-
	16,103,677	-	94,477	16,009,200	91,030
Compensated absences	27,252	3,692	-	30,944	7,736
Total	16,130,929	3,692	94,477	16,040,144	98,766
Evergreen Village Senior Apartments					
WA State Dept of Commerce	130,000	-	-	130,000	-
Residual receipts note	-	68,061	-	68,061	-
	130,000	68,061	-	198,061	-
Compensated absences	5,029	2,423	-	7,452	1,863
Total	135,029	70,484	-	205,513	1,863
Lynn Woods Senior Apartments					
Mortgage note	1,312,893	-	34,966	1,277,927	36,453
	1,312,893	-	34,966	1,277,927	36,453
Compensated absences	4,900	536	-	5,436	1,359
Total	1,317,793	536	34,966	1,283,363	37,812
Silver Woods Senior Apartments					
City of Everett HOME loan	100,000	-	-	100,000	-
Mortgage note	1,342,276	-	33,923	1,308,353	35,510
	1,442,276	-	33,923	1,408,353	35,510
Compensated absences	6,175	650	-	6,825	1,706
Total	1,448,451	650	33,923	1,415,178	37,216
Evergreen Court Senior Apartments					
Compensated absences	6,678	-	208	6,470	1,618
Hawkins House Senior Apartments					
Residual receipts note	-	74,484	-	74,484	-
	-	74,484	-	74,484	-
Compensated absences	7,139	2,509	-	9,648	2,412
Total	7,139	76,993	-	84,132	2,412
Lynn Crest Senior Apartments					
Residual receipts note	-	31,723	-	31,723	-
	-	31,723	-	31,723	-
Compensated absences	5,313	694	-	6,007	1,502
Total	5,313	32,417	-	37,730	1,502
Lake Woods Senior Apartments					
Residual receipts note	-	100,443	-	100,443	-
	-	100,443	-	100,443	-
Compensated absences	11,855	1,509	-	13,364	3,341
Total	11,855	101,952	-	113,807	3,341

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June 30, 2020

Changes in outstanding notes and compensated absences for the Component Units during the year ended December 31, 2019 (continued)

	Balance January 1	Additions	Reductions	Balance December 31	Due Within One Year
Meadow Park Senior Apartments					
Compensated absences	6,902	683	-	7,585	1,896
Scriber Pointe Senior Apartments					
Residual receipts note	-	59,148	-	59,148	-
	-	59,148	-	59,148	-
Compensated absences	3,901	2,302	-	6,203	1,551
Total	3,901	61,450	-	65,351	1,551
Silver View Senior Apartments					
Residual receipts note	-	26,083	-	26,083	-
	-	26,083	-	26,083	-
Compensated absences	6,153	645	-	6,798	1,699
Total	6,153	26,728	-	32,881	1,699
Village East Senior Apartments					
Residual receipts note	-	60,748	-	60,748	-
	-	60,748	-	60,748	-
Compensated absences	4,448	3,753	-	8,201	2,050
Total	4,448	64,501	-	68,949	2,050

Broadway Plaza LLLP

a. Revenue Bond

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. All remaining unpaid principal and interest are due and payable on July 1, 2029. The bond is secured by a multifamily deed of trust and assignment of rents. There is no prepayment penalty and upon default, the lender may declare the entire unpaid principal balance and all accrued unpaid interest immediately due. At December 31, 2019, the unpaid balance of the note was \$6,345,000, of which \$100,000 was classified as current. Interest in the amount of \$152,444 had accrued.

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b. 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. The note is secured by a leasehold deed of trust on certain property located in Snohomish County, Washington. The note may be prepaid in whole or in part at any time and any prepaid amounts are first applied to accrued and unpaid interest, and then to principal. Upon default, the note will become immediately due and payable without presentment, demand, protest or notice of any kind. Interest in the amount of \$3,107,351 had accrued as of December 31, 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.

Pivotal Point LLLP

a. 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. The loan is secured by a leasehold deed of trust and leasehold interest in the real property located in Snohomish county, Washington. In the event the property is sold or the property is not used as required by the contract prior to the end of the 40 year length of commitment required in the contract, the lender will be entitled to the unpaid principal balance of the note and any accrued interest and an amount representing the prorated, appreciated value of the property as defined in the contract. At December 31, 2019, the unpaid balance of the note was \$865,000 of which \$35,103 was classified as current.

b. EHA Promissory Note

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. Any prepaid amounts will first be applied to accrued and unpaid interest, and then to principal.

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The note is secured by a leasehold deed of trust, assignment of rents and leases, security agreement and fixture filing. Upon default, the lender may declare the entire principal balance of the loan to be due and payable immediately together with all interest accrued. On December 31, 2019, the balance of the loan was \$14,150.

Bakerview/Grandview LLLP

a. 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. The loan is secured by a multifamily leasehold deed of trust, assignment of rents and a security agreement and fixture filing. A prepayment fee will be charged if a prepayment is made prior to the one hundred eighty-sixth month anniversary of the conversion date and no voluntary prepayment, in whole or in part, is permitted. Upon default, the lender may declare the entire unpaid principal balance, any accrued interest, the prepayment premium and all other amounts payable immediately due, without prior notice. On February 22, 2017, the loan converted to permanent financing with Berkadia. As of December 31, 2019, the balance of the loan was \$6,091,894. Of that, \$69,559 was classified as current

b. EHA 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 \$624,336 had accrued as of December 31, 2019. The loan is secured by a leasehold deed of trust, assignment of rents and leases, security agreement and fixture filing. This note may be prepaid in whole or in part at any time. Any prepaid amounts will first be applied to accrued and unpaid interest and then to principal. Upon default, the lender may declare the entire principal balance of the loan to be due and payable immediately, together with all interest accrued thereon. 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.

c. 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 \$4,182,313 had accrued as of December 31, 2019. The loan is secured by a leasehold deed of trust, assignment of rents and leases, security agreement and fixture filing. This note may be prepaid in whole or in part at any time. Any prepaid amounts will first be applied to accrued and unpaid interest and then to principal.

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Upon default, the lender may declare the entire principal balance of the loan to be due and payable immediately, together with all interest accrued thereon. 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.

Everett Affordable Housing Portfolio LLLP

a. 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. The loan is secured by a multifamily leasehold deed of trust, assignment of rents and a security agreement and fixture filing. A prepayment fee will be charged if a prepayment is made prior to the one hundred eighty-sixth month anniversary of the conversion date and no voluntary prepayment, in whole or in part, is permitted. Upon default, the lender may declare the entire unpaid principal balance, any accrued interest, the prepayment premium and all other amounts payable immediately due, without prior notice. On February 22, 2017, the loan converted to permanent financing with Berkadia. At December 31, 2019, the balance was \$5,200,080. Of that, \$60,363 was classified as current.

b. EHA 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 \$247,902 had accrued as of December 31, 2019. The loan is secured by a leasehold deed of trust, assignment of rents and leases, security agreement and fixture filing. This note may be prepaid in whole or in part at any time. Any prepaid amounts will first be applied to accrued and unpaid interest and then to principal. Upon default, the lender may declare the entire principal balance of the loan to be due and payable immediately, together with all interest accrued thereon. 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.

c. Seller Financing Note

A promissory note in an amount not to exceed \$9,700,000 was issued on September 30, 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 \$1,795,879 had accrued as of December 31, 2019. The loan is secured by a leasehold deed of trust, assignment of rents and leases, security agreement and fixture filing. This note may be prepaid in whole or in part at any time. Any prepaid amounts will first be applied to accrued and unpaid interest and then to principal.

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Upon default, the lender may declare the entire principal balance of the loan to be due and payable immediately, together with all interest accrued thereon. 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.

d. WA State Department of Commerce

Everett Affordable Housing Portfolio LLLP assumed a note that was executed on March 15, 2004 with the State of Washington Department of Community, Trade and Economic Development for a loan in the amount of \$580,000. Quarterly payments in the amount of \$4,402.67 began on June 30, 2004 and continue to be due each quarter end until maturity on March 31, 2044. The loan bears interest at a fixed rate of 1%, compounded quarterly. The note is secured by a deed of trust covering property situated in Snohomish County, Washington. In the event the property is sold or the property is not used as required by the contract prior to the end of the 40 year length of commitment required in the contract, the lender will be entitled to the unpaid principal balance of the note and any accrued interest and an amount representing the prorated, appreciated value of the property as defined in the contract. At December 31, 2019, the unpaid balance of the note was \$378,804 of which \$13,599 was classified as current.

e. City of Everett – Housing Trust Fund

Everett Affordable Housing Portfolio LLLP assumed a note that was executed on November 18, 2009 with the City of Everett for a HOME loan in the amount of \$500,000. There are no monthly principal and interest payments. Principal and interest are due at maturity on November 18, 2049. The loan bears interest at a fixed rate of 3% per annum. The loan is secured by a deed of trust covering certain real property in Snohomish County, Washington, together with the buildings and improvements now and hereafter erected thereon. There is no prepayment penalty and upon default the whole sum of principal and accrued interest will become immediately due and payable. As of December 31, 2019, the balance of the loan was \$500,000.

EHA Senior Housing I LLLP

a. Revenue Bond

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 4.13% 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. The loan is secured by a deed of trust and a lien against and security interest in the property. A prepayment fee will be charged if the loan is paid in advance before the two-year period prior to the Term Loan maturity date. Upon default, the lender may declare the entire unpaid principal balance and any accrued interest immediately due. As of December 31, 2019, the loan had converted to permanent financing with Banner Bank and the balance of the loan was \$6,349,444 of which \$91,030 was classified as current.

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b. EHA 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 December 31, 2019, the principal balance was \$1,284,756 and interest of \$162,806 had accrued. The loan is secured by a leasehold deed of trust, assignment of rents and leases, security agreement and fixture filing. This note may be prepaid in whole or in part at any time. Any prepaid amounts will first be applied to accrued and unpaid interest and then to principal. Upon default, the lender may declare the entire principal balance of the loan to be due and payable immediately, together with all interest accrued thereon. 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. 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 \$1,061,292 had accrued as of December 31, 2019. The loan is secured by a leasehold deed of trust, assignment of rents and leases, security agreement and fixture filing. This note may be prepaid in whole or in part at any time. Any prepaid amounts will first be applied to accrued and unpaid interest and then to principal. Upon default, the lender may declare the entire principal balance of the loan to be due and payable immediately, together with all interest accrued thereon. 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.

Wiggums Park Place LLLP

a. Revenue Bond

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. The loan is secured by a leasehold deed of trust, assignment of leases and rents, security agreement and fixture filing encumbering the leasehold interest in the property and the project. A prepayment fee will be charged if the loan is paid in advance before January 1, 2033. Upon default, the lender may declare the entire unpaid principal balance and any accrued interest immediately due. As of December 31, 2019, the loan had not converted to permanent financing with Banner Bank and the balance of the loan was \$12,527,457 of which \$5,792,589 was classified as current.

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June 30, 2020

b. 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 \$493,611 had accrued as of December 31, 2019. The loan is secured by a leasehold deed of trust, assignment of rents and leases, security agreement and fixture filing. This note may be prepaid in whole or in part at any time. Any prepaid amounts will first be applied to accrued and unpaid interest and then to principal. Upon default, the lender may declare the entire principal balance of the loan to be due and payable immediately, together with all interest accrued thereon. 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.

c. 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. Any unpaid portion of ground rent will be deferred and accrue interest at a rate of 2.58% per annum, compounded annually. Upon default, grantor may at any time thereafter without notice or demand terminate grantee's rights to possession of the property. Grantor may then take possession of and remove all persons or property and grantee will immediately surrender possession of the property. As of December 31, 2019, the balance of the lease was \$574,255 of which \$8,800 was classified as current.

Evergreen Village Senior Apartments

a. WA State Department of Commerce

Evergreen Village Senior Housing Association executed a note on July 31, 2002 with the State of Washington Department of Community, Trade and Economic Development for a loan in the amount of \$200,000. There are no monthly principal and interest payments and the loan does not bear interest. Principal and interest are due at maturity on May 31, 2043. The note is secured by a deed of trust covering property situated in Snohomish County, Washington. If the property is sold, refinanced, or its use or ownership changes during the 40-year term, the award amount, plus a proportional share of appreciated value of the property, will be due and payable to the HTF within 30 days of the event. At December 31, 2019, the unpaid balance of the note was \$130,000.

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

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b. Residual Receipts Note

The Authority was granted permission by HUD to enter into a residual receipts promissory note with Evergreen Village Senior Housing Association in order to fund operating deficits at Evergreen Village Senior Apartments. On November 13, 2019, the note was executed in the amount of \$68,061. The funds may be paid back to EHA only when Evergreen Village Senior Housing Association realizes surplus cash and upon receiving approval from HUD. Any unauthorized payments on the note must be returned to the project. The note does not bear interest and matures on July 1, 2043. The note is not secured, and the lender may, at its option and without notice, declare the whole principal sum or any balance thereof, together with interest thereon, immediately due and payable. As of December 31, 2019, the balance of the loan was \$68,061.

Hawkins House

a. Residual Receipts Note

The Authority was granted permission by HUD to enter into a residual receipts promissory note with Hawkins House in order to fund operating deficits at Hawkins House Apartments. On November 6, 2019, the note was executed in the amount of \$74,484. The funds may be paid back to EHA only when Hawkins House realizes surplus cash and upon receiving approval from HUD. Any unauthorized payments on the note must be returned to the project. The note does not bear interest and matures on August 31, 2049. The note is not secured, and the lender may, at its option and without notice, declare the whole principal sum or any balance thereof, together with interest thereon, immediately due and payable. As of December 31, 2019, the balance of the loan was \$74,484.

Lynn Crest

a. Residual Receipts Note

The Authority was granted permission by HUD to enter into a residual receipts promissory note with Lynn Crest Senior Housing Association in order to fund operating deficits at Lynn Crest Senior Apartments. On October 24, 2019, the note was executed in the amount of \$31,723. The funds may be paid back to EHA only when Lynn Crest Senior Housing Association realizes surplus cash and upon receiving approval from HUD. Any unauthorized payments on the note must be returned to the project. The note does not bear interest and matures on November 1, 2043. The note is not secured, and the lender may, at its option and without notice, declare the whole principal sum or any balance thereof, together with interest thereon, immediately due and payable. As of December 31, 2019, the balance of the loan was \$31,723.

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

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Lakewoods I

a. Residual Receipts Note

The Authority was granted permission by HUD to enter into a residual receipts promissory note with Lake Woods Senior Housing Association in order to fund operating deficits at Lake Woods Senior Apartments. On November 6, 2019, the note was executed in the amount of \$100,443. The funds may be paid back to EHA only when Lake Woods Senior Housing Association realizes surplus cash and upon receiving approval from HUD. Any unauthorized payments on the note must be returned to the project. The note does not bear interest and matures on August 31, 2032. The note is not secured, and the lender may, at its option and without notice, declare the whole principal sum or any balance thereof, together with interest thereon, immediately due and payable. As of December 31, 2019, the balance of the loan was \$100,443.

Lynn Woods Apartments

a. Mortgage Note

On October 31, 2006, Senior Housing Association of Snohomish County entered into a Section 207/223(f) HUD insured mortgage in the amount of \$1,570,400. Monthly principal and interest payments of \$7,421 are due to Walker & Dunlop, LLC until maturity on May 1, 2041. The note bears interest at 4.17% per annum. The note is secured by a deed of trust on real estate situated in the City of Lynnwood, County of Snohomish, Washington. A prepayment fee will be charged if the loan is paid in advance before November 29, 2016, and thereafter no prepayment penalty will be assessed. Upon default in payment on any installment under the note, and if the default is not made good prior to the due date of the next such installment, the entire principal sum and all accrued interest will at once become due and payable without notice at the option of the lender. As of December 31, 2019, the balance of the loan was \$1,277,927. Of that, \$36,453 was classified as current

Scriber Pointe

a. Residual Receipts Note

The Authority was granted permission by HUD to enter into a residual receipts promissory note with Scriber Pointe Senior Housing Association in order to fund operating deficits at Scriber Pointe Senior Apartments. On October 24, 2019, the note was executed in the amount of \$59,148. The funds may be paid back to EHA only when Scriber Pointe Senior Housing Association realizes surplus cash and upon receiving approval from HUD. Any unauthorized payments on the note must be returned to the project. The note does not bear interest and matures on July 1, 2042. The note is not secured, and the lender may, at its option and without notice, declare the whole principal sum or any balance thereof, together with interest thereon, immediately due and payable. As of December 31, 2019, the balance of the loan was \$59,148.

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Silver View

a. Residual Receipts Note

The Authority was granted permission by HUD to enter into a residual receipts promissory note with Silver View Senior Housing Association in order to fund operating deficits at Silver View Senior Apartments. On November 13, 2019, the note was executed in the amount of \$26,083. The funds may be paid back to EHA only when Silver View Senior Housing Association realizes surplus cash and upon receiving approval from HUD. Any unauthorized payments on the note must be returned to the project. The note does not bear interest and matures on August 31, 2036. The note is not secured, and the lender may, at its option and without notice, declare the whole principal sum or any balance thereof, together with interest thereon, immediately due and payable. As of December 31, 2019, the balance of the loan was \$26,083.

Village East

a. Residual Receipts Note

The Authority was granted permission by HUD to enter into a residual receipts promissory note with Village East Senior Housing Association in order to fund operating deficits at Village East Senior Apartments. On October 24, 2019, the note was executed in the amount of \$60,748. The funds may be paid back to EHA only when Village East Senior Housing Association realizes surplus cash and upon receiving approval from HUD. Any unauthorized payments on the note must be returned to the project. The note does not bear interest and matures on July 1, 2042. The note is not secured, and the lender may, at its option and without notice, declare the whole principal sum or any balance thereof, together with interest thereon, immediately due and payable. As of December 31, 2019, the balance of the loan was \$60,748.

Silver Woods Apartments

a. City of Everett HOME Loan

Silver Lake Senior Housing Association executed a note on November 21, 2007 with the City of Everett for a loan in the amount of \$100,000. There are no monthly principal and interest payments and the loan bears interest at 3% per annum. Principal and interest are due at maturity on November 21, 2047. The note is secured by a deed of trust on real estate situated in the City of Everett, County of Snohomish, Washington. In the event the property is sold or the property is not used as required by the contract prior to the end of the 40 year length of commitment required in the contract, the lender will be entitled to the unpaid principal balance of the note and any accrued interest and an amount representing the prorated, appreciated value of the property as defined in the contract. At December 31, 2019, the unpaid balance of the note was \$100,000.

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b. Mortgage Note

On October 31, 2006, Silver Lake Senior Housing Association entered into a Section 207/223(f) HUD insured mortgage in the amount of \$1,589,500. Monthly principal and interest payments of \$7,891 are due to Walker & Dunlop, LLC until maturity on November 1, 2041. The note bears interest at 4.58% per annum. The note is secured by a deed of trust on real estate situated in the City of Everett, County of Snohomish, Washington. A prepayment fee will be charged if the loan is paid in advance before November 29, 2016, and thereafter no prepayment penalty will be assessed. Upon default in payment on any installment under the note, and if the default is not made good prior to the due date of the next such installment, the entire principal sum and all accrued interest will at once become due and payable without notice at the option of the lender. As of December 31, 2019, the balance of the loan was \$1,308,353. Of that, \$35,510 was classified as current

The annual debt service requirements of the Component Units' long-term debt obligations at December 31, 2019 are as follows:

Year Ended					
December 31	Notes		Interest		Total
2020	\$ 6,257,431	\$	1,556,152	\$	7,813,583
2021	531,013		1,606,404		2,137,417
2022	565,167		1,580,936		2,146,103
2023	590,218		1,554,376		2,144,594
2024	621,209		1,526,598		2,147,807
2025-2029	8,587,151		7,163,645		15,750,796
2030-2034	12,111,927		4,080,387		16,192,314
2035-2039	10,529,194		556,545		11,085,739
Thereafter	67,793,566		12,023,776		79,817,342
	<u>\$ 107,586,876</u>	<u>\$</u>	<u>31,648,819</u>	<u>\$</u>	<u>139,235,695</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, 2020, the Housing Authority estimated that no arbitrage rebate exists in conjunction with its debt reserve funds, and therefore no liability exists.

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

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10. Conduit Debt

The Authority issued special revenue low-income housing bonds to provide financial assistance to nonprofit agencies to acquire, construct and rehabilitate low-income housing. Two series of these special revenue bonds were issued with an aggregate principal amount of \$2,504,000. These bonds were payable solely from the revenue of the low-income housing properties owned by the nonprofit agencies, and did 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. On July 1, 2019, the outstanding balance of these special revenue bonds was \$1,641,308. During 2020, the nonprofit agency responsible for these conduit bonds refinanced this debt and paid off the special revenue bonds. As of June 30, 2020, the unpaid principal balance of these obligations was \$0.

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. 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-two member/owner housing authorities in the states of Washington, Oregon, California and Nevada, of which thirty-three 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.

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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.

12. Pension Plan

The following table represents the aggregate pension amounts for all plans for the year 2020:

Aggregate Pension Amounts – All Plans	
Pension liabilities	\$ (2,243,890)
Pension assets	\$ -
Deferred outflows of resources	\$ 1,210,450
Deferred inflows of resources	\$ (1,304,822)
Pension expense/expenditures	\$ 341,528

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.

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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 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 2019 and 2020 were as follows:

PERS Plan 1		
Actual Contribution Rates	Employer	Employee*
July – December 2019		
PERS Plan 1	7.92%	6.00%
PERS Plan 1 UAAL	4.76%	
Administrative Fee	0.18%	
Total	12.86%	6.00%
January– June 2020		
PERS Plan 1	7.92%	6.00%
PERS Plan 1 UAAL	4.76%	
Administrative Fee	0.18%	
Total	12.86%	6.00%

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

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

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

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

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.

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The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2019 and 2020 were as follows:

PERS Plan 2/3		
Actual Contribution Rates	Employer 2/3	Employee 2*
July – December 2019		
PERS Plan 2/3	7.92%	7.90%
PERS Plan 1 UAAL	4.76%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	12.86%	7.90%
January– June 2020		
PERS Plan 2/3	7.92%	7.90%
PERS Plan 1 UAAL	4.76%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	12.86%	7.90%

* For employees participating in JBM, the contribution rate was 18.53% to 19.75%.

The Everett Housing Authority's actual PERS plan contributions were \$343,299 to PERS Plan 1 and \$504,792 to PERS Plan 2/3 for the year ended June 30, 2020.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2019 with a valuation date of June 30, 2018. 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.

Additional assumptions for subsequent events and law changes are current as of the 2018 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2019. Plan liabilities were rolled forward from June 30, 2018, to June 30, 2019, 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.

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

OSA updated modeling to reflect providing benefit payments to the date of the initial retirement eligibility for terminated vested members who delay application for retirement benefits.

OSA updated COLA programming to reflect legislation signed during the 2018 legislative session that provides PERS Plan 1 annuitants who are not receiving a basic minimum, alternate minimum, or temporary disability benefit with a one-time permanent 1.5% increase to their monthly retirement benefit, not to exceed a maximum of \$62.50 per month.

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. (All plans use 7.5 percent). 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 employers, 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.

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, 2019, are summarized in the table below.

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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%	2.20%
Tangible Assets	7%	5.10%
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	\$2,119,061	\$1,692,110	\$ 1,321,674
PERS 2/3	\$4,231,929	\$ 551,779	\$(2,468,026)

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, 2020, the Everett Housing Authority reported a total pension liability of \$2,243,890 for its proportionate share of the net pension liabilities as follows:

	Liability (or Asset)
PERS 1	\$ 1,692,110
PERS 2/3	\$ 551,780

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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 6/30/18	Proportionate Share 6/30/19	Change in Proportion
PERS 1	.042756%	.044004%	.001248%
PERS 2/3	.054845%	.056806%	.001961%

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, 2019, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2018, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended June 30, 2020, the Everett Housing Authority recognized pension expense as follows:

	Pension Expense
PERS 1	\$ 142,344
PERS 2/3	\$ 199,184
TOTAL	\$ 341,528

Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2020, 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	\$-	\$(113,047)
Changes of assumptions	\$-	\$-
Changes in proportion and differences between contributions and proportionate share of contributions	\$-	\$-
Contributions subsequent to the measurement date	\$343,299	\$-
TOTAL	\$343,299	\$(113,047)

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PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$158,087	\$(118,630)
Net difference between projected and actual investment earnings on pension plan investments	\$-	\$(803,166)
Changes of assumptions	\$14,129	\$(231,508)
Changes in proportion and differences between contributions and proportionate share of contributions	\$190,143	\$(38,471)
Contributions subsequent to the measurement date	\$504,792	\$-
TOTAL	\$867,151	\$(1,191,775)

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, 2021. 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
2021	\$(24,956)	\$(208,843)
2022	\$(59,113)	\$(380,636)
2023	\$(21,095)	\$(151,235)
2024	\$(7,883)	\$(66,263)
2025	\$-	\$(34,739)
Thereafter	\$-	\$12,300
TOTAL	\$(113,047)	\$(829,416)

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

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June 30, 2020

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.

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

For the year ending June 30, 2020, the Authority collected the following fees and payments from Tax Credit Partnerships:

	Development Fee Payments	Incentive Mgt Fee	Property Mgt Fees	General Partner Fees	Loan & Lease Payments	Total
Wiggums Park Place LLLP	\$ 1,660,162	\$ -	\$ 64,010	\$ -	\$ 47,232	\$ 1,771,404
Broadway Plaza LLLP	-	-	101,460	-	552,753	654,213
Pivotal Point LLLP	-	31,228	16,865	8,237	15,141	71,471
Bakerview/Grandview LLLP	443,652	-	100,953	-	-	544,605
Everett Affordable Housing LLLP	467,193	-	79,637	-	-	546,830
EHA Senior Housing I LLLP	445,861	-	106,565	-	5,613	558,039
Total	\$ 3,016,868	\$ 31,228	\$ 469,490	\$ 8,237	\$ 620,739	\$ 4,146,562

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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, 2020 were:

	Development		Sponsor		Seller/EHA				
	Notes	Bond Notes	Loans	Financing	HOME/HTF	Grounds			
	Receivable	Receivable	Receivable	Receivable	and other	Lease	Interest		Total
					Loans				
Wiggums Park Place LLLP	\$ 1,055,383	\$ 6,775,764	\$ -	\$ 6,325,000	\$ -	\$ 565,455	\$ 859,283	\$	15,580,885
Broadway Plaza LLLP	-	6,345,000	-	9,875,000	-	-	2,961,057		19,181,057
Pivotal Point LLLP	-	-	-	-	865,000	-	-		865,000
Bakerview/Grandview LLLP	2,381,760	6,057,591	5,000,000	22,950,000	-	-	5,394,771		41,784,122
Everett Affordable Housing LLLP	1,200,565	5,170,311	2,000,000	9,694,066	-	-	2,302,465		20,367,407
EHA Senior Housing I LLLP	448,046	6,304,398	1,284,756	8,375,000	-	-	1,650,649		18,062,849
Total	\$ 5,085,754	\$ 30,653,064	\$ 8,284,756	\$ 57,219,066	\$ 865,000	\$ 565,455	\$ 13,168,225	\$	115,841,320

Further detail for these receivables is available in Note 5.

b. 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. For the year ending June 30, 2020, EHA received \$355,288 in management fees from these properties and reclassified \$129,955 of management fees receivable to long term notes receivable through a residual receipt note, as described further below. Those properties are:

- 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

The Authority was granted permission by HUD to execute residual receipts promissory notes with seven of the Nonprofit organizations. The funds may be paid back to EHA only when the nonprofit realizes surplus cash and upon receiving approval from HUD. For the year ending June 30, 2020, EHA received approval from HUD to receive payments from these residual receipts notes in the amount of \$73,119.

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The residual receipts promissory note balances as of June 30, 2020 are as follows:

• Evergreen Village Senior Housing Association	\$ 68,061
• Hawkins House Senior Housing Association	\$ 74,484
• Lake Woods Senior Apartments	\$201,884
• Lynn Crest Senior Apartments	\$ 31,723
• Scriber Pointe Senior Apartments	\$ 59,148
• Silver View Senior Apartments	\$ 12,199
• Village East Senior Apartments	\$ 1,513

Further detail for these promissory notes is available in Note 5.

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Condensed Financial Data for the Component Units for the year ended December 31, 2019 is as follows:

	Discretely Presented Component Units, December 31, 2019						
	Broadway Plaza LLLP	Pivotal Point LLL	Bakerview/ Grandview LLL	Everett Aff Hsg Port LLL	EHA Senior Housing I LLL	Wiggums Park Place LLL	Total Tax Credits
Assets, Liabilities and Net Position							
Assets							
Cash and investments	\$ 2,375,254	\$ 585,160	\$ 1,826,571	\$ 1,642,784	\$ 1,200,822	\$ 543,509	\$ 8,174,100
Receivables and other assets	64,925	4,521	56,197	43,627	15,295	27,207	211,772
Capital assets, net	18,139,541	3,900,360	51,681,068	24,858,069	26,800,053	21,458,445	146,837,536
Total assets	<u>\$20,579,720</u>	<u>\$4,490,041</u>	<u>\$53,563,836</u>	<u>\$26,544,480</u>	<u>\$28,016,170</u>	<u>\$22,029,161</u>	<u>\$155,223,408</u>
Liabilities and net position							
Liabilities							
Current liabilities	\$ 1,005,753	\$ 105,380	\$ 696,793	\$ 670,426	\$ 634,375	\$ 1,759,191	\$ 4,871,918
Long-term liabilities	18,460,860	788,423	40,706,579	20,690,501	17,506,168	20,839,119	118,991,650
Total liabilities	19,466,613	893,803	41,403,372	21,360,927	18,140,543	22,598,310	123,863,568
Net position	1,113,107	3,596,238	12,160,464	5,183,553	9,875,627	(569,149)	31,359,840
Total liabilities and net position	<u>\$20,579,720</u>	<u>\$4,490,041</u>	<u>\$53,563,836</u>	<u>\$26,544,480</u>	<u>\$28,016,170</u>	<u>\$22,029,161</u>	<u>\$155,223,408</u>
Revenues, Expenses and Changes in Net Position							
Operating revenues	\$ 2,488,793	\$ 311,199	\$ 2,891,557	\$ 1,912,136	\$ 2,042,581	\$ 1,135,016	\$ 10,781,282
Operating expenses							
Administration & tenant services	671,039	130,764	696,493	386,060	512,733	310,143	2,707,232
Maintenance & operations	378,942	75,106	976,084	454,703	417,955	141,997	2,444,787
Utilities & general	340,151	39,635	348,213	178,126	218,016	111,489	1,235,630
Depreciation and amortization	549,893	163,495	1,555,903	780,768	831,106	710,585	4,591,750
Total operating expenses	<u>1,940,025</u>	<u>409,000</u>	<u>3,576,693</u>	<u>1,799,657</u>	<u>1,979,810</u>	<u>1,274,214</u>	<u>10,979,399</u>
Operating income	<u>548,768</u>	<u>(97,801)</u>	<u>(685,136)</u>	<u>112,479</u>	<u>62,771</u>	<u>(139,198)</u>	<u>(198,117)</u>
Non-operating revenues (expenses)	-	-	-	-	-	-	-
Investment income	17,049	4,428	10,067	13,240	10,416	9,494	64,693
Interest expense	(879,130)	(9,641)	(1,428,534)	(763,960)	(595,358)	(584,042)	(4,260,665)
Gains (losses) - capital asset disposition	-	-	-	-	-	-	-
Total non-operating (expenses)	<u>(862,081)</u>	<u>(5,213)</u>	<u>(1,418,468)</u>	<u>(750,720)</u>	<u>(584,942)</u>	<u>(574,548)</u>	<u>(4,195,972)</u>
Income (loss) before capital contributions	(313,314)	(103,014)	(2,103,603)	(638,241)	(522,171)	(713,746)	(4,394,089)
Change in net position	(313,314)	(103,014)	(2,103,603)	(638,241)	(522,171)	(713,746)	(4,394,089)
Beginning net position	1,426,418	3,699,255	14,264,080	5,821,793	10,397,797	144,594	35,753,938
Ending net position	<u>\$ 1,113,105</u>	<u>\$3,596,241</u>	<u>\$12,160,476</u>	<u>\$ 5,183,552</u>	<u>\$ 9,875,626</u>	<u>\$ (569,152)</u>	<u>\$ 31,359,848</u>

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Assets, Liabilities and Net Position					
	Evergreen Court	Evergreen Village	Hawkins House	Lynncrest	Lake Woods
Assets					
Cash and investments	\$ 195,846	\$ 104,197	\$ 145,886	\$ 171,885	\$ 212,256
Receivables and other assets	4,691	4,313	5,943	4,918	6,946
Capital assets, net	1,459,211	2,174,118	5,449,968	1,059,424	1,112,349
Total assets	\$1,659,748	\$2,282,628	\$5,601,797	\$1,236,227	\$1,331,551
Liabilities and net position					
Liabilities					
Current liabilities	\$ 20,770	\$ 13,004	\$ 28,501	\$ 34,670	\$ 102,760
Long-term liabilities	4,852	203,651	81,721	36,227	110,466
Total liabilities	25,622	216,655	110,222	70,897	213,226
Net position	1,634,126	2,065,973	5,491,575	1,165,330	1,118,325
Total liabilities and net position	\$1,659,748	\$2,282,628	\$5,601,797	\$1,236,227	\$1,331,551
Revenues, Expenses and Changes in Net Position					
Operating revenues	\$ 270,264	\$ 218,382	\$ 258,089	\$ 335,446	\$ 285,396
Operating expenses					
Administration & tenant services	122,258	122,113	155,431	142,557	142,194
Maintenance & operations	68,842	55,264	65,415	89,443	98,669
Utilities & general	43,070	54,735	69,523	46,789	69,997
Depreciation and amortization	65,940	97,940	177,079	75,941	81,820
Total operating expenses	300,110	330,052	467,448	354,730	392,680
Operating income	(29,846)	(111,670)	(209,359)	(19,284)	(107,284)
Non-operating revenues (expenses)	-	-	-	-	-
Investment income	856	205	243	245	357
Interest expense	-	-	-	-	-
Total non-operating (expenses)	856	205	243	245	357
Change in net position	(28,990)	(111,465)	(209,116)	(19,039)	(106,927)
Beginning net position	1,663,113	2,177,434	5,700,695	1,184,364	1,225,251
Ending net position	\$1,634,123	\$2,065,969	\$5,491,580	\$1,165,325	\$1,118,324
					\$ (98,493)

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

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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	\$ 79,672	\$ 140,480	\$ 259,991	\$ 477,276	\$ 193,646	\$ 2,420,272	\$ 10,594,372
Receivables and other assets	4,909	5,246	7,535	11,642	5,363	98,631	310,403
Capital assets, net	1,611,704	2,172,905	1,202,007	835,037	1,407,056	19,223,789	166,061,325
Total assets	\$1,696,285	\$2,318,631	\$1,469,533	\$1,323,955	\$1,606,065	\$21,742,692	\$ 176,966,100
Liabilities and net position							
Liabilities							
Current liabilities	\$ 22,033	\$ 22,927	\$ 17,366	\$ 116,608	\$ 20,498	\$ 483,891	\$ 5,355,809
Long-term liabilities	5,688	63,800	31,182	1,357,986	66,899	3,192,477	122,184,127
Total liabilities	27,721	86,727	48,548	1,474,594	87,397	3,676,368	127,539,936
Net position	1,668,564	2,231,904	1,420,985	(150,639)	1,518,668	18,066,324	49,426,164
Total liabilities and net position	\$1,696,285	\$2,318,631	\$1,469,533	\$1,323,955	\$1,606,065	\$21,742,692	\$ 176,966,100
Revenues, Expenses and Changes in Net Position							
Operating revenues	\$ 260,703	\$ 257,505	\$ 244,117	\$ 371,621	\$ 281,552	\$ 3,174,963	\$ 13,956,245
Operating expenses							
Administration & tenant services	129,257	117,225	123,809	118,716	150,310	1,451,621	4,158,853
Maintenance & operations	72,984	91,567	69,748	79,670	73,628	849,944	3,294,731
Utilities & general	43,281	48,012	39,772	44,465	42,650	541,293	1,776,923
Depreciation and amortization	85,487	91,672	62,529	68,659	66,024	944,671	5,536,421
Total operating expenses	331,009	348,476	295,858	311,510	332,612	3,787,529	14,766,928
Operating income	(70,306)	(90,971)	(51,741)	60,111	(51,060)	(612,566)	(810,683)
Non-operating revenues (expenses)							
Investment income	1,097	577	577	970	366	5,858	70,551
Interest expense	-	-	-	(64,936)	-	(118,899)	(4,379,564)
Total non-operating (expenses)	1,097	577	577	(63,966)	366	(113,041)	(4,309,013)
Change in net position	(69,209)	(90,394)	(51,164)	(3,855)	(50,694)	(725,607)	(5,119,696)
Beginning net position	1,737,773	2,322,295	1,472,152	(146,782)	1,569,366	18,791,922	54,545,860
Ending net position	\$1,668,564	\$2,231,901	\$1,420,988	\$ (150,637)	\$1,518,672	\$18,066,316	\$ 49,426,164

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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, 2020, EHA did not know if HUD will approve or deny an 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 \$3,282,299. 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, 2020 relating to EHA's exit from Public Housing.

In 2019, a plaintiff submitted a demand against the Authority for \$1,000,000 in relation to a wrongful death suit centered around events that occurred on August 12, 2017. A civil case was filed on July 23, 2020 and the trial date is currently set for July 19, 2021. The Authority is defending itself with the assistance of legal counsel provided by our insurance carrier. EHA has liability insurance that would adequately cover the amounts demanded by the plaintiffs. The Authority believes that the likelihood that the court sides with the plaintiff and upholds the demand against the Authority is not probable and estimates the range of possible loss to be between \$250,000 and \$350,000. Because the Authority believes that this potential loss is not probable, it has not recorded any contingencies related to this legal matter.

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Notes to Basic Financial Statements

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16. CARES ACT Funding

On April 28, 2020, HUD released *PIH Notice 2020-07: Implementation of Supplemental Guidance to the Federal Fiscal Year 2020 Operating Fund Appropriations*. The purpose of this notice was to provide guidance on the allocation and eligible uses of the Supplemental Public Housing Operating Funding provided pursuant to the Coronavirus Aid, Relief, and Economic Security Act (CARES Act)(Public Law 116-136), as well as the additional flexibilities provided pursuant to the CARES Act to use previously appropriated Capital and Operating Funds to enable PHAs to prevent, prepare for, and respond to coronavirus. The Authority received an initial Supplemental Public Housing Operating Funding appropriation of \$38,592 and \$42,594 for the Baker Heights public housing project and Scattered Sites public housing project, respectively. As of June 30, 2020, the Authority had expended the full amount of the initial funds.

On April 28, 2020, HUD released *PIH Notice 2020-08: CARES Act – HCV Program Administrative Fees*. The purpose of this notice was to implement the funding provisions for the Housing Choice Voucher and Mainstream Programs in the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (Public Law 116-136), enacted on March 27, 2020. The CARES Act provides additional appropriations for HAP and administrative fee funding to prevent, prepare for and respond to coronavirus. On May 7, 2020, the Authority received an appropriation of \$581,992 for administrative fees under this notice but had not met the eligibility requirements to recognize the full amount as revenue as of June 30, 2020. As of June 30, 2020, the Authority had recognized \$166,919 of the grant as revenue and \$415,073 remained deferred.

The CARES Act authorized an increase in Mainstream 5 Vouchers and funding and directed HUD to proportionally allocate additional vouchers to PHAs that received an award under either of the two most recent Notices of Funding Availability. *PIH Notice 2020-09: CARES Act Mainstream Funding for Public Housing Authorities (PHAs) Awarded Funding Allocations in the 2017 and 2019 Competitions* details this increase in funding. On May 18, 2020, the Authority received an increase in Mainstream vouchers and funding as authorized by the CARES Act. The effective date may be as early as May 1, 2020 and no later than October 1, 2020. The funding award is a 12-month term for 18 units with a budget authority of \$242,850. As of June 30, 2020, leasing of the increased vouchers had not begun. Leasing of the increased vouchers started in October of 2020.

17. 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 and the sale closed on August 17, 2020. The Authority financed the purchase partially through the assumption of \$621,568 in existing property debt. The remainder of the purchase price was financed using proceeds from a promissory note with Banner Bank in the amount of \$438,900 and a cash payment.

The Authority entered into a promissory note with Banner Bank on August 6, 2020 for the principal amount of \$438,900. The loan bears interest at 3.375%. Payments of principal and interest are due monthly in the amount of \$1,952.31 commencing on October 1, 2020 until maturity on September 1, 2025. The note is secured by a deed of trust on real property located in Snohomish County, Washington. A prepayment penalty of 1% will be assessed for any prepayment that exceeds 20% of the principal amount during each year of the note term.

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Upon default, lender may declare the entire unpaid principal balance of the note and all accrued unpaid interest immediately due, without notice in addition to any prepayment premium.

Subsequent to June 30, 2020, construction in progress for the Primary Government increased by \$935,585. Construction in progress represents expenditures for modernization and remodeling work at the Central Office Cost Center in addition to predevelopment work for three other projects. Proceeds from a Capital Grant were used to finance construction in progress for the modernization and remodeling work at the Central Office Cost Center. The following schedule shows the significant components of construction in progress subsequent to June 30, 2020

	Project Authorization	Expended through 1/31/2021	Committed
Legacy predevelopment	\$ 1,709,234	\$ 1,709,234	\$ -
Central Office Cost Center	1,807,857	1,514,081	293,776
Lakeview Terrace renovation	605	605	-
Grandview Clubhouse/Unit renovation	168,576	168,576	-
Legacy 2 predevelopment	3,750	3,750	-
	<u>\$ 3,690,022</u>	<u>\$ 3,396,246</u>	<u>\$ 293,776</u>

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. Subsequent to June 30, 2020 and as of this writing, the Authority had sold an additional 11 units and collected proceeds amounting to \$3,134,789. Twelve units remain to be sold with an appraised value of \$3,870,000.

In February 2020, the Governor of the State of Washington declared a state of emergency in response to the spread of a deadly new virus (COVID-19). In the weeks following the declaration, precautionary measures to slow the spread of the virus were ordered. These measures include closing schools, colleges and universities, canceling public events, prohibiting public and private gatherings, and requiring people to stay home unless they are leaving for an essential function.

The Housing Authority's work is considered essential work and the Authority, and its employees were able to find ways to work more safely by working from home, changing work activities and using personal protective equipment when in contact with others. The Authority's residential properties include elderly residents who are especially vulnerable to severe illness from the virus. The property management staff of the Housing Authority continue to take many precautionary measures to keep common areas clean, keep residents from congregating, and educate residents on safe behaviors to eliminate transmission of the virus.

As a result of the Governor's Stay-At-Home order many of the Authority's tenants and participants were laid off, furloughed, and/or forced to stay at home because they did not have essential positions, needed to care for children at home, or were required to quarantine. The federal government issued an eviction moratorium and the Governor of the State of Washington also issued a moratorium on evictions and imposed a freeze on increases in residential rents through at least December 31, 2020. Many tenants reported to the Authority that they had reduced or no income to pay for their rents.

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The Authority has complied with the Governor's proclamations. We have communicated with residents and are implementing deferment/repayment plans with tenants who are experiencing income changes and are unable to pay rent. We are completing mid-year evaluations to determine if participants are eligible for increased subsidy. With these efforts, rent collections are relatively steady at 97.8% for the first ten months of 2020.

The Housing Authority's efforts to minimize the impact of the pandemic on health of its residents requires resources beyond those needed for everyday operations. With a greater unemployment rate, it is expected that some of the Authority's residents and Section 8 voucher holders will continue to have limited resources to pay for rent and will require more financial support. To meet this increased need, the federal government passed the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), which included additional HCV Program Administrative Fees as well as Housing Assistance Payments to help prevent, prepare for and respond to the coronavirus. The CARES Act also provided additional Public Housing Operating Fund monies to help public housing agencies maintain normal operations and take other necessary actions during the period that the program is impacted by the coronavirus.

The Office of Housing Voucher Programs allocated a second award of administrative fee funding per the CARES Act to public housing agencies (PHAs) administering the Housing Choice Voucher Program and/or Mainstream Vouchers. PHAs must use these funds to prevent, prepare for, and respond to coronavirus, per guidance provided in *PIH Notice 2020-18: CARES Act – HCV Program Administrative Fees Second Award*. On August 6, 2020, the Authority received an appropriation of \$772,603 and \$1,748 for the Housing Choice Voucher Program and Mainstream 5 Voucher program, respectively. The Authority must meet certain eligibility requirements in order to recognize this administrative fee funding as revenue and therefore all amounts were deferred upon receipt.

The CARES Act allowed HUD to allocate additional Mainstream 5 vouchers to PHAs non-competitively to help them prevent, prepare for and respond to the coronavirus in their communities. The Authority submitted an application requesting Mainstream 5 Vouchers using the criteria identified in *PIH Notice 2020-22: Mainstream Vouchers – Non competitive Opportunity for Additional Vouchers authorized by the CARES Act, Temporary Waivers and Alternative Requirements, and Modified 2020 Housing Assistance Payment (HAP) Renewal Calculation*. On November 17, 2020, the Authority was awarded new Mainstream 5 vouchers and funding as authorized by the CARES Act. EHA will begin leasing the new allocation of vouchers on March 1, 2021. The funding award is a 12-month term for 75 units with a budget authority of \$1,117,260.

The Authority has incurred minimal operational expenses related to the COVID-19 shutdown. Operational costs were primarily to supply staff and stock properties with appropriate personal protective equipment and in IT equipment to enable staff to work remotely.

It is unknown at this time what the full financial and operational impacts of the pandemic might be. Management of the Authority will continue to monitor the effects of the pandemic on the Authority's operations. The Governor of the State of Washington has outlined a plan for phased reopening of Washington State's economy with the Safe Start plan which outlines how business will reopen with social distancing measures and health standards in place. While the Governor's plan is an expected outline of the phases, the length of time these measures will be in place, and the full extent of the financial impact of the Housing Authority is unknown at this time.

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON
Schedule of Proportionate Share of the Net Pension Liability
As of June 30, 2019
Last 10 Fiscal Years*

PERS # 1	2019**	2018	2017	2016	2015	2014	2013
Employer's proportion of the net pension liability (asset)	0.044004%	0.042756%	0.043642%	0.039816%	0.037174%	0.034937%	0.034695%
Employer's proportionate share of the net pension liability	1,692,110	1,909,497	2,070,847	2,138,307	1,944,546	1,759,968	2,027,317
Employer's covered payroll	6,231,069	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	27.16%	33.59%	37.48%	47.35%	45.42%	45.67%	53.07%
Plan fiduciary net position as a percentage of the total pension liability	67.12%	63.22%	61.24%	57.03%	59.10%	61.19%	
PERS #2/3	2019**	2018	2017	2016	2015	2014	2013
Employer's proportion of the net pension liability (asset)	0.056806%	0.054845%	0.056136%	0.051023%	0.048023%	0.044981%	0.046204%
Employer's proportionate share of the net pension liability	551,779	936,430	1,950,458	2,568,968	1,715,889	909,228	1,972,918
Employer's covered payroll	6,231,069	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	8.86%	16.47%	35.30%	56.88%	40.08%	23.59%	51.65%
Plan fiduciary net position as a percentage of the total pension liability	97.77%	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, 2019 for amounts recorded as of June 30, 2020 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, 2020
Last 10 Fiscal Years*

PERS # 1	2020**	2019	2018	2017	2016	2015	2014	2013
Contractually required contributions	343,299	315,524	285,788	262,520	225,796	170,851	154,640	89,978
Contributions in relation to the contractually required contributions	(343,299)	(315,524)	(285,788)	(262,520)	(225,796)	(170,851)	(154,640)	(89,978)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-
Covered payroll	6,698,180	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	5.13%	5.06%	5.03%	4.75%	5.00%	3.99%	4.01%	2.36%
PERS #2/3	2020**	2019	2018**	2017**	2016	2015	2014	2013
Contractually required contributions	504,792	463,952	423,189	342,871	294,550	213,920	190,017	179,299
Contributions in relation to the contractually required contributions	(504,792)	(463,952)	(423,189)	(342,871)	(294,550)	(213,920)	(190,017)	(179,299)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-
Covered payroll	6,698,180	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	7.54%	7.45%	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, 2019 for amounts recorded as of June 30, 2020 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, 2020

1. Changes of Benefit Terms

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

2. Changes of Assumptions

OSA updated modeling to reflect providing benefit payments to the date of initial retirement eligibility for terminated vested members who delay application for retirement benefits

OSA updated Cost-of-Living Adjustment (COLA) programming to reflect legislation signed during the 2018 Legislative Session (C151 L18). This law provides PERS Plan 1 annuitants who are not receiving a basic minimum, alternate minimum, or temporary disability benefit with a one-time permanent 1.5 percent increase to their monthly retirement benefit, not to exceed a maximum of \$62.50 per month.

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON
Supplemental Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Note
				From Pass- Through Awards	From Direct Awards	Total	
Section 8 Project-Based Cluster							
Assistant Secretary for Community Planning and Development, Housing and Urban Development, Department of	Section 8 Moderate Rehabilitation Single Room Occupancy	14.249	WA006SR0004	-	145,276	145,276	1, 2
Assistant Secretary for Public and Indian Housing, Housing and Urban Development, Department of	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation	14.856	WA006MR0003	-	51,474	51,474	1, 2
	Total Section 8 Project-Based Cluster:			-	196,750	196,750	-
Assistant Secretary for Public and Indian Housing, Housing and Urban Development, Department of	Public and Indian Housing	14.850	WA006	-	948,521	948,521	1, 2
Assistant Secretary for Public and Indian Housing, Housing and Urban Development, Department of	COVID 19 - Public and Indian Housing	14.850	WA00600010020DC	-	38,592	38,592	1, 2, 5
Assistant Secretary for Public and Indian Housing, Housing and Urban Development, Department of	COVID 19 - Public and Indian Housing	14.850	WA00600050020DC	-	42,594	42,594	1, 2, 5
	Total CFDA 14.850			-	1,029,707	1,029,707	-
Housing Voucher Cluster							
Assistant Secretary for Public and Indian Housing, Housing and Urban Development, Department of	Section 8 Housing Choice Vouchers	14.871	WA006	-	44,108,479	44,108,479	1, 2
Assistant Secretary for Public and Indian Housing, Housing and Urban Development, Department of	COVID 19 - Section 8 Housing Choice Vouchers	14.871	WA006	-	166,919	166,919	1, 2, 5
	Total CFDA 14.871			-	44,275,398	44,275,398	-

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON
Supplemental Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Note
				From Pass- Through Awards	From Direct Awards	Passed Through to Subrecipients	
Assistant Secretary for Public and Indian Housing, Housing and Urban Development, Department of	Mainstream Vouchers	14.879	WA006	-	97,223	-	1, 2
			Total Housing Voucher Cluster:	-	44,372,621	-	
	Public Housing Capital Fund	14.872	WA01P006501	-	706,253	-	1, 2
CDBG - Entitlement Grants Cluster Assistant Secretary for Community Planning and Development, Housing and Urban Development, Department of (via City of Everett)	Community Development Block Grants/Entitlements Grants	14.218	N/A	494,485	-	-	1, 2, 3
			Total CDBG - Entitlement Grants Cluster:	494,485	-	-	
	Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	A-19-44-01-184(1)	25,000	-	-	1, 2
Assistant Secretary for Public and Indian Housing, Housing and Urban Development, Department of			Total Aging Cluster:	25,000	-	-	
	Family Self-Sufficiency Program	14.896	FSS18WA2781-01-00	-	32,055	-	1, 2
			Total Federal Awards Expended:	519,485	46,337,386	-	

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, 2020

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. Federal Loans

Outstanding loan balances with continuing compliance requirements, including those received and expended in prior years are the following:

CDBG Loan:

City of Everett CDBG loan for Evergreen Cottages in the amount of \$539,084 with a loan term of 2020 – 2045. As of June 30, 2020, the loan had not been fully drawn and the balance of the loan and amount of expended proceeds is \$494,485.

4. Indirect Cost Rate

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

5. CARES Act Grant Funding

The Everett Housing Authority received grant funding for various programs through the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (Public Law 116-136), enacted on March 27, 2020. No new CFDA number was issued for the CARES Act funding, therefore the supplemental funding is reported under the CFDA number associated with the program on the Schedule when expended. The breakout is as follows:

Supplemental Operating Fund expended is reported under CFDA number 14.850 “Low Rent Public Housing”

Baker Heights Public Housing Project received and expended an initial Supplemental Public Housing Operating Funding appropriation of \$38,592.

Scattered Sites Public Housing Project received and expended an initial Supplemental Public Housing Operating Funding appropriation of \$42,594.

Supplemental HCV Administrative Fees and HAP expended is reported under CFDA number 14.871 “Housing Choice Voucher Program”

The Authority received Supplemental HCV Administrative fees in the amount of \$581,992. As of June 30, 2020, \$166,919 of this amount had been expended.

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON
Supplemental Financial Data Schedule
Statement of Net Position
As of June 30, 2020

Line item number & account description	Special Prgrms for the Aging 83.044	PIH Family Self-Sufficiency Program 14.896	Housing Choice Vouchers 14.871	Section 8 Mod Rehab 14.249	Section 8 Mod Rehab 14.856	Mainstream Vouchers 14.879	HCV CARES Act Funding 14.HCC
111 Cash - Unrestricted	\$ -	\$ -	\$ 530,246	\$ 126,272	\$ 51,978	\$ -	\$ 8,982
113 Cash - Other Restricted	-	-	116,412	-	-	159,546	415,073
114 Cash - Tenant Security Deposits	-	-	-	-	-	-	-
115 Cash - Restricted for Payment of Current Liabilities	-	-	111,814	-	-	-	-
100 Total Cash	-	-	758,472	126,272	51,978	159,546	424,055
121 Accounts Receivable - PHA Projects	-	-	-	-	-	-	-
122 Accounts Receivable - HUD Other Projects	-	11,100	590,693	-	-	2,128	-
124 Accounts Receivable - Other Government	37,357	-	31,874	-	-	-	-
125 Accounts Receivable - Miscellaneous	-	-	54,492	-	-	-	-
126 Accounts Receivable - Tenants	-	-	-	-	-	-	-
126.1 Allowance for Doubtful Accounts - Tenants	-	-	-	-	-	-	-
126.2 Allowance for Doubtful Accounts - Other	-	-	(33,595)	-	-	-	-
127 Notes, Loans, & Mortgages Receivable - Current	-	-	-	-	-	-	-
128 Fraud Recovery	-	-	110,074	-	-	-	-
128.1 Allowance for Doubtful Accounts - Fraud	-	-	(33,595)	-	-	-	-
129 Accrued Interest Receivable	-	-	-	-	-	-	-
120 Total Receivables, Net of Allowances for Doubtful Accounts	37,357	11,100	719,943	-	-	2,128	-
131 Investments - Unrestricted	-	-	-	-	-	-	-
132 Investments - Restricted	-	-	-	-	-	-	-
142 Prepaid Expenses and Other Assets	-	-	414	-	-	-	-
143 Inventories	-	-	-	-	-	-	-
144 Inter Program Due From	-	-	-	-	-	-	-
150 Total Current Assets	37,357	11,100	1,478,829	126,272	51,978	161,674	424,055
161 Land	-	-	-	-	-	-	-
162 Buildings	-	-	154,860	-	-	-	-
163 Furniture, Equipment & Machinery - Dwellings	-	-	-	-	-	-	-
164 Furniture, Equipment & Machinery - Administration	-	-	87,256	-	-	-	-
165 Leasehold Improvements	-	-	-	-	-	-	-
166 Accumulated Depreciation	-	-	(142,538)	-	-	-	-
167 Construction in Progress	-	-	-	-	-	-	-
160 Total Capital Assets, Net of Accumulated Depreciation	-	-	99,578	-	-	-	-
171 Notes, Loans and Mortgages Receivable - Non-Current	-	-	-	-	-	-	-
174 Other Assets	-	-	-	-	-	-	-
180 Total Non-Current Assets	-	-	99,578	-	-	-	-
200 Deferred Outflow of Resources	-	-	225,977	-	-	-	-
190 Total Assets and Deferred Outflow of Resources	\$ 37,357	\$ 11,100	\$ 1,804,384	\$ 126,272	\$ 51,978	\$ 161,674	\$ 424,055

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON
Supplemental Financial Data Schedule
Statement of Net Position
As of June 30, 2020

Line item number & account description	Special Prgrms for the Aging 83.044	PIH Family Self-Sufficiency Program 14.896	Housing Choice Vouchers 14.871	Section 8 Mod Rehab 14.249	Section 8 Mod Rehab 14.856	Mainstream Vouchers	HCV CARES Act Funding 14.HCC
312 Accounts Payable <= 90 Days	6,390	-	19,855	779	297	-	8,982
321 Accrued Wages/Payroll Taxes Payable	-	-	-	-	-	-	-
322 Accrued Compensated Absences - Current Portion	3,831	859	30,103	47	18	-	-
325 Accrued Interest Payable	-	-	-	-	-	-	-
331 Accounts Payable - HUD PHA Programs	-	-	1,725	1,675	5,165	-	-
332 Account Payable - PHA Projects	-	-	-	-	-	-	-
333 Accounts Payable - Other Government	-	-	499,882	-	-	487	-
341 Tenant Security Deposits	-	-	-	-	-	-	-
342 Unearned Revenue	-	-	-	-	-	-	415,073
343 Current Portion of Long-term Debt - Capital	-	-	-	-	-	-	-
344 Current Portion of Long-term Debt - Operating Borrowings	-	-	-	-	-	-	-
345 Other Current Liabilities	-	-	111,814	-	-	-	-
346 Accrued Liabilities - Other	222	-	-	-	-	-	-
347 Inter Program - Due To	15,420	10,241	-	-	-	70,423	-
310 Total Current Liabilities	25,863	11,100	663,379	2,501	5,480	70,910	424,055
351 Long-term Debt, Net of Current - Capital Projects/Mortgage	-	-	-	-	-	-	-
352 Long-term Debt, Net of Current - Operating Borrowings	-	-	-	-	-	-	-
353 Non-current Liabilities - Other	-	-	116,412	-	-	-	-
354 Accrued Compensated Absences - Non Current	11,494	-	90,310	141	54	-	-
357 Accrued Pension and OPEB Liabilities	-	-	418,908	-	-	-	-
350 Total Non-Current Liabilities	11,494	-	625,630	141	54	-	-
300 Total Liabilities	37,357	11,100	1,289,009	2,642	5,534	70,910	424,055
400 Deferred Inflow of Resources	-	-	243,595	-	-	-	-
508.4 Net Investment in Capital Assets	-	-	99,578	-	-	-	-
511.4 Restricted Net Position	-	-	-	-	-	159,546	-
512.4 Unrestricted Net Position	-	-	172,202	123,630	46,444	(68,782)	-
513 Total Equity - Net Assets / Position	-	-	271,780	123,630	46,444	90,764	-
600 Total Liabilities, Deferred Inflows of Resources and Equity/Net Assets	\$ 37,357	\$ 11,100	\$ 1,804,384	\$ 126,272	\$ 51,978	\$ 161,674	\$ 424,055

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON
Supplemental Financial Data Schedule
Statement of Net Position
As of June 30, 2020

Line item number & account description	Baker Heights WA00600100	Scattered Sites WA00600500	Total Public Housing Projects	Public Housing CARES Act Funding 14.PHC	COC	Community Development Block Grant - Community Grants 14.218	Business Activities
111 Cash - Unrestricted	\$ 571,989	\$ 993,168	\$ 1,565,157	\$ -	\$ 295	\$ -	\$ 18,674,746
113 Cash - Other Restricted	-	-	-	-	-	-	5,819,777
114 Cash - Tenant Security Deposits	-	3,150	3,150	-	-	-	24,040
115 Cash - Restricted for Payment of Current Liabilities	6,250	-	6,250	-	-	-	-
100 Total Cash	578,239	996,318	1,574,557	-	295	-	24,518,563
121 Accounts Receivable - PHA Projects	-	-	-	-	-	-	-
122 Accounts Receivable - HUD Other Projects	386,284	-	386,284	81,186	-	-	-
124 Accounts Receivable - Other Government	-	-	-	-	-	-	685,515
125 Accounts Receivable - Miscellaneous	-	-	-	-	-	-	1,573,422
126 Accounts Receivable - Tenants	-	2,336	2,336	-	-	-	8,480
126.1 Allowance for Doubtful Accounts - Tenants	-	(226)	(226)	-	-	-	(527)
126.2 Allowance for Doubtful Accounts - Other	-	-	-	-	-	-	-
127 Notes, Loans, & Mortgages Receivable - Current	-	-	-	-	-	-	469,782
128 Fraud Recovery	-	-	-	-	-	-	-
128.1 Allowance for Doubtful Accounts - Fraud	-	-	-	-	-	-	-
129 Accrued Interest Receivable	-	-	-	-	-	-	720,697
120 Total Receivables, Net of Allowances for Doubtful Accounts	386,284	2,110	388,394	81,186	-	-	3,457,369
131 Investments - Unrestricted	-	-	-	-	-	-	-
132 Investments - Restricted	-	-	-	-	-	-	-
142 Prepaid Expenses and Other Assets	1,476	2,820	4,296	-	11,558	-	1,545
143 Inventories	-	-	-	-	49,223	-	-
144 Inter Program Due From	38,552	42,555	81,107	-	10,241	494,485	85,843
150 Total Current Assets	1,004,551	1,043,903	2,048,354	81,186	71,317	494,485	28,063,320
161 Land	12,028	464,500	476,528	-	217,289	-	2,393,936
162 Buildings	10,421,301	2,437,379	12,858,680	-	3,352,444	-	5,805,596
163 Furniture, Equipment & Machinery - Dwellings	-	-	-	-	-	-	8,000
164 Furniture, Equipment & Machinery - Administration	164,055	60,885	224,740	-	776,311	-	307,848
165 Leasehold Improvements	-	-	-	-	-	-	-
166 Accumulated Depreciation	(10,388,553)	(1,785,259)	(12,173,812)	-	(2,529,081)	-	(1,603,440)
167 Construction in Progress	-	-	-	-	555,727	-	1,413,283
160 Total Capital Assets, Net of Accumulated Depreciation	208,831	1,177,305	1,386,136	-	2,372,690	-	8,325,223
171 Notes, Loans and Mortgages Receivable - Non-Current	-	-	-	-	-	-	109,565,087
174 Other Assets	-	-	-	-	-	-	3,988,533
180 Total Non-Current Assets	208,831	1,177,305	1,386,136	-	2,372,690	-	121,878,843
200 Deferred Outflow of Resources	24,013	44,317	68,330	-	127,605	-	788,538
190 Total Assets and Deferred Outflow of Resources	\$ 1,237,395	\$ 2,295,425	\$ 3,502,820	\$ 81,186	\$ 2,571,612	\$ 494,485	\$ 150,730,701

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON
Supplemental Financial Data Schedule
Statement of Net Position
As of June 30, 2020

Line item number & account description	Baker Heights WA06000100	Scattered Sites WA06000500	Total Public Housing Projects	Public Housing CARES Act Funding 14.PHC	COC	Community Development Block Grant - Community Grants 14.218	Business Activities
312 Accounts Payable <= 90 Days	32,486	20,076	52,562	79	203,111	-	631,704
321 Accrued Wages/Payroll Taxes Payable	-	-	-	-	266,739	-	-
322 Accrued Compensated Absences - Current Portion	1,536	4,148	5,684	-	22,862	-	52,741
325 Accrued Interest Payable	-	-	-	-	-	-	707,091
331 Accounts Payable - HUD PHA Programs	-	-	-	-	-	-	-
332 Account Payable - PHA Projects	-	-	-	-	-	-	-
333 Accounts Payable - Other Government	-	-	-	-	-	-	-
341 Tenant Security Deposits	-	-	-	-	185,145	-	-
342 Unearned Revenue	-	3,150	3,150	-	-	-	24,040
343 Current Portion of Long-term Debt - Capital	-	624	624	-	-	-	19,790
344 Current Portion of Long-term Debt - Operating Borrowings	-	-	-	-	-	-	60,090
345 Other Current Liabilities	6,250	-	-	-	-	-	460,754
346 Accrued Liabilities - Other	-	7,520	7,520	-	162,780	-	-
347 Inter Program - Due To	-	-	-	81,107	-	-	41,375
310 Total Current Liabilities	40,272	35,518	75,790	81,186	840,637	-	494,485
351 Long-term Debt, Net of Current - Capital Projects/Mortgage	-	-	-	-	-	-	2,357,676
352 Long-term Debt, Net of Current - Operating Borrowings	-	-	-	-	-	494,485	31,057,309
353 Non-current Liabilities - Other	-	-	-	-	-	-	241,641
354 Accrued Compensated Absences - Non Current	4,609	12,445	17,054	-	68,565	-	158,224
357 Accrued Pension and OPEB Liabilities	44,514	82,153	126,667	-	236,549	-	1,461,766
350 Total Non-Current Liabilities	49,123	94,598	143,721	-	305,134	494,485	35,276,616
300 Total Liabilities	89,395	130,116	219,511	81,186	1,145,771	494,485	37,768,686
400 Deferred Inflow of Resources	25,885	47,772	73,657	-	137,553	-	850,017
508.4 Net Investment in Capital Assets	208,831	1,177,305	1,386,136	-	2,372,690	-	5,907,457
511.4 Restricted Net Position	-	-	-	-	-	-	5,819,777
512.4 Unrestricted Net Position	913,284	910,232	1,823,516	-	(1,084,402)	-	100,384,764
513 Total Equity - Net Assets / Position	1,122,115	2,087,537	3,209,652	-	1,288,288	-	112,111,998
600 Total Liabilities, Deferred Inflows of Resources and Equity/Net Assets	\$ 1,237,395	\$ 2,265,425	\$ 3,502,820	\$ 81,186	\$ 2,571,612	\$ 494,485	\$ 150,730,701

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON
Supplemental Financial Data Schedule
Statement of Net Position
As of June 30, 2020

Line item number & account description	Total Other Programs	Subtotal Housing Authority Projects/Programs	Eliminations	Total Housing Authority	Component Unit Discreetly Presented	Memorandum Total
111 Cash - Unrestricted	\$ 19,392,224	\$ 20,957,676	\$ -	\$ 20,957,676	\$ 3,594,362	\$ 24,552,038
113 Cash - Other Restricted	6,510,808	6,510,808	-	6,510,808	6,616,173	13,126,981
114 Cash - Tenant Security Deposits	24,040	27,190	-	27,190	383,837	411,027
115 Cash - Restricted for Payment of Current Liabilities	111,814	118,064	-	118,064	-	118,064
100 Total Cash	26,038,886	27,613,738	-	27,613,738	10,594,372	38,208,110
121 Accounts Receivable - PHA Projects	-	-	-	-	-	-
122 Accounts Receivable - HUD Other Projects	603,921	1,071,391	-	1,071,391	-	1,071,391
124 Accounts Receivable - Other Government	754,746	754,746	-	754,746	31,420	786,166
125 Accounts Receivable - Miscellaneous	1,627,914	1,627,914	-	1,627,914	511	1,628,425
126 Accounts Receivable - Tenants	8,480	10,816	-	10,816	32,682	43,498
126.1 Allowance for Doubtful Accounts - Tenants	(527)	(753)	-	(753)	(5,129)	(5,882)
126.2 Allowance for Doubtful Accounts - Other	(33,595)	(33,595)	-	(33,595)	-	(33,595)
127 Notes, Loans, & Mortgages Receivable - Current	469,782	469,782	-	469,782	-	469,782
128 Fraud Recovery	110,074	110,074	-	110,074	-	110,074
128.1 Allowance for Doubtful Accounts - Fraud	(33,595)	(33,595)	-	(33,595)	-	(33,595)
129 Accrued Interest Receivable	720,697	720,697	-	720,697	-	720,697
120 Total Receivables, Net of Allowances for Doubtful Accounts	4,227,897	4,697,477	-	4,697,477	59,484	4,756,961
131 Investments - Unrestricted	-	-	-	-	-	-
132 Investments - Restricted	-	-	-	-	-	-
142 Prepaid Expenses and Other Assets	1,959	17,813	-	17,813	250,919	268,732
143 Inventories	-	49,223	-	49,223	-	49,223
144 Inter Program Due From	580,328	671,676	(671,676)	-	-	-
150 Total Current Assets	30,849,070	33,049,927	(671,676)	32,378,251	10,904,775	43,283,026
161 Land	2,393,936	3,087,753	-	3,087,753	12,759,547	15,847,300
162 Buildings	5,960,456	22,171,580	-	22,171,580	186,681,126	208,852,706
163 Furniture, Equipment & Machinery - Dwellings	8,000	8,000	-	8,000	3,648,171	3,656,171
164 Furniture, Equipment & Machinery - Administration	395,104	1,396,155	-	1,396,155	820,131	2,216,286
165 Leasehold Improvements	-	-	-	-	46,020	46,020
166 Accumulated Depreciation	(1,745,978)	(16,448,871)	-	(16,448,871)	(38,572,214)	(55,021,085)
167 Construction in Progress	1,413,283	1,969,010	-	1,969,010	-	1,969,010
160 Total Capital Assets, Net of Accumulated Depreciation	8,424,801	12,183,627	-	12,183,627	165,382,781	177,566,408
171 Notes, Loans and Mortgages Receivable - Non-Current	109,565,087	109,565,087	-	109,565,087	-	109,565,087
174 Other Assets	3,988,533	3,988,533	-	3,988,533	678,544	4,667,077
180 Total Non-Current Assets	121,978,421	125,737,247	-	125,737,247	166,061,325	291,798,572
200 Deferred Outflow of Resources	1,014,515	1,210,450	-	1,210,450	-	1,210,450
190 Total Assets and Deferred Outflows of Resources	\$ 153,842,006	\$ 159,997,624	\$ (671,676)	\$ 159,325,948	\$ 176,966,100	\$ 336,292,048

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON
Supplemental Financial Data Schedule
Statement of Net Position
As of June 30, 2020

Line item number & account description	Total Other Programs	Subtotal Housing Authority Projects/Programs	Eliminations	Total Housing Authority	Component Unit Discreetely Presented	Memorandum Total
312 Accounts Payable <= 90 Days	668,007	923,759	-	923,759	441,206	1,364,965
321 Accrued Wages/Payroll Taxes Payable	-	266,739	-	266,739	-	266,739
322 Accrued Compensated Absences - Current Portion	87,599	116,145	-	116,145	70,424	186,569
325 Accrued Interest Payable	707,091	707,091	-	707,091	838,500	1,545,591
331 Accounts Payable - HUD PHA Programs	8,565	8,565	-	8,565	-	8,565
332 Account Payable - PHA Projects	-	-	-	-	-	-
333 Accounts Payable - Other Government	500,369	685,514	-	685,514	109,776	795,290
341 Tenant Security Deposits	24,040	27,190	-	27,190	383,836	411,026
342 Unearned Revenue	434,863	435,487	-	435,487	22,473	457,960
343 Current Portion of Long-term Debt - Capital	60,090	60,090	-	60,090	3,448,147	3,508,237
344 Current Portion of Long-term Debt - Operating Borrowings	460,754	460,754	-	460,754	-	460,754
345 Other Current Liabilities	111,814	118,064	-	118,064	29,841	147,905
346 Accrued Liabilities - Other	41,597	211,897	-	211,897	11,606	223,503
347 Inter Program - Due To	590,569	671,676	(671,676)	-	-	-
310 Total Current Liabilities	3,695,358	4,692,971	(671,676)	4,021,295	5,355,809	9,377,104
351 Long-term Debt, Net of Current - Capital Projects/Mortgage	2,357,676	2,357,676	-	2,357,676	109,693,462	112,051,138
352 Long-term Debt, Net of Current - Operating Borrowings	31,551,794	31,551,794	-	31,551,794	1,004,945	32,556,739
353 Non-current Liabilities - Other	358,053	358,053	-	358,053	11,274,444	11,632,497
354 Accrued Compensated Absences - Non Current	260,223	345,862	-	345,862	211,276	557,138
357 Accrued Pension and OPEB Liabilities	1,890,674	2,243,890	-	2,243,890	-	2,243,890
350 Total Non-Current Liabilities	36,408,420	36,857,275	-	36,857,275	122,184,127	159,041,402
300 Total Liabilities	40,103,778	41,550,246	(671,676)	40,878,570	127,539,936	168,418,506
400 Deferred Inflow of Resources	1,093,612	1,304,822	-	1,304,822	-	1,304,822
508.4 Net Investment in Capital Assets	6,007,035	9,765,861	-	9,765,861	52,241,172	62,007,033
511.4 Restricted Net Position	5,979,323	5,979,323	-	5,979,323	6,616,174	12,595,497
512.4 Unrestricted Net Position	100,658,258	101,397,372	-	101,397,372	(9,431,182)	91,966,190
513 Total Equity - Net Assets / Position	112,644,616	117,142,556	-	117,142,556	49,426,164	166,568,720
600 Total Liabilities, Deferred Inflow of Resources and Equity/Net Asss	\$ 153,842,006	\$ 159,997,624	\$ (671,676)	\$ 159,325,948	\$ 176,966,100	\$ 336,292,048

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, 2020

Line item number & account description	Special Prisms for the Aging 93,044	PIH Family Self- Sufficiency Program 14,896	Housing Choice Vouchers 14,871	Section 8 Mod Rehab 14,249	Section 8 Mod Rehab 14,856	Mainstream Vouchers 14,879	HCV CARES Act Funding 14,880
70300 Net Tenant Rental Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
70400 Tenant Revenue - Other	-	-	-	-	-	-	-
70500 Total Tenant Revenue	-	-	-	-	-	-	-
70600 HUD PHA Operating Grants	-	32,055	43,629,336	152,341	54,299	187,987	166,919
70610 Capital Grants	-	-	-	-	-	-	-
70710 Management Fee	-	-	-	-	-	-	-
70720 Asset Management Fee	-	-	-	-	-	-	-
70730 Book Keeping Fee	-	-	-	-	-	-	-
70740 Front Line Service Fee	-	-	-	-	-	-	-
70750 Other Fees	-	-	-	-	-	-	-
70700 Total Fee Revenue	-	-	-	-	-	-	-
70800 Other Government Grants	184,776	-	-	-	-	-	-
71100 Investment Income - Unrestricted	-	-	6,213	1,838	700	-	-
71200 Mortgage Interest Income	-	-	-	-	-	-	-
71400 Fraud Recovery	-	-	17,518	-	-	-	-
71500 Other Revenue	-	-	216,282	-	-	-	-
71600 Gain or Loss on Sale of Capital Assets	-	-	-	-	-	-	-
72000 Investment Income - Restricted	-	-	-	-	-	-	-
70000 Total Revenue	184,776	32,055	43,869,349	154,179	54,999	187,987	166,919
91100 Administrative Salaries	-	-	1,095,762	3,116	1,187	42,661	51,717
91200 Auditing Fees	-	-	42,972	311	118	-	-
91300 Management Fee	-	-	609,089	2,988	1,056	300	-
91310 Book-keeping Fee	-	-	291,352	1,868	660	187	-
91400 Advertising and Marketing	-	-	51	-	-	-	-
91500 Employee Benefit Contributions - Administrative	-	-	375,012	1,121	427	27,305	18,868
91600 Office Expenses	4,085	-	168,748	727	277	-	15,568
91700 Legal Expense	-	-	-	-	-	-	-
91800 Travel	-	-	18,353	-	-	-	-
91900 Other	234	-	5,350	9,101	3,467	-	4,980
91000 Total Operating - Administrative	4,319	-	2,806,689	19,232	7,192	70,453	91,133
92000 Asset Management Fee	-	-	-	-	-	-	-
92100 Tenant Services - Salaries	145,411	23,539	14,706	-	-	-	25,173
92200 Relocation Costs	-	-	-	-	-	-	-

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, 2020

Line item number & account description	Special Prgms for the Aging 93.044	PIH Family Self- Sufficiency Program 14.896	Housing Choice Vouchers 14.871	Section 8 Mod Rehab 14.249	Section 8 Mod Rehab 14.856	Mainstream Vouchers 14.879	HCV CARES Act Funding 14.HCC
92300 Employee Benefit Contributions - Tenant Services	55,511	8,387	534	-	-	-	7,721
92400 Tenant Services - Other	37,166	-	3,212	-	-	-	2,051
92500 Total Tenant Services	238,086	31,926	18,452	-	-	-	34,945
93100 Water	-	-	-	-	-	-	-
93200 Electricity	-	-	-	-	-	-	-
93300 Gas	-	-	-	-	-	-	-
93600 Sewer	-	-	-	-	-	-	-
93800 Other Utilities Expense	-	-	-	-	-	-	-
93000 Total Utilities	-	-	-	-	-	-	-
94100 Ordinary Maintenance and Operations - Labor	-	-	-	-	-	-	18,052
94200 Ordinary Maintenance and Operations - Materials and Other	-	-	7,928	-	-	-	7,893
94300 Ordinary Maintenance and Operations Contracts	-	-	41,707	-	-	-	-
94500 Employee Benefit Contributions - Ordinary Maintenance	-	-	-	-	-	-	5,214
94000 Total Maintenance	-	-	49,635	-	-	-	31,159
95200 Protective Services - Other Contract Costs	-	-	-	-	-	-	8,786
95000 Total Protective Services	-	-	-	-	-	-	8,786
96110 Property Insurance	-	-	-	-	-	-	-
96120 Liability Insurance	-	-	21,136	154	59	-	-
96130 Workmen's Compensation	655	129	4,586	14	5	457	896
96140 All Other Insurance	-	-	1,252	-	-	-	-
96100 Total Insurance Premiums	655	129	26,974	168	64	457	896
96200 Other General Expenses	-	-	140,093	-	-	-	-
96300 Payments in Lieu of Taxes	-	-	-	-	-	-	-
96400 Bad Debt - Tenant Rents	-	-	-	-	-	-	-
96600 Bad Debt - Other	-	-	854	-	-	-	-
96000 Total Other General Expenses	-	-	140,947	-	-	-	-
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	243,062	32,055	2,842,697	19,400	7,256	70,910	166,919
97000 Excess of Operating Revenue over Operating Expenses	(58,286)	-	41,026,652	134,779	47,743	117,077	-

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, 2020

Line item number & account description	Special Prgms for the Aging 93,044	PIH Family Self- Sufficiency Program 14,896	Housing Choice Vouchers 14,871	Section 8 Mod Rehab 14,249	Section 8 Mod Rehab 14,856	Mainstream Vouchers 14,879	HCV CARES Act Funding 14,HCC
97100 Extraordinary Maintenance	-	-	-	-	-	-	-
97200 Casualty Losses - Non-capitalized	-	-	-	-	-	-	-
97300 Housing Assistance Payments	-	-	41,068,500	125,876	44,218	26,313	-
97350 HAP Portability-In	-	-	197,282	-	-	-	-
97400 Depreciation Expense	-	-	12,758	-	-	-	-
90000 Total Expenses	243,062	32,055	44,121,237	145,276	51,474	97,223	166,919
10010 Operating Transfer In	58,286	-	-	-	-	-	-
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	-	-	-	-	-	-	-
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)	58,286	-	-	-	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$ -	\$ -	\$ (251,888)	\$ 8,903	\$ 3,525	\$ 90,764	\$ -
11020 Required Annual Debt Principal Payments	-	-	-	-	-	-	-
11030 Beginning Equity	-	-	578,565	114,727	42,919	-	-
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	(54,897)	-	-	-	-
11170 Administrative Fee Equity	-	-	271,353	-	-	-	-
11180 Housing Assistance Payments Equity	-	-	427	-	-	-	-
11190 Unit Months Available	-	-	37,920	252	96	240	-
11210 Number of Unit Months Leased	-	-	38,847	249	88	25	-
11270 Excess Cash	-	-	-	-	-	-	-
11610 Land Purchases	-	-	-	-	-	-	-
11620 Building Purchases	-	-	-	-	-	-	-
11640 Furniture & Equipment - Administrative Purchases	-	-	-	-	-	-	-

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, 2020

Line item number & account description	Baker Heights WA006000100	Scattered Sites WA006000500	Total Public Housing Projects	Public Housing CARES Act Funding 14, PHC	COCC	Community Development Block Grants/Entitlement Grants 14, 218	Business Activities
70300 Net Tenant Rental Revenue	\$ 17,506	\$ 139,575	\$ 157,081	\$ -	\$ -	\$ -	\$ 768,585
70400 Tenant Revenue - Other	4,655	8,540	13,195	-	-	-	5,766
70500 Total Tenant Revenue	22,161	148,115	170,276	-	-	-	774,351
70600 HUD PHA Operating Grants	691,072	257,449	948,521	81,186	-	-	-
70610 Capital Grants	583,713	122,540	706,253	-	-	-	-
70710 Management Fee	-	-	-	-	823,768	-	-
70720 Asset Management Fee	-	-	-	-	2,920	-	-
70730 Book Keeping Fee	-	-	-	-	296,256	-	-
70740 Front Line Service Fee	-	-	-	-	-	-	-
70750 Other Fees	-	-	-	-	-	-	-
70700 Total Fee Revenue	-	-	-	-	1,122,944	-	806,466
70800 Other Government Grants	-	-	-	-	-	-	-
71100 Investment Income - Unrestricted	16,150	16,065	32,215	-	-	-	2,906,092
71200 Mortgage Interest Income	-	-	-	-	-	-	-
71400 Fraud Recovery	-	-	-	-	-	-	-
71500 Other Revenue	2,306	-	2,306	-	3,806	-	4,178,533
71600 Gain or Loss on Sale of Capital Assets	-	-	-	-	-	-	5,217,148
72000 Investment Income - Restricted	-	-	-	-	-	-	2,616
70000 Total Revenue	1,315,402	544,169	1,859,571	81,186	1,126,750	-	13,885,206
91100 Administrative Salaries	90,197	49,455	139,652	32,706	694,061	-	2,678,862
91200 Auditing Fees	3,648	644	4,292	-	2,629	-	1,491
91300 Management Fee	64,295	146,040	210,335	-	-	-	-
91310 Book-keeping Fee	217	1,972	2,189	-	-	-	-
91400 Advertising and Marketing	-	97	97	-	14,338	-	7,589
91500 Employee Benefit Contributions - Administrative	33,879	11,123	45,002	9,881	182,726	-	741,621
91600 Office Expenses	16,038	5,852	21,890	651	114,082	-	350,465
91700 Legal Expense	28,779	16,995	45,774	-	15,879	-	54,101
91800 Travel	1,910	991	2,901	-	28,680	-	32,375
91900 Other	74,639	1,873	76,512	78	35,788	-	42,837
91000 Total Operating - Administrative	313,602	235,042	548,644	43,316	1,088,183	-	3,909,341
92000 Asset Management Fee	290	2,630	2,920	-	-	-	-
92100 Tenant Services - Salaries	5,177	10,850	16,027	-	-	-	516,146
92200 Relocation Costs	74,977	241,756	316,733	163	-	-	16,302
92300 Employee Benefit Contributions - Tenant Services	1,291	2,642	3,933	-	-	-	122,123

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, 2020

Line item number & account description	Baker Heights WA006000100	Scattered Sites WA006000500	Total Public Housing Projects	Public Housing CARES Act Funding 14, PHC	COCOC	Community Development Block Grants/Entitlement Grants 14, 218	Business Activities
92400 Tenant Services - Other	1,078	7,209	8,287	-	219	-	14,919
92500 Total Tenant Services	82,523	262,457	344,980	163	219	-	669,490
93100 Water	4,861	16,161	21,022	-	1,576	-	16,014
93200 Electricity	52,534	15,638	68,172	-	10,899	-	19,056
93300 Gas	40,914	485	41,399	-	4,486	-	2,991
93600 Sewer	12,091	31,726	43,817	-	2,728	-	32,905
93800 Other Utilities Expense	-	366	366	-	-	-	553
93000 Total Utilities	110,400	64,376	174,776	-	19,689	-	71,519
94100 Ordinary Maintenance and Operations - Labor	13,175	57,879	71,054	-	26,347	-	1,088,337
94200 Ordinary Maintenance and Operations - Materials and Other	8,323	39,140	47,463	43	13,206	-	43,063
94300 Ordinary Maintenance and Operations Contracts	50,373	55,831	106,204	13,466	19,196	-	62,052
94500 Employee Benefit Contributions - Ordinary Maintenance	6,234	15,660	21,894	-	4,591	-	276,379
94000 Total Maintenance	78,105	168,510	246,615	13,509	63,340	-	1,469,831
95200 Protective Services - Other Contract Costs	69,855	-	69,855	24,195	1,764	-	1,176
95000 Total Protective Services	69,855	-	69,855	24,195	1,764	-	1,176
96110 Property Insurance	38,433	14,314	52,747	-	6,934	-	18,760
96120 Liability Insurance	4,988	2,181	7,139	-	190	-	3,223
96130 Workmen's Compensation	1,411	2,158	3,569	3	3,591	-	54,466
96140 All Other Insurance	4,431	4,782	9,213	-	7,659	-	3,867
96100 Total Insurance Premiums	49,233	23,435	72,668	3	18,374	-	80,316
96200 Other General Expenses	-	828	828	-	-	-	141,331
96300 Payments in Lieu of Taxes	-	7,520	7,520	-	-	-	-
96400 Bad Debt - Tenant Rents	-	226	226	-	-	-	4,598
96600 Bad Debt - Other	-	293	293	-	-	-	1,965
96000 Total Other General Expenses	-	8,867	8,867	-	-	-	147,894
96710 Interest of Mortgage (or Bonds) Payable	-	-	-	-	-	-	60,820
96720 Interest on Notes Payable (Short and Long Term)	-	-	-	-	-	-	1,969
96730 Amortization of Bond Issue Costs	-	-	-	-	-	-	-
96700 Total Interest Expense and Amortization Cost	-	-	-	-	-	-	62,789
96900 Total Operating Expenses	704,008	765,317	1,469,325	81,186	1,191,569	-	6,412,356
97000 Excess of Operating Revenue over Operating Expenses	611,394	(221,148)	390,246	-	(64,819)	-	7,472,850
97100 Extraordinary Maintenance	126,325	17,181	143,506	-	293	-	36,808

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, 2020

Line item number & account description	Baker Heights WA006000100	Scattered Sites WA006000500	Total Public Housing Projects	Public Housing CARES Act Funding 14, PHC	COCC	Community Development Block Grants/Entitlement Grants 14, 218	Business Activities
97200 Casualty Losses - Non-capitalized	-	-	-	-	-	-	-
97300 Housing Assistance Payments	-	-	-	-	-	-	-
97350 HAP Portability-In	-	-	-	-	-	-	-
97400 Depreciation Expense	32,702	144,077	176,779	-	117,760	-	167,085
90000 Total Expenses	863,035	926,575	1,789,610	81,186	1,309,622	-	6,616,249
10010 Operating Transfer In	-	-	-	-	-	-	-
10020 Operating Transfer Out	-	-	-	-	-	-	(58,286)
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	-	-	-	-	510,300	-	867,452
10094 Transfers between Project and Program - Out	(510,300)	(867,452)	(1,377,752)	-	-	-	-
10095 Transfers between Project and Program - Out	(510,300)	(867,452)	(1,377,752)	-	510,300	-	809,166
10100 Total Other Financing Sources (Uses)	(57,933)	(1,249,858)	(1,307,791)	\$ -	\$ 327,428	\$ -	\$ 8,078,123
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$ (57,933)	\$ (1,249,858)	\$ (1,307,791)	\$ -	\$ 327,428	\$ -	\$ 8,078,123
11020 Required Annual Debt Principal Payments	-	-	-	-	-	-	60,090
11030 Beginning Equity	1,062,353	3,396,815	4,459,168	-	967,423	-	104,030,690
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	117,695	(59,420)	58,275	-	(6,563)	-	3,185
11170 Administrative Fee Equity	-	-	-	-	-	-	-
11180 Housing Assistance Payments Equity	-	-	-	-	-	-	-
11190 Unit Months Available	29	263	292	-	-	-	780
11210 Number of Unit Months Leased	29	263	292	-	-	-	758
11270 Excess Cash	904,136	941,689	1,845,825	-	-	-	-
11610 Land Purchases	-	-	-	-	-	-	-
11620 Building Purchases	583,713	122,540	706,253	-	-	-	-
11640 Furniture & Equipment - Administrative Purchases	-	-	-	-	-	-	-

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, 2020

Line item number & account description	Total Other Programs	Subtotal Housing Authority Projects/Programs	Eliminations	Total Housing Authority	Component Unit Discrepancy Presented	Memorandum Total
70300 Net Tenant Rental Revenue	\$ 768,385	\$ 925,666	\$ -	\$ 925,666	\$ 13,296,537	\$ 14,222,203
70400 Tenant Revenue - Other	5,766	18,961	-	18,961	126,837	145,798
70500 Total Tenant Revenue	774,351	944,627	-	944,627	13,423,374	14,368,001
70600 HUD PHA Operating Grants	44,222,937	45,252,644	-	45,252,644	-	45,252,644
70610 Capital Grants	-	706,253	-	706,253	-	706,253
70710 Management Fee	-	823,768	(823,768)	-	-	-
70720 Asset Management Fee	-	2,920	(2,920)	-	-	-
70730 Book Keeping Fee	-	296,256	(296,256)	-	-	-
70740 Front Line Service Fee	-	-	-	-	-	-
70750 Other Fees	806,466	806,466	-	806,466	-	806,466
70700 Total Fee Revenue	806,466	1,929,410	(1,122,944)	806,466	-	806,466
70800 Other Government Grants	184,776	184,776	-	184,776	141,331	326,107
71100 Investment Income - Unrestricted	2,914,843	2,947,058	-	2,947,058	60,555	3,007,613
71200 Mortgage Interest Income	-	-	-	-	-	-
71400 Fraud Recovery	17,518	17,518	-	17,518	-	17,518
71500 Other Revenue	4,394,815	4,400,927	-	4,400,927	391,540	4,792,467
71600 Gain or Loss on Sale of Capital Assets	5,217,148	5,217,148	-	5,217,148	-	5,217,148
72000 Investment Income - Restricted	2,616	2,616	-	2,616	9,996	12,612
70000 Total Revenue	58,535,470	61,602,977	(1,122,944)	60,480,033	14,026,796	74,506,829
91100 Administrative Salaries	3,873,305	4,739,724	-	4,739,724	1,398,621	6,138,345
91200 Auditing Fees	44,892	51,813	-	51,813	138,886	190,699
91300 Management Fee	613,433	823,768	(823,768)	-	728,428	728,428
91310 Book-keeping Fee	294,067	296,256	(296,256)	-	-	-
91400 Advertising and Marketing	7,640	22,075	-	22,075	12,784	34,859
91500 Employee Benefit Contributions - Administrative	1,164,354	1,401,963	-	1,401,963	542,077	1,944,040
91600 Office Expenses	539,870	676,493	-	676,493	328,675	1,005,168
91700 Legal Expense	54,101	115,754	-	115,754	49,428	165,182
91800 Travel	50,728	82,309	-	82,309	19,943	102,252
91900 Other	65,969	178,347	-	178,347	172,917	351,264
91000 Total Operating - Administrative	6,708,359	8,388,502	(1,120,024)	7,268,478	3,391,759	10,660,237
92000 Asset Management Fee	-	2,920	(2,920)	-	-	-
92100 Tenant Services - Salaries	724,975	741,002	-	741,002	526,790	1,267,792
92200 Relocation Costs	16,302	333,198	-	333,198	4,821	338,019

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, 2020

Line item number & account description	Total Other Programs	Subtotal Housing Authority Projects/Programs	Eliminations	Total Housing Authority	Component Unit Discrepancy Presented	Memorandum Total
92300 Employee Benefit Contributions - Tenant Services	194,276	198,209	-	198,209	175,586	373,795
92400 Tenant Services - Other	57,348	65,854	-	65,854	59,897	125,751
92500 Total Tenant Services	992,901	1,338,263	-	1,338,263	767,094	2,105,357
93100 Water	16,014	38,612	-	38,612	247,301	285,913
93200 Electricity	19,056	98,127	-	98,127	299,596	397,723
93300 Gas	2,991	48,876	-	48,876	53,421	102,297
93600 Sewer	32,905	79,450	-	79,450	604,883	684,333
93800 Other Utilities Expense	553	919	-	919	18,193	19,112
93000 Total Utilities	71,519	265,984	-	265,984	1,223,394	1,489,378
94100 Ordinary Maintenance and Operations - Labor	1,106,389	1,203,790	-	1,203,790	1,043,922	2,247,712
94200 Ordinary Maintenance and Operations - Materials and Other	58,884	119,596	-	119,596	445,917	565,513
94300 Ordinary Maintenance and Operations Contracts	103,759	242,625	-	242,625	930,808	1,173,433
94500 Employee Benefit Contributions - Ordinary Maintenance	281,593	308,078	-	308,078	347,389	655,467
94000 Total Maintenance	1,550,625	1,874,089	-	1,874,089	2,768,036	4,642,125
95200 Protective Services - Other Contract Costs	9,962	105,776	-	105,776	-	105,776
95000 Total Protective Services	9,962	105,776	-	105,776	-	105,776
96110 Property Insurance	18,760	78,441	-	78,441	239,927	318,368
96120 Liability Insurance	24,572	31,901	-	31,901	114,330	146,231
96130 Workmen's Compensation	61,208	68,371	-	68,371	51,240	119,611
96140 All Other Insurance	5,119	21,991	-	21,991	65,671	87,662
96100 Total Insurance Premiums	109,659	200,704	-	200,704	471,168	671,872
96200 Other General Expenses	281,424	282,252	-	282,252	23,929	306,181
96300 Payments in Lieu of Taxes	-	7,520	-	7,520	-	7,520
96400 Bad Debt - Tenant Rents	4,598	4,824	-	4,824	16,654	21,478
96600 Bad Debt - Other	2,819	3,112	-	3,112	41,778	44,890
96000 Total Other General Expenses	288,841	297,708	-	297,708	82,361	380,069
96710 Interest of Mortgage (or Bonds) Payable	60,820	60,820	-	60,820	1,740,931	1,801,751
96720 Interest on Notes Payable (Short and Long Term)	1,969	1,969	-	1,969	2,638,633	2,640,602
96730 Amortization of Bond Issue Costs	-	-	-	-	141,996	141,996
96700 Total Interest Expense and Amortization Cost	62,789	62,789	-	62,789	4,521,560	4,584,349
96900 Total Operating Expenses	9,794,655	12,536,735	(1,122,944)	11,413,791	13,225,372	24,639,163
97000 Excess of Operating Revenue over Operating Expenses	48,740,815	49,066,242	-	49,066,242	801,424	49,867,666
97100 Extraordinary Maintenance	36,808	180,607	-	180,607	177,875	358,482

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, 2020

Line item number & account description	Total Other Programs	Subtotal Housing Authority Projects/Programs	Eliminations	Total Housing Authority	Component Unit Discrepancy Presented	Memorandum Total
97200 Casualty Losses - Non-capitalized	-	-	-	-	348,820	348,820
97300 Housing Assistance Payments	41,264,907	41,264,907	-	41,264,907	-	41,264,907
97350 HAP Portability-In	197,282	197,282	-	197,282	-	197,282
97400 Depreciation Expense	179,843	474,382	-	474,382	5,394,425	5,868,807
90000 Total Expenses	51,473,495	54,653,913	(1,122,844)	53,530,969	19,146,492	72,677,461
10010 Operating Transfer In	58,286	58,286	-	58,286	-	58,286
10020 Operating Transfer Out	(58,286)	(58,286)	-	(58,286)	-	(58,286)
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	867,452	1,377,752	-	1,377,752	-	1,377,752
10094 Transfers between Project and Program - Out	-	(1,377,752)	-	(1,377,752)	-	(1,377,752)
10100 Total Other Financing Sources (Uses)	867,452	-	-	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$ 7,929,427	\$ 6,949,064	\$ -	\$ 6,949,064	\$ (5,119,696)	\$ 1,829,368
11020 Required Annual Debt Principal Payments	60,090	60,090	-	60,090	411,667	471,757
11030 Beginning Equity	104,766,901	110,193,492	-	110,193,492	54,545,860	164,739,352
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	(51,712)	-	-	-	-	-
11170 Administrative Fee Equity	271,353	271,353	-	271,353	-	271,353
11180 Housing Assistance Payments Equity	427	427	-	427	-	427
11190 Unit Months Available	39,288	39,580	-	39,580	16,667	56,247
11210 Number of Unit Months Leased	39,967	40,259	-	40,259	16,473	56,732
11270 Excess Cash	-	1,845,825	-	1,845,825	-	1,845,825
11610 Land Purchases	-	-	-	-	-	-
11620 Building Purchases	-	706,253	-	706,253	-	706,253
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:

WA01P006501-17

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	\$ 393,525
B. Funds Disbursed	\$ 393,525
C. Funds Expended (Actual Modernization Cost)	\$ 393,525
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):

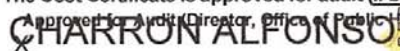
X 

Date:

Aug 26, 2020

For HUD Use Only Verified by: Cherie Shanks, 08/27/2020

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



Notary signed by: CHARRON ALFONSO
DN: CN=CHARRON ALFONSO C=US O=U.S. Government OU=Department of Housing and Urban Development, Office of Administration
Date: 2020.08.31 06:29:15 -0700

Date:

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

Approved: (Director, Office of Public Housing)

X

Date:

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