



Washington State Auditor's Office

Troy Kelley

Integrity • Respect • Independence

**Financial Statements and Federal Single Audit
Report**

**Housing Authority of the City of
Everett**

Snohomish County

For the period July 1, 2013 through June 30, 2014

Published March 23, 2015

Report No. 1013787





Washington State Auditor
Troy Kelley

March 23, 2015

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
OLYMPIA, WA

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FEDERAL SUMMARY

Housing Authority of the City of Everett Snohomish County July 1, 2013 through June 30, 2014

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 its major federal program.

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

Identification of Major Programs:

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

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

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by OMB Circular A-133, was \$803,048.

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, 2013 through June 30, 2014**

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, 2014, 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 9, 2015. As discussed in Note 1 to the financial statements, during the year ended June 30, 2014, the Housing Authority implemented Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

Our report includes a reference to other auditors who audited the financial statements of the Housing Authority of the City of Everett – Broadway Plaza Limited Liability Limited Partnership, Pivotal Point Limited Liability Limited Partnership and EHA – Twelve Pines Limited Partnership, as described in our report on the Housing Authority's financial statements. This report includes our consideration of the results of the other auditor's testing of internal controls over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

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.

A handwritten signature in cursive script that reads "Troy X. Kelley". The signature is written in dark ink and is positioned above the printed name.

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

February 9, 2015

**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, 2013 through June 30, 2014**

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, 2014. 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, 2014.

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.

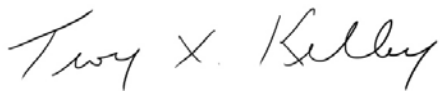
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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
OLYMPIA, WA

February 9, 2015

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Housing Authority of the City of Everett Snohomish County July 1, 2013 through June 30, 2014

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, 2014, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements as listed on page 16.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Housing Authority of the City of Everett – Broadway Plaza Limited Liability Limited Partnership, Pivotal Point Limited Liability Limited Partnership and EHA – Twelve Pines Limited Partnership, which combined represent 100 percent of the assets, net position and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Housing Authority of the City of Everett – Broadway Plaza Limited Liability Limited Partnership, Pivotal Point Limited Liability Limited Partnership and EHA – Twelve Pines Limited Partnership is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally

accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Housing Authority of the City of Everett, as of June 30, 2014, 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 2014, the Housing Authority adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

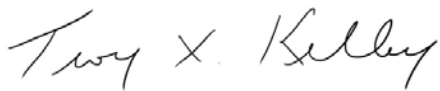
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 17 through 25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the 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 and the other auditors 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 Actual Modernization Cost Certificate (HUD-53001) 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.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2015 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
OLYMPIA, WA

February 9, 2015

FINANCIAL SECTION

Housing Authority of the City of Everett Snohomish County July 1, 2013 through June 30, 2014

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2014

BASIC FINANCIAL STATEMENTS

Statement of Net Position – 2014

Statement of Revenues, Expenses and Changes in Net Position – 2014

Statement of Cash Flows – 2014

Notes to Financial Statements – 2014

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Expenditures of Federal Awards – 2014

Notes to the Schedule of Expenditures of Federal Awards – 2014

Financial Data Schedule – 2014

Actual Modernization Cost Certificate (HUD-53001) – 2014

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Management's Discussion and Analysis (Unaudited)

June 30, 2014

The Housing Authority of the City of Everett ("EHA" or the "Authority") is pleased to present its basic financial statements for the year ended June 30, 2014, which have been prepared in accordance with U.S. generally accepted accounting principles (GAAP). GAAP requires the inclusion of three basic financial statements: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. In addition, GAAP requires the inclusion of this Management's Discussion and Analysis (MD&A) section as required supplementary information.

This MD&A is intended to assist the reader to identify what management feels are significant financial issues, provide an overview of the financial activity for the year, and identify and offer a discussion about changes in EHA's financial position. It is designed to focus on the financial activity for the fiscal year ended June 30, 2014, resulting changes and currently known facts. Please read it in conjunction with the financial statements found elsewhere in this report.

As provided for under GAAP, EHA uses the accrual basis of accounting to prepare its basic financial statements. Under this basis of accounting, revenues are recognized in the period in which they are earned and expenses, including depreciation, are recognized in the period in which they are incurred. All assets and liabilities associated with the operation of EHA are included in the statement of net position.

Financial Highlights

- Total net position decreased by \$320,088 (.8%) from the prior year. This decrease is primarily due to a reduction in funding received from HUD for the Housing Choice Voucher program. During the year, HUD required housing authorities to expend their HCV program cash reserves to offset this decrease in funding, and EHA utilized in excess of \$1 million of reserves.
- The assets of EHA exceeded liabilities at June 30, 2014 by \$40,688,155 (net position). Of this amount, \$21,952,034 (unrestricted net position) may be used to meet ongoing obligations, \$18,342,530 is invested in capital assets, net of related debt, and \$393,591 is restricted to meet defined obligations.
- Overall, capital assets increased by \$1,911,810 due primarily to current year investments in property development related to the conversion of a significant portion of our housing portfolio into a tax credit partnership, which was finalized subsequent to year end. Depreciation expense of \$1,332,756 offset part of that increase.
- Total liabilities increased by \$1,058,840 (6.6%) from the prior year chiefly due to an increase in debt assured by EHA for construction of a twenty unit apartment complex.

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Management's Discussion and Analysis (Unaudited)

June 30, 2014

- Operating revenues increased by \$283,642 (1%) in comparison to the prior year. This increase was mostly attributable to a grant from a private foundation. Overall revenue from HUD was relatively stable, although funding within individual programs fluctuated from the previous year.
- Operating expenses decreased by \$390,471 (1.2%) in comparison to the prior year primarily due to decreases in maintenance and operation expenses as a result of a planned delay of both routine and non-routine maintenance work in a significant portion of our housing portfolio in preparation for the remodel of these units as part of the subsequent conversion to tax credit partnerships.

Overview of the Basic Financial Statements

The EHA's basic financial statements are comprised of two components: 1) the basic financial statements and 2) notes to the basic financial statements that provide additional information and more detailed data.

The **Statement of Net Position** presents information on EHA's assets and deferred outflows, liabilities and deferred inflows, and net position of the Authority at the end of the fiscal year. Assets and liabilities are presented in the order of liquidity and are classified as "current" (convertible to cash within one year) and "noncurrent". The purpose of this statement is to provide readers with a snapshot of the fiscal condition of the Authority as of a certain point in time. Over time, increases or decreases in net position may serve as useful indicators as to whether the EHA's financial health is improving or deteriorating.

The **Statement of Revenues, Expenses and Changes in Net Position** presents information showing how EHA's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported for some items that will only result in cash flows in future years.

The **Statement of Cash Flows** reports how EHA's cash was used in and provided by its operating, noncapital financing, capital and related financing, and investing activities during the year. The net of these activities is added to the beginning year cash balance to reconcile to the cash balance at June 30, 2014. The EHA uses the direct method of presenting cash flows, which includes a reconciliation of operating activities to operating income. This statement provides answers to such questions as where did cash come from, how was cash used, and what was the change in the cash balance during the year.

Notes to the Basic Financial Statements provide financial statement disclosures that are an integral part of the basic financial statements. Such disclosures are essential to a comprehensive understanding of the information provided in the basic financial statements.

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Management's Discussion and Analysis (Unaudited)

June 30, 2014

Financial Analysis

Net Position

Net position is summarized in the table below:

	June 30	
	2014	2013 (restated)
Assets:		
Current assets	\$ 12,412,668	\$ 13,650,340
Capital assets, net	22,654,795	22,075,741
Other non-current assets	22,823,345	21,425,975
Total assets	57,890,808	57,152,056
Liabilities:		
Current liabilities	3,178,356	1,493,086
Non-current liabilities	14,024,297	14,650,727
Total liabilities	17,202,653	16,143,813
Net position:		
Investment in capital assets, net of related debt	18,342,530	17,385,941
Restricted	393,591	1,114,562
Unrestricted	21,952,034	22,507,740
Total net position	\$ 40,688,155	\$ 41,008,243

Total assets of the Authority at June 30, 2014 and 2013 amounted to \$57,890,808 and \$57,152,056, respectively. Current assets are comprised of cash, investments, receivables, current portion of notes receivable, inventories, prepaid items, and restricted assets. Current assets are approximately 9% lower at June 30, 2014 than June 30, 2013, due primarily to a decrease in cash and cash equivalents, both unrestricted and restricted, of approximately \$2.5 million. The decrease in restricted cash is a direct result of the use of reserves in excess of \$1 million to fund the Housing Choice Voucher program as required by HUD. Unrestricted reserves decreased by approximately 2.5%.

Total liabilities of the Authority, which are segregated between current and noncurrent portions, amounted to \$17,202,653 and \$16,143,813 at June 30, 2014 and 2013, respectively. Current liabilities include accounts payable, accrued expenses, unearned revenue, security deposits and the current portions of notes and bonds payable. A liability is considered to be current if it is due within one year. Current liabilities increased 113% from 2013 to 2014 primarily due to an increase in trade and construction accounts payable and an increase in the current portion of notes and bonds payable in conjunction with the due date for the payoff of a \$1,063,000 loan on Madison Villa Apartments. The noncurrent liabilities are chiefly comprised of the long-term portion of the notes and bonds payable. The decrease in noncurrent liabilities in 2014 over 2013 resulted from the scheduled amortization of notes and bonds.

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Management's Discussion and Analysis (Unaudited)

June 30, 2014

EHA's current ratio reflects the relationship between current assets and current liabilities and is a measure of EHA's ability to liquidate its current obligations. EHA's current ratio decreased from 9.14:1 in 2013 to 3.91:1 in 2014.

Net position represents the equity of EHA after liabilities are subtracted from assets. Net position is divided into three major categories. The first category, *investment in capital assets, net of related debt*, shows EHA's equity in land, buildings and improvements, construction in progress, and equipment, reduced by accumulated depreciation and related outstanding debt. The second category, *restricted net position*, has external limitations on the way in which these assets can be used. The last category, *unrestricted net position*, is available to be used by the Authority for any lawful and prudent purpose.

The Authority's total net position decreased by \$320,088 during the year. A major reason for this decrease resulted from the requirement by HUD that EHA expend in excess of \$1 million in restricted cash reserves for Housing Choice Voucher Program housing assistance payments.

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

Changes in Unrestricted Net Position

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

Unrestricted net position, June 30, 2013 (restated)	<u>\$ 22,507,740</u>
Total change in net position	(320,088)
Adjustments:	
Depreciation (1)	<u>1,332,756</u>
Adjusted change in net position	<u>1,012,668</u>
Payments on capital asset long-term debt borrowings	(377,535)
Capital asset additions	(1,911,810)
Decrease in restricted assets	<u>720,971</u>
Unrestricted net position, June 30, 2014	<u><u>\$ 21,952,034</u></u>

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

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Management's Discussion and Analysis (Unaudited)

June 30, 2014

Financial Analysis***Revenues, Expenses and Changes in Net Position***

Changes in net position is summarized in the table below:

	Year Ended June 30	
	2014	2013
Operating revenues:		
Operating grants and subsidies (2)	\$ 24,464,903	\$ 24,165,654
Tenant revenues	4,068,135	4,085,546
Other revenue	1,148,909	1,145,953
Total operating revenues	<u>29,681,947</u>	<u>29,397,153</u>
Operating expenses:		
Housing assistance payments	22,015,833	22,058,344
Administrative	4,112,645	3,810,112
Maintenance and operation	1,661,250	2,143,750
Depreciation	1,332,756	1,334,304
Tenant services	803,708	767,017
Utilities	601,614	548,775
General	459,636	715,611
Total operating expenses	<u>30,987,442</u>	<u>31,377,913</u>
Operating loss	<u>(1,305,495)</u>	<u>(1,980,760)</u>
Nonoperating revenues (expenses)		
Interest income	440,407	431,337
Interest expense	(170,743)	(193,115)
Gains (losses) on capital asset disposition	-	1,152
Total nonoperating revenues (expenses)	<u>269,664</u>	<u>239,374</u>
Capital contributions - HUD	<u>715,743</u>	<u>762,459</u>
Change in net position	<u>(320,088)</u>	<u>(978,927)</u>
Net position, beginning of year	41,008,243	41,987,984
Prior period adjustments	-	(814)
Net position, end of year	<u>\$ 40,688,155</u>	<u>\$ 41,008,243</u>

(2) HUD operating grants and subsidies are considered to be operating revenues (rather than nonoperating revenues) based on guidance received from HUD, the primary user of the financial statements.

The Authority had an operating loss of \$1,305,495 in 2014 and an operating loss of \$1,980,760 in 2013. Operating revenues were 1% higher in 2014 than 2013. Operating expenses were 1.2% lower in 2014 than 2013. In 2014, Housing Authorities were required by HUD to use a portion

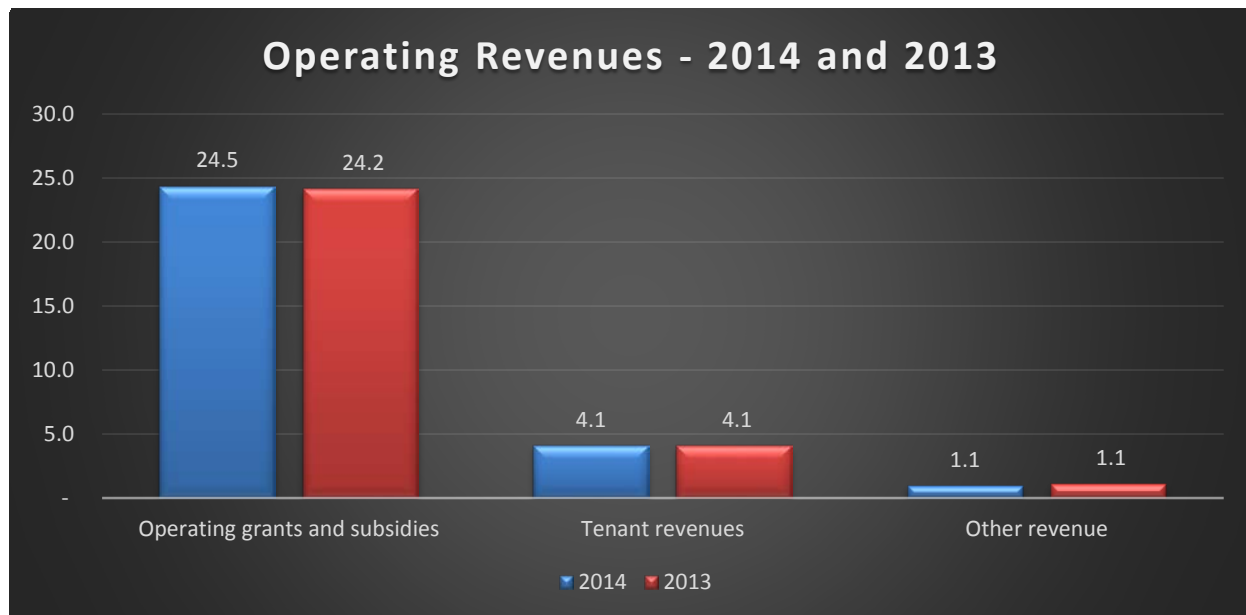
HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Management's Discussion and Analysis (Unaudited)

June 30, 2014

of their restricted housing assistance payment (HAP) equity for housing assistance payments in the Housing Choice Voucher (Section 8) program which was the primary cause of that program's loss of \$1,095,380. The Public Housing program had a net gain before depreciation and capital contributions of \$616,411 in 2014. This was primarily the result of an increase in grant funding of \$328,680 and a decrease in maintenance and operations expense of \$500,280. The agency wide maintenance and operation expenses were 23.0% lower in 2014 than in 2013 due to a planned delay of both routine and non-routine maintenance work in a significant portion of our housing portfolio in preparation for the remodel of these units as part of the subsequent conversion to tax credit partnerships.

Operating revenues are shown in detail in the chart below:



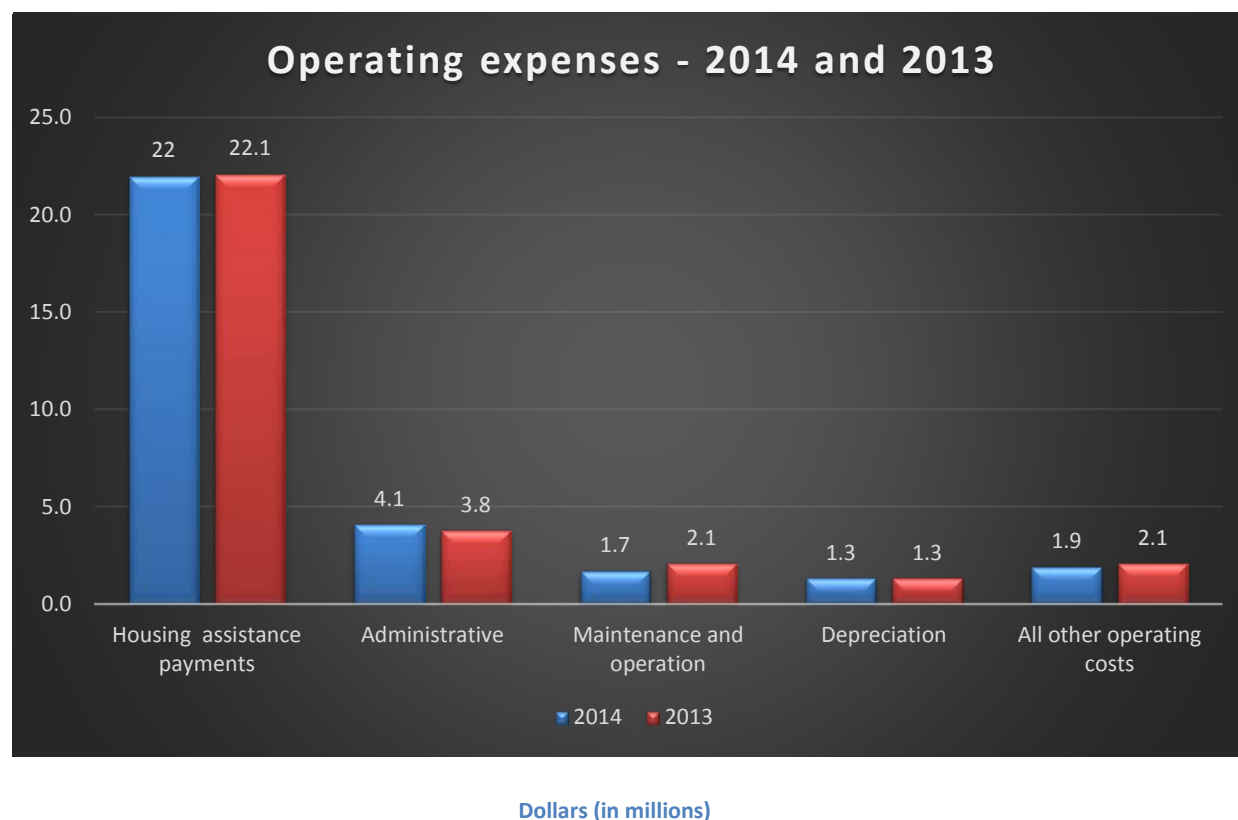
Dollars (in millions)

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Management's Discussion and Analysis (Unaudited)

June 30, 2014

Operating expenses are shown in detail in the chart below:



Capital Assets and Debt Administration

The EHA's capital assets are summarized in the table below:

	June 30	
	2014	2013 (restated)
Land and site improvements	\$ 3,490,205	\$ 3,490,205
Building and building improvements	44,224,585	43,296,940
Equipment	1,826,068	1,548,236
Construction in process	2,978,290	2,271,957
Total capital assets	52,519,148	50,607,338
Less accumulated depreciation	(29,864,353)	(28,531,597)
Net capital assets	\$ 22,654,795	\$ 22,075,741

The net investment in capital assets changed (increase) by approximately 2.6% during the year. This increase was in part due to the increase in construction in progress directly related to the

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Management's Discussion and Analysis (Unaudited)

June 30, 2014

previously mentioned subsequent conversion of a significant portion of our housing portfolio to a tax credit partnership. Note 7 to the Authority's basic financial statements provides additional detail regarding the changes in capital assets during the year.

EHA's outstanding notes and bonds payable is summarized in the table below:

	June 30	
	2014	2013
Current portion of notes and bonds payable	\$ 1,588,080	\$ 497,579
Bonds payable - long term	10,006,419	10,518,322
Notes payable - long term	3,142,766	3,353,899
Total notes and bonds payable	<u>\$ 14,737,265</u>	<u>\$ 14,369,800</u>

All debt service payments were made in 2014 as scheduled. The note due for the Madison Villa Apartments totaling \$1,063,000 is payable in full in December, 2014 and, therefore, is classified in full as a current portion of long-term debt. Please refer to Note 9 of the Notes to the Financial Statements for more information on long-term debt.

Economic Factors Affecting the Housing Authority

The majority of EHA's funding is from federal agencies in the form of operating subsidies, capital fund grants, Section 8 Housing Assistance Payments, and other smaller grants. While Housing Authorities have been underfunded for most of the past decade, the following funding impacts from such actions were experienced in 2014 and are expected for 2015:

- For 2014, funding for the Public Housing operating subsidy was 87% of eligibility and is expected to be funded at about the same rate in 2015. Subsequent to the current year end, three of our Public Housing properties have been converted to tax credit partnerships and will receive subsidy through the Section 8 Housing Choice Voucher program going forward.
- The administrative cost portion of the Section 8 Housing Choice Voucher program was funded at 75% to 79% of eligibility during 2014, and is expected to be funded at about 79% of eligibility for 2015.
- The Section 8 Housing Choice Voucher program Housing Assistance Payments was funded at 99.7% of eligibility during 2014 and is expected to be funded no higher than 99.7% of eligibility for 2015. Eligibility is based primarily on prior year expenditures and prorated as needed.
- For more than 10 years, Capital Fund grants provided by HUD have been insufficient to meet the capital renewal and replacement needs of Housing Authorities and no increase in funding levels are expected in the coming years.

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Management's Discussion and Analysis (Unaudited)

June 30, 2014

Congress and the federal government continue to cut federal subsidies due to federal budget priorities. The reduced funding shift continues to have an impact on EHA's economic position because federal housing dollars make up the largest source of revenue for the Authority. During 2014, EHA received \$2.3 million in federal dollars for its public housing operating and capital programs and \$22.4 million in federal dollars to operate the Section 8 Housing Choice Voucher program. In addition, a majority of EHA's \$22.7 million of net capital assets as of June 30, 2014 were acquired and/or developed over the years with financial assistance from HUD. Such assistance has typically come with use restrictions and generally limits EHA's ability to encumber or leverage debt financing against HUD properties in its portfolio. However, HUD has approved EHA's application to convert all of our Public Housing into the Rental Assistance Demonstration (RAD) program allowing the conversion into tax credit partnerships and/or the disposition of property and replacement of subsidized housing with RAD Housing Choice Vouchers. This program will allow the Housing Authority to leverage the properties with debt financing and tax credit equity to address capital needs and support the long-term sustainability of affordable housing in the Everett vicinity. Three of the Housing Authority's five properties were fully converted as of September 30, 2014 and the Authority is currently pursuing options under RAD and other HUD programs for the other two properties.

Additional significant economic factors affecting the Authority are as follows:

- Local labor supply and demand, which 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 costs of the programs.
- Employee health insurance costs continue to rise.

Requests for Information

This financial report is designed to provide the reader with a general overview of EHA's finances and to demonstrate EHA's financial accountability over its resources. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Executive Director, Housing Authority of the City of Everett, 3107 Colby Ave., Everett, WA 98223. (EHA Web site is at: www.evha.org)

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Statement of Net Position

June 30, 2014

Assets	Primary Government	Component Units
Current assets:		
Cash and cash equivalents - unrestricted	\$ 10,033,456	\$ 492,354
Cash and cash equivalents - restricted	423,475	1,412,124
Investments - restricted	-	176,500
Accounts receivable - net	962,001	15,403
Funds advanced to partnerships	554,669	-
Notes receivable - partnerships - current portion	335,942	-
Inventories	94,756	1,898
Prepaid expenses and other current assets	8,369	49,415
Total current assets	12,412,668	2,147,694
Non-current assets:		
Capital assets:		
Land	3,490,205	2,449,110
Property and equipment, net	16,186,300	22,353,733
Construction in progress	2,978,290	1,425,007
Total capital assets	22,654,795	26,227,850
Notes receivable - partnerships	21,989,284	-
Developer fee note and other assets	834,061	591,663
Total non-current assets	45,478,140	26,819,513
Total assets	57,890,808	28,967,207
Liabilities and Net Position		
Current liabilities:		
Accounts payable	619,940	384,195
Accrued expenses	541,199	218,444
Unearned revenue	7,685	17,338
Tenant security deposits	189,535	82,755
Money held in escrow (FSS escrow)	18,849	-
Other credits and current liabilities	7,126	16,610
Notes and bonds payable - current portion	1,794,022	288,744
Total current liabilities	3,178,356	1,008,086
Non-current liabilities:		
Bonds and notes payable, less current portion	13,149,185	20,800,630
Accrued compensated absences, less current portion	288,567	36,479
Development fee payable, less current portion	-	960,085
HOME & Housing Trust Fund loan interest - long-term portion	586,545	445,960
Total non-current liabilities	14,024,297	22,243,154
Total liabilities	17,202,653	23,251,240
Net position:		
Investment in capital assets, net of related debt	18,342,530	5,138,476
Restricted	393,591	1,505,869
Unrestricted (deficit)	21,952,034	(928,378)
Total net position	\$ 40,688,155	\$ 5,715,967

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

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON
Statement of Revenues, Expenses and Changes in Net Position
Year ended June 30, 2014

	Primary Government	Component Units
Operating revenues:		
Tenant rents	\$ 3,538,173	\$ 2,564,214
HUD operating grants and subsidies	24,249,354	-
Other government operating grants	215,549	-
Other tenant charges	529,962	40,777
Developer Fees	206,627	-
Management Fees	130,364	-
Port In HAP and administrative fees	206,014	-
Other revenue	605,904	24,698
	<hr/>	<hr/>
Total operating revenues	29,681,947	2,629,689
	<hr/>	<hr/>
Operating expenses:		
Administrative	4,112,645	600,906
Tenant services	803,708	84,756
Utilities	601,614	210,090
Maintenance & operations	1,661,250	543,334
General	459,636	105,391
Housing assistance payments	22,015,833	-
Depreciation and amortization	1,332,756	731,353
	<hr/>	<hr/>
Total operating expenses	30,987,442	2,275,830
	<hr/>	<hr/>
Operating income (loss)	(1,305,495)	353,859
	<hr/>	<hr/>
Nonoperating revenues (expenses):		
Interest income	440,407	1,399
Interest expense	(170,743)	(1,036,589)
Gains (losses) on capital asset disposition	-	(2,030)
	<hr/>	<hr/>
Total nonoperating revenues (expenses)	269,664	(1,037,220)
	<hr/>	<hr/>
Income (loss) before contributions	(1,035,831)	(683,361)
	<hr/>	<hr/>
Contributions:		
Capital contributions - HUD	715,743	-
Partners' contributions	-	6,183,113
	<hr/>	<hr/>
Change in net position	(320,088)	5,499,752
	<hr/>	<hr/>
Net position - beginning of year	41,008,243	216,215
	<hr/>	<hr/>
Net position - end of year	\$ 40,688,155	\$ 5,715,967
	<hr/>	<hr/>

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

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON
Statement of Cash Flows
Year Ended June 30, 2014

	Primary Government
Cash flows from operating activities:	
Receipts from HUD grants	\$ 24,085,769
Receipts from other grants	213,182
Receipts from tenants	4,052,923
Receipts from others	798,738
Payments to employees and on behalf of employees	(4,467,072)
Payments to vendors, contractors and others	(2,740,368)
Payments to landlords for housing assistance	(22,057,999)
	<u>(114,827)</u>
Net cash used in operating activities	
Cash flows from noncapital financing activities;	
Bill & Melinda Gates Foundation grant distributions	(20,002)
	<u>(20,002)</u>
Net cash used in noncapital financing activities	
Cash flows from capital and related financing activities:	
Issuance of note payable - partnerships	865,000
Principal payments on long-term debt obligations	(497,535)
Interest payments on long-term obligations	(147,599)
Capital contributions - HUD	437,323
Advances to partnerships	(554,669)
Property and equipment additions	(1,551,405)
	<u>(1,448,885)</u>
Net cash used in capital and related financing activities	
Cash flows from investing activities:	
Issuance of notes receivable - partnerships	(1,365,000)
Payments received on notes receivable - partnerships	404,968
Proceeds from sales and maturities of investments	20,002
Investment in partnerships	(200)
Interest received	24,093
	<u>(916,137)</u>
Net cash used in investing activities	
Net decrease in cash and cash equivalents	(2,499,851)
Cash and cash equivalents - beginning of year	<u>12,956,782</u>
Cash and cash equivalents - end of year (includes \$423,475 in restricted cash)	<u>\$ 10,456,931</u>

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

Continued

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON
Statement of Cash Flows
Year Ended June 30, 2014

	<u>Primary Government</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income (loss)	\$ (1,305,495)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,332,756
Changes in operating assets and liabilities:	
(Increase) decrease in assets:	
Accounts receivable tenants	(87)
Accounts receivable - HUD operating grants	(99,259)
Accounts receivable - other grants	(180,867)
Accounts receivable - other	(176,334)
Inventories	14,678
Prepaid expenses and other assets	817
Increase (decrease) in liabilities:	
Accounts payable - vendors	100,656
Accounts payable - HUD	(2,386)
Accounts payable - other governments	150
Accrued expenses	260,470
Unearned revenue	(73,866)
FSS escrow	(42,316)
Security deposits	(3,199)
Accrued compensated absences	54,792
Other credits	4,663
Net cash used by operating activities	<u><u>\$ (114,827)</u></u>
Supplemental disclosure of noncash activities:	
Transfer of construction in progress	<u><u>\$ 1,382,980</u></u>

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

Concluded

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2014

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

1. Summary of Significant Accounting Policies

The Housing Authority of the City of Everett (EHA or the Authority) was created in 1942 as a public body corporate and politic to provide safe, decent, and sanitary housing for low-and moderate-income residents of the City of Everett. The Authority derives its power from Washington State Law, RCW 35.82. The Authority operates programs that are administered through the U.S. Department of Housing and Urban Development (HUD) under provisions of the U.S., Housing Act of 1937, as amended.

The basic financial statements of the Authority have been prepared in conformity with U.S. generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements. The Authority applies all relevant GASB pronouncements. Following is a summary of the more significant accounting policies of the Authority.

a. Reporting Entity –

The Authority is governed by a six-member Board of Commissioners appointed by the Mayor of the City of Everett for five year terms, subject to approval by the City Council. The Board of Commissioners' terms are staggered so that generally one term expires each year on October 6, the Authority's anniversary. The Board sets policy of the Authority and hires the Executive Director who directs the daily operation of the Authority.

The Authority is a legally separate entity and is not considered a component unit of the City of Everett. However, the Authority cooperates closely with the City in carrying out housing programs within the Everett area. The City of Everett does not have the ability to affect the operations of the Authority, nor does the Authority provide a financial benefit to or impose a financial burden on the City.

In determining how to define the reporting entity, management has considered all potential component units. The determination to include a component unit in the reporting entity was made by applying the criteria set forth in Governmental Accounting and Financial Reporting Standards and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*. These criteria include: financial accountability; appointment of a voting majority; imposition of will; financial benefit to or burden on a primary organization; financial accountability as a result of fiscal dependency; potential for dual inclusion; and organizations included in the reporting entity although the primary organization is not financially accountable.

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2014

Component units are reported as part of the reporting entity under either the blended or discrete method of presentation. The discrete method presents the financial statements of the component unit outside of the basic financial statement totals of the primary government. The Authority has identified three legally separate organizations that are reported as discretely presented component units in the basic financial statements. There are no blended component units.

Discretely Presented Component Units

In 1999 the Authority entered into a limited partnership with Columbia Housing/PNC to form EHA-Twelve Pines Limited Partnership (12-P), a separate legal entity. The Authority is the 0.01% owner and the general partner responsible to manage this 80 unit rental property. The limited partnership interests are held by third parties unrelated to the Authority. As the general partner, the Authority has certain rights and responsibilities that enable it to impose its will on the limited partnerships. The Authority is financially accountable for the limited partnerships as they are fiscally dependent on the Authority according to the terms of the partnership agreements. Under GASB Statement No. 61, the partnership is considered a discretely presented component unit of the Authority because the limited partnership does not serve the primary government exclusively, or almost exclusively.

In 2012 the Authority entered into a limited partnership with Boston Capital Corporation to form Broadway Plaza LLLP (BP). EHA is the 0.01% owner and the general partner responsible to manage this 190 unit rental property. The limited partnership interests are held by third parties unrelated to the Authority. As the general partner, the Authority has certain rights and responsibilities that enable it to impose its will on the limited partnerships. The Authority is financially accountable for the limited partnerships as they are fiscally dependent on the Authority according to the terms of the partnership agreements. Under GASB Statement No. 61, the partnership is considered a discretely presented component unit of the Authority because the limited partnership does not serve the primary government exclusively, or almost exclusively.

In 2013 the Authority entered into a limited partnership with PNC Real Estate Tax Credit Capital Institutional Fund 47 Limited Partnership to form Pivotal Point LLLP (PP), a separate legal entity. The Authority is the 0.01% owner and the general partner responsible to manage this 20 unit rental property. The limited partnership interests are held by third parties unrelated to the Authority. As the general partner, the Authority has certain rights and responsibilities that enable it to impose its will on the limited partnerships. The Authority is financially accountable for the limited partnerships as they are fiscally dependent on the Authority according to the terms of the partnership agreements. Under GASB Statement No. 61, the partnership is considered a discretely

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2014

presented component unit of the Authority because the limited partnership does not serve the primary government exclusively, or almost exclusively.

Financial statements for the 12-P, BP, and PP limited partnerships have a December 31st year-end. The financial statements for the component units are presented as of December 31, 2013.

Programs Administered by the Everett Housing Authority

The Authority administers Annual Contributions Contracts to provide low-income housing with primary financial support from HUD and develops and manages affordable properties. Major programs administered by EHA are as follows:

Public Housing—EHA owns and operates 5 housing projects consisting of 620 units of Public Housing. The properties were acquired through bonds and notes guaranteed by HUD and through grants from HUD. Revenues consist primarily of rents and other fees collected from tenants and an operating subsidy from HUD. Typically, residents pay 30% of their adjusted household income in rents. The Authority's subsidy is received under an Annual Contributions Contract to offset the cost of operating the units. Grants from the Capital Fund Program provided by HUD are used to maintain and improve this Public Housing portfolio. Substantially all additions to land, structures and equipment of Public Housing are accomplished through these capital grant funds.

Tenant Based Housing Choice Vouchers—Section 8 of the U.S. Housing and Community Development Act of 1974 provides housing assistance payments on behalf of lower-income families to participating private rental housing owners. EHA receives funding from HUD under the Housing Choice Voucher program and the Moderate Rehabilitation program. For approved housing, HUD contracts with the Authority to enter into contracts with owners to make assistance payments for the difference between the approved contract rent and the actual rent paid by the lower-income families, which equals 30% of adjusted household gross income. Housing Assistance Payments made to owners and some participants are funded through Annual Contributions Contracts. The associated units are owned and maintained by private landlords. EHA currently has an allocation of 2,539 Housing Choice Vouchers from HUD. This equates to 30,468 voucher unit months per calendar year. In the current fiscal year, EHA administered 30,888 voucher unit months. EHA actively monitors and plans activities related to the management of our voucher counts in order to comply with HUD's leasing provisions on a calendar year basis.

Affordable Housing—EHA owns, operates and manages an Affordable Housing portfolio consisting of 11 low-income housing properties representing 424 units, of which 270 units are owned through two tax credit partnerships. These properties are financed

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2014

primarily through tax exempt revenue bond issues and receive no external funding. The Authority manages all if its affordable housing properties.

b. Basis of Accounting –

The Authority maintains its accounting records as an enterprise fund. Enterprise funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. All assets and deferred outflows and liabilities and deferred inflows associated with the operation of the Authority are included in the statement of net position.

The Authority's Statement of Revenues, Expenses and Changes in Net Position distinguishes between operating and non-operating revenues and expenses. Operating revenues and expenses are derived from providing services in connection with EHA's ongoing operations. Operating revenues generally include rental income, operating subsidies, operating grant revenue and development fee income. The Authority classifies operating grants and subsidies as operating revenues (rather than as nonoperating revenues) based on guidance from HUD, the primary user of the financial statements. Operating expenses generally include housing assistance payments, maintenance & operations, tenant services, administrative expenses, general expenses and depreciation on capital assets. All other revenue and expenses not meeting this definition are classified as non-operating revenues and expenses, primarily interest income and interest expense.

c. Cash and Cash Equivalents –

For the purpose of the Statement of Net Position and the Statement of Cash Flows, the Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased, or available on demand, to be cash equivalents. All of the Authority's investments are reported at fair value. Fair value is determined based on quoted market prices for the investments.

d. Restricted Assets –

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. The Authority had restricted assets for Family Self-Sufficiency (FSS) escrow deposits, the Housing Assistance Payment equity balance, tenant security deposits, replacement reserves, and Building Changes grant revenues received and accrued during the year.

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2014

e. Accounts and Grants Receivable –

Grants receivable consist of amounts due from HUD for reimbursement for costs incurred by the Authority as of year-end under the Capital Fund program and amounts earned from the Building Changes grant. Accounts receivable consist of amounts owed for tenant rent, Section 8 portability (from other housing authorities), fraud recovery, and loans and advances due from partnerships. Annually, tenant receivables are analyzed and the allowance for doubtful accounts is adjusted. Unpaid tenant account balances are written off at the time a tenant vacates. No allowances existed at June 30, 2014 other than the allowance for tenant accounts receivable and fraud recovery receivables.

f. Inventories and Prepaid Items –

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

g. Capital Assets and Depreciation –

All land, structures and equipment are stated at historical cost. Assets acquired through contribution are recorded at fair value as of the date of receipt. Capital assets with an initial value greater than \$5,000 and a life expectancy of three years or more are capitalized. Depreciation is calculated using the straight-line method over estimated useful lives as follows:

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Costs associated with the acquisition, development, and construction of a real estate project, including indirect costs and interest, are capitalized as a cost of the project. The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend assets' lives are charged to expense when incurred.

Upon retirement or other disposal of property and equipment, the cost and related accumulated depreciation are removed from the accounts, and any resulting gains or losses are included in nonoperating revenues and expenses.

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2014

h. Impairment of Capital Assets –

GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, establishes accounting and financial reporting standards for impairment of capital assets. A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. EHA is required to evaluate prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. No such events or circumstances were encountered as of June 30, 2014.

i. Unearned Revenue –

Unearned revenue consists primarily of prepaid tenant rents and advanced grant payments received that have not been earned as of the end of the year.

j. Revenue Recognition –

Operating subsidies received from HUD and other grantors are generally recognized during the periods to which they relate and all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted. Receipts from the Public Housing Capital Fund Program and other reimbursement based grants are recognized when the related expenses are incurred. Tenant rental revenues are recognized during the period of occupancy.

k. Compensated Absences –

All regular full-time and part-time employees who are regularly scheduled to work at least 20 hours per week are eligible to receive compensation for vacations, holidays, illness, and certain other qualifying absences. The number of days compensated in the various categories of absence is based generally on length of service. Compensated absences, which have been earned but not paid, have been accrued in the accompanying basic financial statements.

l. 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.

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2014

m. Payments in Lieu of Taxes –

As a governmental entity, EHA is exempt from state and local property taxes. Instead, EHA makes voluntary payments to the City of Everett called Payments in Lieu of Taxes (PILOT) on Public Housing rental properties owned by EHA. Under an agreement with the City of Everett, the Authority makes annual payments equal to 10% of the shelter rent charged tenants residing in public housing properties. Shelter rent is the total of all charges to tenants for dwelling rents less the cost of utilities. Total payments in lieu of taxes for the year ended June 30, 2014 were \$170,673.

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 deferred outflows and liabilities and deferred inflows, 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. Budget Accounting and Control –

Budgets are prepared on an annual basis for each major operating program and are used as a management tool throughout the accounting cycle. Capital Fund Program budgets are adopted on a “project length” basis covering up to 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.

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2014

q. New Accounting Standards Adopted –

Three new statements issued by the GASB were effective or adopted this year:

Statement No. 65, *Items Previously Reported as Assets and Liabilities*, establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The requirements of GASB 65 are effective for periods beginning after December 15, 2012.

Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*, resolves conflicting guidance that resulted from previously published GASB statements. The provisions of this Statement are effective for financial statement periods beginning after December 15, 2012.

Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, will improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. A government that extends a nonexchange financial guarantee will need to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantees. The provisions of this Statement are effective for financial statement periods beginning after June 15, 2013.

As of July 1, 2013, the Authority adopted the above GASB standards, which did not have a material impact on the Authority's financial statements.

r. New Accounting Standards to be Adopted in Future Years –

Three other GASB standards will be adopted in future years.

Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity and creating additional transparency. The requirements of this Statement are effective for periods beginning after June 15, 2014.

Statement No. 69, *Government Combinations and Disposals of Government Operations*, establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The provisions of this Statement are effective for financial statement periods beginning after December 15, 2013.

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2014

Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68*. The objective of this Statement is to address issues regarding application of the transition provisions of Statement No. 68 and is to be applied simultaneously with the provisions of Statement 68.

The Authority will evaluate these new standards and determine to what extent they have an impact on the financial statements.

2. Cash and Investments

a. Deposits

Deposits, including those in restricted assets, are defined as cash on deposit with financial institutions. At June 30, 2014, the carrying amount of Authority's demand deposits was \$345,759 and the bank balance was \$1,168,237. The carrying balance for the demand deposits of the component units was \$865,787 at December 31, 2013, and the bank balance was \$865,866. Bank deposits are held with financial institutions and are fully insured or collateralized by the Federal Deposit Insurance Corporation (FDIC) and the Washington Public Deposit Protection Commission. The Washington Public Deposit Protection Act, as created in 1969 and subsequently amended, requires all participating banks in the State of Washington to collectively assure that no loss of funds will be suffered by any public treasurer or custodian of public funds, within certain guidelines as stipulated by amendments to the original Act. The Act therefore allows all custodians of public funds in the State of Washington to maintain deposits in excess of the financial institution's FDIC limit.

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

b. Investments

The Authority's cash management and investment policy requires that all available cash funds are to be managed to preserve the value of the cash resources and to earn the maximum return on funds until they are disbursed. Safety and preservation of capital through prudent stewardship of the Authority's cash funds is a primary objective of the policy. The investment policy does not permit the Authority to invest in any securities that would be considered as speculative or leveraged investments. Washington State Law (RCW 35.82.070(6)) limits investments by housing authorities to those investments that are legal for savings banks. In general, permitted investments include: bonds or other obligations issued or guaranteed by the United States; bonds or other obligations issued by any state, county, city, town, special district, or other municipal corporation; time, money market, or savings deposits in qualified public depositories; or loans secured by real property.

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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.

Since the Authority reports all of its investments at fair value, no additional disclosure is required under GASB Technical Bulletin No. 2003-1, *Disclosure Requirements for Derivatives Not Reported at Fair Value on the Statement of Net Position*.

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

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, 2014, all investments of the Housing Authority (as well as those of the component units as of December 31, 2013) were insured or registered and held by the Authority or its agent in the Authority's name, or uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Authority's name, or held in investment pools that are not classified since the investments are not evidenced by securities that exist in physical or book entry form. Therefore, the investments are not exposed to custodial risk.

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

Concentration of Credit Risk and Interest Rate Risk:

Concentration of credit risk is the risk of loss that may occur due to the amount of investments in a single issuer. Investments issued or guaranteed by the U.S. Government, investments in a mutual fund or external investment pools are excluded. At June 30, 2014,

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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 Cash Equivalents:

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

	Primary Government	Component Units
Cash and cash equivalents - unrestricted	\$ 10,033,456	\$ 492,354
Cash and cash equivalents - restricted	423,475	1,412,124
Investments - restricted	-	176,500
Total cash and cash equivalents	<u>\$ 10,456,931</u>	<u>\$ 2,080,978</u>

Cash and investments are further categorized as follows:

	Primary Government	Component Units
Change and petty cash funds	\$ 500	\$ 150
Deposits with financial institutions	345,759	1,229,418
Deposits with state investment pool (LGIP)	10,110,672	479,794
Deposits with BNY Mellon trustee	-	195,116
First American Treasury Obligation Fund	-	176,500
Total cash and investments	<u>\$ 10,456,931</u>	<u>\$ 2,080,978</u>

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3. Restricted Assets

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

	Cash and Cash Equivalents	Investments
Primary Government:		
Replacement reserves	\$ 53,181	\$ -
Housing Choice Voucher Program - Housing Assistance Payment funding	10,851	-
Grant received in advance	151,059	-
Grant receivable - restricted	178,500	-
Tenant security deposits	189,535	-
FSS escrow deposits	18,849	-
	<u>\$ 601,975</u>	<u>\$ -</u>
Component Units:		
Replacement reserves	\$ 358,956	\$ -
Operating reserves	775,297	-
Tenant security deposits	82,755	-
Funds held by Bond Trustee	195,116	176,500
	<u>\$ 1,412,124</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
Public Housing capital grant - HUD	\$ 408,634	\$ -
Other Governments	41,071	-
Other HUD programs	103,853	-
Grant receivable - restricted	178,500	-
Tenants accounts receivable - net	17,944	14,894
Fraud recovery - net	43,198	-
Other accounts receivable	168,801	509
	<u>\$ 962,001</u>	<u>\$ 15,403</u>
Total accounts receivable		

5. Funds Advanced to Partnerships

At June 30, 2014, \$554,669 had been expended on behalf of Pivotal Point LLLP to expedite payment of accounts payable for construction costs.

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6. Notes Receivable – Partnerships

Notes receivable due from partnerships include amounts due for obligations incurred by the Authority to acquire, construct and remodel buildings for housing and other related purposes and for development fees earned by the Authority as developer for each partnership. At June 30, 2014 Notes Receivable-Partnerships are summarized in the following table:

	Interest Rate	Final Maturity Date	Notes and Accrued Interest
EHA- Twelve Pines Limited Partnership			
Bond mortgage note	4.7% - 6.5%	2029	\$ 1,730,000
Loan obligation - City of Everett	3.00%	2024	950,000
Third trust deed note - developer fees	3.00%	2017	180,744
			<u>2,860,744</u>
Accrued interest due on notes			
Current interest			46,660
Deferred interest			430,916
			<u>477,576</u>
Total notes and accrued interest			3,338,320
Less: Current portion of notes and interest			<u>111,660</u>
Total notes and accrued interest - long-term			<u>\$ 3,226,660</u>
Broadway Plaza LLLP			
Bond mortgage note	1.99% - 5.865%	2029	\$ 6,880,000
Developer fee note	0%	2022	833,861
Promissory note - seller financing note	4.00%	2061	9,875,000
			<u>17,588,861</u>
Accrued interest due on notes			
Current interest			159,282
Deferred interest			1,207,624
			<u>1,366,906</u>
Total notes and accrued interest			18,955,767
Less: Current portion of notes and interest			<u>224,282</u>
Total notes and accrued interest - long-term			<u>\$ 18,731,485</u>
Pivotal Point LLLP			
State of Washington HTF note	0% - 1%	2055	\$ 865,000
Total notes and accrued interest - long-term			<u>\$ 865,000</u>
Combined Total Notes and Accrued Interest			
Current portion			\$ 335,942
Long-term			<u>22,823,145</u>
Total notes and accrued interest			<u>\$ 23,159,087</u>

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Notes to Basic Financial Statements

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Changes in notes and accrued interest due from partnerships during the year ended June 30, 2014 are summarized below:

	Balance July 1	Additions	Reductions	Balance June 30	Due Within One Year
EHA-Twelve Pines Limited Partnership					
Bond mortgage note	\$ 1,790,000	\$ -	\$ 60,000	\$ 1,730,000	\$ 65,000
Loan obligation - City of Everett	950,000	-	-	950,000	-
Third trust deed note - developer fees	222,688	-	41,944	180,744	-
Accrued interest due on notes					
Current interest	48,260	46,660	48,260	46,660	46,660
Deferred interest	402,052	28,864	-	430,916	-
	<u>\$ 3,413,000</u>	<u>\$ 75,524</u>	<u>\$ 150,204</u>	<u>\$ 3,338,320</u>	<u>\$ 111,660</u>
Broadway Plaza LLLP					
Bond mortgage note	\$ 6,940,000	\$ -	\$ 60,000	\$ 6,880,000	\$ 65,000
Developer fee note	1,076,885	-	243,024	833,861	-
Promissory note - seller financed note	9,375,000	500,000	-	9,875,000	-
Accrued interest due on notes					
Current interest	159,642	159,282	159,642	159,282	159,282
Deferred interest	789,350	418,274	-	1,207,624	-
	<u>\$ 18,340,877</u>	<u>\$ 1,077,556</u>	<u>\$ 462,666</u>	<u>\$ 18,955,767</u>	<u>\$ 224,282</u>
Pivotal Point LLLP					
State of WA HTF Note	\$ -	\$ 865,000	\$ -	\$ 865,000	\$ -
	<u>\$ -</u>	<u>\$ 865,000</u>	<u>\$ -</u>	<u>\$ 865,000</u>	<u>\$ -</u>
Total notes and accrued interest					
	<u>\$ 21,753,877</u>	<u>\$ 2,018,080</u>	<u>\$ 612,870</u>	<u>\$ 23,159,087</u>	<u>\$ 335,942</u>

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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 \$1,730,000 as of June 30, 2014.

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.

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. EHA-Twelve Pines 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

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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, 2014 the unpaid balance of the note was \$6,880,000.

b. Promissory Note – Seller Financing Note

A promissory note in the original amount of \$9,375,000 dated June 29, 2011 was issued in connection with the acquisition of the leasehold estate in the 190-unit apartment complex by Broadway Plaza LLLP. In November of 2013, the Authority loaned an additional \$500,000 to Broadway Plaza LLLP in accordance with the original promissory note agreement increasing the promissory note to \$9,875,000. No annual payments are required on the principle or the interest which accrues at the compounding rate of 4.05% per annum. Interest in the amount of \$1,207,624 had accrued as of June 30, 2014. The note is classified as non-current since repayment is subject to available cash flow of the Broadway Plaza LLLP. The note matures on June 29, 2061.

Pivotal Point LLLP Notes Receivable

a. Loan Obligation – Washington State Department of Commerce Housing Trust Fund Loan

On September 24, 2013 the Authority executed a note receivable with the Washington State Department of Commerce in the amount of \$865,000 concurrent with an Assignment, Assumption and Consent Agreement between the Department of Commerce, the Authority, and Pivotal Point LLLP. The purpose of this loan is to provide funding for new construction of two apartment buildings totaling twenty units of low income housing. Quarterly simple interest of 1% shall accrue beginning on January 1, 2016 and ending December 31, 2030. Interest in the amount of 1% shall be compounded quarterly beginning January 1, 2031 and ending December 31, 2055. Beginning March 31, 2016 quarterly payments of interest in the amount of \$2,162.50 shall be payable. Beginning March 31, 2031 payments of principal and interest in the amount of \$9,800.00 shall be due quarterly and a final payment of \$8,305.22 shall be due on or before December 31, 2055.

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7. Capital Assets

Primary Government:

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

	Balance July 1, 2013 (restated)	Additions and Transfers	Reductions and Transfers	Balance June 30, 2014
Capital assets, not being depreciated:				
Land	\$ 3,490,205	\$ -	\$ -	\$ 3,490,205
Construction in progress	2,271,957	2,089,313	1,382,980	2,978,290
Total capital assets, not being depreciated	5,762,162	2,089,313	1,382,980	6,468,495
Capital assets, being depreciated:				
Building and building improvements	43,296,940	927,645	-	44,224,585
Furniture, equipment and machinery	1,548,236	277,832	-	1,826,068
Total capital assets, being depreciated	44,845,176	1,205,477	-	46,050,653
Less accumulated depreciation for:				
Building and building improvements	27,279,566	1,252,111	-	28,531,677
Furniture, equipment and machinery	1,252,031	80,645	-	1,332,676
Total accumulated depreciation	28,531,597	1,332,756	-	29,864,353
Total capital assets being depreciated, net	16,313,579	(127,279)	-	16,186,300
Total capital assets, net	\$ 22,075,741	\$ 1,962,034	\$ 1,382,980	\$ 22,654,795

Component Units:

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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, 2013:

	Balance January 1, 2013	Additions and Transfers	Reductions and Transfers	Balance December 31, 2013
Capital assets, not being depreciated:				
Land	\$ 2,449,110	\$ -	\$ -	\$ 2,449,110
Construction in progress	-	1,425,007	-	1,425,007
Total capital assets, not being depreciated	2,449,110	1,425,007	-	3,874,117
Capital assets, being depreciated:				
Site improvements	62,782	-	-	62,782
Building and building improvements	24,719,915	-	1,522	24,718,393
Furniture, equipment and machinery	542,491	24,638	2,900	564,229
Total capital assets, being depreciated	25,325,188	24,638	4,422	25,345,404
Less accumulated depreciation for:				
Site improvements	4,391	4,130	-	8,521
Building and building improvements	1,989,519	615,309	1,522	2,603,306
Furniture, equipment and machinery	268,800	111,914	870	379,844
Total accumulated depreciation	2,262,710	731,353	2,392	2,991,671
Total capital assets being depreciated, net	23,062,478	(706,715)	2,030	22,353,733
Total capital assets, net	\$ 25,511,588	\$ 718,292	\$ 2,030	\$ 26,227,850

8. Construction in Progress

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Primary Government:

Capital improvements made to EHA's Low Rent Public Housing units are financed primarily with grant funds provided by HUD through the Capital Fund program. Capital grants are awarded annually based on a 5-year comprehensive modernization plan submitted to HUD. When modernization projects are completed, HUD issues a modernization cost certificate for each grant, at which time construction in progress for that grant is placed in service and transferred to the buildings or improvement categories. Capital grants are required to be expended within five years of award. Construction in progress represents expenditures for modernization and remodeling work at three Low Rent Public Housing Projects and the Colby administrative office building and pre-development costs for future acquisitions of replacement housing and conversion of public housing properties to tax credit properties. These expenditures were paid with funds received through the capital grant program, administrative fees, and other funds available to the Authority.

The following schedule shows the significant components of construction in progress at June 30, 2014:

	Project Authorization	Expended through 6/30/2014	Committed
Grandview remodeling	\$ 1,153,513	\$ 1,119,791	\$ 33,722
Colby administrative building	767,425	456,187	311,238
Scattered Sites modernization	20,939	11,956	8,983
Baker Heights furnace replacement	57,304	32,297	25,007
Grandview and Bakerview pre-development	669,640	669,640	-
Pineview and Affordable pre-development	661,650	661,650	-
Baker Heights replacement pre-development	26,769	26,769	-
	<u>\$ 3,357,240</u>	<u>\$ 2,978,290</u>	<u>\$ 378,950</u>

Component Units:

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Construction in progress represents expenditures for the construction of a 20-unit apartment complex in connection with our Pivotal Point partnership.

The following schedule shows the significant components of construction in progress at December 31, 2013:

	Project Authorization	Expended through 12/31/2013	Committed
Pivotal Point apartments	\$ 5,436,840	\$ 1,425,007	\$ 4,011,833
	<u>\$ 5,436,840</u>	<u>\$ 1,425,007</u>	<u>\$ 4,011,833</u>

9. Non-Current Liabilities

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Primary Government:

The following schedule lists the outstanding bonds of the Primary Government as of June 30, 2014:

Revenue Bonds	Issuance Date	Maturity Date	Interest Rate	Bond Issuance	Outstanding Balance June 30	Annual Debt Service Payments
<i>Tax Credit Partnerships</i>						
Revenue Bond 1999 - Twelve Pines Apartments	08/01/99	08/01/29	4.70%- 6.50%	\$2,300,000	\$ 1,730,000	\$ 176,985
Revenue Bond 2011 - Broadway Plaza Apartments	06/29/11	07/01/29	1.99%- 5.865%	7,000,000	6,880,000	450,867
<i>Total Tax Credit Partnership Bonds</i>					<u>\$ 8,610,000</u>	
<i>Affordable Housing</i>						
Revenue Bond 2001 - Douglas Grove Apartments	05/01/01	05/01/16	5.20%	\$ 540,000	\$ 94,547	\$ 51,938
Revenue Bond 2003 - Rainier Park Apartments Project	06/10/03	06/10/18	4.10%	625,000	207,657	56,446
Revenue Bond 2003 - Rucker Apartments Project	07/02/03	07/02/18	4.13%	480,000	164,131	42,982
Revenue Bond 2003 - Oakes Avenue Apartments Project	08/01/03	08/01/18	4.90%	430,000	152,996	40,731
Revenue Bond 2004 - Bridge Creek Apartments Project	03/31/04	03/31/19	4.31%	740,000	292,995	67,364
Revenue Bond 2004 - Timber Hill Apartments Project	07/30/04	08/01/19	4.64%	1,770,000	754,420	164,785
Revenue Bond 2006 - Gibson Road Townhomes Project (Pacific Square Apartments)	12/28/06	01/01/22	5.25%	400,000	241,620	38,799
<i>Total Affordable Housing Bonds</i>					<u>1,908,366</u>	
<i>Total Revenue Bonds</i>					<u><u>\$ 10,518,366</u></u>	

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Notes to Basic Financial Statements

June 30, 2014

The following schedule lists the outstanding notes of the Primary Government as of June 30, 2014:

Promissory Notes	Issuance Date	Maturity Date	Interest Rate	Note Issuance	Outstanding Balance June 30	Annual Debt Service Payments
<i>Tax Credit Partnerships</i>						
Promissory Note - Twelve Pines Apartments	08/01/99	08/05/24	3.00%	\$ 950,000	\$ 950,000	\$ -
Promissory Note - Pivotal Point Apartments	09/24/13	12/31/55	0-1%	865,000	<u>865,000</u>	-
<i>Total Tax Credit Partnership Notes</i>					<u>\$ 1,815,000</u>	
<i>Affordable Housing</i>						
Promissory Note - Bridge Creek Apartments Project	03/15/04	03/31/44	1.00%	\$ 580,000	\$ 452,686	\$ 17,611
Everett (HOME Loan) - Gibson Road Townhomes Project	12/06/06	12/06/31	3.00%	65,633	65,633	-
Everett (Housing Trust Fund) - Gibson Road Townhomes Project	12/06/06	12/06/31	3.00%	232,544	232,544	-
Everett (Housing Trust Fund) - Lakeview Terrace Apartments Project	07/31/07	07/31/32	3.00%	90,036	90,036	-
Adams Irrevocable Trust - Madison Villa Apartments Project	01/01/09	12/01/14	4.00%	1,063,000	1,063,000	-
Everett (Housing Trust Fund) - Madison Villa Apartments Project	11/18/09	11/18/49	3.00%	500,000	<u>500,000</u>	-
<i>Total Affordable Housing Notes</i>					<u>2,403,899</u>	
<i>Total Notes</i>					<u><u>\$ 4,218,899</u></u>	

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Notes to Basic Financial Statements

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Changes in long-term liabilities for the Primary Government during the year ended June 30, 2014 are summarized below:

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014	Due Within One Year
Revenue bonds	\$ 11,002,899	\$ -	\$ 484,533	\$ 10,518,366	\$ 511,947
Promissory notes	3,366,901	865,000	13,002	4,218,899	1,076,133
	<u>14,369,800</u>	<u>865,000</u>	<u>497,535</u>	<u>14,737,265</u>	<u>1,588,080</u>
Compensated absences	329,962	54,792	-	384,754	96,187
Total	<u>\$ 14,699,762</u>	<u>\$ 919,792</u>	<u>\$ 497,535</u>	<u>\$ 15,122,019</u>	<u>\$ 1,684,267</u>

The annual debt service requirements of the Primary Government for revenue bonds and notes at June 30, 2014 are as follows:

June 30	Bonds	Notes	Due	Total
2015	\$ 511,947	\$ 1,076,133	\$ 608,231	\$ 2,196,311
2016	535,661	13,265	563,563	1,112,488
2017	540,802	13,398	542,832	1,097,032
2018	562,949	13,533	517,281	1,093,762
2019	446,251	13,668	492,563	952,482
2020-2024	1,225,756	70,427	2,242,955	3,539,138
2025-2029	1,420,000	1,024,033	2,592,525	5,036,558
2030-2034	5,275,000	574,717	503,460	6,353,176
2035-2039	-	243,807	40,246	284,053
2040-2044	-	251,889	27,762	279,652
2045-2049	-	179,013	16,987	196,000
2050-2054	-	688,179	607,821	1,296,000
2055-2059	-	56,837	489	57,326
	<u>\$ 10,518,366</u>	<u>\$ 4,218,899</u>	<u>\$ 8,756,714</u>	<u>\$ 23,493,979</u>

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Component Units:

The following is a schedule of outstanding notes of the Component Units as of December 31, 2013:

Description of Note	Issuance Date	Maturity Date	Interest Rate	Note Issuance	Outstanding December 31
EHA - Twelve Pines Limited Partnership					
Promissory Note - Housing Revenue Bonds 1999, Twelve Pines Apartments Project	08/01/99	08/01/29	4.7% - 6.5%	\$ 2,300,000	\$ 1,730,000
Promissory Note - City of Everett- Home Loan	09/01/99	08/05/24	3.0%	950,000	950,000
Promissory Note - Everett Housing Authority - Third Mortgage Loan	08/30/02	03/15/18	3.0%	580,481	180,744
					<u>\$ 2,860,744</u>
Broadway Plaza LLLP					
Promissory Note - Housing Revenue Bonds 2011, Broadway Plaza Project	06/29/11	07/01/29	1.99% - 5.865%	\$ 7,000,000	\$ 6,880,000
Promissory Note - Everett Housing Authority - Seller Financing Note	06/29/11	06/29/61	4.05%	9,875,000	9,875,000
					<u>\$ 16,755,000</u>
Pivotal Point LLLP					
Housing Trust Fund Note	09/24/13	12/31/55	0% - 1%	\$ 865,000	\$ 341,376
Construction Loan	09/27/13	09/27/15	LIBOR + 2.25%	3,465,000	55,369
					<u>\$ 396,745</u>

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Changes in outstanding notes and compensated absences for the Component Units during the year ended December 31, 2013 are summarized below:

	Balance January 1	Additions	Reductions	Balance December 31	Due Within One Year
EHA - Twelve Pines Partnership					
Promissory notes - Everett					
Housing Authority					
Housing Revenue Bonds 1999	\$ 1,790,000	\$ -	\$ 60,000	\$ 1,730,000	\$ 65,000
City of Everett HOME Loan	950,000	-	-	950,000	-
Third Mortgage Loan	263,410	-	82,666	180,744	43,203
	3,003,410	-	142,666	2,860,744	108,203
Compensated absences	8,763	-	984	7,779	1,945
Total	<u>\$ 3,012,173</u>	<u>\$ -</u>	<u>\$ 143,650</u>	<u>\$ 2,868,523</u>	<u>\$ 110,148</u>
Broadway Plaza LLLP					
Promissory notes - Everett					
Housing Authority					
Housing Revenue Bonds 2011	\$ 6,940,000	\$ -	\$ 60,000	\$ 6,880,000	\$ 65,000
Seller Financed Loan	9,375,000	500,000	-	9,875,000	-
Construction Loan	5,097,088	-	5,097,088	-	-
	21,412,088	500,000	5,157,088	16,755,000	65,000
Compensated absences	34,870	4,525	-	39,395	8,750
Total	<u>\$ 21,446,958</u>	<u>\$ 504,525</u>	<u>\$ 5,157,088</u>	<u>\$ 16,794,395</u>	<u>\$ 73,750</u>
Pivotal Point LLLP					
Housing Trust Fund Loan	\$ -	\$ 341,376	\$ -	\$ 341,376	\$ -
Construction Loan	-	55,369	-	55,369	-
Total	<u>\$ -</u>	<u>\$ 396,745</u>	<u>\$ -</u>	<u>\$ 396,745</u>	<u>\$ -</u>

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The annual debt service requirements of the Component Units' long-term debt obligations at December 31, 2013 are as follows:

Year Ended December 31	Notes	Interest	Total
2014	\$ 173,203	\$ 504,083	\$ 677,286
2015	184,499	498,715	683,214
2016	220,834	492,514	713,348
2017	227,209	483,049	710,258
2018	185,000	472,873	657,873
2019-2023	1,040,000	2,205,559	3,245,559
2024-2028	2,355,000	2,572,779	4,927,779
2029-2033	5,397,817	329,150	5,726,967
Thereafter	10,173,558	1,023,045	11,196,603
	<u>\$ 19,957,120</u>	<u>\$ 8,581,767</u>	<u>\$ 28,538,887</u>

10. Arbitrage

The Housing Authority periodically monitors for the existence of any rebatable arbitrage interest associated with its tax-exempt debt. Rebatable arbitrage interest is based on the difference between the interest earnings from the investment of bond proceeds as compared to the interest expense associated with the respective bonds. As of June 30, 2014, the Housing Authority estimated that no arbitrage rebate exists in conjunction with its debt reserve funds, and therefore no liability exists.

11. Conduit Debt

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

As of June 30, 2014, 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, 2014 is \$15,256,942.

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12. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; injuries to employees; and natural disasters. The Agency maintains comprehensive insurance coverage with private carriers for vehicles, earthquake, and employee major medical and dental. Workman's compensation insurance is provided through the Washington State Department of Labor and Industries. Coverage for property, general liability, errors and omissions, and fidelity insurance is provided by the Housing Authorities Risk Retention Pool.

The Authority has elected to pay for its unemployment insurance coverage through quarterly reimbursements to the Washington State Employment Security Department as provided for by RCW 50.44.060. This reimbursement method is in lieu of paying unemployment taxes.

The Authority is a member of the 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 eighty-nine member/owner housing authorities in the states of Washington, Oregon, California and Nevada, of which thirty-six 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 \$20,000 for theft, with a deductible of \$1,000 per occurrence.

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

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

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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. Settled claims have not exceeded coverage purchased during the past three years.

13. Pension Plan

Substantially all of the Authority's full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to: Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98504-8380 or it may be downloaded from the DRS website at 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; employees of district and municipal courts; and employees of local governments. Membership also includes higher education employees not participating in higher education retirement programs. Approximately 49 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

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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.

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 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 2013, 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, in lieu of any retirement benefit, 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 from active status at any age with at least 30 years of service, at age 55 with 25 years of service, or at age 60 with at least 5 years of service. Plan 1 members retiring from inactive status prior to the age of 65 may receive actuarially reduced benefits.

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.

PERS Plan 1 retirement benefits are actuarially reduced to reflect the choice, if made, of a survivor option.

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

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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 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.

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, if hired prior to May 1, 2013:

- 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 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of 5 percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service.

PERS Plan 2 retirement benefits are actuarially reduced to reflect the choice, if made, of a survivor option.

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. Members who do not choose a contribution rate default to a 5 percent rate. There are currently no requirements for employer contributions to the defined contribution component of PERS Plan 3.

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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 contributions are invested in the Retirement Strategy Fund that assumes the member will retire at age 65.

For DRS' Fiscal Year 2013, PERS Plan 3 employee contributions were \$99.0 million, and plan refunds paid out were \$69.4 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, and were hired before May 1, 2013, 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.
- If they have 30 service credit years, are at least 55 years old, and were hired after May 1, 2013, they have the option to retire early by accepting a reduction of 5 percent for each year before age 65.

PERS Plan 3 benefits are 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 members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors.

A one-time duty-related death benefit is provided to the beneficiary or the estate of a PERS member who dies 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.

There are 1,176 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2012:

Retirees and beneficiaries receiving benefits	82,242
Terminated plan members entitled to but not yet receiving benefits	30,515
Active plan members vested	106,317
Active plan members non-vested	<u>44,273</u>
 Total plan membership	 <u><u>263,347</u></u>

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.

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, 2014 was \$3,375,066. Total gross payroll for the Authority was \$4,259,467.

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The required contribution rates expressed as a percentage of current-year covered payroll as of June 30, 2014 are as follows:

	<u>PERS Plan 1</u>	<u>PERS Plan 2</u>	<u>PERS Plan 3</u>
Employer*	9.21%	9.21%	9.21%***
Employee	6.00%	4.92%	varies*****

* The employer rates include the employer administrative expense fee currently set at 0.18%.

*** Plan 3 defined benefit portion only.

***** 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, 2014 were:

	<u>PERS Plan 1</u>	<u>PERS Plan 2</u>	<u>PERS Plan 3</u>	<u>Total</u>
Employer	\$0	\$258,572	\$52,140	\$310,712
Employee	<u>0</u>	<u>138,188</u>	<u>33,755</u>	<u>171,943</u>
	<u>\$0</u>	<u>\$396,760</u>	<u>\$85,895</u>	<u>\$482,655</u>

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

	<u>Total Covered Payroll</u>	<u>Required Employee Contributions</u>	<u>Required Employer Contributions</u>
2014	\$3,375,066	\$171,943	\$310,712
2013	3,819,873	183,087	275,408
2012	3,804,376	180,781	273,065

14. Deferred Compensation Plan

The Housing Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457. The plan is managed by the Washington State Department of Retirement Systems, which maintains an individual account for each participant. Pursuant to GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, since EHA is not the owner

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or trustee of these assets, the plan assets are not reported as part of EHA's basic financial statements.

15. Building Changes Grant

In March 2014, Building Changes awarded a "Washington Families Fund: Systems Innovation Grant" in the amount of \$357,000 to the Everett Housing Authority. This is a two-year grant with \$178,500 to be disbursed each year to be used to provide services for the direct benefit of homeless families. The grant allows the Everett Housing Authority to employ an Employment Navigator to provide employment services to families who reside in Twelve Pines Apartments and Grandview Homes with Section 8 Project-Based Vouchers resulting in decreased reliance on housing subsidies and a transition into non-subsidized housing supported by earned income. As of June 30, 2014, \$27,441 of grant funds have been used with the balance of \$151,059 set aside as a restricted cash asset. The \$178,500 to be disbursed in year two has been classified as a restricted grant receivable.

16. 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 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 9. A summary of notes receivable from the partnerships is reflected in Note 6.

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The Authority typically earns a developer 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 developer fee note owed to the Authority by EHA-Twelve Pines Limited Partnership is \$180,744. This tax credit project also pays a General Partner's management fee; this fee is reflected in other operating revenues and totaled \$8,305 in 2014. The Authority was paid \$243,024 in fees due under the developer fee agreement with Broadway Plaza Limited Liability Limited Partnership. At June 30, 2014, the balance of the development fees owed to the Authority by Broadway Plaza Limited Liability Limited Partnership is \$833,861. The Authority earned \$206,627 in developer fees from Pivotal Point LLLP during the year and will earn an additional \$21,943 upon completion of certain milestones in accordance with the Partnership Agreement.

The responsibility for the management of the affairs of all three partnerships is vested with the Everett Housing Authority as the general partner. All component units have a December 31 year end and their December 31, 2013 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, the Broadway Plaza Limited Liability Limited Partnership, and Pivotal Point Limited Liability Limited Partnership can be obtained from the Executive Director of the Everett Housing Authority, 3107 Colby Ave., Everett, WA 98201.

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.

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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

Pivotal Point Limited Liability Limited Partnership

Pivotal Point Limited Liability Limited Partnership was created in September 2013 in order to construct a twenty unit apartment complex on the site of the former Oswald Army Reserve Armory in north Everett. In conjunction with Domestic Violence Services of Snohomish County, the project provides permanent supportive housing for families of domestic violence. The Authority serves as the general partner, retaining a .01% ownership interest. Funding was received from a loan from the Housing Trust Fund and a construction loan, which will be paid off with equity investment by the limited partner. The Authority received developer fee income and will receive ongoing management fees. The project was completed and lease up began in September of 2014. 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, 2013 is as follows:

	EHA - Twelve Pines LLP	Broadway Plaza LLLP	Pivotal Point LLLP	Total
Assets, Liabilities and Net Position				
Assets				
Cash and investments	\$ 661,831	\$ 1,419,047	\$ 100	\$ 2,080,978
Receivables and other assets	89,385	568,994	-	658,379
Capital assets, net	3,461,677	21,341,166	1,425,007	26,227,850
Total assets	<u>\$ 4,212,893</u>	<u>\$ 23,329,207</u>	<u>\$ 1,425,107</u>	<u>\$ 28,967,207</u>
Liabilities and net position				
Liabilities				
Current liabilities	\$ 222,365	\$ 424,667	\$ 361,054	\$ 1,008,086
Long-term liabilities	3,176,251	18,670,158	396,745	22,243,154
Total liabilities	3,398,616	19,094,825	757,799	23,251,240
Net position	814,277	4,234,382	667,308	5,715,967
Total liabilities and net position	<u>\$ 4,212,893</u>	<u>\$ 23,329,207</u>	<u>\$ 1,425,107</u>	<u>\$ 28,967,207</u>
Revenues, Expenses and Changes in Net Position				
Operating revenues	<u>\$ 764,464</u>	<u>\$ 1,865,225</u>	<u>\$ -</u>	<u>\$ 2,629,689</u>
Operating expenses				
Administration & tenant services	160,172	525,440	50	685,662
Maintenance & operations	174,911	368,423	-	543,334
Utilities & general	79,258	236,223	-	315,481
Depreciation and amortization	110,057	621,296	-	731,353
Total operating expenses	<u>524,398</u>	<u>1,751,382</u>	<u>50</u>	<u>2,275,830</u>
Operating income	<u>240,066</u>	<u>113,843</u>	<u>(50)</u>	<u>353,859</u>
Nonoperating revenues (expenses)				
Investment income	638	761	-	1,399
Interest expense	(154,263)	(882,326)	-	(1,036,589)
Gains (losses) on capital asset disposition	-	(2,030)	-	(2,030)
Total nonoperating (expenses)	<u>(153,625)</u>	<u>(883,595)</u>	<u>-</u>	<u>(1,037,220)</u>
Income (loss) before capital contribution	86,441	(769,752)	(50)	(683,361)
Contributions				
Partners' contributions	<u>-</u>	<u>5,515,755</u>	<u>667,358</u>	<u>6,183,113</u>
Change in net position	86,441	4,746,003	667,308	5,499,752
Beginning net position	<u>727,836</u>	<u>(511,621)</u>	<u>-</u>	<u>216,215</u>
Ending net position	<u>\$ 814,277</u>	<u>\$ 4,234,382</u>	<u>\$ 667,308</u>	<u>\$ 5,715,967</u>

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2014

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

In September 2014, the Authority entered into two limited partnerships with the Royal Bank of Canada to form Bakerview/Grandview Affordable Housing LLLP and Everett Affordable Housing Portfolio LLLP. Under the Rental Assistance Demonstration Project (RAD) three of our Public Housing properties in addition to seven of our market rate affordable properties were converted into tax credit partnerships that are separate legal entities from the Housing Authority. Using the 4% Low Income Tax Credit program and equity from the investing partner, these properties will undergo extensive renovations. The Authority was reimbursed \$1,261,875 of pre-development costs incurred as part of this transaction as of June 30, 2014. This action will have a significant impact on the Authority's financial statements in the year ending June 30, 2015 because these properties will no longer be reported as part of the Authority's financial statements but will be included as discretely presented component units.

In November, 2014 the Authority purchased three affordable senior housing properties, Meadows 1, Meadows 2, and Lakewoods 2 from Senior Services of Snohomish County for a combined purchase price of \$6,747,955. EHA's initial cash outlay for these properties was \$629,754. The balance of the purchase price was temporarily financed with a loan from Banner Bank with a three year term and a 3% annual interest rate. Each of these properties have 51 units that house low income seniors.

HOUSING AUTHORITY OF THE CITY OF EVERETT
Supplemental Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

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		
14.249	Department of Housing and Urban Development	Section 8 Moderate Rehabilitation Single Room Occupancy	WA006SR0004	-	129,046	129,046	-	
14.856	Department of Housing and Urban Development	Lower Income Housing Assistance Program-Section 8 Moderate Rehabilitation	WA006MR0003	-	54,776	54,776	-	
14.850	Department of Housing and Urban Development	Public and Indian Housing	WA006	-	1,485,761	1,485,761	-	
14.872	Department of Housing and Urban Development	Public Housing Capital Fund	WA19P006501	-	801,976	801,976	-	
14.871	Department of Housing and Urban Development	Section 8 Housing Choice Vouchers	WA006	-	23,702,890	23,702,890	-	
14.870	Department of Housing and Urban Development/	Resident Opportunity and Supportive Services Coordinators	WA006RPS032A010	-	53,737	53,737	-	
14.239	Department of Housing and Urban Development/Pass through - City of Everett	Home Investment Partnerships Program	LOAN	-	-	-	500,000	3
Total - Department of Housing and Urban Development								
				-	26,228,186	26,228,186	500,000	
93.958	Department of Health and Human Services/Pass through - North Sound							
	Mental Health Administration	Block Grants for Community Mental Health Services	NSMHA-HOPE-OPTIONS-FBG-11-12	40,084	-	40,084	-	
Total - Department of Health and Human Services								
				40,084	-	40,084	-	
Total Expenditures of Federal Awards								
				\$ 40,084	\$ 26,228,186	\$ 26,268,270	\$ 500,000	

See notes to Supplemental Schedule of Expenditures of Federal Awards

HOUSING AUTHORITY OF THE CITY OF EVERETT
Notes to the Supplemental Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying Supplemental Schedule of Expenditures of Federal Awards (The "Schedule") presents the activity of all federal financial assistance programs of the Everett Housing Authority (the "Authority"). The Authority's reporting entity is defined in Note 1 to the Authority's financial statements. All federal financial assistance received directly from the federal government as well as federal financial assistance that is passed through to other governmental agencies is required to be included on the Schedule.

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

Revenue and expenses are presented on an accrual basis of accounting with the exception of fixed assets and depreciation. For purposes of the Schedule, depreciation expense is not recorded and the cost of fixed asset additions is included as an expenditure.

2. Program Costs

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

3. Federal Loans

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

Housing Authority of the City of Everett
Supplemental Financial Data Schedule
Year Ended June 30, 2014

Line item number & account description	Total Other Programs	Subtotal Housing Authority Projects/Programs	Eliminations	Total Housing Authority	Component Units	Memorandum Total
111 Cash - Unrestricted	\$ 6,479,918	\$ 10,033,456	\$ -	\$ 10,033,456	\$ 492,354	\$ 10,525,810
113 Cash - Other Restricted	215,091	215,091	-	215,091	1,329,369	1,544,460
114 Cash - Tenant Security Deposits	58,625	189,535	-	189,535	82,755	272,290
115 Cash - Restricted for Payment of Current Liabilities	18,849	18,849	-	18,849	-	18,849
100 Total Cash	6,772,483	10,456,931	-	10,456,931	1,904,478	12,361,409
122 Accounts Receivable - HUD Other Projects	103,853	512,487	-	512,487	-	512,487
124 Accounts Receivable - Other Government	41,071	41,071	-	41,071	-	41,071
125 Accounts Receivable - Miscellaneous	901,123	901,970	-	901,970	509	902,479
126 Accounts Receivable - Tenants	8,167	20,672	-	20,672	14,994	35,666
126.1 Allowance for Doubtful Accounts - Tenants	(778)	(2,728)	-	(2,728)	(100)	(2,828)
127 Notes, Loans, & Mortgages Receivable - Current	335,942	335,942	-	335,942	-	335,942
128 Fraud Recovery	82,509	88,785	-	88,785	-	88,785
128.1 Allowance for Doubtful Accounts - Fraud	(45,048)	(45,587)	-	(45,587)	-	(45,587)
120 Total Receivables, Net of Allowances for Doubtful Accounts	1,426,839	1,852,612	-	1,852,612	15,403	1,868,015
131 Investments - Unrestricted	-	-	-	-	-	-
132 Investments - Restricted	-	-	-	-	176,500	176,500
142 Prepaid Expenses and Other Assets	1,685	8,369	-	8,369	49,415	57,784
143 Inventories	8,529	94,756	-	94,756	1,898	96,654
144 Inter Program Due From	106,527	106,527	(106,527)	-	-	-
150 Total Current Assets	8,316,063	12,519,195	(106,527)	12,412,668	2,147,694	14,560,362
161 Land	2,259,977	3,490,205	-	3,490,205	2,449,110	5,939,315
162 Buildings	9,056,032	44,224,585	-	44,224,585	24,561,830	68,786,415
163 Furniture, Equipment & Machinery - Dwellings	-	-	-	-	678,995	678,995
164 Furniture, Equipment & Machinery - Administration	303,592	1,826,068	-	1,826,068	104,579	1,930,647
166 Accumulated Depreciation	(2,285,579)	(29,864,353)	-	(29,864,353)	(2,991,671)	(32,856,024)
167 Construction in Progress	1,371,361	2,978,290	-	2,978,290	1,425,007	4,403,297
160 Total Capital Assets, Net of Accumulated Depreciation	10,705,383	22,654,795	-	22,654,795	26,227,850	48,882,645
171 Notes, Loans and Mortgages Receivable - Non-Current	21,989,284	21,989,284	-	21,989,284	-	21,989,284
174 Other Assets	834,061	834,061	-	834,061	591,663	1,425,724
180 Total Non-Current Assets	33,528,728	45,478,140	-	45,478,140	26,819,513	72,297,653
190 Total Assets	\$ 41,844,791	\$ 57,997,335	\$ (106,527)	\$ 57,890,808	\$ 28,967,207	\$ 86,858,015

Housing Authority of the City of Everett
Supplemental Financial Data Schedule
Year Ended June 30, 2014

Line item number & account description	Total Other Programs	Subtotal Housing Authority Projects/Programs	Eliminations	Total Housing Authority	Component Units	Memorandum Total
312 Accounts Payable <= 90 Days	298,173	618,655	-	618,655	384,195	1,002,850
321 Accrued Wages/Payroll Taxes Payable	-	182,149	-	182,149	-	182,149
322 Accrued Compensated Absences - Current Portion	40,013	96,187	-	96,187	10,695	106,882
325 Accrued Interest Payable	10,873	10,873	-	10,873	207,749	218,622
331 Accounts Payable - HUD PHA Programs	-	1,285	-	1,285	-	1,285
332 Account Payable - PHA Projects	150	150	-	150	-	150
333 Accounts Payable - Other Government	-	170,673	-	170,673	-	170,673
341 Tenant Security Deposits	58,625	189,535	-	189,535	82,755	272,290
342 Unearned Revenue	3,403	7,685	-	7,685	17,338	25,023
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	1,794,022	1,794,022	-	1,794,022	-	1,794,022
344 Current Portion of Long-term Debt - Operating Borrowings	-	-	-	-	288,744	288,744
345 Other Current Liabilities	24,047	25,975	-	25,975	16,610	42,585
346 Accrued Liabilities - Other	-	81,167	-	81,167	-	81,167
347 Inter Program - Due To	14,676	106,527	(106,527)	-	-	-
310 Total Current Liabilities	2,243,982	3,284,883	(106,527)	3,178,356	1,008,086	4,186,442
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	13,149,185	13,149,185	-	13,149,185	-	13,149,185
352 Long-term Debt, Net of Current - Operating Borrowings	-	-	-	-	20,800,630	20,800,630
353 Non-current Liabilities - Other	586,545	586,545	-	586,545	1,406,045	1,992,590
354 Accrued Compensated Absences - Non Current	120,040	288,567	-	288,567	36,479	325,046
350 Total Non-Current Liabilities	13,855,770	14,024,297	-	14,024,297	22,243,154	36,267,451
300 Total Liabilities	16,099,752	17,309,180	(106,527)	17,202,653	23,251,240	40,453,893
508.4 Net Investment in Capital Assets	6,393,119	18,342,530	-	18,342,530	5,138,476	23,481,006
511.4 Restricted Net Position	393,591	393,591	-	393,591	1,505,869	1,899,460
512.4 Unrestricted Net Position	18,958,329	21,952,034	-	21,952,034	(928,378)	21,023,656
513 Total Equity - Net Assets / Position	25,745,039	40,688,155	-	40,688,155	5,715,967	46,404,122
600 Total Liabilities and Equity/Net Assts	\$ 41,844,791	\$ 57,997,335	\$ (106,527)	\$ 57,890,808	\$ 28,967,207	\$ 86,858,015

Housing Authority of the City of Everett
Supplemental Financial Data Schedule
Year Ended June 30, 2014

Line item number & account description	Hope Options 93,958	ROSS Grant 14,870	Housing Choice Vouchers 14,871	Section 8 Mod Rehab 14,249	Section 8 Mod Rehab 14,856	Business Activities
111 Cash - Unrestricted	\$ -	\$ -	\$ 767,644	\$ 70,612	\$ 26,944	\$ 5,614,718
113 Cash - Other Restricted	-	-	10,851	-	-	204,240
114 Cash - Tenant Security Deposits	-	-	-	-	-	58,625
115 Cash - Restricted for Payment of Current Liabilities	-	-	18,849	-	-	-
100 Total Cash	-	-	797,344	70,612	26,944	5,877,583
122 Accounts Receivable - HUD Other Projects	-	16,912	84,134	2,571	236	-
124 Accounts Receivable - Other Government	29,017	-	3,147	-	-	8,907
125 Accounts Receivable - Miscellaneous	-	-	32	-	-	901,091
126 Accounts Receivable - Tenants	-	-	-	-	-	8,167
126.1 Allowance for Doubtful Accounts - Tenants	-	-	-	-	-	(778)
127 Notes, Loans, & Mortgages Receivable - Current	-	-	-	-	-	335,942
128 Fraud Recovery	-	-	82,509	-	-	-
128.1 Allowance for Doubtful Accounts - Fraud	-	-	(45,048)	-	-	-
120 Total Receivables, Net of Allowances for Doubtful Accounts	29,017	16,912	124,774	2,571	236	1,253,329
131 Investments - Unrestricted	-	-	-	-	-	-
132 Investments - Restricted	-	-	-	-	-	-
142 Prepaid Expenses and Other Assets	-	-	883	-	-	802
143 Inventories	-	-	-	-	-	8,529
144 Inter Program Due From	-	-	-	-	-	106,527
150 Total Current Assets	29,017	16,912	923,001	73,183	27,180	7,246,770
161 Land	-	-	-	-	-	2,259,977
162 Buildings	-	-	-	-	-	9,056,032
163 Furniture, Equipment & Machinery - Dwellings	-	-	-	-	-	-
164 Furniture, Equipment & Machinery - Administration	-	-	117,205	-	-	186,387
166 Accumulated Depreciation	-	-	(56,946)	-	-	(2,228,633)
167 Construction in Progress	-	-	73,938	-	-	1,297,423
160 Total Capital Assets, Net of Accumulated Depreciation	-	-	134,197	-	-	10,571,186
171 Notes, Loans and Mortgages Receivable - Non-Current	-	-	-	-	-	21,989,284
174 Other Assets	-	-	-	-	-	834,061
180 Total Non-Current Assets	-	-	134,197	-	-	33,394,531
190 Total Assets	\$ 29,017	\$ 16,912	\$ 1,057,198	\$ 73,183	\$ 27,180	\$ 40,641,301

Housing Authority of the City of Everett
Supplemental Financial Data Schedule
Year Ended June 30, 2014

Line item number & account description	Hope Options 93,958	ROSS Grant 14,870	Housing Choice Vouchers 14,871	Section 8 Mod Rehab 14,249	Section 8 Mod Rehab 14,856	Business Activities
312 Accounts Payable <= 90 Days	1,376	16,589	53,288	9	4	226,907
321 Accrued Wage/Payroll Taxes Payable	-	-	-	-	-	-
322 Accrued Compensated Absences - Current Portion	3,241	81	14,899	-	-	21,792
325 Accrued Interest Payable	-	-	-	-	-	10,873
331 Accounts Payable - HUD PHA Programs	-	-	-	-	-	-
332 Account Payable - PHA Projects	-	-	150	-	-	-
333 Accounts Payable - Other Government	-	-	-	-	-	-
341 Tenant Security Deposits	-	-	-	-	-	-
342 Unearned Revenue	-	-	-	-	-	58,625
343 Current Portion of Long-term Debt - Capital	-	-	-	-	-	3,403
344 Current Portion of Long-term Debt - Operating Borrowings	-	-	-	-	-	1,794,022
345 Other Current Liabilities	-	-	18,849	-	-	5,198
346 Accrued Liabilities - Other	-	-	-	-	-	-
347 Inter Program - Due To	14,676	-	-	-	-	-
310 Total Current Liabilities	19,293	16,670	87,186	9	4	2,120,820
351 Long-term Debt, Net of Current - Capital Projects/Mortgage	-	-	-	-	-	13,149,185
352 Long-term Debt, Net of Current - Operating Borrowings	-	-	-	-	-	-
353 Non-current Liabilities - Other	-	-	-	-	-	586,545
354 Accrued Compensated Absences - Non Current	9,724	242	44,699	-	-	65,375
350 Total Non-Current Liabilities	9,724	242	44,699	-	-	13,801,105
300 Total Liabilities	29,017	16,912	131,885	9	4	15,921,925
508.4 Net Investment in Capital Assets	-	-	134,197	-	-	6,258,922
511.4 Restricted Net Position	-	-	10,851	-	-	382,740
512.4 Unrestricted Net Position	-	-	780,265	73,174	27,176	18,077,714
513 Total Equity - Net Assets / Position	-	-	925,313	73,174	27,176	24,719,376
600 Total Liabilities and Equity/Net Assets	\$ 29,017	\$ 16,912	\$ 1,057,198	\$ 73,183	\$ 27,180	\$ 40,641,301

Housing Authority of the City of Everett
Supplemental Financial Data Schedule
Year Ended June 30, 2014

Line item number & account description	Baker Heights WAO06000100 \$	Grandview Homes WAO06000200 \$	Bakerview Apts WAO06000300 \$	Pineview Apts WAO06000400 \$	Scattered Sites WAO06000500 \$	Total Public Housing Projects \$	COCC \$
111 Cash - Unrestricted	983,449	713,300	480,974	650,540	437,333	3,265,596	287,942
113 Cash - Other Restricted	-	-	-	-	-	-	-
114 Cash - Tenant Security Deposits	54,600	37,400	21,060	7,700	10,150	130,910	-
115 Cash - Restricted for Payment of Current Liabilities	-	-	-	-	-	-	-
100 Total Cash	1,038,049	750,700	502,034	658,240	447,483	3,396,506	287,942
122 Accounts Receivable - HUD Other Projects	22,556	120,089	27,828	2,938	9,299	182,710	225,924
124 Accounts Receivable - Other Government	-	-	-	-	-	-	-
125 Accounts Receivable - Miscellaneous	92	-	673	-	-	765	82
126 Accounts Receivable - Tenants	4,887	4,819	1,807	-	992	12,505	-
126.1 Allowance for Doubtful Accounts - Tenants	(495)	(1,162)	(194)	-	(99)	(1,950)	-
127 Notes, Loans, & Mortgages Receivable - Current	-	-	-	-	-	-	-
128 Fraud Recovery	61	203	135	-	5,877	6,276	-
128.1 Allowance for Doubtful Accounts - Fraud	-	-	-	-	(539)	(539)	-
120 Total Receivables, Net of Allowances for Doubtful Accounts	27,101	123,949	30,249	2,938	15,530	199,767	226,006
131 Investments - Unrestricted	-	-	-	-	-	-	-
132 Investments - Restricted	-	-	-	-	-	-	-
142 Prepaid Expenses and Other Assets	1,454	1,432	894	278	359	4,417	2,267
143 Inventories	-	-	-	-	-	-	86,227
144 Inter Program Due From	-	-	-	-	-	-	-
150 Total Current Assets	1,066,604	876,081	533,177	661,456	463,372	3,600,690	602,442
161 Land	12,028	11,115	-	99,385	901,500	1,024,028	206,200
162 Buildings	10,394,029	11,324,841	4,701,881	2,569,394	3,760,210	32,750,355	2,418,198
163 Furniture, Equipment & Machinery - Dwellings	-	-	-	-	-	-	-
164 Furniture, Equipment & Machinery - Administration	58,951	110,701	307,343	27,000	18,235	522,230	1,000,246
166 Accumulated Depreciation	(10,120,550)	(8,162,067)	(3,541,366)	(1,559,115)	(2,119,802)	(25,502,900)	(2,075,874)
167 Construction in Progress	32,297	1,161,370	18,851	8,985	11,956	1,233,459	373,470
160 Total Capital Assets, Net of Accumulated Depreciation	376,755	4,445,960	1,486,709	1,145,649	2,572,099	10,027,172	1,922,240
171 Notes, Loans and Mortgages Receivable - Non-Current	-	-	-	-	-	-	-
174 Other Assets	-	-	-	-	-	-	-
180 Total Non-Current Assets	376,755	4,445,960	1,486,709	1,145,649	2,572,099	10,027,172	1,922,240
190 Total Assets	1,443,359	5,322,041	2,019,886	1,807,105	3,035,471	13,627,862	2,524,682

Housing Authority of the City of Everett
Supplemental Financial Data Schedule
Year Ended June 30, 2014

Line item number & account description	Baker Heights WA006000100	Grandview Homes WA006000200	Bakerview Apts WA006000300	Pineview Apts WA006000400	Scattered Sites WA006000500	Total Public Housing Projects	COCC
312 Accounts Payable <= 90 Days	29,313	21,140	30,551	6,720	6,707	94,431	226,051
321 Accrued Wage/Payroll Taxes Payable	-	-	-	-	-	-	182,149
322 Accrued Compensated Absences - Current Portion	9,192	7,289	7,770	563	3,738	28,552	27,622
325 Accrued Interest Payable	-	-	-	-	-	-	-
331 Accounts Payable - HUD PHA Programs	-	-	-	-	-	-	1,285
332 Account Payable - PHA Projects	-	-	-	-	-	-	-
333 Accounts Payable - Other Government	-	-	-	-	-	-	-
341 Tenant Security Deposits	67,279	48,181	28,780	8,971	17,462	170,673	-
342 Unearned Revenue	54,600	37,400	21,060	7,700	10,150	130,910	-
343 Current Portion of Long-term Debt - Capital	271	1,688	178	1,529	616	4,282	-
344 Current Portion of Long-term Debt - Operating Borrowings	-	-	-	-	-	-	-
345 Other Current Liabilities	-	-	-	1,928	-	1,928	-
346 Accrued Liabilities - Other	-	-	-	-	-	-	-
347 Inter Program - Due To	-	-	-	-	-	-	81,167
310 Total Current Liabilities	160,655	115,698	88,339	27,411	38,673	430,776	91,851
351 Long-term Debt, Net of Current - Capital Projects/Mortgage	-	-	-	-	-	-	-
352 Long-term Debt, Net of Current - Operating Borrowings	-	-	-	-	-	-	-
353 Non-current Liabilities - Other	-	-	-	-	-	-	-
354 Accrued Compensated Absences - Non Current	27,577	21,869	23,311	1,690	11,214	85,661	82,866
350 Total Non-Current Liabilities	27,577	21,869	23,311	1,690	11,214	85,661	82,866
300 Total Liabilities	188,232	137,567	111,650	29,101	49,887	516,437	692,991
508.4 Net Investment in Capital Assets	376,755	4,445,960	1,486,709	1,145,649	2,572,098	10,027,171	1,922,240
511.4 Restricted Net Position	-	-	-	-	-	-	-
512.4 Unrestricted Net Position	878,372	738,514	421,527	632,355	413,486	3,084,254	(90,549)
513 Total Equity - Net Assets / Position	1,255,127	5,184,474	1,908,236	1,778,004	2,985,584	13,111,425	1,831,691
600 Total Liabilities and Equity/Net Assets	\$ 1,443,359	\$ 5,322,041	\$ 2,019,886	\$ 1,807,105	\$ 3,035,471	\$ 13,627,862	\$ 2,524,882

Housing Authority of the City of Everett
Supplemental Financial Data Schedule
Year Ended June 30, 2014

Line item number & account description	Total Other Programs	Subtotal Housing Authority Projects/Programs	Eliminations	Total Housing Authority	Component Units	Memorandum Total
70300 Net Tenant Rental Revenue	\$ 1,408,270	\$ 3,538,173	\$ -	\$ 3,538,173	\$ 2,564,214	\$ 6,102,387
70400 Tenant Revenue - Other	497,705	529,962	-	529,962	40,777	570,739
70500 Total Tenant Revenue	1,905,975	4,068,135	-	4,068,135	2,604,991	6,673,126
70600 HUD PHA Operating Grants	22,677,359	24,249,354	-	24,249,354	-	24,249,354
70610 Capital Grants	-	715,743	-	715,743	-	715,743
70710 Management Fee	-	871,368	(871,368)	-	-	-
70720 Asset Management Fee	-	74,410	(74,410)	-	-	-
70730 Book Keeping Fee	-	302,918	(302,918)	-	-	-
70740 Front Line Service Fee	-	171,407	(146,710)	24,697	-	24,697
70750 Other Fees	-	130,364	-	130,364	-	130,364
70700 Total Fee Revenue	-	1,550,467	(1,395,406)	155,061	-	155,061
70800 Other Government Grants	215,549	215,549	-	215,549	-	215,549
71100 Investment Income - Unrestricted	30,616	34,796	-	34,796	683	35,479
71200 Mortgage Interest Income	405,611	405,611	-	405,611	-	405,611
71400 Fraud Recovery	39,195	39,195	-	39,195	-	39,195
71500 Other Revenue	832,997	954,653	-	954,653	24,698	979,351
71600 Gain or Loss on Sale of Capital Assets	-	-	-	-	(2,030)	(2,030)
72000 Investment Income - Restricted	-	-	-	-	716	716
70000 Total Revenue	26,107,302	32,233,503	(1,395,406)	30,838,097	2,629,058	33,467,155
91100 Administrative Salaries	1,144,176	2,384,423	-	2,384,423	244,733	2,629,156
91200 Auditing Fees	26,528	41,272	-	41,272	24,223	65,495
91300 Management Fee	449,571	871,369	(871,368)	1	126,121	126,122
91310 Book-keeping Fee	247,792	302,917	(302,918)	(1)	3,444	3,443
91400 Advertising and Marketing	3,035	6,089	-	6,089	1,361	7,450
91500 Employee Benefit Contributions - Administrative	402,601	835,238	-	835,238	87,859	923,097
91600 Office Expenses	250,066	673,181	-	673,181	79,226	752,407
91700 Legal Expense	29,655	57,214	-	57,214	3,089	60,303
91800 Travel	35,199	109,892	-	109,892	3,428	113,320
91900 Other	855	5,336	-	5,336	27,422	32,758
91000 Total Operating - Administrative	2,589,478	5,286,931	(1,174,286)	4,112,645	600,906	4,713,551
92000 Asset Management Fee	-	74,410	(74,410)	-	-	-

Housing Authority of the City of Everett
Supplemental Financial Data Schedule
Year Ended June 30, 2014

Line item number & account description	Total Other Programs	Subtotal Housing Authority Projects/Programs	Eliminations	Total Housing Authority	Component Units	Memorandum Total
92100 Tenant Services - Salaries	290,076	421,522	-	421,522	56,292	477,814
92300 Employee Benefit Contributions - Tenant Services	78,816	134,450	-	134,450	20,010	154,460
92400 Tenant Services - Other	212,547	247,736	-	247,736	8,454	256,190
92500 Total Tenant Services	581,439	803,708	-	803,708	84,756	888,464
93100 Water	30,428	125,117	-	125,117	35,096	160,213
93200 Electricity	25,825	112,495	-	112,495	80,051	192,546
93300 Gas	6,314	39,770	-	39,770	23,397	63,167
93600 Sewer	57,980	323,313	-	323,313	71,546	394,859
93800 Other Utilities Expense	553	919	-	919	-	919
93000 Total Utilities	121,100	601,614	-	601,614	210,090	811,704
94100 Ordinary Maintenance and Operations - Labor	141,181	765,344	-	765,344	172,181	937,525
94200 Ordinary Maintenance and Operations - Materials and Other	49,333	231,566	-	231,566	62,593	294,159
94300 Ordinary Maintenance and Operations Contracts	124,593	462,886	(146,710)	316,176	215,035	531,211
94500 Employee Benefit Contributions - Ordinary Maintenance	34,772	244,202	-	244,202	62,276	306,478
94000 Total Maintenance	349,879	1,703,998	(146,710)	1,557,288	512,085	2,069,373
96110 Property Insurance	9,997	50,247	-	50,247	33,870	84,117
96120 Liability Insurance	17,315	38,940	-	38,940	21,116	60,056
96130 Workmen's Compensation	53,537	96,803	-	96,803	11,179	107,982
96140 All Other Insurance	4,824	21,101	-	21,101	32,278	53,379
96100 Total Insurance Premiums	85,673	207,091	-	207,091	98,443	305,534
96200 Other General Expenses	71,705	71,705	-	71,705	-	71,705
96300 Payments in Lieu of Taxes	-	170,673	-	170,673	-	170,673
96400 Bad Debt - Tenant Rents	3,868	14,745	-	14,745	6,948	21,693
96600 Bad Debt - Other	(4,578)	(4,578)	-	(4,578)	-	(4,578)
96000 Total Other General Expenses	70,995	252,545	-	252,545	6,948	259,493

Housing Authority of the City of Everett
Supplemental Financial Data Schedule
Year Ended June 30, 2014

Line item number & account description	Total Other Programs	Subtotal Housing Authority Projects/Programs	Eliminations	Total Housing Authority	Component Units	Memorandum Total
96710 Interest of Mortgage (or Bonds) Payable	106,105	106,105	-	106,105	501,558	607,663
96720 Interest on Notes Payable (Short and Long Term)	64,638	64,638	-	64,638	498,684	563,322
96730 Amortization of Bond Issue Costs	-	-	-	-	36,347	36,347
96700 Total Interest Expense and Amortization Cost	170,743	170,743	-	170,743	1,036,589	1,207,332
96900 Total Operating Expenses	3,969,307	9,101,040	(1,395,406)	7,705,634	2,549,817	10,255,451
97000 Excess of Operating Revenue over Operating Expenses	22,137,995	23,132,463	-	23,132,463	79,241	23,211,704
97100 Extraordinary Maintenance	56,797	103,962	-	103,962	31,249	135,211
97300 Housing Assistance Payments	21,827,147	21,827,147	-	21,827,147	-	21,827,147
97350 HAP Portability-In	188,686	188,686	-	188,686	-	188,686
97400 Depreciation Expense	261,743	1,332,756	-	1,332,756	731,353	2,064,109
90000 Total Expenses	26,303,680	32,553,591	(1,395,406)	31,158,185	3,312,419	34,470,604
10010 Operating Transfer In	66,660	237,236	(237,236)	-	-	-
10020 Operating Transfer Out	(237,236)	(237,236)	237,236	-	-	-
10091 Inter Project Excess Cash Transfer In	-	350,000	(350,000)	-	-	-
10092 Inter Project Excess Cash Transfer Out	-	(350,000)	350,000	-	-	-
10100 Total Other Financing Sources (Uses)	(170,576)	-	-	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$ (366,954)	\$ (320,088)	\$ -	\$ (320,088)	\$ (683,361)	\$ (1,003,449)
11020 Required Annual Debt Principal Payments	1,458,080	1,458,080	-	1,458,080	130,000	1,588,080
11030 Beginning Equity	26,111,993	41,008,243	-	41,008,243	-	41,008,243
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	-	-	6,399,328	6,399,328
11170 Administrative Fee Equity	914,463	914,463	-	914,463	-	914,463
11180 Housing Assistance Payments Equity	10,850	10,850	-	10,850	-	10,850
11190 Unit Months Available	32,664	40,070	-	40,070	3,240	43,310
11210 Number of Unit Months Leased	33,032	40,354	-	40,354	3,194	43,548
11270 Excess Cash	-	2,905,653	-	2,905,653	-	2,905,653
11610 Land Purchases	-	-	-	-	-	-
11620 Building Purchases	-	726,731	-	726,731	-	726,731
11640 Furniture & Equipment - Administrative Purchases	-	92,974	-	92,974	-	92,974

Housing Authority of the City of Everett
Supplemental Financial Data Schedule
Year Ended June 30, 2014

Line item number & account description	Hope Options 93,958	ROSS Grant 14,870	Housing Choice Vouchers 14,871	Section 8 Mod Rehab 14,249	Section 8 Mod Rehab 14,856	Business Activities
70300 Net Tenant Rental Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,408,270
70400 Tenant Revenue - Other	-	-	-	-	-	497,705
70500 Total Tenant Revenue	-	-	-	-	-	1,905,975
70600 HUD PHA Operating Grants	-	53,737	22,439,800	129,046	54,776	-
70610 Capital Grants	-	-	-	-	-	-
70710 Management Fee	-	-	-	-	-	-
70720 Asset Management Fee	-	-	-	-	-	-
70730 Book Keeping Fee	-	-	-	-	-	-
70740 Front Line Service Fee	-	-	-	-	-	-
70750 Other Fees	-	-	-	-	-	-
70700 Total Fee Revenue	-	-	-	-	-	-
70800 Other Government Grants	215,549	-	-	-	-	-
71100 Investment Income - Unrestricted	-	-	1,739	170	65	28,642
71200 Mortgage Interest Income	-	-	-	-	-	405,611
71400 Fraud Recovery	-	-	39,195	-	-	-
71500 Other Revenue	-	-	206,014	-	-	626,983
71600 Gain or Loss on Sale of Capital Assets	-	-	-	-	-	-
72000 Investment Income - Restricted	-	-	-	-	-	-
70000 Total Revenue	215,549	53,737	22,686,748	129,216	54,841	2,967,211
91100 Administrative Salaries	136,373	-	746,439	394	150	260,820
91200 Auditing Fees	-	-	24,580	209	79	1,660
91300 Management Fee	-	-	358,731	3,024	1,152	86,664
91310 Book-keeping Fee	-	-	231,660	1,890	720	13,522
91400 Advertising and Marketing	-	194	1,578	-	-	1,263
91500 Employee Benefit Contributions - Administrative	57,204	-	290,867	104	40	54,386
91600 Office Expenses	1,566	476	153,006	9,195	3,503	82,320
91700 Legal Expense	-	-	810	-	-	28,845
91800 Travel	1,674	499	19,098	-	-	13,928
91900 Other	-	-	783	-	-	72
91000 Total Operating - Administrative	196,817	1,169	1,827,552	14,816	5,644	543,480
92000 Asset Management Fee	-	-	-	-	-	-

Housing Authority of the City of Everett
Supplemental Financial Data Schedule
Year Ended June 30, 2014

Line item number & account description	Hope Options 93.958	ROSS Grant 14.870	Housing Choice Vouchers 14.871	Section 8 Mod Rehab 14.249	Section 8 Mod Rehab 14.856	Business Activities
92100 Tenant Services - Salaries	-	31,405	125	-	-	258,546
92300 Employee Benefit Contributions - Tenant Services	-	10,357	-	-	-	68,459
92400 Tenant Services - Other	25,785	10,556	-	-	-	176,206
92500 Total Tenant Services	25,785	52,318	125	-	-	503,211
93100 Water	-	-	-	-	-	30,428
93200 Electricity	-	-	-	-	-	25,825
93300 Gas	-	-	-	-	-	6,314
93600 Sewer	-	-	-	-	-	57,980
93800 Other Utilities Expense	-	-	-	-	-	553
93000 Total Utilities	-	-	-	-	-	121,100
94100 Ordinary Maintenance and Operations - Labor	-	-	-	-	-	141,181
94200 Ordinary Maintenance and Operations - Materials & Other	-	-	2,926	-	-	46,407
94300 Ordinary Maintenance and Operations Contracts	-	-	1,195	-	-	123,398
94500 Employee Benefit Contributions - Ordinary Maintenance	-	-	-	-	-	34,772
94000 Total Maintenance	-	-	4,121	-	-	345,758
96110 Property Insurance	-	-	-	-	-	9,997
96120 Liability Insurance	-	-	9,175	83	31	8,026
96130 Workmen's Compensation	848	250	4,568	2	1	47,868
96140 All Other Insurance	-	-	2,657	1	-	2,166
96100 Total Insurance Premiums	848	250	16,400	86	32	68,057
96200 Other General Expenses	-	-	69,205	-	-	2,500
96300 Payments in Lieu of Taxes	-	-	-	-	-	-
96400 Bad Debt - Tenant Rents	-	-	-	-	-	3,868
96600 Bad Debt - Other	-	-	(4,578)	-	-	-
96000 Total Other General Expenses	-	-	64,627	-	-	6,368

Housing Authority of the City of Everett
Supplemental Financial Data Schedule
Year Ended June 30, 2014

Line item number & account description	Hope Options 93,958	ROSS Grant 14,870	Housing Choice Vouchers 14,871	Section 8 Mod Rehab 14,249	Section 8 Mod Rehab 14,856	Business Activities
96710 Interest of Mortgage (or Bonds) Payable	-	-	-	-	-	106,105
96720 Interest on Notes Payable (Short and Long Term)	-	-	-	-	-	64,638
96730 Amortization of Bond Issue Costs	-	-	-	-	-	-
96700 Total Interest Expense and Amortization Cost	-	-	-	-	-	170,743
96900 Total Operating Expenses	223,450	53,737	1,912,825	14,902	5,676	1,758,717
97000 Excess of Operating Revenue over Operating Expenses	(7,901)	-	20,773,923	114,314	49,165	1,208,494
97100 Extraordinary Maintenance	-	-	-	-	-	56,797
97300 Housing Assistance Payments	-	-	21,673,830	106,956	46,361	-
97350 HAP Portability-In	-	-	188,686	-	-	-
97400 Depreciation Expense	-	-	6,787	-	-	254,956
90000 Total Expenses	223,450	53,737	23,782,128	121,858	52,037	2,070,470
10010 Operating Transfer In	7,901	-	-	-	-	58,759
10020 Operating Transfer Out	-	-	-	-	-	(237,236)
10091 Inter Project Excess Cash Transfer In	-	-	-	-	-	-
10092 Inter Project Excess Cash Transfer Out	-	-	-	-	-	-
10100 Total Other Financing Sources (Uses)	7,901	-	-	-	-	(178,477)
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$ -	\$ -	\$ (1,095,380)	\$ 7,358	\$ 2,804	\$ 718,264
11020 Required Annual Debt Principal Payments	-	-	-	-	-	1,458,080
11030 Beginning Equity	-	-	2,020,693	65,816	24,372	24,001,112
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	-	-	-	-
11170 Administrative Fee Equity	-	-	914,463	-	-	-
11180 Housing Assistance Payments Equity	-	-	10,850	-	-	-
11190 Unit Months Available	-	-	30,468	252	96	1,848
11210 Number of Unit Months Leased	-	-	30,888	247	94	1,803
11270 Excess Cash	-	-	-	-	-	-
11610 Land Purchases	-	-	-	-	-	-
11620 Building Purchases	-	-	-	-	-	-
11640 Furniture & Equipment - Administrative Purchases	-	-	-	-	-	-

Housing Authority of the City of Everett
Supplemental Financial Data Schedule
Year Ended June 30, 2014

Line item number & account description	Baker Heights WAO06000100 \$	Grandview Homes WAO06000200 \$	Bakerview Apts WAO06000300 \$	Pineview Apts WAO06000400 \$	Scattered Sites WAO06000500 \$	Total Public Housing Projects \$	COCC \$
70300 Net Tenant Rental Revenue	796,484	596,951	386,791	126,985	222,692	2,129,903	-
70400 Tenant Revenue - Other	12,399	7,432	10,969	615	842	32,257	-
70500 Total Tenant Revenue	808,883	604,383	397,760	127,600	223,534	2,162,160	-
70600 HUD PHA Operating Grants	581,759	439,140	365,785	83,859	101,452	1,571,995	-
70610 Capital Grants	24,956	293,955	44,097	8,985	11,956	383,949	331,794
70710 Management Fee	-	-	-	-	-	-	871,368
70720 Asset Management Fee	-	-	-	-	-	-	74,410
70730 Book Keeping Fee	-	-	-	-	-	-	302,918
70740 Front Line Service Fee	-	-	-	-	-	-	171,407
70750 Other Fees	-	-	-	-	-	-	130,364
70700 Total Fee Revenue	-	-	-	-	-	-	1,550,467
70800 Other Government Grants	-	-	-	-	-	-	-
71100 Investment Income - Unrestricted	1,677	925	860	262	359	4,083	97
71200 Mortgage Interest Income	-	-	-	-	-	-	-
71400 Fraud Recovery	-	-	-	-	-	-	-
71500 Other Revenue	25,000	14,800	72,696	-	-	112,496	9,160
71600 Gain or Loss on Sale of Capital Assets	-	-	-	-	-	-	-
72000 Investment Income - Restricted	-	-	-	-	-	-	-
70000 Total Revenue	1,442,275	1,353,203	881,198	220,706	337,301	4,234,683	1,891,518
91100 Administrative Salaries	104,793	90,973	106,946	19,524	26,474	348,710	891,537
91200 Auditing Fees	4,962	3,013	3,095	702	908	12,680	2,064
91300 Management Fee	140,091	152,790	85,129	19,328	24,460	421,798	-
91310 Book-keeping Fee	21,907	13,103	13,312	3,023	3,780	55,125	-
91400 Advertising and Marketing	232	905	234	179	102	1,652	1,402
91500 Employee Benefit Contributions - Administrative	32,450	32,004	35,940	5,837	7,857	114,088	318,549
91600 Office Expenses	24,395	25,644	18,687	7,642	3,988	80,356	342,759
91700 Legal Expense	328	-	1,353	-	-	1,681	25,878
91800 Travel	3,473	5,841	2,368	544	1,575	13,801	60,892
91900 Other	-	2,191	-	-	-	2,191	2,290
91000 Total Operating - Administrative	332,631	326,464	267,064	56,779	69,144	1,052,082	1,645,371
92000 Asset Management Fee	29,280	17,650	18,120	4,080	5,280	74,410	-

Housing Authority of the City of Everett
Supplemental Financial Data Schedule
Year Ended June 30, 2014

Line item number & account description	Baker Heights WA006000100	Grandview Homes WA006000200	Bakerview Apts WA006000300	Pineview Apts WA006000400	Scattered Sites WA006000500	Total Public Housing Projects	COCC
92100 Tenant Services - Salaries	31,097	40,600	36,516	19,802	3,431	131,446	-
92300 Employee Benefit Contributions - Tenant Services	12,132	25,996	8,558	7,598	1,350	55,634	-
92400 Tenant Services - Other	4,231	13,208	6,779	10,353	618	35,189	-
92500 Total Tenant Services	47,460	79,804	51,853	37,753	5,399	222,269	-
93100 Water	26,720	26,967	9,207	12,641	17,109	92,644	2,045
93200 Electricity	4,087	2,985	48,164	4,708	1,523	61,467	25,203
93300 Gas	2,256	3,211	13,440	-	-	18,907	14,549
93600 Sewer	93,979	88,652	28,174	20,747	30,043	261,595	3,738
93800 Other Utilities Expense	-	-	-	-	366	366	-
93000 Total Utilities	127,042	121,815	98,985	38,096	49,041	434,979	45,535
94100 Ordinary Maintenance and Operations - Labor	145,143	129,703	130,122	39,515	37,707	482,190	141,973
94200 Ordinary Maintenance and Operations - Materials & Other	60,653	44,662	35,963	10,298	11,015	162,591	19,642
94300 Ordinary Maintenance and Operations Contracts	105,723	78,348	73,187	30,146	29,372	316,776	21,517
94500 Employee Benefit Contributions - Ordinary Maintenance	31,451	67,342	46,027	13,794	8,750	167,364	42,066
94000 Total Maintenance	342,970	320,055	285,299	93,753	86,844	1,128,921	225,198
96110 Property Insurance	12,640	10,427	8,171	2,531	4,354	38,123	2,127
96120 Liability Insurance	5,033	3,115	3,286	1,139	893	13,466	8,159
96130 Workmen's Compensation	8,234	8,566	8,533	2,772	1,588	29,693	13,573
96140 All Other Insurance	3,556	4,409	2,185	663	851	11,664	4,613
96100 Total Insurance Premiums	29,463	26,517	22,175	7,105	7,686	92,946	28,472
96200 Other General Expenses	-	-	-	-	-	-	-
96300 Payments in Lieu of Taxes	67,279	48,181	28,780	8,971	17,462	170,673	-
96400 Bad Debt - Tenant Rents	6,602	4,543	120	(193)	(195)	10,877	-
96600 Bad Debt - Other	-	-	-	-	-	-	-
96000 Total Other General Expenses	73,881	52,724	28,900	8,778	17,267	181,550	-
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	982,727	945,029	772,396	248,344	240,661	3,187,157	1,944,576
97000 Excess of Operating Revenue over Operating Expenses	459,548	408,174	108,802	(25,638)	96,640	1,047,526	(53,058)

Housing Authority of the City of Everett
Supplemental Financial Data Schedule
Year Ended June 30, 2014

Line item number & account description	Baker Heights WA006000100	Grandview Homes WA006000200	Bakerview Apts WA006000300	Pineview Apts WA006000400	Scattered Sites WA006000500	Total Public Housing Projects	COCC
97100 Extraordinary Maintenance	5,845	3,672	36,034	1,614	-	47,165	-
97300 Housing Assistance Payments	-	-	-	-	-	-	-
97350 HAP Portability-In	-	-	-	-	-	-	-
97400 Depreciation Expense	57,700	487,829	172,935	96,410	138,875	953,749	117,264
90000 Total Expenses	1,046,272	1,436,530	981,365	344,368	379,536	4,188,071	2,061,840
10010 Operating Transfer In	-	-	-	-	-	-	170,576
10020 Operating Transfer Out	-	-	-	-	-	-	-
10091 Inter Project Excess Cash Transfer In	-	-	-	350,000	-	350,000	-
10092 Inter Project Excess Cash Transfer Out	(350,000)	-	-	-	-	(350,000)	-
10100 Total Other Financing Sources (Uses)	(350,000)	-	-	350,000	-	-	170,576
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$ 46,003	\$ (83,327)	\$ (100,167)	\$ 226,338	\$ (42,235)	\$ 46,612	\$ 254
11020 Required Annual Debt Principal Payments	-	-	-	-	-	-	-
11030 Beginning Equity	1,209,124	5,267,801	2,008,403	1,551,666	3,027,819	13,064,813	1,831,437
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	1,745	1,812	408	513	7,406	-
11210 Number of Unit Months Leased	2,921	1,728	1,775	403	495	7,322	-
11270 Excess Cash	822,602	685,949	379,578	613,239	404,285	2,905,653	-
11610 Land Purchases	-	-	-	-	-	-	-
11620 Building Purchases	35,981	293,918	44,097	8,985	11,956	394,937	331,794
11640 Furniture & Equipment - Administrative Purchases	-	9,247	83,727	-	-	92,974	-

Actual Modernization Cost Certificate

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

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

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

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

Do not send this form to the above address.

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

HA Name: HOUSING AUTHORITY OF THE CITY OF EVERETT	Modernization Project Number: WA19P006501-10
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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	\$ 947,394.00
B. Funds Disbursed	\$ 947,394.00
C. Funds Expended (Actual Modernization Cost)	\$ 947,394.00
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

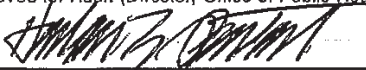
06-06-16

For HUD Use Only

The Cost Certificate is approved for audit:

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

Date:

X 

02-07-2014

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

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 to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

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.

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 as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

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

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