



Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

Housing Authority of the City of Everett

Snohomish County

For the period July 1, 2015 through June 30, 2016

Published March 27, 2017

Report No. 1018827





Office of the Washington State Auditor
Pat McCarthy

March 27, 2017

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

Report on Financial Statements and Federal Single Audit

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

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

Sincerely,

A handwritten signature in cursive script that reads "Pat McCarthy".

Pat McCarthy
State Auditor
Olympia, WA

TABLE OF CONTENTS

Schedule Of Findings And Questioned Costs.....	4
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	6
Independent Auditor’s Report On Compliance For Each Major Federal Program And Report On Internal Control Over Compliance In Accordance With The Uniform Guidance	9
Independent Auditor’s Report On Financial Statements	12
Financial Section.....	16
About The State Auditor’s Office.....	102

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Housing Authority of the City of Everett Snohomish County July 1, 2015 through June 30, 2016

SECTION I – SUMMARY OF AUDITOR’S RESULTS

The results of our audit of the Housing Authority of the City of Everett are summarized below in accordance with Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Financial Statements

We issued an unmodified opinion on the fair presentation of the financial statements of the business-type activities and the aggregate discretely presented component units in accordance with accounting principles generally accepted in the United States of America (GAAP).

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 in accordance with 2 CFR 200.516(a).

Identification of Major Federal Programs:

The following program was selected as a major program in our audit of compliance in accordance with the Uniform Guidance.

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

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was \$894,196.

The Housing Authority did not qualify as a low-risk auditee under the Uniform Guidance.

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

**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, 2015 through June 30, 2016**

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, 2016, 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 March 20, 2017.

Our report includes a reference to other auditors who audited the financial statements of the Broadway Plaza Limited Liability Limited Partnership, Pivotal Point Limited Liability Limited Partnership, Twelve Pines Limited Partnerships, Bakerview/Grandview Affordable Housing Limited Liability Limited Partnership, and Everett Affordable Housing Portfolio Limited Liability 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 control 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.

The financial statements of the Broadway Plaza Limited Liability Limited Partnership, Pivotal Point Limited Liability Limited Partnership, Twelve Pines Limited Partnerships, Bakerview/Grandview Affordable Housing Limited Liability Limited Partnership, and Everett Affordable Housing Portfolio Limited Liability Limited Partnership were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Broadway Plaza Limited Liability Limited Partnership, Pivotal Point Limited

Liability Limited Partnership, Twelve Pines Limited Partnerships, Bakerview/Grandview Affordable Housing Limited Liability Limited Partnership and Everett Affordable Housing Portfolio Limited Liability Limited Partnership.

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.

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Pat McCarthy

State Auditor

Olympia, WA

March 20, 2017

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH THE UNIFORM GUIDANCE**

**Housing Authority of the City of Everett
Snohomish County
July 1, 2015 through June 30, 2016**

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) Compliance Supplement* that could have a direct and material effect on each of the Housing Authority's major federal programs for the year ended June 30, 2016. The Housing Authority's major federal programs are identified in the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2016.

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 the Uniform Guidance, 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 the Uniform Guidance. 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 "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy

State Auditor

Olympia, WA

March 20, 2017

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Housing Authority of the City of Everett Snohomish County July 1, 2015 through June 30, 2016

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, 2016, 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 Broadway Plaza Limited Liability Limited Partnership, Pivotal Point Limited Liability Limited Partnership, Twelve Pines Limited Partnerships, Bakerview/Grandview Affordable Housing Limited Liability Limited Partnership, and Everett Affordable Housing Portfolio Limited Liability 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 Broadway Plaza Limited Liability Limited Partnership, Pivotal Point Limited Liability Limited Partnership, Twelve Pines Limited Partnerships, Bakerview/Grandview Affordable Housing Limited Liability

Limited Partnership, and Everett Affordable Housing Portfolio Limited Liability 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. The financial statements of the Broadway Plaza Limited Liability Limited Partnership, Pivotal Point Limited Liability Limited Partnership, Twelve Pines Limited Partnerships, Bakerview/Grandview Affordable Housing Limited Liability Limited Partnership, and Everett Affordable Housing Portfolio Limited Liability Limited Partnership were not audited in accordance with *Government Auditing Standards*.

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, 2016, 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.

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 27 and pension plan information on pages 81 through 83 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The accompanying Financial Data Schedule and HUD form are supplementary information required by HUD. These schedules are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2017 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.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy

State Auditor

Olympia, WA

March 20, 2017

FINANCIAL SECTION

Housing Authority of the City of Everett Snohomish County July 1, 2015 through June 30, 2016

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2016

BASIC FINANCIAL STATEMENTS

Statement of Net Position – 2016

Statement of Revenues, Expenses and Changes in Net Position – 2016

Statement of Cash Flows – 2016

Notes to Financial Statements – 2016

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportionate Share of Net Pension Liability – PERS 1 and PERS 2/3 – 2016

Schedule of Employer Contributions – PERS 1 and PERS 2/3 – 2016

Notes to the Required Supplementary Information – 2016

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Expenditures of Federal Awards – 2016

Notes to the Schedule of Expenditures of Federal Awards – 2016

Financial Data Schedule – 2016

Actual Modernization Cost Certificate WA19P006501-13 – 2016

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Management's Discussion and Analysis

June 30, 2016

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, 2016, 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, 2016, 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 increased by \$14,083,952 (18.7%) from the prior year. This increase is primarily due to higher revenues from developer fees earned and to the gain realized on the sale of four affordable housing apartment buildings to a new tax credit partnership. The Authority is the general partner in this partnership.
- The assets and deferred outflows of resources of EHA exceeded liabilities and deferred inflows of resources at June 30, 2016 by \$89,239,100. Of this amount, \$79,850,407 (unrestricted net position) may be used to meet ongoing obligations, \$9,358,877 is invested in capital assets, net of related debt, and \$29,816 is restricted to meet defined obligations.
- Overall, capital assets decreased by \$7,521,880 due primarily to the sale of four affordable housing apartment buildings to a new tax credit partnership during the year. Depreciation expense of \$565,431 also contributed to that decrease.
- Total liabilities increased by \$9,220,038 (15.5%) from the prior year. This increase was primarily due to new bonds issued by EHA for the purchase and renovation of four buildings sold to a new tax credit partnership and an increase in the bond debt that

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Management's Discussion and Analysis

June 30, 2016

financed the renovation of several other buildings owned by two existing tax credit partnerships.

- Operating expenses increased by \$5,778,307 (18.8%) in comparison to the prior year primarily due to an increase in housing assistant payments of \$3,764,853. There were also increased administrative and maintenance and operation expenses due to an increase in the number of units managed by the Authority.

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 of resources, liabilities and deferred inflows of resources, 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, 2016. 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

June 30, 2016

Financial Analysis

Net Position

Net position is summarized in the table below:

	June 30	
	2016	2015
Assets:		
Current assets	\$ 51,101,177	\$ 60,707,502
Capital assets, net	11,992,510	19,514,390
Other non-current assets	94,570,966	55,178,849
Total assets	157,664,653	135,400,741
Deferred outflows of resources related to pensions	753,026	394,334
Total assets and deferred outflows of resources	158,417,679	135,795,075
Liabilities:		
Current liabilities	30,188,146	34,795,825
Non-current liabilities	38,447,338	24,619,621
Total liabilities	68,635,484	59,415,446
Deferred inflows of resources related to pensions	543,095	1,224,481
Total liabilities and deferred inflows of resources	69,178,579	60,639,927
Net position:		
Net investment in capital assets	9,358,877	8,533,751
Restricted	29,816	7,057,383
Unrestricted	79,850,407	59,564,014
Total net position	\$ 89,239,100	\$ 75,155,148

Total assets of the Authority at June 30, 2016 and 2015 amounted to \$157,664,653 and \$135,400,741, respectively. Current assets are comprised of cash, investments, receivables, current portion of notes and interest receivable from partnerships, inventories, prepaid items, and restricted assets. Current assets are approximately 16% lower at June 30, 2016 than June 30, 2015, due to a decrease in cash and cash equivalents, both unrestricted and restricted, of approximately \$10.7 million. The Authority was obligated to advance \$1,309,573 to our tax credit partnerships to fund development costs incurred before the investing partners funded their equity contributions. Of the \$7,225,133 in restricted cash held at June 30, 2015, \$6,410,000 was to collateralize debt that was paid off during the current fiscal year.

Total liabilities of the Authority, which are segregated between current and noncurrent portions, amounted to \$68,635,484 and \$59,415,446 at June 30, 2016 and 2015, respectively. Current liabilities include accounts payable, accrued expenses, unearned revenue, tenant 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 decreased 13% from 2015 to 2016 primarily due to paying off two bonds used to finance construction activities in two of our tax credit partnerships. Noncurrent liabilities increased 56% in 2016 primarily as a result of bonds issued by the authority in conjunction with the activities of our tax credit partnerships. These

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Management's Discussion and Analysis

June 30, 2016

liabilities are expected to be paid by operating income generated from the properties of the tax credit partnerships.

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 1.74:1 in 2015 to 1.69:1 in 2016.

Net position represents the equity of EHA after total liabilities and deferred inflows of resources are subtracted from total assets and deferred outflows of resources. Net position is divided into three major categories. The first category, *net investment in capital assets*, 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 in pursuit of EHA's mission.

The Authority's total net position increased by \$14,083,952 during the year primarily because the authority realized a gain on the sale of four affordable housing apartment buildings to a tax credit partnership during the year and earned fees as the developer in three tax credit partnerships. These transactions resulted in an increase in seller financing notes receivable and developer fees receivable.

The sale of the four buildings was also the reason for the decrease in net investment in capital assets.

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.

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Management's Discussion and Analysis

June 30, 2016

Changes in Unrestricted Net Position

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

Unrestricted net position, June 30, 2015	<u>\$ 59,564,014</u>
Total change in net position	14,083,952
Adjustments:	
Depreciation (1)	<u>565,431</u>
Adjusted change in net position	<u>14,649,383</u>
Additions to capital asset long-term debt borrowings	-
Payments on capital asset long-term debt borrowings	(8,347,006)
Capital asset reductions	6,956,449
Decrease in restricted assets	<u>7,027,564</u>
Unrestricted net position, June 30, 2016	<u><u>\$ 79,850,404</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

June 30, 2016

Financial Analysis

Revenues, Expenses and Changes in Net Position

Changes in net position is summarized in the table below:

	Year Ended June 30	
	2016	2015
Operating revenues:		
Operating grants and subsidies (2)	\$ 29,414,264	\$ 25,916,129
Tenant revenues	2,632,799	2,996,448
Developer fee earned	6,165,000	4,131,943
Other revenue	3,284,657	825,961
Total operating revenues	41,496,720	33,870,481
Operating expenses:		
Housing assistance payments	26,117,612	22,352,759
Administrative	5,712,872	4,251,142
Special items - transfer to component units	-	639,803
Maintenance and operation	2,036,882	1,054,420
Tenant services	994,264	936,526
Depreciation	565,431	590,546
General	509,313	402,151
Utilities	377,739	434,039
Subsidy to component units	125,580	-
Total operating expenses	36,439,693	30,661,386
Operating income	5,057,027	3,209,095
Nonoperating revenues (expenses)		
Interest income	1,267,840	1,172,614
Interest expense	(256,257)	(298,063)
Gains on capital asset disposition	7,945,458	33,066,647
Total nonoperating revenues (expenses)	8,957,041	33,941,198
Capital contributions - HUD	69,884	966,531
Change in net position	14,083,952	38,116,824
Net position, beginning of year	75,155,148	40,688,155
Prior period adjustment	-	(3,649,831)
Net position, end of year	\$ 89,239,100	\$ 75,155,148

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

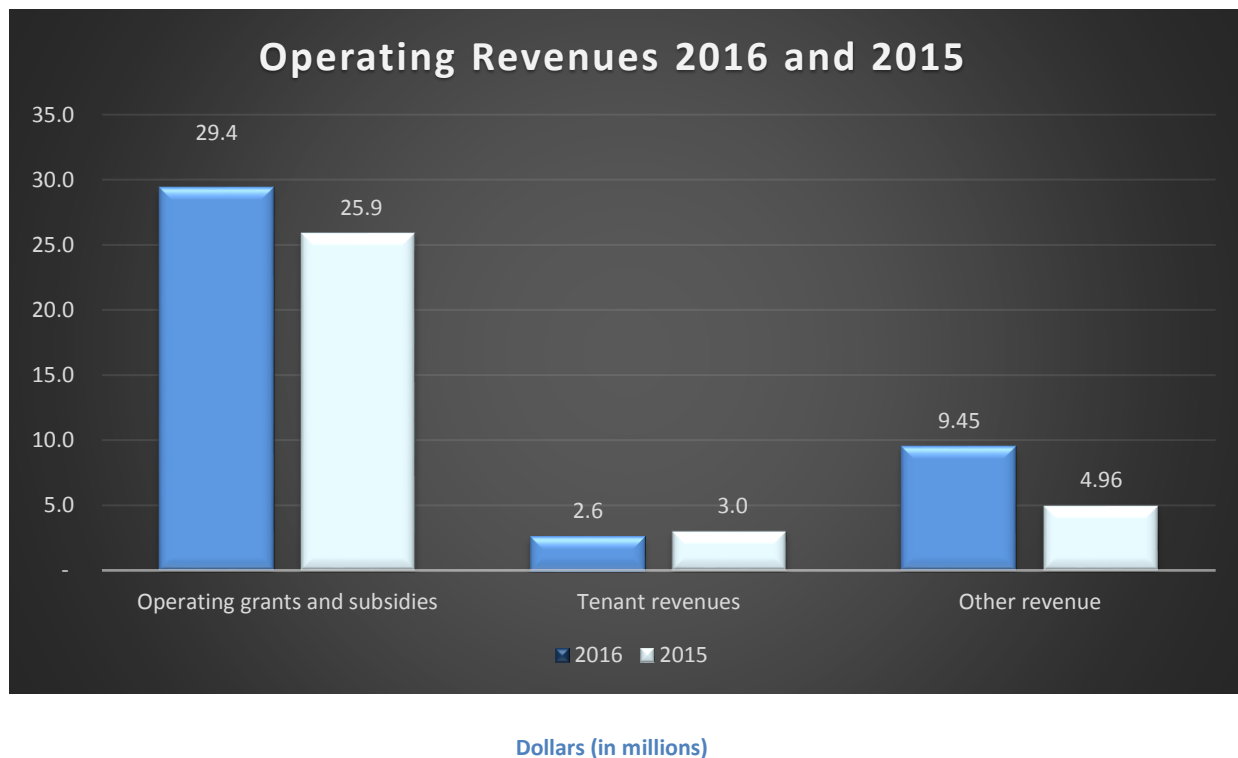
HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Management's Discussion and Analysis

June 30, 2016

The Authority had operating income of \$5,057,027 in 2016 and \$3,209,095 in 2015. Operating revenues were 22.5% higher in 2016 than 2015. The authority received 15.8% more in Housing Choice Voucher HAP subsidy and 12.8% in Housing Choice Voucher Administrative Fee revenue. Operating expenses were 18.8% higher in 2016 than 2015 primarily because our Housing Assistance Payments to clients increased by \$3,918,897. The Public Housing program had a net gain before depreciation and capital contributions of \$477,969 in 2016. Public housing revenues and expenditures both decreased significantly due to the conversion of three public housing projects to tax credit partnerships as part of HUD's Rental Assistance Demonstration (RAD) project in the 2015 fiscal year. The tax credit partnerships are reported as part of discretely presented component units and not included in the primary government's financial statements. Agency wide maintenance and operation expenses were 93% higher in 2016 than in 2015. One of the reasons for this sizable change is due to not eliminating salaries and benefits that were reimbursed by our tax credit partnerships when last year they had been eliminated from the primary government statements. In addition there were casualty losses in some of our properties primarily due to water damages from plumbing failures, most of which were recovered from insurance claims.

Operating revenues are shown in detail in the chart below:

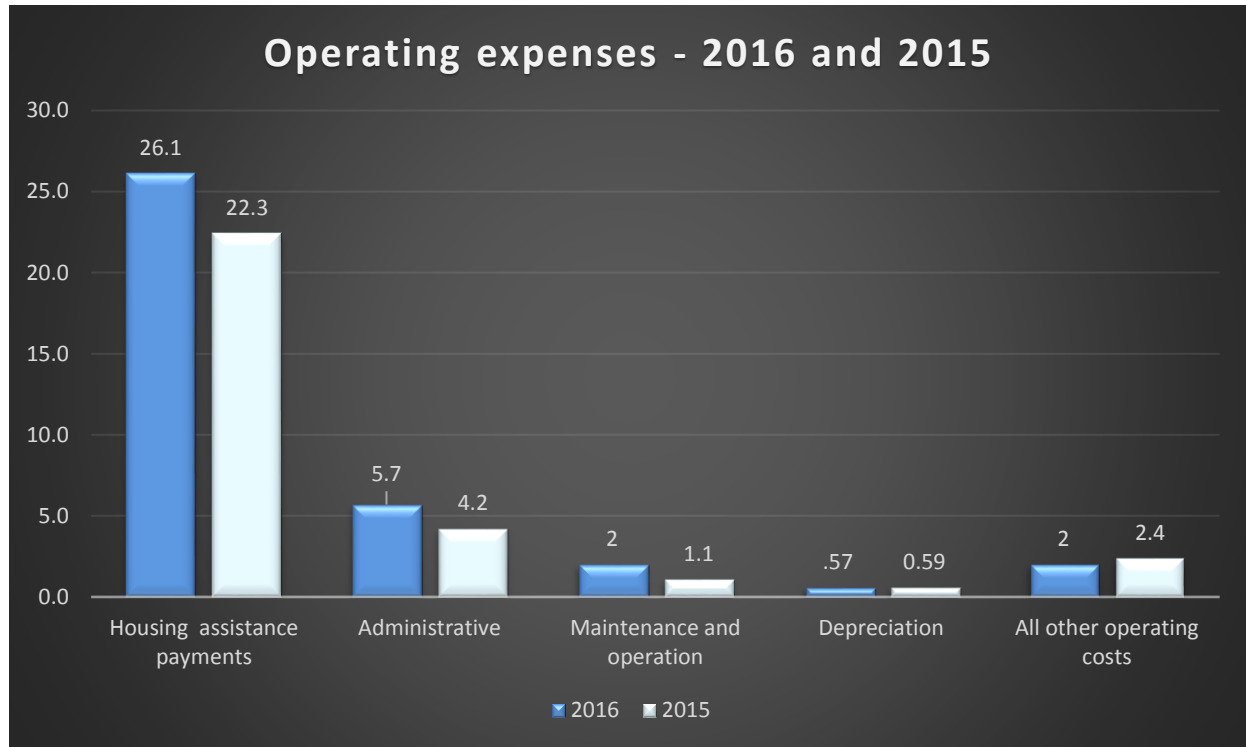


HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Management's Discussion and Analysis

June 30, 2016

Operating expenses are shown in detail in the chart below:



Dollars (in millions)

Capital Assets and Debt Administration

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

	June 30	
	2016	2015
Land and site improvements	\$ 3,403,164	\$ 4,838,283
Building and building improvements	22,707,644	28,524,755
Equipment	1,535,461	1,540,397
Construction in process	204,857	74,192
Total capital assets	27,851,127	34,977,627
Less accumulated depreciation	(15,858,617)	(15,463,237)
Net capital assets	\$ 11,992,510	\$ 19,514,390

The net investment in capital assets decreased by approximately 38.5% during the year. This decrease was substantially related to the sale of four apartment buildings to a tax credit partnership during the year. Note 6 of the Authority's basic financial statements provides additional detail regarding the changes in capital assets during the year.

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Management's Discussion and Analysis

June 30, 2016

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

	June 30	
	2016	2015
Current portion of notes and bonds payable	\$ 28,994,665	\$ 33,638,670
Bonds payable - long term	29,642,931	8,527,045
Notes payable - long term	4,241,536	12,561,999
Total notes and bonds payable	<u>\$ 62,879,132</u>	<u>\$ 54,727,714</u>

All debt service payments were made in 2016 as scheduled. Please refer to Note 8 of the Notes to the Financial Statements for more information on long-term debt.

In September of 2014 in concurrence with a RAD conversion, two of our component units began the largest renovation project in the history of the Authority. Construction financing was provided with bonds issued by the authority. Once the projects are complete, the majority of the bonds will be paid off and the rest are converted to permanent bond debt to be paid off over several years. Most of our current notes and bonds payable are related to construction financing which was paid off in July and August of 2016. In February of 2016, corresponding with the sale of four of our affordable housing properties to EHA Senior Housing I LLLP, a tax credit partnership, additional bond were issued to finance renovation costs. These bonds will convert to permanent debt once that construction is complete and other requirements are satisfied. That construction is expected to be substantially complete by the end of the 2016 calendar year and we anticipate that conversion to permanent debt will occur in late 2017.

Economic Factors Affecting the Housing Authority

The majority of EHA's funding is from the Housing and Urban Development (HUD) agency of the federal government in the form of operating subsidies, capital fund grants, Section 8 housing assistance payments and administrative fees, and other smaller grants. Therefore the Authority is heavily reliant on the federal government and subject to legislation that governs that funding. In 2016 H.R. 3700, the Housing Opportunity Through Modernization Act was passed and signed into law. Among other things, this law provides some flexibility to housing authorities in administering their programs and we hope to experience some financial benefits as we implement the provisions of this legislation. While Housing Authorities have been underfunded for most of the past decade, the following funding impacts from such actions were experienced in 2016 and are expected for 2017:

- In the fiscal year 2016, funding for the Public Housing operating subsidy was 87.74% of eligibility and is expected to be funded at about the same rate in 2017.

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Management's Discussion and Analysis

June 30, 2016

- The administrative cost portion of the Section 8 Housing Choice Voucher program was funded at 81.855% of eligibility during 2016, and is expected to be funded at about the same level in 2017. Section 8 Housing Choice Voucher program Housing Assistance Payments were funded at 99.582% of eligibility during 2016 with a renewal funding inflation factor of 12%. We hope to be funded at a similar level in 2017. Eligibility is based primarily on prior year expenditures and prorated as needed. In 2015 and 2016 HUD significantly raised fair market rents in our area, resulting in an increase in the Authority's payment standards. Because of this, our budget authority may not meet the needs of our program. We plan to continue to lease vouchers and not terminate any families in our program. We applied for and received \$817,379 in Unforeseen Circumstances set-aside funding for 2015 and may apply for additional funds near the end of 2016. In addition, we have budgeted for and most likely will spend some of our unrestricted reserves to continue serving those clients through the end of 2016. We believe that we have sufficient unrestricted reserve funds to operate competently and plan to continue to prudently manage this program. However, there is no guarantee that funding will continue at a sufficient level and as always the viability of this program is heavily reliant on HUD.
- 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. Because three of our public housing projects have converted to tax credit partnerships, they no longer rely on Capital Fund grants. We continue to explore options for the two remaining public housing projects.

Congress and the federal government continue to cut federal subsidies due to federal budget priorities. The trend in reduced funding continues to have an impact on EHA's economic position because federal housing dollars make up the largest source of revenue for the Authority. EHA expects that the Section 8 Housing Choice Voucher program will continue to be our major program going forward and we will operate under the expectation that funding will be provided at adequate levels to sustain this program in the coming year. However, EHA must pursue opportunities outside the Public Housing program because funding in this program continues to decrease. During 2016, EHA received \$841,714 in federal funds for its Public Housing Operating and Capital programs and \$28.2 million in federal funds to operate the Section 8 Housing Choice Voucher program. EHA continues to develop an aggressive strategy to increase our housing portfolio through acquisition and development primarily utilizing the Low Income Housing Tax Credit program. In addition, EHA has assumed the management of 11 affordable senior housing complexes in the Everett area. As previously mentioned, three of our former Public Housing projects have been converted to tax credit partnerships through HUD's Rental Assistance Demonstration program, and EHA is pursuing other programs for disposition of the two remaining public housing projects. It is EHA's intention to replace the units disposed of with other units in the Everett community through acquisition and development.

Additional significant economic factors affecting the Authority are as follows:

- Local labor supply and demand, which affect salary and wage rates of the Authority.

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Management's Discussion and Analysis

June 30, 2016

- 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 and other benefit costs continue to rise, though at a decreasing pace.

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 98201. (EHA Web site is at: www.evha.org)

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Statement of Net Position

June 30, 2016

	Primary Government	Component Units
Assets and Deferred Outflows of Resources		
Current assets:		
Cash and cash equivalents - unrestricted	\$ 15,380,113	\$ 949,020
Cash and cash equivalents - restricted	199,319	2,224,349
Investments - Restricted	-	176,500
Accounts receivable - net	360,101	81,502
Accrued interest receivable	307,144	-
Inventories	61,459	4,264
Prepaid expenses and other current assets	86,814	184,820
Advances to partnerships - current portion	1,309,573	-
Notes receivable - partnerships - current portion	33,396,654	-
Total current assets	<u>51,101,177</u>	<u>3,620,455</u>
Non-current assets:		
Capital assets:		
Land	3,403,164	5,608,285
Property and equipment, net	8,384,489	107,357,406
Construction in progress	204,857	10,200
Total capital assets	<u>11,992,510</u>	<u>112,975,891</u>
Notes receivable - partnerships	84,113,940	-
Interest receivable	4,049,979	-
Developer fee notes and other assets	6,407,047	2,162,136
Total non-current assets	<u>106,563,476</u>	<u>115,138,027</u>
Total assets	<u>157,664,653</u>	<u>118,758,482</u>
Deferred outflows of resources related to pensions	<u>753,026</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	158,417,679	118,758,482
Liabilities, Deferred Inflows of Resources and Net Position		
Current liabilities:		
Accounts payable	218,921	3,769,736
Accrued expenses	380,964	342,008
Unearned revenue	8,559	12,526
Tenant security deposits	88,065	218,025
Other credits and current liabilities	105,127	1,335,949
Money held in escrow (FSS escrow)	81,438	-
Notes and bonds payable - current portion	28,994,665	5,189,513
Accrued interest payable - current portion	310,407	-
Total current liabilities	<u>30,188,146</u>	<u>10,867,757</u>
Non-current liabilities:		
Bonds and notes payable, less current portion	33,884,467	98,367,107
Accrued interest payable, less current portion	652,048	-
Accrued compensated absences, less current portion	250,388	110,577
Net pension liability	3,660,435	-
Other non-current liabilities	-	3,624,257
Total non-current liabilities	<u>38,447,338</u>	<u>102,101,941</u>
Total liabilities	<u>68,635,484</u>	<u>112,969,698</u>
Deferred inflows of resources related to pensions	<u>543,095</u>	<u>-</u>
Total Liabilities and Deferred Inflows of Resources	<u>69,178,579</u>	<u>112,969,698</u>
Net position:		
Net investment in capital assets	9,358,877	9,419,271
Restricted	29,816	2,182,824
Unrestricted (deficit)	<u>79,850,407</u>	<u>(5,813,311)</u>
Total Net Position	<u>\$ 89,239,100</u>	<u>\$ 5,788,784</u>

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, 2016

	Primary Government	Component Units
Operating revenues:		
Tenant rents	\$ 2,571,897	\$ 6,292,827
HUD operating grants and subsidies	29,153,541	-
Other operating grants	260,723	131,589
Other tenant charges	60,902	68,686
Management fees	571,080	-
Port In HAP and administrative fees	71,172	-
Developer fee earned	6,165,000	-
Other revenue	2,642,405	475,339
	<hr/>	<hr/>
Total operating revenues	41,496,720	6,968,441
	<hr/>	<hr/>
Operating expenses:		
Administrative	5,712,872	1,467,890
Tenant services	994,264	363,165
Utilities	377,739	553,115
Maintenance & operations	2,036,882	2,029,481
General	509,313	305,850
Housing assistance payments	26,117,612	-
Subsidy to component units	125,580	-
Depreciation and amortization	565,431	2,605,860
	<hr/>	<hr/>
Total operating expenses	36,439,693	7,325,361
	<hr/>	<hr/>
Operating income (loss)	5,057,027	(356,920)
	<hr/>	<hr/>
Nonoperating revenues (expenses):		
Interest income	1,267,840	3,254
Interest expense	(256,257)	(2,370,043)
Gains (losses) on capital asset disposition	7,945,458	(1,013)
	<hr/>	<hr/>
Total nonoperating revenues (expenses)	8,957,041	(2,367,802)
	<hr/>	<hr/>
Income (loss) before contributions	14,014,068	(2,724,722)
	<hr/>	<hr/>
Contributions:		
Capital contributions - HUD	69,884	-
Capital contributions - partnership	-	3,805,658
Syndication costs - contra-capital	-	(151,345)
Total contributions	<hr/>	<hr/>
	69,884	3,654,313
	<hr/>	<hr/>
Change in net position	14,083,952	929,591
	<hr/>	<hr/>
Net position - beginning of year	75,155,148	4,859,193
	<hr/>	<hr/>
Net position - end of year	<u><u>\$ 89,239,100</u></u>	<u><u>\$ 5,788,784</u></u>

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, 2016

	Primary Government
Cash flows from operating activities:	
Receipts from HUD grants	\$ 29,155,935
Receipts from other grants	242,958
Receipts from tenants	2,591,682
Receipts from others	3,304,325
Payments to employees and on behalf of employees	(6,895,809)
Payments to suppliers for goods and services	(2,681,526)
Payments to landlords for housing assistance	(26,082,042)
Payments to component units	(125,580)
	<u>(490,057)</u>
Net cash used for operating activities	
Cash flows from noncapital financing activities:	
Advances to partnerships	<u>(836,321)</u>
Net cash used for noncapital financing activities	(836,321)
Cash flows from capital and related financing activities:	
Proceeds from issuance of bonds	21,320,439
Principal paid on capital debt	(13,169,020)
Interest paid on capital debt	(233,511)
Capital contributions spent - HUD capital grant	(7,970)
Proceeds from sale of capital assets	14,896,244
	<u>22,806,182</u>
Net cash provided by capital and related financing activities	
Cash flows from investing activities:	
Issuance of notes/bonds receivable - partnerships	(37,384,261)
Payments received on notes/bonds receivable - partnerships	4,904,134
Developer fees received - partnerships	211,000
Investment in partnerships	(100)
Interest received	59,695
	<u>(32,209,533)</u>
Net cash used for investing activities	
Net decrease in cash and cash equivalents	(10,729,729)
Cash and cash equivalents - beginning of year	<u>26,309,161</u>
Cash and cash equivalents - end of year	<u>\$ 15,579,432</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, 2016

	<u>Primary Government</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 5,057,027
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	565,431
Changes in operating assets and liabilities:	
(Increase) decrease in assets:	
Accounts receivable tenants	(2,667)
Accounts receivable - HUD operating grants	4,642
Accounts receivable - other grants	(17,765)
Accounts receivable - other	(6,082,831)
Inventories	13,817
Prepaid expenses and other assets	2,831
Increase (decrease) in liabilities:	
Accounts payable - vendors	83,615
Accounts payable - HUD	(2,248)
Accounts payable - other governments	(6,219)
Accrued expenses	4,234
Unearned revenue	(43,915)
FSS escrow	35,570
Security deposits	(40,004)
Accrued compensated absences	(1,923)
Net pension liability	(48,839)
Other credits	(10,813)
Net cash used for operating activities	<u><u>\$ (490,057)</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, 2016

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, 2016

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 six 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 2002 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 2011 the Authority entered into a limited liability 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 liability 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

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2016

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

In 2014 the Authority entered into a limited liability limited partnership with the Royal Bank of Canada (RBC) to form Bakerview/Grandview Affordable Housing LLLP (BV/GV), a separate legal entity. The Authority is the 0.01% owner and the general partner responsible to manage this 299 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 2014 the Authority entered into a limited liability limited partnership with RBC to form Everett Affordable Housing Portfolio LLLP (EAHP), a separate legal entity. The Authority is the 0.01% owner and the general partner responsible to manage this 159 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 2016 the Authority entered into a limited liability limited partnership with Boston Capital to form EHA Senior Housing I LLLP, a separate legal entity. The Authority is the .01% owner and the general partner responsible for managing this 200 unit 4 building 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.

Financial statements for the 12-P, BP, PP, BV/GV, EAHP and EHA Senior Housing limited partnerships have a December 31st year-end. The financial statements for the five component units that were formed prior to January of 2016 are presented as of

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2016

December 31, 2015. EHA Senior Housing I LLLP financial statements will be included as a component unit next year. Component unit budgets are prepared annually and are subject to the approval of the Limited Partner.

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 also develops and manages affordable properties. Major programs administered by EHA are as follows:

Public Housing—EHA owns and operates two housing projects consisting of 288 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 and structures of Public Housing are accomplished through these capital grant funds.

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 has an allocation of 2,872 vouchers from HUD which equates to 34,464 voucher unit months per calendar year. 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 and/or operates an Affordable Housing portfolio consisting of twenty three low-income housing properties representing 1,013 units, of which 948 units are owned through six tax credit partnerships. These properties are financed primarily through tax exempt revenue bond issues and seller financing. The Authority manages all of its affordable housing properties.

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2016

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 of resources and liabilities and deferred inflows of resources 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 non-operating 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 revenue and expenses not meeting this definition are classified as non-operating revenues and expenses, primarily interest income and interest expense. Gains and losses on the sale of capital assets could also occur in certain years and are classified as non-operating.

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, tenant security deposits, replacement reserves, and Building Changes unspent grant funds.

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2016

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, ROSS grant, and Housing Choice Voucher programs. Accounts receivable consist largely of amounts owed for tenant rent and subsidy, Section 8 portability (from other housing authorities), fraud recovery, and management fees receivable. 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, 2016 other than the allowance for tenant and client accounts receivable.

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. There is no allowance for obsolete inventory. Obsolete inventory is periodically retired and sold as surplus in accordance with Authority policy.

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 built. Costs associated with the acquisition, development, improvement, or 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 effectiveness, efficiency, or value of the asset 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 non-operating revenues and expenses.

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2016

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, 2016.

i. Deferred Outflows/Inflows of Resources –

Deferred Outflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Authority has recorded \$753,026 in deferred outflows of resources as of June 30, 2016 resulting from four items related to the implementation of GASB Statement 68. The first item is the Authority's contributions made to the pension plan subsequent to the measurement date of June 30, 2015 which was used to calculate the Authority's June 30, 2016 pension related liabilities, expenses, deferred outflows of resources and deferred inflows of resources. The second item is derived from calculating the Authority's proportion of the change in net pension liability resulting from calculating the difference between expected and actual experience of the pension plan. The third item is the Authority's proportionate share of the change in net pension liability derived from changes of assumptions made by the actuaries of the pension plan. The fourth is the change in the Authority's proportionate share of net pension liability resulting from the annual changes in proportion due to changes specifically related to the Authority's portion of the net pension liability and the differences between EHA's contributions and proportionate share of contributions.

Deferred Inflows of Resources

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has recorded \$543,095 in deferred inflows of resources as of June 30, 2016 resulting from two items that qualify for reporting in this category, both related to pension obligations. One is the net difference between the projected and

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2016

actual earnings of the Authority's share of pension plan investments as calculated and reported by the DRS. The other deferred inflow of resources is the change in the Authority's proportionate share of net pension liability resulting from the annual changes in proportion due to changes specifically related to the Authority's portion of the net pension liability and the differences between EHA's contributions and proportionate share of contributions.

j. Unearned Revenue –

Unearned revenue consists primarily of prepaid tenant rents that have not been earned as of the end of the year.

k. Revenue Recognition –

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

l. 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 position or length of service. Compensated absences, which have been earned but not paid, have been accrued in the accompanying basic financial statements.

Vacation hours may be accumulated up to a maximum of 30 days and is payable upon termination at the employee's final pay rate. Sick leave may be accumulated up to 900 hours and in the event of employee separation in good standing, twenty-five percent of the balance will be paid at his or her final pay rate.

m. Pension Plans –

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans' fiduciary net position have been determined on the

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2016

same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

n. 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.

o. 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 PILOT for the year ended June 30, 2016 was \$88,380.

p. 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 of resources and liabilities and deferred inflows of resources, 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.

q. 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.

r. 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 four years. The Authority's annual budgets are prepared on the accrual basis of accounting and

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2016

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.

s. New Accounting Standards Adopted –

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

GASB Statement No. 72, Fair Value Measurement and Application, is effective for the year ending June 30, 2016 and requires fair value measurement for certain investments not previously measured at fair value and provides guidance for determining and applying fair value measurement. The implementation of Statement No. 72 had no effect on the Authority's financial statements this year.

GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, is effective for the year ending June 30, 2016. This standard establishes requirements for pension plans that are not within the scope of GASB 68. The implementation of Statement No. 73 had no effect on the Authority's financial statements this year.

GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, is effective for the year ending June 30, 2016 and modifies the hierarchy of authoritative standards for accounting and reporting on governmental entities. It establishes two tiers of standards: Tier 1 – GASB statements and Tier 2 – GASB technical bulletins and implementation guides and AICPA guidance that has been accepted by the GASB. The Authority will follow guidelines as applicable.

t. Future Accounting Standards –

GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, is effective for the year ending June 30, 2017. This standard expands the disclosure requirements for certain postemployment benefit plans.

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, is effective for the year ending June 30, 2018 and requires recognition of a liability for obligations incurred under postemployment benefit plans.

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2016

GASB Statement No. 77, *Tax Abatement Disclosures*, is effective for the year ending June 30, 2017. It requires state and local governments to disclose information about property and other tax abatement agreements.

GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, is effective for the year ending June 30, 2017. It amends the scope and applicability of Statement 68 to exclude pensions provided through certain multiple-employer defined benefit pension plans.

GASB Statement No. 79, *Certain External Investment Pools and pool Participants*, is effective for the year ending June 30, 2017. It establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes.

GASB Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*, is effective for the year ending June 30, 2017. This statement amends the blending requirements established in paragraph 53 of *Statement No. 14, The Financial Reporting Entity, as amended* for all state and local governments. The additional criterion requires blending of component units incorporated as a not-for-profit corporation in which the primary government is the sole corporate member.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, is effective for the year ending June 30, 2018. This statement's objective is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*, is effective for the year ending June 30, 2017 except for certain instances described in paragraph 7 which allow adoption in the year ending June 30, 2018. This statement changes the presentation of covered payroll.

The Authority has not yet adopted these standards and is evaluating the impact they may have on its 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, 2016, the carrying amount of Authority's demand deposits was

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2016

\$2,766,194 and the bank balance was \$4,171,469. The carrying balance for the demand deposits of the component units was \$2,636,062 at December 31, 2015, and the bank balance was \$2,470,804. 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. Deposits in the BNY Mellon trustee account are held by the trustee in the Authority's name for the Broadway Plaza component unit's bond issue.

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.

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*.

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2016

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, 2016, all investments of the Housing Authority (as well as those of the component units as of December 31, 2015) 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 classified as cash 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 Twelve Pines 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, 2016, 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.

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2016

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	\$ 15,380,113	\$ 949,020
Cash and cash equivalents - restricted	199,319	2,224,349
Investments - restricted	-	176,500
Total cash and cash equivalents	<u>\$ 15,579,432</u>	<u>\$ 3,349,869</u>

Cash and investments are further categorized as follows:

	Primary Government	Component Units
Change and petty cash funds	\$ 400	\$ 150
Deposits with financial institutions	2,739,679	2,253,212
Deposits with state investment pool (LGIP)	12,839,353	710,157
Deposits with BNY Mellon Trustee	-	209,850
First American Treasury Obligation Fund	-	176,500
Total cash and investments	<u>\$ 15,579,432</u>	<u>\$ 3,349,869</u>

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.

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2016

These restrictions are summarized in the following table:

	Cash and Cash Equivalents	Investments
Primary Government:		
Replacement reserves	\$ 3,301	\$ -
Tenant security deposits	88,065	-
Building Changes grant funds	26,515	
FSS escrow deposits	81,438	-
	<u>\$ 199,319</u>	<u>\$ -</u>
Component Units:		
Replacement reserves	\$ 591,006	\$ -
Operating reserves	1,201,968	-
Tenant security deposits	218,025	-
Funds held by Trustee	209,850	176,500
Other	3,500	-
	<u>\$ 2,224,349</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	\$ 82,007	\$ -
Other Governments	66,433	20,236
Other HUD programs	106,837	16,461
Tenants accounts receivable - net	15,864	39,445
Fraud recovery - net	23,043	-
Other accounts receivable	65,917	5,360
Total accounts receivable	<u>\$ 360,101</u>	<u>\$ 81,502</u>

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2016

5. Notes Receivable – Partnerships

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

At June 30, 2016, 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	\$ 1,595,000
Loan obligation - City of Everett	3.00%	2024	950,000
Third trust deed note	3.00%	2017	93,042
			<u>2,638,042</u>
Accrued interest due on notes			
Current interest			44,456
Deferred interest			488,811
			<u>533,267</u>
Total notes and accrued interest			3,171,309
Less: Current portion of note principal and interest			<u>212,499</u>
Total notes and accrued interest - long-term			<u>2,958,810</u>
Broadway Plaza LLLP			
Bond mortgage note	1.99% - 5.865%	2029	6,745,000
Developer fee note	0%	2022	422,861
Seller financed note	4.05%	2061	9,875,000
			<u>17,042,861</u>
Accrued interest due on notes			
Current interest			158,094
Deferred interest			2,123,495
			<u>2,281,589</u>
Total notes and accrued interest			19,324,450
Less: Current portion of note principal and interest			<u>258,094</u>
Total notes and accrued interest - long-term			<u>19,066,356</u>
Pivotal Point LLLP			
State of Washington HTF note	0% - 1%	2055	865,000
EHA promisory note	7%	2055	84,678
Total notes and accrued interest - long-term			<u>949,678</u>

Continued on next page

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2016

Notes Receivable – Partnership (continued)

	Interest Rate	Final Maturity Date	Notes and Accrued Interest
Bakerview/Grandview LLLP			
Seller financed note	3.45%	2066	22,950,000
EHA sponsor note	3.45%	2066	550,000
Developer fee note	0.00%	2024	7,000,000
Construction bond	3.16%	2017	26,750,000
			<u>57,250,000</u>
Accrued interest due on notes			
Current interest			69,274
Deferred interest			<u>810,858</u>
Total notes and accrued interest			58,130,132
Less: Current portion of note principal and interest			<u>23,572,490</u>
Total notes and accrued interest - long-term			<u><u>34,557,642</u></u>
Everett Affordable Housing Portfolio, LLLP			
Seller financed note	3.45%	2066	9,694,066
Developer fee note	0.00%	2024	3,275,000
Construction bond	3.16%	2017	13,620,061
			<u>26,589,127</u>
Accrued interest due on notes			
Current interest			35,319
Deferred interest			<u>502,932</u>
Total notes and accrued interest			27,127,378
Less: Current portion of note principal and interest			<u>9,660,715</u>
Total notes and accrued interest - long-term			<u><u>17,466,663</u></u>
EHA Senior Housing I, LLLP			
Seller financed note	3.10%	2056	8,375,000
EHA sponsor note	3.10%	2056	1,284,756
Construction bonds	2.50%	2018	9,720,439
			<u>19,380,195</u>
Accrued interest due on notes			
Deferred interest			<u>123,883</u>
Total notes and accrued interest - long-term			<u><u>19,504,078</u></u>
Combined Total Notes and Accrued Interest			
Current portion			33,703,798
Long-term			<u>94,503,227</u>
Total notes and accrued interest			<u><u>\$ 128,207,025</u></u>

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2016

Changes in notes and accrued interest due from partnerships during the year ended June 30, 2016 are summarized below:

	Balance July 1	Additions	Reductions	Balance June 30	Due Within One Year
EHA-Twelve Pines Limited Partnership					
Bond mortgage note	\$ 1,665,000	\$ -	\$ 70,000	\$ 1,595,000	\$ 75,000
Loan obligation -					
City of Everett	950,000	-	-	950,000	-
Third trust deed note -					
developer fees	137,541	-	44,499	93,042	93,042
Accrued interest due on notes					
Current interest	44,927	44,456	44,927	44,456	44,456
Deferred interest	459,839	28,972	-	488,811	-
	<u>3,257,307</u>	<u>73,428</u>	<u>159,426</u>	<u>3,171,309</u>	<u>212,498</u>
Broadway Plaza LLLP					
Bond mortgage note	6,815,000	-	70,000	6,745,000	100,000
Developer fee note	633,861	-	211,000	422,861	-
Seller financed note	9,875,000	-	-	9,875,000	-
Accrued interest due on notes					
Current interest	192,529	158,094	192,529	158,094	158,094
Deferred interest	1,656,470	467,025	-	2,123,495	-
	<u>19,172,860</u>	<u>625,119</u>	<u>473,529</u>	<u>19,324,450</u>	<u>258,094</u>
Pivotal Point LLLP					
EHA note	122,298	-	37,620	84,678	-
State of WA HTF note	865,000	-	-	865,000	-
	<u>987,298</u>	<u>-</u>	<u>37,620</u>	<u>949,678</u>	<u>-</u>
Bakerview/Grandview LLLP					
Citibank constr. loan #1	18,171,302	8,578,698	-	26,750,000	20,500,000
Citibank constr. loan #2	5,009,556	-	5,009,556	-	-
Seller financed note	18,558,727	4,450,000	58,727	22,950,000	-
EHA sponsor note	-	550,000	-	550,000	-
Developer fee note	2,800,000	4,200,000	-	7,000,000	3,003,216
Accrued interest due on notes					
Current interest	-	69,274	-	69,274	69,274
Deferred interest	482,400	328,458	-	810,858	-
	<u>45,021,985</u>	<u>18,176,430</u>	<u>5,068,283</u>	<u>58,130,132</u>	<u>23,572,490</u>
Everett Affordable Housing LLLP					
Citibank constr. loan #1	8,858,522	4,761,539	-	13,620,061	8,270,061
Citibank constr. loan #2	1,412,695	-	1,412,695	-	-
Seller financed note	8,298,511	1,404,066	8,511	9,694,066	-
Developer fee note	1,310,000	1,965,000	-	3,275,000	1,355,335
Accrued interest due on notes					
Current interest	-	35,319	-	35,319	35,319
Deferred interest	215,550	287,382	-	502,932	-
	<u>20,095,278</u>	<u>8,453,306</u>	<u>1,421,206</u>	<u>27,127,378</u>	<u>9,660,715</u>

Continued on next page

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2016

Changes in notes and accrued interest due from partnerships during the year ended June 30, 2016 (continued)

	Balance July 1	Additions	Reductions	Balance June 30	Due Within One Year
EHA Senior Housing I LLLP					
Construction bonds	-	9,720,439	-	9,720,439	-
Seller financed note	-	8,375,000	-	8,375,000	-
EHA sponsor note	-	1,284,756	-	1,284,756	-
Deferred interest	-	123,883	-	123,883	-
	-	19,504,078	-	19,504,078	-
Total notes and accrued interest	\$ 88,534,728	\$ 46,899,599	\$ 7,160,064	\$ 128,207,025	\$ 33,703,797

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 \$1,595,000 as of June 30, 2016.

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. The City of Everett promissory note was issued to pay part of the cost of acquiring the 80-unit apartment project, Twelve Pines Apartments. Interest in the amount of \$488,811 had accrued as of June 30, 2016. The note principal, including simple interest at 3.0% per annum is due on August 1, 2024.

c. Promissory 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,

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2016

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 unpaid balance of the note was \$93,042 on June 30, 2016. The note is classified as current since the likelihood of full repayment, while subject to available cash flow of the EHA-Twelve Pines Limited Partnership, is highly likely to occur within the next twelve months. The note matures on August 30, 2017.

Broadway Plaza LLLP Notes Receivable

a. Note Receivable - Bond Mortgage Note

On June 29, 2011, the Authority executed a note receivable with Broadway Plaza LLLP in the original amount of \$7,000,000, concurrent with the sale of tax exempt revenue bonds (Housing Revenue Bonds, 2011 (Broadway Plaza Project)) in the principal amount of \$7,000,000. The revenue bonds were issued to finance the acquisition of a 190-unit multifamily apartment property located in Everett, Washington. Under terms of the partnership agreement, Broadway Plaza LLLP is obligated to make payments to the Authority, the General Partner of the Partnership, sufficient to make required debt service payments on the revenue bonds. At June 30, 2016 the unpaid balance of the note was \$6,745,000.

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 \$2,123,495 had accrued as of June 30, 2016. 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 was to provide funding for new construction of two apartment buildings totaling twenty units of low income housing.

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2016

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.

b. Promissory Note – Everett Housing Authority

On January 1, 2015 the Authority loaned to Pivotal Point, LLLP the amount of \$122,298 in conjunction with a promissory note dated September 1, 2013. The purpose of this note was to provide funding for construction of the police substation space which was part of this twenty unit apartment complex. Interest in the amount of 7% per annum shall accrue on the unpaid principal balance and shall be payable annually from net cash flow (as defined in the Partnership Agreement) and net cash proceeds (as defined in the Partnership Agreement). All outstanding principal and interest shall be payable at maturity on December 31, 2055. This note may be prepaid in whole or in part at any time. On June 30, 2016 the balance of the loan was \$84,678. The note is classified as non-current since repayment is subject to available cash flow.

Bakerview/Grandview LLLP Notes Receivable

a. Promissory Note – Seller Financing Note

A promissory note totaling \$22,950,000 dated September 29, 2014 was issued in connection with the acquisition of the leasehold estate in two apartment complexes with a total of 299 units for Bakerview/Grandview Affordable Housing LLLP. No annual payments are required on the principle or the interest which accrues at the compounding rate of 3.45% per annum. Interest in the amount of \$808,295 had accrued as of June 30, 2016. The note is classified as non-current since repayment is subject to available cash flow of the partnership. The note matures on September 1, 2066.

b. Sponsor Note

A sponsor note in the amount of \$550,000 was executed on September 29, 2014 in connection with the acquisition and development of Bakerview/Grandview Affordable Housing. No annual payments are required on the principle or the interest which accrues at the compounding rate of 3.45% per annum. Interest in the amount of \$2,563 had accrued as of June 30, 2016. The note is classified as non-current since repayment is subject to available cash flow of the partnership. The note matures on September 1, 2066.

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2016

c. Developer Fee Note

A developer fee note in the amount of \$7,000,000 was executed on September 29, 2014 in connection with the acquisition and development of Bakerview/Grandview Affordable Housing. As of June 30, 2016 \$3,996,785 was accrued of which \$3,003,216 was considered to be current. Any installment of the Development Amount not paid when otherwise due shall be deferred with interest at the rate of 0% per annum and shall be paid in the priority set forth in the partnership agreement. Any unpaid balance shall be due and payable in all events by the end of the ten year tax credit benefit period.

d. Construction Loan

On September 29, 2014 the Authority signed a note with Citibank that provided a construction loan to fund the renovation of the Bakerview/Grandview apartments. The note amount will equal the total outstanding incremental loan draws. The loan is not to exceed \$26,750,000. Variable rate interest only payments will be made at rates set forth in the Funding Loan Agreement. The note is a pass-through obligation relating to a construction and permanent loan under an agreement dated September 1, 2014. As of June 30, 2016, the balance of the loan was \$26,750,000 and accrued interest was \$69,274. The loan is expected to convert to permanent financing in early 2017.

Everett Affordable Housing Portfolio LLLP

a. Promissory Note – Seller Financing Note

A promissory note in the amount of \$9,694,066 dated September 29, 2014 was issued in connection with the acquisition of the leasehold estate in eight apartment complexes with 159 units by Everett Affordable Housing Portfolio LLLP. No annual payments are required on the principle or the interest which accrues at the compounding rate of 3.45% per annum. Interest in the amount of \$502,428 had accrued as of June 30, 2016. The note is classified as non-current since repayment is subject to available cash flow of the partnership. The note matures on September 1, 2066.

b. Developer Fee Note

A developer fee note in the amount of \$3,275,000 was executed on September 29, 2014 in connection with the acquisition and development of Everett Affordable Housing Portfolio, LLLP. As of June 30, 2016 the balance of the note was \$3,275,000 of which \$1,355,335 was considered to be current. Any installment of the Development Amount not paid when otherwise due shall be deferred with interest at the rate of 0% per annum and shall be paid in the priority set forth in the partnership agreement. Any unpaid balance shall be due and payable in all events by the end of the ten year tax credit benefit period.

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2016

c. Construction Loan

On September 29, 2014 the Authority signed a note with Citibank that provide a construction loan to fund the renovation of the Everett Affordable Housing Portfolio properties. The note amount will equal the total outstanding incremental loan draws. The loan is not to exceed \$13,990,000. Variable rate interest only payments will be made at rates set forth in the Funding Loan Agreement. The note is a pass-through obligation relating to a construction and permanent loan under an agreement dated September 1, 2014. As of June 30, 2016, the balance of the loan was \$13,620,061. Of that amount, 8,270,061 was considered to be current. Accrued interest was \$35,319. The loan is expected to convert to permanent financing in early 2017.

EHA Senior Housing I LLLP

a. Promissory Note – Seller Financing Note

A promissory note in the amount of \$8,375,000 dated February 5, 2016 was issued in connection with the acquisition of the leasehold estate in four apartment complexes with 200 units by EHA Senior Housing I LLLP. No annual payments are required on the principle or the interest which accrues at the compounding rate of 3.1% per annum. Interest in the amount of \$107,406 had accrued as of June 30, 2016. The note is classified as non-current since repayment is subject to available cash flow of the partnership. The note matures on February 1, 2056.

b. Sponsor Note

A sponsor note in an amount not to exceed \$2,000,000 was executed on February 5, 2016 in connection with the acquisition and development of EHA Senior Housing I. No annual payments are required on the principle or the interest which accrues at the compounding rate of 3.1% per annum. As of June 30, 2016 the principal balance was \$1,284,756 and interest \$16,477 had accrued. The note is classified as non-current since repayment is subject to available cash flow of the partnership. The note matures on February 1, 2056.

c. Construction Loan

On February 5, 2016 the Authority signed a note with Banner Bank that provides a construction loan to fund the renovation of the EHA Senior Housing I properties. The note amount will equal the total outstanding incremental loan draws. The loan is not to exceed \$15,970,000 and bears interest at a fixed rate of 2.5% per annum. Interest only payments will be made on the first day of each month beginning March 1, 2016 until the loan converts to permanent financing. The note is a pass-through obligation relating to a construction and

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2016

permanent loan under an agreement dated February 1, 2016. As of June 30, 2016, the balance of the loan was \$9,720,439 and the entire amount was classified as long term debt. The loan is expected to convert to permanent financing in late 2017 or early 2018.

6. Capital Assets

Primary Government:

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

	Balance July 1, 2015	Additions and Transfers	Reductions and Transfers	Balance June 30, 2016
Capital assets, not being depreciated:				
Land	\$ 4,838,283	\$ 172,370	\$ 1,607,489	\$ 3,403,164
Construction in progress	74,192	155,160	24,495	204,857
Total capital assets, not being depreciated	4,912,475	327,530	1,631,983	3,608,021
Capital assets, being depreciated:				
Building and building improvements	28,524,755	1,399,810	7,216,921	22,707,644
Furniture, equipment and machinery	1,540,397	48,387	53,322	1,535,461
Total capital assets, being depreciated	30,065,152	1,448,196	7,270,243	24,243,105
Less accumulated depreciation for:				
Building and building improvements	14,289,786	459,420	116,729	14,632,478
Furniture, equipment and machinery	1,173,451	106,010	53,322	1,226,139
Total accumulated depreciation	15,463,237	565,431	170,051	15,858,617
Total capital assets being depreciated, net	14,601,915	882,766	7,100,192	8,384,488
Total capital assets, net	\$ 19,514,390	\$ 1,210,295	\$ 8,732,176	\$ 11,992,510

Component Units:

The following is a summary of the changes (at cost) in capital assets (land, structures and equipment) held by the Component Units at December 31, 2015:

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2016

	Balance January 1, 2015	Additions and Transfers	Reductions and Transfers	Balance December 31, 2015
Capital assets, not being depreciated:				
Land	\$ 3,832,860	\$ 43,391	\$ -	\$ 3,876,251
Leasehold improvements	46,020	-	-	46,020
Construction in progress	12,571,803	30,680,214	43,241,817	10,200
Total capital assets, not being depreciated	16,450,683	30,723,605	43,241,817	3,932,471
Capital assets, being depreciated:				
Site improvements	672,866	1,059,168	-	1,732,034
Building and building improvements	73,091,855	39,404,717	-	112,496,572
Furniture, equipment and machinery	1,073,178	336,318	3,239	1,406,257
Total capital assets, being depreciated	74,837,899	40,800,203	3,239	115,634,863
Less accumulated depreciation for:				
Site improvements	27,903	74,224	-	102,127
Building and building improvements	3,532,858	2,252,431	-	5,785,289
Furniture, equipment and machinery	508,098	198,158	2,226	704,029
Total accumulated depreciation	4,068,859	2,524,812	2,226	6,591,444
Total capital assets being depreciated, net	70,769,040	38,275,392	1,013	109,043,419
Total capital assets, net	\$ 87,219,723	\$ 68,998,997	\$ 43,242,830	\$ 112,975,890

7. Construction in Progress

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 four 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.

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2016

The following schedule shows the significant components of construction in progress at June 30, 2016:

	Project Authorization	Expended through 6/30/2016	Committed
Baker Heights redevelopment	\$ 86,618	\$ 86,618	\$ -
Baker Heights/PD pre-development	25,147	25,147	-
Grandview Clubhouse/Unit renovation	35,507	35,507	
Scattered Sites remodel and redevelopment	150,833	57,585	93,248
	<u>\$ 298,105</u>	<u>\$ 204,857</u>	<u>\$ 93,248</u>

Component Units:

Construction in progress represents expenditures for the rehabilitation of properties associated with the Twelve Pines Limited Partnership.

The following schedule shows the significant components of construction in progress at December 31, 2015:

	Project Authorization	Expended through 12/31/2015	Committed
Twelve Pines LP water line replacement	\$ 31,400	\$ 10,200	\$ 21,200
	<u>\$ 31,400</u>	<u>\$ 10,200</u>	<u>\$ 21,200</u>

8. Non-Current Liabilities

Primary Government:

This schedule lists the outstanding bonds of the Primary Government as of June 30, 2016:

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2016

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	\$ 1,595,000	\$ 75,000
Revenue Bond 2011 - Broadway Plaza Apartments	06/29/11	07/01/29	1.99%- 5.865%	7,000,000	6,745,000	100,000
* Revenue Construction/ Permanent Note 2014 - Bakerview/Grandview	09/29/14	10/01/17	Variable 3.16% as of June 30th	26,750,000	26,750,000	20,500,000
* Revenue Construction/ Permanent Note 2014 - Everett Affordable Housing Portfolio	09/29/14	10/01/17	Variable 3.16% as of June 30th	13,990,000	13,620,061	8,270,061
EHA Senior Housing I Revenue Bonds	02/01/16	02/01/18	2.50%	9,720,439	9,720,439	-
<i>Total Tax Credit Partnership Bonds</i>					58,430,500	
<i>Affordable Housing</i>						
Revenue Bond 2006 - Gibson Road Townhomes Project (Pacific Square Apartments)	12/28/06	01/01/22	5.25%	400,000	187,047	29,555
<i>Total Affordable Housing Bonds</i>					187,047	
<i>Total Revenue Bonds</i>					\$ 58,617,547	

- * The revenue construction notes for Bakerview/Grandview and Everett Affordable Housing Portfolio have a maturity date of April 2017 which can be extended to October 2017. In July 2016, subsequent to our year end closing, a portion of the short-term balance for Bakerview/Grandview (\$14,651,090) was paid. The remaining \$5,848,910 is expected to be paid in early 2017. The short term portion for Everett Affordable Housing Portfolio (\$8,270,061) was paid out in July and August 2016. We anticipate conversion to permanent loans will occur in 2017 with a maturity date in 2047.

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2016

The following schedule lists the outstanding notes of the Primary Government as of June 30, 2016:

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	865,000	-
<i>Total Tax Credit Partnership Notes</i>					<u>\$ 1,815,000</u>	
<i>Affordable Housing</i>						
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	-
WA State (Housing Trust Fund) - Evergreen Cottages	06/03/09	01/31/59	1.00%	525,000	471,436	8,885
Snohomish County (Home Loan) - Evergreen Cottages	08/15/08	08/14/48	0.00%	647,150	647,150	-
Everett (Housing Trust Fund) - Evergreen Cottages	07/22/08	07/21/33	3.00%	200,000	200,000	-
Banner Bank - Evergreen Cottages	06/24/15	07/01/25	4.95%	750,000	739,786	11,164
<i>Total Affordable Housing Notes</i>					<u>2,446,585</u>	
<i>Total Notes</i>					<u><u>\$ 4,261,585</u></u>	

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2016

Changes in long-term liabilities for the Primary Government during the year ended June 30, 2016 are summarized below:

	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Due Within One Year
Revenue bonds	\$ 42,147,119	\$ 23,060,676	\$ 6,590,248	\$ 58,617,547	\$28,974,616
Promissory notes	12,580,595	-	8,319,010	4,261,585	20,049
	<u>54,727,714</u>	<u>23,060,676</u>	<u>14,909,258</u>	<u>62,879,132</u>	<u>28,994,665</u>
Compensated absences	335,774	-	1,921	333,853	83,463
Accrued interest	604,985	357,470	-	962,455	310,407
Pension liability	2,669,196	991,239	-	3,660,435	-
	<u>3,609,955</u>	<u>1,348,709</u>	<u>1,921</u>	<u>4,956,743</u>	<u>393,870</u>
Total	<u>\$ 58,337,669</u>	<u>\$ 24,409,385</u>	<u>\$14,911,179</u>	<u>\$ 67,835,875</u>	<u>\$29,388,535</u>

The annual debt service requirements of the Primary Government for revenue bonds and notes at June 30, 2016 are as follows:

Year Ended June 30	Principal Due		Interest Due	Total
	Bonds	Notes		
2017	\$ 28,974,616	\$ 20,049	\$ 1,348,405	\$ 30,343,070
2018	9,998,588	20,711	1,271,937	11,291,236
2019	308,505	21,404	1,153,153	1,483,062
2020	320,390	22,032	1,136,035	1,478,457
2021	330,931	22,882	1,119,419	1,473,232
2022-2026	1,368,984	973,675	3,463,437	5,806,096
2027-2031	6,803,950	337,976	4,481,149	11,623,075
2032-2036	827,095	472,537	3,143,317	4,442,949
2037-2041	1,086,344	191,545	2,587,433	3,865,322
2042-2046	1,430,547	799,664	2,205,914	4,436,125
2047-2051	1,881,399	192,443	1,743,441	3,817,283
2052-2056	2,474,374	180,766	1,141,049	3,796,189
2057-2061	2,811,824	1,005,901	419,400	4,237,125
	<u>\$ 58,617,547</u>	<u>\$ 4,261,585</u>	<u>\$ 25,214,089</u>	<u>\$ 88,093,221</u>

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2016

Component Units: The following is a schedule of outstanding notes of the Component Units as of December 31, 2015:

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	08/01/99	08/01/29	4.7% - 6.5%	\$ 2,300,000	\$ 1,595,000
City of Everett HOME loan	08/01/99	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	93,042
					<u>2,638,042</u>
Broadway Plaza LLLP					
Promissory note - housing revenue bonds 2011, Broadway Plaza	06/29/11	07/01/29	1.99% - 5.865%	7,000,000	6,745,000
Seller financed note	06/29/11	06/29/61	4.05%	9,875,000	9,875,000
					<u>16,620,000</u>
Pivotal Point LLLP					
Housing Trust Fund loan	09/24/13	12/31/55	0% - 1%	865,000	865,000
EHA promissory note	09/01/13	12/31/55	7.0%	122,298	121,728
					<u>986,728</u>
Bakerview/Grandview LLLP					
Revenue construction note	09/29/14	10/01/17	Variable 2.76% as of Dec 31st	26,750,000	25,380,730
Revenue construction note	09/29/14	10/01/17	Variable 2.26% as of Dec 31st	5,000,000	5,000,000
EHA sponsor note	09/29/14	09/01/66	3.45%	5,000,000	58,727
Seller financed note	09/29/14	09/01/66	3.45%	22,950,000	18,500,000
					<u>48,939,457</u>
Everett Affordable Housing Portfolio LLLP					
Revenue construction note	09/29/14	10/01/17	Variable 2.79% as of Dec 31st	13,990,000	12,828,019
Revenue construction note	09/29/14	10/01/17	Variable 2.29% as of Dec 31st	1,410,000	1,410,000
EHA sponsor note	09/29/14	09/01/66	3.45%	2,000,000	8,511
Seller financed note	09/29/14	09/01/66	3.45%	9,700,000	8,284,066
WA State Dept of Commerce	03/15/04	03/31/43	1.00%	580,000	432,937
City of Everett - Housing Trust Fund	11/18/09	11/18/49	3.00%	500,000	500,000
					<u>\$23,463,533</u>

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2016

Changes in outstanding notes and compensated absences for the Component Units during the year ended December 31, 2015 are summarized below:

	Balance January 1	Additions	Reductions	Balance December 31	Due Within One Year
EHA - Twelve Pines Partnership					
Promissory note - Everett Housing Authority					
Housing revenue bonds 1999	\$ 1,665,000	\$ -	\$ 70,000	\$ 1,595,000	\$ 75,000
City of Everett HOME loan	950,000	-	-	950,000	-
Third mortgage loan	137,541	-	44,499	93,042	93,042
	<u>2,752,541</u>	-	114,499	<u>2,638,042</u>	<u>168,042</u>
Compensated absences	18,671	-	4,234	14,437	3,609
Total	<u>2,771,212</u>	<u>-</u>	<u>118,733</u>	<u>2,652,479</u>	<u>171,651</u>
Broadway Plaza LLLP					
Promissory note - Everett Housing Authority					
Housing revenue bonds 2011	6,815,000	-	70,000	6,745,000	100,000
Seller financed note	9,875,000	-	-	9,875,000	-
	<u>16,690,000</u>	-	70,000	<u>16,620,000</u>	<u>100,000</u>
Compensated absences	40,478	-	3,928	36,550	9,137
Total	<u>16,730,478</u>	<u>-</u>	<u>73,928</u>	<u>16,656,550</u>	<u>109,137</u>
Pivotal Point LLLP					
Housing Trust Fund loan	865,000	-	-	865,000	-
Construction loan	2,809,147	-	2,809,147	-	-
EHA promissory note	-	122,298	570	121,728	37,050
	<u>3,674,147</u>	<u>122,298</u>	<u>2,809,717</u>	<u>986,728</u>	<u>37,050</u>
Compensated absences	-	3,845	-	3,845	961
Total	<u>3,674,147</u>	<u>126,143</u>	<u>2,809,717</u>	<u>990,573</u>	<u>38,011</u>
Bakerview/Grandview LLLP					
Revenue construction note	11,414,724	13,966,006	-	25,380,730	-
Revenue construction note	5,000,000	-	-	5,000,000	-
EHA sponsor note	-	58,727	-	58,727	-
Seller financed note	18,723,620	-	223,620	18,500,000	-
	<u>35,138,344</u>	<u>14,024,733</u>	<u>223,620</u>	<u>48,939,457</u>	<u>-</u>
Compensated absences	60,239	7,506	-	67,745	16,936
Total	<u>35,198,583</u>	<u>14,032,239</u>	<u>223,620</u>	<u>49,007,202</u>	<u>16,936</u>
Everett Affordable Housing Portfolio LLLP					
Revenue construction note	6,857,439	5,970,580	-	12,828,019	-
Revenue construction note	1,410,000	-	-	1,410,000	-
EHA sponsor note	-	8,511	-	8,511	-
Seller financed note	8,292,577	-	8,511	8,284,066	-
WA St Dept of Commerce	446,136	-	13,199	432,937	13,331
	<u>500,000</u>	-	-	<u>500,000</u>	-
City of Everett - Housing Trust Fund	<u>17,506,152</u>	<u>5,979,091</u>	<u>21,710</u>	<u>23,463,533</u>	<u>13,331</u>
Compensated absences	22,954	1,903	-	24,857	6,214
Total	<u>\$ 17,529,106</u>	<u>\$ 5,980,994</u>	<u>\$ 21,710</u>	<u>\$ 23,488,390</u>	<u>\$ 19,545</u>

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2016

The annual debt service requirements of the Component Units' long-term debt obligations at December 31, 2015 are as follows:

Year Ended December 31	Notes	Interest	Total
2016	\$ 318,423	\$ 503,446	\$ 821,869
2017	44,812,214	797,907	45,610,121
2018	198,600	782,120	980,720
2019	203,737	772,553	976,290
2020	208,875	762,315	971,190
2021-2025	2,309,807	3,624,780	5,934,587
2026-2030	7,820,151	1,419,883	9,240,034
2031-2035	1,735,432	48,622	1,784,054
Thereafter	35,040,521	1,342,294	36,382,815
	<u>\$ 92,647,760</u>	<u>\$ 10,053,920</u>	<u>\$ 102,701,680</u>

9. Arbitrage

The Housing Authority periodically monitors for the existence of any rebatable arbitrage interest associated with its tax-exempt debt. Rebatable arbitrage interest is based on the difference between the interest earnings from the investment of bond proceeds as compared to the interest expense associated with the respective bonds. As of June 30, 2016, the Housing Authority estimated that no arbitrage rebate exists in conjunction with its debt reserve funds, and therefore no liability exists.

10. Conduit Debt

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

As of June 30, 2016, 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, 2016 is \$14,500,320.

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2016

11. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; injuries to employees; and natural disasters. The Agency maintains comprehensive insurance coverage with private carriers for vehicles, earthquake, and employee major medical and dental. Workman's compensation insurance is provided through the Washington State Department of Labor and Industries. 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 \$2,500 per occurrence.
- Fidelity coverage with a limit of \$750,000 for employee dishonesty and forgery or alteration and \$75,000 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.

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2016

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.

12. Pension Plan

The following table represents the aggregate pension amounts for all plans subject to the requirements of the GASB Statement 68, *Accounting and Financial Reporting for Pensions* for the year 2016:

Aggregate Pension Amounts – All Plans		
Pension liabilities	\$	3,660,435
Pension assets	\$	-
Deferred outflows of resources	\$	753,025
Deferred inflows of resources	\$	543,095
Pension expense/expenditures	\$	468,807

State Sponsored Pension Plans

Substantially all Everett Housing Authority 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 state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

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 98540-8380

Or the DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov.

Public Employees' Retirement System (PERS)

PERS members include elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of the legislature; employees of district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs. PERS is comprised of three separate pension plans for membership purposes. PERS plans 1 and 2 are defined benefit plans, and PERS plan 3 is a defined benefit plan with a defined contribution component.

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2016

PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2015 were as follows:

PERS Plan 1

Actual Contribution Rates:	Employer	Employee*
July through December 2015	11.18%	6.00%
January through June 2016	11.18%	6.00%

* For employees participating in JBM, the contribution rate was 12.26%

The Everett Housing Authority's actual contributions to the plan were \$0 for the year ended June 30, 2016.

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service for Plan 2 and 1 percent of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 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 benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

- With a benefit that is reduced by three 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 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of five 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 credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2016

percent annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS 2 members are vested after completing five years of eligible service. 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 12 months of that service are earned after age 44.

PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. PERS Plan 3 members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. As established by statute, Plan 3 required defined contribution rates are set at a minimum of 5 percent and escalate to 15 percent with a choice of six options. Employers do not contribute to the defined contribution benefits. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

Contributions

The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2015 were as follows:

PERS Plan 2/3

Actual Contribution Rates:	Employer 2/3	Employee 2*
July through December 2015	11.18%	6.12%
January through June 2016	11.18%	6.12%
Employee PERS Plan 3		varies

* For employees participating in JBM, the contribution rate was 15.30%

The Everett Housing Authority's actual contributions to the plan were \$535,107 for the year ended June 30, 2016.

Public Safety Employees' Retirement System (PSERS)

PSERS Plan 2 was created by the 2004 Legislature and became effective July 1, 2006. To be eligible for membership, an employee must work on a full time basis and:

- Have completed a certified criminal justice training course with authority to arrest, conduct criminal investigations, enforce the criminal laws of Washington, and carry a firearm as part of the job; or
- Have primary responsibility to ensure the custody and security of incarcerated or probationary individuals; or
- Function as a limited authority Washington peace officer, as defined in RCW 10.93.020; or
- Have primary responsibility to supervise eligible members who meet the above criteria.

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2016

PSERS membership includes:

- PERS 2 or 3 employees hired by a covered employer before July 1, 2006, who met at least one of the PSERS eligibility criteria and elected membership during the period of July 1, 2006 to September 30 2006; and
- Employees hired on or after July 1, 2006 by a covered employer, that meet at least one of the PSERS eligibility criteria.

PSERS covered employers include:

- Certain State of Washington agencies (Department of Corrections, Department of Natural Resources, Gambling commission, Liquor Control Board, Parks and Recreation Commission, and Washington State Patrol),
- Washington State Counties,
- Washington State Cities (except for Seattle, Spokane, and Tacoma),
- Correctional entities formed by PSERS employers under the Interlocal Cooperation Act.

PSERS Plan 2 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the average final compensation (AFC) for each year of service. The AFC is based on the member's 60 consecutive highest creditable months of service. Benefits are actuarially reduced for each year that the member's age is less than 60 (with ten or more service credit years in PSERS), or less than 65 (with fewer than ten service credit years). There is no cap on years of service credit. Members are eligible for retirement at the age of 65 with five years of service; or at the age of 60 with at least ten years of PSERS service credit; or at age 53 with 20 years of service. Retirement before age 60 is considered an early retirement. PSERS members who retire prior to the age of 60 receive reduced benefits. If retirement is at age 53 or older with at least 20 years of service, a three percent per year reduction for each year between the age at retirement and age 60 applies. PSERS Plan 2 retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PSERS Plan 2 members are vested after completing five years of eligible service.

Contributions

The **PSERS Plan 2** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The Plan 2 employer rates include components to address the PERS Plan 1 unfunded actuarial accrued liability and administrative expense currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates.

The PSERS Plan 2 required contribution rates (expressed as a percentage of current-year covered payroll) for 2015 were as follows:

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2016

PSERS Plan 2

Actual Contribution Rates:	Employer	Employee
July through December 2015	11.54%	6.59%
January through June 2016	11.54%	6.59%

The Everett Housing Authority's actual contributions to the plan were \$0 for the year ended June 30, 2016.

Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF)

LEOFF membership includes all full-time, fully compensated, local law enforcement commissioned officers, firefighters, and as of July 24, 2005, emergency medical technicians. LEOFF is comprised of two separate defined benefit plans.

LEOFF Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined per year of service calculated as a percent of final average salary (FAS) as follows:

- 20+ years of service – 2.0% of FAS
- 10-19 years of service – 1.5% of FAS
- 5-9 years of service – 1% of FAS

The FAS is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest consecutive 24 months' salary within the last ten years of service. Members are eligible for retirement with five years of service at the age of 50. Other benefits include duty and non-duty disability payments, a cost-of living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

Starting on July 1, 2000, **LEOFF Plan 1** employers and employees contribute zero percent, as long as the plan remains fully funded. The LEOFF Plan I had no required employer or employee contributions for fiscal year 2015. Employers paid only the administrative expense of 0.18 percent of covered payroll.

LEOFF Plan 2 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the final average salary (FAS) per year of service (the FAS is based on the highest consecutive 60 months). Members are eligible for retirement with a full benefit at 53 with at least five years of service credit. Members who retire prior to the age of 53 receive reduced benefits. If the member has at least 20 years of service and is age 50, the reduction is three percent for each year prior to age 53. Otherwise, the benefits are actuarially reduced for each year prior to age 53. LEOFF 2 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF 2 members are vested after the completion of five years of eligible service.

Contributions

The **LEOFF Plan 2** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The employer rate included an administrative expense component set at 0.18

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2016

percent. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board. The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2015 were as follows:

LEOFF Plan 2

Actual Contribution Rates:	Employer	Employee
State and local governments	5.21%	8.41%
Ports and Universities	5.21%	8.41%

The Everett Housing Authority's actual contributions to the plan were \$0 for the year ended June 30, 2016.

The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute. For the state fiscal year ending June 30, 2015, the state contributed \$58,339,032 to LEOFF Plan 2.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2015 with a valuation date of June 30, 2014. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2007-2012 Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2014 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2015. Plan liabilities were rolled forward from June 30, 2014, to June 30, 2015, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 3% total economic inflation; 3.75% salary inflation
- **Salary increases:** In addition to the base 3.75% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.5%

Mortality rates were based on the RP-2000 report's Combined Healthy Table and Combined Disabled Table, published by the Society of Actuaries. The OSA applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

There were minor changes in methods and assumptions since the last valuation.

- The OSA updated demographic assumptions, consistent with the changes from the *2007-2012 Experience Study Report*, used when valuing the PERS 1 and TERS 1 Basic Minimum COLA.
- The OSA corrected how valuation software calculates a member's entry age under the entry age normal actuarial cost method. Previously, the funding age was rounded, resulting in an entry age one year higher in some cases.

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2016

- For purposes of calculating the Plan 2/3 Entry Age Normal Cost contribution rates, the OSA now uses the current blend of Plan 2 and Plan 3 salaries rather than using a long-term membership assumption of two-thirds Plan 2 members and one-third Plan 3 members.
- The OSA changed the way it applies salary limits, as described in the *2007-2012 Experience Study Report*.

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.5 percent. To determine that rate, an asset sufficiency test included an assumed 7.7 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. (All plans use 7.7 percent except LEOFF 2, which has assumed 7.5 percent). Consistent with the long-term expected rate of return, a 7.5 percent future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue being made at contractually required rates (including PERS 2/3, PSERS 2, SERS 2/3, and TRS 2/3 employers, whose rates include a component for the PERS 1, and TRS 1 plan liabilities). Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.5 percent was used to determine the total liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.5 percent was determined using a building-block-method. The Washington State Investment Board (WSIB) used a best estimate of expected future rates of return (expected returns, net of pension plan investment expense, including inflation) to develop each major asset class. Those expected returns make up one component of WSIB's capital market assumptions. The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns at various future times. The long-term expected rate of return of 7.5 percent approximately equals the median of the simulated investment returns over a 50-year time horizon.

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20.00%	1.70%
Tangible Assets	5.00%	4.40%
Real Estate	15.00%	5.80%
Global Equity	37.00%	6.60%
Private Equity	23.00%	9.60%
	<u>100.00%</u>	

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2016

Sensitivity of NPL

The table below presents the Everett Housing Authority's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the Everett Housing Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5 percent) or 1-percentage point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
PERS 1	\$ 2,367,490	\$ 1,944,546	\$ 1,580,853
PERS 2/3	5,017,349	1,715,889	(811,915)
	<u>\$ 7,384,839</u>	<u>\$ 3,660,435</u>	<u>\$ 768,938</u>

Pension Plan Fiduciary Net Position

Detailed information about the State's pension plans' fiduciary net position is available in the separately issued DRS financial report.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the Everett Housing Authority's reported a total pension liability of \$3,660,435 for its proportionate share of the net pension liabilities as follows:

	Liability (or Asset)
PERS 1	\$ 1,944,456
PERS 2/3	\$ 1,715,889

At June 30, the Everett Housing Authority's proportionate share of the collective net pension liabilities was as follows:

	Proportionate Share 6/30/14	Proportionate Share 6/30/15	Change in Proportion
PERS 1	0.034937%	0.037174%	0.002237%
PERS 2/3	0.044981%	0.048023%	0.003042%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Nonemployer Allocations* for all plans except LEOFF 1.

LEOFF Plan 1 allocation percentages are based on the total historical employer contributions to LEOFF 1 from 1971 through 2000 and the retirement benefit payments in fiscal year 2015. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2015, the state of Washington contributed 87.12 percent of LEOFF 1 employer contributions and all other employers contributed the remaining 12.88 percent of employer contributions. LEOFF 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. The allocation method the plan chose reflects the projected long-term contribution effort based on historical data.

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2016

In fiscal year 2015, the state of Washington contributed 39.80 percent of LEOFF 2 employer contributions pursuant to RCW 41.27.726 and all other employers contributed the remaining 60.20 percent of employer contributions.

The collective net pension liability (asset) was measured as of June 30, 2015, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2014, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended June 30, 2016, the Everett Housing Authority recognized pension expense as follows:

	Pension Expense	
PERS 1	\$	115,892
PERS 2/3		370,200
TOTAL	\$	486,092

Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2016, the Everett Housing Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual investment earnings on pension plan investments	-	106,388
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	231,051	-
TOTAL	\$ 231,051	\$ 106,388

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 182,400	\$ -
Net difference between projected and actual investment earnings on pension plan investments	-	458,061
Changes of assumptions	2,765	-
Changes in proportion and differences between contributions and proportionate share of contributions	47,518	(21,354)
Contributions subsequent to the measurement date	289,295	-
TOTAL	\$ 521,977	\$ 436,707

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2016

Deferred outflows of resources related to pensions resulting from the Everett Housing Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	PERS 1	PERS 2
2017	\$ (41,232)	\$ (107,182)
2018	(41,232)	(107,181)
2019	(41,232)	(101,378)
2020	17,309	111,716
TOTAL	\$ (106,387)	\$ (204,025)

13. Deferred Compensation Plan

The Housing Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457. The plan 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 or trustee of these assets, the plan assets are not reported as part of EHA's basic financial statements.

14. 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 allowed 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, 2016, \$330,485 of grant funds had been used with the balance of \$26,515 set aside as a restricted cash asset. EHA was given permission to continue expending grant funds beyond the initial two year grant period, and the grant was considered fully expended in August of 2016.

15. Low Income Housing Tax Credit Limited Partnerships (Discretely Presented Component Units)

The low-income housing tax credit program is the result of federal legislation that allows investors certain tax incentives for investing in low-income housing. Under terms of the federal tax code and extended use agreements with the Washington State Housing Finance Commission, the buildings qualified under the tax credit program must continue to serve the

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2016

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, 37 years for the Broadway Plaza LLLP, 40 years for the Pivotal Point Limited Liability Limited Partnership, 38 years for Everett Affordable Housing Portfolio, LLLP, 30 years for the Bakerview/Grandview Affordable Housing LLLP and 37 years for EHA Senior Housing I, LLLP. 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 8. A summary of notes receivable from the partnerships is reflected in Note 5.

Serving as the developer, the Authority typically earns a developer fee. 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 10 years of the project having been placed in service, along with accrued interest on unpaid balances. In the case of Twelve Pines, LLLP, because there was insufficient cash to pay off the developer fee, the Authority loaned the amount due to the partnership so the fee could be paid off. At June 30, 2016 the balance of that developer fee loan was \$93,042. This tax credit project also pays a General Partner's management fee; this fee is reflected in other operating revenues and totaled \$8,810 in 2016. The Authority was paid \$211,000 in fees due under the developer fee agreement with Broadway Plaza LLLP. At June 30, 2016, the balance of the development fees owed to the Authority by Broadway Plaza LLLP is \$422,861. Developer fees in the amounts of \$1.965 million and \$4.2 million were earned for the Bakerview/Grandview and Everett Affordable Housing Portfolio partnerships respectively in 2016.

The Housing Authority as general partner has an obligation to fund excess development costs and operating deficits of our component units. Because the equity payments from the investing partners were not paid by fiscal year end, the Authority advanced cash to the

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2016

partnerships to meet current obligations. The Authority will be reimbursed once the equity payments are received and the properties are operating at fully stabilized levels which we expect to occur in 2017. Total advances to partnerships as of June 30, 2016 were \$1,309,573. In addition, the Housing Authority as general partner is obligated to pay in a minimal amount as an equity investment to each partnership. The Housing Authority has a total of \$500 invested in these partnerships as of June 30, 2016.

The following schedule details the components of Developer fee notes and other assets:

	<u>June 30, 2016</u>
Developer fee notes	\$6,339,309
Capital fund loans	67,238
General Partner equity investment	<u>500</u>
Total developer fee notes and other assets	<u><u>\$6,407,047</u></u>

The responsibility for the management of the affairs of the five 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, 2015 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, the Pivotal Point Limited Liability Limited Partnership, the Bakerview/Grandview Affordable Housing Limited Liability Limited Partnership and the Everett Affordable Housing Portfolio 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 relationship with the partnership.

Broadway Plaza Limited Liability Limited Partnership

The Broadway Plaza Limited Liability Limited Partnership is a legally separate entity formed on May 12, 2011 to use low-income housing tax credits in combination with other financing

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2016

instruments to finance the 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 relationship 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. On September 27, 2013 a tax credit investor was admitted to the partnership as a 99.99% limited partner. 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 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 relationship with the partnership.

Bakerview/Grandview Affordable Housing Limited Liability Limited Partnership

The Bakerview/Grandview Limited Liability Limited Partnership is a legally separate entity formed in 2013 to use low-income housing tax credits in combination with other financing instruments to finance the rehabilitation of 299 units of low income housing in Bakerview Apartments and Grandview Homes, both of which were formerly Public Housing properties. The conversion was part of HUD's RAD (Rental Assistance Demonstration) Project. On September 1, 2014, 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 partnership entered into a financing lease with the Authority and was required to pay a single base rent payment of \$31,000,000. The lease expires December 31, 2113. At the time of acquisition, \$12,500,000 was paid. The remaining balance will be paid in accordance the terms of the loan agreement. 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

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2016

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 relationship with the partnership.

Everett Affordable Housing Portfolio Limited Liability Limited Partnership

The Everett Affordable Housing Portfolio Limited Liability Limited Partnership is a legally separate entity formed in 2013 to use low-income housing tax credits in combination with other financing instruments to finance the rehabilitation of 159 units of low income housing in eight properties: Pineview Apartments, Rucker Apartments, Oakes Apartments, Madison Villa Apartments, Rainier Park Apartments, Timber Hill Apartments, Bridge Creek Apartments, and Douglas Grove Apartments. The conversion of Pineview Apartments was part of HUD's RAD (Rental Assistance Demonstration) Project. On September 1, 2014, 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 partnership entered into a financing lease with the Authority and was required to pay a single base rent payment of \$15,125,000. The lease expires December 31, 2113. At the time of acquisition, \$5,280,000 was paid. The remaining balance will be paid in accordance the terms of four loan agreements. 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 relationship with the partnership.

EHA Senior Housing I, LLLP

The EHA Senior Housing I, Limited Liability Limited Partnership is a legally separate entity formed in 2016 to use low-income housing tax credits in combination with other financing instruments to finance the rehabilitation of 200 units of low income housing in four properties: Broadway Meadows, Meadows II, Meadows III, and Lakewoods II. On February 5, 2016, 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 partnership entered into a financing lease with the Authority which expires on December 31, 2115 unless earlier terminated. The partnership was required to pay capitalized rent in the amount of \$16,675,000 and base rent in the amount of \$1 per year for each year of the term of the agreement, the entire amount of which was prepaid on February 5, 2016. 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

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2016

to its significant influence as the general partner and also its financial relationship with the partnership.

Condensed Financial Data for the Component Units for the year ended December 31, 2015 is as follows:

	EHA - Twelve Pines LLP	Broadway Plaza LLLP	Pivotal Point LLLP	Bakerview/ Grandview LLLP	Everett Aff Hsg Port LLLP	Total
Assets, Liabilities and Net Position						
Assets						
Cash and investments	\$ 789,040	\$ 1,664,608	\$ 509,689	\$ 248,013	\$ 138,518	\$ 3,349,868
Receivables and other assets	85,772	563,242	96,186	959,173	728,349	2,432,721
Capital assets, net	3,253,614	20,118,730	4,549,778	57,393,839	27,659,931	112,975,893
Total assets	<u>\$ 4,128,425</u>	<u>\$ 22,346,580</u>	<u>\$ 5,155,653</u>	<u>\$ 58,601,025</u>	<u>\$ 28,526,798</u>	<u>\$ 118,758,482</u>
Liabilities and net position						
Liabilities						
Current liabilities	\$ 273,119	\$ 556,119	\$ 67,693	\$ 6,266,646	\$ 3,704,180	\$ 10,867,757
Long-term liabilities	2,955,232	18,857,790	952,561	53,637,849	25,698,510	102,101,941
Total liabilities	3,228,351	19,413,908	1,020,255	59,904,494	29,402,690	112,969,698
Net position	900,075	2,932,672	4,135,398	(1,303,470)	(875,892)	5,788,784
Total liabilities and net position	<u>\$ 4,128,425</u>	<u>\$ 22,346,580</u>	<u>\$ 5,155,653</u>	<u>\$ 58,601,025</u>	<u>\$ 28,526,798</u>	<u>\$ 118,758,482</u>
Revenues, Expenses and Changes in Net Position						
Operating revenues	<u>\$ 829,939</u>	<u>\$ 2,367,635</u>	<u>\$ 204,355</u>	<u>\$ 2,289,205</u>	<u>\$ 1,277,306</u>	<u>\$ 6,968,441</u>
Operating expenses						
Administration & tenant services	241,851	416,271	79,419	776,603	318,252	1,832,397
Maintenance & operations	164,375	786,209	42,805	589,251	446,842	2,029,481
Utilities & general	84,524	243,302	33,894	340,551	155,352	857,623
Depreciation and amortization	113,519	656,094	175,191	1,107,400	553,656	2,605,860
Total operating expenses	<u>604,269</u>	<u>2,101,875</u>	<u>331,309</u>	<u>2,813,806</u>	<u>1,474,102</u>	<u>7,325,361</u>
Operating income	<u>225,670</u>	<u>265,760</u>	<u>(126,954)</u>	<u>(524,601)</u>	<u>(196,795)</u>	<u>(356,921)</u>
Nonoperating revenues (expenses)						
Investment income	358	1,916	182	527	273	3,255
Interest expense	(138,533)	(841,840)	(61,602)	(776,481)	(551,587)	(2,370,043)
Gains (losses) - capital asset disposition	-	(1,013)	-	-	-	(1,013)
Total nonoperating (expenses)	<u>(138,175)</u>	<u>(840,938)</u>	<u>(61,421)</u>	<u>(775,954)</u>	<u>(551,314)</u>	<u>(2,367,802)</u>
Income (loss) before capital contributions	87,495	(575,178)	(188,374)	(1,300,555)	(748,109)	(2,724,722)
Contributions						
Capital contributions - partnerships	-	-	3,805,657	-	-	3,805,657
Syndication costs - contra-capital	-	-	-	(55,381)	(95,964)	(151,345)
Total contributions	-	-	3,805,657	(55,381)	(95,964)	3,654,312
Change in net position	87,495	(575,178)	3,617,283	(1,355,936)	(844,073)	929,590
Beginning net position	812,580	3,507,850	518,115	52,466	(318,18)	4,859,193
Ending net position	<u>\$ 900,075</u>	<u>\$ 2,932,672</u>	<u>\$ 4,135,398</u>	<u>\$ (1,303,470)</u>	<u>\$ (875,891)</u>	<u>\$ 5,788,783</u>

HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2016

16. Contingencies

The Authority is a party to various legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects. The Authority's management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the Authority.

Under the terms of federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenses under the terms of the grants. Any disallowed costs may constitute a liability of the applicable funds. The amount, if any, of expenses which may be disallowed by the grantor cannot be determined at this time, although the Authority expects such amounts, if any, to be immaterial.

Housing Authority of the City of Everett
Schedule of Proportionate Share of Net Pension Liability
As of June 30, 2016
Last 10 Fiscal Years*

PERS # 1	2015**	2014	2013
Employer's proportion of the net pension liability (asset)	0.037174%	0.034937%	0.034695%
Employer's proportionate share of the net pension liability	1,944,546	1,759,968	2,027,317
Employer's covered employee payroll	4,281,598	3,853,601	3,819,873
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	45.42%	45.67%	53.07%
Plan fiduciary net position as a percentage of the total pension liability	59.10%	61.19%	

PERS #2/3	2015**	2014	2013
Employer's proportion of the net pension liability (asset)	0.048023%	0.044981%	0.046204%
Employer's proportionate share of the net pension liability	1715889	909,228	1,972,918
Employer's covered employee payroll	4,281,598	3,853,601	3,819,873
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	40.08%	23.59%	51.65%
Plan fiduciary net position as a percentage of the total pension liability	89.20%	93.29%	

*These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

**These schedules provide information as of the measurement date of June 30, 2015 for amounts recorded as of June 30, 2016 financial statements related to net pension liabilities, expenses, deferred outflows of resources and deferred inflows of resources.

Housing Authority of the City of Everett
Schedule of Employer Contributions
As of June 30, 2016
Last 10 Fiscal Years*

PERS # 1	2015**	2014	2013
Contractually required contributions	170,851	154,640	89,978
Contributions in relation to the contractually required contributions	(170,851)	(154,640)	(89,978)
Contribution deficiency (excess)	-	-	-
Covered employer payroll	4,281,598	3,853,601	3,819,873
Contributions as a percentage of covered employer payroll	3.99%	4.01%	2.36%

PERS #2/3	2015**	2014	2013
Contractually required contributions	213,920	190,017	179,299
Contributions in relation to the contractually required contributions	-213,920	(190,017)	(179,299)
Contribution deficiency (excess)	-	-	-
Covered employer payroll	4,281,598	3,853,601	3,819,873
Contributions as a percentage of covered employer payroll	5.00%	4.93%	4.69%

*These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

**These schedules provides information as of the measurement date of June 30, 2015 for amounts recorded as of June 30, 2016 financial statements related to net pension liabilities, expenses, deferred outflows of resources and deferred inflows of resources.

HOUSING AUTHORITY OF THE CITY OF EVERETT
Notes to the Required Supplementary Information
For the Year Ended June 30, 2016

1. Changes of Benefit Terms

There were no changes in the benefit terms for the Pension Plans

2. Changes of Assumptions

The DRS updated the demographic assumptions, consistent with the changes from the 2007-2012 Experience Study Report, used when they value the PERS 1 and TRS 1 Basic Minimum COLA calculated outside of our valuation software.

The DRS corrected how their valuation software calculates a member's entry age under the Entry Age Normal actuarial cost method. Prior to the correction the funding age was rounded resulting in an entry age one year higher in some cases.

The DRS changed the way they apply salary limits, as described in the 2007-2012 Experience Study Report.

**Housing Authority of the City of Everett
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016**

Federal Agency (Pass-Through Agency)	Federal Program	Expenditures					Passed through to Subrecipients	Note
		CFDA Number	Other Award Number	From Pass- Through Awards	From Direct Awards	Total		
Section 8 Project-Based Cluster								
Office Of Community Planning And Development, Department Of Housing And Urban Development	Section 8 Moderate Rehabilitation Single Room Occupancy	14.249	WA006SR0004	-	135,003	135,003	-	1,2
Office Of Public And Indian Housing, Department Of Housing And Urban Development	Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitation	14.856	WA006MR0003	-	50,168	50,168	-	1,2
Total Section 8 Project-Based Cluster:				-	185,171	185,171	-	
Office Of Public And Indian Housing, Department Of Housing And Urban Development	Public and Indian Housing	14.850	WA006	-	697,532	697,532	-	1,2
Office Of Public And Indian Housing, Department Of Housing And Urban Development	Resident Opportunity and Supportive Services - Service Coordinators	14.870	WA006RPS032 A010	-	60,491	60,491	-	1,2
Housing Voucher Cluster								
Office Of Public And Indian Housing, Department Of Housing And Urban Development	Section 8 Housing Choice Vouchers	14.871	WA006	-	28,642,767	28,642,767	-	1,2
Total Housing Voucher Cluster:				-	28,642,767	28,642,767	-	
Office Of Public And Indian Housing, Department Of Housing And Urban Development	Public Housing Capital Fund	14.872	WA19P006501	-	144,182	144,182	-	1,2
Substance Abuse And Mental Health Services Administration, Department Of Health And Human Services (via North Sound)	Block Grants for Community Mental Health Services	93.958	NSMHA- SNOHOMISH CO-MHBG-15- 16	76,405	-	76,405	-	1,2
Total Federal Awards Expended:				76,405	29,730,143	29,806,548	-	
The accompanying notes are an integral part of this schedule.								

The accompanying notes are an integral part of this schedule.

HOUSING AUTHORITY OF THE CITY OF EVERETT
Notes to the Supplemental Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

1. Basis of Accounting

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 cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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. Indirect Cost Rate

The Everett Housing Authority has not elected to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

Housing Authority of the City of Everett
Supplemental Financial Data Schedule
Year Ended June 30, 2016

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	\$ -	\$ -	\$ 587,300	\$ 80,755	\$ 31,604	\$ 12,317,544
113 Cash - Other Restricted	-	-	-	-	-	3,301
114 Cash - Tenant Security Deposits	-	-	-	-	-	23,265
115 Cash - Restricted for Payment of Current Liabilities	-	-	74,265	-	-	26,515
100 Total Cash	-	-	661,565	80,755	31,604	12,370,625
121 Accounts Receivable - PHA Projects	-	-	-	-	-	-
122 Accounts Receivable - HUD Other Projects	-	14,341	85,350	6,083	1,063	-
124 Accounts Receivable - Other Government	51,103	-	15,330	-	-	-
125 Accounts Receivable - Miscellaneous	-	-	42,327	-	-	23,271
126 Accounts Receivable - Tenants	-	-	-	844	-	6,716
126.1 Allowance for Doubtful Accounts - Tenants	-	-	-	-	-	(672)
126.2 Allowance for Doubtful Accounts - Other	-	-	(29,095)	-	-	-
127 Notes, Loans, & Mortgages Receivable - Current	-	-	-	-	-	34,706,227
128 Fraud Recovery	-	-	81,233	-	-	-
128.1 Allowance for Doubtful Accounts - Fraud	-	-	(29,095)	-	-	-
129 Accrued Interest Receivable	-	-	-	-	-	-
120 Total Receivables, Net of Allowances for Doubtful Accounts	51,103	14,341	166,050	6,927	1,063	307,144
131 Investments - Unrestricted	-	-	-	-	-	-
132 Investments - Restricted	-	-	-	-	-	-
142 Prepaid Expenses and Other Assets	118	-	67,056	513	196	2,416
143 Inventories	-	-	-	-	-	-
144 Inter Program Due From	-	-	-	-	-	28,033
150 Total Current Assets	51,221	14,341	894,671	88,195	32,863	47,443,760
161 Land	-	-	-	-	-	2,283,436
162 Buildings	-	-	154,860	-	-	5,172,950
163 Furniture, Equipment & Machinery - Dwellings	-	-	-	-	-	8,000
164 Furniture, Equipment & Machinery - Administration	-	-	117,205	-	-	307,848
165 Leasehold Improvements	-	-	-	-	-	-
166 Accumulated Depreciation	-	-	(118,002)	-	-	(823,449)
167 Construction in Progress	-	-	-	-	-	60,654
160 Total Capital Assets, Net of Accumulated Depreciation	-	-	154,063	-	-	7,009,439
171 Notes, Loans and Mortgages Receivable - Non-Current	-	-	-	-	-	88,163,918
174 Other Assets	-	-	-	-	-	6,407,048
180 Total Non-Current Assets	-	-	154,063	-	-	101,580,405
200 Deferred Outflows of Resources	-	-	-	-	-	753,026
190 Total Assets and Deferred Outflow of Resources	\$ 51,221	\$ 14,341	\$ 1,048,734	\$ 88,195	\$ 32,863	\$ 149,777,191

Housing Authority of the City of Everett
Supplemental Financial Data Schedule
Year Ended June 30, 2016

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	7,094	14,325	39,617	1	1	24,351
321 Accrued Wages/Payroll Taxes Payable	-	-	-	-	-	-
322 Accrued Compensated Absences - Current Portion	3,949	4	18,468	81	31	25,265
325 Accrued Interest Payable	-	-	-	-	-	310,407
331 Accounts Payable - HUD PHA Programs	-	-	-	-	-	-
332 Account Payable - PHA Projects	-	-	-	-	-	-
333 Accounts Payable - Other Government	-	-	-	-	-	1,222
341 Tenant Security Deposits	-	-	-	-	-	23,265
342 Unearned Revenue	-	-	-	-	-	4,226
343 Current Portion of Long-term Debt - Capital	-	-	-	-	-	28,994,665
344 Current Portion of Long-term Debt - Operating Borrowings	-	-	-	-	-	-
345 Other Current Liabilities	-	-	74,265	-	-	-
346 Accrued Liabilities - Other	300	-	-	-	-	16,445
347 Inter Program - Due To	28,033	-	-	-	-	-
310 Total Current Liabilities	39,376	14,329	132,350	82	32	29,399,846
351 Long-term Debt, Net of Current - Capital Projects/Mortgage	-	-	-	-	-	33,884,467
352 Long-term Debt, Net of Current - Operating Borrowings	-	-	-	-	-	-
353 Non-current Liabilities - Other	-	-	-	-	-	652,048
354 Accrued Compensated Absences - Non Current	11,845	12	55,403	243	92	75,796
357 Accrued Pension and OPEB Liabilities	-	-	-	-	-	3,660,435
350 Total Non-Current Liabilities	11,845	12	55,403	243	92	38,272,746
300 Total Liabilities	51,221	14,341	187,753	325	124	-
400 Deferred Inflows of Resources	-	-	-	-	-	543,095
508.4 Net Investment in Capital Assets	-	-	154,063	-	-	4,375,807
511.4 Restricted Net Position	-	-	-	-	-	29,816
512.4 Unrestricted Net Position	-	-	706,918	87,870	32,739	77,155,881
513 Total Equity - Net Assets / Position	-	-	860,981	87,870	32,739	81,561,504
600 Total Liabilities, Deferred Inflows of Resources and Equity/Net Assets	\$ 51,221	\$ 14,341	\$ 1,048,734	\$ 88,195	\$ 32,863	\$ 149,777,191

Housing Authority of the City of Everett
Supplemental Financial Data Schedule
Year Ended June 30, 2016

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
111 Cash - Unrestricted	\$ 1,828,239	\$ -	\$ -	\$ -	\$ 524,936	\$ 2,353,175	\$ 9,736
113 Cash - Other Restricted	-	-	-	-	-	-	-
114 Cash - Tenant Security Deposits	54,550	-	-	-	10,250	64,800	-
115 Cash - Restricted for Payment of Current Liabilities	6,573	-	-	-	600	7,173	-
100 Total Cash	1,889,362	-	-	-	535,786	2,425,148	9,736
121 Accounts Receivable - PHA Projects	-	-	-	-	-	-	-
122 Accounts Receivable - HUD Other Projects	3,750	-	-	-	3,960	7,710	74,297
124 Accounts Receivable - Other Government	-	-	-	-	-	-	-
125 Accounts Receivable - Miscellaneous	-	-	-	-	-	-	319
126 Accounts Receivable - Tenants	9,053	-	-	-	920	9,973	-
126.1 Allowance for Doubtful Accounts - Tenants	(905)	-	-	-	(92)	(997)	-
126.2 Allowance for Doubtful Accounts - Other	-	-	-	-	-	-	-
127 Notes, Loans, & Mortgages Receivable - Current	-	-	-	-	-	-	-
128 Fraud Recovery	-	-	-	-	-	-	-
128.1 Allowance for Doubtful Accounts - Fraud	-	-	-	-	-	-	-
129 Accrued Interest Receivable	-	-	-	-	-	-	-
120 Total Receivables, Net of Allowances for Doubtful Accounts	11,998	-	-	-	4,788	16,686	74,616
131 Investments - Unrestricted	-	-	-	-	-	-	-
132 Investments - Restricted	-	-	-	-	-	-	-
142 Prepaid Expenses and Other Assets	6,915	-	-	-	1,258	8,173	8,342
143 Inventories	-	-	-	-	-	-	61,459
144 Inter Program Due From	-	-	-	-	-	-	-
150 Total Current Assets	1,908,175	-	-	-	541,832	2,450,007	154,153
161 Land	12,028	-	-	-	901,500	913,528	206,200
162 Buildings	10,421,302	-	-	-	3,799,443	14,220,745	3,159,089
163 Furniture, Equipment & Machinery - Dwellings	-	-	-	-	-	-	-
164 Furniture, Equipment & Machinery - Administration	74,871	-	-	-	18,235	93,106	1,009,303
165 Leasehold Improvements	-	-	-	-	-	-	-
166 Accumulated Depreciation	(10,222,079)	-	-	-	(2,400,167)	(12,622,246)	(2,294,920)
167 Construction in Progress	86,618	-	-	-	57,585	144,203	-
160 Total Capital Assets, Net of Accumulated Depreciation	372,740	-	-	-	2,376,596	2,749,336	2,079,672
171 Notes, Loans and Mortgages Receivable - Non-Current	-	-	-	-	-	-	-
174 Other Assets	-	-	-	-	-	-	-
180 Total Non-Current Assets	372,740	-	-	-	2,376,596	2,749,336	2,079,672
200 Deferred Outflows of Resources	-	-	-	-	-	-	-
190 Total Assets and Deferred Outflow of Resources	2,280,915	-	\$ -	\$ -	\$ 2,916,428	\$ 5,199,343	\$ 2,233,825

Housing Authority of the City of Everett
Supplemental Financial Data Schedule
Year Ended June 30, 2016

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	92,620	-	-	-	12,270	104,890	224,633
321 Accrued Wages/Payroll Taxes Payable	-	-	-	-	-	-	51,889
322 Accrued Compensated Absences - Current Portion	14,290	-	-	-	2,072	16,362	19,304
325 Accrued Interest Payable	-	-	-	-	-	-	-
331 Accounts Payable - HUD PHA Programs	-	-	-	-	-	-	-
332 Account Payable - PHA Projects	-	-	-	-	-	-	-
333 Accounts Payable - Other Government	-	-	-	-	-	-	-
341 Tenant Security Deposits	54,550	-	-	-	10,250	64,800	-
342 Unearned Revenue	3,014	-	-	-	1,319	4,333	-
343 Current Portion of Long-term Debt - Capital	-	-	-	-	-	-	-
344 Current Portion of Long-term Debt - Operating Borrowings	-	-	-	-	600	7,173	-
345 Other Current Liabilities	6,573	-	-	-	18,424	88,382	48,398
346 Accrued Liabilities - Other	69,958	-	-	-	-	-	-
347 Inter Program - Due To	-	-	-	-	-	-	-
310 Total Current Liabilities	241,005	-	-	-	44,935	285,940	344,224
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	42,870	-	-	-	6,217	49,087	57,910
357 Accrued Pension and OPEB Liabilities	-	-	-	-	-	-	-
350 Total Non-Current Liabilities	42,870	-	-	-	6,217	49,087	57,910
300 Total Liabilities	283,875	-	-	-	51,152	335,027	402,134
400 Deferred Inflows of Resources	-	-	-	-	-	-	-
508.4 Net Investment in Capital Assets	372,740	-	-	-	2,376,596	2,749,336	2,079,671
511.4 Restricted Net Position	-	-	-	-	-	-	-
512.4 Unrestricted Net Position	1,624,300	-	-	-	490,680	2,114,980	(247,980)
513 Total Equity - Net Assets / Position	1,997,040	-	-	-	2,867,276	4,864,316	1,831,691
600 Total Liabilities, Deferred Inflows of Resources and Equity/Net Assets	\$ 2,280,915	\$ -	\$ -	\$ -	\$ 2,918,428	\$ 5,199,343	\$ 2,233,825

Housing Authority of the City of Everett
Supplemental Financial Data Schedule
Year Ended June 30, 2016

Line item number & account description	Total Other Programs	Subtotal Housing Authority Projects/Programs	Eliminations	Total Housing Authority	Component Units	Memorandum Total
111 Cash - Unrestricted	\$ 13,017,203	\$ 15,380,114	\$ -	\$ 15,380,114	\$ 949,020	\$ 16,329,134
113 Cash - Other Restricted	3,301	3,301	-	3,301	2,182,824	2,186,125
114 Cash - Tenant Security Deposits	23,265	88,065	-	88,065	218,025	306,090
115 Cash - Restricted for Payment of Current Liabilities	100,780	107,953	-	107,953	-	107,953
100 Total Cash	13,144,549	15,579,433	-	15,579,433	3,349,869	18,929,302
121 Accounts Receivable - PHA Projects	-	-	-	-	-	-
122 Accounts Receivable - HUD Other Projects	106,837	188,844	-	188,844	16,461	205,305
124 Accounts Receivable - Other Government	66,433	66,433	-	66,433	20,236	86,669
125 Accounts Receivable - Miscellaneous	65,598	65,917	-	65,917	5,360	71,277
126 Accounts Receivable - Tenants	7,560	17,533	-	17,533	39,545	57,078
126.1 Allowance for Doubtful Accounts - Tenants	(672)	(1,669)	-	(1,669)	(100)	(1,769)
126.2 Allowance for Doubtful Accounts - Other	(29,095)	(29,095)	-	(29,095)	-	(29,095)
127 Notes, Loans, & Mortgages Receivable - Current	34,706,227	34,706,227	-	34,706,227	-	34,706,227
128 Fraud Recovery	81,233	81,233	-	81,233	-	81,233
128.1 Allowance for Doubtful Accounts - Fraud	(29,095)	(29,095)	-	(29,095)	-	(29,095)
129 Accrued Interest Receivable	307,144	307,144	-	307,144	-	307,144
120 Total Receivables, Net of Allowances for Doubtful Accounts	35,282,170	35,373,472	-	35,373,472	81,502	35,454,974
131 Investments - Unrestricted	-	-	-	-	-	-
132 Investments - Restricted	-	-	-	-	-	-
142 Prepaid Expenses and Other Assets	70,299	86,814	-	86,814	184,820	271,634
143 Inventories	-	61,459	-	61,459	4,264	65,723
144 Inter Program Due From	28,033	28,033	(28,033)	-	-	-
150 Total Current Assets	48,525,051	51,129,211	(28,033)	51,101,178	3,620,455	54,721,633
161 Land	2,283,436	3,403,164	-	3,403,164	5,608,285	9,011,449
162 Buildings	5,327,810	22,707,644	-	22,707,644	112,496,572	135,204,216
163 Furniture, Equipment & Machinery - Dwellings	8,000	8,000	-	8,000	991,838	999,838
164 Furniture, Equipment & Machinery - Administration	425,053	1,527,462	-	1,527,462	414,420	1,941,882
165 Leasehold Improvements	-	-	-	-	46,020	46,020
166 Accumulated Depreciation	(941,451)	(15,858,617)	-	(15,858,617)	(6,591,444)	(22,450,061)
167 Construction in Progress	60,654	204,857	-	204,857	10,200	215,057
160 Total Capital Assets, Net of Accumulated Depreciation	7,163,502	11,992,510	-	11,992,510	112,975,891	124,968,401
171 Notes, Loans and Mortgages Receivable - Non-Current	88,163,918	88,163,918	-	88,163,918	-	88,163,918
174 Other Assets	6,407,048	6,407,048	-	6,407,048	2,162,136	8,569,184
180 Total Non-Current Assets	101,734,468	106,563,476	-	106,563,476	115,138,027	221,701,503
200 Deferred Outflows of Resources	753,026	753,026	-	753,026	-	753,026
190 Total Assets and Deferred Outflows of Resources	\$ 151,012,545	\$ 158,445,713	\$ (28,033)	\$ 158,417,680	\$ 118,758,482	\$ 277,176,162

Housing Authority of the City of Everett
Supplemental Financial Data Schedule
Year Ended June 30, 2016

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	85,389	414,912	-	414,912	3,769,736	4,184,648
321	Accrued Wages/Payroll Taxes Payable	-	51,889	-	51,889	-	51,889
322	Accrued Compensated Absences - Current Portion	47,798	83,464	-	83,464	36,859	120,323
325	Accrued Interest Payable	310,407	310,407	-	310,407	305,149	615,556
331	Accounts Payable - HUD PHA Programs	-	-	-	-	-	-
332	Account Payable - PHA Projects	-	-	-	-	-	-
333	Accounts Payable - Other Government	1,222	1,222	-	1,222	-	1,222
341	Tenant Security Deposits	23,265	88,065	-	88,065	218,025	306,090
342	Unearned Revenue	4,226	8,559	-	8,559	12,526	21,085
343	Current Portion of Long-term Debt - Capital	28,994,665	28,994,665	-	28,994,665	5,189,513	34,184,178
344	Current Portion of Long-term Debt - Operating Borrowings	-	-	-	-	-	-
345	Other Current Liabilities	74,265	81,438	-	81,438	26,376	107,814
346	Accrued Liabilities - Other	16,745	153,525	-	153,525	1,309,573	1,463,098
347	Inter Program - Due To	28,033	28,033	(28,033)	-	-	-
310	Total Current Liabilities	29,586,015	30,216,179	(28,033)	30,188,146	10,867,757	41,055,903
351	Long-term Debt, Net of Current - Capital Projects/Mortgage	33,884,467	33,884,467	-	33,884,467	98,367,107	132,251,574
352	Long-term Debt, Net of Current - Operating Borrowings	-	-	-	-	-	-
353	Non-current Liabilities - Other	652,048	652,048	-	652,048	3,624,257	4,276,305
354	Accrued Compensated Absences - Non Current	143,391	250,388	-	250,388	110,577	360,965
357	Accrued Pension and OPEB Liabilities	3,660,435	3,660,435	-	3,660,435	-	3,660,435
350	Total Non-Current Liabilities	38,340,341	38,447,338	-	38,447,338	102,101,941	140,549,279
300	Total Liabilities	67,926,356	68,663,517	(28,033)	68,635,484	112,969,698	181,605,182
400	Deferred Inflows of Resources	543,095	543,095	-	543,095	-	543,095
508.4	Net Investment in Capital Assets	4,529,870	9,358,877	-	9,358,877	9,419,271	18,778,148
511.4	Restricted Net Position	29,816	29,816	-	29,816	2,182,824	2,212,640
512.4	Unrestricted Net Position	77,983,408	79,850,408	-	79,850,408	(5,813,311)	74,037,097
513	Total Equity - Net Assets / Position	82,543,094	89,239,101	-	89,239,101	5,788,784	95,027,885
600	Total Liabilities, Deferred Inflow of Resources and Equity/Net Assts	\$ 151,012,545	\$ 158,445,713	\$ (28,033)	\$ 158,417,680	\$ 118,758,482	\$ 277,176,162

Housing Authority of the City of Everett
Supplemental Financial Data Schedule
Year Ended June 30, 2016

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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,480,365
70400 Tenant Revenue - Other	-	-	-	-	-	27,765
70500 Total Tenant Revenue	-	-	-	-	-	1,508,130
70600 HUD PHA Operating Grants	-	60,491	28,126,626	141,822	52,773	-
70610 Capital Grants	-	-	-	-	-	-
70710 Management Fee	-	-	-	-	-	649,319
70720 Asset Management Fee	-	-	-	-	-	9,348
70730 Book Keeping Fee	-	-	-	-	-	14,213
70740 Front Line Service Fee	-	-	-	-	-	-
70750 Other Fees	-	-	-	-	-	-
70700 Total Fee Revenue	-	-	-	-	-	672,880
70800 Other Government Grants	260,723	-	-	-	-	-
71100 Investment Income - Unrestricted	-	-	1,327	243	93	1,260,465
71200 Mortgage Interest Income	-	-	-	-	-	-
71400 Fraud Recovery	-	-	18,107	-	-	-
71500 Other Revenue	-	-	73,356	-	-	8,672,293
71600 Gain or Loss on Sale of Capital Assets	-	-	-	-	-	7,959,919
72000 Investment Income - Restricted	-	-	-	-	-	19
70000 Total Revenue	260,723	60,491	28,219,416	142,065	52,866	20,073,706
91100 Administrative Salaries	-	-	946,661	1,228	468	1,274,555
91200 Auditing Fees	-	-	33,571	245	93	-
91300 Management Fee	-	-	488,726	2,880	1,092	213,170
91310 Book-keeping Fee	-	-	259,590	1,800	683	14,213
91400 Advertising and Marketing	295	297	3,029	-	-	6,290
91500 Employee Benefit Contributions - Administrative	-	-	372,641	365	139	364,385
91600 Office Expenses	3,250	379	244,844	716	273	98,994
91700 Legal Expense	-	-	62	-	-	46,873
91800 Travel	-	14	37,074	-	-	32,160
91900 Other	213	74	45,348	9,091	3,463	35,794
91000 Total Operating - Administrative	3,758	764	2,431,546	16,325	6,211	2,086,434
92000 Asset Management Fee	-	-	-	-	-	9,348

Housing Authority of the City of Everett
Supplemental Financial Data Schedule
Year Ended June 30, 2016

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	139,365	45,513	4,373	-	-	405,843
92300 Employee Benefit Contributions - Tenant Services	47,379	10,359	737	-	-	124,874
92400 Tenant Services - Other	71,626	3,481	2,214	-	-	85,229
92500 Total Tenant Services	258,370	59,353	7,324	-	-	615,946
93100 Water	-	-	-	-	-	29,267
93200 Electricity	-	-	-	-	-	43,418
93300 Gas	-	-	-	-	-	8,410
93600 Sewer	-	-	-	-	-	56,548
93800 Other Utilities Expense	-	-	-	-	-	277
93000 Total Utilities	-	-	-	-	-	137,920
94100 Ordinary Maintenance and Operations - Labor	-	-	-	-	-	928,007
94200 Ordinary Maintenance and Operations - Materials & Other	-	-	305	-	-	35,364
94300 Ordinary Maintenance and Operations Contracts	-	-	56,423	3	1	125,598
94500 Employee Benefit Contributions - Ordinary Maintenance	-	-	-	-	-	273,041
94000 Total Maintenance	-	-	56,728	3	1	1,362,010
956110 Property Insurance	-	-	-	-	-	17,468
956120 Liability Insurance	-	-	8,198	35	13	7,586
956130 Workmen's Compensation	1,065	374	7,432	5	2	85,350
956140 All Other Insurance	-	-	2,761	-	-	1,001
956100 Total Insurance Premiums	1,065	374	18,391	40	15	111,405
96200 Other General Expenses	-	-	173,834	-	-	126,225
96300 Payments in Lieu of Taxes	-	-	-	-	-	-
96400 Bad Debt - Tenant Rents	-	-	-	-	-	6,211
96600 Bad Debt - Other	-	-	(1,695)	-	-	392
96000 Total Other General Expenses	-	-	172,139	-	-	132,828
96710 Interest of Mortgage (or Bonds) Payable	-	-	-	-	-	256,257
96720 Interest on Notes Payable (Short and Long Term)	-	-	-	-	-	-
96730 Amortization of Bond Issue Costs	-	-	-	-	-	-
96700 Total Interest Expense and Amortization Cost	-	-	-	-	-	256,257
96900 Total Operating Expenses	263,193	60,491	2,686,128	16,368	6,227	4,712,148
97000 Excess of Operating Revenue over Operating Expenses	(2,470)	-	25,533,288	125,697	46,639	15,361,558

Housing Authority of the City of Everett
Supplemental Financial Data Schedule
Year Ended June 30, 2016

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
97100 Extraordinary Maintenance	-	-	1,601	-	-	62,941
97200 Casualty Losses - Non-capitalized	-	-	-	-	-	4,388
97300 Housing Assistance Payments	-	-	25,887,879	118,634	43,940	-
97350 HAP Portability-In	-	-	67,159	-	-	-
97400 Depreciation Expense	-	-	32,236	-	-	199,737
90000 Total Expenses	263,193	60,491	28,675,003	135,002	50,167	4,979,214
10010 Operating Transfer In	2,470	-	-	-	-	2,554,432
10020 Operating Transfer Out	-	-	-	-	-	(3,468,204)
10040 Operating Transfers from/to Component Unit	-	-	-	-	-	-
10080 Special Items (Net Gain/Loss)	-	-	-	-	-	-
10091 Inter Project Excess Cash Transfer In	-	-	-	-	-	-
10092 Inter Project Excess Cash Transfer Out	-	-	-	-	-	-
10100 Total Other Financing Sources (Uses)	2,470	-	-	-	-	(913,772)
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$ -	\$ -	\$ (455,587)	\$ 7,063	\$ 2,699	\$ 14,180,720
11020 Required Annual Debt Principal Payments	-	-	-	-	-	49,604
11030 Beginning Equity	-	-	1,316,568	80,807	30,040	67,380,782
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	-	-	-	-
11170 Administrative Fee Equity	-	-	860,981	-	-	-
11180 Housing Assistance Payments Equity	-	-	-	-	-	-
11190 Unit Months Available	-	-	34,464	252	96	2,164
11210 Number of Unit Months Leased	-	-	34,612	240	91	2,104
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, 2016

Line item number & account description	Baker Heights WAA006000100	Grandview Homes WAA006000200	Bakerview Apts WAA006000300	Pineview Apts WAA006000400	Scattered Sites WAA006000500	Total Public Housing Projects	COCC
70300 Net Tenant Rental Revenue	\$ 858,253	-	-	-	\$ 233,279	\$ 1,091,532	-
70400 Tenant Revenue - Other	26,747	-	-	-	4,089	30,836	2,301
70500 Total Tenant Revenue	885,000	-	-	-	237,368	1,122,368	2,301
70600 HUD PHA Operating Grants	693,795	-	-	-	78,034	771,829	-
70610 Capital Grants	3,750	-	-	-	57,585	61,335	8,549
70710 Management Fee	-	-	-	-	-	-	742,013
70720 Asset Management Fee	-	-	-	-	-	-	34,560
70730 Book Keeping Fee	-	-	-	-	-	-	287,760
70740 Front Line Service Fee	-	-	-	-	-	-	-
70750 Other Fees	-	-	-	-	-	-	-
70700 Total Fee Revenue	-	-	-	-	-	-	1,064,333
70800 Other Government Grants	-	-	-	-	-	-	-
71100 Investment Income - Unrestricted	5,253	-	-	-	440	5,693	-
71200 Mortgage Interest Income	-	-	-	-	-	-	-
71400 Fraud Recovery	-	-	-	-	-	-	-
71500 Other Revenue	100,548	-	-	-	-	100,548	14,273
71600 Gain or Loss on Sale of Capital Assets	-	-	-	-	-	-	(14,461)
72000 Investment Income - Restricted	-	-	-	-	-	-	-
70000 Total Revenue	1,688,346	-	-	-	373,427	2,061,773	1,074,995
91100 Administrative Salaries	155,472	-	-	-	28,172	183,644	1,007,136
91200 Auditing Fees	3,790	-	-	-	683	4,473	2,253
91300 Management Fee	222,946	-	-	-	26,367	249,313	-
91310 Book-keeping Fee	21,817	-	-	-	3,870	25,687	-
91400 Advertising and Marketing	274	-	-	-	75	349	813
91500 Employee Benefit Contributions - Administrative	51,942	-	-	-	8,502	60,444	363,621
91600 Office Expenses	31,629	-	-	-	4,279	35,908	244,322
91700 Legal Expense	6,952	-	-	-	581	7,533	25,964
91800 Travel	3,762	-	-	-	984	4,746	61,563
91900 Other	2,613	-	-	-	634	3,247	9,043
91000 Total Operating - Administrative	501,197	-	-	-	74,147	575,344	1,714,715
92000 Asset Management Fee	29,280	-	-	-	5,280	34,560	-

Housing Authority of the City of Everett
Supplemental Financial Data Schedule
Year Ended June 30, 2016

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	34,923	-	-	-	2,803	37,726	-
92300 Employee Benefit Contributions - Tenant Services	10,930	-	-	-	1,341	12,271	-
92400 Tenant Services - Other	2,149	-	-	-	834	2,983	291
92500 Total Tenant Services	48,002	-	-	-	4,978	52,980	291
93100 Water	36,028	-	-	-	18,213	54,241	2,425
93200 Electricity	4,962	-	-	-	1,660	6,622	18,892
93300 Gas	1,735	-	-	-	101	1,836	6,637
93600 Sewer	115,967	-	-	-	29,079	145,046	3,937
93800 Other Utilities Expense	-	-	-	-	183	183	-
93000 Total Utilities	158,692	-	-	-	49,236	207,928	31,891
94100 Ordinary Maintenance and Operations - Labor	136,953	-	-	-	37,319	174,272	25,959
94200 Ordinary Maintenance and Operations - Materials & Other	52,960	-	-	-	9,836	62,796	15,825
94300 Ordinary Maintenance and Operations Contracts	57,384	-	-	-	24,443	81,827	23,921
94500 Employee Benefit Contributions - Ordinary Maintenance	34,702	-	-	-	13,327	48,029	6,438
94000 Total Maintenance	281,999	-	-	-	84,925	366,924	71,943
96110 Property Insurance	12,841	-	-	-	4,423	17,264	2,159
96120 Liability Insurance	8,352	-	-	-	1,533	9,885	4,327
96130 Workmen's Compensation	12,627	-	-	-	3,440	16,067	9,059
96140 All Other Insurance	3,628	-	-	-	555	4,183	4,056
96100 Total Insurance Premiums	37,448	-	-	-	9,951	47,399	19,601
96200 Other General Expenses	6,564	-	-	-	560	7,124	-
96300 Payments in Lieu of Taxes	69,957	-	-	-	18,422	88,379	-
96400 Bad Debt - Tenant Rents	2,408	-	-	-	12,235	14,643	-
96600 Bad Debt - Other	18,108	-	-	-	3,382	21,490	-
96000 Total Other General Expenses	97,037	-	-	-	34,599	131,636	-
96710 Interest of Mortgage (or Bonds) Payable	-	-	-	-	-	-	-
96720 Interest on Notes Payable (Short and Long Term)	-	-	-	-	-	-	-
96730 Amortization of Bond Issue Costs	-	-	-	-	-	-	-
96700 Total Interest Expense and Amortization Cost	-	-	-	-	-	-	-
96900 Total Operating Expenses	1,153,655	-	-	-	263,116	1,416,771	1,838,441

Housing Authority of the City of Everett
Supplemental Financial Data Schedule
Year Ended June 30, 2016

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
97000 Excess of Operating Revenue over Operating Expenses	534,691	-	-	-	110,311	645,002	(763,446)
97100 Extraordinary Maintenance	4,584	-	-	-	-	4,584	262
97200 Casualty Losses - Non-capitalized	101,114	-	-	-	-	101,114	4,383
97300 Housing Assistance Payments	-	-	-	-	-	-	-
97350 HAP Portability-In	-	-	-	-	-	-	-
97400 Depreciation Expense	48,758	-	-	-	141,490	190,248	143,210
90000 Total Expenses	1,308,111	-	-	-	404,606	1,712,717	1,986,296
10010 Operating Transfer In	-	-	-	-	-	-	911,302
10020 Operating Transfer Out	-	-	-	-	-	-	-
10080 Special Items (Net Gain/Loss)	-	-	-	-	-	-	-
10091 Inter Project Excess Cash Transfer In	-	-	-	-	-	-	-
10092 Inter Project Excess Cash Transfer Out	-	-	-	-	-	-	-
10100 Total Other Financing Sources (Uses)	-	-	-	-	-	-	911,302
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$ 380,235	\$ -	\$ -	\$ -	\$ (31,179)	\$ 349,056	\$ 1
11020 Required Annual Debt Principal Payments	-	-	-	-	-	-	-
11030 Beginning Equity	1,616,805	-	-	-	2,898,455	4,515,260	1,831,691
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	-	-	-	-	-
11170 Administrative Fee Equity	-	-	-	-	-	-	-
11180 Housing Assistance Payments Equity	-	-	-	-	-	-	-
11190 Unit Months Available	2928	-	-	-	528	3,456	-
11210 Number of Unit Months Leased	2909	-	-	-	516	3,425	-
11270 Excess Cash	1,573,631	-	-	-	474,868	2,048,499	-
11610 Land Purchases	-	-	-	-	-	-	-
11620 Building Purchases	3,750	-	-	-	57,585	61,335	5,179
11640 Furniture & Equipment - Administrative Purchases	-	-	-	-	-	-	-

Housing Authority of the City of Everett
Supplemental Financial Data Schedule
Year Ended June 30, 2016

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		1,480,365		2,571,897	-	2,571,897		6,292,827		8,864,724	
70400 Tenant Revenue - Other		27,765		60,902	-	60,902		68,686		129,588	
70500 Total Tenant Revenue		1,508,130		2,632,799	-	2,632,799		6,361,513		8,994,312	
70600 HUD PHA Operating Grants	28,381,712			29,153,541	-	29,153,541		-		29,153,541	
70610 Capital Grants	-			69,884	-	69,884		-		69,884	
70710 Management Fee	649,319			1,391,332	(820,252)	571,080		-		571,080	
70720 Asset Management Fee	9,348			43,908	(43,908)	-		-		-	
70730 Book Keeping Fee	14,213			301,973	(301,973)	-		-		-	
70740 Front Line Service Fee	-			-	-	-		-		-	
70750 Other Fees	-			-	-	-		-		-	
70700 Total Fee Revenue	672,880			1,737,213	(1,166,133)	571,080		-		571,080	
70800 Other Government Grants	260,723			260,723	-	260,723		-		260,723	
71100 Investment Income - Unrestricted	1,262,128			1,267,821	-	1,267,821		2,154		1,269,975	
71200 Mortgage Interest Income	-			-	-	-		-		-	
71400 Fraud Recovery	18,107			18,107	-	18,107		-		18,107	
71500 Other Revenue	8,745,649			8,860,470	-	8,860,470		475,339		9,335,809	
71600 Gain or Loss on Sale of Capital Assets	7,959,919			7,945,458	-	7,945,458		(1,013)		7,944,445	
72000 Investment Income - Restricted	19			19	-	19		1,100		1,119	
70000 Total Revenue	48,809,267			51,946,035	(1,166,133)	50,779,902		6,839,093		57,618,995	
91100 Administrative Salaries	2,222,912			3,413,692	-	3,413,692		598,297		4,011,989	
91200 Auditing Fees	33,909			40,635	-	40,635		58,124		98,759	
91300 Management Fee	705,868			955,181	(820,252)	134,929		281,604		416,533	
91310 Book-keeping Fee	276,286			301,973	(301,973)	-		-		-	
91400 Advertising and Marketing	9,911			11,073	-	11,073		3,029		14,102	
91500 Employee Benefit Contributions - Administrative	737,530			1,161,595	-	1,161,595		194,717		1,356,312	
91600 Office Expenses	348,456			628,686	-	628,686		204,436		833,122	
91700 Legal Expense	46,935			80,432	-	80,432		14,647		95,079	
91800 Travel	69,248			135,557	-	135,557		26,105		161,662	
91900 Other	93,983			106,273	-	106,273		86,931		193,204	
91000 Total Operating - Administrative	4,545,038			6,835,097	(1,122,225)	5,712,872		1,467,890		7,180,762	
92000 Asset Management Fee	9,348			43,908	(43,908)	-		-		-	

Housing Authority of the City of Everett
Supplemental Financial Data Schedule
Year Ended June 30, 2016

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	595,094	632,820	-	632,820	158,760	791,580
92300 Employee Benefit Contributions - Tenant Services	183,349	195,620	-	195,620	44,749	240,369
92400 Tenant Services - Other	162,550	165,824	-	165,824	159,656	325,480
92500 Total Tenant Services	940,993	994,264	-	994,264	363,165	1,357,429
93100 Water	29,267	85,933	-	85,933	114,475	200,408
93200 Electricity	43,418	68,932	-	68,932	158,904	227,836
93300 Gas	8,410	16,883	-	16,883	37,154	54,037
93600 Sewer	56,548	205,531	-	205,531	242,582	448,113
93800 Other Utilities Expense	277	460	-	460	-	460
93000 Total Utilities	137,920	377,739	-	377,739	553,115	930,854
94100 Ordinary Maintenance and Operations - Labor	928,007	1,128,238	-	1,128,238	797,997	1,926,235
94200 Ordinary Maintenance and Operations - Materials & Other	35,669	114,090	-	114,090	152,830	266,920
94300 Ordinary Maintenance and Operations Contracts	182,025	287,773	-	287,773	322,009	609,782
94500 Employee Benefit Contributions - Ordinary Maintenance	273,041	327,508	-	327,508	249,411	576,919
94000 Total Maintenance	1,418,742	1,857,609	-	1,857,609	1,522,247	3,379,856
95200 Protective Services - Other Contract Costs	-	-	-	-	27,638	27,638
96110 Property Insurance	17,468	36,891	-	36,891	122,351	159,242
96120 Liability Insurance	15,832	30,044	-	30,044	62,906	92,950
96130 Workmen's Compensation	94,228	119,354	-	119,354	61,355	180,709
96140 All Other Insurance	3,762	12,001	-	12,001	44,679	56,680
96100 Total Insurance Premiums	131,290	198,290	-	198,290	291,291	489,581
96200 Other General Expenses	300,059	307,183	-	307,183	100	307,283
96300 Payments in Lieu of Taxes	-	88,379	-	88,379	-	88,379
96400 Bad Debt - Tenant Rents	6,211	20,854	-	20,854	8,177	29,031
96600 Bad Debt - Other	(1,303)	20,187	-	20,187	6,282	26,469
96000 Total Other General Expenses	304,967	436,603	-	436,603	14,559	451,162
96710 Interest of Mortgage (or Bonds) Payable	256,257	256,257	-	256,257	2,351,362	2,607,619
96720 Interest on Notes Payable (Short and Long Term)	-	-	-	-	18,681	18,681
96730 Amortization of Bond Issue Costs	-	-	-	-	81,047	81,047
96700 Total Interest Expense and Amortization Cost	256,257	256,257	-	256,257	2,451,090	2,707,347
96900 Total Operating Expenses	7,744,555	10,999,767	(1,166,133)	9,833,634	6,690,995	16,524,629

Housing Authority of the City of Everett
Supplemental Financial Data Schedule
Year Ended June 30, 2016

Line item number & account description	Total Other Programs	Subtotal Housing Authority		Eliminations	Total Housing Authority	Component Units	Memorandum Total
		Projects/Programs	Authority				
97000 Excess of Operating Revenue over Operating Expenses	41,064,712	40,946,268	-	-	40,946,268	148,098	41,094,366
97100 Extraordinary Maintenance	64,542	69,388	-	-	69,388	48,509	117,897
97200 Casualty Losses - Non-capitalized	4,388	109,885	-	-	109,885	431,087	540,972
97300 Housing Assistance Payments	26,050,453	26,050,453	-	-	26,050,453	-	26,050,453
97350 HAP Portability-In	67,159	67,159	-	-	67,159	-	67,159
97400 Depreciation Expense	231,973	565,431	-	-	565,431	2,524,813	3,090,244
90000 Total Expenses	34,163,070	37,862,083	(1,166,133)	-	36,695,950	9,695,404	46,391,354
10010 Operating Transfer In	2,556,902	3,468,204	-	-	3,468,204	-	3,468,204
10020 Operating Transfer Out	(3,468,204)	(3,468,204)	-	-	(3,468,204)	-	(3,468,204)
10040 Operating Transfers from/to Component Unit	-	-	-	-	-	131,589	131,589
10080 Special Items (Net Gain/Loss)	-	-	-	-	-	-	-
10091 Inter Project Excess Cash Transfer In	-	-	-	-	-	-	-
10092 Inter Project Excess Cash Transfer Out	-	-	-	-	-	-	-
10100 Total Other Financing Sources (Uses)	(911,302)	-	-	-	-	131,589	131,589
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$ 13,734,895	\$ 14,083,952	\$ -	\$ -	\$ 14,083,952	\$ (2,724,722)	\$ 11,359,230
11020 Required Annual Debt Principal Payments	49,604	49,604	-	-	49,604	291,197	340,801
11030 Beginning Equity	68,808,197	75,155,148	-	-	75,155,148	4,859,193	80,014,341
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	-	-	-	3,654,313	3,654,313
11170 Administrative Fee Equity	860,981	860,981	-	-	860,981	-	860,981
11180 Housing Assistance Payments Equity	-	-	-	-	-	-	-
11190 Unit Months Available	36,976	40,432	-	-	40,432	8,976	49,408
11210 Number of Unit Months Leased	37,047	40,472	-	-	40,472	8,287	48,759
11270 Excess Cash	-	2,048,499	-	-	2,048,499	-	2,048,499
11610 Land Purchases	-	-	-	-	-	-	-
11620 Building Purchases	-	66,514	-	-	66,514	-	66,514
11640 Furniture & Equipment - Administrative Purchases	-	-	-	-	-	-	-

Actual Modernization Cost Certificate

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

OMB Approval No. 2577-0157 (exp. / 03/12/ 03)

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:

WA19P006501-13

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	\$ 690,041.00
B. Funds Disbursed	\$ 690,041.00
C. Funds Expended (Actual Modernization Cost)	\$ 690,041.00
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


06-30-16

For HUD Use Only

The Cost Certificate is approved for audit:

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

Date:

X 

07-11-2016

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 (10/86)
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.

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Contact information for the State Auditor's Office	
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