

Washington State Auditor's Office
Financial Statements and Federal Single Audit Report

Housing Authority of the City of Everett
Snohomish County

Audit Period
July 1, 2006 through June 30, 2007

Report No. 74087

Issue Date
March 10, 2008



WASHINGTON
BRIAN SONNTAG
STATE AUDITOR



**Washington State Auditor
Brian Sonntag**

March 10, 2008

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.

In addition to this work, we look at other areas of our audit client's operations for compliance with state laws and regulations. The results of that audit will be included in a separately issued accountability report.

Sincerely,

BRIAN SONNTAG, CGFM
STATE AUDITOR

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Federal Summary

Housing Authority of the City of Everett Snohomish County July 1, 2006 through June 30, 2007

The results of our audit of the Housing Authority of the City of Everett are summarized below in accordance with U.S. Office of Management and Budget Circular A-133.

FINANCIAL STATEMENTS

An unqualified opinion was issued on the financial statements of the business type activities and the discretely presented component unit.

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 significant 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 significant deficiencies that we consider to be material weaknesses.

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

We reported no findings that are required to be disclosed under OMB Circular A-133.

Identification of Major Programs:

The following were major programs during the period under audit:

<u>CFDA No.</u>	<u>Program Title</u>
14.871	Housing Choice Vouchers
14.872	Public Housing Capital Fund

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by OMB Circular A-133, was \$648,541.

The Housing Authority qualified as a low-risk auditee under OMB Circular A-133.

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters in Accordance with *Government Auditing Standards*

Housing Authority of the City of Everett Snohomish County July 1, 2006 through June 30, 2007

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

We have audited the financial statements of the business type activities and the discretely presented component unit of the Housing Authority of the City of Everett, Snohomish County, Washington, as of and for the year ended June 30, 2007, and have issued our report thereon dated December 28, 2007. Our report was modified to include a reference to other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Housing Authority's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Housing Authority's financial statements that is more than inconsequential will not be prevented or detected by the Housing Authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

COMPLIANCE AND OTHER MATTERS

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

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

This report is intended for the information and use of management, the Board of Commissioners, federal awarding agencies and pass-through entities. 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.

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BRIAN SONNTAG, CGFM
STATE AUDITOR

December 28, 2007

Independent Auditor's Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133

Housing Authority of the City of Everett Snohomish County July 1, 2006 through June 30, 2007

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

COMPLIANCE

We have audited the compliance of the Housing Authority of the City of Everett, Snohomish County, Washington, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2007. The Housing Authority's major federal programs are identified in the Federal Summary. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the Housing Authority's management. Our responsibility is to express an opinion on the Housing Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination on the Housing Authority's compliance with those requirements.

In our opinion, the Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2007.

INTERNAL CONTROL OVER COMPLIANCE

The management of the Housing Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Housing Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance, 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 control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is a more than remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in a more than remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information of management, the Board of Commissioners, federal awarding agencies and pass-through entities. 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.

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BRIAN SONNTAG, CGFM
STATE AUDITOR

December 28, 2007

Independent Auditor's Report on Financial Statements

Housing Authority of the City of Everett Snohomish County July 1, 2006 through June 30, 2007

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

We have audited the financial statements of the business type activities and the discretely presented component unit of the Housing Authority of the City of Everett, Snohomish County, Washington, as of and for the year ended June 30, 2007, which collectively comprise the Authority's basic financial statements as listed on page 8. These financial statements are the responsibility of the Housing Authority's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditor provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business type activities and the discretely presented component unit of the Housing Authority of the City of Everett, as of June 30, 2007, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

The management's discussion and analysis on pages 9 through 15 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of

management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Housing Authority's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The accompanying Financial Data Schedule and HUD Actual Comprehensive Grant Cost Certificates are supplemental information required by the Department of Housing and Urban Development. These schedules are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Supplemental Segment Information and Notes to Supplemental Segment Information are not a required part of the basic financial statements but are supplementary information presented for purposes of additional analysis. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

A handwritten signature in black ink, appearing to read "Brian Sonntag". The signature is fluid and cursive, with the first name "Brian" and last name "Sonntag" clearly distinguishable.

BRIAN SONNTAG, CGFM
STATE AUDITOR

December 28, 2007

Financial Section

Housing Authority of the City of Everett Snohomish County July 1, 2006 through June 30, 2007

REQUIRED SUPPLEMENTAL INFORMATION

Management's Discussion and Analysis – 2007

BASIC FINANCIAL STATEMENTS

Statement of Net Assets – 2007
Statement of Revenues, Expenses and Changes in Net Assets – 2007
Statement of Cash Flows – 2007
Notes to Financial Statements – 2007

SUPPLEMENTAL INFORMATION

Schedule of Expenditures of Federal Awards – 2007
Notes to the Schedule of Expenditures of Federal Awards – 2007
Supplemental Segment Information – Unaudited – 2007
Notes to Supplemental Segment Information – Unaudited – 2007
Financial Data Schedule – 2007
Actual Comprehensive Grant Cost Certificate – WA19P006501
Actual Comprehensive Grant Cost Certificate – WA19P006502

HOUSING AUTHORITY OF THE CITY OF EVERETT
Management's Discussion and Analysis
Year Ended June 30, 2007

The Housing Authority of the City of Everett ("EHA" or the "Authority") owns and manages property and administers rent subsidy programs to provide eligible low-income persons good, safe and affordable housing. EHA is a municipal corporation of the State of Washington (RCW 35.82) and provides services to citizens in the City of Everett primarily through two federally assisted programs administered by the U.S. Department of Housing and Urban Development ("HUD"): (a) Conventional Low Income Public Housing program and (b) Housing Choice Voucher program.

The following discussion and analysis provides an overview of the Authority's financial activities and should be read in conjunction with the Authority's financial statements that follow the Management's Discussion and Analysis (MD&A) section.

Overview of the Financial Statements

The financial statements are presented in accordance with accounting principles generally accepted in the United States of America, including GASB Statement No. 34 (as amended by GASB Statement No. 37). The Authority follows the "business-type activities" reporting requirements of GASB Statement No. 34 that provide a comprehensive authority wide look at the Authority's financial activities. The statements are:

- Statement of Net Assets
- Statement of Revenues, Expenses and Changes in Net Assets
- Statement of Cash Flows

The statements are prepared on the accrual basis and present all assets and liabilities of the Authority, both financial and capital, and short and long term. They also present all revenues and expenses of the Authority during the year, regardless of when cash was received or paid. Collectively, the statements provide information regarding the Authority's financial condition as of June 30, 2007 and the results of its operations and cash flows for the year then ended.

Financial Highlights

- Assets of the Authority exceeded liabilities at June 30, 2007 by \$29,910,032 (net assets). Of this amount, \$3,653,495 is classified as unrestricted net assets and may be used by the Authority to meet its ongoing obligations.
- Total net assets increased by \$181,147 (or .6%) during the past year. Net assets were \$29,910,032 and \$29,728,885 at June 30, 2007 and 2006, respectively.
- Total operating and non-operating revenues decreased by \$1,646,713 (or 6.0%) during the past year, and were \$25,667,679 for 2007 and \$27,314,392 for 2006.
- The total expenses of the Authority's programs increased by \$529,591 (or 2.1%). Total expenses were \$25,554,482 and \$25,024,891 for 2007 and 2006, respectively.
- The Authority's unrestricted net assets at June 30, 2007 and 2006 were \$3,653,495 and 3,746,024 respectively, a decrease of 2.0%.
- An 8 unit apartment complex, Pacific Square Apartments, was acquired in January 2007 at a total cost of \$945,831.

HOUSING AUTHORITY OF THE CITY OF EVERETT
Management's Discussion and Analysis
Year Ended June 30, 2007

The Authorities Funds

The Authority's financial statements include all programs that are considered to be within its administrative control. The Authority generally maintains separate accounting records for each grant program or annual contributions contract, as required by HUD. A list of the more significant programs is as follows:

Conventional Low Income Public Housing - Under the Conventional Low Income Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Low Income Public Housing Program is operated under an Annual Contributions Contract with HUD, and HUD provides operating subsidy and capital grant funding to enable EHA to provide housing at a rent that is based on 30% of household income. The Conventional Low Income Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Authority's public housing properties.

Housing Choice Voucher Program - Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own rental housing property. The Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual Contributions Contract with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent at 30% of household income.

Other Programs - In addition to the major programs discussed above, the Authority also maintains the following non-major programs which have assets, liabilities, revenues, or expenses of at least 5% or more of the Authority's total assets, liabilities, revenues or expenses:

Broadway Plaza East – A 102 unit apartment building that serves seniors and disabled persons. Operating costs are funded from rents collected from residents and a Section 8 New Construction Housing Assistance Payment Contract with HUD.

Broadway Plaza West – A 89 unit apartment building serving seniors. Operating costs are funded through tenant rents. No operating subsidy is received for this facility.

Affordable Housing Properties – Includes six separate non-subsidized apartment complexes all located within the Authority's service area. These six properties have a combined total of 101 apartments. The majority of tenants served have an income level of less than 50% of median income, and all are under 80% of median income. Operating costs are funded through tenant rents. No operating subsidy is received for these properties.

HOUSING AUTHORITY OF THE CITY OF EVERETT
Management's Discussion and Analysis
Year Ended June 30, 2007

AUTHORITY-WIDE FINANCIAL STATEMENT

Statement of Net Assets

The Statement of Net Assets includes all assets and liabilities of the Authority using the accrual basis of accounting, which is similar to the accounting method used by most private-sector institutions. The purpose of this statement is to provide financial statement readers with a snapshot of the financial condition of the Authority as of a certain point in time. The following table reflects the condensed information from the Authority's Statement of Net Assets compared to the prior year.

CONDENSED STATEMENT OF NET ASSETS

	As of June 30,	
	2007	2006
Assets		
Current assets	\$ 9,758,242	\$ 9,172,818
Capital	26,499,846	26,434,195
Total Assets	36,258,088	35,607,013
Liabilities		
Accounts payable and other current liabilities	1,358,149	1,303,871
Long-term liabilities	4,989,907	4,574,257
Total Liabilities	6,348,056	5,878,128
Net Assets		
Invested in capital assets, net of related debt	21,458,929	21,806,517
Restricted	4,797,608	4,176,344
Unrestricted	3,653,495	3,746,024
Total Net Assets	\$ 29,910,032	\$ 29,728,885

Major Factors Affecting the Statement of Net Assets

Total assets of the Authority at June 30, 2007 and June 30, 2006 were \$36,258,088 and \$35,607,013, respectively. This represents an increase of \$651,075 during the year.

Current assets increased by \$585,424 and current liabilities increased by \$54,278. The Authority's current ratio increased from 7.04 in 2006 to 7.18 in 2007. There are sufficient current assets (primarily cash, investments and accounts receivables) to extinguish current liabilities.

The net increase in capital assets of \$65,651 represents the difference between capital assets acquired during the year totaling \$1,840,552, depreciation expense of \$1,753,428 and book value of assets disposed of for \$21,473.

Increase in the Authority's long-term debt is principally due to the acquisition of Pacific Square Apartments, an 8 unit apartment complex (\$698,177).

HOUSING AUTHORITY OF THE CITY OF EVERETT
Management's Discussion and Analysis
Year Ended June 30, 2007

The following presents details on the change in unrestricted net assets:

CHANGE IN UNRESTRICTED NET ASSETS

Unrestricted net assets - June 30, 2006	\$	3,746,024
Total change in net assets (including prior period adjustment)		181,147
Adjustments:		
Depreciation (1)		1,753,428
Adjusted change in net assets		5,680,599
Proceeds from capital asset long-term debt borrowings		698,177
Payments on capital asset long-term debt borrowings		(284,938)
Capital asset additions		(1,840,552)
Other changes		21,473
Increase in restricted assets		(621,264)
Unrestricted net assets - June 30, 2007	\$	3,653,495

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

As of June 30, 2007 there are no restrictions, commitments or other limitations that would significantly affect the availability of resources for future use.

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

Statement of Revenues, Expenses and Changes in Net Assets

The purpose of the Statement of Revenues, Expenses and Changes in Net Assets is to present the operating results of the Authority, as well as the non-operating revenues and expenses. HUD operating grants and subsidies are considered to be operating revenues (rather than non-operating revenues) based on guidance received from HUD, the primary user of the financial statements.

HOUSING AUTHORITY OF THE CITY OF EVERETT
Management's Discussion and Analysis
Year Ended June 30, 2007

Condensed information from the Authority's statements of revenue, expenses and changes in net assets follows:

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

	June 30,	
	2007	2006
Operating and nonoperating revenue		
Operating grants and subsidies	\$ 20,836,287	\$ 21,357,002
Tenant revenue - rents and other	3,411,279	3,039,746
Other revenue	337,653	251,484
Capital grants	620,595	2,406,809
Interest income	461,865	259,351
Total revenue	25,667,679	27,314,392
Operating and nonoperating expenses		
Housing assistance payments	16,580,644	15,765,231
Administrative	3,357,884	2,937,656
Maintenance and operation	2,390,834	2,200,330
Depreciation	1,753,428	1,712,788
Utilities	595,092	531,657
General	451,742	394,859
Tenant services	223,402	213,403
Interest expense	201,456	197,620
Proceeds from disposition of assets held for sale	-	(11,118,922)
Cost of assets held for sale	-	12,190,269
Total expenses	25,554,482	25,024,891
Change in Net Assets	113,197	2,289,501
	-	
Net Assets - Beginning of Year	29,728,885	27,120,684
Prior period adjustment	67,950	318,700
Net Assets - End of Year	\$ 29,910,032	\$ 29,728,885

Major Factors Affecting the Statement of Revenues, Expenses and Changes in Net Assets

Operating subsidies and grants received during the year decreased by approximately \$520,700. Rents and other tenant revenue increased by approximately \$371,500.

Total expenses (before Proceeds from disposition of assets held for sale and Cost of assets held for sale) increased by \$1,600,938 (6.7%), primarily due to the increase in Section-8 Housing Assistance Payments by \$815,413 and an increase in administrative expenses by \$420,228.

HOUSING AUTHORITY OF THE CITY OF EVERETT
Management's Discussion and Analysis
Year Ended June 30, 2007

Capital Assets and Debt Administration

Capital Assets

At June 30, 2007, the Authority had \$26,499,846 invested in variety of capital assets (as summarized below), which represents a net increase of \$65,651 from June 30, 2006.

CAPITAL ASSETS AT YEAR-END
(Net of Depreciation)

	As of June 30,	
	2007	2006
Land and site improvements	\$ 3,524,625	\$ 3,340,550
Structures	47,124,253	45,547,563
Equipment	2,831,292	2,609,235
Construction in progress	860,602	1,063,093
Total	54,340,772	52,560,441
Accumulated depreciation	(27,840,926)	(26,126,246)
Capital assets - net	\$ 26,499,846	\$ 26,434,195

The following reconciliation summarizes the change in capital assets from June 30, 2006 to June 30, 2007, which is presented in more detail in Note 4 of the notes to the financial statements.

CHANGE IN CAPITAL ASSETS

Balance at June 30, 2006	\$ 26,434,195
Additions	1,840,552
Reductions - net	(21,473)
Depreciation expense	(1,753,428)
Balance at June 30, 2007	\$ 26,499,846

This year's major additions to capital assets resulted primarily from the Authority's Public Housing Capital Improvement Program (Grandview Homes renovation), the purchase of Pacific Square Apartments, and also equipment and system upgrades to the Broadway Plaza East Apartments property. It is anticipated that the majority of the Grandview Homes renovation work will be completed by the end of 2011. Dwelling and non-dwelling equipment additions for the year totaled \$249,001.

HOUSING AUTHORITY OF THE CITY OF EVERETT
Management's Discussion and Analysis
Year Ended June 30, 2007

OUTSTANDING DEBT AT YEAR-END

	As of June 30,	
	2007	2006
Revenue Bonds Payable		
Douglas Grove apartments	\$ 370,137	\$ 401,669
Greenhouse property	64,594	84,543
Rainier Park apartments	497,532	532,502
Rucker Street apartments	382,821	409,170
Oakes Avenue apartments	348,462	371,261
Bridge Creek apartments	621,397	660,669
Timber Hill apartments	1,523,949	1,614,705
Pacific Square apartments (Gibson Road Townhomes Project)	392,814	-
	4,201,706	4,074,519
Less: Current portion	(296,041)	(265,896)
 Total Revenue Bonds Payable	 \$ 3,905,665	 \$ 3,808,623
Notes Payable		
Bridge Creek apartments	\$ 541,034	\$ 553,159
Pacific Square apartments (HOME Loan)	65,633	-
Pacific Square apartments (Housing Trust Fund Loan)	232,544	-
	839,211	553,159
Less: Current portion	(12,246)	(12,124)
 Total Notes Payable	 \$ 826,965	 \$ 541,035

During the year the Authority issued \$400,000 in revenue bonds and \$298,177 in notes payable in connection with the purchase of the Pacific Square Apartments. Please refer to Note 5 of the notes to financial statements for additional information on the Authority's outstanding long-term debt.

Economic Factors

Significant economic factors affecting the Authority are as follows:

- Federal funding is at the discretion of the U.S. Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates of the Authority
- 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 cost of the programs.

The financial report is designed to provide a general overview of the finances of the Everett Housing Authority for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, Everett Housing Authority, P.O. Box 1547, Everett, WA 98206.

HOUSING AUTHORITY OF THE CITY OF EVERETT

Statement of Net Assets

June 30, 2007

	<u>Primary Government Total</u>	<u>Component Unit</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents - unrestricted	\$ 3,408,102	\$ 148,281
Cash and cash equivalents - restricted	3,481,733	123,633
Investments - unrestricted	616,959	-
Investments - restricted	1,831,774	197,285
Accounts receivable (net)		
Tenants	12,540	2,513
HUD	169,545	-
Other	53,317	2,520
Inventories	106,063	-
Prepaid and other current assets	<u>78,209</u>	<u>15,270</u>
Total current assets	<u>9,758,242</u>	<u>489,502</u>
NON-CURRENT ASSETS:		
Capital assets		
Land	3,359,729	708,000
Property and equipment, net	<u>23,140,117</u>	<u>3,546,531</u>
	26,499,846	4,254,531
Other assets	<u>-</u>	<u>109,898</u>
Total non-current assets	<u>26,499,846</u>	<u>4,364,429</u>
Total assets	<u>36,258,088</u>	<u>4,853,931</u>
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable - vendors	250,039	38,512
Accounts payable - HUD	3,306	-
Accrued expenses	215,158	60,232
Deferred revenue	19,070	3,185
Security deposits	206,012	15,862
FSS escrow	226,101	-
Other deferred credits	130,176	-
Current portion of long-term debt	<u>308,287</u>	<u>45,000</u>
Total current liabilities	<u>1,358,149</u>	<u>162,791</u>
NON-CURRENT LIABILITIES:		
Bonds and notes payable	4,732,630	3,439,908
Accrued compensated absences	252,183	-
Deferred interest - HOME & Housing Trust Fund loans	<u>5,094</u>	<u>214,284</u>
Total non-current liabilities	<u>4,989,907</u>	<u>3,654,192</u>
Total liabilities	<u>6,348,056</u>	<u>3,816,983</u>
NET ASSETS		
Investment in capital assets, net of related debt	21,458,929	769,623
Restricted	4,797,608	305,056
Unrestricted	<u>3,653,495</u>	<u>(37,731)</u>
TOTAL NET ASSETS	<u>\$ 29,910,032</u>	<u>\$ 1,036,948</u>

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

HOUSING AUTHORITY OF THE CITY OF EVERETT
Statement of Revenues, Expenses and Changes in Net Assets
Year ended June 30, 2007

	<u>Primary Government Total</u>	<u>Component Unit</u>
Operating Revenues		
Tenant rents	\$ 3,091,312	\$ 236,859
HUD operating grants and subsidies	20,704,941	317,419
Other grants	131,346	-
Other tenant charges	319,967	8,713
Other revenue	337,653	18,476
	<u>24,585,219</u>	<u>581,467</u>
Total operating revenue		
Operating Expenses		
Administration	3,357,884	109,002
Tenant services	223,402	-
Utilities	595,092	44,870
Maintenance & operations	2,390,834	106,012
General	451,742	34,636
Housing assistance payments	16,580,644	-
Depreciation and amortization	1,753,428	129,585
	<u>25,353,026</u>	<u>424,105</u>
Total operating expenses		
Operating income (loss)	<u>(767,807)</u>	<u>157,362</u>
Nonoperating revenue (expense)		
HUD capital grants	620,595	-
Interest income	461,865	14,806
Interest expense	(201,456)	(178,116)
	<u>881,004</u>	<u>(163,310)</u>
Total nonoperating revenue (expense)		
Change in Net Assets	113,197	(5,948)
Net Assets - Beginning of Year	29,728,885	1,042,896
Prior period adjustment	67,950	-
Net Assets - End of Year	<u>\$ 29,910,032</u>	<u>\$ 1,036,948</u>

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

HOUSING AUTHORITY OF THE CITY OF EVERETT
Statement of Cash Flows
Year Ended June 30, 2007

	Primary Government Total	Component Unit
Cash flow from operating activities:		
Cash received from tenant rents	\$ 3,071,131	\$ 241,430
Cash received from HUD operating grants and subsidies	20,678,793	315,043
Cash received from other operating grants	112,882	-
Cash payments to suppliers for goods and services	(2,895,844)	(174,861)
Cash paid for salaries and benefits	(3,995,495)	(98,058)
Housing assistance payments	(16,561,967)	-
Other receipts	724,555	18,475
Net cash provided by operating activities	1,134,055	302,029
Cash flows from noncapital financing activities:		
Bill & Melinda Gates Foundation grant proceeds	50,000	-
Bill & Melinda Gates Foundation grant earnings	3,010	-
Bill & Melinda Gates Foundation grant distributions	(15,000)	-
Net reduction in cost of assets held for sale	(216,700)	-
Net cash provided by (used in) noncapital financing activities	(178,690)	-
Cash flows from capital and related financing activities:		
HUD capital grants	655,099	-
Other capital grants	175,000	-
Property and equipment additions	(1,830,823)	(636)
Proceeds from long-term borrowings	698,177	-
Repayment of long-term debt obligations	(284,938)	(107,216)
Interest paid on debt obligations	(195,906)	(165,995)
Net cash provided by (used in) capital and related financing activities	(783,391)	(273,847)
Cash flows from investing activities:		
Net (additions) reductions to unrestricted investments	(31,838)	-
Net (additions) reductions to restricted investments	(113,091)	(18,557)
Interest income	465,104	14,806
Net cash provided by (used in) investing activities	320,175	(3,751)
Increase in cash and cash equivalents	492,149	24,431
Cash and cash equivalents at beginning of year	6,397,686	247,483
Cash and cash equivalents at end of year	\$ 6,889,835	\$ 271,914

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

HOUSING AUTHORITY OF THE CITY OF EVERETT
Statement of Cash Flows
Year Ended June 30, 2007

	Primary Government Total	Component Unit
Reconciliation of Operating Loss to Net Cash Used		
In Operating Activities:		
Operating income	\$ (767,807)	\$ 157,362
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	1,753,428	124,701
Amortization of bond issue costs	-	4,884
Loss on disposition of equipment	21,473	-
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable tenants	(3,977)	(2,257)
Accounts receivable - HUD	(4,537)	-
Accounts receivable - other	(17,467)	(2,376)
Inventory	(3,361)	-
Prepaid expenses and other assets	(63,796)	(769)
Increase (decrease) in liabilities:		
Accounts payable - vendors	121,859	22,369
Accounts payable - HUD	3,306	-
Accrued expenses	21,915	-
Deferred revenue	(51,240)	(759)
FSS escrow	18,677	-
Security deposits	10,085	(1,126)
Accrued compensated absences	50,996	-
Other deferred credits	44,501	-
Net cash provided by operating activities	\$ 1,134,055	\$ 302,029

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

HOUSING AUTHORITY OF THE CITY OF EVERETT
Notes to Financial Statements
June 30, 2007

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

1 – Summary of Significant Accounting Policies

The Housing Authority of the City of Everett, Washington (Authority) was created in 1942 as a municipal corporation which derives its power from state law, Chapter 35.82, RCW. The Authority is responsible for operating certain low-rent housing programs in the City of Everett under programs administered by the U.S. Department of Housing and Urban Development (HUD). These programs provide housing for eligible families under the United States Housing Act of 1937, as amended. The Authority has no taxing powers.

The Mayor of the City of Everett appoints the six member Board of Commissioners for five-year terms. The terms are staggered so that generally one term expires each year on October 6, the Authority's anniversary. The Board sets policy of the Authority and hires the Executive Director who directs the daily operations of the Authority.

The Authority is not considered to be 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. An important element of the Authority's relationship with the City is a cooperation agreement, which calls for the City to provide support services (police, fire, etc.) to specified developments. In exchange, the Authority makes voluntary payments in lieu of taxes (PILOT) to the City of Everett for those developments.

a. Financial Reporting Model

The Housing Authority has prepared its financial statements in conformity with accounting principles generally accepted in the United States of America. The Authority follows the business-type activities reporting requirements of GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. The Authority has implemented GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus, an amendment of GASB Statements No. 21 and No. 34*, and Statement No. 38, *Certain Financial Statement Disclosures*. These statements revise accounting and reporting standards for general purpose external financial reporting by governmental units. In accordance with GASB Statement No. 34, the accompanying basic financial statements are reported on an Authority-wide basis.

Statement No. 34 requires the following, which collectively make up the Authority's basic financial statements:

- Management's Discussion and Analysis
- Basic financial statements:
 - Statement of Net Assets
 - Statement of Revenues, Expenses, and Changes in Net Assets
 - Statement of Cash Flows
- Notes to the financial statements

b. Reporting Entity

As required by GAAP, the accompanying financial statements present the financial data of the Authority (the primary government) and its discretely presented component unit. The financial data of the discretely presented component unit is included in the Authority's financial statements because of the significance of its operational or financial relationships with the Authority. The Authority and its component unit are together referred to as the reporting entity.

HOUSING AUTHORITY OF THE CITY OF EVERETT
Notes to Financial Statements
June 30, 2007

In determining how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity is governed by applying the criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* and Statement No. 39, *Determining Whether Certain Organizations are Component Units*. These criteria state that the financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based on these criteria, the following entity has been identified as a component unit:

Discretely Presented Component Unit

The Authority has significant influence as the general partner in the limited partnership, EHA-Twelve Pines Limited Partnership. In addition, the Authority also has a significant financial relationship with the limited partnership. Third parties unrelated to the Authority hold the limited partnership interests. The Authority has certain rights and responsibilities which enable it to impose its will on the limited partnership due to its significant influence as the general partner and also its financial relationships with the partnership.

The limited partnership was formed in August 1999 for the purpose of acquiring and renovating an 80 unit apartment complex located in Everett, Washington. The partnership agreement provides for termination of the partnership in 2097.

The responsibility for the management of the affairs of the limited partnership is vested with the Everett Housing Authority as the general partner. The limited partnership's December 31, 2006 year-end financial statements are included within the Authority's basic financial statements. Complete financial statements of the limited partnership can be obtained from the Executive Director of the Everett Housing Authority, P.O. Box 1547, Everett, WA 98206.

c. Basis of Presentation

All of the Authority's programs are accounted for as one business-type activity for reporting purposes. This financial statement presentation provides for an indication of the financial performance of the Authority as a whole. Enterprise designations are used to account for activities (a) which are financed with debt that is solely secured by a pledge of the net revenues from fees and charges of the activity; (b) which are governed by laws or regulations that require that the activity's costs of providing services be recovered with fees and charges, rather than taxes or similar revenues; or (c) that the pricing policies of the activity establish fees and charges designated to recover its costs. The Authority has elected not to follow Financial Accounting Standards Board (FASB) pronouncements issued subsequent to November 30, 1989. The Authority follows all applicable GASB pronouncements and FASB pronouncements issued prior to November 30, 1989, unless they conflict with GASB pronouncements.

d. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements of the Authority are reported using the economic resources measurement focus and the accrual basis of accounting whereby all revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Depreciation of capital assets is recognized and all assets and liabilities associated with the operation of the Authority are included in the statement of net of assets.

HOUSING AUTHORITY OF THE CITY OF EVERETT
Notes to Financial Statements
June 30, 2007

The principal operating revenues of the Authority are rental revenues received from residents and operating subsidies and grants received from HUD. Grants, subsidies and similar items are recognized as revenue as soon as all eligibility requirements have been met. Operating expenses for the Authority include the costs of operating housing units, administrative expenses, housing assistance payments to landlords and depreciation on capital assets. HUD operating grants and subsidies are received by the Authority for each unit rented to qualified tenants in the public housing and Section 8 programs. Classification of operating grants and subsidies as operating revenues (rather than as non-operating revenues) is based on guidance from HUD, the primary user of the financial statements. The classification of operating grants and subsidies as operating revenues does not affect the presentation of net income or the change in net assets in the statement of revenues, expenses, and changes in net assets, or the presentation of cash and cash equivalents in the statement of cash flows. All other revenue and expenses not meeting the definition of operating revenues and expenses are reported as non-operating revenues and expenses, primarily interest income and interest expense.

e. Cash and Cash Equivalents – Unrestricted and Restricted

For the purposes of the statement of cash flows, the Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents are stated at fair value.

f. Investments – Unrestricted and Restricted

Investments are stated at fair value.

g. 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 using a moving weighted-average cost method. Prepaid items are for payments made by the Authority in the current year to provide services occurring in a subsequent fiscal year.

h. Capital Assets and Depreciation

All land, structures and equipment are recorded on a historical cost basis. All capital assets with a value of \$2,000 or more and a life expectancy of three years are capitalized. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets, which are as follows:

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

i. Revenue Recognition

Subsidies and grants 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 Grant Program and other reimbursement based grants are recognized when the related expenses are incurred. Tenant rental revenues are recognized during the period of occupancy. Expenses are recognized when incurred.

HOUSING AUTHORITY OF THE CITY OF EVERETT
Notes to Financial Statements
June 30, 2007

j. Compensated Absences

The Authority reports compensated absences in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Authority will compensate the employees for the benefits through paid time off or some other means.

All fulltime employees earn annual vacations at the rate of 12 days per year. Additional vacation time is earned by employees based on their years of service. A maximum of 22 days per year can be earned after ten years of service. Exempt employees earn 22 days annual vacation per year upon initial employment. Employees are allowed to accumulate a maximum of 30 days of unused vacation time. Employees are paid for all accumulated vacation pay upon termination.

The Authority recognizes and compensates employees for 11 traditional holidays and one floating holiday. Holiday pay is recorded as an expense when paid. Fulltime employees earn sick leave at a rate of 13 days per year. Sick leave is allowed to accumulate to a maximum of 120 days. Employees are compensated for accumulated unused sick leave at the rate of 25% upon termination.

k. Income Taxes

The Everett Housing Authority is exempt from federal income tax under 501(c)(4) of the Internal Revenue Code. Accordingly, no provision for income tax is reflected in the financial statements.

l. Use of Estimates.

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and report amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

m. 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.

n. Budgetary 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 Grant Fund program budgets are adopted on a "project length" basis. The Authority's annual budgets is prepared on the accrual basis of accounting and approved by the Board of Commissioners. Budgets are not, however, legally adopted nor required for financial statement presentation.

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

HOUSING AUTHORITY OF THE CITY OF EVERETT
Notes to Financial Statements
June 30, 2007

2 – Cash and Investments

The Authority's demand deposits and certificates of deposit are entirely covered by the Federal Deposit Insurance Corporation (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission. The Public Deposit Protection 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.

As of June 30, 2007 cash and investments are classified in the accompanying financial statements as follows:

	Primary Government	Component Unit
Cash and investments	\$ 9,338,568	\$ 271,914
Cash and investments held by bond trustee	-	197,285
	<u>\$ 9,338,568</u>	<u>\$ 469,199</u>

Cash and investments at of June 30, 2007 consisted of the following:

	Primary Government	Component Unit
Change and petty cash funds	\$ 600	\$ -
Demand deposits with financial institutions	316,776	128,716
Deposits with state investment pool	6,540,194	143,198
Certificate of deposit investments	2,480,998	-
Treasury Obligation Fund	-	197,285
	<u>\$ 9,338,568</u>	<u>\$ 469,199</u>

Custodial credit risk is the risk that in event of a failure of the counterparty to an investment transaction the Authority would not be able to recover the value of the investment or collateral securities. None of the Authority's or the component unit's cash accounts or investments are exposed to custodial credit risk since all funds are either entirely covered by FDIC insurance, the Washington Public Deposit Protection Act or consist of investments in U.S. Treasury obligations or repurchase agreements secured U.S. Treasury obligations.

HOUSING AUTHORITY OF THE CITY OF EVERETT
Notes to Financial Statements
June 30, 2007

3 – Restricted Assets

Restricted cash and investments, which are generally not available for operating purposes, have been classified in the Statement of Net Assets as restricted assets. These restricted assets are summarized as follows:

	Cash and Cash Equivalents	Investments
<u>Primary Government:</u>		
Replacement reserves	\$ 135,407	\$ 1,831,774
Residual receipts	262	-
Housing Choice Voucher Program - Housing Assistance Payment funding	2,830,166	-
Tenant security deposits	206,012	-
FSS escrow deposits	226,101	-
Gates Foundation	83,785	-
	<u>\$ 3,481,733</u>	<u>\$ 1,831,774</u>
 <u>Component Unit:</u>		
Replacement reserves	\$ 107,771	\$ -
Tenant security deposits	15,862	-
Funds held by Bond Trustee	-	197,285
	<u>\$ 123,633</u>	<u>\$ 197,285</u>

HOUSING AUTHORITY OF THE CITY OF EVERETT
Notes to Financial Statements
June 30, 2007

4 – 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, 2006	Additions	Reductions	Balance June 30, 2007
Capital assets, not being depreciated:				
Land	\$ 3,175,654	\$ 184,075	\$ -	\$ 3,359,729
Construction in progress	1,063,093	652,921	855,412	860,602
Total capital assets, not being depreciated	<u>4,238,747</u>	<u>836,996</u>	<u>855,412</u>	<u>4,220,331</u>
Capital assets, being depreciated:				
Site improvements	164,896	-	-	164,896
Dwelling and dwelling improvements	45,547,563	1,609,967	33,277	47,124,253
Furniture, equipment and machinery	2,609,235	249,001	26,944	2,831,292
Total capital assets, being depreciated	<u>48,321,694</u>	<u>1,858,968</u>	<u>60,221</u>	<u>50,120,441</u>
Less accumulated depreciation for:				
Site improvements	99,807	4,827	-	104,634
Dwelling and dwelling improvements	24,177,675	1,590,380	14,816	25,753,239
Furniture, equipment and machinery	1,848,764	158,221	23,932	1,983,053
Total accumulated depreciation	<u>26,126,246</u>	<u>1,753,428</u>	<u>38,748</u>	<u>27,840,926</u>
Total capital assets being depreciated, net	<u>22,195,448</u>	<u>105,540</u>	<u>21,473</u>	<u>22,279,515</u>
Total capital assets, net	<u>\$ 26,434,195</u>	<u>\$ 942,536</u>	<u>\$ 876,885</u>	<u>\$ 26,499,846</u>

HOUSING AUTHORITY OF THE CITY OF EVERETT
Notes to Financial Statements
June 30, 2007

Component Unit:

The following is a summary of the changes (at cost) in capital assets (land, structures and equipment) held by the Component Unit at December 31, 2006:

	Balance January 1, 2006	Additions	Reductions	Balance December 31, 2006
Capital assets, not being depreciated:				
Land	\$ 708,000	\$ -	\$ -	\$ 708,000
Total capital assets, not being depreciated	<u>708,000</u>	<u>-</u>	<u>-</u>	<u>708,000</u>
Capital assets, being depreciated:				
Site improvements	3,359	-	-	3,359
Dwelling and dwelling improvements	4,148,668	-	-	4,148,668
Furniture, equipment and machinery	222,838	636	-	223,474
Total capital assets, being depreciated	<u>4,374,865</u>	<u>636</u>	<u>-</u>	<u>4,375,501</u>
Less accumulated depreciation for:				
Site improvements	574	168	-	742
Dwelling and dwelling improvements	595,530	103,717	-	699,247
Furniture, equipment and machinery	108,165	20,816	-	128,981
Total accumulated depreciation	<u>704,269</u>	<u>124,701</u>	<u>-</u>	<u>828,970</u>
Total capital assets being depreciated, net	<u>3,670,596</u>	<u>(124,065)</u>	<u>-</u>	<u>3,546,531</u>
Total capital assets, net	<u>\$ 4,378,596</u>	<u>\$ (124,065)</u>	<u>\$ -</u>	<u>\$ 4,254,531</u>

5 – Non-Current Liabilities

Primary Government:

Changes in long-term debt obligations for the Primary Government during the year ended June 30, 2007 are summarized below:

	Beginning Balance July 1	Additions	Reductions	Ending Balance June 30	Due Within One Year
Revenue bonds	\$ 4,074,519	\$ 400,000	\$ 272,813	\$ 4,201,706	\$ 296,041
Promissory notes	553,159	298,177	12,125	839,211	12,246
	<u>\$ 4,627,678</u>	<u>\$ 698,177</u>	<u>\$ 284,938</u>	<u>\$ 5,040,917</u>	<u>\$ 308,287</u>

HOUSING AUTHORITY OF THE CITY OF EVERETT
Notes to Financial Statements
June 30, 2007

The following schedule lists the outstanding bonds of the Primary Government as of June 30, 2007:

<u>Revenue Bonds - Name of Issue</u>	<u>Issuance Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Bond Issuance</u>	<u>Annual Debt Service Payments</u>	<u>Bonds Outstanding June 30</u>
Revenue Bond 2001						
Douglas Grove Apartments	5/1/2001	5/1/2016	5.20%	540,000	51,938	\$ 370,137
Refunding Revenue Bond 2003						
Greenhouse Project	5/30/2003	6/1/2010	3.75%	140,000	22,819	64,594
Revenue Bond 2003						
Rainier Park Apartments Project	6/10/2003	6/10/2018	4.10%	625,000	56,446	497,532
Revenue Bond 2003						
Rucker Apartments Project	7/2/2003	7/2/2018	4.13%	480,000	42,982	382,821
Revenue Bond 2003						
Oakes Avenue Apartments Project	8/1/2003	8/1/2018	4.90%	430,000	40,731	348,462
Revenue Bond 2004						
Bridge Creek Apartments Project	3/31/2004	3/31/2019	4.31%	740,000	67,364	621,397
Revenue Bond 2004						
Timber Hill Apartments Project	7/30/2004	8/1/2019	4.64%	1,770,000	164,785	1,523,949
Revenue Bond 2006						
Gibson Road Townhomes Project (Pacific Square Apartments)	12/28/2006	1/1/2022	5.25%	400,000	38,586	<u>392,814</u>
Total bonds outstanding						<u>\$ 4,201,706</u>

The following schedule lists the outstanding notes of the Primary Government as of June 30, 2007:

<u>Description of Note</u>	<u>Loan Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Annual Debt Service Payments</u>	<u>Notes Outstanding June 30</u>
Promissory Note						
Bridge Creek Apartments Project	3/15/2004	3/31/2044	1.00%	\$ 580,000	\$ 17,611	\$ 541,034
Promissory Note - City of Everett (HOME Loan)						
Gibson Road Townhomes Project	12/6/2006	12/6/2031	3.00%	65,633	-	65,633
Promissory Note - City of Everett (Housing Trust Fund)						
Gibson Road Townhomes Project	12/6/2006	12/6/2031	3.00%	232,544	-	<u>232,544</u>
Total notes outstanding						<u>\$ 839,211</u>

HOUSING AUTHORITY OF THE CITY OF EVERETT
Notes to Financial Statements
June 30, 2007

Component Unit:

Changes in long-term debt obligations for the Component Unit during the year ended December 31, 2006 are summarized below:

	Beginning Balance January 1	Additions	Reductions	Ending Balance December 31	Due Within One Year
Revenue bonds	\$ 2,125,000	\$ -	\$ 40,000	\$ 2,085,000	\$ 45,000
Promissory notes	1,467,124	-	67,216	\$ 1,399,908	-
	<u>\$ 3,592,124</u>	<u>\$ -</u>	<u>\$ 107,216</u>	<u>\$ 3,484,908</u>	<u>\$ 45,000</u>

The following is a schedule of outstanding bonds of the Component Unit as of December 31, 2006:

<u>Revenue Bonds - Name of Issue</u>	<u>Issuance Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Bond Issuance</u>	<u>Bonds Outstanding December 31</u>
Housing Revenue Bonds 1999 Twelve Pines Apartment Project	8/1/1999	8/1/2029	4.70 - 6.50%	\$ 2,300,000	<u>\$ 2,085,000</u>
Total bonds outstanding					<u>\$ 2,085,000</u>

The following is a schedule of outstanding notes as of December 31, 2006:

<u>Description of Note</u>	<u>Loan Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Notes Outstanding December 31</u>
Promissory Note, City of Everett HOME Loan	8/1/1999	8/1/2024	3.00%	\$ 950,000	\$ 950,000
Promissory Note, EHA Developer fee	8/30/2002	3/15/2018	3.00%	580,481	<u>449,908</u>
Total notes outstanding					<u>\$ 1,399,908</u>

HOUSING AUTHORITY OF THE CITY OF EVERETT
Notes to Financial Statements
June 30, 2007

Primary Government

The annual debt service requirements of the Primary Government long-term debt obligations are as follows:

Year Ended June 30	Revenue Bonds	Notes	Interest	Total
2008	\$ 296,041	\$ 12,246	\$ 195,188	\$ 503,475
2009	310,453	12,369	180,653	503,475
2010	325,033	12,493	165,949	503,475
2011	317,082	12,620	150,955	480,657
2012	331,823	12,745	136,087	480,655
2013-2017	1,658,266	65,671	402,271	2,126,208
2018-2022	963,008	69,034	89,794	1,121,836
2023-2027	-	72,569	15,484	88,053
2028-2032	-	374,462	235,401	609,863
2033-2037	-	80,191	7,862	88,053
2038-2042	-	84,298	3,756	88,054
2043-2047	-	30,513	306	30,819
	<u>\$ 4,201,706</u>	<u>\$ 839,211</u>	<u>\$ 1,583,706</u>	<u>\$ 6,624,623</u>

Component Unit

The annual debt service requirements of the Component Unit long-term debt obligations are as follows:

Year Ended December 31	Revenue Bonds	Notes	Interest	Total
2007	\$ 45,000	\$ 35,128	\$ 147,257	\$ 227,385
2008	45,000	36,181	143,683	224,864
2009	45,000	37,267	140,033	222,300
2010	50,000	38,385	136,305	224,690
2011	55,000	39,536	131,953	226,489
2012-2016	325,000	216,202	585,248	1,126,450
2017-2021	450,000	47,209	439,646	936,855
2022-2025	605,000	950,000	996,221	2,551,221
2027-2031	465,000	-	61,750	526,750
	<u>\$ 2,085,000</u>	<u>\$ 1,399,908</u>	<u>\$ 2,782,096</u>	<u>\$ 6,267,004</u>

HOUSING AUTHORITY OF THE CITY OF EVERETT
Notes to Financial Statements
June 30, 2007

6 – 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, 2007, the Housing Authority estimated that no arbitrage rebate exists in conjunction with its debt reserve funds, and therefore no liability exists.

7 – Conduit Debt

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

On June 27, 2007, the Everett Housing Authority issued \$13,760,000, 30 year, 5.79% tax exempt bonds on behalf of the Young Women's Christian Association of Seattle-King County-Snohomish County (YWCA). Proceeds from the bond issue were used by the YWCA to acquire three multifamily housing projects to provide housing for low-income persons within Snohomish County, Washington.

As of June 30, 2007, there were 5 separate series of these special revenue bonds outstanding with an aggregate original principal amount payable of \$29,864,000. The estimated unpaid principal balance of these obligations at June 30, 2007 is \$24,491,750.

8 – 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. The Authority also pays unemployment claims to the State of Washington as incurred. Coverage for property, general liability, errors and omissions, and fidelity insurance is provided by the Housing Authorities Risk Retention Pool. Settled claims have not exceeded coverage purchased during the past three years.

The Authority is a member of the Housing Authorities Risk Retention Pool (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, Oregon and California. HARRP currently has a total of ninety-three members, of which thirty-seven are Washington housing authorities.

The Housing Authority has obtained the following coverages from HARRP:

- General liability coverage is written on an occurrence form basis, without any deductible.
- Errors and omissions coverage, including employment practices liability, is written on a claims made basis. The Authority is responsible for 10% of any incurred loss.
- Property loss coverage is on a replacement cost basis with a deductible of \$1,000 per occurrence.
- Fidelity coverage with a limit of \$200,000 for employee dishonesty and forgery or alteration and \$10,000 for theft, with a deductible of \$1,000 per occurrence.

HOUSING AUTHORITY OF THE CITY OF EVERETT
Notes to Financial Statements
June 30, 2007

Coverage limits for general liability, errors & omissions and property are \$2,000,000 per occurrence with a \$2,000,000 annual aggregate. Additional property coverage is provided for the Bakerview, Broadway Plaza East and Broadway Plaza West properties. 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 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.

9 – Pension Plan

Substantially all of the Authority's full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to: Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98504-8380. The following disclosures are made pursuant to GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers*.

Public Employees' Retirement System (PERS) Plans 1, 2, and 3

Plan Description. PERS is a cost-sharing multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a combination defined benefit/defined contribution plan. Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts (other than judges currently in a judicial retirement system); employees of legislative committees; community and technical colleges, college and university employees (not in national higher education retirement programs); judges of district and municipal courts; and employees of local governments. PERS participants who joined the system by September 30, 1977, are Plan 1 members. Those who joined on or after October 1, 1977 and by either, February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercise an option to transfer their membership to Plan 3. PERS participants joining the system on or after March 1, 2002 for state and higher education employees, or September 1, 2002 for local government employees have the irrevocable option of choosing membership in either PERS Plan 2 or PERS Plan 3. The option must be exercised within 90 days of employment. An employee is reported in Plan 2 until a choice is made. Employees who fail to choose within 90 days default to PERS Plan 3. PERS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. PERS retirement benefit provisions are established in state statute and may be amended only by the State Legislature.

Plan 1 retirement benefits are vested after an employee completes five years of eligible service. Plan 1 members are eligible for retirement at any age after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. The annual pension is 2 percent of the average final compensation per year of service, capped at 60 percent. The average final compensation is based on the greatest compensation during any 24 eligible consecutive compensation months. If qualified, after reaching the age of 66 a cost-of-living allowance is granted based on years of service credit and is capped at 3 percent annually.

Plan 2 retirement benefits are vested after an employee completes five years of eligible service. Plan 2 members may retire at the age of 65 with five years of service, or at the age of 55 with 20 years of service, with an allowance of 2 percent of the average final compensation per year of service. The average final compensation is based on the greatest compensation during any eligible consecutive 60-

HOUSING AUTHORITY OF THE CITY OF EVERETT
Notes to Financial Statements
June 30, 2007

month period. Plan 2 retirements prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a 3 percent per year reduction applies; otherwise an actuarial reduction will apply. There is no cap on years of service credit; and a cost-of-living allowance is granted (indexed to the Seattle Consumer Price Index), capped at 3 percent annually.

Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. The defined benefit portion provides a benefit calculated at 1 percent of the average final compensation per year of service. The average final compensation is based on the greatest compensation during any eligible consecutive 60-month period. Plan 3 members become eligible for retirement if they have: at least ten years of service; or five years including twelve months that were earned after age 54; or five service credit years earned in PERS Plan 2 prior to June 1, 2003. Plan 3 retirements prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a 3 percent per year reduction applies; otherwise an actuarial reduction will apply. There is no cap on years of service credit; and Plan 3 provides the same cost-of-living allowance as Plan 2. The defined contribution portion can be distributed in accordance with an option selected by the member, either as a lump sum or pursuant to other options authorized by the Employee Retirement Benefits Board.

There are 1,181 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of September 30, 2006:

Retirees and beneficiaries receiving benefits	70,201
Terminated plan members entitled to but not yet receiving benefits	25,610
Active plan members vested	105,215
Active plan members nonvested	<u>49,812</u>
Total	<u><u>250,838</u></u>

Funding Policy. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent for state agencies and local government unit employees, and 7.5 percent for state government elected officers. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. All employers are required to contribute at the level established by the Legislature. PERS Plan 3 defined contribution is a non-contributing plan for employers. Employees who participate in the defined contribution portion of PERS Plan 3 do not contribute to the defined benefit portion of PERS Plan 3. The Employee Retirement Benefits Board sets Plan 3 employee contribution rates. Six rate options are available ranging from 5 to 15 percent; two of the options are graduated rates dependent on the employee's age. The methods used to determine the contribution requirements are established under state statute in accordance with chapters 41.40 and 41.45 RCW.

The Housing Authority's covered payroll for the year ended June 30, 2007 was \$3,028,863. Total gross payroll for the Authority was \$3,459,978.

HOUSING AUTHORITY OF THE CITY OF EVERETT
Notes to Financial Statements
June 30, 2007

The required contribution rates expressed as a percentage of current-year covered payroll, as of June 30, 2007, were as follows:

	PERS Plan 1 Required	PERS Plan 2 Required	PERS Plan 3 Required
Employer	5.46%	5.46%	5.46%
Employee	6.00%	3.50%	varies
	11.46%	8.96%	varies

For employees participating in PERS Plan 3, employee contribution rate varies from 5.00% minimum to 15.00% maximum based on rate selected by PERS 3 member.

The employer and employee required contributions during the year ended June 30, 2007 were:

	PERS Plan 1 Required	PERS Plan 2 Required	PERS Plan 3 Required	Total
Employer	\$4,879	\$116,861	\$19,602	\$141,342
Employee	6,408	89,584	19,703	115,695
	\$11,287	\$206,445	\$39,305	\$257,037

The following is a three-year summary of the Authority's employee and employer contributions for payroll covered under PERS:

	Total Covered Payroll	Required Employee Contributions	Required Employer Contributions
2007	\$3,028,863	\$115,695	\$141,342
2006	\$3,151,827	\$87,027	\$76,905
2005	\$3,202,399	\$56,382	\$44,303

10 – 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, available to all regular employees, permits them to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency. The Authority made no contributions to the plan during the year.

All assets of the plan are held in a trust for the exclusive benefit of the participants and their beneficiaries. Investments are managed by the Washington State Department of Retirement Systems. The plan is not included in the Authority's financial statements as the Authority does not hold these assets in a trust capacity.

HOUSING AUTHORITY OF THE CITY OF EVERETT
Notes to Financial Statements
June 30, 2007

11 – Bill & Melinda Gates Foundation Grant

In July 2005 the Bill & Melinda Gates Foundation provided the Everett Housing Authority with a pass-through \$75,000 grant to be used by the Catholic Community Services (CCS) to provide transitional services to ten families who reside in the Authority's Timber Hill Apartments. In October 2006 an additional \$50,000 was received from the Foundation. Under terms of the grant the Authority holds the funds in trust for the benefit of the CCS. The Authority temporarily invests the funds prior to making annual disbursement of \$15,000 to CCS. In addition to the pass-through grant, the Authority provides Section-8 project based assistance to the ten families residing at the Timber Hill Apartments.

12 – Housing Assistance Payment and Administrative Fee Program Equity

In January 2006 HUD advised all housing authorities participating in the Housing Choice Voucher Program that any budget authority provided to a housing authority that was not utilized to pay Housing Assistance Payments (HAP) and for program administration will become part of the undesignated fund balance account in accordance with GAAP. Accordingly, the Everett Housing Authority has established two separate program equity "tracking accounts" for (1) housing assistance payments and for (2) programs administrative fees. The following schedule summarized the changes during the year in the Authority's program equity accounts for the Housing Choice Voucher Program:

	<u>Housing Assistance</u>	<u>Administrative</u>	<u>Total</u>
Balance July 1, 2006	\$ 2,349,669	\$ 429,116	\$ 2,778,785
Additions -			
Housing assistance payments revenue	16,742,669	-	16,742,669
Administrative fee revenue	-	1,676,716	1,676,716
Other additions	-	3,410	3,410
Reductions -			
Housing assistance payments	(16,427,276)	-	(16,427,276)
Program administration	-	(1,693,048)	(1,693,048)
Investment earnings	165,104	11,916	177,020
Balance June 30, 2007	<u>\$ 2,830,166</u>	<u>\$ 428,110</u>	<u>\$ 3,258,276</u>

13 – 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 is of the opinion 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.

HOUSING AUTHORITY OF THE CITY OF EVERETT
Notes to Financial Statements
June 30, 2007

14 – Prior Period Adjustment

During the year ended June 30, 2007, the Authority changed the method used to determine its maintenance supply inventory. Prior to July 1, 2006, the year-end value of the maintenance supply inventory included in the financial statements was valued at cost and limited to those items located in the Authority's "locked storage" supply room. The June 30, 2007 maintenance supply inventory was determined by including all supply items located in all storage areas. This change resulted in a prior-period adjust of \$67,950.

15 – Subsequent Event

On July 31, 2007 the Authority purchased a 21-unit apartment complex located in Everett, Washington for \$2,200,000. Financing for the purchase of the complex was made available through the combination of a 15 year \$1,550,000 loan from Bank of America and a 25 year \$90,036 loan from the City of Everett. In addition, the Authority contributed \$550,064 towards the purchase.

HOUSING AUTHORITY OF THE CITY OF EVERETT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2007

Federal Grantor/Program Title	Federal CFDA #	Expenditure of Federal Awards
U. S. Department of Housing & Urban Development - Direct Programs		
Lower Income Housing Assistance Program - Section 8 New Construction/Substantial Rehabilitation		
Broadway Plaza East Apartments	14.182	\$ 552,628
Douglas Grove Apartments	14.182	70,487
Subtotal CFDA # 14.182		<u>623,115</u>
Section 8 Housing Assistance Payments Program - Special Allocations		
Twelve Pines Apartments	14.195	317,419
Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	14.856	141,242
Subtotal Section-8 Project-Based Cluster		<u>1,081,776</u>
Public and Indian Housing	14.850	1,192,194
Public Housing Capital Fund	14.872	876,485
Section 8 Housing Choice Vouchers	14.871	18,393,052
Disaster Voucher Program	14.DVP	15,561
Resident Opportunity and Supportive Services - Home Ownership and Family	14.870	58,970
Total Expenditures of Federal Awards		<u><u>\$ 21,618,038</u></u>

See notes to Schedule of Expenditures of Federal Awards

EVERETT HOUSING AUTHORITY
Notes to the Schedule of Expenditures of Federal Awards

1. Basis of Presentation

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 requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Catalog of Federal Domestic Assistance ("CFDA") Numbers are presented for each federal grant.

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.

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.

As required by the granting agency, the amounts shown on the Schedule for the Housing Choice Voucher program (CFDA 14.871) represent amounts awarded to the Authority. Actual grant expenditures of Housing Choice Voucher program funds during the year were \$18,102,577

HOUSING AUTHORITY OF THE CITY OF EVERETT
Supplemental Segment Information - Unaudited
As of and for the Year Ended June 30, 2007

CONDENSED STATEMENT OF NET ASSETS

	Affordable Housing Properties	Broadway Plaza West	Douglas Grove	Greenhouse	ParkRidge Condominiums	Property Management	Local	Everett Smelter Site	Total (memorandum only)
Assets									
Cash & investments - unrestricted	\$ 57,473	\$ 139,781	\$ 13,094	\$ 42,027	\$ 766,966	\$ 599,752	\$ 156,757	\$ -	\$ 1,775,850
Cash & investments - restricted	176,174	21,041	19,932	-	-	-	-	-	217,147
Due from other programs	-	-	-	-	-	-	63,204	-	63,204
Other current assets	15,250	3,124	1,339	-	-	-	-	-	19,713
Capital assets (net of accumulated depreciation)	6,201,511	4,089,282	494,478	281,469	-	5,128	306,679	-	11,378,547
Other assets	-	-	-	-	-	-	-	-	-
Total Assets	6,450,408	4,253,228	528,843	323,496	766,966	604,880	526,640	-	13,454,461
Liabilities									
Current liabilities	29,066	14,658	2,152	202	4,069	7,578	13,171	-	70,896
Current portion of long-term debt	254,141	-	33,430	20,716	-	-	-	-	308,287
Current liabilities payable from restricted assets	123,468	21,041	1,687	-	-	-	-	-	146,196
Bonds and notes payable - non-current	4,352,045	-	336,707	43,878	-	-	-	-	4,732,630
Other non-current liabilities	12,115	-	647	-	-	21,262	-	-	34,024
Total Liabilities	4,770,835	35,699	374,623	64,796	4,069	28,840	13,171	-	5,292,033
Net Assets									
Invested in capital assets, net of related debt	1,595,325	4,089,282	124,341	216,875	-	5,128	306,679	-	6,337,630
Restricted	52,706	-	18,245	-	-	-	-	-	70,951
Unrestricted	31,542	120,480	11,634	41,825	762,897	570,912	206,790	-	1,746,080
Total Net Assets	1,679,573	4,209,762	154,220	258,700	762,897	576,040	513,469	-	8,154,661

CONDENSED STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS

	Affordable Housing Properties	Broadway Plaza West	Douglas Grove	Greenhouse	ParkRidge Condominiums	Property Management	Local	Everett Smelter Site	Total (memorandum only)
Operating Revenue (Expenses)									
Operating revenue	\$ 714,986	\$ 614,604	\$ 87,227	\$ 29,400	\$ -	\$ 182,630	\$ 784	\$ -	\$ 1,629,631
Operating expenses	(317,072)	(383,005)	(28,195)	(947)	(35,271)	(193,731)	(4,480)	(11,868)	(974,569)
Operating transfers in	262,654	-	-	-	-	47,685	-	11,868	322,207
Operating transfers out	-	(229,474)	(3,400)	-	(274,522)	-	-	-	(507,396)
Depreciation expense	(159,337)	(142,422)	(9,403)	(9,643)	-	-	-	-	(320,805)
Operating income (loss)	501,231	(140,297)	46,229	18,810	(309,793)	36,584	(3,696)	-	149,068
Nonoperating Revenue (Expense)									
Interest income	7,316	9,647	616	1,832	44,728	25,872	7,244	-	97,255
Interest expense	(178,378)	-	(20,271)	(2,807)	-	-	-	-	(201,456)
Nonoperating transfers in	11,753	-	1,147	-	-	-	-	-	12,900
Nonoperating income (expense)	(159,309)	9,647	(18,508)	(975)	44,728	25,872	7,244	-	(91,301)
Increase (decrease) in net assets	341,922	(130,650)	27,721	17,835	(265,065)	62,456	3,548	-	57,767
Net Assets, Beginning of Year	1,337,651	4,340,412	126,499	240,865	1,027,962	513,584	509,921	-	8,096,894
Net Assets, End of Year	1,679,573	4,209,762	154,220	258,700	762,897	576,040	513,469	-	8,154,661

See notes to supplemental segment information

HOUSING AUTHORITY OF THE CITY OF EVERETT
Notes to Supplemental Segment Information - Unaudited

The Housing Authority issues separate revenue bonds and other debt to finance the acquisition, rehabilitation, and construction of housing and community development projects. The financial activities for these projects are reported with other Business-Type Activities in the Primary Government Financial Statements. However, investors in the revenue bonds and lenders rely solely on the revenue generated by the individual activities of these projects for repayment. Therefore, a summary of the financial information for activities that meet these criteria is presented on the previous page.

Housing Authority of the City of Everett
 Supplemental Financial Data Schedule
 Year Ended June 30, 2007

Line Item No.	Account Description	Business Activities	N/C S/R Section 8 Programs	Section 8 Housing Assistance Payments Program_Special Allocations	Low Rent Public Housing	Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitat	Resident Opportunity and Supportive Services
111	Cash - Unrestricted	\$ 1,775,850	\$ 83,795	\$ -	\$ 1,225,707	\$ -	\$ -
115	Cash - Restricted for Payment of Current Liabilities	83,786	-	-	13,052	-	-
113	Cash - Other Restricted	70,951	64,717	-	-	-	-
114	Cash - Tenant Security Deposits	62,410	21,572	-	122,030	-	-
100	Total Cash	1,992,997	170,084	-	1,360,789	-	-
122	Accounts Receivable - HUD Other Projects	-	-	-	-	395	27,169
124	Accounts Receivable - Other Government	30,986	-	-	-	-	-
125	Accounts Receivable - Miscellaneous	-	-	-	-	-	-
126	Accounts Receivable - Tenants - Dwelling Rents	9,165	1,130	-	8,795	-	-
126.1	Allowance for Doubtful Accounts - Dwelling Rents	(3,400)	(500)	-	(2,650)	-	-
126.2	Allowance for Doubtful Accounts - Other	-	-	-	-	-	-
128.1	Allowance for Doubtful Accounts - Fraud	-	-	-	-	-	-
129	Accrued Interest Receivable	-	17,703	-	4,055	-	-
120	Total Receivables, net of allowances for doubtful accounts	36,751	18,333	-	10,200	395	27,169
131	Investments - Unrestricted	-	-	-	616,959	-	-
132	Investments Restricted	-	1,831,774	-	-	-	-
142	Prepaid Expenses and Other Assets	63,204	15,005	-	-	-	-
143	Inventories	13,947	8,313	-	75,504	-	-
143.1	Allowance for Obsolete Inventories	-	-	-	-	-	-
144	Interprogram Due From	-	-	-	118,597	51,075	-
150	Total Current Assets	2,106,899	2,043,509	-	2,182,049	51,470	27,169
161	Land	1,424,886	704,615	-	1,194,228	-	-
162	Buildings	12,871,032	5,440,239	-	28,764,052	-	-
163	Furniture, Equipment & Machinery - Dwellings	141,354	64,179	-	351,985	-	-
164	Furniture, Equipment & Machinery - Administration	115,012	293,802	-	1,454,081	-	31,451
165	Leasehold Improvements	-	-	-	-	-	-
166	Accumulated Depreciation	(3,170,015)	(3,581,133)	-	(20,708,709)	-	(20,642)
167	Construction In Progress	-	137,781	-	-	-	-
160	Total Fixed Assets, Net of Accumulated Depreciation	11,382,269	3,059,483	-	11,055,637	-	10,809
174	Other Assets	-	-	-	-	-	-
180	Total Non-Current Assets	11,382,269	3,059,483	-	11,055,637	-	10,809
190	Total Assets	\$ 13,489,168	\$ 5,102,992	\$ -	\$ 13,237,686	\$ 51,470	\$ 37,978

Housing Authority of the City of Everett
 Supplemental Financial Data Schedule
 Year Ended June 30, 2007

Line Item No.	Account Description	Business Activities	N/C S/R Section 8 Programs	Section 8 Housing Assistance Program - Special Allocations	Low Rent Public Housing	Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitate	Resident Opportunity and Supportive Services
312	Accounts Payable <= 90 Days	\$ 46,604	\$ 44,783	\$ -	\$ 85,102	\$ 99	\$ 939
322	Accrued Compensated Absences - Current Portion	10,789	3,780	-	27,625	78	1,482
325	Accrued Interest Payable	15,798	-	-	-	-	-
331	Accounts Payable - HUD PHA Programs	-	-	-	-	3,306	-
341	Tenant Security Deposits	62,410	21,572	-	122,030	-	-
342	Deferred Revenues	2,348	2,226	-	12,801	-	-
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	308,287	-	-	-	-	-
345	Other Current Liabilities	85,484	16,174	-	179,579	-	-
346	Accrued Liabilities - Other	-	-	-	-	-	-
347	Interprogram Due To	17,158	-	-	-	-	7,164
310	Total Current Liabilities	548,878	88,535	-	427,137	3,483	9,585
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue Bonds	4,732,630	-	-	-	-	-
354	Accrued Compensated Absences - Non Current	43,156	15,121	-	110,500	311	5,928
353	Noncurrent Liabilities - Other	5,094	-	-	-	-	-
350	Total Noncurrent Liabilities	4,780,880	15,121	-	110,500	311	5,928
300	Total Liabilities	5,329,758	103,656	-	537,637	3,794	15,513
508	Total Contributed Capital	-	-	-	-	-	-
508	Invested in Capital Assets, Net of Related Debt	6,341,352	3,059,483	-	11,055,637	-	10,809
511	Total Reserved Fund Balance	-	-	-	-	-	-
511.1	Restricted Net Assets	70,951	1,896,491	-	-	-	-
512.1	Unrestricted Net Assets	1,747,107	43,362	-	1,644,412	47,676	11,656
513	Total Equity/Net Assets	8,159,410	4,999,336	-	12,700,049	47,676	22,465
600	Total Liabilities and Equity/Net Assets	\$ 13,489,168	\$ 5,102,992	\$ -	\$ 13,237,686	\$ 51,470	\$ 37,978

Housing Authority of the City of Everett
 Supplemental Financial Data Schedule
 Year Ended June 30, 2007

Line Item No.	Account Description	Housing Choice Vouchers	Disaster Voucher Program	Public Housing Capital Fund Program	Total Primary Government	Component Unit	Total Primary Government & Component Unit
111	Cash - Unrestricted	\$ 322,750	-	-	\$ 3,408,102	\$ 148,281	\$ 3,556,383
115	Cash - Restricted for Payment of Current Liabilities	213,049	-	-	309,887	-	309,887
113	Cash - Other Restricted	2,830,166	-	-	2,965,834	107,771	3,073,605
114	Cash - Tenant Security Deposits	-	-	-	206,012	15,862	221,874
100	Total Cash	3,365,965	-	-	6,889,835	271,914	7,161,749
122	Accounts Receivable - HUD Other Projects	-	-	141,981	169,545	-	169,545
124	Accounts Receivable - Other Government	-	-	-	30,986	-	30,986
125	Accounts Receivable - Miscellaneous	573	-	-	573	2,520	3,093
126	Accounts Receivable - Tenants - Dwelling Rents	-	-	-	19,090	2,513	21,603
126.1	Allowance for Doubtful Accounts - Dwelling Rents	-	-	-	(6,550)	-	(6,550)
126.2	Allowance for Doubtful Accounts - Other	-	-	-	-	-	-
128.1	Allowance for Doubtful Accounts - Fraud	-	-	-	-	-	-
129	Accrued Interest Receivable	-	-	-	21,758	-	21,758
120	Total Receivables, net of allowances for doubtful accounts	573	-	141,981	235,402	5,033	240,435
131	Investments - Unrestricted	-	-	-	616,959	-	616,959
132	Investments Restricted	-	-	-	1,831,774	197,285	2,029,059
142	Prepaid Expenses and Other Assets	-	-	-	78,209	15,270	93,479
143	Inventories	8,299	-	-	106,063	-	106,063
143.1	Allowance for Obsolete Inventories	-	-	-	-	-	-
144	Interprogram Due From	37,929	-	-	207,601	-	207,601
150	Total Current Assets	3,412,766	-	141,981	9,965,843	489,502	10,455,345
161	Land	-	-	-	3,359,729	708,000	4,067,729
162	Buildings	36,000	-	-	47,289,149	4,152,027	51,441,176
163	Furniture, Equipment & Machinery - Dwellings	213,826	-	-	557,518	210,367	767,885
164	Furniture, Equipment & Machinery - Administration	379,428	-	-	2,273,774	13,107	2,286,881
165	Leasehold Improvements	-	-	-	-	-	-
166	Accumulated Depreciation	(360,427)	-	-	(27,840,926)	(828,970)	(28,669,896)
167	Construction In Progress	-	-	722,821	860,602	-	860,602
160	Total Fixed Assets, Net of Accumulated Depreciation	268,827	-	722,821	26,499,846	4,254,531	30,754,377
174	Other Assets	-	-	-	-	109,898	109,898
180	Total Non-Current Assets	268,827	-	722,821	26,499,846	4,364,429	30,864,275
190	Total Assets	\$ 3,681,593	\$ -	\$ 864,802	\$ 36,465,689	\$ 4,853,931	\$ 41,319,620

Housing Authority of the City of Everett
 Supplemental Financial Data Schedule
 Year Ended June 30, 2007

Line Item No.	Account Description	Housing Choice Vouchers	Disaster Voucher Program	Public Housing Capital Fund Program	Total Primary Government	Component Unit	Total Primary Government & Component Unit
		\$	\$	\$	\$	\$	\$
312	Accounts Payable <= 90 Days	41,964	-	30,548	250,039	25,009	275,048
322	Accrued Compensated Absences - Current Portion	19,292	-	-	63,046	-	63,046
325	Accrued Interest Payable	-	-	-	15,798	60,232	76,030
331	Accounts Payable - HUD PHA Programs	-	-	-	3,306	-	3,306
341	Tenant Security Deposits	-	-	-	206,012	15,862	221,874
342	Deferred Revenues	-	-	-	17,375	3,185	20,560
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	-	-	-	308,287	45,000	353,287
345	Other Current Liabilities	213,049	-	-	494,286	-	494,286
346	Accrued Liabilities - Other	-	-	-	-	13,503	13,503
347	Interprogram Due To	51,075	20,771	111,433	207,601	-	207,601
310	Total Current Liabilities	325,380	20,771	141,981	1,565,750	162,791	1,728,541
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue Bonds	-	-	-	4,732,630	3,439,908	8,172,538
354	Accrued Compensated Absences - Non Current	77,167	-	-	252,183	-	252,183
353	Noncurrent Liabilities - Other	-	-	-	5,094	214,284	219,378
350	Total Noncurrent Liabilities	77,167	-	-	4,989,907	3,654,192	8,644,099
300	Total Liabilities	402,547	20,771	141,981	6,555,657	3,816,983	10,372,640
508	Total Contributed Capital	-	-	-	-	-	-
508	Invested in Capital Assets, Net of Related Debt	268,827	-	722,821	21,458,929	769,623	22,228,552
511	Total Reserved Fund Balance	-	-	-	-	-	-
511.1	Restricted Net Assets	2,830,166	-	-	4,797,608	305,056	5,102,664
512.1	Unrestricted Net Assets	180,053	(20,771)	-	3,653,495	(37,731)	3,615,764
513	Total Equity/Net Assets	3,279,046	(20,771)	722,821	29,910,032	1,036,948	30,946,980
600	Total Liabilities and Equity/Net Assets	\$ 3,681,593	\$ -	\$ 864,802	\$ 36,465,689	\$ 4,853,931	\$ 41,319,620

Housing Authority of the City of Everett
 Supplemental Financial Data Schedule
 Year Ended June 30, 2007

Line Item No.	Account Description	Business Activities		N/C S/R Section 8 Programs		Section 8 Housing Assistance Payments Program_Special Allocations		Low Rent Public Housing		Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitat		Resident Opportunity and Supportive Services	
Revenue													
703	Net Tenant Rental Revenue			\$ 220,063	\$				\$ 1,572,635	\$			\$
704	Tenant Revenue - Other		39,291	233,391					47,285				
705	Total Tenant Revenue		1,337,905	453,454					1,619,920				
706	HUD PHA Operating Grants		-	623,115		317,419			1,192,194	141,242			58,970
706.1	Capital Grants		-	-		-			-	-			-
708	Other Government Grants		131,346	-		-			-	-			-
711	Investment Income - Unrestricted		97,255	7,357		-		97,023	-	-			-
713.1	Cost of Sale of Assets		(47,140)	-		-		-	-	-			-
715	Other Revenue		222,996	19,392		-		160,467	-	-			-
716	Gain/Loss on Sale of Fixed Assets		(1,758)	(19,111)		-		(604)	-	-			-
720	Investment Income - Restricted		-	83,210		-		-	-	-			-
700	Total Revenue		1,740,604	1,167,417		317,419		3,069,000	141,242				58,970
Expenses													
911	Administrative Salaries		304,513	101,121		-		560,493	888				-
912	Auditing Fees		2,432	1,197		-		7,146	337				-
913	Outside Management Fees		-	-		-		-	-				-
914	Compensated Absences		9,849	5,232		-		19,627	54				75
915	Employee Benefit Contributions - Administrative		88,213	33,159		-		196,485	338				-
916	Other Operating - Administrative		124,418	38,730		-		167,763	11,569				-
921	Tenant Services - Salaries		-	-		-		34,350	-				110,935
922	Relocation Costs		-	-		-		-	-				-
923	Employee Benefit Contributions - Tenant Services		-	-		-		12,042	-				31,602
924	Tenant Services - Other		592	479		-		20,680	-				12,593
931	Water		59,192	34,421		-		285,262	26				-
932	Electricity		37,410	41,159		-		57,895	170				-
933	Gas		16,495	11,712		-		28,104	102				-
941	Ordinary Maintenance and Operations - Labor		132,768	265,669		-		515,492	261				-
942	Ordinary Maintenance and Operations - Materials and Other		32,908	229,211		-		157,312	53				-
943	Ordinary Maintenance and Operations - Contract Costs		104,858	60,344		-		211,595	525				-

Housing Authority of the City of Everett
 Supplemental Financial Data Schedule
 Year Ended June 30, 2007

Line Item No.	Account Description	Business Activities	N/C S/R Section 8 Programs	Section 8 Housing Assistance Payments Program_Special Allocations	Low Rent Public Housing	Lower Income Housing Assistance Program, Section 8 Moderate Rehabilitat	Resident Opportunity and Supportive Services
945	Employee Benefit Contributions - Ordinary Maintenance	38,461	62,308	-	168,669	99	-
952	Protective Services - Other Contract Costs	-	3,625	-	-	-	-
961	Insurance Premiums	58,631	63,641	-	116,421	305	-
963	Payments in Lieu of Taxes	-	16,174	-	120,137	-	-
964	Bad Debt - Tenant Rents	25,868	3,827	-	11,955	-	-
967	Interest Expense	201,456	-	-	-	-	-
969	Total Operating Expenses	1,238,064	972,009	-	2,691,428	14,727	155,205
970	Excess Operating Revenue over Operating Expenses	502,540	195,408	317,419	377,572	126,515	(96,235)
971	Extraordinary Maintenance	22,178	65,646	-	31,999	1	-
972	Casualty Losses - Non-Capitalized	-	-	-	130,368	-	-
973	Housing Assistance Payments	-	-	-	-	120,338	-
974	Depreciation Expense	322,417	180,894	-	1,213,708	-	5,148
900	Total Expenses	1,582,659	1,218,549	-	4,067,503	135,066	160,353
1001	Operating Transfers In	114,782	229,473	-	-	-	102,238
1002	Operating Transfers Out	(229,473)	(114,772)	(317,419)	(102,238)	-	-
1010	Total Other Financing Sources (Uses)	(114,691)	114,701	(317,419)	(102,238)	-	102,238
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	43,254	63,569	-	(1,100,741)	6,176	855
1103	Beginning Equity	8,103,256	4,935,767	-	12,917,447	41,500	21,610
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	12,900	-	-	883,343	-	-
	Total Equity/Net Assets	\$ 8,159,410	\$ 4,999,336	\$ -	\$ 12,700,049	\$ 47,676	\$ 22,465
Additional Data							
1120	Unit Months Available	2,268	1,224	-	7,397	348	-
1121	Number of Unit Months Leased	2,056	1,178	-	7,268	339	-
1117	Administrative Fee Equity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1118	Housing Assistance Payments Equity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Housing Authority of the City of Everett
 Supplemental Financial Data Schedule
 Year Ended June 30, 2007

Line Item No.	Account Description	Housing Choice Vouchers	Disaster Voucher Program	Public Housing Capital Fund Program	Total Primary Government	Component Unit	Total Primary Government & Component Unit
Revenue							
703	Net Tenant Rental Revenue	-	-	-	\$ 3,091,312	\$ 236,859	\$ 3,328,171
704	Tenant Revenue - Other	-	-	-	319,967	8,713	328,680
705	Total Tenant Revenue	-	-	-	3,411,279	245,572	3,656,851
706	HUD PHA Operating Grants	18,417,969	15,561	255,891	21,022,361	-	21,022,361
706.1	Capital Grants	-	-	620,594	620,594	-	620,594
708	Other Government Grants	-	-	-	131,346	-	131,346
711	Investment Income - Unrestricted	11,917	-	-	213,552	14,272	227,824
713.1	Cost of Sale of Assets	-	-	-	(47,140)	-	(47,140)
715	Other Revenue	3,410	-	-	406,265	18,475	424,740
716	Gain/Loss on Sale of Fixed Assets	-	-	-	(21,473)	-	(21,473)
720	Investment Income - Restricted	165,104	-	-	248,314	534	248,848
700	Total Revenue	18,598,400	15,561	876,485	25,985,098	278,853	26,263,951
Expenses							
911	Administrative Salaries	856,223	-	127,906	1,951,144	28,927	1,980,071
912	Auditing Fees	26,302	-	-	37,414	7,500	44,914
913	Outside Management Fees	-	-	-	-	52,641	52,641
914	Compensated Absences	16,159	-	-	50,996	-	50,996
915	Employee Benefit Contributions - Administrative	276,807	-	33,208	628,210	8,334	636,544
916	Other Operating - Administrative	320,053	3,303	24,284	690,120	11,599	701,719
921	Tenant Services - Salaries	-	-	-	145,285	-	145,285
922	Relocation Costs	-	-	-	-	-	-
923	Employee Benefit Contributions - Tenant Services	-	-	-	43,644	-	43,644
924	Tenant Services - Other	133	-	-	34,477	-	34,477
931	Water	1,991	-	-	380,892	33,915	414,807
932	Electricity	13,185	-	-	149,819	10,955	160,774
933	Gas	7,968	-	-	64,381	-	64,381
941	Ordinary Maintenance and Operations - Labor	20,281	-	1,259	935,730	47,200	982,930
942	Ordinary Maintenance and Operations - Materials and Other	6,787	-	-	426,271	11,386	437,657
943	Ordinary Maintenance and Operations - Contract Costs	52,323	-	298	429,943	31,073	461,016

Housing Authority of the City of Everett
 Supplemental Financial Data Schedule
 Year Ended June 30, 2007

Line Item No.	Account Description	Housing Choice Vouchers	Disaster Voucher Program	Public Housing Capital Fund Program	Total Primary Government	Component Unit	Total Primary Government & Component Unit
945	Employee Benefit Contributions - Ordinary Maintenance	6,556	-	-	276,033	13,598	289,691
952	Protective Services - Other Contract Costs	-	-	-	3,625	-	3,625
961	Insurance Premiums	34,783	-	-	273,781	33,929	307,710
963	Payments in Lieu of Taxes	-	-	-	136,311	-	136,311
964	Bad Debt - Tenant Rents	-	-	-	41,650	707	42,357
967	Interest Expense	-	-	-	201,456	178,116	379,572
969	Total Operating Expenses	1,639,551	3,303	186,955	6,901,242	469,880	7,371,122
970	Excess Operating Revenue over Operating Expenses	16,958,849	12,258	689,530	19,083,856	(191,027)	18,892,829
971	Extraordinary Maintenance	41	-	68,936	188,801	2,755	191,556
972	Casualty Losses - Non-Capitalized	-	-	-	130,368	-	130,368
973	Housing Assistance Payments	16,427,277	33,029	-	16,580,644	-	16,580,644
974	Depreciation Expense	31,261	-	-	1,753,428	129,585	1,883,013
900	Total Expenses	18,098,130	36,332	255,891	25,554,483	602,220	26,156,703
1001	Operating Transfers In	-	-	-	446,493	317,419	763,912
1002	Operating Transfers Out	(9)	-	-	(763,911)	-	(763,911)
1010	Total Other Financing Sources (Uses)	(9)	-	-	(317,418)	317,419	1
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	500,261	(20,771)	620,594	113,197	(5,948)	107,249
1103	Beginning Equity	2,778,785	-	930,520	29,728,885	1,042,896	30,771,781
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	(828,293)	67,950	-	67,950
	Total Equity/Net Assets	\$ 3,279,046	\$ (20,771)	\$ 722,821	\$ 29,910,032	\$ 1,036,948	\$ 30,946,980
Additional Data							
1120	Unit Months Available	28,356	37	-	39,630	960	40,590
1121	Number of Unit Months Leased	27,694	37	-	38,572	950	39,522
1117	Administrative Fee Equity	\$ 428,110	\$ -	\$ -	\$ 428,110	\$ -	\$ 428,110
1118	Housing Assistance Payments Equity	\$ 2,830,166	\$ -	\$ -	\$ 2,830,166	\$ -	\$ 2,830,166

**Actual Comprehensive Grant
Cost Certificate**
Comprehensive Grant Program (CGP)

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

OMB Approval No. 2577-0157
(Exp. 09/30/2005)

PHA/HA Name HOUSING AUTHORITY OF THE CITY OF EVERETT	Modernization Project Number WA19P006501-2003
	FFY of Grant Approval 2003

The HA 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. Original Funds Approved	\$846,107.00
B. Revised Funds Approved	\$846,107.00
C. Funds Advanced	\$846,107.00
D. Funds Expended (Actual Modernization Cost)	\$846,107.00
E. Amount to be Recaptured (A-D)	.00
F. Excess of Funds Advanced (C-D)	.00

- That all modernization work in connection with the Comprehensive Grant has been completed;
- That the entire Actual Modernization Cost of Liabilities therefor incurred by the HA have been fully paid;
- 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; and
- That the time in which such liens could be filed has expired.

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)

Signature <i>Bud Alkire</i>	Date August 14, 2007
Bud Alkire- Executive Director	

For HUD Use Only
The cost certificate is approved for audit.

Approved for Audit (Director, Public Housing Division) <i>[Signature]</i>	Date 9/5/07
--	----------------

The audited costs agree with the costs shown above.

Verified (Director, Public Housing Division)	Date
--	------

Approved (Field Office Manager)	Date
---------------------------------	------

Form HUD-52839 (2/92)
Ref Handbook 7485.3
This is an exact copy of the HUD Document

**Actual Comprehensive Grant
Cost Certificate**
Comprehensive Grant Program (CGP)

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

OMB Approval No. 2577-0157
(Exp. 09/30/2005)

PHA/HA Name HOUSING AUTHORITY OF THE CITY OF EVERETT	Modernization Project Number WA19P006502-2003
	FFY of Grant Approval 2003

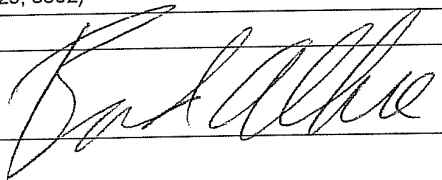
The HA hereby certifies to the Department of Housing and Urban Development as follows:

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

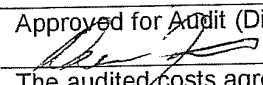
A. Original Funds Approved	\$168,626.00
B. Revised Funds Approved	\$168,626.00
C. Funds Advanced	\$168,626.00
D. Funds Expended (Actual Modernization Cost)	\$168,626.00
E. Amount to be Recaptured (A-D)	.00
F. Excess of Funds Advanced (C-D)	.00

- That all modernization work in connection with the Comprehensive Grant has been completed;
- That the entire Actual Modernization Cost of Liabilities therefor incurred by the HA have been fully paid;
- 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; and
- That the time in which such liens could be filed has expired.

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)

Signature 	Date 3/2/2007
--	------------------

For HUD Use Only
The cost certificate is approved for audit.

Approved for Audit (Director, Public Housing Division) 	Date 3/15/07
The audited costs agree with the costs shown above.	
Verified (Director, Public Housing Division)	Date
Approved (Field Office Manager)	Date

Form HUD-52839 (2/92)
Ref Handbook 7485.3
This is an exact copy of the HUD Document



ABOUT THE STATE AUDITOR'S OFFICE

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

Our mission is to work in cooperation with our audit clients and citizens as an advocate for government accountability. As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

The State Auditor's Office has 300 employees who are located around the state to deliver our services effectively and efficiently. Approximately 65 percent of our staff are certified public accountants or hold other certifications and advanced degrees.

Our regular audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. We also perform fraud and whistleblower investigations. In addition, we have the authority to conduct performance audits of state agencies and local governments.

The results of our audits are widely distributed through a variety of reports, which are available on our Web site. We continue to refine our reporting efforts to ensure the results of our audits are useful and understandable.

We take our role as partners in accountability seriously. We provide training and technical assistance to governments and have an extensive program to coordinate audit efficiency and to ensure high-quality audits.

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