

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

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**Housing Authority of the City of Everett**  
**Snohomish County**

Audit Period  
**July 1, 2010 through June 30, 2011**

**Report No. 1007370**

Issue Date  
**March 12, 2012**



WASHINGTON  
**BRIAN SONNTAG**  
STATE AUDITOR



**Washington State Auditor  
Brian Sonntag**

March 12, 2012

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

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

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

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

Sincerely,

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

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# Federal Summary

## Housing Authority of the City of Everett Snohomish County July 1, 2010 through June 30, 2011

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 aggregate discretely presented component units.

#### **Internal Control Over Financial Reporting:**

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

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

### **FEDERAL AWARDS**

#### **Internal Control Over Major Programs:**

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

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

We reported no findings that are required to be disclosed under section 510(a) of OMB Circular A-133.

***Identification of Major Programs:***

The following was a major program during the period under audit:

<u>CFDA No.</u>	<u>Program Title</u>
14.871	Housing Choice Vouchers

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by OMB Circular A-133, was \$804,153.

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, 2010 through June 30, 2011

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 aggregate discretely presented component units of the Housing Authority of the City of Everett, Snohomish County, Washington, as of and for the year ended June 30, 2011, which collectively comprise the Housing Authority's basic financial statements, and have issued our report thereon dated February 3, 2012.

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.

### **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 opinions 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Housing Authority's financial statements will not be prevented, or detected and corrected on a timely basis.

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 deficiencies, 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

February 3, 2012

# Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

## **Housing Authority of the City of Everett Snohomish County July 1, 2010 through June 30, 2011**

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 could have a direct and material effect on its major federal program for the year ended June 30, 2011. The Housing Authority's major federal program is identified in the Federal Summary. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program 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 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 compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2011.



## **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 in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority's internal control over compliance.

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

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 deficiencies, 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.

A handwritten signature in black ink, appearing to read "Brian Sonntag", is positioned above the printed name and title.

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

February 3, 2012

# Independent Auditor's Report on Financial Statements

## **Housing Authority of the City of Everett Snohomish County July 1, 2010 through June 30, 2011**

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

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the Housing Authority of the City of Everett, Snohomish County, Washington, as of and for the year ended June 30, 2011, which collectively comprise the Housing Authority's basic financial statements as listed on page 9. 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 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 provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Housing Authority of the City of Everett, as of June 30, 2011, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 10 through 17 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial

statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was performed for the purpose of forming opinions 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 forms are supplementary information required by HUD. These schedules are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The Supplemental Segment Information - Unaudited - 2011 and Notes to the Supplemental Segment Information - Unaudited -2011 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

A handwritten signature in black ink, appearing to read "Brian Sonntag", is positioned above the printed name and title.

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

February 3, 2012

# Financial Section

## **Housing Authority of the City of Everett Snohomish County July 1, 2010 through June 30, 2011**

### ***REQUIRED SUPPLEMENTARY INFORMATION***

Management's Discussion and Analysis – 2011

### ***BASIC FINANCIAL STATEMENTS***

Statement of Net Assets – 2011  
Statement of Revenues, Expenses and Changes in Net Assets – 2011  
Statement of Cash Flows – 2011  
Notes to Financial Statements – 2011

### ***SUPPLEMENTARY INFORMATION***

Schedule of Expenditures of Federal Awards – 2011  
Notes to the Schedule of Expenditures of Federal Awards – 2011  
Supplemental Financial Data Schedule – 2011  
Supplemental Segment Information – Unaudited – 2011  
Notes to the Supplemental Segment Information – Unaudited – 2011  
Actual Comprehensive Grant Cost Certificate – WA19P00650107  
Actual Modernization Grant Cost Certificate – WA19P00650108  
Actual Modernization Grant Cost Certificate – WA19S00650109

# HOUSING AUTHORITY OF THE CITY OF EVERETT

## Management's Discussion and Analysis

Year Ended June 30, 2011

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 public body corporate and politic of the State of Washington (RCW 35.82) and provides services to citizens in the Everett area 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 financial performance discussed below does not include tax credit partnerships. Two tax credit partnerships are owned by separate limited partnerships with the Authority acting as general partner. The tax credit partnerships are managed by EHA. Because these partnerships are separate legal entities, their operations are not carried directly on the books of the Authority but are listed as component units on the Statement of Net Assets and Statement of Revenues, Expenses and Changes in Net Assets.

### *Overview of the Financial Statements*

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.

The financial statements are presented in accordance with U.S. generally accepted accounting principles (GAAP). GAAP requires the presentation of three basic financial statements (Statement of Net Assets; Statement of Revenues, Expenses and Changes in Net Assets; and Statement of Cash Flows) and Notes to the Financial Statements. These 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 the results of the Authority's operations and cash flows and information regarding its financial condition as of June 30, 2011.

The basic financial statements and notes to the financial statements are:

- **Statement of Net Assets** – presents the assets, liabilities and net assets of the Authority at the end of the fiscal year. The difference between the total assets and the total liabilities equals the Authority's net assets. Over time, changes in total net assets may reflect changes in the financial position of the Authority.
- **Statement of Revenues, Expenses and Changes in Net Assets** – this statement presents information showing how the Authority's assets changed during the year. All changes in total net assets are reported when the relevant event occurs, regardless of the timing of the cash flow. This means that revenues and expenses are reported in this statement for which the cash flow may occur in a future period. For example, unused leave earned by employees during the current year is reported as an expense of this period but will not actually be paid until some future fiscal period.
- **Statement of Cash Flows** – reports cash receipts, cash payments and net changes in cash resulting from operating, investing and financing activities. This statement also provides insight into where cash came from, how it was used and what the change in cash balance was during the reporting period.
- **Notes to the Financial Statements** – the notes provide additional information that is essential to a full understanding of the data provided in the Authority's basic financial statements. The notes can be found following the basic financial statements.

# HOUSING AUTHORITY OF THE CITY OF EVERETT

## Management's Discussion and Analysis Year Ended June 30, 2011

### *Financial Highlights*

- Assets of the Authority exceeded liabilities at June 30, 2011 by \$41,445,632 (net assets). Of this amount, \$21,677,734 is classified as unrestricted net assets and may be used by the Authority to meet its ongoing obligations.
- Total net assets increased by \$8,711,240 (or 26.6%) during the past year. Net assets were \$41,445,632 and \$32,734,392 at June 30, 2011 and 2010, respectively.
- Total operating and non-operating revenues increased by \$695,383 (or 2.2%) during the past year, and were \$31,874,607 for 2011 and \$31,179,224 for 2010.
- The total expenses of the Authority's programs increased by \$425,033 (or 1.4%). Total expenses were \$31,347,877 and \$30,922,844 for 2011 and 2010, respectively.
- The Authority's unrestricted net assets at June 30, 2011 and 2010 were \$21,677,734 and \$6,077,139 respectively, an increase of 256.7%. The majority of this increase resulted from the sale of Broadway Plaza Apartments to the newly formed tax credit partnership, Broadway Plaza LLLP.

### *The Authority's Programs*

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 Annual Contributions Contracts with HUD, and HUD provides operating subsidies and capital grant funding to enable EHA to provide housing at a rent that is generally based on 30% of household income. The Conventional Low Income Public Housing program is comprised of 623 units located in five asset management projects (AMPs). This program also includes the Capital Fund Program, which is the primary funding source for physical improvements to the Authority's public housing properties. This year, in addition to the annual allocation of Capital fund grants, the Authority received \$223,263 of ARRA (American Recovery and Reinvestment Act) grant money to fund capital improvement projects at the Authority's Public Housing properties.

Housing Choice Voucher Program - Through the Housing Choice Voucher Program the Authority contracts with residential landlords who own rental housing property. The Authority subsidizes the tenant 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 normally 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:

*Affordable Housing Properties* – Includes eight separate non-subsidized apartment complexes all located within the Authority's service area. These eight properties have a combined total of 144 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.

# HOUSING AUTHORITY OF THE CITY OF EVERETT

## Management's Discussion and Analysis Year Ended June 30, 2011

At June 30, 2011, sixty-seven of the tenants residing in these apartment complexes were participants in the Authority's Housing Choice Voucher Program.

### 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,	
	2011	2010 (restated)
Assets		
Current assets	\$ 17,144,578	\$ 10,288,357
Capital assets	22,856,460	31,124,254
Other assets	19,867,133	3,506,624
Total Assets	<u>59,868,171</u>	<u>44,919,235</u>
Liabilities		
Accounts payable and other current liabilities	1,413,843	1,818,426
Long-term liabilities	17,008,696	10,366,417
Total Liabilities	<u>18,422,539</u>	<u>12,184,843</u>
Net Assets		
Invested in capital assets, net of related debt	15,994,422	23,908,657
Restricted	3,773,476	2,748,596
Unrestricted	<u>21,677,734</u>	<u>6,077,139</u>
Total Net Assets	<u>\$ 41,445,632</u>	<u>\$ 32,734,392</u>

#### *Major Factors Affecting the Statement of Net Assets*

Total assets of the Authority at June 30, 2011 and June 30, 2010 were \$59,868,171 and \$44,919,235 (restated), respectively. This represents an increase of \$14,948,936 during the year.

Current assets increased by \$6,856,221 and current liabilities decreased by \$404,583. The Authority's current ratio increased from 5.94 in 2010 to 12.13 in 2011. There are sufficient current assets (primarily cash, investments and accounts receivable) to extinguish current liabilities.

The net decrease in capital assets of \$8,267,794 represents the difference between capital assets acquired during the year totaling \$1,634,632, depreciation expense of \$1,830,323 and book value of assets disposed of for \$8,072,103.

# HOUSING AUTHORITY OF THE CITY OF EVERETT

## Management's Discussion and Analysis Year Ended June 30, 2011

The following table presents details on the changes in unrestricted net assets during the year:

### CHANGES IN UNRESTRICTED NET ASSETS

Unrestricted net assets - June 30, 2010	\$ 6,077,139
Total change in net assets	8,711,240
Adjustments:	
Depreciation (1)	<u>1,830,323</u>
Adjusted change in net assets	16,618,702
Payments on capital asset long-term debt borrowings	(353,559)
Capital asset additions	(1,634,632)
Book value of capital asset disposal	8,072,103
Increase in restricted assets	<u>(1,024,880)</u>
Unrestricted net assets - June 30, 2011	<u>\$ 21,677,734</u>

(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, 2011 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, 2011

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,	
	2011	2010
Operating and nonoperating revenue		
Operating grants and subsidies	\$ 25,810,467	\$ 25,556,185
Tenant revenue - rents and other	5,531,277	5,322,434
Interest income	36,445	47,081
Other revenue	496,418	253,524
Total revenue	<u>31,874,607</u>	<u>31,179,224</u>
Operating and nonoperating expenses		
Housing assistance payments	20,527,299	20,477,011
Administrative	3,985,028	3,915,534
Maintenance and operation	2,136,388	2,144,588
Depreciation	1,830,323	1,722,637
General	1,136,540	659,790
Tenant services	791,091	1,108,823
Utilities	643,378	598,265
Interest expense	297,830	296,196
Total expenses	<u>31,347,877</u>	<u>30,922,844</u>
Income before capital contributions, equity transfers & prior period adjustments	526,730	256,380
Net Assets - Beginning of Year	32,734,392	30,689,872
Capital contributions	1,270,373	2,155,250
Equity transfer	-	(367,110)
Extraordinary gain	<u>6,914,137</u>	<u>-</u>
Net Assets - End of Year	<u>\$ 41,445,632</u>	<u>\$ 32,734,392</u>

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

Operating subsidies and grants received during the year increased by approximately \$254,282. Rents and other tenant revenue increased by approximately \$208,843.

Total expenses increased by \$425,033 (1.4%).

Capital grants received during the year decreased by \$884,877 primarily due to a decrease in ARRA funding received in the current year.

The housing authority recognized an extraordinary net gain of \$7,165,816 from the sale of the Broadway Plaza East and Broadway Plaza West apartment buildings to the newly formed Broadway Plaza Limited Liability Limited Partnership on June 29, 2011. The authority is the sole general partner, retaining a .01% ownership interest in the partnership.

# HOUSING AUTHORITY OF THE CITY OF EVERETT

## Management's Discussion and Analysis Year Ended June 30, 2011

The housing authority recognized an extraordinary loss of \$251,679 from the transfer of the Greenhouse Mental Health facility building back to Snohomish County as required when the twenty-five year lease expired in September 2011. The building which EHA had constructed on the land had a net book value of \$251,679 at the transfer date.

Please refer to Note 2 and Note 17 of the notes to the financial statements for more information.

### *Capital Assets and Debt Administration*

#### *Capital Assets*

At June 30, 2011, the Authority had \$22,856,460 invested in a variety of capital assets (as summarized below), which represents a net decrease of \$8,267,794 from June 30, 2010.

### CAPITAL ASSETS AT YEAR-END (Net of Depreciation)

	As of June 30,	
	2011	2010
Land and site improvements	\$ 3,490,205	\$ 4,359,716
Building and building improvements	42,336,658	54,266,320
Equipment	2,354,047	2,763,960
Construction in progress	1,255,067	2,281,755
Total	49,435,977	63,671,751
Accumulated depreciation	(26,579,517)	(32,547,497)
Capital assets - net	<u>\$ 22,856,460</u>	<u>\$ 31,124,254</u>

The following reconciliation summarizes the change in capital assets from June 30, 2010 to June 30, 2011, which is presented in more detail in Note 6 of the Notes to the Financial Statements.

### CHANGE IN CAPITAL ASSETS

Balance at June 30, 2010	\$ 31,124,254
Additions	1,634,632
Reductions - net	(8,072,103)
Depreciation expense	<u>(1,830,323)</u>
Balance at June 30, 2011	<u>\$ 22,856,460</u>

This year the Authority's reductions to capital assets was primarily a result of the sale of the Broadway Plaza East and Broadway Plaza West apartment buildings to the newly formed Broadway Plaza Limited Liability Limited Partnership on June 29, 2011. At the time of sale these assets had a net book value of \$7,814,184. The additions to capital assets was primarily a result of modernization to our Low Income Public Housing Projects funded primarily through the Public Housing Capital Fund program.

# HOUSING AUTHORITY OF THE CITY OF EVERETT

## Management's Discussion and Analysis Year Ended June 30, 2011

### *Outstanding Debt*

At June 30, 2011 the Authority had outstanding debt (bonds and notes) totaling \$16,822,038, a net increase of \$6,706,441 resulting primarily from the issuance of a \$7,000,000 revenue bond in connection with the sale of the Broadway Plaza apartments to the Broadway Plaza LLLP. Please refer to Note 9 of the Notes to the Financial Statements for more information.

Prior to July 1, 2010, the authority did not include in its financial statements (Primary Government column) the revenue bonds and promissory note liabilities issued in connection with the acquisition and financing of the Twelve Pines Apartments, a component unit of the authority. Effective July 1, 2010, these direct obligations are recognized as a liability of the Authority, along with corresponding promissory notes receivable due from the partnership. Therefore, the authority has restated outstanding debt to provide an accurate comparison from 2010 to 2011. Please refer to Note 18 of the Notes to the Financial Statements for more information.

	2011	2010 (restated)
Revenue Bonds Payable		
Twelve Pines apartments (tax credit partnership)	\$ 1,900,000	\$ 1,950,000
Broadway Plaza apartments (tax credit partnership)	7,000,000	-
Douglas Grove apartments	224,866	264,266
Rainier Park apartments	342,256	383,538
Rucker Street apartments	265,734	296,877
Oakes Avenue apartments	245,124	272,922
Bridge Creek apartments	446,086	492,840
Timber Hill apartments	1,115,367	1,224,864
Pacific Square apartments	313,340	334,833
Lakeview Terrace apartments	1,466,745	1,490,318
	<u>13,319,518</u>	<u>6,710,458</u>
Less: Current portion	<u>(475,798)</u>	<u>(390,677)</u>
Total Revenue Bonds Payable - non-current	<u>\$ 12,843,720</u>	<u>\$ 6,319,781</u>
Notes Payable		
Twelve Pines apartments (tax credit partnership)	\$ 950,000	\$ 950,000
Broadway Plaza apartments (tax credit partnership)	110,000	-
Bridge Creek apartments	491,307	503,926
Pacific Square apartments (HOME Loan)	65,633	65,633
Pacific Square apartments (Housing Trust Fund Loan)	232,544	232,544
Lakeview Terrace apartments (Housing Trust Fund Loan)	90,036	90,036
Madison Villa apartments (Salamonsen note)	1,063,000	1,063,000
Madison Villa apartments (HOME Loan)	500,000	500,000
	<u>3,502,520</u>	<u>3,405,139</u>
Less: Current portion	<u>(12,745)</u>	<u>(12,619)</u>
Total Notes Payable - non-current	<u>\$ 3,489,775</u>	<u>\$ 3,392,520</u>

# HOUSING AUTHORITY OF THE CITY OF EVERETT

## Management's Discussion and Analysis

Year Ended June 30, 2011

### *Economic Factors*

Significant economic factors affecting the Authority are as follows:

- Federal funding which 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 to operate 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, 2011

	Primary Government Total	Component Unit
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents - unrestricted	\$ 12,267,626	\$ 92,609
Cash and cash equivalents - restricted	4,103,070	222,253
Investments - restricted	30,245	176,502
Accounts receivable (net)	323,509	5,437
Current portion of notes receivable - partnerships	168,343	-
Inventories	121,026	-
Prepaid expenses and other current assets	130,759	15,629
Total current assets	17,144,578	512,430
<b>NON-CURRENT ASSETS:</b>		
Capital assets		
Land	3,490,205	708,000
Property and equipment, net	18,111,187	3,089,059
Construction in progress	1,255,068	-
Total capital assets	22,856,460	3,797,059
Notes receivable - partnerships	19,867,133	-
Other assets	-	90,362
Total non-current assets	42,723,593	3,887,421
Total assets	59,868,171	4,399,851
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	139,374	21,752
Accrued expenses	342,006	54,223
Deferred revenue	79,725	3,500
Security deposits	190,398	16,147
FSS escrow	139,196	-
Other deferred credits	34,601	-
Current portion of long-term debt	488,543	55,000
Total current liabilities	1,413,843	150,622
<b>NON-CURRENT LIABILITIES:</b>		
Bonds and notes payable	16,333,495	3,097,947
Accrued compensated absences	255,326	-
Deferred interest - HOME & Housing Trust Fund loans	419,875	329,858
Total non-current liabilities	17,008,696	3,427,805
Total liabilities	18,422,539	3,578,427
<b>NET ASSETS</b>		
Investment in capital assets, net of related debt	15,994,422	643,853
Restricted	3,773,476	382,605
Unrestricted	21,677,734	(205,034)
TOTAL NET ASSETS	\$ 41,445,632	\$ 821,424

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, 2011**

	<u>Primary Government Total</u>	<u>Component Unit</u>
Operating Revenues		
Tenant rents	\$ 4,960,719	\$ 269,086
HUD operating grants and subsidies	25,066,614	368,991
Other grants	743,853	-
Other tenant charges	570,558	13,826
Other revenue	496,418	-
	<u>31,838,162</u>	<u>651,903</u>
Total operating revenue		
Operating Expenses		
Administration	3,985,028	144,774
Tenant services	791,091	-
Utilities	643,378	42,561
Maintenance & operations	2,136,388	149,104
General	1,136,540	50,991
Housing assistance payments	20,527,299	-
Depreciation and amortization	1,830,323	130,534
	<u>31,050,047</u>	<u>517,964</u>
Total operating expenses		
Operating income	<u>788,115</u>	<u>133,939</u>
Nonoperating revenue (expense)		
Interest income	36,445	543
Interest expense	(297,830)	(163,481)
	<u>(261,385)</u>	<u>(162,938)</u>
Total nonoperating revenue (expense)		
Income/(Loss) before capital contributions & equity transfers	526,730	(28,999)
HUD capital contributions	1,270,373	-
Extraordinary gain	6,914,137	-
	<u>8,711,240</u>	<u>(28,999)</u>
Change in net assets		
Net Assets - Beginning of Year	<u>32,734,392</u>	<u>850,423</u>
Net Assets - End of Year	<u>\$ 41,445,632</u>	<u>\$ 821,424</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, 2011

	<b>Primary Government Total</b>
Cash flow from operating activities:	
Cash received from tenant rents	\$ 4,898,532
Cash received from HUD operating grants and subsidies	25,129,577
Cash received from other operating grants	713,966
Cash received from other resources	938,495
Cash payments to suppliers for goods and services	(3,795,432)
Cash paid for salaries and benefits	(5,011,845)
Cash paid for housing assistance payments	(20,616,238)
Net cash provided by operating activities	<u>2,257,055</u>
Cash flows from noncapital financing activities:	
Bill & Melinda Gates Foundation grant earnings	245
Bill & Melinda Gates Foundation grant distributions	(13,606)
Net cash provided by (used in) noncapital financing activities	<u>(13,361)</u>
Cash flows from capital and related financing activities:	
HUD capital grants	1,728,079
Property and equipment additions	(1,872,534)
Proceeds from sale of property	5,605,000
Proceeds from long-term borrowing - partnerships	7,110,000
Repayment of long-term debt obligations	(353,559)
Interest paid on debt obligations	(272,510)
Net cash provided by capital and related financing activities	<u>11,944,476</u>
Cash flows from investing activities:	
Net (increase) reductions to restricted investments	13,361
Issuance of notes receivable - partnerships	(7,110,000)
Payments received - note receivable	38,385
Interest income	36,445
Net cash provided by (used in) investing activities	<u>(7,021,809)</u>
Increase in cash and cash equivalents	7,166,361
Cash and cash equivalents at beginning of year	<u>9,204,335</u>
Cash and cash equivalents at end of year	<u><u>\$ 16,370,696</u></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, 2011

	<u>Primary Government Total</u>
Reconciliation of Operating Income to Net Cash Provided	
By Operating Activities:	
Operating income	\$ 788,115
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,830,323
Amortization of bond issue costs	-
Loss on disposition of equipment	6,241
Changes in operating assets and liabilities:	
(Increase) decrease in assets:	
Accounts receivable tenants	3,306
Accounts receivable - HUD	89,066
Accounts receivable - other grants	(29,887)
Accounts receivable - other	(134,820)
Inventories	7,967
Prepaid expenses and other assets	(30,743)
Increase (decrease) in liabilities:	
Accounts payable - vendors	(51,412)
Accounts payable - HUD	(10,523)
Accrued expenses	5,284
Deferred revenue	(34,164)
FSS escrow	(88,939)
Security deposits	(46,909)
Accrued compensated absences	(45,948)
Other deferred credits	98
	<u>98</u>
Net cash provided by operating activities	<u>\$ 2,257,055</u>

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



**HOUSING AUTHORITY OF THE CITY OF EVERETT**  
**Notes to Financial Statements**  
**June 30, 2011**

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

**1 – Summary of Significant Accounting Policies**

**a. *Organization of the Housing Authority***

The Housing Authority of the City of Everett, Washington (Authority) was created in 1942 as a public body corporate and politic which derives its power from Washington State Law, RCW 35.82. The Authority is responsible for operating certain low-rent housing programs primarily in the City of Everett including 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, subject to approval by the City Council. 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 financially dependent on the City of Everett and is not considered a component unit of the City. 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 cooperation agreements, which call 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.

The basic financial statements of the Authority have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting policies are described below.

**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 units. The financial data of the discretely presented component units 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 units are together referred to as the reporting entity.

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*. Based on these criteria, the Authority has identified two partnerships that constitute component units, EHA-Twelve Pines Limited Partnership and Broadway Plaza Limited Liability Limited Partnership, and are therefore reported as discretely presented component units.

EHA-Twelve Pines Limited Partnership was formed on July 1, 1999. Broadway Plaza Limited Liability Limited Partnership was formed on May 12, 2011, with operations commencing effective June 29, 2011, following the transfer of ownership of the Broadway Plaza Apartments from the Authority to the partnership. The partnerships are further described in Note 2.

**HOUSING AUTHORITY OF THE CITY OF EVERETT**  
**Notes to Financial Statements**  
**June 30, 2011**

***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.

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. Receivables***

Receivables consist primarily of rents due from tenants, HUD operating grants and subsidies, cost reimbursements due from grantors and loans and accrued interest due from partnerships. Annually, tenant receivables are analyzed and the allowance for doubtful accounts is adjusted. Unpaid tenant account balances are written off at the time a tenant vacates. No allowances existed at June 30, 2011 other than the allowance for tenant accounts receivable and fraud recovery receivables.

**HOUSING AUTHORITY OF THE CITY OF EVERETT**  
**Notes to Financial Statements**  
**June 30, 2011**

***h. Inventories and Prepaid Items***

Inventories are stated at lower of average cost or market and consist of expendable materials and supplies. Inventory items are expensed when consumed, using a moving weighted-average cost method. Prepaid items are for payments made by the Authority in the current year for services occurring in a subsequent fiscal year.

***i. 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 or more 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

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays of capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

***j. Deferred Revenue***

Deferred revenue consists primarily of advanced grant payments received from HUD programs and payments received from non-HUD sources that have not been earned as of the end of the year.

***k. Revenue Recognition***

Operating subsidies received from HUD and other grantors are generally recognized during the periods to which they relate and all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted. Receipts from the Public Housing Capital 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.

***l. 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

**HOUSING AUTHORITY OF THE CITY OF EVERETT**  
**Notes to Financial Statements**  
**June 30, 2011**

in good standing are compensated for accumulated unused sick leave at the rate of 25% upon termination.

***m. Income Taxes***

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

***n. Use of Estimates.***

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

***o. 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.

***p. 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 Fund Program budgets are adopted on a "project length" basis covering up to three years. The Authority's annual budgets are 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.

**2 – Low Income Housing Tax Credit Limited Partnerships (Discretely Presented Component Units)**

The low-income housing tax credit program is the result of Federal legislation that allows investors certain tax incentives for investing in low-income housing. Under terms of the Federal tax code and extended use agreements with the Washington State Housing Finance Commission, the buildings qualified under the tax credit program must continue to serve the targeted population for a specified number of years after the placed in service date. This compliance period is 30 years for the EHA – Twelve Pines Limited Partnership and 37 years for the Broadway Plaza Limited Liability Limited Partnership. After 15 years, the Authority has the option to purchase the property from the partnership.

Tax Credit Limited Partnerships are created to finance and own affordable housing. The Authority acts as General Partner of each partnership. Although each Tax Credit Limited Partnership is structured differently, they are generally financed via loans to the partnership, contributions of equity by the general and limited partners, and other sources. In some transactions, the Authority issues bonds, and loans the proceeds to the Tax Credit Limited Partnership. Tax-exempt bond issuances are secured by the underlying partnership real estate and, in some cases, by the general revenues of the Authority. The bonds and notes payable are offset by notes receivable from the partnerships. The partnerships make payments to the Authority for debt service. The Authority may receive grant funds or other loans to assist in purchasing the

# HOUSING AUTHORITY OF THE CITY OF EVERETT

## Notes to Financial Statements

June 30, 2011

properties and in preserving affordability within the projects. Because of limitations posed by the Internal Revenue Service, all such funds are received by the Authority and lent to the partnerships. These funds are accounted for as notes receivable from the partnerships if the proceeds are used for developing the property. The Authority's long-term debt, including debt pertaining to the tax credit partnerships, is reflected in Note 9. A summary of notes receivable from the partnerships is reflected in Note 6.

The Authority typically earns a developer's fee for its role in bringing the project to fruition. These fees are earned based on certain events or dates relative to the development of the project. Developer fees are paid primarily from development proceeds and available cash flows. Under the various partnership agreements, developer fees, which are not paid during the construction phase, are generally required to be paid within 15 years of the project having been placed-in-service, along with accrue interest on unpaid balances. During the year ended June 30, 2011, the Authority did not earn any developer fees but was paid \$38,385 in fees due under the developer fee note with EHA-Twelve Pines Limited Partnership. At June 30, 2011, the balance of the development fees owed to the Authority by EHA-Twelve Pines Limited Partnership is \$302,947. The tax credit projects also pay a General Partner's management fee; these fees are reflected in other operating revenues and totaled \$7,830 in 2011.

The responsibility for the management of the affairs of both partnerships is vested with the Everett Housing Authority as the general partner. Both component units have a December 31 year-end. The EHA-Twelve Pines Limited Partnership's December 31, 2010 year-end financial statements are included as a part of the Authority's basic financial statements. At December 31, 2010, the Broadway Plaza Limited Liability Limited Partnership had not been formed and therefore there is no financial activity to report. The first accounting period for the Broadway Plaza LLLP partnership will cover the period from June 29, 2011 to December 31, 2011. The Complete financial statements of the EHA-Twelve Pines Limited Partnership can be obtained from the Executive Director of the Everett Housing Authority, P.O. Box 1547, Everett, WA 98206.

### **EHA-Twelve Pines Limited Partnership**

EHA-Twelve Pines Limited Partnership was formed in July 1999 for the purpose of acquiring and renovating an 80-unit apartment complex located in Everett, Washington. On October 1, 2000, a tax credit investor was admitted to the partnership as a 99.99% limited partner. The partnership agreement provides for termination of the partnership in 2097. The Authority serves as the sole general partner, retaining a 0.01% ownership interest. The Authority is obligated to fund an operating deficit without limitation as to amount. The Authority has leased the project to the limited partnership for a nominal amount under a non-cancelable financing lease. 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.

### **Broadway Plaza Limited Liability Limited Partnership**

The Broadway Plaza Limited Liability Limited Partnership is a legally separate entity formed on May 12, 2011 to use low-income housing tax credits in combination with other financing instruments to finance the planned rehabilitation of the Broadway Plaza Apartments. On June 29, 2011, a tax credit investor was admitted to the partnership as a 99.99% limited partner. The Authority serves as the sole general partner, retaining a .01% ownership interest. The Authority has leased the project consisting of two apartment buildings, Broadway Plaza East and Broadway Plaza West, to the partnership, Broadway Plaza LLLP for a nominal amount under a non-cancelable financing lease. Prior to June 29, 2011 the Everett Housing Authority owned and managed these two apartment buildings and reported their financial operations as a part of the Primary Government (See Footnote 17). The Authority will at all times hold legal title to the project and will be the owner of the property and the property improvements for State law purposes. However, the partnership is entitled to all Federal tax attributes of the owner of the project. 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.

**HOUSING AUTHORITY OF THE CITY OF EVERETT**  
**Notes to Financial Statements**  
**June 30, 2011**

The financing for the acquisition and rehabilitation of the project was secured through a combination of housing revenue bonds issued by the Authority in the aggregate principal amount of \$7,000,000, a seller financed note of up to \$9,875,000, a deferred developer fee of \$1,072,668, and an estimated limited partner capital contribution of approximately \$5,798,736. Also on June 29, 2011, the Authority executed a non-revolving line of credit revenue note, in the principal amount not to exceed \$5,500,000 to provide interim financing for the rehabilitation of the 190-unit apartment complex. This note is anticipated to be repaid from the limited partner's capital contribution. The estimated total cost for acquisition and rehabilitation of the project is \$23,746,404.

Under terms of the agreement, the Partnership will lease the 190-unit apartment complex from the Authority for a period not to exceed 100 years and will continue to provide housing for low income seniors and disabled individuals. The lease agreement provides that the Partnership will acquire a leasehold estate (a financing lease) in the apartment complex upon payment of a "Leasehold Acquisition Fee" of \$14,980,000. On June 29, 2011 the leasehold acquisition fee was paid to the Authority through a combination of cash from the proceeds of the bond sale plus a seller financed promissory note.

Also on June 29, 2011 Broadway Plaza LLLP executed a Bond Mortgage Note for \$7,000,000 to the benefit of the Authority for the repayment of the housing revenue bonds issued by the Authority. The Bond Mortgage Note is secured solely by the mortgaged property including the land and the project rents. The Authority has assigned the Bond Mortgage Note to the Bond Trustee. No general revenue pledge has been issued by the Authority for the repayment of the bonds.

The Partnership will also assume responsibility for the repayment of the \$5,500,000 non-revolving line of credit revenue note to be used for the rehabilitation of the apartment complex during the next 18 months. A general revenue pledge was issued by the Authority for this interim "bridge" loan. In addition, the Authority agreed to maintain a minimum of \$5,000,000 in unrestricted General Revenue Funds Cash and Equivalents during the life of the note.

The Partnership will also be obligated to pay a \$2,100,000 developer fee to the Authority for its services in connection with the development and rehabilitation of the apartment complex. The partnership agreement provides for the payment of the developer fee partially from the Limited Partner's capital contribution and the balance from future available cash flows of the project. In the event the developer fee is not fully paid by the thirteenth anniversary of the completion date, the Authority agrees to make a capital contribution in an amount sufficient to enable the Partnership to pay the developer fee in full. According to the Development Agreement no portion of the developer fee was considered earned or received as of June 30, 2011.

Upon completion of the rehabilitation and the receipt of low-income housing tax credits issued by the Washington State Housing Finance Commission, as well as the satisfaction by the General Partner of certain conditions contained in the partnership agreement, the Investment Limited Partner will make a capital contribution to the Partnership in the estimated amount of \$5,798,736.

### **3 – Cash and Investments**

#### ***a. Deposits***

At June 30, 2011, the carrying amount of Authority's demand deposits was \$307,785 and the bank balance was \$680,340. The carrying balance for the demand deposits of the component unit was \$227,648 at December 31, 2010, and the bank balance was \$227,652. Bank deposits are held with financial institutions and are fully insured or collateralized by the Federal Deposit Insurance Corporation (FDIC) and the Washington Public Deposit Protection Commission. The Washington Public Deposit Protection Act, as created in 1969 and subsequently amended, requires all participating

**HOUSING AUTHORITY OF THE CITY OF EVERETT**  
**Notes to Financial Statements**  
**June 30, 2011**

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. In addition to bank deposits the authority has \$500 in petty cash and change funds.

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

***b. Investments***

The Authority's cash management and investment policy requires that all available cash funds are to be managed to preserve the value of the cash resources and to earn the maximum return on funds until they are disbursed. Safety and preservation of capital through prudent stewardship of the Authority's cash funds is a primary objective of the policy. The investment policy does not permit the Authority to invest in any securities that would be considered as speculative or leveraged investments. Washington State Law limits investments by housing authorities to those investments that are legal for savings banks. (RCW 35.82.070(6)).

The Authority invests a portion of its funds with the Washington State Local Government Investment Pool (LGIP) managed by the State Treasurer's office. Investments in this pool are comprised of repurchase agreements, government securities, interest bearing bank deposits and certificates of deposit. The LGIP operates in a manner consistent with the Security and Exchange Commission's Rule 2a-7 of the Investment Company Act of 1940. As such, the LGIP uses amortized cost to report net assets and share prices since that amount approximates fair value.

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

**Custodial Risk:**

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

At June 30, 2011, all investments of the Housing Authority (as well as those of the component unit as of December 31, 2010) were insured or registered and held by the Authority or its agent in the Authority's name, or uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Authority's name, or held in investment pools that are not classified since the investments are not evidenced by securities that exist in physical or book entry form. Therefore, the investments are not exposed to custodial risk.

Investments in the LGIP are not categorized because the investments are not evidenced by securities that exist in physical or book entry form. Investments in the First American Treasury Obligations Fund are investments held by the trustee in the Authority's name for the component unit's bond issue.

**Concentration of Credit Risk and Interest Rate Risk:**

Concentration of credit risk is the risk of loss that may occur due to the amount of investments in a single issuer. Investments issued or guaranteed by the U.S. Government, investments in a mutual fund or external investment pools are excluded. At June 30, 2011, the Authority's investments were limited

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to investments that were guaranteed by the U.S. Government or to investments in external investment pools.

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

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

Cash and investment are classified in the accompanying financial statements as follows:

	Primary Government	Component Unit
Cash and investments	\$ 16,400,941	\$ 314,862
Cash and investments held by bond trustee	-	176,502
Total cash and investments	<u>\$ 16,400,941</u>	<u>\$ 491,364</u>

Cash and investments are further categorized as following:

	Primary Government	Component Unit
Change and petty cash funds	\$ 500	\$ -
Demand deposits with financial institutions	307,785	227,648
Deposits with state investment pool (LGIP)	16,062,411	87,214
Certificate of deposit investments	30,245	-
First American Treasury Obligation Fund	-	176,502
Total cash and investments	<u>\$ 16,400,941</u>	<u>\$ 491,364</u>



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**4 – 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
Primary Government:		
Replacement reserves	\$ 53,133	\$ -
Housing Choice Voucher Program - Housing Assistance Payment funding	3,720,343	-
Tenant security deposits	190,398	-
FSS escrow deposits	139,196	-
Gates Foundation	-	30,245
	<u>\$ 4,103,070</u>	<u>\$ 30,245</u>
Component Unit:		
Replacement reserves	\$ 206,103	\$ -
Tenant security deposits	16,147	-
Funds held by Bond Trustee	-	176,502
	<u>\$ 222,250</u>	<u>\$ 176,502</u>

**5 – Accounts Receivable**

Accounts receivable consisted of the following amounts due to the Primary Government and the Component Unit:

	Primary Government	Component Unit
Public Housing capital grant - HUD	\$ 81,700	\$ -
Other Governments	73,077	-
HUD other programs	2,704	-
Tenants accounts receivable - net	11,625	3,978
Fraud recovery - net	52,530	
Other accounts receivable	101,873	1,459
	<u>\$ 323,509</u>	<u>\$ 5,437</u>
Total accounts receivable		

**6 – Notes Receivable – Partnerships**

Notes receivable due from partnerships include amounts due for obligations incurred by the Authority to acquire, construct and remodel buildings for housing and other related purposes and for development fees earned by the Authority as General Partner of each partnership.

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At June 30, 2011 Notes Receivable – Partnership are summarized as follows:

	Interest Rate	Final Maturity Date	Notes and Accrued Interest
<b>EHA- Twelve Pines Limited Partnership</b>			
Bond mortgage note	4.7% - 6.5%	2029	\$ 1,900,000
Loan obligation - City of Everett	3.00%	2024	950,000
Third trust deed note - developer fees	3.00%	2017	302,947
			<u>3,152,947</u>
Accrued interest due on notes			
Current interest			51,194
Deferred interest			344,186
			<u>395,380</u>
Total notes and accrued interest			3,548,327
Less: Current portion of notes and interest			<u>106,194</u>
Total notes and accrued interest - long-term			<u>\$ 3,442,133</u>
<b>Broadway Plaza Apartments LLLP</b>			
	1.99% -		
Bond mortgage note	5.865%	2029	\$ 7,000,000
Promissory note - construction loan	Variable	2013	110,000
Promissory note - seller financing note	4.00%	2061	9,375,000
			<u>16,485,000</u>
Accrued interest due on notes			
Current interest			2,149
Deferred interest			-
			<u>2,149</u>
Total notes and accrued interest			16,487,149
Less: Current portion of notes and interest			<u>62,149</u>
Total notes and accrued interest - long-term			<u>\$ 16,425,000</u>
<b>Combined Total Notes and Accrued Interest</b>			
Current portion			\$ 168,343
Long-term			<u>19,867,133</u>
Total Notes and Accrued Interest			<u>\$ 20,035,476</u>

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Changes in notes and accrued interest due from partnerships during the year ended June 30, 2011 are summarized below:

	Beginning Balance July 1	Additions	Reductions	Ending Balance June 30	Due Within One Year
<b>EHA-Twelve Pines Limited Partnership</b>					
Bond mortgage note	\$ 1,950,000	\$ -	\$ 50,000	\$ 1,900,000	\$ 55,000
Loan obligation - City of Everett	950,000	-	-	950,000	-
Third trust deed note - developer fees	341,332	-	38,385	302,947	-
Accrued interest due on notes					
Current interest	52,527	51,194	52,527	51,194	51,194
Deferred interest	315,292	28,894	-	344,186	-
	<u>\$ 3,609,151</u>	<u>\$ 80,088</u>	<u>\$ 140,912</u>	<u>\$ 3,548,327</u>	<u>\$ 106,194</u>
<b>Broadway Plaza LLLP</b>					
Bond mortgage note	\$ -	\$ 7,000,000	\$ -	\$ 7,000,000	\$ 60,000
Promissory note - construction loan	-	110,000	-	110,000	-
Promissory note - seller financed note	-	9,375,000	-	9,375,000	-
Accrued interest due on notes					
Current interest	-	2,149	-	2,149	2,149
	<u>\$ -</u>	<u>\$ 16,487,149</u>	<u>\$ -</u>	<u>\$ 16,487,149</u>	<u>\$ 62,149</u>
<b>Total notes and accrued interest</b>	<u><b>\$ 3,609,151</b></u>	<u><b>\$ 16,567,237</b></u>	<u><b>\$ 140,912</b></u>	<u><b>\$ 20,035,476</b></u>	<u><b>\$ 168,343</b></u>

**EHA-Twelve Pines Limited Partnership Notes**

**a. Note Receivable - Bond Mortgage Note**

On August 1, 1999 the Authority executed a note receivable with EHA-Twelve Pines Limited Partnership in the original amount of \$2,300,000, concurrent with the sale of tax exempt revenue bonds (Housing Revenue Bonds, 1999 (Twelve Pines Apartments Project)) in the principal amount of \$2,300,000. The revenue bonds were issued to finance the acquisition of an 80-unit multifamily apartment property located in Everett, Washington. Under terms of the partnership agreement, EHA-Twelve Pines is obligated to make payments on the promissory note to the Authority, the General Partner of the Partnership, sufficient to make required debt service payments on the bonds. The unpaid balance of the note is \$1,900,000 as of June 30, 2011.

**b. Loan obligation – City of Everett Loan**

On August 1, 1999 the Authority executed a note receivable with EHA-Twelve Pines Limited Partnership in the amount of \$950,000, concurrent with the issuance of a second deed of trust note in favor of the City of Everett for \$950,000. Simple interest at the rate of 3% per annum accrues on the note. The City of Everett promissory note was issued to pay part of the cost of acquiring the 80-unit apartment project, Twelve Pines Apartments. The note principal, including simple interest at 3.0% per annum is due on August 1, 2024.

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**c. Developer fee note**

A fifteen-year third mortgage promissory note in the original amount of \$580,481 dated August 30, 2002 and due from EHA-Twelve Pines Limited Partnership was issued in connection with the acquisition and development of the 80-unit apartment complex, Twelve Pines Apartments. Annual payments of \$48,625 are due on August 1, including interest at the rate of 3% per annum. The note is classified as non-current since repayment is subject to available cash flow of the EHA-Twelve Pines Limited Partnership. The note matures on August 30, 2017.

**Broadway Plaza LLLP Notes**

**a. Note Receivable - Bond Mortgage Note**

On June 29, 2011, the Authority executed a note receivable with Broadway Plaza LLLP in the original amount of \$7,000,000, concurrent with the sale of tax exempt revenue bonds (Housing Revenue Bonds, 2011 (Broadway Plaza Project)) in the principal amount of \$7,000,000. The revenue bonds were issued to finance the acquisition of a 190-unit multifamily apartment property located in Everett, Washington. Under terms of the partnership agreement, Broadway Plaza LLLP is obligated to make payments to the Authority, the General Partner of the Partnership, sufficient to make required debt service payments on the revenue bonds. At June 30, 2011 the unpaid balance of the note was \$7,000,000.

**b. Promissory Note – Construction Loan**

Simultaneously with the issuance of the Housing Revenue Bonds, 2011, the Authority executed a promissory note with the partnership, Broadway Plaza LLLP, in the principal amount of \$5,500,000, or so much as has been advanced pursuant to the Loan Agreement between the Authority and the Partnership. Funds received by the Partnership are used to provide interim financing for the rehabilitation of the 190-unit multifamily rental housing development. Interest payments are due quarterly with the principal due upon receipt of capital contributions received by the Partnership from the Investment Limited Partner. Any unpaid principal and accrued interest is due and payable on June 29, 2013. The unpaid balance of the note was \$110,000 as of June 30, 2011.

**c. Promissory note – Seller Financing Note**

A promissory note in the original amount of \$9,375,000 dated June 29, 2011 and due from Broadway Plaza LLLP was issued in connection with the acquisition of the leasehold estate in the 190-unit apartment complex Broadway Plaza. No annual payments are required on the principle or the interest which accrues at the compounding rate of 4% per annum. The note is classified as non-current since repayment is subject to available cash flow of the Broadway Plaza Limited Liability Limited Partnership. The note matures on June 29, 2061.

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**7 – 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 June 30, 2010	Additions	Reductions	Balance June 30, 2011
Capital assets, not being depreciated:				
Land	\$ 4,194,820	\$ -	\$ 704,615	\$ 3,490,205
Construction in progress	<u>2,281,755</u>	<u>1,382,360</u>	<u>2,409,047</u>	<u>1,255,068</u>
Total capital assets, not being depreciated	<u>6,476,575</u>	<u>1,382,360</u>	<u>3,113,662</u>	<u>4,745,273</u>
Capital assets, being depreciated:				
Site improvements	164,896	-	164,896	-
Building and building improvements	54,266,320	2,557,033	14,486,696	42,336,657
Furniture, equipment and machinery	<u>2,763,960</u>	<u>104,286</u>	<u>514,199</u>	<u>2,354,047</u>
Total capital assets, being depreciated	<u>57,195,176</u>	<u>2,661,319</u>	<u>15,165,791</u>	<u>44,690,704</u>
Less accumulated depreciation for:				
Site improvements	118,659	4,624	123,283	-
Building and building improvements	30,510,776	1,627,569	7,327,687	24,810,658
Furniture, equipment and machinery	<u>1,918,062</u>	<u>198,130</u>	<u>347,333</u>	<u>1,768,859</u>
Total accumulated depreciation	<u>32,547,497</u>	<u>1,830,323</u>	<u>7,798,303</u>	<u>26,579,517</u>
Total capital assets being depreciated, net	<u>24,647,679</u>	<u>830,996</u>	<u>7,367,488</u>	<u>18,111,187</u>
Total capital assets, net	<u><u>\$ 31,124,254</u></u>	<u><u>\$ 2,213,356</u></u>	<u><u>\$ 10,481,150</u></u>	<u><u>\$ 22,856,460</u></u>

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**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, 2010:

	Balance January 1, 2010	Additions	Reductions	Balance December 31, 2010
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
Building and building improvements	4,148,668	22,886	-	4,171,554
Furniture, equipment and machinery	229,788	11,508	4,047	237,249
Total capital assets, being depreciated	<u>4,381,815</u>	<u>34,394</u>	<u>4,047</u>	<u>4,412,162</u>
Less accumulated depreciation for:				
Site improvements	1,246	168	-	1,414
Building and building improvements	1,010,394	105,242	-	1,115,636
Furniture, equipment and machinery	189,860	20,240	4,047	206,053
Total accumulated depreciation	<u>1,201,500</u>	<u>125,650</u>	<u>4,047</u>	<u>1,323,103</u>
Total capital assets being depreciated, net	<u>3,180,315</u>	<u>(91,256)</u>	<u>-</u>	<u>3,089,059</u>
Total capital assets, net	<u>\$ 3,888,315</u>	<u>\$ (91,256)</u>	<u>\$ -</u>	<u>\$ 3,797,059</u>

**8 – Construction in Progress**

Construction in progress primarily represents costs incurred to date for modernization of Housing Authority properties funded by HUD through the Capital Grant Fund program. The Housing Authority receives an annual allocation of public housing capital grant funds and is required to expend these funds within four years. The Construction in Progress is for modernization and remodeling work at five Low Rent Public Housing Projects and the Colby Administrative Office building.

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Construction in progress is composed of the following:

	Project Authorization	Expended to 06-30-11	Committed	Required Future Financing
Grandview remodeling	\$ 2,172,596	\$ 1,022,881	\$ 778,241	\$ 371,474
Bakerview modernization	343,471	131,041	204,930	7,500
Central Office modernization	331,456	50,456	-	281,000
Scattered Sites remodeling	156,000	-	122,000	34,000
Baker Heights furnace replacement	135,327	50,690	64,637	20,000
Pineview remodeling	40,000	-	30,000	10,000
	<u>\$ 3,178,850</u>	<u>\$ 1,255,068</u>	<u>\$ 1,199,808</u>	<u>\$ 723,974</u>

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**9 – Non-Current Liabilities**

**Primary Government**

The following schedule lists the outstanding bonds of the Primary Government as of June 30, 2011:

	Issuance Date	Maturity Date	Interest Rate	Bond Issuance	Annual Debt Service Payments	Outstanding Balance June 30
<b>Revenue Bonds</b>						
<i>Tax Credit</i>						
Revenue Bond 1999						
Twelve Pines Apartments	8/1/1999	8/1/2029	4.70%- 6.50%	\$ 2,300,000	\$ 177,865	\$ 1,900,000
Revenue Bond 2011						
Broadway Plaza Apartments	6/29/2011	7/1/2029	1.99%- 5.865%	7,000,000	379,884	7,000,000
<i>Total Tax Credit Bonds</i>						<b>\$ 8,900,000</b>
<i>Affordable Housing</i>						
Revenue Bond 2001						
Douglas Grove Apartments	5/1/2001	5/1/2016	5.20%	\$ 540,000	\$ 51,938	\$ 224,866
Revenue Bond 2003						
Rainier Park Apartments Project	6/10/2003	6/10/2018	4.10%	625,000	56,446	342,256
Revenue Bond 2003						
Rucker Apartments Project	7/2/2003	7/2/2018	4.13%	480,000	42,982	265,734
Revenue Bond 2003						
Oakes Avenue Apartments Project	8/1/2003	8/1/2018	4.90%	430,000	40,731	245,124
Revenue Bond 2004						
Bridge Creek Apartments Project	3/31/2004	3/31/2019	4.31%	740,000	67,364	446,086
Revenue Bond 2004						
Timber Hill Apartments Project	7/30/2004	8/1/2019	4.64%	1,770,000	164,785	1,115,367
Revenue Bond 2006						
Gibson Road Townhomes Project (Pacific Square Apartments)	12/28/2006	1/1/2022	5.25%	400,000	38,586	313,340
Revenue Bond 2007						
Lakeview Terrace Apartments Project	7/31/2007	7/31/2012	5.72%	1,550,000	108,207	1,466,745
<i>Total Affordable Housing Bonds</i>						<b>\$ 4,419,518</b>
<i>Total Bonds</i>						<b>\$ 13,319,518</b>



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The following schedule lists the outstanding notes of the Primary Government as of June 30, 2011:

	Issuance Date	Maturity Date	Interest Rate	Note Issuance	Annual Debt Service Payments	Outstanding Balance June 30
<b>Promissory Notes</b>						
<i><b>Tax Credit</b></i>						
Promissory Note						
Twelve Pines Apartments	8/1/1999	8/5/2024	3.00%	\$ 950,000	\$ -	\$ 950,000
Non-Revolving Line of Credit Revenue Note						
Broadway Plaza Apartments	6/29/2011	6/29/2013	Variable	\$5,500,000	\$ -	\$ 110,000
<i><b>Total Tax Credit Notes</b></i>						<b>\$ 1,060,000</b>
<i><b>Affordable Housing</b></i>						
Promissory Note						
Bridge Creek Apartments Project	3/15/2004	3/31/2044	1.00%	\$ 580,000	\$ 17,611	\$ 491,307
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	-	232,544
Promissory Note - City of Everett (Housing Trust Fund)						
Lake View Terrace Apartments Project	7/31/2007	7/31/2032	3.00%	90,036	-	90,036
Promissory Note - Jared Adams Irrevocable Trust note						
Madison Villa Apartments Project	1/1/2009	12/1/2014	4.00%	1,063,000	-	1,063,000
Promissory Note - City of Everett (Housing Trust Fund)						
Madison Villa Apartments Project	11/18/2009	11/18/2049	3.00%	500,000	-	500,000
<i><b>Total Affordable Housing Notes</b></i>						<b>\$ 2,442,520</b>
<i><b>Total Notes</b></i>						<b>\$ 3,502,520</b>

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Changes in long-term debt obligations for the Primary Government during the year ended June 30, 2011 are summarized below:

	Beginning Balance July 1	Additions	Reductions	Ending Balance June 30	Due Within One Year
Revenue bonds	\$ 6,710,458	\$ 7,000,000	\$ 390,940	\$ 13,319,518	\$ 475,798
Promissory notes	3,405,139	110,000	12,619	3,502,520	12,745
	<u>\$ 10,115,597</u>	<u>\$ 7,110,000</u>	<u>\$ 403,559</u>	<u>\$ 16,822,038</u>	<u>\$ 488,543</u>
Compensated absences				340,426	85,100
				<u>\$ 17,162,464</u>	<u>\$ 573,643</u>

The annual debt service requirements of the Primary Government long-term debt obligations at June 30, 2011 are as follows:

Year Ended June 30	Revenue Bonds	Notes	Interest	Total
2012	\$ 471,798	\$ 12,745	\$ 769,666	\$ 1,254,209
2013	1,904,785	122,873	682,253	2,709,911
2014	489,575	13,002	646,179	1,148,756
2015	516,947	1,076,133	605,341	2,198,421
2016	565,661	13,265	555,951	1,134,877
2017-2021	2,033,509	68,348	2,422,674	4,524,531
2022-2026	1,232,243	71,848	2,024,690	3,328,781
2027-2031	6,105,000	373,704	1,251,704	7,730,408
2032-2036	-	1,119,430	798,432	1,917,862
2037-2041	-	83,460	4,594	88,054
2042-2046	-	47,712	719	48,431
2047-2051	-	500,000	600,000	1,100,000
	<u>\$ 13,319,518</u>	<u>\$ 3,502,520</u>	<u>\$ 10,362,203</u>	<u>\$ 27,184,241</u>

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**Component Unit:**

The following is a schedule of outstanding notes of the Component Unit EHA – Twelve Pines Limited Partnership as of December 31, 2010:

Description of Note	Issuance Date	Maturity Date	Interest Rate	Note Issuance	Outstanding December 31
<b>Promissory Note - Housing Revenue</b>					
Bonds 1999, Twelve Pines Apartments Project	8/1/1999	8/1/2029	4.7%-6.5%	\$2,300,000	\$ 1,900,000
<b>Promissory Note - City of Everett</b>					
Home Loan	9/1/1999	8/1/2024	3.0%	950,000	950,000
<b>Promissory Note - Everett Housing Authority</b>					
Third Mortgage Loan	8/30/2002	8/30/2017	3.0%	580,481	302,947
					<b>\$ 3,152,947</b>

Changes in long-term debt obligations for the Component Unit EHA – Twelve Pines Limited Partnership during the year ended December 31, 2010 are summarized below:

	Beginning Balance January 1	Additions	Reductions	Ending Balance December 31	Due Within One Year
<b>Promissory notes - Everett Housing Authority</b>					
Housing Revenue Bonds 1999	\$ 1,950,000	\$ -	\$ 50,000	\$ 1,900,000	\$ 55,000
City of Everett HOME Loan	950,000	-	-	950,000	-
Third Mortgage Loan	341,332	-	38,385	302,947	-
	<b>\$ 3,241,332</b>	<b>\$ -</b>	<b>\$ 88,385</b>	<b>\$ 3,152,947</b>	<b>\$ 55,000</b>

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The annual debt service requirements of the Component Unit long-term debt obligations at December 31, 2010 are as follows:

Year Ended December 31	Notes	Interest	Total
2011	\$ 94,537	\$ 131,953	\$ 226,490
2012	95,723	127,247	222,970
2013	101,944	122,506	224,450
2014	108,203	117,407	225,610
2015	114,499	111,951	226,450
2016-2020	518,041	469,732	987,773
2021-2025	1,520,000	1,033,271	2,553,271
2026-2029	600,000	100,750	700,750
	<u>\$ 3,152,947</u>	<u>\$ 2,214,817</u>	<u>\$ 5,367,764</u>

#### 10 – 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, 2011, the Housing Authority estimated that no arbitrage rebate exists in conjunction with its debt reserve funds, and therefore no liability exists.

#### 11 – 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.

As of June 30, 2011, 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, 2011 is \$21,113,138.

#### 12 – 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.

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

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

- General liability coverage is written on an occurrence form basis, 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.

Coverage limits for general liability, errors & omissions and property are \$2,000,000 per occurrence with a \$2,000,000 annual aggregate. The HARRP Board of Directors determines the limits and coverage terms, in its sole discretion.

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

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

### **13 – 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* and No. 50, *Pension Disclosures and Amendment of GASB Statements No. 25 and No. 27*.

#### **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

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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. Notwithstanding, PERS Plan 2 and Plan 3 members may opt out of plan membership if terminally ill, with less than five years to live.

PERS Plan 1 and Plan 2 defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. PERS retirement benefit provisions are established in Chapters 41.34 and 41.40 RCW and may be amended only by the State Legislature.

PERS Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement 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 monthly benefit is 2 percent of the average final compensation (AFC) per year of service. (AFC is the monthly average of the 24 consecutive highest-paid service credit months.) The retirement benefit may not exceed 60 percent of AFC. The monthly benefit is subject to a minimum for PERS Plan 1 retirees who have 25 years of service and have been retired 20 years, or who have 20 years of service and have been retired 25 years. Plan 1 members retiring from inactive status prior to the age of 65 may receive actuarially reduced benefits. If a survivor option is chosen, the benefit is further reduced. A cost-of-living allowance (COLA) is granted at age 66 based upon years of service times the COLA amount, which is increased 3 percent annually. Plan 1 members may also elect to receive an optional COLA that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 1 provides duty and non-duty disability benefits. Duty disability retirement benefits for disablement prior to the age of 60 consist of a temporary life annuity payable to the age of 60. The allowance amount is \$350 a month, or two-thirds of the monthly AFC, whichever is less. The benefit is reduced by any workers' compensation benefit and is payable as long as the member remains disabled or until the member attains the age of 60. A member with five years of covered employment is eligible for non-duty disability retirement. Prior to the age of 55, the allowance amount is 2 percent of the AFC for each year of service reduced by 2 percent for each year that the member's age is less than 55. The total benefit is limited to 60 percent of the AFC and is actuarially reduced to reflect the choice of a survivor option. A cost-of-living allowance is granted at age 66 based upon years of service times the COLA amount (based on the consumer Price Index), capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 1 members can receive credit for military service while actively serving in the military, if such credit makes them eligible to retire. Members can also purchase up to 24 months of service credit lost because of an on-the-job injury.

PERS Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members are eligible for normal retirement at the age of 65 with five years of service. The monthly benefit is 2 percent of the AFC per year of service. (AFC is the monthly average of the 60 consecutive highest-paid service months.)

PERS Plan 2 members who have at least 20 years of service credit and are 55 years of age or older are eligible for early retirement with a reduced benefit. The benefit is reduced by an early retirement factor (ERF) that varies according to age, for each year before age 65.

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PERS Plan 2 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

- With a benefit that is reduced by 3 percent for each year before age 65.
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2 retirement benefits are also actuarially reduced to reflect the choice, if made, of a survivor option. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent annually.

The surviving spouse or eligible child or children of a PERS Plan 2 member who dies after leaving eligible employment having earned ten years of service credit may request a refund of the member's accumulated contributions. Effective July 22, 2007, said refund (adjusted as needed for specified legal reductions) is increased from 100 percent to 200 percent of the accumulated contributions if the member's death occurs in the uniformed service to the United States while participating in *Operation Enduring Freedom* or *Persian Gulf, Operation Iraqi Freedom*.

PERS 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 monthly benefit that is 1 percent of the AFC per year of service. (AFC is the monthly average of the 60 consecutive highest-paid service months.)

Effective June 7, 2006, PERS Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service, if twelve months of that service are earned after age 44; or after five service credit years earned in PERS Plan 2 prior to June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan.

Vested Plan 3 members are eligible for normal retirement at age 65, or they may retire early with the following conditions and benefits:

- If they have at least ten service credit years and are 55 years old, the benefit is reduced by an ERF that varies with age, for each year before age 65.
- If they have 30 service credit years and are at least 55 years old, they have the choice of a benefit that is reduced by 3 percent for each year before age 65; or a benefit with a smaller (or no) reduction factor (depending on age) that imposes stricter return-to-work rules.

PERS Plan 3 defined benefit retirement benefits are also actuarially reduced to reflect the choice, if made, of a survivor option. There is no cap on years of service credit and Plan 3 provides the same cost-of-living allowance as Plan 2.

PERS Plan 3 defined contribution retirement benefits are solely dependent upon the results of investment activities.

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 Director of the Department of Retirement Systems.

PERS Plan 2 and Plan 3 provide disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 monthly benefit amount is 2 percent of the AFC per year of service. For Plan 3, the monthly benefit amount is 1 percent of the AFC per year of service.

These disability benefit amounts are actuarially reduced for each year that the member's age is less than 65, and to reflect the choice of a survivor option. There is no cap on years of service credit, and a cost-of-living allowance is granted (based on the Consumer Price Index) capped at 3 percent annually.

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PERS Plan 2 and Plan 3 members may have up to ten years of interruptive military service credit; five years at no cost and five years that may be purchased by paying the required contributions. Effective July 24, 2005, a member who becomes totally incapacitated for continued employment while serving the uniformed services, or a surviving spouse or eligible children, may apply for interruptive military service credit. Additionally, PERS Plan 2 and Plan 3 members can also purchase up to 24 months of service credit lost because of an on-the-job injury.

PERS members may also purchase up to five years of additional service credit once eligible for retirement. This credit can only be purchased at the time of retirement and can be used only to provide the member with a monthly annuity that is paid in addition to the member's retirement benefit.

Beneficiaries of a PERS Plan 2 or Plan 3 member with ten years of service who is killed in the course of employment receive retirement benefits without actuarial reduction, if the member was not at normal retirement age at death. This provision applies to any member killed in the course of employment, on or after June 10, 2004, if found eligible by the Department of Labor and Industries.

A one-time duty-related death benefit is provided to the estate (or duly designated nominee) of a PERS member who dies in the line of service as a result of injuries sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of said member's covered employment, if found eligible by the Department of Labor and Industries.

There are 1,997 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2010:

Retirees and beneficiaries receiving benefits	76,899
Terminated plan members entitled to but not yet receiving benefits	28,860
Active plan members vested	105,521
Active plan members non-vested	51,005
Total	262,285

**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 six percent for state agencies and local government unit employees, and at 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. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan, and member contributions finance the defined contribution portion. The Director of the Department of Retirement Systems sets Plan 3 employee contribution rates. Six rate options are available ranging from 5 percent to 15 percent; two of the options are graduated rates dependent on the employee's age. As a result of the implementation of the Judicial Benefit Multiplier Program in January 2007, a second tier of employer and employee rates was developed to fund, along with investment earnings, the increased retirement benefits of those justices and judges that participate in the program. 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, 2011 was \$3,865,661. Total gross payroll for the Authority was \$4,252,026.

The required contribution rates expressed as a percentage of current-year covered payroll as of June 30, 2011, were as follows:



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	<u>PERS Plan 1 Required</u>	<u>PERS Plan 2 Required</u>	<u>PERS Plan 3 Required</u>
Employer*	5.31%**	5.31%**	5.31%***
Employee	<u>6%****</u>	<u>3.9%****</u>	<u>varies*****</u>

\* The employer rates include the employer administrative expense fee currently set at 0.16%.

\*\* The employer rate for state elected officials is 7.89% for Plan 1 and 5.31% for Plan 2 and Plan 3.

\*\*\* Plan 3 defined benefit portion only.

\*\*\*\* The employee rate for state elected officials is 7.50% for Plan 1 and 3.90% for Plan 2.

\*\*\*\*\* Variable from 5.0% minimum to 15.0% maximum based on rate selected by the PERS 3 member.

The employer and employee required contributions during the year ended June 30, 2011 were:

	<u>PERS Plan 1 Required</u>	<u>PERS Plan 2 Required</u>	<u>PERS Plan 3 Required</u>	<u>Total</u>
Employer	\$5,676	\$164,336	\$35,256	\$205,268
Employee	<u>6,414</u>	<u>120,700</u>	<u>35,684</u>	<u>162,798</u>
	<u>\$12,090</u>	<u>\$285,036</u>	<u>\$70,940</u>	<u>\$368,066</u>

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

	<u>Total Covered Payroll</u>	<u>Required Employee Contributions</u>	<u>Required Employer Contributions</u>
2011	\$3,865,661	\$162,798	\$205,268
2010	\$3,757,507	\$159,076	\$199,400
2009	\$3,500,796	\$193,390	\$290,917

#### **14 – 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.

#### **15 – 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

**HOUSING AUTHORITY OF THE CITY OF EVERETT**  
**Notes to Financial Statements**  
**June 30, 2011**

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 \$10,000 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.

**16 – 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.

**17 – Extraordinary Items**

On September 1, 2010 the Authority's twenty-five year land lease with Snohomish County, covering the site on which the Greenhouse Mental Health Facility is located, ended. At the beginning of the lease term, the Authority constructed a building on the leased land and leased the building back to the County for the twenty-five year period. The County, in turn, subleased the building to a local non-profit organization which operated a residential facility serving severely mentally-ill persons. The land, along with the building constructed by the Authority reverted back to the County on September 1, 2010. As of September 1, 2010 the building carried a book value of \$251,679 which has been recognized as an extraordinary loss due to its infrequent and unusual nature.

On June 29, 2011 the Authority received a leasehold acquisition fee of \$14,980,000 in exchange for the transfer of the Broadway Plaza Apartment complex to the Broadway Plaza Limited Liability Limited Partnership (Broadway Plaza LLLP). At June 29, 2011 the capital assets of Broadway Plaza Apartments had a book value of \$7,814,184. This transaction resulted in a net gain to the Authority of \$7,165,816 which has been recognized as an extraordinary gain due to its infrequent and unusual nature. See Note 2 – Tax Credit Partnerships (Discretely Presented Component Units).

**18 – Corrections of an Error**

Prior to July 1, 2010, the Authority did not include in its financial statements (Primary Government column) the revenue bonds and promissory note liabilities issued in connection with the acquisition and financing of the 80-unit Twelve Pines Apartments, acquired in August 1999. Upon acquisition of the project, these liabilities were included only in the financial statements of EHA-Twelve Pines Limited Partnership, a component unit of the Everett Housing Authority. The Authority treated the revenue bonds and promissory note liabilities as being assigned to the Partnership in 1999. Subsequently, it has been determined that these liabilities (bonds and notes) should be recognized as direct obligations of the Authority. Effective July 1, 2010, these direct obligations are recognized as a long-term liability of the Authority, along with corresponding promissory notes receivable due from the partnership. The effect on the Statement of Net Assets as of July 1, 2010 is to increase Notes Receivable - Partnerships (current and non-current) by \$3,267,819 and to increase Bonds and Notes Payable (current and non-current) and Deferred Interest by \$3,267,819. This correction does not increase or decrease Net Assets of the Authority or the Component Unit.

**HOUSING AUTHORITY OF THE CITY OF EVERETT**  
**Supplemental Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2011**

Federal Catalog Number CFDA #	Federal Agency Name/Pass Through Agency Name	Federal Program Title	Expenditure of Current Awards			Debt Liability Balance
			From Pass Through Awards	From Direct Awards	Total Awards	
14.195	Department of Housing and Urban Development	Section 8 Housing Assistance Payments Program - Special Allocations	-	368,991	368,991	-
14.249	Department of Housing and Urban Development	Section 8 Moderate Rehabilitation Single Room Occupancy	-	117,558	117,558	-
14.856	Department of Housing and Urban Development	Lower Income Housing Assistance Program- Section 8 Moderate Rehabilitation	-	47,003	47,003	-
14.850	Department of Housing and Urban Development	Public and Indian Housing	-	1,568,704	1,568,704	-
14.872	Department of Housing and Urban Development	Public Housing Capital Fund	-	1,157,165	1,157,165	-
14.885	Department of Housing and Urban Development	ARRA - Public Housing Capital Fund Stimulus (Formula)	-	223,263	223,263	-
14.871	Department of Housing and Urban Development	Section 8 Housing Choice Vouchers	-	22,247,385	22,247,385	-
14.228	Department of Housing and Urban Development/ Pass through - City of Everett	Community Development Block Grants/State's Program	530,330	-	530,330	-
14.239	Department of Housing and Urban Development/ Pass through - City of Everett	Home Investment Partnerships Program	-	-	-	500,000
<b>Total - Department of Housing and Urban Development</b>			<b>530,330</b>	<b>25,730,069</b>	<b>26,260,399</b>	<b>500,000</b>
93.958	Department of Health and Human Services/ Pass through - North Sound Mental Health Administration	Block Grants for Community Mental Health Services	44,693	-	44,693	-

Federal Catalog Number CFDA #	Federal Agency Name/Pass Through Agency Name	Federal Program Title	Expenditure of Current Awards				Debt Liability Balance
			From Pass Through Awards	From Direct Awards	Total Awards		
	<b>Total - Department of Health and Human Services</b>		44,693	-	44,693		-
	<b>Total Expenditures of Federal Awards</b>		\$ 575,023	\$ 25,730,069	\$ 26,305,092	\$	500,000

See notes to Supplemental Schedule of Expenditures of Federal Awards

**EVERETT HOUSING AUTHORITY**  
**Notes to the Supplemental 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.

2. Program Costs

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

3. Federal Loans

In November, 2009, the Authority was approved by the City of Everett to receive a loan totaling \$500,000 to assist in the acquisition of Madison Villa Apartments, a 22 unit housing complex added to the authority's affordable housing portfolio. The amount shown on the Schedule includes the outstanding loan balance from prior years.

4. American Recovery and Reinvestment Act (ARRA) of 2009

Expenditures for this program were funded by ARRA.

Housing Authority of the City of Everett  
Supplemental Financial Data Schedule  
Year Ended June 30, 2011

Line item number & account description	Baker Heights WA006000100	Grandview Homes WA006000200	Bakerview Apts WA006000300	Pineview Apts WA006000400	Scattered Sites WA006000500	Other Public Housing	Total Public Housing Projects	COCC
111 Cash - Unrestricted	\$ 1,032,372	\$ 582,478	\$ 632,404	\$ 354,089	\$ 455,416	\$ 124	\$ 3,056,883	\$ 463,933
113 Cash - Other Restricted	-	-	-	-	-	-	-	-
114 Cash - Tenant Security Deposits	55,594	36,069	21,710	7,700	10,950	-	132,023	-
115 Cash - Restricted for Payment of Current Liabilities	-	-	-	-	-	-	-	-
100 Total Cash	1,087,966	618,547	654,114	361,789	466,366	124	3,188,906	463,933
122 Accounts Receivable - HUD Other Projects	-	75,707	5,993	-	-	-	81,700	-
124 Accounts Receivable - Other Government	-	-	-	-	-	-	-	-
125 Accounts Receivable - Miscellaneous	234	156	252	-	-	-	642	-
126 Accounts Receivable - Tenants	5,423	3,789	669	395	726	-	11,002	-
126.1 Allowance for Doubtful Accounts - Tenants	(300)	(170)	(10)	-	(65)	-	(545)	-
127 Notes, loans, & mortgages receivable - current	-	-	-	-	-	-	-	-
128 Fraud Recovery	-	-	-	-	-	-	-	-
128.1 Allowance for Doubtful Accounts - Fraud	-	-	-	-	-	-	-	-
120 Total Receivables, Net of Allowances for Doubtful Accounts	5,357	79,482	6,904	395	661	-	92,799	-
132 Investments - Restricted	-	-	-	-	-	-	-	-
142 Prepaid Expenses and Other Assets	20,816	17,015	13,665	4,056	6,483	-	62,035	17,062
143 Inventories	-	-	-	-	-	-	-	114,638
144 Inter Program Due From	-	-	-	-	-	-	-	11,607
145 Assets Held for Sale	-	-	-	-	-	-	-	-
150 Total Current Assets	1,114,139	715,044	674,683	366,240	473,510	124	3,343,740	607,240
161 Land	12,028	11,115	-	99,385	901,500	-	1,024,028	206,200
162 Buildings	10,176,303	10,165,231	4,262,640	2,565,504	3,694,281	-	30,863,959	2,418,198
163 Furniture, Equipment & Machinery - Dwellings	142,599	87,500	86,165	19,175	27,754	-	363,193	-
164 Furniture, Equipment & Machinery - Administration	50,137	136,237	249,079	30,581	2,299	-	468,333	1,294,041
166 Accumulated Depreciation	(10,051,287)	(6,790,648)	(3,127,374)	(1,283,414)	(1,725,439)	-	(22,978,162)	(1,965,541)
167 Construction in Progress	50,691	1,022,880	131,041	-	-	-	1,204,612	41,577
168 Infrastructure	-	-	-	-	-	-	-	-
160 Total Capital Assets, Net of Accumulated Depreciation	380,471	4,632,315	1,601,551	1,431,231	2,900,395	-	10,945,963	1,994,575
171 Notes, Loans and Mortgages Receivable - Non-Current	-	-	-	-	-	-	-	-
174 Other Assets	-	-	-	-	-	-	-	-
180 Total Non-Current Assets	380,471	4,632,315	1,601,551	1,431,231	2,900,395	-	10,945,963	1,994,575
190 Total Assets	\$ 1,494,610	\$ 5,347,359	\$ 2,276,234	\$ 1,797,471	\$ 3,373,905	\$ 124	\$ 14,289,703	\$ 2,601,815

Line item number & account description	Baker Heights WA006000100	Grandview Homes WA006000200	Bakerview Apts WA006000300	Pineview Apts WA006000400	Scattered Sites WA006000500	Other Public Housing	Total Public Housing Projects	COCC
312 Accounts Payable <= 90 Days	6,205	36,751	6,219	4,038	1,537	124	54,874	15,367
313 Accounts Payable >90 Days Past Due	-	-	-	-	-	-	-	-
322 Accrued Compensated Absences - Current Portion	4,443	3,738	3,701	1,873	2,190	-	15,945	44,295
325 Accrued Interest Payable	-	-	-	-	-	-	-	-
331 Accounts Payable - HUD PHA Programs	-	-	-	-	-	-	-	-
333 Accounts Payable - Other Government	63,384	46,123	29,281	9,438	14,540	-	162,766	-
341 Tenant Security Deposits	55,594	36,069	21,710	7,700	10,950	-	132,023	-
342 Deferred Revenues	8,178	6,313	4,402	2,220	3,014	-	24,127	-
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	-	-	-	-	-	-	-	-
345 Other Current Liabilities	-	-	-	1,928	-	-	1,928	-
346 Accrued Liabilities - Other	-	-	-	-	-	-	-	-
347 Inter Program - Due To	3,119	1,866	1,912	432	560	-	7,889	-
348 Loan Liability - Current	-	-	-	-	-	-	-	-
310 Total Current Liabilities	140,923	130,860	67,225	27,629	32,791	124	399,552	59,662
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	-	-	-	-	-	-
353 Non-current Liabilities - Other	-	-	-	-	-	-	-	-
354 Accrued Compensated Absences - Non Current	13,329	11,220	11,110	5,630	6,580	-	47,869	132,885
350 Total Non-Current Liabilities	13,329	11,220	11,110	5,630	6,580	-	47,869	132,885
300 Total Liabilities	154,252	142,080	78,335	33,259	39,371	124	447,421	192,547
508.1 Invested In Capital Assets, Net of Related Debt	380,471	4,632,315	1,601,551	1,431,231	2,900,395	-	10,945,963	1,994,575
511.1 Restricted Net Assets	-	-	-	-	-	-	-	-
512.1 Unrestricted Net Assets	959,887	572,964	596,348	332,981	434,139	-	2,896,319	414,693
513 Total Equity/Net Assets	1,340,358	5,205,279	2,197,899	1,764,212	3,334,534	-	13,842,282	2,409,268
600 Total Liabilities and Equity/Net Assets	\$ 1,494,610	\$ 5,347,359	\$ 2,276,234	\$ 1,797,471	\$ 3,373,905	\$ 124	\$ 14,289,703	\$ 2,601,815

Housing Authority of the City of Everett  
Supplemental Financial Data Schedule  
Year Ended June 30, 2011

Line item number & account description	Housing Choice Vouchers 14,871	Business Activities	Sec 8 Housing Assist Pymt Spec Allocations 14,195	Section 8 Mod Rehab 14,249	ARRA Capital Fund Stimulus Grant 14,885	Neighborhood Stabilization CDBG 14,228	Hope Options 93,958	Section 8 Mod Rehab 14,856
111 Cash - Unrestricted	\$ 869,179	\$ 7,877,631	\$ -	\$ -	\$ -	\$ -	\$ -	-
113 Cash - Other Restricted	3,720,343	53,133	-	-	-	-	-	-
114 Cash - Tenant Security Deposits	-	58,375	-	-	-	-	-	-
115 Cash - Restricted for Payment of Current Liabilities	139,196	-	-	-	-	-	-	-
100 Total Cash	4,728,718	7,989,139	-	-	-	-	-	-
122 Accounts Receivable - HUD Other Projects	2,385	-	-	319	-	-	-	-
124 Accounts Receivable - Other Government	-	-	-	-	-	39,455	33,622	-
125 Accounts Receivable - Miscellaneous	-	101,231	-	-	-	-	-	-
126 Accounts Receivable - Tenants	-	1,258	-	-	-	-	-	-
126.1 Allowance for Doubtful Accounts - Tenants	-	(90)	-	-	-	-	-	-
127 Notes, loans, & mortgages receivable - current	-	168,343	-	-	-	-	-	-
128 Fraud Recovery	65,666	-	-	-	-	-	-	-
128.1 Allowance for Doubtful Accounts - Fraud	(13,136)	-	-	-	-	-	-	-
120 Total Receivables, Net of Allowances for Doubtful Accounts	54,915	270,742	-	319	-	39,455	33,622	-
132 Investments - Restricted	-	30,245	-	-	-	-	-	-
142 Prepaid Expenses and Other Assets	8,221	43,348	-	67	-	-	-	26
143 Inventories	-	6,388	-	-	-	-	-	-
144 Inter Program Due From	-	62,175	-	54,280	-	-	-	21,843
145 Assets Held for Sale	-	-	-	-	-	-	-	-
150 Total Current Assets	4,791,854	8,402,037	-	54,666	-	39,455	33,622	21,869
161 Land	-	2,259,977	-	-	-	-	-	-
162 Buildings	-	9,058,641	-	-	-	-	-	-
163 Furniture, Equipment & Machinery - Dwellings	-	116,091	-	-	-	-	-	-
164 Furniture, Equipment & Machinery - Administration	90,021	10,607	-	-	-	-	7,622	-
166 Accumulated Depreciation	(80,680)	(1,547,938)	-	-	-	-	(7,198)	-
167 Construction in Progress	-	8,779	-	-	-	-	-	-
168 Infrastructure	-	-	-	-	-	-	-	-
160 Total Capital Assets, Net of Accumulated Depreciation	9,341	9,906,157	-	-	-	-	424	-
171 Notes, Loans and Mortgages Receivable - Non-Current	-	19,867,133	-	-	-	-	-	-
174 Other Assets	-	-	-	-	-	-	-	-
180 Total Non-Current Assets	9,341	29,773,290	-	-	-	-	424	-
190 Total Assets	\$ 4,801,195	\$ 38,175,327	\$ -	\$ 54,666	\$ -	\$ 39,455	\$ 34,046	\$ 21,869



Housing Authority of the City of Everett  
Supplemental Financial Data Schedule  
Year Ended June 30, 2011

Line item number & account description	Housing Choice Vouchers 14,871	Business Activities	Sec 8 Housing Assist Pynt Spec Allocations 14,195	Section 8 Mod Rehab 14,249	ARRA Capital Fund Stimulus Grant 14,885	Neighborhood Stabilization CDBG 14,228	Hope Options 93,958	Section 8 Mod Rehab 14,856
312 Accounts Payable <= 90 Days	16,656	51,101	-	-	-	-	333	-
313 Accounts Payable >90 Days Past Due	-	-	-	-	-	-	-	-
322 Accrued Compensated Absences - Current Portion	13,123	8,322	-	101	-	-	3,274	40
325 Accrued Interest Payable	-	74,766	-	-	-	-	-	-
331 Accounts Payable - HUD PHA Programs	-	-	-	-	-	-	-	1,043
333 Accounts Payable - Other Government	-	19,374	-	-	-	-	-	-
341 Tenant Security Deposits	-	58,375	-	-	-	-	-	-
342 Deferred Revenues	43,787	11,811	-	-	-	-	-	-
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	-	488,543	-	-	-	-	-	-
345 Other Current Liabilities	139,196	32,673	-	-	-	-	-	-
346 Accrued Liabilities - Other	-	-	-	-	-	39,455	22,720	-
347 Inter Program - Due To	76,123	3,718	-	-	-	-	-	-
348 Loan Liability - Current	-	-	-	-	-	-	-	-
310 Total Current Liabilities	288,885	748,683	-	101	-	39,455	26,327	1,083
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	16,333,495	-	-	-	-	-	-
353 Non-current Liabilities - Other	-	419,875	-	-	-	-	-	-
354 Accrued Compensated Absences - Non Current	39,369	24,965	-	302	-	-	9,821	115
350 Total Non-Current Liabilities	39,369	16,778,335	-	302	-	-	9,821	115
300 Total Liabilities	328,254	17,527,018	-	403	-	39,455	36,148	1,198
508.1 Invested In Capital Assets, Net of Related Debt	9,341	3,044,119	-	-	-	-	424	-
511.1 Restricted Net Assets	3,720,343	53,133	-	-	-	-	-	-
512.1 Unrestricted Net Assets	743,257	17,551,057	-	54,263	-	-	(2,526)	20,671
513 Total Equity/Net Assets	4,472,941	20,648,309	-	54,263	-	-	(2,102)	20,671
600 Total Liabilities and Equity/Net Assets	\$ 4,801,195	\$ 38,175,327	\$ -	\$ 54,666	\$ -	\$ 39,455	\$ 34,046	\$ 21,869

Line item number & account description	Total Other Programs	Subtotal Housing Authority Projects/Programs	Eliminations	Total Housing Authority	Component Unit	Memorandum Total
111 Cash - Unrestricted	\$ 8,746,810	\$ 12,267,626	\$ -	\$ 12,267,626	\$ 92,609	\$ 12,360,235
113 Cash - Other Restricted	3,773,476	3,773,476	-	3,773,476	206,106	3,979,582
114 Cash - Tenant Security Deposits	58,375	190,398	-	190,398	16,147	206,545
115 Cash - Restricted for Payment of Current Liabilities	139,196	139,196	-	139,196	-	139,196
100 Total Cash	12,717,857	16,370,696	-	16,370,696	314,862	16,685,558
122 Accounts Receivable - HUD Other Projects	2,704	84,404	-	84,404	-	84,404
124 Accounts Receivable - Other Government	73,077	73,077	-	73,077	-	73,077
125 Accounts Receivable - Miscellaneous	101,231	101,873	-	101,873	1,459	103,332
126 Accounts Receivable - Tenants	1,258	12,260	-	12,260	3,978	16,238
126.1 Allowance for Doubtful Accounts - Tenants	(90)	(635)	-	(635)	-	(635)
127 Notes, loans, & mortgages receivable - current	168,343	168,343	-	168,343	-	168,343
128 Fraud Recovery	65,666	65,666	-	65,666	-	65,666
128.1 Allowance for Doubtful Accounts - Fraud	(13,136)	(13,136)	-	(13,136)	-	(13,136)
120 Total Receivables, Net of Allowances for Doubtful Accounts	399,053	491,852	-	491,852	5,437	497,289
132 Investments - Restricted	30,245	30,245	-	30,245	176,502	206,747
142 Prepaid Expenses and Other Assets	51,662	130,759	-	130,759	15,629	146,388
143 Inventories	6,388	121,026	-	121,026	-	121,026
144 Inter Program Due From	138,298	149,905	(149,905)	-	-	-
145 Assets Held for Sale	-	-	-	-	-	-
150 Total Current Assets	13,343,503	17,294,483	(149,905)	17,144,578	512,430	17,657,008
161 Land	2,259,977	3,490,205	-	3,490,205	708,000	4,198,205
162 Buildings	9,058,641	42,340,798	-	42,340,798	4,174,913	46,515,711
163 Furniture, Equipment & Machinery - Dwellings	118,091	479,284	-	479,284	216,757	696,041
164 Furniture, Equipment & Machinery - Administration	108,250	1,870,624	-	1,870,624	20,492	1,891,116
166 Accumulated Depreciation	(1,635,816)	(26,579,519)	-	(26,579,519)	(1,323,103)	(27,902,622)
167 Construction in Progress	8,779	1,255,068	-	1,255,068	-	1,255,068
168 Infrastructure	-	-	-	-	-	-
160 Total Capital Assets, Net of Accumulated Depreciation	9,915,922	22,856,460	-	22,856,460	3,797,059	26,653,519
171 Notes, Loans and Mortgages Receivable - Non-Current	19,867,133	19,867,133	-	19,867,133	-	19,867,133
174 Other Assets	-	-	-	-	90,362	90,362
180 Total Non-Current Assets	29,783,055	42,723,593	-	42,723,593	3,887,421	46,611,014
190 Total Assets	\$ 43,126,556	\$ 60,018,076	\$ (149,905)	\$ 59,868,171	\$ 4,399,851	\$ 64,268,022

Housing Authority of the City of Everett  
Supplemental Financial Data Schedule  
Year Ended June 30, 2011

Line item number & account description	Total Other Programs	Subtotal Housing Authority Projects/Programs	Eliminations	Total Housing Authority	Component Unit	Memorandum Total
312 Accounts Payable <= 90 Days	58,090	138,331	-	138,331	21,752	160,083
313 Accounts Payable >90 Days Past Due	-	-	-	-	-	-
322 Accrued Compensated Absences - Current Portion	24,860	85,100	-	85,100	-	85,100
325 Accrued Interest Payable	74,766	74,766	-	74,766	54,223	128,989
331 Accounts Payable - HUD PHA Programs	1,043	1,043	-	1,043	-	1,043
333 Accounts Payable - Other Government	19,374	182,140	-	182,140	-	182,140
341 Tenant Security Deposits	58,375	190,398	-	190,398	16,147	206,545
342 Deferred Revenues	55,598	79,725	-	79,725	3,500	83,225
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	488,543	488,543	-	488,543	55,000	543,543
345 Other Current Liabilities	171,869	173,797	-	173,797	-	173,797
346 Accrued Liabilities - Other	-	-	-	-	-	-
347 Inter Program - Due To	142,016	149,905	(149,905)	-	-	-
348 Loan Liability - Current	-	-	-	-	-	-
310 Total Current Liabilities	1,104,534	1,563,748	(149,905)	1,413,843	150,622	1,564,465
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	16,333,495	16,333,495	-	16,333,495	3,097,947	19,431,442
353 Non-current Liabilities - Other	419,875	419,875	-	419,875	329,858	749,733
354 Accrued Compensated Absences - Non Current	74,572	255,326	-	255,326	-	255,326
350 Total Non-Current Liabilities	16,827,942	17,008,696	-	17,008,696	3,427,805	20,436,501
300 Total Liabilities	17,932,476	18,572,444	(149,905)	18,422,539	3,578,427	22,000,966
508.1 Invested In Capital Assets, Net of Related Debt	3,053,884	15,994,422	-	15,994,422	643,853	16,638,275
511.1 Restricted Net Assets	3,773,476	3,773,476	-	3,773,476	382,605	4,156,081
512.1 Unrestricted Net Assets	18,366,722	21,677,734	-	21,677,734	(205,034)	21,472,700
513 Total Equity/Net Assets	25,194,082	41,445,632	-	41,445,632	821,424	42,267,056
600 Total Liabilities and Equity/Net Assets	\$ 43,126,558	\$ 60,018,076	\$ (149,905)	\$ 59,868,171	\$ 4,399,851	\$ 64,268,022

Line item number & account description	Baker Heights WAO06000100	Grandview Homes WAO06000200	Bakerview Apts WAO06000300	Pineview Apts WAO06000400	Scattered Sites WAO06000500	Other Public Housing	Total Public Housing Projects	COC
70300 Net Tenant Rental Revenue	\$ 746,673	\$ 560,185	\$ 375,463	\$ 123,628	\$ 183,933	\$ -	\$ 1,989,882	\$ -
70400 Tenant Revenue - Other	10,386	8,395	10,962	1,352	1,071	-	32,166	-
70500 Total Tenant Revenue	757,059	568,580	386,425	124,980	185,004	-	2,022,048	-
70600 HUD PHA Operating Grants	681,932	389,664	414,787	97,297	95,059	-	1,678,759	-
70610 Capital Grants	50,691	553,022	32,174	176,909	123,876	-	936,672	110,438
70710 Management Fee	-	-	-	-	-	-	-	980,678
70720 Asset Management Fee	-	-	-	-	-	-	-	74,760
70730 Book Keeping Fee	-	-	-	-	-	-	-	302,213
70740 Front Line Service Fee	-	-	-	-	-	-	-	717,116
70750 Other Fees	-	-	-	-	-	-	-	44,292
70700 Total Fee Revenue	-	-	-	-	-	-	-	2,119,059
70800 Other Government Grants	-	-	-	-	-	-	-	-
71100 Investment Income - Unrestricted	3,491	2,095	2,123	476	621	-	8,806	1,286
71200 Mortgage Interest Income	-	-	-	-	-	-	-	-
71300 Proceeds from Disposition of Assets Held for Sale	-	-	-	-	-	-	-	-
71310 Cost of Sale of Assets	-	-	-	-	-	-	-	-
71400 Fraud Recovery	-	-	-	-	-	-	-	-
71500 Other Revenue	100	19	50,426	4	6	-	50,555	14,496
71600 Gain or Loss on Sale of Capital Assets	(44)	(66)	-	(4,659)	(6)	-	(4,775)	-
72000 Investment Income - Restricted	-	-	-	-	-	-	-	-
70000 Total Revenue	1,493,249	1,513,314	885,935	395,007	404,560	-	4,892,065	2,245,279
91100 Administrative Salaries	83,210	149,114	93,312	49,930	19,076	-	394,542	907,304
91200 Auditing Fees	4,130	2,464	2,499	555	729	-	10,377	1,735
91300 Management Fee	186,487	100,118	102,321	23,081	29,483	-	421,490	-
91310 Book-keeping Fee	22,043	13,170	13,530	3,045	3,893	-	55,681	-
91400 Advertising and Marketing	424	574	214	14	18	-	1,244	1,240
91500 Employee Benefit contributions - Administrative	26,770	66,563	27,653	22,219	7,735	-	150,940	261,908
91600 Office Expenses	12,776	10,305	8,091	2,148	1,673	-	34,993	66,404
91700 Legal Expense	25,152	323	21,628	1,062	23	-	48,188	44,812
91800 Travel	1,893	2,389	1,384	231	179	-	6,076	29,327
91900 Other	35,138	23,221	29,461	26,294	5,784	-	119,898	176,464
91000 Total Operating - Administrative	378,023	368,241	300,093	128,579	68,593	-	1,243,529	1,489,194
92000 Asset Management Fee	29,520	17,760	18,120	4,080	5,280	-	74,760	-
92100 Tenant Services - Salaries	17,482	8,856	25,392	1,773	-	-	53,503	-
92200 Relocation Costs	470	594	290	66	84	-	1,504	-
92300 Employee Benefit Contributions - Tenant Services	5,624	3,953	7,525	789	-	-	17,891	-
92400 Tenant Services - Other	1,874	10,093	3,716	14,770	1,464	-	31,917	-
92500 Total Tenant Services	25,450	23,496	36,923	17,398	1,548	-	104,815	-

Housing Authority of the City of Everett  
Supplemental Financial Data Schedule  
Year Ended June 30, 2011

Line item number & account description	Baker Heights WAO06000100	Grandview Homes WAO06000200	Bakerview Apts WAO06000300	Pineview Apts WAO06000400	Scattered Sites WAO06000500	Other Public Housing	Total Public Housing Projects	COCC
93100 Water	21,591	18,891	6,530	7,962	12,452	-	67,426	1,500
93200 Electricity	2,685	3,003	41,816	4,090	825	-	52,419	21,826
93300 Gas	1,036	6,547	11,611	-	-	-	19,194	17,404
93600 Sewer	87,762	70,605	22,697	17,194	25,261	-	223,519	3,235
93700 Employee Benefit Contributions - Utilities	-	-	-	-	-	-	-	-
93000 Total Utilities	113,074	95,046	82,654	29,246	38,538	-	362,558	43,965
94100 Ordinary Maintenance and Operations - Labor	103,981	93,851	126,776	27,365	36,558	-	388,531	376,517
94200 Ordinary Maintenance and Operations - Materials and Other	64,906	51,302	49,363	35,080	21,086	-	221,737	27,662
94300 Ordinary Maintenance and Operations Contracts	247,384	209,063	130,339	73,908	71,857	-	732,551	29,956
94500 Employee Benefit Contributions - Ordinary	33,453	41,895	37,569	12,177	14,824	-	139,918	108,887
94000 Total Maintenance	449,724	398,111	344,047	148,530	144,325	-	1,482,737	542,822
95110 Property Insurance	17,482	14,422	11,300	3,501	5,846	-	52,551	4,128
95120 Liability Insurance	3,909	2,665	2,687	687	919	-	10,867	3,116
95130 Workmen's Compensation	8,345	8,387	12,128	3,807	2,948	-	35,615	40,939
95140 All Other Insurance	3,272	5,305	1,996	572	709	-	11,854	13,944
95100 Total Insurance Premiums	33,008	30,779	28,111	8,567	10,422	-	110,887	62,127
95200 Other General Expenses	-	-	-	-	-	-	-	-
95300 Payments in Lieu of Taxes	63,384	46,123	29,281	9,438	14,540	-	162,766	-
95400 Bad debt - Tenant Rents	(485)	(128)	1,053	(50)	(686)	-	(296)	-
95600 Bad debt - Other	-	-	-	-	-	-	-	-
95000 Total Other General Expenses	62,899	45,995	30,334	9,388	13,854	-	162,470	-
95710 Interest of Mortgage (or Bonds) Payable	-	-	-	-	-	-	-	-
95720 Interest on Notes Payable (Short and Long Term)	-	-	-	-	-	-	-	-
95730 Amortization of Bond Issue Costs	-	-	-	-	-	-	-	-
95700 Total Interest Expense and Amortization Cost	-	-	-	-	-	-	-	-
95900 Total Operating Expenses	1,091,698	981,428	840,282	345,788	282,560	-	3,541,756	2,138,108
97000 Excess of Operating Revenue over Operating Expenses	401,551	531,886	45,653	49,219	122,000	-	1,150,309	107,171
97100 Extraordinary Maintenance	12,742	18,798	39,685	32,322	26,619	-	130,166	1,209
97300 Housing Assistance Payments	-	-	-	-	-	-	-	-
97350 HAP Portability-In	-	-	-	-	-	-	-	-
97400 Depreciation Expense	57,118	467,417	150,893	99,543	118,957	-	893,928	153,692
90000 Total Expenses	1,161,558	1,467,643	1,030,860	477,653	428,136	-	4,565,850	2,293,009

Housing Authority of the City of Everett  
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Line item number & account description	Baker Heights WAO06000100	Grandview Homes WAO06000200	Bakerview Apts WAO06000300	Pineview Apts WAO06000400	Scattered Sites WAO06000500	Other Public Housing	Total Public Housing Projects	COCC
10010 Operating Transfer In	470	5,350	331	9,080	84	-	15,315	-
10020 Operating transfer Out	(470)	(5,350)	(331)	(9,080)	(84)	-	(15,315)	-
10030 Operating Transfers from/to Primary Government	-	-	-	-	-	-	-	-
10040 Operating Transfers from/to Component Unit	-	-	-	-	-	-	-	-
10070 Extraordinary items, net gain/loss	-	-	-	-	-	-	-	-
10091 Inter Project Excess Cash Transfer In	-	105,000	290,000	265,000	330,000	-	990,000	-
10092 Inter Project Excess Cash Transfer Out	(990,000)	-	-	-	-	-	(990,000)	-
10093 Transfers between Program and Project - In	-	-	-	-	-	-	-	-
10094 Transfers between Project and Program - Out	-	-	-	-	-	-	-	-
10100 Total Other financing Sources (Uses)	(990,000)	105,000	290,000	265,000	330,000	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under)	\$ (658,309)	\$ 150,671	\$ 145,075	\$ 182,354	\$ 306,424	\$ -	\$ 126,215	\$ (47,730)
Total								
11020 Required Annual Debt Principal Payments	-	-	-	-	-	-	-	-
11030 Beginning Equity	1,998,667	5,054,608	1,963,686	1,581,858	2,929,395	-	13,528,214	2,421,588
11040 Prior Period Adjustments, Equity Transfers and Correction of	-	-	89,138	-	98,715	-	187,853	35,410
11170 Administrative Fee Equity	-	-	-	-	-	-	-	-
11180 Housing Assistance Payments Equity	-	-	-	-	-	-	-	-
11190 Unit Months Available	2,952	1,703	1,812	408	518	-	7,393	-
11210 Number of Unit Months Leased	2,939	1,683	1,804	406	515	-	7,347	-
11270 Excess Cash	952,400	567,169	593,793	334,555	434,236	-	2,882,153	-
11610 Land Purchases	-	-	-	-	-	-	-	-
11620 Building Purchases	-	544,632	156,722	178,633	342,773	-	1,222,760	109,516
11630 Furniture & Equipment - Dwelling Purchases	60,715	6,083	6,446	742	3,242	-	77,228	-
11640 Furniture & Equipment - Administrative Purchases	-	30,287	-	-	-	-	30,287	-

Housing Authority of the City of Everett  
Supplemental Financial Data Schedule  
Year Ended June 30, 2011

Line item number & account description	Housing Choice Vouchers 14,871	Business Activities	Sec 8 Housing Assist Pymt Spec Allocations 14,195	Section 8 Mod Rehab 14,249	ARRA Capital Fund Stimulus Grant 14,885	Neighborhood Stabilization CDBG 14,228	Hope Options 93,958	Section 8 Mod Rehab 14,856
70300 Net Tenant Rental Revenue	\$ -	\$ 2,970,837	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
70400 Tenant Revenue - Other	-	538,392	-	-	-	-	-	-
70500 Total Tenant Revenue	-	3,509,229	-	-	-	-	-	-
70600 HUD PHA Operating Grants	23,223,294	-	368,991	117,558	-	-	-	47,003
70610 Capital Grants	-	-	-	-	223,263	-	-	-
70710 Management Fee	-	-	-	-	-	-	-	-
70720 Asset Management Fee	-	-	-	-	-	-	-	-
70730 Book Keeping Fee	-	-	-	-	-	-	-	-
70740 Front Line Service Fee	-	-	-	-	-	-	-	-
70750 Other Fees	-	-	-	-	-	-	-	-
70700 Total Fee Revenue	-	-	-	-	-	-	-	-
70800 Other Government Grants	-	-	-	-	-	530,330	213,523	-
71100 Investment Income - Unrestricted	1,579	15,670	-	-	-	-	-	-
71200 Mortgage Interest Income	-	-	-	-	-	-	-	-
71300 Proceeds from Disposition of Assets Held for Sale	-	-	-	-	-	-	-	-
71310 Cost of Sale of Assets	-	-	-	-	-	-	-	-
71400 Fraud Recovery	92,782	-	-	-	-	-	-	-
71400 Other Revenue	225,288	26,231	-	-	-	-	-	-
71500 Other Revenue	-	(1,466)	-	-	-	-	-	-
71600 Gain or Loss on Sale of Capital Assets	9,104	-	-	-	-	-	-	-
72000 Investment Income - Restricted	-	-	-	-	-	-	-	-
70000 Total Revenue	23,553,047	3,549,664	368,991	117,558	223,263	530,330	213,523	47,003
91100 Administrative Salaries	724,258	256,182	-	1,477	-	8,009	132,805	563
91200 Auditing Fees	19,436	2,915	-	176	-	-	-	67
91300 Management Fee	398,479	156,534	-	3,024	-	-	-	1,152
91310 Book-keeping Fee	217,238	26,685	-	1,890	-	-	-	720
91400 Advertising and Marketing	-	5,268	-	-	-	-	-	-
91500 Employee Benefit contributions - Administrative	259,069	74,438	-	314	-	1,442	48,612	119
91600 Office Expenses	35,538	27,363	-	-	-	-	1,188	-
91700 Legal Expense	167	5,658	-	-	-	-	-	-
91800 Travel	3,228	4,541	-	-	-	-	2,702	-
91900 Other	51,568	48,364	-	9,087	-	-	1,361	3,461
91000 Total Operating - Administrative	1,709,081	607,948	-	15,968	-	9,451	186,668	6,082
92000 Asset Management Fee	-	-	-	-	-	-	-	-
92100 Tenant Services - Salaries	35,274	293,114	-	-	-	-	-	-
92200 Relocation Costs	-	-	-	-	-	-	-	-
92300 Employee Benefit Contributions - Tenant Services	-	85,169	-	-	-	-	-	-
92400 Tenant Services - Other	200	243,401	-	-	-	-	29,118	-
92500 Total Tenant Services	35,474	621,684	-	-	-	-	29,118	-

Line item number & account description	Housing Choice Vouchers 14,871	Business Activities	Sec 8 Housing Assist. Pymt. Spec Allocations 14,195	Section 8 Mod Rehab 14,249	ARRA Capital Fund Stimulus Grant 14,885	Neighborhood Stabilization CDBG 14,228	Hope Options 93,958	Section 8 Mod Rehab 14,856
93100 Water	-	37,093	-	-	-	-	-	-
93200 Electricity	-	85,490	-	-	-	-	-	-
93300 Gas	-	28,188	-	-	-	-	-	-
93600 Sewer	-	86,084	-	-	-	-	-	-
93700 Employee Benefit Contributions - Utilities	-	-	-	-	-	-	-	-
93000 Total Utilities	-	236,855	-	-	-	-	-	-
94100 Ordinary Maintenance and Operations - Labor	-	190,003	-	-	-	-	-	-
94200 Ordinary Maintenance and Operations - Materials and Other	2,205	69,875	-	2	-	-	-	-
94300 Ordinary Maintenance and Operations Contracts	826	280,263	-	-	-	-	-	-
94500 Employee Benefit Contributions - Ordinary	-	55,208	-	-	-	-	-	-
94000 Total Maintenance	3,031	595,349	-	2	-	-	-	-
95110 Property Insurance	-	30,891	-	-	-	-	-	-
95120 Liability Insurance	6,599	6,682	-	60	-	-	-	23
95130 Workmen's Compensation	7,009	67,906	-	9	-	35	1,288	4
95140 All Other Insurance	4,454	29,391	-	-	-	-	-	-
95100 Total Insurance Premiums	18,062	134,870	-	69	-	35	1,288	27
95200 Other General Expenses	76,109	-	-	-	-	520,844	-	-
95300 Payments in Lieu of Taxes	-	19,374	-	-	-	-	-	-
95400 Bad debt - Tenant Rents	-	17,242	-	-	-	-	-	-
95600 Bad debt - Other	13,136	-	-	-	-	520,844	-	-
95000 Total Other General Expenses	89,245	36,616	-	-	-	-	-	-
95710 Interest of Mortgage (or Bonds) Payable	-	297,830	-	-	-	-	-	-
95720 Interest on Notes Payable (Short and Long Term)	-	-	-	-	-	-	-	-
95730 Amortization of Bond Issue Costs	-	-	-	-	-	-	-	-
95700 Total Interest Expense and Amortization Cost	-	297,830	-	-	-	-	-	-
95900 Total Operating Expenses	1,854,893	2,531,152	-	16,039	-	530,330	217,074	6,109
97000 Excess of Operating Revenue over Operating Expenses	21,698,154	1,018,512	368,991	101,519	223,263	-	(3,551)	40,894
97100 Extraordinary Maintenance	-	50,171	-	-	-	-	-	-
97300 Housing Assistance Payments	20,180,226	-	-	96,655	-	-	-	39,041
97350 HAP Portability-In	211,377	-	-	-	-	-	-	-
97400 Depreciation Expense	7,531	774,945	-	-	-	-	227	-
90000 Total Expenses	22,254,027	3,356,268	-	112,694	-	530,330	217,301	45,150



Housing Authority of the City of Everett  
Supplemental Financial Data Schedule  
Year Ended June 30, 2011

Line item number & account description	Housing Choice Vouchers 14,871	Business Activities	Sec 8 Housing Assist Pymt Spec Allocations 14,195	Section 8 Mod Rehab 14,249	ARRA Capital Fund Stimulus Grant 14,885	Neighborhood Stabilization CDBG 14,228	Hope Options 93,958	Section 8 Mod Rehab 14,855
10010 Operating Transfer In	-	-	-	-	-	-	-	-
10020 Operating transfer Out	-	-	-	-	-	-	-	-
10030 Operating Transfers from/to Primary Government	-	-	(368,991)	-	-	-	-	-
10040 Operating Transfers from/to Component Unit	-	-	-	-	-	-	-	-
10070 Extraordinary items, net gain/loss	-	6,914,137	-	-	-	-	-	-
10091 Inter Project Excess Cash Transfer In	-	-	-	-	-	-	-	-
10092 Inter Project Excess Cash Transfer Out	-	-	-	-	-	-	-	-
10093 Transfers between Program and Project - In	-	-	-	-	-	-	-	-
10094 Transfers between Project and Program - Out	-	-	-	-	-	-	-	-
10100 Total Other financing Sources (Uses)	-	6,914,137	(368,991)	-	-	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under)	\$ 1,299,020	\$ 7,107,533	\$ -	\$ 4,864	\$ 223,263	\$ -	\$ (3,776)	\$ 1,853
Total								
11020 Required Annual Debt Principal Payments	-	373,543	-	-	-	-	-	-
11030 Beginning Equity	3,173,921	13,540,776	-	50,081	-	-	1,676	18,136
11040 Prior Period Adjustments, Equity Transfers and Correction of	-	-	-	(682)	(223,263)	-	-	682
11170 Administrative Fee Equity	752,598	-	-	-	-	-	-	-
11180 Housing Assistance Payments Equity	3,720,343	-	-	-	-	-	-	-
11190 Unit Months Available	29,700	4,128	-	252	-	-	-	96
11210 Number of Unit Months Leased	28,961	4,013	-	242	-	-	-	95
11270 Excess Cash	-	-	-	-	-	-	-	-
11610 Land Purchases	-	-	-	-	-	-	-	-
11620 Building Purchases	-	-	-	-	-	-	-	-
11630 Furniture & Equipment - Dwelling Purchases	-	-	-	-	-	-	-	-
11640 Furniture & Equipment - Administrative Purchases	-	-	-	-	-	-	-	-

Line item number & account description	Total Other Programs	Subtotal Housing Authority Projects/Programs	Eliminations	Total Housing Authority	Component Unit	Memorandum Total
70300 Net Tenant Rental Revenue	\$ 2,970,837	\$ 4,960,719	\$ -	\$ 4,960,719	\$ 269,086	\$ 5,229,805
70400 Tenant Revenue - Other	538,392	570,558	-	570,558	13,826	584,384
70500 Total Tenant Revenue	3,509,229	5,531,277	-	5,531,277	282,912	5,814,189
70600 HUD PHA Operating Grants	23,756,846	25,435,605	-	25,435,605	-	25,435,605
70610 Capital Grants	223,263	1,270,373	-	1,270,373	-	1,270,373
70710 Management Fee	-	980,678	(980,678)	-	-	-
70720 Asset Management Fee	-	74,760	(74,760)	-	-	-
70730 Book Keeping Fee	-	302,213	(302,213)	-	-	-
70740 Front Line Service Fee	-	717,116	(669,099)	48,017	-	48,017
70750 Other Fees	-	44,292	(2)	44,290	-	44,290
70700 Total Fee Revenue	-	2,119,059	(2,026,752)	92,307	-	92,307
70800 Other Government Grants	743,853	743,853	-	743,853	-	743,853
71100 Investment Income - Unrestricted	17,249	27,341	-	27,341	350	27,691
71200 Mortgage Interest Income	-	-	-	-	-	-
71300 Proceeds from Disposition of Assets Held for Sale	-	-	-	-	-	-
71310 Cost of Sale of Assets	-	-	-	-	-	-
71400 Fraud Recovery	92,782	92,782	-	92,782	-	92,782
71500 Other Revenue	255,519	317,570	-	317,570	-	317,570
71600 Gain or Loss on Sale of Capital Assets	(1,466)	(6,241)	-	(6,241)	-	(6,241)
72000 Investment Income - Restricted	9,104	9,104	-	9,104	193	9,297
70000 Total Revenue	28,603,379	35,540,723	(2,026,752)	33,513,971	283,455	33,797,426
91100 Administrative Salaries	1,123,294	2,425,240	-	2,425,240	45,792	2,471,032
91200 Auditing Fees	22,594	34,706	-	34,706	11,000	45,706
91300 Management Fee	559,189	980,679	(980,679)	-	44,482	44,482
91310 Book-keeping Fee	246,533	302,214	(302,214)	-	-	-
91400 Advertising and Marketing	5,268	7,752	-	7,752	1,815	9,567
91500 Employee Benefit contributions - Administrative	383,994	796,842	-	796,842	17,840	814,682
91600 Office Expenses	64,089	165,486	-	165,486	7,610	173,096
91700 Legal Expense	5,825	98,825	-	98,825	708	99,533
91800 Travel	10,471	45,874	-	45,874	1,960	47,834
91900 Other	113,941	410,303	-	410,303	13,567	423,870
91000 Total Operating - Administrative	2,535,198	5,267,921	(1,282,893)	3,985,028	144,774	4,129,802
92000 Asset Management Fee	-	74,760	(74,760)	-	-	-
92100 Tenant Services - Salaries	326,388	381,891	-	381,891	-	381,891
92200 Relocation Costs	-	1,504	-	1,504	-	1,504
92300 Employee Benefit Contributions - Tenant Services	85,169	103,060	-	103,060	-	103,060
92400 Tenant Services - Other	272,719	304,636	-	304,636	-	304,636
92500 Total Tenant Services	686,276	791,091	-	791,091	-	791,091

Housing Authority of the City of Everett  
Supplemental Financial Data Schedule  
Year Ended June 30, 2011

Line item number & account description	Total Other Programs	Subtotal Housing Authority Projects/Programs	Eliminations	Total Housing Authority	Component Unit	Memorandum Total
93100 Water	37,093	106,019	-	106,019	9,693	115,712
93200 Electricity	85,490	159,735	-	159,735	10,108	169,843
93300 Gas	28,188	64,786	-	64,786	-	64,786
93600 Sewer	86,084	312,838	-	312,838	22,760	335,598
93700 Employee Benefit Contributions - Utilities	-	-	-	-	-	-
93000 Total Utilities	236,655	643,378	-	643,378	42,561	685,939
94100 Ordinary Maintenance and Operations - Labor	190,003	955,051	-	955,051	35,677	990,728
94200 Ordinary Maintenance and Operations - Materials and Other	72,082	321,481	-	321,481	15,378	336,859
94300 Ordinary Maintenance and Operations Contracts	281,089	1,043,596	(669,099)	374,497	76,368	450,865
94500 Employee Benefit Contributions - Ordinary	55,208	303,813	-	303,813	13,899	317,712
94000 Total Maintenance	598,382	2,623,941	(669,099)	1,954,842	141,322	2,096,164
96110 Property Insurance	30,891	87,570	-	87,570	16,247	103,817
96120 Liability Insurance	13,364	27,347	-	27,347	6,194	33,541
96130 Workmen's Compensation	76,251	152,805	-	152,805	3,270	156,075
96140 All Other Insurance	33,645	59,643	-	59,643	7,731	67,374
96100 Total Insurance Premiums	154,351	327,365	-	327,365	33,442	360,807
96200 Other General Expenses	596,953	596,953	-	596,953	15,204	612,157
96300 Payments in Lieu of Taxes	19,374	182,140	-	182,140	-	182,140
96400 Bad debt - Tenant Rents	17,242	16,946	-	16,946	-	16,946
96600 Bad debt - Other	13,136	13,136	-	13,136	2,345	15,481
96000 Total Other General Expenses	646,705	809,175	-	809,175	17,549	826,724
96710 Interest of Mortgage (or Bonds) Payable	297,830	297,830	-	297,830	163,481	461,311
96720 Interest on Notes Payable (Short and Long Term)	-	-	-	-	-	-
96730 Amortization of Bond Issue Costs	-	-	-	-	4,884	4,884
96700 Total Interest Expense and Amortization Cost	297,830	297,830	-	297,830	168,365	466,195
96900 Total Operating Expenses	5,155,597	10,835,461	(2,026,752)	8,808,709	548,013	9,356,722
97000 Excess of Operating Revenue over Operating Expenses	23,447,782	24,705,262	-	24,705,262	(264,558)	24,440,704
97100 Extraordinary Maintenance	50,171	181,546	-	181,546	7,782	189,328
97300 Housing Assistance Payments	20,315,922	20,315,922	-	20,315,922	-	20,315,922
97350 HAP Portability-In	211,377	211,377	-	211,377	-	211,377
97400 Depreciation Expense	782,703	1,830,323	-	1,830,323	125,650	1,955,973
90000 Total Expenses	26,515,770	33,374,629	(2,026,752)	31,347,877	681,445	32,029,322

Housing Authority of the City of Everett  
Supplemental Financial Data Schedule  
Year Ended June 30, 2011

Line item number & account description	Total Other Programs	Subtotal Housing Authority Projects/Programs	Eliminations	Total Housing Authority	Component Unit	Memorandum Total
10010 Operating Transfer In	-	15,315	(15,315)	-	-	-
10020 Operating transfer Out	-	(15,315)	15,315	-	-	-
10030 Operating Transfers from/to Primary Government	(368,991)	(368,991)	-	(368,991)	-	(368,991)
10040 Operating Transfers from/to Component Unit	-	-	-	-	368,991	368,991
10070 Extraordinary items, net gain/loss	6,914,137	6,914,137	-	6,914,137	-	6,914,137
10091 Inter Project Excess Cash Transfer In	-	990,000	(990,000)	-	-	-
10092 Inter Project Excess Cash Transfer Out	-	(990,000)	990,000	-	-	-
10093 Transfers between Program and Project - In	-	-	-	-	-	-
10094 Transfers between Project and Program - Out	-	-	-	-	-	-
10100 Total Other financing Sources (Uses)	6,545,146	6,545,146	-	6,545,146	368,991	6,914,137
10000 Excess (Deficiency) of Total Revenue Over (Under)	\$ 8,632,755	\$ 8,711,240	\$ -	\$ 8,711,240	\$ (28,999)	\$ 8,682,241
Total						
11020 Required Annual Debt Principal Payments	373,543	373,543	-	373,543	55,000	428,543
11030 Beginning Equity	16,784,590	32,734,392	-	32,734,392	850,423	33,584,815
11040 Prior Period Adjustments, Equity Transfers and Correction of	(223,263)	-	-	-	-	-
11170 Administrative Fee Equity	752,598	752,598	-	752,598	-	752,598
11180 Housing Assistance Payments Equity	3,720,343	3,720,343	-	3,720,343	-	3,720,343
11190 Unit Months Available	34,176	41,569	-	41,569	960	42,529
11210 Number of Unit Months Leased	33,311	40,658	-	40,658	937	41,595
11270 Excess Cash	-	2,882,153	-	2,882,153	-	2,882,153
11610 Land Purchases	-	-	-	-	-	-
11620 Building Purchases	-	1,332,276	-	1,332,276	-	1,332,276
11630 Furniture & Equipment - Dwelling Purchases	-	77,228	-	77,228	-	77,228
11640 Furniture & Equipment - Administrative Purchases	-	30,287	-	30,287	-	30,287

**HOUSING AUTHORITY OF THE CITY OF EVERETT**  
**Supplemental Segment Information - Unaudited**  
**As of and for the Year Ended June 30, 2011**

**CONDENSED STATEMENT OF NET ASSETS**

	Affordable Housing Properties	Broadway Plaza West	Broadway Plaza East	Douglas Grove	Greenhouse	Property Management	Total (memorandum only)
<b>Assets</b>							
Cash & investments - unrestricted	\$ 181,683	\$ 931,716	\$ 621,968	\$ 9,550	\$ 65,483	\$ 6,067,231	\$ 7,877,631
Cash & investments - restricted	107,508	-	-	4,000	-	-	111,508
Due from other programs	-	-	-	-	-	86,097	86,097
Other current assets	46,603	363	9,989	881	-	268,965	326,801
Capital assets (net of accumulated depreciation)	9,157,574	-	-	458,063	-	290,520	9,906,157
Other assets	-	-	-	-	-	19,867,133	19,867,133
<b>Total Assets</b>	<b>9,493,368</b>	<b>932,079</b>	<b>631,957</b>	<b>472,494</b>	<b>65,483</b>	<b>26,579,946</b>	<b>38,175,327</b>
<b>Liabilities</b>							
Current liabilities	42,954	5,176	61,807	2,070	3	2,509	114,519
Current portion of long-term debt	332,356	-	-	41,187	-	115,000	488,543
Current liabilities payable from restricted assets	84,560	-	-	4,000	-	-	88,560
Due to other programs	1,351	1,098	1,174	95	-	-	3,718
Bonds and notes payable - non-current	6,304,816	-	-	183,679	-	9,845,000	16,333,495
Other non-current liabilities	89,882	-	9,732	1,040	-	397,529	498,183
<b>Total Liabilities</b>	<b>6,855,919</b>	<b>6,274</b>	<b>72,713</b>	<b>232,071</b>	<b>3</b>	<b>10,360,038</b>	<b>17,527,018</b>
<b>Net Assets</b>							
Invested in capital assets, net of related debt	2,520,402	-	-	233,197	-	290,520	3,044,119
Restricted	53,133	-	-	-	-	-	53,133
Unrestricted	63,902	925,805	559,244	7,226	65,480	15,929,400	17,551,057
<b>Total Net Assets</b>	<b>\$ 2,637,437</b>	<b>\$ 925,805</b>	<b>\$ 559,244</b>	<b>\$ 240,423</b>	<b>\$ 65,480</b>	<b>\$ 16,219,920</b>	<b>\$ 20,648,309</b>

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

	Affordable Housing Properties	Broadway Plaza West	Broadway Plaza East	Douglas Grove	Greenhouse	Property Management	Total (memorandum only)
<b>Operating Revenue (Expenses)</b>							
Operating revenue	\$ 1,232,170	\$ 802,115	\$ 1,366,250	\$ 98,929	\$ 4,900	\$ 7,175,447	\$ 10,699,811
Operating expenses	(577,499)	(443,366)	(1,229,350)	(30,785)	(252,141)	(2,032)	(2,535,173)
Operating transfers in	-	-	37,345	-	-	-	37,345
Operating transfers out	-	(37,345)	-	-	-	-	(37,345)
Depreciation expense	(239,498)	(141,766)	(362,970)	(9,136)	(1,575)	-	(774,945)
Operating income (loss)	415,173	179,638	(188,725)	59,008	(248,816)	7,173,415	7,389,693
<b>Nonoperating Revenue (Expense)</b>							
Interest income	439	2,360	846	4	158	11,863	15,670
Interest expense	(285,460)	-	-	(12,370)	-	-	(297,830)
Nonoperating transfers out	-	-	-	-	-	-	-
Nonoperating income (expense)	(285,021)	2,360	846	(12,366)	158	11,863	(282,160)
Increase (decrease) in net assets	130,152	181,998	(187,879)	46,642	(248,658)	7,185,278	7,107,533
Net Assets, Beginning of Year	2,507,285	743,807	747,123	193,781	314,138	9,034,642	13,540,776
<b>Net Assets, End of Year</b>	<b>\$ 2,637,437</b>	<b>\$ 925,805</b>	<b>\$ 559,244</b>	<b>\$ 240,423</b>	<b>\$ 65,480</b>	<b>\$ 16,219,920</b>	<b>\$ 20,648,309</b>

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.

**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. 11/30/2008)

PHA Name  HOUSING AUTHORITY OF THE CITY OF EVERETT	Comprehensive Grant Number
	WA19P00650107
	FFY of Grant Approval
	2007

The PHA/IHA 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 Comprehensive Grant, is as shown below:

A. Original Funds Approved	\$	883,418.00
B. Revised Funds Approved	\$	883,418.00
C. Funds Advanced	\$	883,418.00
D. Funds Expended (Actual Modernization Cost)	\$	883,418.00
E. Amount to be Recaptured (A-D)	\$	0.00
F. Excess of Funds Advanced (C-D)	\$	0.00

2. That all modernization work in connection with the Comprehensive Grant has been completed;
3. That the entire Actual Modernization Cost or liabilities therefor incurred by the PHA have been fully paid;
4. That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work; 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



12/17/2010

**For HUD Use Only**

The Cost Certificate is approved for audit.

Approved for Audit (Director, Public Housing Division)

Date



12/23/10

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

# Actual Modernization Cost Certificate

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

OMB Approval No. 2577-0157 (exp.01/31/2014)

Comprehensive Improvement Assistance Program (CIAP)  
Comprehensive Grant Program (CGP)

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

Do not send this form to the above address.

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

HA Name:

Housing Authority of the City of Everett

Modernization Project Number:

WA19P00650108

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	Original Funds Approved \$ 946,233
B. Funds Disbursed	Funds Disbursed \$ 946,233
C. Funds Expended	Funds Expended (Actual Modernization Cost) \$ 946,233
D. Amount to be Recaptured	Amount to be Recaptured (A-C) \$ .00
E. Excess of Funds Disbursed	Excess of Funds Disbursed (B-C) \$ .00

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

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

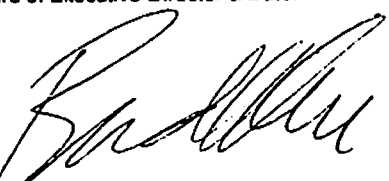
4. That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work; and

5. 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 of Executive Director & Date:

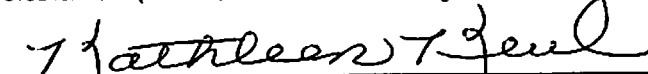
X  June 30, 2011

For HUD Use Only

The Cost Certificate is approved for audit:

Approved for Audit (Director, Office of Public Housing / ONAP Administrator)

Date:

X 

8-31-11

The audited costs agree with the costs shown above: Verified: (Designated HUD Official)

Date:

X Approved: (Director, Office of Public Housing / ONAP Administrator)

Date:

X



# Actual Modernization Cost Certificate

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

OMB Approval No. 2577-0157 (exp. 01/31/2014)

Comprehensive Improvement Assistance Program (CIAP)  
Comprehensive Grant Program (CGP)

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

Do not send this form to the above address.

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

HA Name: <b>HOUSING AUTHORITY OF THE CITY OF EVERETT</b>	Modernization Project Number: <b>WA19S00650109</b>
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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:

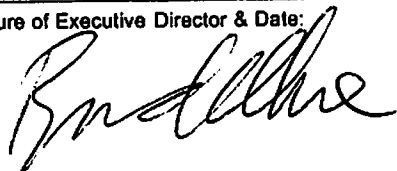
A. Original Funds Approved	\$	1,197,744.00
B. Funds Disbursed	\$	1,197,744.00
C. Funds Expended (Actual Modernization Cost)	\$	1,197,744.00
D. Amount to be Recaptured (A-C)	\$	.00
E. Excess of Funds Disbursed (B-C)	\$	.00

2. That all modernization work in connection with the Modernization Grant has been completed;
3. That the entire Actual Modernization Cost or liabilities therefor incurred by the HA have been fully paid;
4. That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work; and
5. 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 of Executive Director & Date:

X 

06/30/2011

## For HUD Use Only

The Cost Certificate is approved for audit:

Approved for Audit (Director, Office of Public Housing / ONAP Administrator)

Date:

X 

9-14-11

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official)

Date:

X

Approved: (Director, Office of Public Housing / ONAP Administrator)

Date:

X

form HUD-53001 (10/96)  
ref Handbooks 7485.1 & 3



## **ABOUT THE STATE AUDITOR'S OFFICE**

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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 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 employees are located around the state to deliver services effectively and efficiently.

Our 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. In addition, we conduct performance audits of state agencies and local governments and fraud, whistleblower and citizen hotline investigations.

The results of our work are widely distributed through a variety of reports, which are available on our Web site and through our free, electronic subscription service.

We take our role as partners in accountability seriously. We provide training and technical assistance to governments and have an extensive quality assurance program.

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Deputy Chief of Staff  
Chief Policy Advisor  
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Director of Performance Audit  
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