

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

---

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

Audit Period  
**July 1, 2011 through June 30, 2012**

**Report No. 1009248**

Issue Date  
**March 11, 2013**



WASHINGTON  
**TROY KELLEY**  
STATE AUDITOR



**Washington State Auditor  
Troy Kelley**

March 11, 2013

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,

A handwritten signature in black ink that reads "Troy X. Kelley". The signature is written in a cursive, flowing style.

**TROY KELLEY**  
STATE AUDITOR

# Table of Contents

## **Housing Authority of the City of Everett Snohomish County July 1, 2011 through June 30, 2012**

Federal Summary .....	1
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters in Accordance with <i>Government Auditing Standards</i> .....	3
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 .....	5
Independent Auditor's Report on Financial Statements .....	7
Financial Section.....	9

# Federal Summary

## Housing Authority of the City of Everett Snohomish County July 1, 2011 through June 30, 2012

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 each of its major federal programs.

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 were major programs during the period under audit:

<u>CFDA No.</u>	<u>Program Title</u>
14.850	Public and Indian Housing
14.871	Housing Voucher Cluster - Section 8 Housing Choice Vouchers

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by OMB Circular A-133, was \$780,424.

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, 2011 through June 30, 2012

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, 2012, which collectively comprise the Housing Authority's basic financial statements, and have issued our report thereon dated January 31, 2013.

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.

A handwritten signature in black ink that reads "Troy X. Kelley". The signature is written in a cursive, flowing style.

**TROY KELLEY**  
STATE AUDITOR

January 31, 2013

# 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, 2011 through June 30, 2012**

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 each of its major federal programs for the year ended June 30, 2012. The Housing Authority's major federal programs are identified in the Federal Summary. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Housing Authority's management. Our responsibility is to express an opinion on the Housing Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to 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 each of its major federal programs for the year ended June 30, 2012.

## **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.



**TROY KELLEY**  
STATE AUDITOR

January 31, 2013

# Independent Auditor's Report on Financial Statements

## **Housing Authority of the City of Everett Snohomish County July 1, 2011 through June 30, 2012**

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, 2012, 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, 2012, 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 is 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 and Notes to the Supplemental Segment Information 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.



**TROY KELLEY**  
STATE AUDITOR

January 31, 2013

# Financial Section

## **Housing Authority of the City of Everett Snohomish County July 1, 2011 through June 30, 2012**

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

Management's Discussion and Analysis – 2012

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

Statement of Net Assets – 2012  
Statement of Revenues, Expenses and Changes in Net Assets – 2012  
Statement of Cash Flows – Proprietary Funds – 2012  
Notes to Financial Statements – 2012

### ***SUPPLEMENTARY INFORMATION***

Schedule of Expenditures of Federal Awards – 2012  
Notes to the Schedule of Expenditures of Federal Awards – 2012  
Supplemental Financial Data Schedule – 2012  
Supplemental Segment Information – Unaudited – 2012  
Notes to Supplemental Segment Information – Unaudited – 2012



# HOUSING AUTHORITY OF THE CITY OF EVERETT

## Management's Discussion and Analysis

Year Ended June 30, 2012

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, 2012.

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, 2012**

***Financial Highlights***

- Assets of the Authority exceeded liabilities at June 30, 2012 by \$41,987,984 (net assets). Of this amount, \$24,139,738 is classified as unrestricted net assets and may be used by the Authority to meet its ongoing obligations.
- Total net assets increased by \$542,352 (or 1.3%) during the past year. Net assets were \$41,987,984 and \$41,445,632 at June 30, 2012 and 2011, respectively.
- Total operating and non-operating revenues increased by \$73,257 (or .24%) during the past year, and were \$30,272,645 for 2012 and \$30,199,388 for 2011.
- The total expenses of the Authority's programs increased by \$645,906 (or 2.2%). Total expenses were \$30,395,864 and \$29,749,958 for 2012 and 2011, respectively.
- The Authority's unrestricted net assets at June 30, 2012 and 2011 were \$24,139,738 and \$21,677,734 respectively, an increase of 11.4%.

***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 620 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 the Authority received \$665,571 in capital fund grants.

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 nine separate non-subsidized apartment complexes all located within the Authority's service area. These nine properties have a combined total of 154 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.

At June 30, 2012, seventy-four of the tenants residing in these apartment complexes were participants in the Authority's Housing Choice Voucher Program.



**HOUSING AUTHORITY OF THE CITY OF EVERETT**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2012**

**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**

	<u>As of June 30,</u>	
	<u>2012</u>	<u>2011</u>
<b>Assets</b>		
Current assets	\$ 18,631,819	\$ 17,144,578
Capital assets	22,327,918	22,856,460
Other assets	21,709,630	19,867,133
Total Assets	<u>62,669,367</u>	<u>59,868,171</u>
<b>Liabilities</b>		
Accounts payable and other current liabilities	5,570,945	1,413,843
Long-term liabilities	15,110,438	17,008,696
Total Liabilities	<u>20,681,383</u>	<u>18,422,539</u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	15,835,422	15,994,422
Restricted	2,012,824	3,773,476
Unrestricted	24,139,738	21,677,734
Total Net Assets	<u>\$ 41,987,984</u>	<u>\$ 41,445,632</u>

*Major Factors Affecting the Statement of Net Assets*

Total assets of the Authority at June 30, 2012 and June 30, 2011 were \$62,669,367 and \$59,868,171, respectively. This represents an increase of \$2,801,196 during the year which was primarily the result of an increase in notes receivable from the Broadway Plaza LLLP tax credit partnership for an increase in the temporary construction loan for the remodel of this apartment complex.

Current assets increased by \$1,487,241 and current liabilities increased by \$4,157,102. The Authority's current ratio decreased from 12.13 in 2011 to 3.34 in 2012. There are sufficient current assets (primarily cash, investments and accounts receivable) to extinguish current liabilities.

The net decrease in capital assets of \$528,542 represents the difference between capital assets acquired during the year totaling \$832,605, depreciation expense of \$1,356,049 and book value of assets disposed of for \$5,098.

# HOUSING AUTHORITY OF THE CITY OF EVERETT

## Management's Discussion and Analysis

Year Ended June 30, 2012

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, 2011	\$ 21,677,734
Total change in net assets	542,352
Adjustments:	
Depreciation (1)	<u>1,356,049</u>
Adjusted change in net assets	23,576,135
Payments on capital asset long-term debt borrowings	(369,542)
Capital asset additions	(832,605)
Book value of capital asset disposal	5,098
Decrease in restricted assets	<u>1,760,652</u>
Unrestricted net assets - June 30, 2012	<u>\$ 24,139,738</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, 2012 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. For comparison purposes information from the Authority's June 30, 2011 Statement of Revenue, Expenses, and Changes in Net Assets has been restated to reflect results that do not include information from Broadway Plaza East and West as these two properties were sold to Broadway Plaza LLLP as of June 29, 2011, and therefore no longer a part of the Authority's operations. See Note 15 of the Notes to the Financial Statements.

# HOUSING AUTHORITY OF THE CITY OF EVERETT

## Management's Discussion and Analysis Year Ended June 30, 2012

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,	
	2012	2011 (Restated)
Operating and nonoperating revenue		
Operating grants and subsidies	\$ 23,401,299	\$ 25,810,467
Tenant revenue - rents and other	3,868,576	3,865,758
Interest income	424,639	33,243
Other revenue	2,578,131	489,920
Total revenue	<u>30,272,645</u>	<u>30,199,388</u>
Operating and nonoperating expenses		
Housing assistance payments	21,710,951	20,527,299
Administrative	3,412,135	3,552,322
Maintenance and operation	1,786,176	1,752,631
Depreciation	1,356,049	1,328,994
Tenant services	844,280	723,217
Utilities	524,477	511,218
General	479,867	1,056,447
Interest expense	281,929	297,830
Total expenses	<u>30,395,864</u>	<u>29,749,958</u>
Income before capital contributions and extraordinary gain	(123,219)	449,430
Net Assets - Beginning of Year	41,368,332	32,734,392
Net Assets from Broadway Plaza operations (2011)	77,300	-
Capital contributions	665,571	1,270,373
Extraordinary gain	-	6,914,137
Net Assets - End of Year	<u>\$ 41,987,984</u>	<u>\$ 41,368,332</u>

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

Operating subsidies and grants earned during the year decreased by approximately \$2,409,168. Rents and other tenant revenue increased by approximately \$2,818.

Total expenses increased by \$645,906 (2.2%).

Capital grants earned during the year decreased by \$604,802, primarily due to a decrease in ARRA funding received in the current year.



# HOUSING AUTHORITY OF THE CITY OF EVERETT

## Management's Discussion and Analysis

Year Ended June 30, 2012

### Capital Assets and Debt Administration

#### Capital Assets

At June 30, 2012, the Authority had \$22,327,918 invested in a variety of capital assets (as summarized below), which represents a net decrease of \$528,542 from June 30, 2011.

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

	As of June 30,	
	2012	2011
Land and site improvements	\$ 3,490,205	\$ 3,490,205
Building and building improvements	42,912,759	42,336,658
Equipment	2,413,208	2,354,047
Construction in progress	1,427,418	1,255,067
Total	50,243,590	49,435,977
Accumulated depreciation	(27,915,672)	(26,579,517)
Capital assets - net	<u>\$ 22,327,918</u>	<u>\$ 22,856,460</u>

The following reconciliation summarizes the change in capital assets from June 30, 2011 to June 30, 2012, which is presented in more detail in Note 6 of the Notes to the Financial Statements.

#### CHANGE IN CAPITAL ASSETS

Balance at June 30, 2011	\$ 22,856,460
Additions	832,605
Reductions - net	(5,098)
Depreciation expense	<u>(1,356,049)</u>
Balance at June 30, 2012	<u>\$ 22,327,918</u>

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, 2012**

***Outstanding Debt***

At June 30, 2012 the Authority had outstanding debt (bonds and notes) totaling \$18,989,496, a net increase of \$2,167,458 resulting primarily from the issuance of \$2,592,000 in notes payable in connection with the construction loan associated with the remodeling of Broadway Plaza Apartments and the principle payment of \$369,542 on long term debt. Please refer to Note 8 of the Notes to the Financial Statements for more information.

**OUTSTANDING DEBT AT YEAR-END**

	<b>As of June 30,</b>	
	<b>2012</b>	<b>2011</b>
Revenue Bonds Payable		
Twelve Pines apartments (tax credit partnership)	\$ 1,845,000	\$ 1,900,000
Broadway Plaza apartments (tax credit partnership)	7,000,000	7,000,000
Douglas Grove apartments	183,678	224,866
Rainier Park apartments	299,262	342,256
Rucker Street apartments	233,290	265,734
Oakes Avenue apartments	215,944	245,124
Bridge Creek apartments	397,298	446,086
Timber Hill apartments	1,000,743	1,115,367
Pacific Square apartments	290,719	313,340
Lakeview Terrace apartments	1,441,787	1,466,745
	<u>12,907,721</u>	<u>13,319,518</u>
Less: Current portion	<u>(1,904,786)</u>	<u>(475,798)</u>
Total Revenue Bonds Payable - non-current	<u>\$ 11,002,935</u>	<u>\$ 12,843,720</u>
Notes Payable		
Twelve Pines apartments (tax credit partnership)	\$ 950,000	\$ 950,000
Broadway Plaza apartments (tax credit partnership)	2,702,000	110,000
Bridge Creek apartments	478,562	491,307
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>6,081,775</u>	<u>3,502,520</u>
Less: Current portion	<u>(2,714,873)</u>	<u>(12,745)</u>
Total Notes Payable - non-current	<u>\$ 3,366,902</u>	<u>\$ 3,489,775</u>

## HOUSING AUTHORITY OF THE CITY OF EVERETT

### Management's Discussion and Analysis Year Ended June 30, 2012

#### *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, 2012**

	Primary Government Total	Component Units
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents - unrestricted	\$ 11,759,835	\$ 94,947
Cash and cash equivalents - restricted	2,319,914	491,258
Investments - restricted	19,851	176,500
Accounts receivable (net)	1,234,345	18,324
Current portion of notes receivable - partnerships	3,027,076	-
Inventories	116,299	-
Prepaid and other current assets	154,499	71,757
Total current assets	18,631,819	852,786
<b>NON-CURRENT ASSETS:</b>		
Capital assets		
Land	3,490,205	2,422,663
Property and equipment, net	17,410,295	17,061,321
Construction in progress	1,427,418	3,402,550
Total capital assets	22,327,918	22,886,534
Notes receivable - partnerships	20,081,630	-
Deferred developer fee and other assets	1,628,000	530,714
Total non-current assets	44,037,548	23,417,248
Total assets	62,669,367	24,270,034
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	100,379	571,600
Accrued expenses	481,792	256,925
Deferred revenue	39,808	17,643
Security deposits	190,504	64,725
FSS escrow	116,586	-
Other deferred credits and current liabilities	22,217	566,001
Current portion of development fee payable	-	767,755
Current portion of long-term debt	4,619,659	115,000
Total current liabilities	5,570,945	2,359,649
<b>NON-CURRENT LIABILITIES:</b>		
Bonds and notes payable	14,369,837	19,923,410
Accrued compensated absences	265,108	-
Development fee payable, net of current portion	-	351,745
Deferred interest - HOME & Housing Trust Fund loans	475,493	553,914
Total non-current liabilities	15,110,438	20,829,069
Total liabilities	20,681,383	23,188,718
<b>NET ASSETS</b>		
Investment in capital assets, net of related debt	15,835,422	1,728,624
Restricted	2,012,824	437,979
Unrestricted	24,139,738	(1,085,287)
TOTAL NET ASSETS	\$ 41,987,984	\$ 1,081,316

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, 2012**

	<u>Primary Government Total</u>	<u>Component Unit</u>
Operating Revenues		
Tenant rents	\$ 3,349,019	\$ 1,055,987
HUD operating grants and subsidies	23,194,835	386,189
Other grants	206,464	-
Other tenant charges	519,557	22,466
Other revenue	2,578,131	1,616
	<u>29,848,006</u>	<u>1,466,258</u>
Total operating revenue		
Operating Expenses		
Administration	3,412,135	366,914
Tenant services	844,280	39,632
Utilities	524,477	121,110
Maintenance & operations	1,786,176	319,211
General	479,867	82,298
Housing assistance payments	21,710,951	-
Depreciation and amortization	1,356,049	305,673
	<u>30,113,935</u>	<u>1,234,838</u>
Total operating expenses		
Operating income/(loss)	<u>(265,929)</u>	<u>231,420</u>
Nonoperating revenue (expense)		
Interest income	424,639	454
Interest expense	(281,929)	(183,759)
	<u>142,710</u>	<u>(183,305)</u>
Total nonoperating revenue (expense)		
Income/(loss) before capital contributions	(123,219)	48,115
HUD capital contributions	665,571	-
Partner capital contributions	-	211,777
	<u>542,352</u>	<u>259,892</u>
Change in net assets		
Net Assets - Beginning of Year	41,445,632	821,424
Net Assets - End of Year	<u>\$ 41,987,984</u>	<u>\$ 1,081,316</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, 2012

	<u>Primary Government Total</u>
Cash flow from operating activities:	
Cash received from tenant rents	\$ 3,329,603
Cash received from HUD operating grants and subsidies	23,169,804
Cash received from other operating grants	208,657
Cash received from other resources	572,120
Cash payments to suppliers for goods and services	(2,717,085)
Cash paid for salaries and benefits	(4,392,048)
Cash paid for housing assistance payments	<u>(21,733,561)</u>
Net cash provided by (used by) operating activities	<u>(1,562,510)</u>
Cash flows from noncapital financing activities:	
Bill & Melinda Gates Foundation grant distributions	<u>(10,394)</u>
Net cash provided by (used in) noncapital financing activities	<u>(10,394)</u>
Cash flows from capital and related financing activities:	
HUD capital grants	662,246
Property and equipment additions	(838,730)
Proceeds from long-term borrowing	2,592,000
Issuance of notes receivable - partnerships	(2,592,000)
Payment received - notes receivable, partnerships	55,000
Repayment of long-term debt obligations	(424,542)
Interest paid on debt obligations	<u>(256,525)</u>
Net cash provided by (used in) capital and related financing activities	<u>(802,551)</u>
Cash flows from investing activities:	
Net reductions to restricted investments	10,394
Payments received - notes receivable	39,536
Interest income	<u>34,578</u>
Net cash provided by investing activities	<u>84,508</u>
Increase (decrease) in cash and cash equivalents	(2,290,947)
Cash and cash equivalents at beginning of year	<u>16,370,696</u>
Cash and cash equivalents at end of year	<u><u>\$ 14,079,749</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, 2012**

	<u>Primary Government Total</u>
Reconciliation of operating income to net cash provided by (used in)	
By Operating Activities:	
Operating income/(loss)	\$ (265,929)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:	
Depreciation	1,356,049
Loss on disposition of equipment	5,098
Changes in operating assets and liabilities:	
(Increase) decrease in assets:	
Accounts receivable tenants	(7,851)
Accounts receivable - HUD	(1,177)
Accounts receivable - other grants	2,193
Accounts receivable - other	(2,528,676)
Inventories	4,727
Prepaid expenses and other assets	(23,740)
Increase (decrease) in liabilities:	
Accounts payable - vendors	(37,262)
Accounts payable - HUD	4,392
Accrued expenses	(18,974)
Deferred revenue	(39,917)
FSS escrow	(22,610)
Security deposits	106
Accrued compensated absences	13,051
Other deferred credits	(1,990)
Net cash provided by (used in) operating activities	<u><u>\$ (1,562,510)</u></u>

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

Continued



**HOUSING AUTHORITY OF THE CITY OF EVERETT**  
**Notes to Financial Statements**  
**June 30, 2012**

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. The partnerships are further described in Note 15.

**HOUSING AUTHORITY OF THE CITY OF EVERETT**  
**Notes to Financial Statements**  
**June 30, 2012**

***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 advances 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, 2012 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, 2012**

***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 50 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

## HOUSING AUTHORITY OF THE CITY OF EVERETT

### Notes to Financial Statements

June 30, 2012

rate of 13 days per year. Sick leave is allowed to accumulate to a maximum of 120 days. Employees 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 – Cash and Investments

#### *a. Deposits*

At June 30, 2012, the carrying amount of Authority's demand deposits was \$275,197 and the bank balance was \$713,403. The carrying balance for the demand deposits of the component units was \$306,608 at December 31, 2011, and the bank balance was \$307,751. 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 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 and the component units have \$150 in petty cash.



**HOUSING AUTHORITY OF THE CITY OF EVERETT**  
**Notes to Financial Statements**  
**June 30, 2012**

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, 2012, all investments of the Housing Authority (as well as those of the component units as of December 31, 2011) 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, 2012, the Authority's investments were limited to investments that were guaranteed by the U.S. Government or to investments in external investment pools.

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

**HOUSING AUTHORITY OF THE CITY OF EVERETT**  
**Notes to Financial Statements**  
**June 30, 2012**

income securities that are not guaranteed or insured by the U.S. Government, or have not been issued by a state or local government.

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

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

	Primary Government	Component Units
Cash and investments	\$ 14,099,600	\$ 393,217
Cash and investments held by bond trustee	-	369,488
Total cash and investments	<u>\$ 14,099,600</u>	<u>\$ 762,705</u>

Cash and investments are further categorized as following:

	Primary Government	Component Units
Change and petty cash funds	\$ 500	\$ 150
Demand deposits with financial institutions	275,197	306,608
Deposits with state investment pool (LGIP)	13,804,052	81,629
Certificate of deposit investments	19,851	-
Deposits with BNY trustee		197,818
First American Treasury Obligation Fund	-	176,500
Total cash and investments	<u>\$ 14,099,600</u>	<u>\$ 762,705</u>

**HOUSING AUTHORITY OF THE CITY OF EVERETT**  
**Notes to Financial Statements**  
**June 30, 2012**

**3 – Restricted Assets**

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

	Cash and Cash Equivalents	Investments
Primary Government:		
Replacement reserves	\$ 53,159	\$ -
Housing Choice Voucher Program - Housing Assistance Payment funding	1,959,665	-
Tenant security deposits	190,504	-
FSS escrow deposits	116,586	-
Gates Foundation	-	19,851
	<u>\$ 2,319,914</u>	<u>\$ 19,851</u>
Component Units:		
Replacement reserves	\$ 232,367	\$ -
Tenant security deposits	65,903	-
Funds held by Bond Trustee	192,988	176,500
	<u>\$ 491,258</u>	<u>\$ 176,500</u>

**4 – Accounts Receivable**

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

	Primary Government	Component Units
Accounts receivable - partnerships	\$ 970,421	\$ -
Public Housing capital grant - HUD	85,025	-
Other Governments	70,884	-
Fraud recovery - net	52,466	-
Other accounts receivable	32,192	700
Tenants accounts receivable - net	19,476	17,624
HUD other programs	3,881	-
	<u>\$ 1,234,345</u>	<u>\$ 18,324</u>
Total accounts receivable		

**5 – 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.



**HOUSING AUTHORITY OF THE CITY OF EVERETT**  
**Notes to Financial Statements**  
**June 30, 2012**

At June 30, 2012 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	\$ 1,845,000
Loan obligation - City of Everett	3.00%	2024	950,000
Third trust deed note - developer fees	3.00%	2017	263,411
			<u>3,058,411</u>
Accrued interest due on notes			
Current interest			49,727
Deferred interest			373,158
			<u>422,885</u>
Total notes and accrued interest			3,481,296
Less: Current portion of notes and interest			<u>104,727</u>
Total notes and accrued interest - long-term			<u>\$ 3,376,569</u>
<b>Broadway Plaza LLLP</b>			
	1.99% -		
Bond mortgage note	5.865%	2029	\$ 7,000,000
Promissory note - construction loan	Variable	2013	2,702,000
Promissory note - seller financing note	4.00%	2061	9,375,000
			<u>19,077,000</u>
Accrued interest due on notes			
Current interest			160,349
Deferred interest			390,061
			<u>550,410</u>
Total notes and accrued interest			19,627,410
Less: Current portion of notes and interest			<u>2,922,349</u>
Total notes and accrued interest - long-term			<u>\$ 16,705,061</u>
<b>Combined Total Notes and Accrued Interest</b>			
Current portion			\$ 3,027,076
Long-term			<u>20,081,630</u>
Total Notes and Accrued Interest			<u>\$ 23,108,706</u>

**HOUSING AUTHORITY OF THE CITY OF EVERETT**  
**Notes to Financial Statements**  
**June 30, 2012**

Changes in notes and accrued interest due from partnerships during the year ended June 30, 2012 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	\$ 1,900,000	\$ -	\$ 55,000	\$ 1,845,000	\$ 55,000
Loan obligation - City of Everett	950,000	-	-	950,000	-
Third trust deed note - developer fees	302,947	-	39,536	263,411	-
Accrued interest due on notes					
Current interest	51,194	49,727	51,194	49,727	49,727
Deferred interest	344,186	28,972	-	373,158	-
	<u>\$ 3,548,327</u>	<u>\$ 78,699</u>	<u>\$ 145,730</u>	<u>\$ 3,481,296</u>	<u>\$ 104,727</u>
<b>Broadway Plaza LLLP</b>					
Bond mortgage note	\$ 7,000,000	\$ -	\$ -	\$ 7,000,000	\$ 60,000
Promissory note - construction loan	110,000	2,592,000	-	2,702,000	2,702,000
Promissory note - seller financed note	9,375,000	-	-	9,375,000	-
Accrued interest due on notes					
Current interest	2,149	356,247	198,047	160,349	160,349
Deferred interest	-	390,061	-	390,061	-
	<u>\$ 16,487,149</u>	<u>\$ 3,338,308</u>	<u>\$ 198,047</u>	<u>\$ 19,627,410</u>	<u>\$ 2,922,349</u>
Total notes and accrued interest	<u>\$ 20,035,476</u>	<u>\$ 3,417,007</u>	<u>\$ 343,777</u>	<u>\$ 23,108,706</u>	<u>\$ 3,027,076</u>

**EHA-Twelve Pines Limited Partnership Notes Receivable**

**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 \$1,845,000 as of June 30, 2012.

**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.

**HOUSING AUTHORITY OF THE CITY OF EVERETT**  
**Notes to Financial Statements**  
**June 30, 2012**

**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. The Authority has scheduled annual payments of \$48,625 to be paid 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 March 15, 2018.

**Broadway Plaza LLLP Notes Receivable**

**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, 2012 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 remodeling 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 \$2,702,000 as of June 30, 2012.

**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 by Broadway Plaza LLLP. No annual payments are required on the principle or the interest which accrues at the compounding rate of 4.05% per annum. Interest in the amount of \$390,061 had accrued as of June 30, 2012. 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.



**HOUSING AUTHORITY OF THE CITY OF EVERETT**  
**Notes to Financial Statements**  
**June 30, 2012**

**6 – Capital Assets**

**Primary Government:**

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

	Balance June 30, 2011	Additions	Reductions	Balance June 30, 2012
Capital assets, not being depreciated:				
Land	\$ 3,490,205	\$ -	\$ -	\$ 3,490,205
Construction in progress	1,255,068	744,259	571,909	1,427,418
Total capital assets, not being depreciated	4,745,273	744,259	571,909	4,917,623
Capital assets, being depreciated:				
Building and building improvements	42,336,657	576,102	-	42,912,759
Furniture, equipment and machinery	2,354,047	84,149	24,988	2,413,208
Total capital assets, being depreciated	44,690,704	660,251	24,988	45,325,967
Less accumulated depreciation for:				
Building and building improvements	24,810,658	1,211,768	-	26,022,426
Furniture, equipment and machinery	1,768,859	144,281	19,894	1,893,246
Total accumulated depreciation	26,579,517	1,356,049	19,894	27,915,672
Total capital assets being depreciated, net	18,111,187	(695,798)	5,094	17,410,295
Total capital assets, net	<u>\$ 22,856,460</u>	<u>\$ 48,461</u>	<u>\$ 577,003</u>	<u>\$ 22,327,918</u>

**HOUSING AUTHORITY OF THE CITY OF EVERETT**  
**Notes to Financial Statements**  
**June 30, 2012**

**Component Units:**

The following is a summary of the changes (at cost) in capital assets (land, structures and equipment) held by the Component Units at December 31, 2011:

	Balance January 1, 2011	Additions	Reductions	Balance December 31, 2011
Capital assets, not being depreciated:				
Land	\$ 708,000	\$ 1,711,304	\$ -	\$ 2,419,304
Construction in progress	-	3,402,550	-	3,402,550
Total capital assets, not being depreciated	<u>708,000</u>	<u>5,113,854</u>	<u>-</u>	<u>5,821,854</u>
Capital assets, being depreciated:				
Site improvements	3,359	-	-	3,359
Building and building improvements	4,171,554	14,110,832	-	18,282,386
Furniture, equipment and machinery	237,249	165,577	828	401,998
Total capital assets, being depreciated	<u>4,412,162</u>	<u>14,276,409</u>	<u>828</u>	<u>18,687,743</u>
Less accumulated depreciation for:				
Site improvements	1,414	168	-	1,582
Building and building improvements	1,115,636	276,011	-	1,391,647
Furniture, equipment and machinery	206,053	24,609	828	229,834
Total accumulated depreciation	<u>1,323,103</u>	<u>300,788</u>	<u>828</u>	<u>1,623,063</u>
Total capital assets being depreciated, net	<u>3,089,059</u>	<u>13,975,621</u>	<u>-</u>	<u>17,064,680</u>
Total capital assets, net	<u>\$ 3,797,059</u>	<u>\$ 19,089,475</u>	<u>\$ -</u>	<u>\$ 22,886,534</u>



**HOUSING AUTHORITY OF THE CITY OF EVERETT**  
**Notes to Financial Statements**  
**June 30, 2012**

**7 – Construction in Progress**

**Primary Government:**

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. Construction in progress represents expenditures for modernization and remodeling work at five Low Rent Public Housing Projects and the Colby Administrative Office building.

Construction in progress is composed of the following:

	Project Authorization	Expended to 06-30-12	Committed	Required Future Funding
Grandview remodeling	\$ 2,276,447	\$ 1,193,380	\$ 626,688	\$ 456,379
Bakerview modernization	303,844	129,358	169,486	5,000
Central Office modernization	331,456	50,456	-	281,000
Baker Heights furnace replacement	149,967	54,224	70,743	25,000
	<u>\$ 3,061,714</u>	<u>\$ 1,427,418</u>	<u>\$ 866,917</u>	<u>\$ 767,379</u>

**Component Units:**

Construction in progress for the component units represents costs incurred to date for the remodeling of the Broadway Plaza apartment complex. See Note 15.

Construction in progress is composed of the following:

	Project Authorization	Expended to 12-31-11	Committed	Required Future Funding
Broadway Plaza apartments remodeling	\$ 5,500,000	\$ 3,402,550	\$ 2,097,450	\$ -
	<u>\$ 5,500,000</u>	<u>\$ 3,402,550</u>	<u>\$ 2,097,450</u>	<u>\$ -</u>

**HOUSING AUTHORITY OF THE CITY OF EVERETT**  
**Notes to Financial Statements**  
**June 30, 2012**

**8 – Non-Current Liabilities**

**Primary Government**

The following schedule lists the outstanding bonds of the Primary Government as of June 30, 2012:

	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	\$ 1,845,000
Revenue Bond 2011						
Broadway Plaza Apartments	6/29/2011	7/1/2029	1.99%- 5.865%	7,000,000	449,476	7,000,000
<i>Total Tax Credit Bonds</i>						<u>\$ 8,845,000</u>
<i>Affordable Housing</i>						
Revenue Bond 2001						
Douglas Grove Apartments	5/1/2001	5/1/2016	5.20%	\$ 540,000	\$ 51,938	\$ 183,678
Revenue Bond 2003						
Rainier Park Apartments Project	6/10/2003	6/10/2018	4.10%	625,000	56,446	299,262
Revenue Bond 2003						
Rucker Apartments Project	7/2/2003	7/2/2018	4.13%	480,000	42,982	233,290
Revenue Bond 2003						
Oakes Avenue Apartments Project	8/1/2003	8/1/2018	4.90%	430,000	40,731	215,944
Revenue Bond 2004						
Bridge Creek Apartments Project	3/31/2004	3/31/2019	4.31%	740,000	67,364	397,298
Revenue Bond 2004						
Timber Hill Apartments Project	7/30/2004	8/1/2019	4.64%	1,770,000	164,785	1,000,743
Revenue Bond 2006						
Gibson Road Townhomes Project (Pacific Square Apartments)	12/28/2006	1/1/2022	5.25%	400,000	38,586	290,719
Revenue Bond 2007						
Lakeview Terrace Apartments Project	7/31/2007	7/31/2012	5.72%	1,550,000	1,455,522	1,441,787
<i>Total Affordable Housing Bonds</i>						<u>\$ 4,062,721</u>
<i>Total Bonds</i>						<u><u>\$ 12,907,721</u></u>

**HOUSING AUTHORITY OF THE CITY OF EVERETT**  
**Notes to Financial Statements**  
**June 30, 2012**

The following schedule lists the outstanding notes of the Primary Government as of June 30, 2012:

	Issuance Date	Maturity Date	Interest Rate	Note Issuance	Annual Debt Service Payments	Outstanding Balance June 30
<b>Promissory Notes</b>						
<i>Tax Credit</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	\$ -	\$ 2,702,000
<i>Total Tax Credit Notes</i>						<u>\$ 3,652,000</u>
<i>Affordable Housing</i>						
Promissory Note						
Bridge Creek Apartments Project	3/15/2004	3/31/2044	1.00%	\$ 580,000	\$ 17,611	\$ 478,562
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>Total Affordable Housing Notes</i>						<u>\$ 2,429,775</u>
<i>Total Notes</i>						<u>\$ 6,081,775</u>

**HOUSING AUTHORITY OF THE CITY OF EVERETT**  
**Notes to Financial Statements**  
**June 30, 2012**

Changes in long-term debt obligations for the Primary Government during the year ended June 30, 2012 are summarized below:

	Beginning Balance July 1	Additions	Reductions	Ending Balance June 30	Due Within One Year
Revenue bonds	\$ 13,319,518	\$ -	\$ 411,797	\$ 12,907,721	\$ 1,904,785
Promissory notes	3,502,520	2,592,000	12,745	6,081,775	2,714,874
	<u>\$ 16,822,038</u>	<u>\$ 2,592,000</u>	<u>\$ 424,542</u>	\$ 18,989,496	\$ 4,619,659
Compensated absences				<u>353,477</u>	<u>88,369</u>
				<u>\$ 19,342,973</u>	<u>\$ 4,708,028</u>

The annual debt service requirements of the Primary Government long-term debt obligations at June 30, 2012 are as follows:

Year Ended June 30	Revenue Bonds	Notes	Interest	Total
2013	\$ 1,904,785	\$ 2,714,874	\$ 680,404	\$ 5,300,063
2014	484,575	13,002	646,837	1,144,414
2015	511,947	1,076,133	606,151	2,194,231
2016	535,661	13,265	556,997	1,105,923
2017	540,803	13,398	531,781	1,085,982
2018-2022	1,769,950	69,034	2,338,264	4,177,248
2023-2027	1,265,000	1,022,569	2,689,900	4,977,469
2028-2032	5,895,000	464,498	1,122,426	7,481,924
2033-2037	-	80,191	7,862	88,053
2038-2042	-	84,297	3,756	88,053
2043-2047	-	30,514	305	30,819
2048-2052	-	500,000	600,000	1,100,000
	<u>\$ 12,907,721</u>	<u>\$ 6,081,775</u>	<u>\$ 9,784,683</u>	<u>\$ 28,774,179</u>



**HOUSING AUTHORITY OF THE CITY OF EVERETT**  
**Notes to Financial Statements**  
**June 30, 2012**

**Component Units:**

The following is a schedule of outstanding notes of the Component Units as of December 31, 2011:

Description of Note	Issuance Date	Maturity Date	Interest Rate	Note Issuance	Outstanding December 31
<b>EHA - Twelve Pines Limited Partnership</b>					
Promissory Note - Housing Revenue					
Bonds 1999, Twelve Pines					
Apartments Project	8/1/1999	8/1/2029	4.7%-6.5%	\$ 2,300,000	\$ 1,845,000
Promissory Note - City of Everett					
Home Loan	9/1/1999	8/5/2024	3.0%	950,000	950,000
Promissory Note - Everett Housing Authority					
Third Mortgage Loan	8/30/2002	3/15/2018	3.0%	580,481	263,410
					<u>\$ 3,058,410</u>
<b>Broadway Plaza LLLP</b>					
Promissory Note - Housing Revenue					
Bonds 2011, Broadway Plaza					
Project	6/29/2011	7/1/2029	1.99%-5.865%	\$ 7,000,000	\$ 7,000,000
Promissory Note - Everett Housing Authority					
Seller Financing Note	6/29/2011	6/29/2061	4.05%	9,375,000	9,375,000
Promissory Note - Everett Housing Authority					
Construction loan	6/29/2011	6/29/2013	Variable	5,500,000	605,000
					<u>\$ 16,980,000</u>

# HOUSING AUTHORITY OF THE CITY OF EVERETT

## Notes to Financial Statements

June 30, 2012

Changes in long-term debt obligations for the Component Units during the year ended December 31, 2011 are summarized below:

	Beginning Balance January 1	Additions	Reductions	Ending Balance December 31	Due Within One Year
<b>EHA - Twelve Pines Partnership</b>					
Promissory notes - Everett Housing Authority					
Housing Revenue Bonds 1999	\$ 1,900,000	\$ -	\$ 55,000	\$ 1,845,000	\$ 55,000
City of Everett HOME Loan	950,000	-	-	950,000	-
Third Mortgage Loan	302,947	-	39,537	263,410	-
	<u>\$ 3,152,947</u>	<u>\$ -</u>	<u>\$ 94,537</u>	<u>\$ 3,058,410</u>	<u>\$ 55,000</u>

### Broadway Plaza LLLP

Promissory notes - Everett Housing Authority

Housing Revenue Bonds 2011	\$ -	\$ 7,000,000	\$ -	\$ 7,000,000	\$ 60,000
Seller Financed Loan	-	9,375,000	-	9,375,000	-
Construction Loan	-	605,000	-	605,000	-
	<u>\$ -</u>	<u>\$ 16,980,000</u>	<u>\$ -</u>	<u>\$ 16,980,000</u>	<u>\$ 60,000</u>

The annual debt service requirements of the Component Units long-term debt obligations at December 31, 2011 are as follows:

Year Ended December 31	Notes	Interest	Total
2012	\$ 155,723	\$ 516,431	\$ 672,154
2013	766,944	510,495	1,277,439
2014	173,202	504,083	677,285
2015	184,499	497,009	681,508
2016	220,834	489,100	709,934
2017-2021	997,208	2,298,218	3,295,426
2022-2026	2,195,000	2,711,805	4,906,805
2027-2031	5,970,000	996,045	6,966,045
Thereafter	9,375,000	58,870,733	68,245,733
	<u>\$ 20,038,410</u>	<u>\$ 67,393,919</u>	<u>\$ 87,432,329</u>

### 9 – Arbitrage

The Housing Authority periodically monitors for the existence of any rebatable arbitrage interest associated with its tax-exempt debt. Rebatable arbitrage interest is based on the difference between the interest earnings from the investment of bond proceeds as compared to the interest expense associated with the respective bonds. As of June 30, 2012, the Housing Authority estimated that no arbitrage rebate exists in conjunction with its debt reserve funds, and therefore no liability exists.

**HOUSING AUTHORITY OF THE CITY OF EVERETT**  
**Notes to Financial Statements**  
**June 30, 2012**

**10 – 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, 2012, 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, 2012 is \$17,861,629.

**11 – Risk Management**

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; injuries to employees; and natural disasters. The Agency maintains comprehensive insurance coverage with private carriers for vehicles, earthquake, and employee major medical and dental. Workman's compensation insurance is provided through the Washington State Department of Labor and Industries. The Authority also pays unemployment claims to the State of Washington as incurred. Coverage for property, general liability, errors and omissions, and fidelity insurance is provided by the Housing Authorities Risk Retention Pool. Settled claims have not exceeded coverage purchased during the past three years.

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



## HOUSING AUTHORITY OF THE CITY OF EVERETT

### Notes to Financial Statements

June 30, 2012

reinsurance and other administrative expenses. HARRP does not have the right to assess the membership for any shortfall in its funding. Such shortfalls are made up through future rate adjustments.

#### 12 – Pension Plan

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 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.



**HOUSING AUTHORITY OF THE CITY OF EVERETT**  
**Notes to Financial Statements**  
**June 30, 2012**

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.

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:



**HOUSING AUTHORITY OF THE CITY OF EVERETT**  
**Notes to Financial Statements**  
**June 30, 2012**

- 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.

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 1,197 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	<u>262,285</u>

**HOUSING AUTHORITY OF THE CITY OF EVERETT**  
**Notes to Financial Statements**  
**June 30, 2012**

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, 2012 was \$3,804,376. Total gross payroll for the Authority was \$4,197,649.

The required contribution rates expressed as a percentage of current-year covered payroll as of June 30, 2012, were as follows:

	<u>PERS Plan 1 Required</u>	<u>PERS Plan 2 Required</u>	<u>PERS Plan 3 Required</u>
Employer*	7.50%	7.50%	7.25%
Employee	6%****	4.64%	varies*****

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

\*\* The employer rate for state elected officials is 10.80% for Plan 1 and 7.25% 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 4.64% 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, 2012 were:

	<u>PERS Plan 1 Required</u>	<u>PERS Plan 2 Required</u>	<u>PERS Plan 3 Required</u>	<u>Total</u>
Employer	\$0	\$228,761	\$44,304	\$273,065
Employee	0	147,613	33,168	180,781
	<u>\$0</u>	<u>\$376,374</u>	<u>\$77,472</u>	<u>\$453,846</u>



**HOUSING AUTHORITY OF THE CITY OF EVERETT**  
**Notes to Financial Statements**  
**June 30, 2012**

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

	Total Covered Payroll	Required Employee Contributions	Required Employer Contributions
2012	\$3,804,376	\$180,781	\$273,065
2011	\$3,865,661	\$162,798	\$205,268
2010	\$3,757,507	\$159,076	\$199,400

**13 – Deferred Compensation Plan**

The Housing Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457. The Plan, 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.

**14 – Bill & Melinda Gates Foundation Grant**

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

**15 – 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 the purchase and remodeling of 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



**HOUSING AUTHORITY OF THE CITY OF EVERETT**  
**Notes to Financial Statements**  
**June 30, 2012**

the properties and in preserving affordability within the projects. Because of limitations imposed 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. The Authority's long-term debt, including debt pertaining to the tax credit partnerships, is reflected in Note 8. A summary of notes receivable from the partnerships is reflected in Note 5.

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 accrued interest on unpaid balances. The authority was paid \$38,385 in fees due under the developer fee note with EHA-Twelve Pines Limited Partnership. At June 30, 2012, the balance of the development fees owed to the Authority by EHA-Twelve Pines Limited Partnership is \$263,411. This tax credit project also pays a General Partner's management fee; this fee is reflected in other operating revenues and totaled \$7,830 in 2012.

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. Both component units December 31, 2011 financial statements are included as a part of the Authority's basic financial statements. The complete financial statements of the EHA-Twelve Pines Limited Partnership and the Broadway Plaza Limited Liability 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. 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.

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



**HOUSING AUTHORITY OF THE CITY OF EVERETT**  
**Notes to Financial Statements**  
**June 30, 2012**

\$5,500,000 to provide interim financing for the rehabilitation of the 190-unit apartment complex. At June 30, 2012 the outstanding balance of this line of credit was \$2,702,000. 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. The Authority had earned \$1,878,000 of the developer fee as of June 30, 2012.

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.

**HOUSING AUTHORITY OF THE CITY OF EVERETT**  
**Notes to Financial Statements**  
**June 30, 2012**

Condensed Financial Data for the Component Units for the year ended December 31, 2011 is as follows:

	<u>EHA - Twelve Pines LLP</u>	<u>Broadway Plaza LLLP</u>	<u>Total</u>
<b>ASSETS, LIABILITIES AND NET ASSETS:</b>			
Assets			
Cash and investments	\$ 509,914	\$ 252,791	\$ 762,705
Receivables and other assets	105,037	515,758	620,795
Capital assets, net	3,678,095	19,208,439	22,886,534
Total Assets	<u>\$ 4,293,046</u>	<u>\$ 19,976,988</u>	<u>\$ 24,270,034</u>
Liabilities and Net Assets			
Liabilities			
Current liabilities	\$ 153,529	\$ 2,206,120	\$ 2,359,649
Long-term liabilities	3,362,161	17,466,908	20,829,069
Total Liabilities	<u>3,515,690</u>	<u>19,673,028</u>	<u>23,188,718</u>
Net Assets	777,356	303,960	1,081,316
Total Liabilities and Net Assets	<u>\$ 4,293,046</u>	<u>\$ 19,976,988</u>	<u>\$ 24,270,034</u>
<b>REVENUE, EXPENSES AND CHANGE IN NET ASSETS:</b>			
Operating Revenues	<u>\$ 660,646</u>	<u>\$ 805,612</u>	<u>\$ 1,466,258</u>
Operating Expenses			
Administration & tenant services	149,494	257,052	406,546
Maintenance & operations	172,068	147,143	319,211
Utilities & general	98,312	105,096	203,408
Depreciation and amortization	126,234	179,439	305,673
Total Operating Expenses	<u>546,108</u>	<u>688,730</u>	<u>1,234,838</u>
Operating Income	<u>114,538</u>	<u>116,882</u>	<u>231,420</u>
Nonoperating Revenues (Expenses)			
Investment income	378	76	454
Interest expense	(158,984)	(24,775)	(183,759)
Total nonoperating revenue (expense)	<u>(158,606)</u>	<u>(24,699)</u>	<u>(183,305)</u>
Net Income/(Loss) before Capital Contributions	<u>(44,068)</u>	<u>92,183</u>	<u>48,115</u>
Partner capital contributions	<u>-</u>	<u>211,777</u>	<u>211,777</u>
Change in Net Assets	(44,068)	303,960	259,892
Beginning Net Assets	<u>821,424</u>	<u>-</u>	<u>821,424</u>
Ending Net Assets	<u>\$ 777,356</u>	<u>\$ 303,960</u>	<u>\$ 1,081,316</u>

**HOUSING AUTHORITY OF THE CITY OF EVERETT**  
**Notes to Financial Statements**  
**June 30, 2012**

**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.



**HOUSING AUTHORITY OF THE CITY OF EVERETT**  
**Supplemental Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2012**

Federal Catalog Number CFDA #	Federal Agency Name/Pass Through Agency Name	Federal Program Title	Other ID Number	Expenditure of Current Awards				Debt Liability Balance	Note Reference Number
				From Pass Through Awards	Direct Awards	Total Awards			
14.195	Department of Housing and Urban Development	Section 8 Housing Assistance Payments Program	WA19M000198	-	386,189	386,189	-	-	
14.249	Department of Housing and Urban Development	Section 8 Moderate Rehabilitation Single Room Occupancy	WA006SR0004	-	122,220	122,220	-	-	
14.856	Department of Housing and Urban Development	Lower Income Housing Assistance Program-Section 8 Moderate Rehabilitation	WA006MR0003	-	51,001	51,001	-	-	
14.850	Department of Housing and Urban Development	Public and Indian Housing	WA006	-	1,260,835	1,260,835	-	-	
14.872	Department of Housing and Urban Development	Public Housing Capital Fund	WA19P006501	-	665,571	665,571	-	-	
14.871	Department of Housing and Urban Development	Section 8 Housing Choice Vouchers	WA006	-	23,437,058	23,437,058	-	-	
14.870	Department of Housing and Urban Development/	Resident Opportunity and Supportive Services Services Coordinators	WA006RPS032A010	-	52,289	52,289	-	-	
14.239	Department of Housing and Urban Development/Pass through - City of Everett	Home Investment Partnerships Program	LOAN	-	-	-	500,000	3	
<b>Total - Department of Housing and Urban Development</b>				-	25,975,163	25,975,163	500,000		
93.958	Department of Health and Human Services/Pass through - North Sound Mental Health Administration	Block Grants for Community Mental Health Services	NSMHA-HOPE-OPTIONS-FBG-11-12	38,955	-	38,955	-	-	
<b>Total - Department of Health and Human Services</b>				38,955	-	38,955	-	-	
<b>Total Expenditures of Federal Awards</b>				\$ 38,955	\$ 25,975,163	\$ 26,014,118	\$ 500,000		

See notes to Supplemental Schedule of Expenditures of Federal Awards

**HOUSING AUTHORITY OF THE CITY OF EVERETT**  
**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.

Housing Authority of the City of Everett  
Supplemental Financial Data Schedule  
Year Ended June 30, 2012

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
111 Cash - Unrestricted	\$ 739,131	\$ 726,727	\$ 721,159	\$ 452,112	\$ 331,135	\$ 124	\$ 2,970,388	\$ 167,733
113 Cash - Other Restricted	-	-	-	-	-	-	-	-
114 Cash - Tenant Security Deposits	54,225	36,300	21,760	7,700	10,450	-	130,435	-
115 Cash - Restricted for Payment of Current Liabilities	-	-	-	-	-	-	-	-
100 Total Cash	793,356	763,027	742,919	459,812	341,585	124	3,100,823	167,733
122 Accounts Receivable - HUD Other Projects	19,927	23,909	11,061	194	29,934	-	85,025	-
124 Accounts Receivable - Other Government	-	3,672	-	-	-	-	3,672	-
125 Accounts Receivable - Miscellaneous	485	539	835	378	299	-	2,536	23,872
126 Accounts Receivable - Tenants	6,919	5,375	805	621	1,666	-	15,386	-
126.1 Allowance for Doubtful Accounts - Tenants	(418)	(166)	(67)	(57)	(150)	-	(858)	-
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	26,913	33,329	12,634	1,136	31,749	-	105,761	23,872
132 Investments - Restricted	-	-	-	-	-	-	-	-
142 Prepaid Expenses and Other Assets	653	1,644	8,125	108	135	-	10,665	11,810
143 Inventories	-	-	-	-	-	-	-	105,812
144 Inter Program Due From	-	2,272	-	-	-	-	2,272	-
145 Assets Held for Sale	-	-	-	-	-	-	-	-
150 Total Current Assets	820,922	800,272	763,678	461,056	373,469	124	3,219,521	309,227
161 Land	12,028	11,115	-	99,385	901,500	-	1,024,028	206,200
162 Buildings	10,268,001	10,494,950	4,360,038	2,569,395	3,747,674	-	31,440,058	2,418,198
163 Furniture, Equipment & Machinery - Dwellings	143,315	88,645	86,752	19,175	27,898	-	385,785	-
164 Furniture, Equipment & Machinery - Administration	68,372	136,237	263,262	30,581	20,534	-	518,986	1,288,886
166 Accumulated Depreciation	(10,101,667)	(7,273,438)	(3,298,059)	(1,383,005)	(1,844,831)	-	(23,901,000)	(2,105,907)
167 Construction in Progress	54,224	1,193,380	129,358	-	-	-	1,376,962	41,677
168 Infrastructure	-	-	-	-	-	-	-	-
160 Total Capital Assets, Net of Accumulated Depreciation	444,273	4,650,889	1,541,351	1,335,531	2,852,775	-	10,824,819	1,849,054
171 Notes, Loans and Mortgages Receivable - Non-Current	-	-	-	-	-	-	-	-
174 Other Assets	-	-	-	-	-	-	-	-
180 Total Non-Current Assets	444,273	4,650,889	1,541,351	1,335,531	2,852,775	-	10,824,819	1,849,054
190 Total Assets	\$ 1,265,195	\$ 5,451,161	\$ 2,305,029	\$ 1,796,587	\$ 3,226,244	\$ 124	\$ 14,044,340	\$ 2,158,281

Housing Authority of the City of Everett  
Supplemental Financial Data Schedule  
Year Ended June 30, 2012

Line item number & account description	Baker Heights WAA006000100	Grandview Homes WAA006000200	Baker/View Apts WAA006000300	Pineview Apts WAA006000400	Scattered Sites WAA006000500	Other Public Housing	Total Public Housing Projects	COC
312 Accounts Payable <= 90 Days	16,187	5,858	10,876	1,043	2,652	124	36,740	27,975
313 Accounts Payable >90 Days Past Due	-	-	-	-	-	-	-	-
322 Accrued Compensated Absences - Current Portion	4,284	5,302	3,670	1,808	1,275	-	16,339	43,812
325 Accrued Interest Payable	-	-	-	-	-	-	-	-
331 Accounts Payable - HUD PHA Programs	-	-	-	-	-	-	-	-
333 Accounts Payable - Other Government	62,291	47,333	29,372	9,011	15,159	-	163,166	-
341 Tenant Security Deposits	54,225	36,300	21,760	7,700	10,450	-	130,435	-
342 Deferred Revenues	1,305	4,253	3,638	2,132	1,607	-	12,935	-
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	-	-	-	-	-	-	-	41
348 Loan Liability - Current	-	-	-	-	-	-	-	-
310 Total Current Liabilities	138,292	99,046	69,316	23,622	31,143	124	361,543	71,828
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	-	-	-	-	-	-
353 Non-current Liabilities - Other	-	-	-	-	-	-	-	-
354 Accrued Compensated Absences - Non Current	12,852	15,906	11,009	5,425	3,825	-	49,017	131,436
350 Total Non-Current Liabilities	12,852	15,906	11,009	5,425	3,825	-	49,017	131,436
300 Total Liabilities	151,144	114,952	80,325	29,047	34,968	124	410,560	203,264
508.1 Invested in Capital Assets, Net of Related Debt	-	-	-	-	-	-	-	-
511.1 Restricted Net Assets	444,273	4,650,889	1,541,351	1,335,531	2,852,775	-	10,824,819	1,849,054
512.1 Unrestricted Net Assets	-	-	-	-	-	-	-	-
513 Total Equity/Net Assets	669,778	685,320	683,353	432,009	338,501	-	2,808,961	105,963
	1,114,051	5,336,209	2,224,704	1,767,540	3,191,276	-	13,633,780	1,955,017
600 Total Liabilities and Equity/Net Assets	\$ 1,265,195	\$ 5,451,161	\$ 2,305,029	\$ 1,796,587	\$ 3,226,244	\$ 124	\$ 14,044,340	\$ 2,158,281



Housing Authority of the City of Everett  
Supplemental Financial Data Schedule  
Year Ended June 30, 2012

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	ROSS Grant 14,870	Neighborhood Stabilization CDBG 14,228	Hope Options 93,958	Section 8 Mod Rehab 14,856
111 Cash - Unrestricted	\$ 1,062,576	\$ 7,558,888	\$ -	\$ -	\$ -	\$ -	\$ 250	\$ -
113 Cash - Other Restricted	1,959,685	53,159	-	-	-	-	-	-
114 Cash - Tenant Security Deposits	-	60,069	-	-	-	-	-	-
115 Cash - Restricted for Payment of Current Liabilities	116,566	-	-	-	-	-	-	-
100 Total Cash	3,138,827	7,672,116	-	-	-	-	250	-
122 Accounts Receivable - HUD Other Projects	-	-	-	-	3,881	-	-	-
124 Accounts Receivable - Other Government	-	-	-	-	-	45,900	21,312	-
125 Accounts Receivable - Miscellaneous	4,144	972,061	-	-	-	-	-	-
126 Accounts Receivable - Tenants	-	5,285	-	-	-	-	-	-
126.1 Allowance for Doubtful Accounts - Tenants	-	(337)	-	-	-	-	-	-
127 Notes, loans, & mortgages receivable - current	-	3,027,076	-	-	-	-	-	-
128 Fraud Recovery	80,432	-	-	-	-	-	-	-
128.1 Allowance for Doubtful Accounts - Fraud	(27,966)	-	-	-	-	-	-	-
120 Total Receivables, Net of Allowances for Doubtful Accounts	56,610	4,004,085	-	-	3,881	45,900	21,312	-
132 Investments - Restricted	-	19,851	-	-	-	-	-	-
142 Prepaid Expenses and Other Assets	1,357	130,643	-	17	-	-	-	7
143 Inventories	-	10,487	-	-	-	-	-	-
144 Inter Program Due From	-	54,387	-	63,612	-	-	-	24,711
145 Assets Held for Sale	-	-	-	-	-	-	-	-
150 Total Current Assets	3,196,794	11,891,569	-	63,629	3,881	45,900	21,562	24,718
161 Land	-	2,259,977	-	-	-	-	-	-
162 Buildings	-	9,058,641	-	-	-	-	-	-
163 Furniture, Equipment & Machinery - Dwellings	-	118,436	-	-	-	-	-	-
164 Furniture, Equipment & Machinery - Administration	98,748	10,607	-	-	-	-	7,622	-
166 Accumulated Depreciation	(86,466)	(1,814,657)	-	-	-	-	(7,622)	-
167 Construction in Progress	-	8,779	-	-	-	-	-	-
168 Infrastructure	-	-	-	-	-	-	-	-
160 Total Capital Assets, Net of Accumulated Depreciation	12,262	9,641,783	-	-	-	-	-	-
171 Notes, Loans and Mortgages Receivable - Non-Current	-	20,081,630	-	-	-	-	-	-
174 Other Assets	-	1,628,000	-	-	-	-	-	-
180 Total Non-Current Assets	12,262	31,351,413	-	-	-	-	-	-
190 Total Assets	\$ 3,209,056	\$ 43,242,982	\$ -	\$ 63,629	\$ 3,881	\$ 45,900	\$ 21,562	\$ 24,718

Housing Authority of the City of Everett  
Supplemental Financial Data Schedule  
Year Ended June 30, 2012

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	ROSS Grant 14,870	Neighborhood Stabilization CDBG 14,228	Hope Options 93,958	Section 8 Mod Rehab 14,856
312 Accounts Payable <= 90 Days	10,827	22,471	-	-	-	-	2,366	-
313 Accounts Payable >90 Days Past Due	-	-	-	-	-	-	-	-
322 Accrued Compensated Absences - Current Portion	15,494	9,184	-	99	402	-	3,001	38
325 Accrued Interest Payable	-	230,257	-	-	-	-	-	-
331 Accounts Payable - HUD PHA Programs	-	-	-	-	-	-	-	-
333 Accounts Payable - Other Government	-	-	-	-	-	-	-	-
341 Tenant Security Deposits	-	60,069	-	-	-	-	-	-
342 Deferred Revenues	10,106	11,082	-	3,590	-	-	250	1,845
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	-	4,619,659	-	-	-	-	-	-
345 Other Current Liabilities	116,586	20,289	-	-	-	-	-	-
346 Accrued Liabilities - Other	-	-	-	-	-	-	-	-
347 Inter Program - Due To	88,282	-	-	-	2,272	45,900	8,487	-
348 Loan Liability - Current	-	-	-	-	-	-	-	-
310 Total Current Liabilities	241,295	4,973,011	-	3,689	2,674	45,900	14,104	1,883
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	14,369,837	-	-	-	-	-	-
353 Non-current Liabilities - Other	-	475,493	-	-	-	-	-	-
354 Accrued Compensated Absences - Non Current	46,480	27,554	-	297	1,207	-	9,004	113
350 Total Non-Current Liabilities	46,480	14,872,884	-	297	1,207	-	9,004	113
300 Total Liabilities	287,775	19,845,895	-	3,986	3,881	45,900	23,108	1,996
508.1 Invested In Capital Assets, Net of Related Debt	12,262	3,149,287	-	-	-	-	-	-
511.1 Restricted Net Assets	1,959,665	53,159	-	-	-	-	-	-
512.1 Unrestricted Net Assets	949,354	20,194,641	-	59,643	-	-	(1,546)	22,722
513 Total Equity/Net Assets	2,921,281	23,397,087	-	59,643	-	-	(1,546)	22,722
600 Total Liabilities and Equity/Net Assets	\$ 3,209,056	\$ 43,242,982	\$ -	\$ 63,629	\$ 3,881	\$ 45,900	\$ 21,562	\$ 24,718

Housing Authority of the City of Everett  
Supplemental Financial Data Schedule  
Year Ended June 30, 2012

Line Item number & account description	Total Other Programs	Subtotal Housing Authority Projects/Programs	Eliminations	Total Housing Authority	Component Unit	Memorandum Total
111 Cash - Unrestricted	\$ 8,789,447	\$ 11,759,835	\$ -	\$ 11,759,835	\$ 94,947	\$ 11,854,782
113 Cash - Other Restricted	2,012,824	2,012,824	-	2,012,824	232,367	2,245,191
114 Cash - Tenant Security Deposits	60,069	190,504	-	190,504	65,903	256,407
115 Cash - Restricted for Payment of Current Liabilities	116,586	116,586	-	116,586	192,988	309,574
100 Total Cash	10,978,926	14,079,749	-	14,079,749	586,205	14,665,954
122 Accounts Receivable - HUD Other Projects	3,881	88,906	-	88,906	-	88,906
124 Accounts Receivable - Other Government	67,212	70,884	-	70,884	-	70,884
125 Accounts Receivable - Miscellaneous	1,000,077	1,002,613	-	1,002,613	700	1,003,313
126 Accounts Receivable - Tenants	5,285	20,671	-	20,671	17,624	38,295
126.1 Allowance for Doubtful Accounts - Tenants	(337)	(1,195)	-	(1,195)	-	(1,195)
127 Notes, loans, & mortgages receivable - current	3,027,076	3,027,076	-	3,027,076	-	3,027,076
128 Fraud Recovery	80,432	80,432	-	80,432	-	80,432
128.1 Allowance for Doubtful Accounts - Fraud	(27,966)	(27,966)	-	(27,966)	-	(27,966)
120 Total Receivables, Net of Allowances for Doubtful Accounts	4,155,660	4,261,421	-	4,261,421	18,324	4,279,745
132 Investments - Restricted	19,851	19,851	-	19,851	176,500	196,351
142 Prepaid Expenses and Other Assets	143,834	154,499	-	154,499	71,757	226,256
143 Inventories	116,299	116,299	-	116,299	-	116,299
144 Inter Program Due From	142,710	144,982	(144,982)	-	-	-
145 Assets Held for Sale	-	-	-	-	-	-
150 Total Current Assets	15,557,280	18,776,801	(144,982)	18,631,819	852,786	19,484,605
161 Land	2,466,177	3,490,205	-	3,490,205	2,422,663	5,912,868
162 Buildings	11,476,839	42,916,897	-	42,916,897	18,280,000	61,196,897
163 Furniture, Equipment & Machinery - Dwellings	118,436	484,221	-	484,221	218,315	702,536
164 Furniture, Equipment & Machinery - Administration	1,405,863	1,924,849	-	1,924,849	186,069	2,110,918
166 Accumulated Depreciation	(4,014,672)	(27,915,672)	-	(27,915,672)	(1,623,063)	(29,538,735)
167 Construction in Progress	50,456	1,427,418	-	1,427,418	3,402,550	4,829,968
168 Infrastructure	-	-	-	-	-	-
160 Total Capital Assets, Net of Accumulated Depreciation	11,503,099	22,327,918	-	22,327,918	22,886,534	45,214,452
171 Notes, Loans and Mortgages Receivable - Non-Current	20,081,630	20,081,630	-	20,081,630	-	20,081,630
174 Other Assets	1,628,000	1,628,000	-	1,628,000	530,714	2,158,714
180 Total Non-Current Assets	33,212,729	44,037,548	-	44,037,548	23,417,248	67,454,796
190 Total Assets	\$ 48,770,009	\$ 62,814,349	\$ (144,982)	\$ 62,669,367	\$ 24,270,034	\$ 86,939,401

Housing Authority of the City of Everett  
Supplemental Financial Data Schedule  
Year Ended June 30, 2012

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	63,639	100,379	-	100,379	571,600	671,979
313 Accounts Payable >90 Days Past Due	-	-	-	-	-	-
322 Accrued Compensated Absences - Current Portion	72,030	88,369	-	88,369	40,688	129,057
325 Accrued Interest Payable	230,257	230,257	-	230,257	216,237	446,494
331 Accounts Payable - HUD PHA Programs	-	-	-	-	-	-
333 Accounts Payable - Other Government	-	163,166	-	163,166	-	163,166
341 Tenant Security Deposits	60,069	190,504	-	190,504	64,725	255,229
342 Deferred Revenues	26,873	39,808	-	39,808	17,643	57,451
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	4,619,659	4,619,659	-	4,619,659	882,755	5,502,414
345 Other Current Liabilities	136,875	138,803	-	138,803	566,001	704,804
346 Accrued Liabilities - Other	-	-	-	-	-	-
347 Inter Program - Due To	144,982	144,982	(144,982)	-	-	-
348 Loan Liability - Current	-	-	-	-	-	-
310 Total Current Liabilities	5,354,384	5,715,927	(144,982)	5,570,945	2,359,649	7,930,594
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	14,369,837	14,369,837	-	14,369,837	20,275,155	34,644,992
353 Non-current Liabilities - Other	475,493	475,493	-	475,493	553,914	1,029,407
354 Accrued Compensated Absences - Non Current	216,091	265,108	-	265,108	-	265,108
350 Total Non-Current Liabilities	15,061,421	15,110,438	-	15,110,438	20,829,069	35,939,507
300 Total Liabilities	20,415,805	20,826,365	(144,982)	20,681,383	23,188,718	43,870,101
508.1 Invested In Capital Assets, Net of Related Debt	5,010,603	15,835,422	-	15,835,422	1,728,624	17,564,046
511.1 Restricted Net Assets	2,012,824	2,012,824	-	2,012,824	437,979	2,450,803
512.1 Unrestricted Net Assets	21,330,777	24,139,738	-	24,139,738	(1,085,287)	23,054,451
513 Total Equity/Net Assets	28,354,204	41,987,984	-	41,987,984	1,081,316	43,069,300
600 Total Liabilities and Equity/Net Assets	\$ 48,770,009	\$ 62,814,349	\$ (144,982)	\$ 62,669,367	\$ 24,270,034	\$ 86,939,401



Housing Authority of the City of Everett  
Supplemental Financial Data Schedule  
Year Ended June 30, 2012

Line item number & account description	Baker Heights WAA006000100	Grandview Homes WAA006000200	Bakerview Apts WAA006000300	Pineview Apts WAA006000400	Scattered Sites WAA006000500	Other Public Housing	Total Public Housing Projects	COCC
70300 Net Tenant Rental Revenue	\$ 748,397	\$ 570,909	\$ 379,168	\$ 119,755	\$ 191,278	\$ -	\$ 2,009,507	\$ -
70400 Tenant Revenue - Other	11,173	14,143	10,763	349	2,509	-	38,937	-
70500 Total Tenant Revenue	759,570	585,052	389,931	120,104	193,787	-	2,048,444	-
70600 HUD PHA Operating Grants	555,805	330,809	348,704	52,020	69,225	-	1,356,563	-
70610 Capital Grants	21,768	489,773	98,689	-	55,341	-	685,571	-
70800 Other Government Grants	-	-	-	-	-	-	-	-
70710 Management Fee	-	-	-	-	-	-	-	884,519
70720 Asset Management Fee	-	-	-	-	-	-	-	74,760
70730 Book Keeping Fee	-	-	-	-	-	-	-	292,423
70740 Front Line Service Fee	-	-	-	-	-	-	-	638,537
70750 Other Fees	-	-	-	-	-	-	-	114,260
70700 Total Fee Revenue	-	-	-	-	-	-	-	2,004,499
71100 Investment Income - Unrestricted	2,300	1,386	1,409	314	413	-	5,822	774
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	-	3,672	54,810	7	-	-	58,489	10,866
71600 Gain or Loss on Sale of Capital Assets	-	-	-	-	(87)	-	(87)	(988)
72000 Investment Income - Restricted	-	-	-	-	-	-	-	-
70000 Total Revenue	1,339,443	1,410,692	893,543	172,445	318,679	-	4,134,802	2,015,171
91100 Administrative Salaries	75,488	63,607	94,531	18,025	18,879	-	270,530	844,373
91200 Auditing Fees	4,219	2,518	2,596	578	749	-	10,650	1,769
91300 Management Fee	165,322	99,357	102,429	22,692	29,808	-	419,608	-
91310 Book-keeping Fee	21,900	13,088	13,455	3,053	3,953	-	55,449	-
91400 Advertising and Marketing	87	575	92	74	16	-	844	2,419
91500 Employee Benefit contributions - Administrative	28,516	27,111	26,568	6,714	8,865	-	97,774	274,281
91600 Office Expenses	30,582	41,732	26,237	6,710	8,856	-	114,119	206,053
91700 Legal Expense	5,960	3,085	2,033	143	92	-	11,314	24,300
91800 Travel	6,275	4,176	4,098	817	1,103	-	16,469	21,739
91900 Other	127	374	271	17	23	-	812	-
91000 Total Operating - Administrative	338,476	255,624	272,300	58,823	72,346	-	997,569	1,374,934
92000 Asset Management Fee	29,520	17,760	18,120	4,080	5,280	-	74,760	-
92100 Tenant Services - Salaries	19,456	71,247	27,970	28,797	-	-	147,470	-
92200 Relocation Costs	-	-	-	-	-	-	-	-
92300 Employee Benefit Contributions - Tenant Services	7,350	30,367	7,861	10,726	-	-	56,304	-
92400 Tenant Services - Other	3,208	14,372	2,922	13,348	250	-	34,100	-
92500 Total Tenant Services	30,014	115,986	38,753	52,871	250	-	237,874	-

Housing Authority of the City of Everett  
Supplemental Financial Data Schedule  
Year Ended June 30, 2012

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	24,132	19,444	6,864	8,156	13,120	-	71,716	1,592
93200 Electricity	3,849	2,793	43,348	4,216	596	-	54,802	23,300
93300 Gas	1,113	4,555	11,919	-	-	-	17,587	16,858
93600 Sewer	96,390	70,788	23,317	17,278	25,969	-	233,742	3,362
93800 Other Utilities Expense	-	-	-	-	366	-	366	-
93000 Total Utilities	125,484	97,580	85,448	29,650	40,051	-	378,213	45,112
94100 Ordinary Maintenance and Operations - Labor	98,851	88,745	80,161	29,096	28,322	-	325,175	387,732
94200 Ordinary Maintenance and Operations - Materials and Other	59,221	51,450	44,387	12,878	14,537	-	182,473	22,746
94300 Ordinary Maintenance and Operations Contracts	233,280	182,413	143,114	60,042	76,912	-	695,761	26,684
94500 Employee Benefit Contributions - Ordinary	37,341	37,825	22,530	10,837	13,299	-	121,832	125,948
94000 Total Maintenance	428,693	360,433	290,192	112,853	133,070	-	1,325,241	563,110
96110 Property Insurance	15,828	13,056	10,230	3,169	5,292	-	47,575	3,738
96120 Liability Insurance	4,301	2,992	3,015	779	1,054	-	12,141	4,059
96130 Workmen's Compensation	5,167	5,417	5,828	1,799	1,419	-	19,630	26,448
96140 All Other Insurance	1,992	3,289	1,220	324	408	-	7,233	9,798
96100 Total Insurance Premiums	27,288	24,754	20,293	6,071	8,173	-	86,579	44,043
96200 Other General Expenses	-	-	-	-	-	-	-	1,169
96300 Payments in Lieu of Taxes	62,291	47,333	29,372	9,011	15,159	-	163,166	-
96400 Bad debt - Tenant Rents	4,317	6,388	-	57	153	-	10,915	-
96600 Bad debt - Other	-	-	-	-	-	-	-	-
96000 Total Other General Expenses	66,606	53,721	29,372	9,068	15,312	-	174,081	1,169
96710 Interest of Mortgage (or Bonds) Payable	-	-	-	-	-	-	-	-
96720 Interest on Notes Payable (Short and Long Term)	-	-	-	-	-	-	-	-
96730 Amortization of Bond Issue Costs	-	-	-	-	-	-	-	-
96700 Total Interest Expense and Amortization Cost	-	-	-	-	-	-	-	-
96900 Total Operating Expenses	1,046,083	925,858	754,478	273,416	274,482	-	3,274,317	2,028,968
97000 Excess of Operating Revenue over Operating Expenses	293,360	484,834	139,055	(100,971)	44,197	-	860,485	13,197
97100 Extraordinary Maintenance	12,347	16,066	32,570	-	67,419	-	128,402	-
97300 Housing Assistance Payments	-	-	-	-	-	-	-	-
97350 HAP Portability-In	-	-	-	-	-	-	-	-
97400 Depreciation Expense	57,320	487,838	175,800	99,591	120,036	-	940,585	141,054
90000 Total Expenses	1,115,750	1,429,762	962,848	373,007	461,937	-	4,343,304	2,169,422

Housing Authority of the City of Everett  
Supplemental Financial Data Schedule  
Year Ended June 30, 2012

Line item number & account description	Baker Heights WAA06000100	Grandview Homes WAA06000200	Bakerview Apts WAA06000300	Pineview Apts WAA06000400	Scattered Sites WAA06000500	Other Public Housing	Total Public Housing Projects	COC
10010 Operating Transfer In	5,024	4,607	3,221	644	902	-	14,398	-
10020 Operating transfer Out	(5,024)	(4,607)	(3,221)	(644)	(902)	-	(14,398)	-
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	-	150,000	100,000	200,000	-	-	450,000	-
10092 Inter Project Excess Cash Transfer Out	(450,000)	-	-	-	-	-	(450,000)	-
10093 Transfers between Program and Project - In	-	-	-	-	-	-	-	-
10094 Transfers between Project and Program - Out	-	-	-	-	-	-	-	-
10100 Total Other financing Sources (Uses)	(450,000)	150,000	100,000	200,000	-	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under)	\$ (226,307)	\$ 130,930	\$ 30,695	\$ (562)	\$ (143,258)	\$ -	\$ (208,502)	\$ (154,251)
Total Expenses								
11020 Required Annual Debt Principal Payments	-	-	-	-	-	-	-	-
11030 Beginning Equity	1,340,358	5,205,279	2,197,899	1,764,212	3,334,534	-	13,842,282	2,409,268
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	(3,890)	3,890	-	-	-	(300,000)
11170 Administrative Fee Equity	-	-	-	-	-	-	-	-
11180 Housing Assistance Payments Equity	-	-	-	-	-	-	-	-
11190 Unit Months Available	2,946	1,726	1,812	408	528	-	7,420	-
11210 Number of Unit Months Leased	2,919	1,703	1,793	407	527	-	7,349	-
11270 Excess Cash	594,803	622,427	623,364	414,541	319,318	-	2,574,453	-
11610 Land Purchases	-	-	-	-	-	-	-	-
11620 Building Purchases	91,698	512,631	99,605	-	36,792	-	740,726	-
11630 Furniture & Equipment - Dwelling Purchases	11,188	6,193	5,701	-	875	-	23,957	-
11640 Furniture & Equipment - Administrative Purchases	18,235	-	14,183	-	18,235	-	50,653	-



Housing Authority of the City of Everett  
Supplemental Financial Data Schedule  
Year Ended June 30, 2012

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	ROSS Grant 14,870	Neighborhood Stabilization CDBG 14,228	Hope Options 93,958	Section 8 Mod Rehab 14,856
70300 Net Tenant Rental Revenue	\$ -	\$ 1,339,512	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
70400 Tenant Revenue - Other	-	480,620	-	-	-	-	-	-
70500 Total Tenant Revenue	-	1,820,132	-	-	-	-	-	-
70600 HUD PHA Operating Grants	21,612,762	-	386,189	122,220	52,289	-	-	51,001
70610 Capital Grants	-	-	-	-	-	-	-	-
70600 Other Government Grants	-	-	-	-	-	-	206,464	-
70710 Management Fee	-	-	-	-	-	-	-	-
70720 Asset Management Fee	-	-	-	-	-	-	-	-
70730 Book Keeping Fee	-	-	-	-	-	-	-	-
70740 Front Line Service Fee	-	-	-	-	-	-	-	-
70750 Other Fees	-	-	-	-	-	-	-	-
70700 Total Fee Revenue	-	-	-	-	-	-	-	-
71100 Investment Income - Unrestricted	1,623	21,410	-	-	-	-	-	-
71200 Mortgage Interest Income	-	390,061	-	-	-	-	-	-
71300 Proceeds from Disposition of Assets Held for Sale	-	-	-	-	-	-	-	-
71310 Cost of Sale of Assets	-	-	-	-	-	-	-	-
71400 Fraud Recovery	36,860	-	-	-	-	-	-	-
71500 Other Revenue	202,146	2,079,823	-	-	-	-	-	-
71600 Gain or Loss on Sale of Capital Assets	-	(543)	-	-	-	-	-	-
72000 Investment Income - Restricted	4,949	-	-	-	-	-	-	-
70000 Total Revenue	21,858,340	4,310,883	386,189	122,220	52,289	-	206,464	51,001
91100 Administrative Salaries	702,338	102,970	-	1,437	33,576	-	127,457	546
91200 Auditing Fees	19,974	1,394	-	172	-	-	-	66
91300 Management Fee	398,345	62,390	-	3,024	-	-	-	1,152
91310 Book-keeping Fee	224,138	10,226	-	1,890	-	-	-	720
91400 Advertising and Marketing	245	1,500	-	-	-	-	-	-
91500 Employee Benefit contributions - Administrative	245,827	29,505	-	381	15,760	-	48,574	146
91600 Office Expenses	126,574	19,753	-	9,122	56	-	1,237	3,474
91700 Legal Expense	1,158	468	-	-	-	-	-	-
91800 Travel	1,269	769	-	-	530	-	2,799	-
91900 Other	4,562	11,050	-	-	-	-	-	-
91000 Total Operating - Administrative	1,724,430	240,025	-	16,026	49,922	-	180,067	6,104
92000 Asset Management Fee	-	-	-	-	-	-	-	-
92100 Tenant Services - Salaries	5,735	255,164	-	-	-	-	-	-
92200 Relocation Costs	-	-	-	-	-	-	-	-
92300 Employee Benefit Contributions - Tenant Services	2,007	74,709	-	-	-	-	-	-
92400 Tenant Services - Other	1,834	240,326	-	-	2,073	-	24,558	-
92500 Total Tenant Services	9,576	570,199	-	-	2,073	-	24,558	-

Housing Authority of the City of Everett  
Supplemental Financial Data Schedule  
Year Ended June 30, 2012

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	ROSS Grant 14,870	Neighborhood Stabilization CDBG 14,228	Hope Options 93,958	Section 8 Mod Rehab 14,856
93100 Water	-	23,963	-	-	-	-	-	-
93200 Electricity	-	21,895	-	-	-	-	-	-
93300 Gas	-	3,562	-	-	-	-	-	-
93500 Sewer	-	51,731	-	-	-	-	-	-
93800 Other Utilities Expense	-	-	-	-	-	-	-	-
93000 Total Utilities	-	101,152	-	-	-	-	-	-
94100 Ordinary Maintenance and Operations - Labor	-	79,708	-	-	-	-	-	-
94200 Ordinary Maintenance and Operations - Materials and Other	2,346	40,265	-	-	-	-	-	-
94300 Ordinary Maintenance and Operations Contracts	2,370	154,646	-	-	-	-	-	-
94500 Employee Benefit Contributions - Ordinary	-	27,840	-	-	-	-	-	-
94000 Total Maintenance	4,716	302,459	-	-	-	-	-	-
96110 Property Insurance	-	12,270	-	-	-	-	-	-
96120 Liability Insurance	7,348	5,140	-	17	-	-	-	6
96130 Workmen's Compensation	4,822	39,046	-	8	294	-	859	3
96140 All Other Insurance	2,695	1,577	-	35	-	-	-	13
96100 Total Insurance Premiums	14,865	58,033	-	60	294	-	859	22
96200 Other General Expenses	75,817	-	-	-	-	-	-	-
96300 Payments in Lieu of Taxes	-	-	-	-	-	-	-	-
96400 Bad debt - Tenant Rents	-	16,629	-	-	-	-	-	-
96500 Bad debt - Other	7,416	-	-	-	-	-	-	-
96000 Total Other General Expenses	83,233	16,629	-	-	-	-	-	-
96710 Interest of Mortgage (or Bonds) Payable	-	281,929	-	-	-	-	-	-
96720 Interest on Notes Payable (Short and Long Term)	-	-	-	-	-	-	-	-
96730 Amortization of Bond Issue Costs	-	-	-	-	-	-	-	-
96700 Total Interest Expense and Amortization Cost	-	281,929	-	-	-	-	-	-
96900 Total Operating Expenses	1,836,820	1,570,426	-	16,086	52,289	-	205,484	6,126
97000 Excess of Operating Revenue over Operating Expenses	20,021,520	2,740,457	386,189	106,134	-	-	980	44,875
97100 Extraordinary Maintenance	-	23,500	-	-	-	-	-	-
97300 Housing Assistance Payments	21,421,409	-	-	100,754	-	-	-	42,824
97350 HAP Portability-In	145,964	-	-	-	-	-	-	-
97400 Depreciation Expense	5,807	268,179	-	-	-	-	424	-
90000 Total Expenses	23,410,000	1,862,105	-	116,840	52,289	-	205,908	48,950

Housing Authority of the City of Everett  
Supplemental Financial Data Schedule  
Year Ended June 30, 2012

Line item number & account description	Housing Choice Vouchers 14,871	Business Activities	Sac 8 Housing Assist Pymt Spec Allocations 14,195	Section 8 Mod Rehab 14,249	ROSS Grant 14,870	Neighborhood Stabilization CDBG 14,228	Hope Options 93,958	Section 8 Mod Rehab 14,856
10010 Operating Transfer In	-	-	-	-	-	-	-	-
10020 Operating Transfer Out	-	-	-	-	-	-	-	-
10030 Operating Transfers from/to Primary Government	-	-	(386,189)	-	-	-	-	-
10040 Operating Transfers from/to Component Unit	-	-	-	-	-	-	-	-
10070 Extraordinary Items, Net Gain/Loss	-	-	-	-	-	-	-	-
10091 Inter Project Excess Cash Transfer In	-	-	-	-	-	-	-	-
10092 Inter Project Excess Cash Transfer Out	-	-	-	-	-	-	-	-
10093 Transfers between Program and Project - In	-	-	-	-	-	-	-	-
10094 Transfers between Project and Program - Out	-	-	-	-	-	-	-	-
10100 Total Other financing Sources (Uses)	-	-	(386,189)	-	-	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$ (1,551,660)	\$ 2,448,778	\$ -	\$ 5,380	\$ -	\$ -	\$ 556	\$ 2,051
11020 Required Annual Debt Principal Payments	-	369,542	-	-	-	-	-	-
11030 Beginning Equity	4,472,941	20,648,309	-	54,263	-	-	(2,102)	20,671
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-	300,000	-	-	-	-	-	-
11170 Administrative Fee Equity	961,616	-	-	-	-	-	-	-
11180 Housing Assistance Payments Equity	1,959,665	-	-	-	-	-	-	-
11190 Unit Months Available	29,892	1,848	-	252	-	-	-	96
11210 Number of Unit Months Leased	29,885	1,816	-	239	-	-	-	88
11270 Excess Cash	-	-	-	-	-	-	-	-
11610 Land Purchases	-	-	-	-	-	-	-	-
11620 Building Purchases	-	-	-	-	-	-	-	-
11630 Furniture & Equipment - Dwelling Purchases	-	-	-	-	-	-	-	-
11640 Furniture & Equipment - Administrative Purchases	-	-	-	-	-	-	-	-



Housing Authority of the City of Everett  
Supplemental Financial Data Schedule  
Year Ended June 30, 2012

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	\$ 1,339,512	\$ 3,349,019	\$ -	\$ 3,349,019	\$ 1,055,987	\$ 4,405,006
70400 Tenant Revenue - Other	480,620	519,557	-	519,557	22,466	542,023
70500 Total Tenant Revenue	1,820,132	3,868,576	-	3,868,576	1,078,453	4,947,029
70600 HUD PHA Operating Grants	22,224,461	23,581,024	-	23,581,024	-	23,581,024
70610 Capital Grants	-	665,571	-	665,571	-	665,571
70800 Other Government Grants	206,464	206,464	-	206,464	-	206,464
70710 Management Fee	884,519	884,519	(884,519)	-	-	-
70720 Asset Management Fee	74,760	74,760	(74,760)	-	-	-
70730 Book Keeping Fee	292,423	292,423	(292,423)	-	-	-
70740 Front Line Service Fee	638,537	638,537	(561,250)	77,287	-	77,287
70750 Other Fees	114,260	114,260	(2)	114,258	-	114,258
70700 Total Fee Revenue	2,004,499	2,004,499	(1,812,954)	191,545	-	191,545
71100 Investment Income - Unrestricted	23,807	29,629	-	29,629	454	30,083
71200 Mortgage Interest Income	390,061	390,061	-	390,061	-	390,061
71300 Proceeds from Disposition of Assets Held for Sale	-	-	-	-	-	-
71310 Cost of Sale of Assets	-	-	-	-	-	-
71400 Fraud Recovery	36,860	36,860	-	36,860	-	36,860
71500 Other Revenue	2,292,835	2,351,324	-	2,351,324	1,616	2,352,940
71600 Gain or Loss on Sale of Capital Assets	(1,511)	(1,598)	-	(1,598)	-	(1,598)
72000 Investment Income - Restricted	4,949	4,949	-	4,949	-	4,949
70000 Total Revenue	29,002,557	33,137,359	(1,812,954)	31,324,405	1,080,523	32,404,928
91100 Administrative Salaries	1,812,697	2,083,227	-	2,083,227	165,219	2,248,446
91200 Auditing Fees	23,375	34,025	-	34,025	11,000	45,025
91300 Management Fee	464,911	884,519	(884,519)	-	77,175	77,175
91310 Book-keeping Fee	236,974	292,423	(292,423)	-	-	-
91400 Advertising and Marketing	4,164	5,008	-	5,008	2,598	7,606
91500 Employee Benefit contributions - Administrative	614,474	712,248	-	712,248	54,308	766,556
91600 Office Expenses	366,269	480,388	-	480,388	44,580	524,968
91700 Legal Expense	25,926	37,240	-	37,240	4,544	41,784
91800 Travel	27,106	43,575	-	43,575	870	44,445
91900 Other	15,612	16,424	-	16,424	6,620	23,044
91000 Total Operating - Administrative	3,591,508	4,589,077	(1,176,942)	3,412,135	366,914	3,779,049
92000 Asset Management Fee	-	74,760	(74,760)	-	-	-
92100 Tenant Services - Salaries	260,899	408,369	-	408,369	23,628	431,997
92200 Relocation Costs	-	-	-	-	-	-

Housing Authority of the City of Everett  
Supplemental Financial Data Schedule  
Year Ended June 30, 2012

Line item number & account description	Total Other Programs	Subtotal Housing Authority Projects/Programs	Eliminations	Total Housing Authority	Component Unit	Memorandum Total
92300 Employee Benefit Contributions - Tenant Services	76,716	133,020	-	133,020	7,212	140,232
92400 Tenant Services - Other	268,791	302,891	-	302,891	8,792	311,683
92500 Total Tenant Services	606,406	844,280	-	844,280	39,632	883,912
93100 Water	25,555	97,271	-	97,271	47,428	144,699
93200 Electricity	45,196	99,998	-	99,998	40,577	140,575
93300 Gas	20,420	38,007	-	38,007	15,831	53,838
93600 Sewer	55,093	288,835	-	288,835	17,274	306,109
93800 Other Utilities Expense	-	366	-	366	-	366
93000 Total Utilities	146,264	524,477	-	524,477	121,110	645,587
94100 Ordinary Maintenance and Operations - Labor	467,440	792,615	-	792,615	99,331	891,946
94200 Ordinary Maintenance and Operations - Materials and Other	65,357	247,830	-	247,830	34,580	282,410
94300 Ordinary Maintenance and Operations Contracts	183,700	879,461	(561,252)	318,209	151,530	469,739
94500 Employee Benefit Contributions - Ordinary	153,788	275,620	-	275,620	33,770	309,390
94000 Total Maintenance	870,285	2,195,526	(561,252)	1,634,274	319,211	1,953,485
96110 Property Insurance	16,008	63,583	-	63,583	42,736	106,319
96120 Liability Insurance	16,570	28,711	-	28,711	10,979	39,690
96130 Workmen's Compensation	71,480	91,110	-	91,110	8,557	99,667
96140 All Other Insurance	14,118	21,351	-	21,351	-	21,351
96100 Total Insurance Premiums	118,176	204,755	-	204,755	62,272	267,027
96200 Other General Expenses	76,986	76,986	-	76,986	15,660	92,646
96300 Payments in Lieu of Taxes	-	163,166	-	163,166	-	163,166
96400 Bad debt - Tenant Rents	16,629	27,544	-	27,544	4,366	31,910
96600 Bad debt - Other	7,416	7,416	-	7,416	-	7,416
96000 Total Other General Expenses	101,031	275,112	-	275,112	20,026	295,138
96710 Interest of Mortgage (or Bonds) Payable	281,929	281,929	-	281,929	183,759	465,688
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	281,929	281,929	-	281,929	188,643	470,572
96900 Total Operating Expenses	5,715,599	8,989,916	(1,812,954)	7,176,962	1,117,808	8,294,770
97000 Excess of Operating Revenue over Operating Expenses	23,286,958	24,147,443	-	24,147,443	37,285	24,110,158

Housing Authority of the City of Everett  
Supplemental Financial Data Schedule  
Year Ended June 30, 2012

Line item number & account description	Total Other Programs	Subtotal Housing Authority Projects/Programs	Eliminations	Total Housing Authority	Component Unit	Memorandum Total
97100 Extraordinary Maintenance	23,500	151,902	-	151,902	-	151,902
97300 Housing Assistance Payments	21,564,987	21,564,987	-	21,564,987	-	21,564,987
97350 HAP Portability-In	145,964	145,964	-	145,964	-	145,964
97400 Depreciation Expense	415,464	1,356,049	-	1,356,049	300,789	1,656,838
90000 Total Expenses	27,865,514	32,208,818	(1,812,954)	30,395,864	1,418,597	31,814,461
10010 Operating Transfer In	-	14,398	-	14,398	-	14,398
10020 Operating transfer Out	-	(14,398)	-	(14,398)	-	(14,398)
10030 Operating Transfers from/to Primary Government	(386,189)	(386,189)	-	(386,189)	-	(386,189)
10040 Operating Transfers from/to Component Unit	-	-	-	-	386,189	386,189
10070 Extraordinary Items, Net Gain/Loss	-	-	-	-	-	-
10091 Inter Project Excess Cash Transfer In	-	450,000	-	450,000	-	450,000
10092 Inter Project Excess Cash Transfer Out	-	(450,000)	-	(450,000)	-	(450,000)
10093 Transfers between Program and Project - In	-	-	-	-	-	-
10094 Transfers between Project and Program - Out	-	-	-	-	-	-
10100 Total Other financing Sources (Uses)	(386,189)	(386,189)	-	(386,189)	386,189	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$ 750,854	\$ 542,352	\$ -	\$ 542,352	\$ 48,115	\$ 590,467
11020 Required Annual Debt Principal Payments	369,542	369,542	-	369,542	55,000	424,542
11030 Beginning Equity	27,603,350	41,445,632	-	41,445,632	821,424	42,267,056
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	-	-	211,777	211,777
11170 Administrative Fee Equity	961,616	961,616	-	961,616	-	961,616
11180 Housing Assistance Payments Equity	1,959,665	1,959,665	-	1,959,665	-	1,959,665
11190 Unit Months Available	32,088	39,508	-	39,508	2,100	41,608
11210 Number of Unit Months Leased	32,028	39,377	-	39,377	1,988	41,365
11270 Excess Cash	-	2,574,453	-	2,574,453	-	2,574,453
11610 Land Purchases	-	-	-	-	-	-
11620 Building Purchases	-	740,726	-	740,726	-	740,726
11630 Furniture & Equipment - Dwelling Purchases	-	23,957	-	23,957	-	23,957
11640 Furniture & Equipment - Administrative Purchases	-	50,653	-	50,653	-	50,653



**HOUSING AUTHORITY OF THE CITY OF EVERETT**  
**Supplemental Segment Information - Unaudited**  
**As of and for the Year Ended June 30, 2012**

**CONDENSED STATEMENT OF NET ASSETS**

	Affordable Housing Properties	Broadway Plaza Kitchen	Douglas Grove	Property Development	Property Management	Total (memorandum only)
<b>Assets</b>						
Cash & investments - unrestricted	\$ 329,353	\$ 5,391	\$ 22,637	\$ -	\$ 7,201,507	\$ 7,558,888
Cash & investments - restricted	109,228	-	4,000	-	-	113,228
Due from other programs	-	(147,558)	-	(121,868)	323,813	54,387
Other current assets	26,933	10,525	205	129,906	3,997,497	4,165,066
Capital assets (net of accumulated depreciation)	8,902,313	-	448,950	-	290,520	9,641,783
Other assets	-	-	-	-	21,709,630	21,709,630
<b>Total Assets</b>	<b>9,367,827</b>	<b>(131,642)</b>	<b>475,792</b>	<b>8,038</b>	<b>33,522,967</b>	<b>43,242,982</b>
<b>Liabilities</b>						
Current liabilities	60,560	6,812	1,487	8,038	216,386	293,283
Current portion of long-term debt	1,759,249	-	43,410	-	2,817,000	4,619,659
Current liabilities payable from restricted assets	56,069	-	4,000	-	-	60,069
Due to other programs	-	-	-	-	-	-
Bonds and notes payable - non-current	4,549,569	-	140,268	-	9,680,000	14,369,837
Other non-current liabilities	114,139	14,809	941	-	373,158	503,047
<b>Total Liabilities</b>	<b>6,539,586</b>	<b>21,621</b>	<b>190,106</b>	<b>8,038</b>	<b>13,086,544</b>	<b>19,845,895</b>
<b>Net Assets</b>						
Invested in capital assets, net of related debt	2,593,495	-	265,272	-	290,520	3,149,287
Restricted	53,159	-	-	-	-	53,159
Unrestricted	181,587	(153,263)	20,414	-	20,145,903	20,194,641
<b>Total Net Assets</b>	<b>\$ 2,828,241</b>	<b>\$ (153,263)</b>	<b>\$ 285,686</b>	<b>\$ -</b>	<b>\$ 20,436,423</b>	<b>\$ 23,397,087</b>

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

	Affordable Housing Properties	Broadway Plaza Kitchen	Douglas Grove	Property Development	Property Management	Total (memorandum only)
<b>Operating Revenue (Expenses)</b>						
Operating revenue	\$ 1,272,536	\$ 490,188	\$ 101,097	\$ -	\$ 2,425,652	\$ 4,289,473
Operating expenses	(551,709)	(643,453)	(36,164)	-	(80,671)	(1,311,997)
Operating transfers in	-	-	-	-	-	300,000
Operating transfers out	-	-	-	-	-	-
Depreciation expense	(259,066)	-	(9,113)	-	-	(268,179)
Operating income (loss)	461,761	(153,265)	55,820	-	2,344,981	3,009,297
<b>Nonoperating Revenue (Expense)</b>						
Interest income	395	2	18	-	20,995	21,410
Interest expense	(271,354)	-	(10,575)	-	-	(281,929)
Nonoperating transfers out	-	-	-	-	(300,000)	-
Nonoperating income (expense)	(270,959)	2	(10,557)	-	(279,005)	(260,519)
<b>Increase (decrease) in net assets</b>	<b>190,802</b>	<b>(153,263)</b>	<b>45,263</b>	<b>-</b>	<b>2,065,976</b>	<b>2,748,778</b>
<b>Net Assets, Beginning of Year</b>	<b>2,637,439</b>	<b>-</b>	<b>240,423</b>	<b>-</b>	<b>17,770,447</b>	<b>20,648,309</b>
<b>Net Assets, End of Year</b>	<b>\$ 2,828,241</b>	<b>\$ (153,263)</b>	<b>\$ 285,686</b>	<b>\$ -</b>	<b>\$ 19,836,423</b>	<b>\$ 23,397,087</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.



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

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

Our mission is to work 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.

**State Auditor  
Chief of Staff  
Director of State and Local Audit  
Director of Performance Audit  
Deputy Director of State and Local Audit  
Deputy Director of State and Local Audit  
Deputy Director of State and Local Audit  
Deputy Director of Quality Assurance  
Local Government Liaison  
Public Records Officer  
Main number  
Toll-free Citizen Hotline**

**Troy Kelley  
Doug Cochran  
Chuck Pfeil, CPA  
Larisa Benson  
Kelly Collins, CPA  
Jan M. Jutte, CPA, CGFM  
Sadie Armijo  
Barb Hinton  
Mike Murphy  
Mary Leider  
(360) 902-0370  
(866) 902-3900**

**Website  
Subscription Service**

**[www.sao.wa.gov](http://www.sao.wa.gov)  
<https://www.sao.wa.gov/EN/News/Subscriptions>**