

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

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

Audit Period  
**July 1, 2012 through June 30, 2013**

**Report No. 1011403**

Issue Date  
**March 10, 2014**



WASHINGTON  
**TROY KELLEY**  
STATE AUDITOR



**Washington State Auditor  
Troy Kelley**

March 10, 2014

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,

**TROY KELLEY**  
STATE AUDITOR

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# Federal Summary

## Housing Authority of the City of Everett Snohomish County July 1, 2012 through June 30, 2013

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 unmodified 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 unmodified opinion on the Housing Authority's compliance with requirements applicable to each of its major federal programs.

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



***Identification of Major Programs:***

The following were major programs during the period under audit:

CFDA No.	Program Title
14.871	Housing Voucher Cluster - Section 8 Housing Choice Vouchers
14.872	CFP Cluster - Public Housing Capital Fund (CFP)

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by OMB Circular A-133, was \$799,403.

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 Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

**Housing Authority of the City of Everett  
Snohomish County  
July 1, 2012 through June 30, 2013**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of the Housing Authority of the City of Everett, Snohomish County, Washington, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements, and have issued our report thereon dated February 17, 2014. During the year ended June 30, 2013, the Housing Authority implemented Governmental Accounting Standards Board *Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*.

## ***INTERNAL CONTROL OVER FINANCIAL REPORTING***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

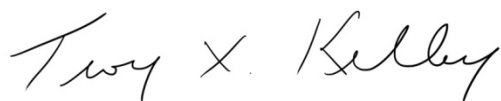
## **COMPLIANCE AND OTHER MATTERS**

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

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

## **PURPOSE OF THIS REPORT**

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



**TROY KELLEY**  
STATE AUDITOR

February 17, 2014

# Independent Auditor's Report on Compliance For Each Major Federal 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, 2012 through June 30, 2013

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

### ***REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM***

We have audited the compliance of the Housing Authority of the City of Everett, 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, 2013. The Housing Authority's major federal programs are identified in the accompanying Federal Summary.

#### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Housing Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 on compliance for each major federal program. Our audit does not provide a legal determination on the Housing Authority's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

### ***REPORT ON INTERNAL CONTROL OVER COMPLIANCE***

Management of the Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Housing Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### ***PURPOSE OF THIS REPORT***

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It

also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

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

**TROY KELLEY**  
STATE AUDITOR

February 17, 2014

# Independent Auditor's Report on Financial Statements

## **Housing Authority of the City of Everett Snohomish County July 1, 2012 through June 30, 2013**

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

### ***REPORT ON THE FINANCIAL STATEMENTS***

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the Housing Authority of the City of Everett, Snohomish County, Washington, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements as listed on page 11.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinion***

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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Matters of Emphasis***

As discussed in Note 1 to the financial statements, in 2013, the Housing Authority adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 12 through 19 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The accompanying Financial Data Schedule and HUD form are supplementary information required by HUD. These schedules are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing



standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Supplemental Segment Information, Notes to Supplemental Segment Information and Actual Modernization Cost Certificate 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.

### ***OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2014 on our consideration of the Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority's internal control over financial reporting and compliance.



**TROY KELLEY**  
STATE AUDITOR

February 17, 2014

# Financial Section

## **Housing Authority of the City of Everett Snohomish County July 1, 2012 through June 30, 2013**

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

Management's Discussion and Analysis – 2013

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

Statement of Net Position – 2013

Statement of Revenues, Expenses and Changes in Net Position – 2013

Statement of Cash Flows – 2013

Notes to Financial Statements – 2013

### ***SUPPLEMENTARY AND OTHER INFORMATION***

Schedule of Expenditures of Federal Awards – 2013

Notes to the Schedule of Expenditures of Federal Awards – 2013

Supplemental Financial Data Schedule – 2013

Supplemental Segment Information – Unaudited – 2013

Notes to Supplemental Segment Information – Unaudited – 2013

Actual Modernization Cost Certificate – 2013

**HOUSING AUTHORITY OF THE CITY OF EVERETT**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2013**

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 Position and Statement of Revenues, Expenses and Changes in Net Position.

***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 Position; Statement of Revenues, Expenses and Changes in Net Position; 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 and deferred outflow and inflow of resources 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, 2013.

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

- **Statement of Net Position** – presents the assets, liabilities, deferred outflow of resources, deferred inflow of resources and net position of the Authority at the end of the fiscal year. The difference between the total assets and deferred outflow of resources and the total liabilities and deferred inflow of resources equals the Authority's net position. Over time, changes in total net position may reflect changes in the financial position of the Authority.
- **Statement of Revenues, Expenses and Changes in Net Position** – 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, 2013

#### *Financial Highlights*

- Assets of the Authority exceeded liabilities at June 30, 2013 by \$41,008,243 (net position). Of this amount, \$22,964,601 is classified as unrestricted net position and may be used by the Authority to meet its ongoing obligations.
- Total net position decreased by \$979,741 (or 2.3%) during the past year. Net position was \$41,008,243 and \$41,987,984 at June 30, 2013 and 2012, respectively.
- Total operating and non-operating revenues decreased by \$443,003 (or 1.46%) during the past year, and were \$29,829,642 for 2013 and \$30,272,645 for 2012.
- The total expenses of the Authority's programs increased by \$1,175,164 (or 3.9%). Total expenses were \$31,571,028 and \$30,395,864 for 2013 and 2012, respectively.
- The Authority's unrestricted net position at June 30, 2013 and 2012 was \$22,964,601 and \$24,139,738 respectively, a decrease of 4.9%.

#### *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 \$762,459 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' portion of 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, 2013, seventy 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, 2013

### AUTHORITY-WIDE FINANCIAL STATEMENTS

#### *Statement of Net Position*

The Statement of Net Position includes all assets and liabilities and deferred outflow and inflows of resources 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 Position compared to the prior year.

#### CONDENSED STATEMENT OF NET POSITION

	As of June 30,	
	2013	2012
Assets		
Current assets	\$ 14,107,201	\$ 18,631,819
Capital assets	21,618,880	22,327,918
Other assets	21,425,975	21,709,630
Total Assets	<u>57,152,056</u>	<u>62,669,367</u>
Liabilities		
Accounts payable and other current liabilities	1,493,086	5,570,945
Non-current liabilities	14,650,727	15,110,438
Total Liabilities	<u>16,143,813</u>	<u>20,681,383</u>
Net Position		
Invested in capital assets, net of related debt	16,929,080	15,835,422
Restricted	1,114,562	2,012,824
Unrestricted	<u>22,964,601</u>	<u>24,139,738</u>
Total Net Position	<u>\$ 41,008,243</u>	<u>\$ 41,987,984</u>

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

Total assets of the Authority at June 30, 2013 and June 30, 2012 were \$57,152,056 and \$62,669,367, respectively. This represents a decrease of \$5,517,311 during the year which was primarily the result of a decrease in notes receivable from the Broadway Plaza LLLP tax credit partnership for a temporary construction loan for the remodel of this apartment complex. In addition we used cash resources to pay off a mortgage loan on the Lakeview Terrace Apartments of approximately 1.4 million dollars and the Authority was required by HUD to use cash reserves of approximately \$900,000 for Housing Choice Voucher Program Housing Assistance payments.

Current assets decreased by \$4,524,618 and current liabilities decreased by \$4,077,859. The Authority's current ratio increased from 3.34 in 2012 to 9.45 in 2013. There are sufficient current assets (primarily cash, investments and accounts receivable) to extinguish current liabilities.

The net decrease in capital assets of \$709,038 represents the difference between capital assets acquired during the year totaling \$861,352, depreciation expense of \$1,334,304 and an adjustment to the beginning balance of capital assets of \$236,086 to remove the net book value of capital assets that at the time of purchase did not meet our recently adopted capitalization threshold of \$5,000.



**HOUSING AUTHORITY OF THE CITY OF EVERETT**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2013**

The following table presents details regarding the changes in unrestricted net position during the year:

**CHANGES IN UNRESTRICTED NET POSITION**

Unrestricted net position - June 30, 2012	\$ 24,139,738
Total change in net position	(979,741)
Adjustments:	
Depreciation (1)	1,334,304
Adjusted change in net position	24,494,301
Payments on capital asset long-term debt borrowings	(1,802,696)
Capital asset additions	(861,352)
Book value of capital assets expensed	236,086
Decrease in restricted assets	898,262
Unrestricted net position - June 30, 2013	\$ 22,964,601

(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, 2013 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 Position***

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

# HOUSING AUTHORITY OF THE CITY OF EVERETT

## Management's Discussion and Analysis

Year Ended June 30, 2013

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

### CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	June 30,	
	2013	2012
Operating and nonoperating revenue		
Operating grants and subsidies	\$ 24,165,654	\$ 23,401,299
Tenant revenue - rents and other	4,085,546	3,868,576
Interest income	431,337	424,639
Other revenue	1,147,105	2,578,131
Total revenue	<u>29,829,642</u>	<u>30,272,645</u>
Operating and nonoperating expenses		
Housing assistance payments	22,058,344	21,710,951
Administrative	3,810,112	3,412,135
Maintenance and operation	2,143,750	1,786,176
Depreciation	1,334,304	1,356,049
Tenant services	767,017	844,280
Utilities	548,775	524,477
General	715,611	479,867
Interest expense	193,115	281,929
Total expenses	<u>31,571,028</u>	<u>30,395,864</u>
Income before capital contributions	(1,741,386)	(123,219)
Net Position - Beginning of Year	41,987,984	41,368,332
Net Position from Broadway Plaza operations (2011)	-	77,300
Capital contributions	762,459	665,571
Prior period adjustment	(814)	-
Net Position - End of Year	<u>\$ 41,008,243</u>	<u>\$ 41,987,984</u>

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

Operating subsidies and grant revenue earned during the year increased by approximately \$764,355. This was primarily a result of increased project based rental assistance subsidies due to an increase of vouchers in this program. Rents and other tenant revenue increased by approximately \$216,970.

Total expenses increased by \$1,175,164 (3.9%). This was primarily a result of increased project based rental assistance payments due to an increase of vouchers in this program and an increase in maintenance costs due to an affordable housing improvement plan in place during the year.

Capital grants earned during the year increased by \$96,888.

**HOUSING AUTHORITY OF THE CITY OF EVERETT**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2013**

*Capital Assets and Debt Administration*

*Capital Assets*

At June 30, 2013, the Authority had \$21,618,880 invested in a variety of capital assets (as summarized below), which represents a net decrease of \$709,038 from June 30, 2012.

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

	<b>As of June 30,</b>	
	<b>2013</b>	<b>2012</b>
Land and site improvements	\$ 3,490,205	\$ 3,490,205
Building and building improvements	43,298,470	42,912,759
Equipment	1,546,706	2,413,208
Construction in progress	1,815,096	1,427,418
Total	50,150,477	50,243,590
Accumulated depreciation	(28,531,597)	(27,915,672)
Capital assets - net	<u>\$ 21,618,880</u>	<u>\$ 22,327,918</u>

The following reconciliation summarizes the change in capital assets from June 30, 2012 to June 30, 2013, which is presented in more detail in Note 6 of the Notes to the Financial Statements.

**CHANGE IN CAPITAL ASSETS**

Balance at June 30, 2012	\$ 22,327,918
Additions	861,352
Reductions - net	(236,086)
Depreciation expense	<u>(1,334,304)</u>
Balance at June 30, 2013	<u>\$ 21,618,880</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. The net reduction to capital assets was the result of an adjustment to beginning fixed assets to remove the net book value of capital assets that at the time of purchase did not meet our recently adopted capitalization threshold of \$5,000.



# HOUSING AUTHORITY OF THE CITY OF EVERETT

## Management's Discussion and Analysis

Year Ended June 30, 2013

### Outstanding Debt

At June 30, 2013 the Authority had outstanding debt (bonds and notes) totaling \$14,369,800, a net decrease of \$4,619,696 resulting primarily from the principal payment \$2,702,000 in notes payable in connection with the construction loan associated with the remodeling of Broadway Plaza Apartments and the principal payment of \$1,802,696 on long term debt. Please refer to Note 8 of the Notes to the Financial Statements for more information.

### OUTSTANDING DEBT AT YEAR-END

	As of June 30,	
	2013	2012
Revenue Bonds Payable		
Twelve Pines apartments (tax credit partnership)	\$ 1,790,000	\$ 1,845,000
Broadway Plaza apartments (tax credit partnership)	6,940,000	7,000,000
Douglas Grove apartments	140,268	183,678
Rainier Park apartments	254,410	299,262
Rucker Street apartments	199,433	233,290
Oakes Avenue apartments	185,250	215,944
Bridge Creek apartments	346,284	397,298
Timber Hill apartments	880,472	1,000,743
Pacific Square apartments	266,782	290,719
Lakeview Terrace apartments	-	1,441,787
	<u>11,002,899</u>	<u>12,907,721</u>
Less: Current portion	<u>(484,577)</u>	<u>(1,904,786)</u>
Total Revenue Bonds Payable - non-current	<u>\$ 10,518,322</u>	<u>\$ 11,002,935</u>
Notes Payable		
Twelve Pines apartments (tax credit partnership)	\$ 950,000	\$ 950,000
Broadway Plaza apartments (tax credit partnership)	-	2,702,000
Bridge Creek apartments	465,688	478,562
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 (Jared Adams Irrevocable Trust)	1,063,000	1,063,000
Madison Villa apartments (HOME Loan)	500,000	500,000
	<u>3,366,901</u>	<u>6,081,775</u>
Less: Current portion	<u>(13,002)</u>	<u>(2,714,873)</u>
Total Notes Payable - non-current	<u>\$ 3,353,899</u>	<u>\$ 3,366,902</u>

**HOUSING AUTHORITY OF THE CITY OF EVERETT**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2013**

***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 Position**  
**June 30, 2013**

	<u>Primary Government Total</u>	<u>Component Units</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents - unrestricted	\$ 11,522,707	\$ 232,244
Cash and cash equivalents - restricted	1,434,075	549,979
Investments - restricted	20,002	176,500
Accounts receivable (net)	227,034	5,919
Current portion of notes receivable - partnerships	327,902	-
Inventories	109,434	1,283
Prepaid and other current assets	466,047	115,018
	<u>14,107,201</u>	<u>1,080,943</u>
<b>TOTAL current assets</b>		
	<u>14,107,201</u>	<u>1,080,943</u>
<b>NON-CURRENT ASSETS:</b>		
Capital assets		
Land	3,490,205	2,449,110
Property and equipment, net	16,313,579	23,062,478
Construction in progress	1,815,096	-
Total capital assets	21,618,880	25,511,588
Notes receivable - partnerships	20,349,090	-
Developer fee note and other assets	1,076,885	625,521
	<u>43,044,855</u>	<u>26,137,109</u>
<b>TOTAL non-current assets</b>		
	<u>43,044,855</u>	<u>26,137,109</u>
<b>TOTAL assets</b>	<u>57,152,056</u>	<u>27,218,052</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	161,265	161,104
Accrued expenses	476,327	223,408
Unearned revenue	81,551	18,612
Security deposits	192,734	82,606
FSS escrow	61,165	-
Other credits and current liabilities	22,465	16,126
Current portion of long-term debt	497,579	5,257,810
	<u>1,493,086</u>	<u>5,759,666</u>
<b>TOTAL current liabilities</b>		
	<u>1,493,086</u>	<u>5,759,666</u>
<b>NON-CURRENT LIABILITIES:</b>		
Bonds and notes payable	13,872,221	19,157,688
Accrued compensated absences	247,472	32,724
Developer fee payable, net of current portion	-	1,076,885
Accrued interest - HOME & Housing Trust Fund loans	531,034	974,874
	<u>14,650,727</u>	<u>21,242,171</u>
<b>TOTAL non-current liabilities</b>		
	<u>14,650,727</u>	<u>21,242,171</u>
<b>TOTAL liabilities</b>	<u>16,143,813</u>	<u>27,001,837</u>
<b>NET POSITION</b>		
Net investment in capital assets	16,929,080	1,096,090
Restricted	1,114,562	436,109
Unrestricted	22,964,601	(1,315,984)
	<u>41,008,243</u>	<u>216,215</u>
<b>TOTAL NET POSITION</b>	<u>\$ 41,008,243</u>	<u>\$ 216,215</u>

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

**HOUSING AUTHORITY OF THE CITY OF EVERETT**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Year ended June 30, 2013**

	<u>Primary Government Total</u>	<u>Component Unit</u>
Operating Revenues		
Tenant rents	\$ 3,516,021	\$ 2,301,759
HUD operating grants and subsidies	23,940,308	92,590
Other grants	225,346	-
Other tenant charges	569,525	36,746
Other revenue	1,147,105	338
Total operating revenue	<u>29,398,305</u>	<u>2,431,433</u>
Operating Expenses		
Administration	3,810,112	610,228
Tenant services	767,017	84,035
Utilities	548,775	183,646
Maintenance & operations	2,143,750	606,751
General	715,611	123,916
Housing assistance payments	22,058,344	-
Depreciation and amortization	1,334,304	677,154
Total operating expenses	<u>31,377,913</u>	<u>2,285,730</u>
Operating income/(loss)	<u>(1,979,608)</u>	<u>145,703</u>
Nonoperating revenue (expense)		
Interest income	431,337	678
Interest expense	(193,115)	(1,011,482)
Total nonoperating revenue (expense)	<u>238,222</u>	<u>(1,010,804)</u>
Income/(loss) before capital contributions	(1,741,386)	(865,101)
HUD capital contributions	<u>762,459</u>	<u>-</u>
Change in net position	(978,927)	(865,101)
Net Position - Beginning of Year	41,987,984	1,081,316
Prior period adjustment	(814)	-
Net Position - End of Year	<u>\$ 41,008,243</u>	<u>\$ 216,215</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, 2013**

	<b>Primary Government Total</b>
Cash flow from operating activities:	
Cash received from tenant rents	\$ 3,515,213
Cash received from HUD operating grants and subsidies	23,983,416
Cash received from other operating grants	257,526
Cash received from other resources	3,287,257
Cash payments to suppliers for goods and services	(3,363,944)
Cash paid for salaries and benefits	(4,647,114)
Cash paid for housing assistance payments	(22,113,765)
Net cash provided by (used by) operating activities	<u>918,589</u>
Cash flows from noncapital financing activities:	
Bill & Melinda Gates Foundation grant earnings	<u>151</u>
Net cash provided by (used in) noncapital financing activities	<u>151</u>
Cash flows from capital and related financing activities:	
HUD capital grants	717,270
Property and equipment additions	(854,668)
Payment received - notes receivable, partnerships	2,817,000
Repayment of temporary construction loan obligations	(2,702,000)
Repayment of long-term debt obligations	(1,917,696)
Interest paid on debt obligations	(174,233)
Net cash provided by (used in) capital and related financing activities	<u>(2,114,327)</u>
Cash flows from investing activities:	
Net (increase) to restricted investments	(151)
Payments received - notes receivable	40,723
Interest income	<u>32,048</u>
Net cash provided by investing activities	<u>72,620</u>
Increase (decrease) in cash and cash equivalents	(1,122,967)
Cash and cash equivalents at beginning of year	<u>14,079,749</u>
Cash and cash equivalents at end of year	<u><u>\$ 12,956,782</u></u>

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

Continued



**HOUSING AUTHORITY OF THE CITY OF EVERETT**  
**Statement of Cash Flows**  
**Year Ended June 30, 2013**

	<u>Primary Government Total</u>
Reconciliation of operating income to net cash provided by (used in)	
By Operating Activities:	
Operating income/(loss)	\$ (1,979,608)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:	
Depreciation	1,334,304
Loss on adjustment to capital assets	236,086
Changes in operating assets and liabilities:	
(Increase) decrease in assets:	
Accounts receivable tenants	1,618
Accounts receivable - HUD	(713)
Accounts receivable - other grants	32,180
Accounts receivable - other	1,570,530
Inventories	6,865
Prepaid expenses and other assets	(311,548)
Increase (decrease) in liabilities:	
Accounts payable - vendors	55,966
Accounts payable - HUD	(2,578)
Accrued expenses	10,353
Deferred revenue	41,743
FSS escrow	(55,421)
Security deposits	2,230
Accrued compensated absences	(23,515)
Other deferred credits	97
Net cash provided by (used in) operating activities	<u><u>\$ 918,589</u></u>

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

Concluded

**HOUSING AUTHORITY OF THE CITY OF EVERETT**  
**Notes to Financial Statements**  
**June 30, 2013**

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, 2013**

***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 did implement GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources and Deferred Inflows of Resources, and Net Position. This change resulted in no reclassifications. The basic statements have been formatted to include "net position" to comply with this standard.

***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 position.

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 position in the statement of revenues, expenses, and changes in net position, 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



**HOUSING AUTHORITY OF THE CITY OF EVERETT**  
**Notes to Financial Statements**  
**June 30, 2013**

balances are written off at the time a tenant vacates. No allowances existed at June 30, 2013 other than the allowance for tenant accounts receivable and fraud recovery receivables.

***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 \$5,000 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 or extraordinary 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. Unearned Revenue***

Unearned 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

**HOUSING AUTHORITY OF THE CITY OF EVERETT**  
**Notes to Financial Statements**  
**June 30, 2013**

employment. Employees are allowed to accumulate a maximum of 30 days of unused vacation time. Employees are paid for all accumulated vacation pay upon termination.

The Authority recognizes and compensates employees for 11 traditional holidays and one floating holiday. Holiday pay is recorded as an expense when paid. Fulltime employees earn sick leave at a rate of 13 days per year. Sick leave is allowed to accumulate to a maximum of 120 days. Employees 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, 2013, the carrying amount of Authority's demand deposits was \$276,864 and the bank balance was \$569,015. The carrying balance for the demand deposits of the component units was \$353,121 at December 31, 2012, and the bank balance was \$354,323. 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



**HOUSING AUTHORITY OF THE CITY OF EVERETT**  
**Notes to Financial Statements**  
**June 30, 2013**

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.

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, 2013, all investments of the Housing Authority (as well as those of the component units as of December 31, 2012) 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

**HOUSING AUTHORITY OF THE CITY OF EVERETT**  
**Notes to Financial Statements**  
**June 30, 2013**

external investment pools are excluded. At June 30, 2013, the Authority's investments were limited to investments that were guaranteed by the U.S. Government or to investments in external investment pools.

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

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

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

	Primary Government	Component Units
Cash and investments	\$ 12,976,782	\$ 574,493
Cash and investments held by bond trustee	-	384,230
Total cash and investments	<u>\$ 12,976,782</u>	<u>\$ 958,723</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	276,864	353,121
Deposits with state investment pool (LGIP)	12,679,416	221,222
Certificate of deposit investments	20,002	-
Deposits with BNY Mellon trustee		207,730
First American Treasury Obligation Fund	-	176,500
Total cash and investments	<u>\$ 12,976,782</u>	<u>\$ 958,723</u>

**HOUSING AUTHORITY OF THE CITY OF EVERETT**  
**Notes to Financial Statements**  
**June 30, 2013**

**3 – Restricted Assets**

Only cash and investments that have been legally or externally restricted are classified in the Statement of Net Position as restricted assets. These restricted assets are summarized as follows:

	Cash and Cash Equivalents	Investments
Primary Government:		
Replacement reserves	\$ 53,170	\$ -
Housing Choice Voucher Program - Housing Assistance Payment funding	1,127,003	-
Tenant security deposits	192,737	-
FSS escrow deposits	61,165	-
Gates Foundation	-	20,002
	<u>\$ 1,434,075</u>	<u>\$ 20,002</u>
Component Units:		
Replacement reserves	\$ 259,609	\$ -
Tenant security deposits	82,640	-
Funds held by Bond Trustee	207,730	176,500
	<u>\$ 549,979</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 Unit
Accounts receivable - partnerships	\$ -	\$ -
Public Housing capital grant - HUD	130,214	-
Other Governments	38,704	-
Fraud recovery - net	30,450	-
Other accounts receivable	5,214	50
Tenants accounts receivable - net	17,858	5,869
HUD other programs	4,594	-
	<u>\$ 227,034</u>	<u>\$ 5,919</u>
Total accounts receivable		
	<u>\$ 227,034</u>	<u>\$ 5,919</u>

**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**  
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At June 30, 2013 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	\$ 1,790,000
Loan obligation - City of Everett	3.00%	2024	950,000
Third trust deed note - developer fees	3.00%	2017	222,688
			<u>2,962,688</u>
Accrued interest due on notes			
Current interest			48,260
Deferred interest			402,052
			<u>450,312</u>
Total notes and accrued interest			3,413,000
Less: Current portion of notes and interest			<u>108,260</u>
Total notes and accrued interest - long-term			<u>\$ 3,304,740</u>
<b>Broadway Plaza LLLP</b>			
	1.99% -		
Bond mortgage note	5.865%	2029	\$ 6,940,000
Developer fee note	0%	2022	1,076,885
Promissory note - seller financing note	4.00%	2061	9,375,000
			<u>17,391,885</u>
Accrued interest due on notes			
Current interest			159,642
Deferred interest			789,350
			<u>948,992</u>
Total notes and accrued interest			18,340,877
Less: Current portion of notes and interest			<u>219,642</u>
Total notes and accrued interest - long-term			<u>\$ 18,121,235</u>
<b>Combined Total Notes and Accrued Interest</b>			
Current portion			\$ 327,902
Long-term			<u>21,425,975</u>
Total Notes and Accrued Interest			<u>\$ 21,753,877</u>

**HOUSING AUTHORITY OF THE CITY OF EVERETT**  
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Changes in notes and accrued interest due from partnerships during the year ended June 30, 2013 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	\$ 1,845,000	\$ -	\$ 55,000	\$ 1,790,000	\$ 60,000
Loan obligation - City of Everett	950,000	-	-	950,000	-
Third trust deed note - developer fees	263,411	-	40,723	222,688	-
Accrued interest due on notes					
Current interest	49,727	48,260	49,727	48,260	48,260
Deferred interest	373,158	28,894	-	402,052	-
	<u>\$ 3,481,296</u>	<u>\$ 77,154</u>	<u>\$ 145,450</u>	<u>\$ 3,413,000</u>	<u>\$ 108,260</u>
<b>Broadway Plaza LLLP</b>					
Bond mortgage note	\$ 7,000,000	\$ -	\$ 60,000	\$ 6,940,000	\$ 60,000
Developer fee note	\$ 1,628,000	\$ 222,000	\$ 773,115	\$ 1,076,885	\$ -
Promissory note - construction loan	2,702,000	-	2,702,000	-	-
Promissory note - seller financed note	9,375,000	-	-	9,375,000	-
Accrued interest due on notes					
Current interest	160,349	159,642	160,349	159,642	159,642
Deferred interest	390,061	399,289	-	789,350	-
	<u>\$ 21,255,410</u>	<u>\$ 780,931</u>	<u>\$ 3,695,464</u>	<u>\$ 18,340,877</u>	<u>\$ 219,642</u>
<b>Total notes and accrued interest</b>	<u>\$ 24,736,706</u>	<u>\$ 858,085</u>	<u>\$ 3,840,914</u>	<u>\$ 21,753,877</u>	<u>\$ 327,902</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 \$1,790,000 as of June 30, 2013.

**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**  
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**c. Developer fee note**

A fifteen-year third mortgage promissory note in the original amount of \$580,481 dated August 30, 2002 and due from EHA-Twelve Pines Limited Partnership was issued in connection with the acquisition and development of the 80-unit apartment complex, Twelve Pines Apartments. 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, 2013 the unpaid balance of the note was \$6,940,000.

**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. This note was paid in full as of June 30, 2013.

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

A promissory note in the original amount of \$9,375,000 dated June 29, 2011 was issued in connection with the acquisition of the leasehold estate in the 190-unit apartment complex by Broadway Plaza LLLP. 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 \$789,350 had accrued as of June 30, 2013. The note is classified as non-current since repayment is subject to available cash flow of the Broadway Plaza Limited Liability Limited Partnership. The note matures on June 29, 2061.



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**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, 2012	Adjustment	Additions	Reductions	Balance June 30, 2013
Capital assets, not being depreciated:					
Land	\$ 3,490,205	\$ -	\$ -	\$ -	\$ 3,490,205
Construction in progress	1,427,418	-	771,855	384,177	1,815,096
Total capital assets, not being depreciated	4,917,623	-	771,855	384,177	5,305,301
Capital assets, being depreciated:					
Building and building improvements	42,912,763	-	384,177	-	43,296,940
Furniture, equipment and machinery	2,413,208	(954,469)	89,497	-	1,548,236
Total capital assets, being depreciated	45,325,971	(954,469)	473,674	-	44,845,176
Less accumulated depreciation for:					
Building and building improvements	26,022,426	-	1,257,140	-	27,279,566
Furniture, equipment and machinery	1,893,250	(718,383)	77,164	-	1,252,031
Total accumulated depreciation	27,915,676	(718,383)	1,334,304	-	28,531,597
Total capital assets being depreciated, net	17,410,295	(236,086)	(860,630)	-	16,313,579
Total capital assets, net	<u>\$ 22,327,918</u>	<u>\$ (236,086)</u>	<u>\$ (88,775)</u>	<u>\$ 384,177</u>	<u>\$ 21,618,880</u>

On June 24, 2013 the Board of Commissioners of the Housing Authority of the City of Everett adopted Resolution 1330 which raised the capitalization threshold for fixed assets from \$2,000 to \$5,000. As a result, all capital assets having costs or assigned values at the original date of purchase which fell below this threshold were removed from the general ledger. The net adjustment of (\$236,086) was recorded as a loss on adjustment in the current fiscal year.

**HOUSING AUTHORITY OF THE CITY OF EVERETT**  
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**Component Units:**

The following is a summary of the changes (at cost) in capital assets (land, structures and equipment) held by the Component Units at December 31, 2012:

	Balance January 1, 2012	Additions	Reductions	Balance December 31, 2012
Capital assets, not being depreciated:				
Land	\$ 2,419,304	\$ 29,806	\$ -	\$ 2,449,110
Construction in progress	3,402,550	-	3,402,550	-
Total capital assets, not being depreciated	5,821,854	29,806	3,402,550	2,449,110
Capital assets, being depreciated:				
Site improvements	3,359	59,423	-	62,782
Building and building improvements	18,282,386	6,437,529	-	24,719,915
Furniture, equipment and machinery	401,998	143,424	2,931	542,491
Total capital assets, being depreciated	18,687,743	6,640,376	2,931	25,325,188
Less accumulated depreciation for:				
Site improvements	1,582	2,809	-	4,391
Building and building improvements	1,391,647	597,872	-	1,989,519
Furniture, equipment and machinery	229,834	40,292	1,326	268,800
Total accumulated depreciation	1,623,063	640,973	1,326	2,262,710
Total capital assets being depreciated, net	17,064,680	5,999,403	1,605	23,062,478
Total capital assets, net	\$ 22,886,534	\$ 6,029,209	\$ 3,404,155	\$ 25,511,588

**HOUSING AUTHORITY OF THE CITY OF EVERETT**  
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**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	6/30/2013	Committed	Required Future Funding
Grandview remodeling	\$ 2,014,703	\$ 1,373,299	\$ 491,404	\$ 150,000
Bakerview modernization	335,704	304,996	30,708	-
Central Office modernization	717,490	50,456	271,162	395,872
Baker Heights furnace replacement	151,125	86,345	38,622	26,158
	<u>\$ 3,219,022</u>	<u>\$ 1,815,096</u>	<u>\$ 831,896</u>	<u>\$ 572,030</u>

**HOUSING AUTHORITY OF THE CITY OF EVERETT**  
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**8 – Non-Current Liabilities**

**Primary Government**

The following schedule lists the outstanding bonds of the Primary Government as of June 30, 2013:

	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	\$ 173,905	\$ 1,790,000
Revenue Bond 2011						
Broadway Plaza Apartments	6/29/2011	7/1/2029	1.99%- 5.865%	7,000,000	447,333	6,940,000
<i>Total Tax Credit Bonds</i>						<u>\$ 8,730,000</u>
<i>Affordable Housing</i>						
Revenue Bond 2001						
Douglas Grove Apartments	5/1/2001	5/1/2016	5.20%	\$ 540,000	\$ 51,938	\$ 140,268
Revenue Bond 2003						
Rainier Park Apartments Project	6/10/2003	6/10/2018	4.10%	625,000	56,446	254,410
Revenue Bond 2003						
Rucker Apartments Project	7/2/2003	7/2/2018	4.13%	480,000	42,982	199,433
Revenue Bond 2003						
Oakes Avenue Apartments Project	8/1/2003	8/1/2018	4.90%	430,000	40,731	185,250
Revenue Bond 2004						
Bridge Creek Apartments Project	3/31/2004	3/31/2019	4.31%	740,000	67,364	346,284
Revenue Bond 2004						
Timber Hill Apartments Project	7/30/2004	8/1/2019	4.64%	1,770,000	164,785	880,472
Revenue Bond 2006						
Gibson Road Townhomes Project (Pacific Square Apartments)	12/28/2006	1/1/2022	5.25%	400,000	38,586	266,782
<i>Total Affordable Housing Bonds</i>						<u>\$ 2,272,899</u>
<i>Total Bonds</i>						<u>\$ 11,002,899</u>

**HOUSING AUTHORITY OF THE CITY OF EVERETT**  
**Notes to Financial Statements**  
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The following schedule lists the outstanding notes of the Primary Government as of June 30, 2013:

	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
<i>Total Tax Credit Notes</i>						<u>\$ 950,000</u>
<i>Affordable Housing</i>						
Promissory Note						
Bridge Creek Apartments Project	3/15/2004	3/31/2044	1.00%	\$ 580,000	\$ 17,611	\$ 465,688
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)						
Lakeview 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>\$ 2,416,901</u>
<i>Total Notes</i>						<u>\$ 3,366,901</u>



**HOUSING AUTHORITY OF THE CITY OF EVERETT**  
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Changes in long-term liabilities for the Primary Government during the year ended June 30, 2013 are summarized below:

	Beginning Balance July 1, 2012	Additions	Reductions	Ending Balance June 30, 2013	Due Within One Year
Revenue bonds	\$ 12,907,721	\$ -	\$ 1,904,822	\$ 11,002,899	\$ 484,577
Promissory notes	6,081,775	-	2,714,874	3,366,901	13,002
	<u>18,989,496</u>	<u>-</u>	<u>4,619,696</u>	<u>14,369,800</u>	<u>497,579</u>
Compensated absences	353,477	-	23,515	329,962	82,490
Total	<u>\$ 19,342,973</u>	<u>\$ -</u>	<u>\$ 4,643,211</u>	<u>\$ 14,699,762</u>	<u>\$ 580,069</u>

The annual debt service requirements of the Primary Government long-term debt obligations at June 30, 2013 are as follows:

Year Ended June 30	Revenue Bonds	Notes	Interest	Total
2014	\$ 484,577	\$ 13,002	\$ 646,835	\$ 1,144,414
2015	511,950	1,076,133	606,148	2,194,231
2016	535,663	13,265	556,995	1,105,923
2017	540,805	13,398	531,779	1,085,982
2018	562,951	13,533	506,068	1,082,552
2019-2023	1,431,953	69,727	2,255,322	3,757,002
2024-2028	1,340,000	1,023,297	2,611,055	4,974,352
2029-2033	5,595,000	465,263	780,024	6,840,287
2034-2038	-	80,996	7,057	88,053
2039-2043	-	85,144	2,909	88,053
2044-2048	-	13,143	66	13,209
2049-2052	-	500,000	600,000	1,100,000
	<u>\$ 11,002,899</u>	<u>\$ 3,366,901</u>	<u>\$ 9,104,258</u>	<u>\$ 23,474,058</u>

**HOUSING AUTHORITY OF THE CITY OF EVERETT**  
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**Component Units:**

The following is a schedule of outstanding notes of the Component Units as of December 31, 2012:

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	\$ 1,790,000
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	<u>263,410</u>
					<u><u>\$ 3,003,410</u></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	\$ 6,940,000
Promissory Note - Everett Housing Authority					
Seller Financing Note	6/29/2011	6/29/2061	4.05%	9,375,000	9,958,816
Promissory Note - Everett Housing Authority					
Construction loan	6/29/2011	6/29/2013	Variable	5,500,000	<u>5,097,088</u>
					<u><u>\$ 21,995,904</u></u>

**HOUSING AUTHORITY OF THE CITY OF EVERETT**  
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Changes in long-term liabilities for the Component Units during the year ended December 31, 2012 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	\$ 1,845,000	\$ -	\$ 55,000	\$ 1,790,000	\$ 60,000
City of Everett HOME Loan	950,000	-	-	950,000	-
Third Mortgage Loan	263,410	-	-	263,410	40,722
	<u>\$ 3,058,410</u>	<u>\$ -</u>	<u>\$ 55,000</u>	<u>\$ 3,003,410</u>	<u>\$ 100,722</u>

**Broadway Plaza LLLP**

Promissory notes - Everett Housing Authority

Housing Revenue Bonds 2011	\$ 7,000,000	\$ -	\$ 60,000	\$ 6,940,000	\$ 60,000
Seller Financed Loan	9,375,000	583,816	-	9,958,816	-
Construction Loan	605,000	4,492,088		5,097,088	5,097,088
	<u>\$ 16,980,000</u>	<u>\$ 5,075,904</u>	<u>\$ 60,000</u>	<u>\$ 21,995,904</u>	<u>\$ 5,157,088</u>

Compensated absences were not accrued in prior year component unit financial statements and, therefore, have not been included in the current changes in long-term liabilities schedule.

The annual debt service requirements of the Component Units long-term debt obligations at December 31, 2012 are as follows:

Year Ended December 31	Notes	Interest	Total
2013	\$ 5,299,754	\$ 517,740	\$ 5,817,494
2014	173,202	503,274	676,476
2015	184,499	495,962	680,461
2016	220,834	487,456	708,290
2017-2021	227,209	477,815	705,024
2022-2026	1,050,000	2,232,892	3,282,892
2027-2031	2,290,000	2,617,261	4,907,261
2032-2036	5,595,000	488,262	6,083,262
Thereafter	9,375,000	583,816	9,958,816
	<u>\$ 24,415,498</u>	<u>\$ 8,404,478</u>	<u>\$ 32,819,976</u>



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**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, 2013, the Housing Authority estimated that no arbitrage rebate exists in conjunction with its debt reserve funds, and therefore no liability exists.

**10 – Conduit Debt**

The Authority has issued special revenue low income housing bonds to provide financial assistance to 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, 2013, there were 4 separate series of these special revenue bonds outstanding with an aggregate original principal amount payable of \$17,664,000. The estimated unpaid principal balance of these obligations at June 30, 2013 is \$15,604,109.

**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.



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

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

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

## **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 or it may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov). 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

The Legislature established PERS in 1947. Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts; employees of legislative committees; community and technical colleges, college and university employees not participating in higher education retirement programs; employees of district and municipal courts; and employees of local governments. Approximately 50 percent of PERS salaries are accounted for by state employment. PERS retirement benefit provisions are established in Chapters 41.34 and 41.40 RCW and may be amended only by the State Legislature.

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 defined benefit plan with a defined contribution component.

PERS members 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 exercised an option to transfer their membership to Plan 3. PERS members 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 Plan 3. The option must be exercised within 90 days of employment. Employees who fail to choose within 90 days default to 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 is comprised of and reported as three separate plans for accounting purposes: Plan 1, Plan 2/3, and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although members can only be a member of



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either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 defined benefit plan may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered to be a single plan for accounting purposes.

PERS Plan 1 and Plan 2 retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Employee contributions to the PERS Plan 1 and Plan 2 defined benefit

plans accrue interest at a rate specified by the Director of DRS. During DRS' Fiscal Year 2012, the rate was five and one-half percent compounded quarterly. Members in PERS Plan 1 and Plan 2 can elect to withdraw total employee contributions and interest thereon upon separation from PERS-covered employment.

PERS Plan 1 members are vested after the completion of five years of eligible service.

PERS 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, but the benefit may not exceed 60 percent of the AFC. The AFC is the monthly average of the 24 consecutive highest-paid service credit months.

The monthly benefit is subject to a minimum for 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. If a survivor option is chosen, the benefit is reduced. Plan 1 members retiring from inactive status prior to the age of 65 may also receive actuarially reduced benefits. Plan 1 members may elect to receive an optional COLA that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 1 provides duty and non-duty disability benefits. Duty disability retirement benefits for disablement prior to the age of 60 consist of a temporary life annuity. The benefit 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, at which time the benefit is converted to the member's service retirement amount. A member with five years of covered employment is eligible for non-duty disability retirement. Prior to the age of 55, the benefit 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. Plan 1 members may elect to receive an optional 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.

The survivor of a PERS Plan 1 member who dies after having earned ten years of service credit has the option, upon the member's death, of either a monthly survivor benefit or the lump sum of contributions plus interest.

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. The AFC is the monthly average of the 60 consecutive highest-paid service months. 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 members who have at least 20 years of service credit and are 55 years of age or older are eligible for early retirement with a reduced benefit. The benefit is reduced by an early retirement factor (ERF) that varies according to age, for each year before age 65.



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

- With a benefit that is reduced by 3 percent for each year before age 65; or.
- 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. The surviving spouse or eligible child(ren) of a PERS Plan 2 member who dies after having earned ten years of service credit has the option of either a monthly benefit or a lump sum payment of the member's contributions plus interest.

PERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component and member contributions finance a defined contribution component. As established by Chapter 41.34 RCW, employee contribution rates to the defined contribution component range from 5 percent to 15 percent of salaries, based on member choice. There are currently no requirements for employer contributions to the defined contribution component of PERS Plan 3.

PERS Plan 3 defined contribution retirement benefits are dependent upon the results of investment activities. Members may elect to self-direct the investment of their contributions. Any expenses incurred in conjunction with self-directed investments are paid by members. Absent a member's self-direction, PERS Plan 3 investments are made in the same portfolio as that of the PERS 2/3 defined benefit plan.

For DRS' fiscal year 2012, PERS Plan 3 employee contributions were \$95.2 million, and plan refunds paid out were \$66.2 million.

The defined benefit portion of PERS Plan 3 provides members a monthly benefit that is 1 percent of the AFC per year of service. The AFC is the monthly average of the 60 consecutive highest-paid service months. There is no cap on years of service credit, and Plan 3 provides the same cost-of-living allowance as Plan 2.

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 by June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan.

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

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

PERS Plan 3 benefit retirement benefits are also actuarially reduced to reflect the choice, if made, of a survivor option.

PERS Plan 2 and Plan 3 provide disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 monthly benefit amount is 2 percent of the AFC per year of service. For Plan 3, the monthly benefit amount is 1 percent of the AFC per year of service. These disability benefit amounts are actuarially reduced for each year that the member's age is less than 65, and to reflect the choice of a survivor option. There is no cap on years of service credit, and a cost-of-living allowance is granted (based on the Consumer Price Index) capped at 3 percent annually.



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PERS Plan 2 and Plan 3 members may have up to ten years of interruptive military service credit; five years at no cost and five years that may be purchased by paying the required contributions.

PERS Plan 2 and Plan 3 members who become totally incapacitated for continued employment while serving the uniformed services, or a surviving spouse or eligible child(ren), may request interruptive military service credit.

PERS Plan 2 and Plan 3 members can 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. This provision applies to any member killed in the course of employment, on or after June 10, 2004, if found eligible by the Director of 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 the member's covered employment, if found eligible by the Department of Labor and Industries.

From January 1, 2007 through December 31, 2007, judicial members of PERS were given the choice to elect participation in the Judicial Benefit Multiplier (JBM) Program enacted in 2006. Justices and judges in PERS Plan 1 and Plan 2 were able to make an irrevocable election to pay increased contributions that would fund a retirement benefit with a 3.5 percent multiplier. The benefit would be capped at 75 percent of AFC. Judges in PERS Plan 3 could elect a 1.6 percent of pay per year of service benefit, capped at 37.5 percent of AFC.

Members who chose to participate would: accrue service credit at the higher multiplier beginning with the date of their election; be subject to the benefit cap of 75 percent of AFC; stop contributing to the Judicial Retirement Account (JRA); pay higher contributions; and be given the option to increase the multiplier on past judicial service. Members who did not choose to participate would: continue to accrue service credit at the regular multiplier; not be subject to a benefit cap; continue to participate in JRA, if applicable; continue to pay contributions at the regular PERS rate; and never be a participant in the JBM Program.

Newly elected or appointed justices and judges who chose to become PERS members on or after January 1, 2007, or who had not previously opted into PERS membership, were required to participate in the JBM Program. Members required into the JBM program would: return to prior PERS Plan if membership had previously been established; be mandated into Plan 2 and not have a Plan 3 transfer choice, if a new PERS member; accrue the higher multiplier for all judicial service; not contribute to JRA; and not have the option to increase the multiplier for past judicial service.

There are 1,184 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2011:

Retirees and beneficiaries receiving benefits	79,363
Terminated plan members entitled to but not yet receiving benefits	29,925
Active plan members vested	105,578
Active plan members non-vested	46,839
Total	<u>261,705</u>

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Funding Policy

Each biennium, the state Pension Funding Council adopts PERS Plan 1 employer contribution rates, PERS Plan 2 employer and employee contribution rates, and PERS Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent for state agencies and local government unit employees, and at 7.5 percent for state government elected officials. 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. Under PERS Plan 3, employer

contributions finance the defined benefit portion of the plan and member contributions finance the defined contribution portion. The Plan 3 employee contribution rates range from 5 percent to 15 percent, based on member choice. 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, 2013 was \$3,819,873. Total gross payroll for the Authority was \$4,219,396.

The required contribution rates expressed as a percentage of current-year covered payroll, as of June 30, 2013, are as follows:

	<u>PERS Plan 1 Required</u>	<u>PERS Plan 2 Required</u>	<u>PERS Plan 3 Required</u>
Employer*	7.21%	7.21%	7.21%
Employee	<u>6%****</u>	<u>4.64%</u>	<u>varies*****</u>

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

\*\* The employer rate for state elected officials is 10.74% for Plan 1 and 7.21% 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, 2013 were:

	<u>PERS Plan 1 Required</u>	<u>PERS Plan 2 Required</u>	<u>PERS Plan 3 Required</u>	<u>Total</u>
Employer	\$0	\$231,355	\$44,053	\$275,408
Employee	<u>0</u>	<u>148,892</u>	<u>34,195</u>	<u>183,087</u>
	<u>\$0</u>	<u>\$380,247</u>	<u>\$78,248</u>	<u>\$458,495</u>



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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
2013	\$3,819,873	\$183,087	\$275,408
2012	\$3,804,376	\$180,781	\$273,065
2011	\$3,865,661	\$162,798	\$205,268

**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



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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 13 to 15 years of the project having been placed in service, along with accrued interest on unpaid balances. The balance of the development fees owed to the Authority by EHA-Twelve Pines Limited Partnership is \$263,410. This tax credit project also pays a General Partner's management fee; this fee is reflected in other operating revenues and totaled \$8,065 in 2013. The authority was paid \$1,023,115 in fees due under the developer fee agreement with Broadway Plaza Limited Liability Limited Partnership. At June 30, 2013, the balance of the development fees owed to the Authority by Broadway Plaza Limited Liability Limited Partnership is \$1,076,885.

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, 2012 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.



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Condensed Financial Data for the Component Units for the year ended December 31, 2012 is as follows:

	<b>EHA - Twelve Pines LLP</b>	<b>Broadway Plaza LLLP</b>	<b>Total</b>
<b>ASSETS, LIABILITIES AND NET ASSETS:</b>			
Assets			
Cash and investments	\$ 389,743	\$ 392,480	\$ 782,223
Receivables and other assets	272,154	652,087	924,241
Capital assets, net	3,571,734	21,939,854	25,511,588
Total Assets	<u>\$ 4,233,631</u>	<u>\$ 22,984,421</u>	<u>\$ 27,218,052</u>
Liabilities and Net Assets			
Liabilities			
Current liabilities	\$ 208,811	\$ 5,550,855	\$ 5,759,666
Long-term liabilities	3,296,984	17,945,187	21,242,171
Total Liabilities	<u>3,505,795</u>	<u>23,496,042</u>	<u>27,001,837</u>
Net Assets	727,836	(511,621)	216,215
Total Liabilities and Net Assets	<u>\$ 4,233,631</u>	<u>\$ 22,984,421</u>	<u>\$ 27,218,052</u>
<b>REVENUE, EXPENSES AND CHANGE IN NET ASSETS:</b>			
Operating Revenues	<u>\$ 722,595</u>	<u>\$ 1,709,206</u>	<u>\$ 2,431,801</u>
Operating Expenses			
Administration & tenant services	184,292	509,971	694,263
Maintenance & operations	232,147	374,604	606,751
Utilities & general	86,563	220,999	307,562
Depreciation and amortization	114,945	562,209	677,154
Total Operating Expenses	<u>617,947</u>	<u>1,667,783</u>	<u>2,285,730</u>
Operating Income	<u>104,648</u>	<u>41,423</u>	<u>146,071</u>
Nonoperating Revenues (Expenses)			
Investment income	178	132	310
Interest expense	(154,346)	(857,136)	(1,011,482)
Total nonoperating revenue (expense)	<u>(154,168)</u>	<u>(857,004)</u>	<u>(1,011,172)</u>
Net Income/(Loss) before Capital Contributor	<u>(49,520)</u>	<u>(815,581)</u>	<u>(865,101)</u>
Partner capital contributions	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets	(49,520)	(815,581)	(865,101)
Beginning Net Assets	<u>777,356</u>	<u>303,960</u>	<u>1,081,316</u>
Ending Net Assets	<u>\$ 727,836</u>	<u>\$ (511,621)</u>	<u>\$ 216,215</u>

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**June 30, 2013**

**16 – Prior Period Adjustment**

The Authority identified a prior period adjustment of \$841. This adjustment was to reflect a change in accounting for interest earned on restricted Housing Choice Voucher Program reserves. In prior years HUD provided guidance that directed the Authority to record these earnings as restricted investment earnings that flowed into restricted equity of the Authority. In the current year HUD provided guidance that directed the Authority to record these interest earnings as current payables to HUD rather than revenue to the Authority. The guidance further directed the Authority to make this prior period adjustment for interest earned in the six months prior to the beginning of the Authority's fiscal year.

**17 – 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.

**18 – Subsequent Events**

On December 11, 2012 Pivotal Point LLLP was formed as a Washington State Limited Liability Limited Partnership and the Authority was admitted as the general partner. The partnership was formed for the purpose of constructing Pivotal Point Apartments, a 20 unit complex under the Low Income Housing Tax Credit program to provide permanent housing for homeless persons that will target victims of domestic violence. The units will be subsidized through the Authority's Project Based Housing Choice Voucher program. On September 27, 2013 an investing partner was admitted to the partnership and construction began. The construction is targeted for completion by November 30, 2014 and the buildings are expected to be placed in service by December 31, 2014. The Authority has agreed to loan the Partnership \$123,352 for construction costs related to this project. The loan will be payable solely from net cash flow and will mature on December 31, 2055.

On August 16, 2013 the Authority filed an application with HUD to convert two of our Low Rent Public Housing Projects, Bakerview and Grandview, into the Rental Achievement Demonstration "RAD" program. On October 4, 2013 the Authority filed an application with HUD to convert another Low Rent Public Housing Project, Pineview, into the RAD program. This program will convert these projects out of public housing and into affordable housing that will be subsidized through the Housing Choice Voucher program with RAD project based vouchers rather than the Low Rent Public Housing Operating and Capital Grant programs. As part of this conversion the Authority has formed two Limited Liability Limited partnerships and is applying for 4% tax credits through the Low Income Housing Tax Credit program in order to renovate these projects and convert them into tax credit partnership properties.

**HOUSING AUTHORITY OF THE CITY OF EVERETT**  
**Supplemental Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2013**

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	From Direct Awards	Total Awards			
14.195	Department of Housing and Urban Development	Section 8 Housing Assistance Payments Program	WA19M000198	-	92,590	92,590	-	-	
14.249	Department of Housing and Urban Development	Section 8 Moderate Rehabilitation Single Room Occupancy	WA006SR0004	-	126,191	126,191	-	-	
14.856	Department of Housing and Urban Development	Lower Income Housing Assistance Program-Section 8 Moderate Rehabilitation	WA006MR0003	-	48,073	48,073	-	-	
14.850	Department of Housing and Urban Development	Public and Indian Housing	WA006	-	1,144,983	1,144,983	-	-	
14.872	Department of Housing and Urban Development	Public Housing Capital Fund	WA19P006501	-	860,791	860,791	-	-	
14.871	Department of Housing and Urban Development	Section 8 Housing Choice Vouchers	WA006	-	23,768,343	23,768,343	-	-	
14.870	Department of Housing and Urban Development/	Resident Opportunity and Supportive Services Services Coordinators	WA006RPS032A010	-	60,953	60,953	-	-	
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>								<b>26,101,924</b>	<b>500,000</b>
93.958	Department of Health and Human Services/Pass through - North Sound Mental Health Administration	Block Grants for Community Mental Health Services	NSMHA-HOPE-OPTIONS-FBG-11-12	44,826	-	44,826	-	-	
<b>Total - Department of Health and Human Services</b>								<b>44,826</b>	<b>-</b>
<b>Total Expenditures of Federal Awards</b>								<b>\$ 26,146,750</b>	<b>\$ 500,000</b>

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.



Line item number & account description	Baker Heights WAA006000100	Grandview Homes WAA006000200	Bakerview Apts WAA006000300	Pineview Apts WAA006000400	Scattered Sites WAA006000500	Other Public Housing Projects	Total Public Housing Projects	COCC
111 Cash - Unrestricted	\$ 918,577	\$ 590,166	\$ 531,940	\$ 351,679	\$ 346,544	\$ 124	\$ 2,739,030	\$ 207,306
113 Cash - Other Restricted	-	-	-	-	-	-	-	-
114 Cash - Tenant Security Deposits	55,144	38,150	21,338	7,700	10,550	-	132,882	-
115 Cash - Restricted for Payment of Current Liabilities	-	-	-	-	-	-	-	-
100 Total Cash	973,721	628,316	553,278	359,379	357,094	124	2,871,912	207,306
122 Accounts Receivable - HUD Other Projects	800	129,414	-	-	-	-	130,214	-
124 Accounts Receivable - Other Government	-	3,138	-	-	-	-	3,138	-
125 Accounts Receivable - Miscellaneous	-	-	674	-	-	-	674	2,260
126 Accounts Receivable - Tenants	3,895	5,035	3,948	20	2,263	-	15,161	-
126.1 Allowance for Doubtful Accounts - Tenants	(314)	(225)	(263)	-	(68)	-	(870)	-
127 Notes, Loans, & Mortgages Rcvbl - Current	-	-	-	-	-	-	-	-
128 Fraud Recovery	-	-	-	-	7,645	-	7,645	-
128.1 Allowance for Doubtful Accounts - Fraud	-	-	-	-	(765)	-	(765)	-
120 Total Receivables, Net of Allowances for Doubtful Accounts	4,381	137,362	4,359	20	9,075	-	155,197	2,260
132 Investments - Restricted	-	-	-	-	-	-	-	-
142 Prepaid Expenses and Other Assets	649	1,546	398	107	134	-	2,834	4,898
143 Inventories	-	-	-	-	-	-	-	102,110
144 Inter Program Due From	-	2,435	-	-	-	-	2,435	-
145 Assets Held for Sale	-	-	-	-	-	-	-	-
150 Total Current Assets	978,751	769,659	558,035	359,506	366,303	124	3,032,378	316,574
161 Land	12,028	11,115	-	99,385	901,500	-	1,024,028	206,200
162 Buildings	10,304,001	10,818,994	4,371,640	2,569,395	3,760,210	-	31,824,240	2,418,198
163 Furniture, Equipment & Machinery - Dwellings	-	-	-	-	-	-	-	-
164 Furniture, Equipment & Machinery - Administration	58,951	101,454	223,615	27,000	18,235	-	429,255	1,000,246
166 Accumulated Depreciation	(10,062,850)	(7,674,238)	(3,368,430)	(1,462,705)	(1,980,928)	-	(24,549,151)	(1,958,610)
167 Construction in Progress	86,345	1,373,299	304,996	-	-	-	1,764,640	41,677
168 Infrastructure	-	-	-	-	-	-	-	-
160 Total Capital Assets, Net of Accumulated Depreciation	398,475	4,630,624	1,531,821	1,233,075	2,699,017	-	10,493,012	1,707,711
171 Notes, Loans, Mortgages Rcvbl - Non-Current	-	-	-	-	-	-	-	-
174 Other Assets	-	-	-	-	-	-	-	-
180 Total Non-Current Assets	398,475	4,630,624	1,531,821	1,233,075	2,699,017	-	10,493,012	1,707,711
190 Total Assets	\$ 1,377,226	\$ 5,400,283	\$ 2,089,856	\$ 1,592,581	\$ 3,065,320	\$ 124	\$ 13,525,390	\$ 2,024,285

Line item number & account description	Baker Heights WAA006000100	Grandview Homes WAA006000200	Bakerview Apts WAA006000300	Pineview Apts WAA006000400	Scattered Sites WAA006000500	Other Public Housing Projects	Total Public Housing Projects	COC
312 Accounts Payable <= 90 Days	28,688	18,831	11,701	15,460	2,820	124	77,624	26,535
313 Accounts Payable >90 Days Past Due	-	-	-	-	-	-	-	-
322 Accrued Compensated Absences - Current Portion	4,588	5,572	3,482	1,144	973	-	15,759	41,578
325 Accrued Interest Payable	-	-	-	-	-	-	-	-
331 Accounts Payable - HUD PHA Programs	-	-	-	-	-	-	-	-
333 Accounts Payable - Other Government	63,858	49,779	31,424	9,030	19,428	-	173,519	-
341 Tenant Security Deposits	55,144	38,150	21,338	7,700	10,550	-	132,882	-
342 Deferred Revenues	2,061	3,433	3,063	2,221	811	-	11,589	-
343 Current Portion of Long-term Debt - Capital Projects/Mortgage	-	-	-	-	-	-	-	-
345 Other Current Liabilities	-	-	-	1,928	-	-	1,928	-
346 Accrued Liabilities - Other	-	-	-	-	-	-	-	-
347 Inter Program - Due To	-	-	-	-	-	-	-	-
348 Loan Liability - Current	-	-	-	-	-	-	-	-
310 Total Current Liabilities	154,339	115,765	71,008	37,483	34,582	124	413,301	68,113
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	-	-	-	-	-	-
353 Non-current Liabilities - Other	-	-	-	-	-	-	-	-
354 Accrued Compensated Absences - Non Current	13,763	16,717	10,445	3,432	2,919	-	47,276	124,735
350 Total Non-Current Liabilities	13,763	16,717	10,445	3,432	2,919	-	47,276	124,735
300 Total Liabilities	168,102	132,482	81,453	40,915	37,501	124	460,577	192,848
508.1 Invested In Capital Assets, Net of Related Debt	398,475	4,630,624	1,531,821	1,233,075	2,699,017	-	10,493,012	1,707,711
511.1 Restricted Net Assets	-	-	-	-	-	-	-	-
512.1 Unrestricted Net Assets	810,649	637,177	476,582	318,591	328,802	-	2,571,801	123,726
513 Total Equity/Net Assets	1,209,124	5,267,801	2,008,403	1,551,666	3,027,819	-	13,064,813	1,831,437
600 Total Liabilities and Equity/Net Assets	\$ 1,377,226	\$ 5,400,283	\$ 2,089,856	\$ 1,592,581	\$ 3,065,320	\$ 124	\$ 13,525,390	\$ 2,024,285

Housing Authority of the City of Everett  
Supplemental Financial Data Schedule  
Year Ended June 30, 2013

Line item number & account description	Housing Choice Vouchers 14,871	Business Activities	Sec 8 Housing Assts Pymt Spec Allocations 14,195	Section 8 Mod Rehab 14,249	ROSS Grant 14,870	Hope Options 93,985	Section 8 Mod Rehab 14,856
111 Cash - Unrestricted	\$ 1,027,070	\$ 7,549,301	\$ -	\$ -	\$ -	\$ -	\$ -
113 Cash - Other Restricted	1,061,392	53,170	-	-	-	-	-
114 Cash - Tenant Security Deposits	-	59,855	-	-	-	-	-
115 Cash - Restricted for Payment of Current Liabilities	126,776	-	-	-	-	-	-
100 Total Cash	2,215,238	7,662,326	-	-	-	-	-
122 Accounts Receivable - HUD Other Projects	-	-	-	-	4,594	-	-
124 Accounts Receivable - Other Government	-	-	-	-	-	35,566	-
125 Accounts Receivable - Miscellaneous	1,538	742	-	-	-	-	-
126 Accounts Receivable - Tenants	-	3,742	-	-	-	-	-
126.1 Allowance for Doubtful Accounts - Tenants	-	(175)	-	-	-	-	-
127 Notes, Loans, & Mortgages Receivable - Current	-	327,902	-	-	-	-	-
128 Fraud Recovery	73,196	-	-	-	-	-	-
128.1 Allowance for Doubtful Accounts - Fraud	(49,626)	-	-	-	-	-	-
120 Total Receivables, Net of Allowances for Doubtful Accounts	25,108	332,211	-	-	4,594	35,566	-
132 Investments - Restricted	-	20,002	-	-	-	-	-
142 Prepaid Expenses and Other Assets	890	457,424	-	1	-	-	-
143 Inventories	-	7,324	-	-	-	-	-
144 Inter Program Due From	-	19,272	-	71,647	-	-	26,373
145 Assets Held for Sale	-	-	-	-	-	-	-
150 Total Current Assets	2,241,236	8,498,559	-	71,648	4,594	35,566	26,373
161 Land	-	2,259,977	-	-	-	-	-
162 Buildings	-	9,056,032	-	-	-	-	-
163 Furniture, Equipment & Machinery - Dwellings	-	-	-	-	-	-	-
164 Furniture, Equipment & Machinery - Administration	117,205	-	-	-	-	-	-
166 Accumulated Depreciation	(50,159)	(1,973,677)	-	-	-	-	-
167 Construction in Progress	-	8,779	-	-	-	-	-
168 Infrastructure	-	-	-	-	-	-	-
160 Total Capital Assets, Net of Accumulated Depreciation	67,046	9,351,111	-	-	-	-	-
171 Notes, Loans and Mortgages Receivable - Non-Current	-	20,349,090	-	-	-	-	-
174 Other Assets	-	1,076,885	-	-	-	-	-
180 Total Non-Current Assets	67,046	30,777,086	-	-	-	-	-
190 Total Assets	\$ 2,308,282	\$ 39,275,645	\$ -	\$ 71,648	\$ 4,594	\$ 35,566	\$ 26,373



Housing Authority of the City of Everett  
Supplemental Financial Data Schedule  
Year Ended June 30, 2013

Line item number & account description	Housing Choice Vouchers 14,871	Business Activities	Sec 8 Housing Assis Pymt Spec Allocations 14,195	Section 8 Mod Rehab 14,249	ROSS Grant 14,870	Hope Options 93,985	Section 8 Mod Rehab 14,856
312 Accounts Payable <= 90 Days	13,297	38,380	-	5	-	1,751	2
313 Accounts Payable >90 Days Past Due	-	-	-	-	-	-	-
322 Accrued Compensated Absences - Current Portion	14,166	6,646	-	119	540	3,636	46
325 Accrued Interest Payable	-	220,318	-	-	-	-	-
331 Accounts Payable - HUD PHA Programs	3,671	-	-	-	-	-	-
333 Accounts Payable - Other Government	-	-	-	-	-	-	-
341 Tenant Security Deposits	-	59,852	-	-	-	-	-
342 Deferred Revenues	54,772	8,022	-	5,351	-	-	1,817
343 Current Portion of Long-term Debt - Capital Projects/Mortgage	-	497,579	-	-	-	-	-
345 Other Current Liabilities	61,165	20,537	-	-	-	-	-
346 Accrued Liabilities - Other	-	-	-	-	-	-	-
347 Inter Program - Due To	98,020	-	-	-	2,435	19,272	-
348 Loan Liability - Current	-	-	-	-	-	-	-
310 Total Current Liabilities	245,091	851,334	-	5,475	2,975	24,659	1,865
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	13,872,221	-	-	-	-	-
353 Non-current Liabilities - Other	-	531,034	-	-	-	-	-
354 Accrued Compensated Absences - Non Current	42,498	19,944	-	357	1,619	10,907	136
350 Total Non-Current Liabilities	42,498	14,423,199	-	357	1,619	10,907	136
300 Total Liabilities	287,589	15,274,533	-	5,832	4,594	35,566	2,001
508.1 Invested In Capital Assets, Net of Related Debt	67,046	4,661,311	-	-	-	-	-
511.1 Restricted Net Assets	1,061,392	53,170	-	-	-	-	-
512.1 Unrestricted Net Assets	892,255	19,286,631	-	65,816	-	-	24,372
513 Total Equity/Net Assets	2,020,693	24,001,112	-	65,816	-	-	24,372
600 Total Liabilities and Equity/Net Assets	\$ 2,308,282	\$ 39,275,645	\$ -	\$ 71,648	\$ 4,594	\$ 35,566	\$ 26,373



Housing Authority of the City of Everett  
Supplemental Financial Data Schedule  
Year Ended June 30, 2013

Line item number & account description	Total Other Programs	Subtotal Housing Authority Projects/Programs	Eliminations	Total Housing Authority	Component Unit	Memorandum Total
111 Cash - Unrestricted	\$ 8,783,677	\$ 11,522,707	-	\$ 11,522,707	232,244	\$ 11,754,951
113 Cash - Other Restricted	1,114,562	1,114,562	-	1,114,562	259,609	1,374,171
114 Cash - Tenant Security Deposits	59,855	192,737	-	192,737	82,640	275,377
115 Cash - Restricted for Payment of Current Liabilities	126,776	126,776	-	126,776	207,730	334,506
100 Total Cash	10,084,870	12,956,782	-	12,956,782	782,223	13,739,005
122 Accounts Receivable - HUD Other Projects	4,594	134,808	-	134,808	-	134,808
124 Accounts Receivable - Other Government	35,566	38,704	-	38,704	-	38,704
125 Accounts Receivable - Miscellaneous	4,540	5,214	-	5,214	50	5,264
126 Accounts Receivable - Tenants	3,742	18,903	-	18,903	5,969	24,872
126.1 Allowance for Doubtful Accounts - Tenants	(175)	(1,045)	-	(1,045)	(100)	(1,145)
127 Notes, Loans, & Mortgages Receivable - Current	327,902	327,902	-	327,902	-	327,902
128 Fraud Recovery	73,196	80,841	-	80,841	-	80,841
128.1 Allowance for Doubtful Accounts - Fraud	(49,626)	(50,391)	-	(50,391)	-	(50,391)
120 Total Receivables, Net of Allowances for Doubtful Accounts	399,739	554,936	-	554,936	5,919	560,855
132 Investments - Restricted	20,002	20,002	-	20,002	176,500	196,502
142 Prepaid Expenses and Other Assets	463,213	466,047	-	466,047	115,018	581,065
143 Inventories	109,434	109,434	-	109,434	1,283	110,717
144 Inter Program Due From	117,292	119,727	(119,727)	-	-	-
145 Assets Held for Sale	-	-	-	-	-	-
150 Total Current Assets	11,194,550	14,226,928	(119,727)	14,107,201	1,080,943	15,188,144
161 Land	2,466,177	3,490,205	-	3,490,205	2,449,110	5,939,315
162 Buildings	11,474,230	43,298,470	-	43,298,470	24,561,830	67,860,300
163 Furniture, Equipment & Machinery - Dwellings	-	-	-	-	658,779	658,779
164 Furniture, Equipment & Machinery - Administration	1,117,451	1,546,706	-	1,546,706	104,579	1,651,285
166 Accumulated Depreciation	(3,982,446)	(28,531,597)	-	(28,531,597)	(2,262,710)	(30,794,307)
167 Construction in Progress	50,456	1,815,096	-	1,815,096	-	1,815,096
168 Infrastructure	-	-	-	-	-	-
160 Total Capital Assets, Net of Accumulated Depreciation	11,125,868	21,618,880	-	21,618,880	25,511,568	47,130,468
171 Notes, Loans and Mortgages Receivable - Non-Current	20,349,090	20,349,090	-	20,349,090	-	20,349,090
174 Other Assets	1,076,885	1,076,885	-	1,076,885	625,521	1,702,406
180 Total Non-Current Assets	32,551,843	43,044,855	-	43,044,855	26,137,109	69,181,964
190 Total Assets	43,746,393	57,271,783	\$ (119,727)	\$ 57,152,056	27,218,052	\$ 84,370,108

Housing Authority of the City of Everett  
Supplemental Financial Data Schedule  
Year Ended June 30, 2013

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	79,970	157,594	-	157,594	161,104	318,698
313 Accounts Payable >90 Days Past Due	-	-	-	-	-	-
322 Accrued Compensated Absences - Current Portion	66,731	82,490	-	82,490	10,909	93,399
325 Accrued Interest Payable	220,318	220,318	-	220,318	210,424	430,742
331 Accounts Payable - HUD PHA Programs	3,671	3,671	-	3,671	-	3,671
333 Accounts Payable - Other Government	-	173,519	-	173,519	2,075	175,594
341 Tenant Security Deposits	59,852	192,734	-	192,734	82,606	275,340
342 Deferred Revenues	69,962	81,551	-	81,551	18,612	100,163
343 Current Portion of Long-term Debt - Capital Projects/Mortgage	497,579	497,579	-	497,579	5,257,810	5,755,389
345 Other Current Liabilities	81,702	83,630	-	83,630	16,126	99,756
346 Accrued Liabilities - Other	-	-	-	-	-	-
347 Inter Program - Due To	119,727	119,727	(119,727)	-	-	-
348 Loan Liability - Current	-	-	-	-	-	-
310 Total Current Liabilities	1,199,512	1,612,813	(119,727)	1,493,086	5,759,666	7,252,752
Revenue						
353 Non-current Liabilities - Other	13,872,221	13,872,221	-	13,872,221	19,157,688	33,029,909
354 Accrued Compensated Absences - Non Current	531,034	531,034	-	531,034	2,051,759	2,582,793
350 Total Non-Current Liabilities	200,196	247,472	-	247,472	32,724	280,196
	14,603,451	14,650,727	-	14,650,727	21,242,171	35,892,898
300 Total Liabilities	15,802,963	16,263,540	(119,727)	16,143,813	27,001,837	43,145,650
508.1 Invested In Capital Assets, Net of Related Debt						
511.1 Restricted Net Assets	6,436,068	16,929,080	-	16,929,080	1,096,090	18,025,170
512.1 Unrestricted Net Assets	1,114,562	1,114,562	-	1,114,562	436,109	1,550,671
513 Total Equity/Net Assets	20,392,800	22,964,601	-	22,964,601	(1,315,984)	21,648,617
	27,943,430	41,008,243	-	41,008,243	216,215	41,224,458
600 Total Liabilities and Equity/Net Assets	\$ 43,746,393	\$ 57,271,783	\$ (119,727)	\$ 57,152,056	\$ 27,218,052	\$ 84,370,108

Housing Authority of the City of Everett  
Supplemental Financial Data Schedule  
Year Ended June 30, 2013

Line item number & account description	Baker Heights WA006000100	Grandview Homes WA006000200	Bakerview Apts WA006000300	Pineview Apts WA006000400	Scattered Sites WA006000500	Other Public Housing	Total Public Housing Projects	COCC
70300 Net Tenant Rental Revenue	\$ 764,542	\$ 602,405	\$ 399,508	\$ 121,427	\$ 235,330	\$ -	\$ 2,123,212	\$ -
70400 Tenant Revenue - Other	9,375	13,325	14,904	2,465	5,593	-	45,662	-
70500 Total Tenant Revenue	773,917	615,730	414,412	123,892	240,923	-	2,168,874	-
70600 HUD PHA Operating Grants	464,254	355,517	285,817	59,449	78,278	-	1,243,315	-
70610 Capital Grants	68,121	503,960	177,842	-	12,536	-	762,459	-
70800 Other Government Grants	-	-	-	-	-	-	-	-
70710 Management Fee	-	-	-	-	-	-	-	853,898
70720 Asset Management Fee	-	-	-	-	-	-	-	74,410
70730 Book Keeping Fee	-	-	-	-	-	-	-	294,529
70740 Front Line Service Fee	-	-	-	-	-	-	-	674,707
70750 Other Fees	-	-	-	-	-	-	-	129,484
70700 Total Fee Revenue	-	-	-	-	-	-	-	2,027,028
71100 Investment Income - Unrestricted	2,414	1,455	1,479	330	434	-	6,112	183
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	165	6,907	57,055	7	11	-	64,145	11,305
71600 Gain or Loss on Sale of Capital Assets	-	-	-	-	-	-	-	1,152
72000 Investment Income - Restricted	-	-	-	-	-	-	-	-
70000 Total Revenue	1,308,871	1,483,569	936,605	183,678	332,182	-	4,244,905	2,039,668
91100 Administrative Salaries	86,820	109,948	102,834	38,293	20,468	-	358,363	937,992
91200 Auditing Fees	5,742	3,426	3,519	787	1,019	-	14,493	2,408
91300 Management Fee	137,097	155,092	84,555	18,839	24,735	-	420,318	-
91310 Book-keeping Fee	21,780	13,035	13,433	2,993	3,930	-	55,171	-
91400 Advertising and Marketing	94	56	58	13	17	-	238	540
91500 Employee Benefit contributions - Administrative	32,444	45,285	28,304	16,408	8,491	-	130,932	299,777
91600 Office Expenses	38,392	26,000	40,472	9,457	7,249	-	121,570	284,120
91700 Legal Expense	3,034	1,652	2,296	76	76	-	7,134	12,800
91800 Travel	6,653	4,139	4,392	1,382	1,031	-	17,597	30,826
91900 Other	335	213	296	546	59	-	1,449	-
91000 Total Operating - Administrative	332,391	358,846	280,159	88,794	67,075	-	1,127,265	1,568,463
92000 Asset Management Fee	29,280	17,650	18,120	4,080	5,280	-	74,410	-
92100 Tenant Services - Salaries	7,922	42,234	37,665	3,503	1,050	-	92,374	-



Housing Authority of the City of Everett  
Supplemental Financial Data Schedule  
Year Ended June 30, 2013

Line item number & account description	Baker Heights WA006000100	Grandview Homes WA006000200	Bakerview Apts WA006000300	Pineview Apts WA006000400	Scattered Sites WA006000500	Other Public Housing	Total Public Housing Projects	COCC
92200 Relocation Costs	-	-	-	-	-	-	-	-
92300 Employee Benefit Contributions - Tenant Services	2,960	17,395	10,367	1,501	436	-	32,659	-
92400 Tenant Services - Other	2,992	16,912	3,577	9,942	378	-	33,801	-
92500 Total Tenant Services	13,874	76,541	51,809	14,946	1,864	-	158,834	-
93100 Water	24,752	21,536	7,570	8,780	13,676	-	76,314	1,715
93200 Electricity	4,244	3,012	43,030	4,438	1,055	-	55,779	23,767
93300 Gas	2,522	4,781	9,966	-	-	-	17,269	15,063
93600 Sewer	94,448	75,285	24,697	17,908	26,320	-	238,658	3,420
93800 Other Utilities Expense	-	-	-	-	366	-	366	-
93000 Total Utilities	125,966	104,614	85,263	31,126	41,417	-	388,386	43,965
94100 Ordinary Maintenance and Operations - Labor	96,904	86,561	92,231	26,108	35,205	-	337,009	395,092
94200 Ordinary Maintenance and Operations - Materials and Other	66,450	68,937	49,205	13,780	24,758	-	223,130	28,843
94300 Ordinary Maintenance and Operations Contracts	261,226	179,109	159,977	70,343	80,102	-	750,757	29,980
94500 Employee Benefit Contributions - Ordinary Maintenance	36,212	35,652	25,386	11,187	14,605	-	123,042	126,269
94000 Total Maintenance	460,792	370,259	326,799	121,418	154,670	-	1,433,938	580,184
96110 Property Insurance	11,811	9,743	7,634	2,365	4,068	-	35,621	2,790
96120 Liability Insurance	5,489	3,838	3,866	1,002	1,359	-	15,554	5,053
96130 Workmen's Compensation	4,565	4,536	5,791	1,686	1,675	-	18,253	23,577
96140 All Other Insurance	2,160	4,313	1,291	347	452	-	8,563	9,063
96100 Total Insurance Premiums	24,025	22,430	18,582	5,400	7,554	-	77,991	40,483
96200 Other General Expenses	58,808	47,678	40,258	5,690	12,412	-	164,846	31,555
96300 Payments in Lieu of Taxes	63,858	49,779	31,424	9,030	19,428	-	173,519	-
96400 Bad debt - Tenant Rents	3,421	6,231	3,839	504	4,238	-	18,233	-
96600 Bad debt - Other	-	-	-	-	-	-	-	-
96000 Total Other General Expenses	126,087	103,686	75,521	15,224	36,078	-	356,598	31,555
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	1,112,415	1,054,028	856,053	280,988	313,938	-	3,617,422	2,264,650
97000 Excess of Operating Revenue over Operating Expenses	196,456	429,541	80,552	(97,310)	18,244	-	627,483	(224,982)

Housing Authority of the City of Everett  
Supplemental Financial Data Schedule  
Year Ended June 30, 2013

Line item number & account description	Baker Heights WA006000100	Grandview Homes WA006000200	Bakerview Apts WA006000300	Pineview Apts WA006000400	Scattered Sites WA006000500	Other Public Housing	Total Public Housing Projects	COCC
97100 Extraordinary Maintenance	46,273	13,999	132,538	21,798	27,820	-	242,428	15,823
97300 Housing Assistance Payments	-	-	-	-	-	-	-	-
97350 HAP Portability-In	-	-	-	-	-	-	-	-
97400 Depreciation Expense	55,110	483,950	164,315	96,766	153,881	-	954,022	123,580
90000 Total Expenses	1,213,798	1,551,977	1,152,906	399,552	495,639	-	4,813,872	2,404,053
10010 Operating Transfer In	6,518	9,101	3,217	851	5,601	-	25,288	240,805
10020 Operating Transfer Out	(6,518)	(9,101)	(3,217)	(851)	(5,601)	-	(25,288)	-
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	-	-	-	-	-	-	-	-
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)	-	-	-	-	-	-	-	240,805
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$ 95,073	\$ (68,408)	\$ (216,301)	\$ (215,874)	\$ (163,457)	\$ -	\$ (568,967)	\$ (123,580)
11020 Required Annual Debt Principal Payments	-	-	-	-	-	-	-	-
11030 Beginning Equity	1,114,051	5,336,209	2,224,704	1,767,540	3,191,276	-	13,633,780	1,955,017
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	-	-	-	-	-	-
11170 Administrative Fee Equity	-	-	-	-	-	-	-	-
11180 Housing Assistance Payments Equity	-	-	-	-	-	-	-	-
11190 Unit Months Available	2,928	1,722	1,812	408	528	-	7,398	-
11210 Number of Unit Months Leased	2,904	1,696	1,791	399	523	-	7,313	-
11270 Excess Cash	731,062	570,600	415,292	298,501	305,426	-	2,320,881	-
11610 Land Purchases	-	-	-	-	-	-	-	-
11620 Building Purchases	68,121	495,980	177,842	-	12,536	-	754,479	-
11630 Furniture & Equipment - Dwelling Purchases	-	-	-	-	-	-	-	-
11640 Furniture & Equipment - Administrative Purchases	-	7,400	7,806	-	-	-	15,206	-

Housing Authority of the City of Everett  
Supplemental Financial Data Schedule  
Year Ended June 30, 2013

Line item number and 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	Hope Options 93,958	Section 8 Mod Rehab 14,856
70300 Net Tenant Rental Revenue	\$ -	\$ 1,392,809	\$ -	\$ -	\$ -	\$ -	\$ -
70400 Tenant Revenue - Other	-	523,863	-	-	-	-	-
70500 Total Tenant Revenue	-	1,916,672	-	-	-	-	-
70600 HUD PHA Operating Grants	22,461,776	-	92,590	126,191	60,953	-	48,073
70610 Capital Grants	-	-	-	-	-	-	-
70800 Other Government Grants	-	-	-	-	-	225,346	-
71100 Investment Income - Unrestricted	2,526	23,227	-	-	-	-	-
71200 Mortgage Interest Income	-	399,289	-	-	-	-	-
71300 Proceeds from Disposition of Assets Held for Sale	-	-	-	-	-	-	-
71310 Cost of Sale of Assets	-	-	-	-	-	-	-
71400 Fraud Recovery	12,387	-	-	-	-	-	-
71500 Other Revenue	432,711	426,879	-	-	-	-	-
71600 Gain or Loss on Sale of Capital Assets	-	-	-	-	-	-	-
72000 Investment Income - Restricted	-	-	-	-	-	-	-
70000 Total Revenue	22,909,400	2,766,067	92,590	126,191	60,953	225,346	48,073
91100 Administrative Salaries	747,784	76,435	-	1,338	36,091	132,308	510
91200 Auditing Fees	27,180	1,899	-	235	-	-	89
91300 Management Fee	364,187	65,217	-	3,024	-	-	1,152
91310 Book-keeping Fee	226,388	10,361	-	1,890	-	-	720
91400 Advertising and Marketing	2,110	273	-	-	-	-	-
91500 Employee Benefit contributions - Administrative	269,689	23,819	-	342	17,976	51,616	130
91600 Office Expenses	119,594	30,244	-	9,172	681	1,388	3,497
91700 Legal Expense	21	3,682	-	-	-	-	-
91800 Travel	13,107	603	-	-	955	2,641	-
91900 Other	2,288	12,185	-	-	-	-	-
91000 Total Operating - Administrative	1,772,338	224,718	-	16,001	55,703	187,953	6,098
92000 Asset Management Fee	-	-	-	-	-	-	-
92100 Tenant Services - Salaries	1,970	269,380	-	-	-	-	-
92200 Relocation Costs	-	-	-	-	-	-	-
92300 Employee Benefit Contributions - Tenant Services	710	68,240	-	-	-	-	-



Housing Authority of the City of Everett  
Supplemental Financial Data Schedule  
Year Ended June 30, 2013

Line item number and 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	Hope Options 93,958	Section 8 Mod Rehab 14,856
92400 Tenant Services - Other	1,842	224,975	-	-	1,742	39,324	-
92500 Total Tenant Services	4,522	562,595	-	-	1,742	39,324	-
93100 Water	-	27,494	-	-	-	-	-
93200 Electricity	-	25,012	-	-	-	-	-
93300 Gas	-	5,790	-	-	-	-	-
93600 Sewer	-	57,575	-	-	-	-	-
93800 Other Utilities Expense	-	553	-	-	-	-	-
93000 Total Utilities	-	116,424	-	-	-	-	-
94100 Ordinary Maintenance and Operations - Labor	-	65,938	-	-	2,159	-	-
Other	3,186	48,412	-	2	-	-	-
94300 Ordinary Maintenance and Operations Contracts	5,825	156,435	-	7	-	-	3
Maintenance	-	22,580	-	-	1,075	-	-
94000 Total Maintenance	9,011	293,365	-	9	3,234	-	3
96110 Property Insurance	-	9,344	-	-	-	-	-
96120 Liability Insurance	8,527	6,612	-	78	-	-	30
96130 Workmen's Compensation	4,101	39,019	-	6	274	729	2
96140 All Other Insurance	2,692	1,917	-	18	-	-	7
96100 Total Insurance Premiums	15,320	56,892	-	102	274	729	39
96200 Other General Expenses	81,254	35,715	-	-	-	-	-
96300 Payments in Lieu of Taxes	-	-	-	-	-	-	-
96400 Bad debt - Tenant Rents	-	7,831	-	-	-	-	-
96600 Bad debt - Other	10,829	-	-	-	-	-	-
96000 Total Other General Expenses	92,083	43,546	-	-	-	-	-
96710 Interest of Mortgage (or Bonds) Payable	-	193,115	-	-	-	-	-
96720 Interest on Notes Payable (Short and Long Term)	-	-	-	-	-	-	-
96730 Amortization of Bond Issue Costs	-	-	-	-	-	-	-
96700 Total Interest Expense and Amortization Cost	-	193,115	-	-	-	-	-
96900 Total Operating Expenses	1,893,274	1,490,655	-	16,112	60,953	228,006	6,140

Housing Authority of the City of Everett  
Supplemental Financial Data Schedule  
Year Ended June 30, 2013

Line item number and 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	Hope Options 93,958	Section 8 Mod Rehab 14,856
Expenses							
97100 Extraordinary Maintenance	21,016,126	1,275,412	92,590	110,079	-	(2,660)	41,933
97300 Housing Assistance Payments	-	171,419	-	-	-	-	-
97350 HAP Portability-In	21,513,767	-	-	103,906	-	-	40,283
97400 Depreciation Expense	400,388	-	-	-	-	-	-
90000 Total Expenses	1,745	254,957	-	-	-	-	-
	23,809,174	1,917,031	-	120,018	60,953	228,006	46,423
10010 Operating Transfer In	-	1,564,785	-	-	-	4,206	-
10020 Operating transfer Out	-	(1,809,796)	-	-	-	-	-
10030 Operating Transfers from/to Primary Government	-	-	(92,590)	-	-	-	-
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)	-	(245,011)	(92,590)	-	-	4,206	-
10000 Excess (Deficiency) of Total Revenue Over (Under)	\$ (899,774)	\$ 604,025	\$ -	\$ 6,173	\$ -	\$ 1,546	\$ 1,650
Total Expenses							
11020 Required Annual Debt Principal Payments	-	1,802,695	-	-	-	-	-
11030 Beginning Equity	2,921,281	23,397,087	-	59,643	-	(1,546)	22,722
Correction of Errors	(814)	-	-	-	-	-	-
11170 Administrative Fee Equity	959,302	-	-	-	-	-	-
11180 Housing Assistance Payments Equity	1,061,391	-	-	-	-	-	-
11190 Unit Months Available	30,468	1,848	-	252	-	-	96
11210 Number of Unit Months Leased	30,024	1,841	-	249	-	-	90
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, 2013

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	\$ 1,392,809	\$ 3,516,021	\$ -	\$ 3,516,021	\$ 2,301,759	\$ 5,817,780
70400 Tenant Revenue - Other	523,863	569,525	-	569,525	36,746	606,271
70500 Total Tenant Revenue	1,916,672	4,085,546	-	4,085,546	2,338,505	6,424,051
70600 HUD PHA Operating Grants	22,789,583	24,032,898	-	24,032,898	-	24,032,898
70610 Capital Grants	-	762,459	-	762,459	-	762,459
70800 Other Government Grants	225,346	225,346	-	225,346	-	225,346
70710 Management Fee	853,898	853,898	(853,898)	-	-	-
70720 Asset Management Fee	74,410	74,410	(74,410)	-	-	-
70730 Book Keeping Fee	294,529	294,529	(294,529)	-	-	-
70740 Front Line Service Fee	674,707	674,707	(605,664)	69,043	-	69,043
70750 Other Fees	129,484	129,484	(1)	129,483	-	129,483
70700 Total Fee Revenue	2,027,028	2,027,028	(1,828,502)	198,526	-	198,526
71100 Investment Income - Unrestricted	25,936	32,048	-	32,048	310	32,358
71200 Mortgage Interest Income	399,289	399,289	-	399,289	-	399,289
71300 Proceeds from Disposition of Assets Held for Sale	-	-	-	-	-	-
71310 Cost of Sale of Assets	-	-	-	-	-	-
71400 Fraud Recovery	12,387	12,387	-	12,387	-	12,387
71500 Other Revenue	870,895	935,040	-	935,040	1,943	936,983
71600 Gain or Loss on Sale of Capital Assets	1,152	1,152	-	1,152	(1,605)	(453)
72000 Investment Income - Restricted	-	-	-	-	368	368
70000 Total Revenue	28,268,288	32,513,193	(1,828,502)	30,684,691	2,339,521	33,024,212
91100 Administrative Salaries	1,932,458	2,290,821	-	2,290,821	240,313	2,531,134
91200 Auditing Fees	31,811	46,304	-	46,304	20,400	66,704
91300 Management Fee	433,580	853,898	(853,898)	-	118,229	118,229
91310 Book-keeping Fee	239,359	294,530	(294,530)	-	-	-
91400 Advertising and Marketing	2,923	3,161	-	3,161	1,358	4,519
91500 Employee Benefit contributions - Administrative	663,349	794,281	-	794,281	75,434	869,715
91600 Office Expenses	448,686	570,256	-	570,256	93,476	663,732
91700 Legal Expense	16,503	23,637	-	23,637	28,483	52,120
91800 Travel	48,132	65,729	-	65,729	4,211	69,940



Housing Authority of the City of Everett  
Supplemental Financial Data Schedule  
Year Ended June 30, 2013

Line item number & account description	Total Other Programs	Subtotal Housing Authority Projects/Programs	Eliminations	Total Housing Authority	Component Unit	Memorandum Total
91900 Other	14,473	15,922	-	15,922	28,324	44,246
91000 Total Operating - Administrative	3,831,274	4,958,539	(1,148,428)	3,810,111	610,228	4,420,339
92000 Asset Management Fee	-	74,410	(74,410)	-	-	-
92100 Tenant Services - Salaries	271,350	363,724	-	363,724	60,617	424,341
92200 Relocation Costs	-	-	-	-	-	-
92300 Employee Benefit Contributions - Tenant Services	68,950	101,609	-	101,609	18,471	120,080
92400 Tenant Services - Other	267,883	301,684	-	301,684	4,947	306,631
92500 Total Tenant Services	608,183	767,017	-	767,017	84,035	851,052
93100 Water	29,209	105,523	-	105,523	28,118	133,641
93200 Electricity	48,779	104,558	-	104,558	71,233	175,791
93300 Gas	20,853	38,122	-	38,122	20,658	58,780
93600 Sewer	60,995	299,653	-	299,653	63,637	363,290
93800 Other Utilities Expense	553	919	-	919	-	919
93000 Total Utilities	160,389	548,775	-	548,775	183,646	732,421
94100 Ordinary Maintenance and Operations - Labor	463,189	800,198	-	800,198	184,026	984,224
94200 Ordinary Maintenance and Operations - Materials and Other	80,443	303,573	-	303,573	65,480	369,053
94300 Ordinary Maintenance and Operations Contracts	192,250	943,007	(605,664)	337,343	260,117	597,460
94500 Employee Benefit Contributions - Ordinary Maintenance	149,924	272,966	-	272,966	59,084	332,050
94000 Total Maintenance	885,806	2,319,744	(605,664)	1,714,080	568,707	2,282,787
96110 Property Insurance	12,134	47,755	-	47,755	30,699	78,454
96120 Liability Insurance	20,300	35,854	-	35,854	16,319	52,173
96130 Workmen's Compensation	67,708	85,961	-	85,961	9,034	94,995
96140 All Other Insurance	13,697	22,260	-	22,260	38,930	61,190
96100 Total Insurance Premiums	113,839	191,830	-	191,830	94,982	286,812
96200 Other General Expenses	148,524	313,370	-	313,370	-	313,370
96300 Payments in Lieu of Taxes	-	173,519	-	173,519	-	173,519
96400 Bad debt - Tenant Rents	7,831	26,064	-	26,064	28,934	54,998
96600 Bad debt - Other	10,829	10,829	-	10,829	-	10,829
96000 Total Other General Expenses	167,184	523,782	-	523,782	28,934	552,716

Housing Authority of the City of Everett  
Supplemental Financial Data Schedule  
Year Ended June 30, 2013

Line item number & account description	Total Other Programs	Subtotal Housing Authority Projects/Programs	Eliminations	Total Housing Authority	Component Unit	Memorandum Total
96710 Interest of Mortgage (or Bonds) Payable	193,115	193,115	-	193,115	1,011,482	1,204,597
96720 Interest on Notes Payable (Short and Long Term)	-	-	-	-	-	-
96730 Amortization of Bond Issue Costs	-	-	-	-	36,181	36,181
96700 Total Interest Expense and Amortization Cost	193,115	193,115	-	193,115	1,047,663	1,240,778
96900 Total Operating Expenses	5,959,790	9,577,212	(1,828,502)	7,748,710	2,618,195	10,366,905
97000 Excess of Operating Revenue over Operating Expenses	22,308,498	22,935,981	-	22,935,981	(278,674)	22,657,307
97100 Extraordinary Maintenance	187,242	429,670	-	429,670	38,044	467,714
97300 Housing Assistance Payments	21,657,956	21,657,956	-	21,657,956	-	21,657,956
97350 HAP Portability-In	400,388	400,388	-	400,388	-	400,388
97400 Depreciation Expense	380,282	1,334,304	-	1,334,304	640,973	1,975,277
90000 Total Expenses	28,565,658	33,399,530	(1,828,502)	31,571,028	3,297,212	34,868,240
10010 Operating Transfer In	1,809,796	1,835,084	-	1,835,084	-	1,835,084
10020 Operating transfer Out	(1,809,796)	(1,835,084)	-	(1,835,084)	-	(1,835,084)
10030 Operating Transfers from/to Primary Government	(92,590)	(92,590)	-	(92,590)	-	(92,590)
10040 Operating Transfers from/to Component Unit	-	-	-	-	92,590	92,590
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)	(92,590)	(92,590)	-	(92,590)	92,590	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$ (409,960)	\$ (978,927)	\$ -	\$ (978,927)	\$ (865,101)	\$ (1,844,028)
11020 Required Annual Debt Principal Payments	1,802,695	1,802,695	-	1,802,695	115,000	1,917,695
11030 Beginning Equity	28,354,204	41,987,984	-	41,987,984	1,081,316	43,069,300
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	(814)	(814)	-	(814)	-	(814)
11170 Administrative Fee Equity	959,302	959,302	-	959,302	-	959,302

Housing Authority of the City of Everett  
Supplemental Financial Data Schedule  
Year Ended June 30, 2013

Line item number & account description	Total Other Programs	Subtotal Housing Authority Projects/Programs	Eliminations	Total Housing Authority	Component Unit	Memorandum Total
11180 Housing Assistance Payments Equity	1,061,391	1,061,391	-	1,061,391	-	1,061,391
11190 Unit Months Available	32,664	40,062	-	40,062	3,240	43,302
11210 Number of Unit Months Leased	32,204	39,517	-	39,517	3,134	42,651
11270 Excess Cash	-	2,320,881	-	2,320,881	-	2,320,881
11610 Land Purchases	-	-	-	-	-	-
11620 Building Purchases	-	754,479	-	754,479	-	754,479
11630 Furniture & Equipment - Dwelling Purchases	-	-	-	-	-	-
11640 Furniture & Equipment - Administrative Purchases	-	15,206	-	15,206	-	15,206



**HOUSING AUTHORITY OF THE CITY OF EVERETT**  
Supplemental Segment Information - Unaudited  
As of and for the Year Ended June 30, 2013

**CONDENSED STATEMENT OF NET ASSETS**

	Affordable Housing Properties	Douglas Grove	Discretionary Funds	Total (memorandum only)
<b>Assets</b>				
Cash & investments - unrestricted	\$ 489,628	\$ 22,525	\$ 7,037,148	\$ 7,549,301
Cash & investments - restricted	109,022	4,003	-	113,025
Due from other programs	-	-	19,272	19,272
Other current assets	24,692	137	792,132	816,961
Capital assets (net of accumulated depreciation)	8,621,823	438,768	290,520	9,351,111
Other assets	-	-	21,425,975	21,425,975
<b>Total Assets</b>	<b>9,245,165</b>	<b>465,433</b>	<b>29,565,047</b>	<b>39,275,645</b>
<b>Liabilities</b>				
Current liabilities	49,373	1,499	243,032	293,904
Current portion of long-term debt	331,858	45,721	120,000	497,579
Current liabilities payable from restricted assets	55,852	4,000	-	59,852
Due to other programs	-	-	-	-
Bonds and notes payable - non-current	4,217,674	94,547	9,560,000	13,872,221
Other non-current liabilities	137,488	699	412,790	550,977
<b>Total Liabilities</b>	<b>4,792,245</b>	<b>146,466</b>	<b>10,335,822</b>	<b>15,274,533</b>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	4,072,291	298,500	290,520	4,661,311
Restricted	53,170	-	-	53,170
Unrestricted	327,459	20,467	18,938,705	19,286,631
<b>Total Net Assets</b>	<b>\$ 4,452,920</b>	<b>\$ 318,967</b>	<b>\$ 19,229,225</b>	<b>\$ 24,001,112</b>

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

	Affordable Housing Properties	Douglas Grove	Discretionary Funds	Total (memorandum only)
<b>Operating Revenue (Expenses)</b>				
Operating revenue	\$ 1,317,952	\$ 107,074	\$ 1,317,814	\$ 2,742,840
Operating expenses	(702,874)	(56,651)	(709,438)	(1,468,963)
Operating transfers in	1,439,643	-	125,142	1,564,785
Operating transfers out	-	-	-	-
Depreciation expense	(246,119)	(8,838)	-	(254,957)
Operating income (loss)	1,808,602	41,585	733,518	2,583,705
<b>Nonoperating Revenue (Expense)</b>				
Interest income	845	39	22,343	23,227
Interest expense	(184,772)	(8,343)	-	(193,115)
Nonoperating transfers out	-	-	(1,809,796)	(1,809,796)
Nonoperating income (expense)	(183,927)	(8,304)	(1,787,453)	(1,979,684)
Increase (decrease) in net assets	1,624,675	33,281	(1,053,935)	604,021
Net Assets, Beginning of Year	2,828,245	285,686	20,283,160	23,397,091
<b>Net Assets, End of Year</b>	<b>\$ 4,452,920</b>	<b>\$ 318,967</b>	<b>\$ 19,229,225</b>	<b>\$ 24,001,112</b>

See notes to supplemental segment information

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

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

# Actual Modernization Cost Certificate

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

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

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

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

Do not send this form to the above address.

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

HA Name: <b>HOUSING AUTHORITY OF THE CITY OF EVERETT</b>	Modernization Project Number: <b>WA19P00650109</b>
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The HA hereby certifies to the Department of Housing and Urban Development as follows:

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

A. Original Funds Approved	\$ 941,067.00
B. Funds Disbursed	\$ 941,067.00
C. Funds Expended (Actual Modernization Cost)	\$ 941,067.00
D. Amount to be Recaptured (A-C)	\$
E. Excess of Funds Disbursed (B-C)	\$

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

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


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

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

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

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

Signature of Executive Director & Date:

X 

Ashley Lommers-Johnson, Executive Director

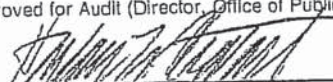
04-11-2013

For HUD Use Only

The Cost Certificate is approved for audit:

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

Date:

X 

05-07-2013

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official)

Date:

X

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

Date:

X

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





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

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

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

The State Auditor's Office employees are located around the state to deliver services effectively and efficiently.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments and fraud, whistleblower and citizen hotline investigations.

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

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

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