



Office of the Washington State Auditor  
Pat McCarthy

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

# **Housing Authority of the City of Everett**

**For the period July 1, 2021 through June 30, 2022**

*Published May 8, 2023*

Report No. 1032414



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**Office of the Washington State Auditor  
Pat McCarthy**

May 8, 2023

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,

Pat McCarthy, State Auditor  
Olympia, WA

***Americans with Disabilities***

*In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at [webmaster@sao.wa.gov](mailto:webmaster@sao.wa.gov).*

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# SCHEDULE OF FINDINGS AND QUESTIONED COSTS

## Housing Authority of the City of Everett July 1, 2021 through June 30, 2022

### 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 basic 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 deficiencies that we consider to be material weaknesses.

We issued an unmodified opinion on the Housing Authority’s compliance with requirements applicable to each of its major federal programs.

We reported findings that are required to be disclosed in accordance with 2 CFR 200.516(a).

## Identification of Major Federal Programs

The following programs were selected as major programs in our audit of compliance in accordance with the Uniform Guidance.

<u>ALN</u>	<u>Program or Cluster Title</u>
14.871	Housing Voucher Cluster – Section 8 Housing Choice Vouchers
14.871	Housing Voucher Cluster – COVID-19 – Section 8 Housing Choice Vouchers
14.871	Housing Voucher Cluster – COVID-19 – Emergency Housing Vouchers
14.879	Housing Voucher Cluster – Mainstream Vouchers
14.879	Housing Voucher Cluster – COVID-19 – Mainstream Vouchers

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was \$1,478,663.

The Housing Authority qualified as a low-risk auditee under the Uniform Guidance.

## SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

## SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

See Finding 2022-001.

## SCHEDULE OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

### Housing Authority of the City of Everett July 1, 2021 through June 30, 2022

**2022-001 The Housing Authority had inadequate internal controls for ensuring compliance with Housing Quality Standards inspection and enforcement requirements of its Housing Voucher Cluster program.**

<b>Assistance Listing Number and Title:</b>	14.871 – Section 8 Housing Choice Vouchers 14.871 – COVID-19 Section 8 Housing Choice Vouchers 14.879 – Mainstream Vouchers 14.879 – COVID-19 Mainstream Vouchers
<b>Federal Grantor Name:</b>	U.S. Department of Housing and Urban Development
<b>Federal Award/Contract Number:</b>	WA006 / WA006AF0137 / WA0068F0003
<b>Pass-through Entity Name:</b>	N/A
<b>Pass-through Award/Contract Number:</b>	N/A
<b>Known Questioned Cost Amount:</b>	\$0

#### *Description of Condition*

During fiscal year 2022, the Housing Authority spent \$48,320,689 under the Housing Voucher Cluster program, which includes the Section 8 Housing Choice Vouchers program (HCVP) and Mainstream Voucher program. The HCVP provides rental assistance to help families with very low incomes afford decent, safe and sanitary rental housing. The Mainstream Voucher program enables families, for whom the head, spouse, or co-head is a person with disabilities, to lease affordable private housing of their choice.

Federal regulations require recipients to establish and maintain internal controls that ensure compliance with program requirements. These controls include

understanding program requirements and monitoring the effectiveness of established controls.

### *Housing Quality Standard Inspection*

The Coronavirus Aid, Relief, and Economic Security (CARES) Act (Public Law 116-136) provides the U.S. Department of Housing and Urban Development (HUD) with broad authority to waive or establish alternative requirements for numerous statutory and regulatory requirements for the Housing Voucher Cluster. In Notice PIH 2020-05, published on April 10, 2020, HUD exercised its authority under the CARES Act to establish waivers and administrative flexibilities to provide relief to Public Housing Agencies (PHAs) in response to the COVID-19 pandemic. Subsequent revisions PIH 2020-33 (issued in November 2020) and PIH 2021-14 (issued in May 2021) allowed PHAs to delay biennial inspections for both tenant-based and project-based voucher units. Instead, the waivers allowed PHAs to rely on owners' certifications that they have no reasonable basis to have knowledge that life-threatening conditions exist in their unit or any units in question. At minimum, PHAs must require this owner certification.

Our audit found the Housing Authority did not establish effective internal controls to ensure compliance with the program's HQS inspection requirements. Specifically, when the Housing Authority delayed biennial inspections, it did not obtain the required owner certifications.

We consider this internal control deficiency to be a material weakness that led to material noncompliance. This issue was not reported as a finding in the prior audit.

### *Housing Quality Standard Enforcement*

The Housing Authority must inspect units leased to families at least every two years to determine if they meet federal HQS. For units under Housing Authority Payment (HAP) contract that fail to meet HQS, the Housing Authority must require owners to correct any cited life-threatening HQS deficiencies within 24 hours of inspections. Owners must correct non-life threatening HQS deficiencies within 30 calendar days of inspections or within a specified extension approved by the Housing Authority. The Housing Authority must keep documentation demonstrating compliance with HQS enforcement requirements.

Our audit found the Housing Authority's established internal controls were ineffective for ensuring compliance with the program's HQS enforcement requirements. Specifically, the controls were ineffective for ensuring owners corrected cited life-threatening HQS deficiencies within 24 hours of inspections

and non-life-threatening HQS deficiencies within 30 calendar days of inspections, as the program requires.

We consider this internal control deficiency to be a material weakness that led to material noncompliance. This issue was not reported as a finding in the prior audit.

## ***Cause of Condition***

### ***Housing Quality Standard Inspection***

Housing Authority employees received a notice from HUD with inspection waiver guidance that allowed for delaying biennial inspections but, at a minimum, an owner certification was required instead of conducting an initial inspection. However, HUD subsequently updated this guidance to remove the words “instead of conducting an initial inspection.” Housing Authority employees assert they did not receive notification of this change. Housing Authority employees relied on the original guidance and the word “initial,” and did not perform additional research or contact HUD to determine if this was correct. Therefore, management and staff did not know about this requirement and did not obtain owner certifications.

### ***Housing Quality Standard Enforcement***

The Housing Authority did not have a contracted inspector for part of the audit period, which delayed the inspection process. Although inspections resumed in November 2021, Housing Authority personnel responsible for overseeing HQS inspections did not follow procedures for ensuring owners and tenants corrected the cited life-threatening deficiencies within 24 hours of inspections and all other HQS deficiencies within 30 calendar days of inspections.

## ***Effect of Condition***

### ***Housing Quality Standard Inspection***

Using statistical sampling, we tested 29 tenant files. Our testing found 12 tenants for which the Housing Authority delayed inspections, as allowed, but did not obtain the required owner certifications or perform the required inspections. Because the Housing Authority did not obtain owner certifications or perform inspections timely, it cannot demonstrate that the housing units met HQS inspection requirements.



### Housing Quality Standard Enforcement

Using statistical sampling, we tested seven failed inspections. Our testing found one with cited life-threatening HQS deficiencies for which the Housing Authority did not have documentation showing it followed up on the inspections and required the owner to correct the deficiencies within 24 hours. It also did not comply with the requirement to stop HAP payments timely when the owner did not correct the deficiencies. Additionally, our testing found two inspections with cited non-life-threatening HQS deficiencies for which the Housing Authority did not have documentation demonstrating it followed up on the inspections and required the owners to correct the deficiencies within 30 days. As the Housing Authority did not follow up on HQS deficiencies within the required time frames, it cannot demonstrate that the housing units met HQS enforcement requirements.

### **Recommendation**

We recommend the Housing Authority strengthen internal controls to ensure it complies with HQS inspection and enforcement requirements. Specifically, the Housing Authority should:

- At a minimum, obtain owner certifications for delayed biennial inspections, as the program requires
- Follow up on cited life-threatening and non-life-threatening HQS deficiencies and require owners to correct them within the allowable time frames, as the program requires

### **Housing Authority's Response**

*The Everett Housing Authority acknowledges the above-referenced findings.*

***Our audit found the Housing Authority did not establish effective internal controls to ensure compliance with the program's HQS inspection requirements. Specifically, when the Housing Authority delayed biennial inspections, it did not obtain the required owner certifications.***

*EHA acknowledges that it did not obtain the required owner certifications for the delayed biennial inspections as required by Notice PIH 2020-33 REV 2.*

*On March 9, 2020, shortly after Governor Inslee declared of State of Emergency and issued stay-at-home orders to Washington residents, EHA's Board of Commissioners held a special meeting to direct the Executive Director to develop emergency measures and contingency plans to protect clients, employees, and the greater community. This included suspending unit inspections and other face-to-face interactions with clients.*

*Early in the pandemic, EHA established three principles that guided the agency's decision-making throughout the pandemic: Keep staff safe, keep residents safe, and continue normal operations to the extent possible.*

*On April 10, 2020, HUD issued Notice PIH 2020-05, COVID-19 Statutory and Regulatory Waivers for the Public Housing, Housing Choice Voucher, Indian Housing Block Grant and Indian Community Development Block Grant programs, Suspension of Public Housing Assessment System and Section Eight Management Assessment Program. That notice provided several regulatory waivers to allow PHAs to respond and adapt to the pandemic, including 11 waivers related to conducting Housing Quality Standards inspections. Waiver HQS-5 initially allowed PHAs to delay inspections beyond the typical biennial requirement, through October 31, 2020.*

*HUD subsequently superseded that notice on July 2, 2020, with issuance of Notice PIH 2020-13, COVID-19 Statutory and Regulatory Waivers and Alternative Requirements...Revision 1. Most notably, that notice modified Waiver HQS-5 to provide that inspections should be reasonably performed as soon as possible, but no later than 1 year after the date it would have been required without the waiver, rather than by October 31, 2020.*

*HUD further updated its COVID-19 waiver guidance on November 30, 2020, with issuance of Notice PIH 2020-33, COVID-19 Statutory and Regulatory Waivers and Alternative Requirements...Revision 2; That notice extended the availability period for the inspection delay waiver until June 30, 2021, and gave PHAs until December 31, 2021 to complete delayed biennial inspections. The revision also added one line to the notice that required PHAs who were using waiver HQS-5 to delay completion of biennial inspections to alternatively obtain an owner's certification that "the owner has no reasonable basis to have knowledge that life-threatening conditions exist in the unit or units in question."*

*HUD subsequently issued Notice PIH 2021-14, COVID-19 Statutory and Regulatory Waivers and Alternative Requirements...Revision 3, dated May 4, 2021, which clarified that PHAs must conduct all delayed biennial inspections from calendar year 2020 by June 30, 2022, and all delayed inspections from calendar year 2021 as soon as possible, but no later than December 31, 2022.*

*EHA failed to note the change in the inspections delay waiver requiring the owner certification at the time Notice 2020-33 was published on November 30, 2020. EHA only became aware of this requirement in early October 2022 when other housing authority's audits were published and those agencies received a findings based on noncompliance with the waiver requirement.*

*Immediately upon becoming aware of the potential deficiency, EHA reviewed its internal practice and identified that the agency had not implemented the owner certification requirement that was added in the second revision of PIH 2020-33. EHA staff developed an action plan and reported the potential deficiency to SAO staff in January 2023. The action plan included contacting every landlord participating in the Housing Choice Voucher program during the time period from November 30, 2020, to January 2023, requesting that they complete the required certification.*

***Our audit found the Housing Authority's established internal controls were ineffective for ensuring compliance with the program's HQS enforcement requirements. Specifically, the controls were ineffective for ensuring owners corrected cited life-threatening HQS deficiencies within 24 hours of inspections and non-life-threatening HQS deficiencies within 30 calendar days of inspections, as the program requires.***

*EHA acknowledges that it did not ensure compliance with HQS enforcement requirements for certain HQS inspections that were completed during the time period covered by the audit.*

*During a review of agency internal documentation, it was discovered that personnel responsible for conducting the HQS inspections did not follow procedures for ensuring owners corrected the cited life-threatening deficiencies within 24 hours of inspections and all other HQS deficiencies within 30 calendar days of inspections. In some cases, even though the time frames were met, staff did not document that personnel had followed up with some owners who were cited for deficiencies to ensure they corrected them timely.*

*As discussed in the response to the prior finding, as a response to the COVID-19 pandemic, EHA suspended biennial HQS inspections in March 2020 and did not resume them until November 2021 when it was deemed safe to do so based on State and local public health guidelines, current COVID-19 transmission rates, and the impending availability of a COVID-19 vaccine. EHA conducts required initial and periodic HQS inspections through a combination of a dedicated staff person in the agency and contracted inspection firms. Additional staff are also trained and certified in HQS to provide additional backup and supervisory inspection capacity.*

*EHA hired American Housing Consultants (AHC) as its contract inspector to complete biennial HQS inspections starting in November 2021 and instructed AHC to prioritize inspecting units that had gone the longest without a periodic HQS inspection. However, it took some time for AHC to fully mobilize and it was not realistic to assume that EHA and AHC could quickly work through nearly two years of delayed inspections that accrued during the pandemic, while also keeping up with inspections that newly became due.*

*Multiple factors, which have since been resolved, resulted in a lack of compliance with required time frames for reinspecting units that failed HQS inspection as the agency resumed normal inspections while emerging from COVID-19 safety restrictions:*

<b>Issue</b>	<b>Resolution</b>
<i>Early on, EHA's contract inspector AHC experienced difficulties staffing inspections for EHA as well as technology issues, resulting in incomplete information in EHA's software.</i>	<i>AHC was able to hire additional staff. EHA provided additional training and technical assistance to AHC staff to ensure that information about inspection results and follow-up within the required time frames are entered completely and accurately in EHA's inspections software system.</i>
<i>The manager overseeing inspections was promoted to their position in December 2021, and immediately had to cover for a team member out on medical leave, train new staff, and oversee the contract inspector's work.</i>	<i>EHA has hired and trained additional staff in the HCV department, providing capacity for the manager assigned to oversee inspections to more closely oversee the contract inspector and ensure completeness and accuracy of data entry upon completion of an inspection, as well as follow-up on any failed items.</i>
<i>EHA's staff inspector was on medical leave in early 2022, and then left the agency without notice in May 2022.</i>	<i>The Inspector position was filled in January 2023 and the staff member has completed HQS training and certification and has been fully trained on EHA's procedures for documenting and following up on inspection results within the required time frames. This position will also provide additional support in monitoring inspections work by the contractor.</i>

### ***Auditor's Remarks***

We appreciate the Housing Authority's commitment to resolve this finding and thank the Housing Authority for its cooperation and assistance during the audit. We will review corrective action taken during the next audit.

### ***Applicable Laws and Regulations***

Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), section 516, Audit findings, establishes reporting requirements for audit findings.

Title 2 CFR Part 200, Uniform Guidance, section 303, Internal controls, describes the requirements for auditees to maintain internal controls over federal programs and comply with federal program requirements.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its *Codification of Statements on Auditing Standards*, section 935, Compliance Audits, paragraph 11.

Notice PIH 2020-33(HA), REV-2, COVID-19 Statutory and Regulatory Waivers and Alternative Requirements for the Public Housing, Housing Choice Voucher (including Mainstream and Mod Rehab), Indian Housing Block Grant and Indian Community Development Block Grant programs, Suspension of Public Housing Assessment System and Section Eight Management Assessment Program, Revision 2.

Notice PIH2021-14(HA), COVID-19 Statutory and Regulatory Waivers and Alternative Requirements for the Public Housing, Housing Choice Voucher (including Mainstream and Mod Rehab), Indian Housing Block Grant and Indian Community Development Block Grant programs, Suspension of Public Housing Assessment System and Section Eight Management Assessment Program, Revision 3.

Title 24 CFR Part 982, *Section 8 Tenant-Based Assistance: Housing Choice Voucher Program*, section 404, Maintenance: Owner and family responsibility; PHA remedies, establishes enforcement requirements for housing quality standards.

Title 24 CFR Part 982, *Section 8 Tenant-Based Assistance: Housing Choice Voucher Program*, section 405, PHA initial and periodic unit inspection, establishes inspection requirements for housing quality standards.

## INDEPENDENT AUDITOR'S REPORT

### 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 July 1, 2021 through June 30, 2022**

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, as of and for the year ended June 30, 2022, 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 May 1, 2023.

Our report includes a reference to other auditors who audited the financial statements of the Wiggums Park Place Limited Liability Limited Partnership, Broadway Plaza Limited Liability Limited Partnership, Pivotal Point Limited Liability Limited Partnership, Bakerview/Grandview Affordable Housing Limited Liability Limited Partnership, Everett Affordable Housing Portfolio Limited Liability Limited Partnership, EHA Senior Housing I Limited Liability Limited Partnership, Everett Housing Legacy Limited Liability Limited Partnership (collectively, the Partnerships); and the Senior Housing Association of Snohomish County, Silver Lake Senior Housing Association of Snohomish County, Lake Woods Senior Housing Association of Snohomish County, Lynn Crest Senior Housing Association of Snohomish County, Silver View Senior Housing Association, Evergreen Court Housing Association, Village East Senior Housing Association, Meadow Park Senior Housing Association, Scriber Pointe Senior Housing Association, Evergreen Village Senior Housing Association and Hawkins House, as described in our report on the Housing Authority's financial statements. This report includes our consideration of the results of the other auditors' testing on 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 Partnerships 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 Partnerships.

## REPORT ON 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) as a basis for designing 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 above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we and the other auditors did not identify any deficiencies in internal control that we consider to be material weaknesses.

## REPORT ON 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 its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

## PURPOSE OF THIS REPORT

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

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

Pat McCarthy, State Auditor

Olympia, WA

May 1, 2023



## INDEPENDENT AUDITOR'S REPORT

### 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 July 1, 2021 through June 30, 2022**

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

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

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

We have audited the compliance of the Housing Authority of the City of Everett, with the types of compliance requirements identified as subject to audit 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, 2022. The Housing Authority's major federal programs are identified in the auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

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, 2022.

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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)* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Housing Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a 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 with the compliance requirements referred to above.

### **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Housing Authority's federal programs.

### **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Housing Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the Housing Authority's compliance with the requirements of each major federal program as a whole.

Performing an audit in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Housing Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances;
- Obtain an understanding of the Housing Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Housing Authority's internal control over compliance. Accordingly, no such opinion is expressed; and

- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Federal Award Findings and Questioned Costs as Finding 2022-001. Our opinion on each major federal program is not modified with respect to these matters.

## Housing Authority's Response to Findings

*Government Auditing Standards* requires the auditor to perform limited procedures on the Housing Authority's response to the noncompliance findings identified in our compliance audit described in the accompanying Schedule of Federal Award Findings and Questioned Costs. The Housing Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## REPORT ON 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 audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified.

However, we identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Federal Award Findings and Questioned Costs as Finding 2022-001 that we consider to be a material weakness.

### **Housing Authority's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Housing Authority's response to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Federal Award Findings and Questioned Costs. The Housing Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **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, reading "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

May 1, 2023

# INDEPENDENT AUDITOR'S REPORT

## Report on the Audit of the Financial Statements

### **Housing Authority of the City of Everett July 1, 2021 through June 30, 2022**

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

## **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

### **Opinions**

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, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements as listed in the financial section of our report.

In our opinion, based on our audit and the reports of the other auditors, the accompanying 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, 2022, 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.

We did not audit the financial statements of the Wiggums Park Place Limited Liability Limited Partnership, Broadway Plaza Limited Liability Limited Partnership, Pivotal Point Limited Liability Limited Partnership, Bakerview/Grandview Affordable Housing Limited Liability Limited Partnership, Everett Affordable Housing Portfolio Limited Liability Limited Partnership, EHA Senior Housing 1 Limited Liability Limited Partnership, Everett Housing Legacy Limited Liability Limited Partnership (collectively, the "Partnerships"); or the Senior Housing Association of Snohomish County, Silver Lake Senior Housing Association of Snohomish County, Lake Woods Senior Housing Association of Snohomish County, Lynn Crest Senior Housing Association of Snohomish County, Silver View Senior Housing Association, Evergreen Court Housing Association, Village East Senior Housing Association, Meadow Park Senior Housing Association, Scriber Pointe Senior Housing Association, Evergreen Village Senior Housing Association (collectively, the "Associations"); or Hawkins House (the "Project"); which in aggregate represent 100 percent of the net assets, net position and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors, whose

reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Partnerships, Associations, and Project, is based solely on the reports of other auditors. The financial statements of the Wiggums Park Place Limited Liability Limited Partnership, Broadway Plaza Limited Liability Limited Partnership, Pivotal Point Limited Liability Limited Partnership, Bakerview/Grandview Affordable Housing Limited Liability Limited Partnership, Everett Affordable Housing Portfolio Limited Liability Limited Partnership, EHA Senior Housing 1 Limited Liability Limited Partnership, Everett Housing Legacy Limited Liability Limited Partnership (collectively, the “Partnerships”); were not audited in accordance with *Government Auditing Standards*.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Housing Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. .

### **Matters of Emphasis**

As discussed in Notes 1 and 15, the Authority converted four nonprofit contracts to be presented as blended component units and the beginning balances of the financial statements were restated. Our opinion is not modified with respect to this matter.

As discussed in Note 19 to the financial statements, subsequent to the fiscal year June 30, 2022, the Authority refinanced revenue and refunding bonds. Our opinion is not modified with respect to this matter.

### **Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority's ability to continue as a going concern for a reasonable period of time; and
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed in the financial section of our report be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 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 forms are supplementary information required by HUD. These schedules are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 as a whole.



## OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated May 1, 2023 on our consideration of the Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority's 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, reading "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

May 1, 2023

## **FINANCIAL SECTION**

### **Housing Authority of the City of Everett July 1, 2021 through June 30, 2022**

#### **REQUIRED SUPPLEMENTARY INFORMATION**

Management's Discussion and Analysis – 2022

#### **BASIC FINANCIAL STATEMENTS**

Statement of Net Position – 2022

Statement of Revenues, Expenses and Changes in Net Position – 2022

Statement of Cash Flows – 2022

Notes to Financial Statements – 2022

#### **REQUIRED SUPPLEMENTARY INFORMATION**

Schedule of Proportionate Share of Net Pension Liability – PERS 1, PERS 2/3 – 2022

Schedule of Employer Contributions – PERS 1, PERS 2/3 – 2022

Notes to the Required Supplementary Information – 2022

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

Schedule of Expenditures of Federal Awards – 2022

Notes to the Schedule of Expenditures of Federal Awards – 2022

Financial Data Schedule – 2022

Actual Modernization Cost Certificate, form HUD-53001 – 2022

# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Management's Discussion and Analysis

June 30, 2022

The Housing Authority of the City of Everett ("EHA" or the "Authority") is pleased to present its financial statements for the year ended June 30, 2022, which have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments. 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. Additionally, GASB requires the inclusion of this Management's Discussion and Analysis ("MD&A") as supplementary information to the financial statements. MD&A is an objective analysis of the government's financial activities, the overall financial position and results of operations intended to assist users of the financial statements in assessing whether the financial position has improved or deteriorated because of the year's activities.

The MD&A is intended to assist users of the financial statements in identifying what management considers significant financial issues, provide an overview of the financial performance for the year ended June 30, 2022, identify, and offer a discussion regarding any changes in EHA's financial position as well as provide currently known facts, decisions, or conditions that are expected to have a significant effect on EHA's financial position or operations. Please read this MD&A in conjunction with the financial statements and the notes to the financial statements which follow.

EHA prepares its financial statements on the accrual basis of accounting consistent with GAAP. 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 operations of EHA are included in the statement of net position.

### Financial Highlights

- The Authority is one of ten housing authorities across the country selected in May of 2021 to participate in the expansion of HUD's Moving to Work (MTW) Demonstration program as part of the Stepped and Tiered Rent Cohort, where the Authority will be testing a Tiered Rent policy for certain employment-focused households. The Authority has named its local MTW program Making Things Work. Upon full implementation of the MTW Expansion, the Authority will be one of 139 legacy and expansion MTW housing authorities around the country. The MTW Demonstration provides public housing authorities with the opportunity to design and test innovative housing and self-sufficiency strategies and provides for increased flexibility in the use of HUD funding. The MTW Annual Contributions Contract (ACC) amendment was fully executed by the Authority and signed by HUD on August 19, 2021. The ability to use funding flexibility under MTW began on September 1, 2021; however, EHA did not exercise funding flexibility during the fiscal year ending June 30, 2022, and thus MTW funding flexibility does not affect the financial statements presented here. EHA has received conditional approval of its MTW Supplement for the fiscal year beginning July 1, 2022 but is still awaiting approval for all requested waivers as of November 8, 2022.
- The Authority pursued an issuer credit rating with S&P Global Ratings during the year and in July of 2022 was assigned an A+ rating. We expect that this rating will assist the Authority in future efforts to issue debt at more competitive rates.
- The Authority is the general partner in seven tax credit partnerships which are reported as discretely presented component units. In addition, the Authority sponsors and manages eleven 501(c)3 non-profit corporations which operate low-income senior housing properties. During 2021 and 2022, the Authority

# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Management's Discussion and Analysis

June 30, 2022

requested to convert nine of the non-profit corporations' subsidy contracts from Section 202 Project Rental Assistance Contracts to Project Based Voucher Housing Assistance Payments Contracts under the Rental Assistance Demonstration. HUD reviewed and approved these requests in accordance with the Rental Assistance Demonstrations – Final Implementation, Revision 4 Notice, H-2019-09 PIH-2019-23 (HA). As of June 30, 2022, four of the non-profit corporations had completed this subsidy contract conversion. Contemporaneously with the conversions, the board composition of each non-profit corporation was changed to be substantively the same as the Authority's board and thus these four organizations are now presented as Blended Component Units in the Authority's financial statements. The remaining five non-profit corporations which have not completed conversion will continue to be presented as discretely presented component units until the conversions are complete and the board composition has changed. The final two non-profit corporations' subsidy contracts will not be converted. The economic performance discussed in this MD&A does not include the financial activity of any of these discretely presented component units. More information about these entities is included in the Notes to the Financial Statements.

- The Authority completed two major property acquisitions. The first was the purchase of two adjacent parcels, including a single family home and the second was a commercial site with land suitable to development, on Rucker Avenue in Everett, Washington. The home was purchased in April of 2022 for \$565 thousand and the commercial site's purchase closed in May of 2022 at a cost of \$2.8 million. The Authority already owns an adjacent home which gives us control of a larger continuous property. All purchases were made with cash. The Authority expects to use the acquired parcels as a site for future development of affordable housing.

The second major acquisition during the year was the purchase of Huntington Park Apartments. In March of 2022 EHA closed on this 381 unit apartment complex in South Everett. The purchase was financed with a 1 year Non-Revolving Line of Credit Revenue Note in the amount of \$118,855,450. The Authority's acquisition will serve to preserve affordable housing in the area. This short-term debt had a substantial effect on the Authority's current ratio, bringing it to .32 on June 30. If the short-term debt had been classified as long term, the current ratio would have been a healthy 8.83. Two months after the close of the fiscal year, the Authority completed a refinancing of that debt with long term refunding revenue social bonds issued on September 1, 2022. S&P Global Ratings awarded A+ rating to those bonds. This is discussed in the "Subsequent Events" note to the Financial Statements.

- Total net position increased by \$8.4 million (6.45%) to \$138,897,271 during the fiscal year ended June 30, 2022. The major factors contributing to this increase included a restatement of \$6.8 million due to a change in reporting entity for four of our non-profits which caused their financial statement to be blended with the primary government's. In addition, there was a negative \$556 thousand prior period adjustment related to the adoption of a new accounting standard related to lease liabilities and assets. The Authority recognized \$2.1 million in operating income, mostly due to a 422% increase in rents related mainly to the acquisition of Huntington Park and also to climbing rents in other properties. This increase in revenue was offset by the lack of development fee earned during the year in comparison to \$3.9 million earned in the previous year. Developer fee revenues typically fluctuate significantly from year to year as development activities are sporadic in nature. There was an overall increase of \$880 thousand in operating revenues compared to the prior year.

Operating expenses increased by about 3% overall. We saw decreases in administrative and tenant services expenses and increases in utilities, maintenance, general, Housing Assistance Payments, and depreciation expenses. Non-operating revenues net of related interest revenues were \$850 thousand

## HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

### Management's Discussion and Analysis

June 30, 2022

during the year, compared to the prior year which saw net non-operating revenues of \$10.1 million. The 2021 amounts were larger than normal related to the gain of \$6.9 million on the sale of the Scattered Sites properties. The current year's nonoperating revenues were impacted by \$1 million less interest income earned and a \$1 million increase in interest expense recognized as well as a \$136 thousand write off to forgive a loan to one of the non-profits that were converted in the year.

- EHA's net position is comprised of three amounts. The first portion is unrestricted net assets of \$104,805,175 which may be used to meet ongoing obligations. The second portion, investments in capital assets net of associated debt amounted to \$18,254,193, and the third remaining portion of \$15,837,903 is restricted to meet defined obligations or due to limits on use.
- Capital assets net of related debt increased by \$9.44 million. Of this debt, \$6.3 million was due to the conversion of four non-profits to blended component units. The acquisition of the Rucker project increased net capital assets. It was purchased with approximately \$3.4 million in cash and no debt.
- Total liabilities and deferred inflows of resources increased by \$136 million (59.8%) from the prior year. This change was mainly due to the previously mentioned \$118.9 million in short term debt related to the purchase of Huntington Park as well as a \$13 million increase in other bonds and notes payable, much related to construction debt being drawn for the development of Everett Housing Legacy LLLP's Madrona Square project. There was an increase in debt of \$1.12 million relating to the conversion of four non-profits to blended component units. Net pension liability decreased by \$2.3 million.
- Operating expenses increased by \$1.7 million (3%) from the prior year largely due to an overall small increase in normal operating expenses and larger increases related to a \$687 thousand increase in housing assistance payments in our Section 8 Housing Choice Voucher (HCV) program. There was a \$428 thousand increase in depreciation, mostly related to depreciation in our new Huntington Park acquisition. There is an increase in amortization of \$76 thousand related to capital leased vehicles. Relating to other operating expenses, administrative expenses decreased by \$315 thousand, tenant services costs decreased by \$205 thousand, maintenance expenses increased by \$331 thousand and general expenses increased by \$386 thousand. There were normal inflationary increases in salaries, benefits, and other operating costs, however the agency experiences a higher than normal employee turnover rate and several positions were vacant throughout the year which led to lower than expected salaries and benefits.
- Operating revenues increased by \$880 thousand (1.5%) from the prior year. Certain areas of revenues increased significantly while others declined significantly. For example, tenant rents increased by \$4.3 million related both to our acquisition of Huntington Park, a large property as well as across the board increases in rents at other properties. There were small decreases in HUD operating grants and subsidies as well as Port In HAP and administrative fees, and a large decrease in developer fees because EHA had earned \$3.96 million in developer fee in 2021 when none was earned in the current year. (Note that EHA had earned no developer fee in 2020 and earned \$2.72 million in developer fee revenue for the year ended June 30, 2019, demonstrating the large fluctuations in developer fee earned that are typical due to the nature of development activities.) The Authority also recognized funding from the CARES Act as discussed in the next paragraph.
- In nonoperating revenues and expenses, interest income declined, and interest expense increased related to the debt for Huntington Park. In addition, this year there was no gain on the sale of capital assets, and in the previous year we had recognized \$6.9 million related to the sale of Scattered Sites. There

# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Management's Discussion and Analysis

June 30, 2022

was \$133 thousand in nonoperating expenses as we forgave amounts that had been loaned to 202 properties as part of their conversion under RAD as discussed previously.

There were two large adjustments that affected the Authority's financial statements. First, the Authority implemented GASB 87, a new lease accounting standard issued by the Government Accounting Standards Board (GASB) and as such, made a -\$556,634 prior period adjustment. Further, relating to the previously discussed conversion of four of our non-profits under RAD, there was a \$6.8 million increase in net position for the primary government due to the change in reporting entity from discretely presented component units to blended component units. The Housing Authority had received Coronavirus Aid, Relief, and Economic Security (CARES) Act grant awards in past years. EHA received two appropriations for administrative cost grants related to our HCV/PBV programs: \$581,992 was received on May 1, 2020, and \$772,603 on August 13, 2020, totaling \$1,354,595. Of this amount, \$166,919 was expended and recognized as revenue as of June 30, 2020. \$560,624 was recognized and expended in the year ending June 30, 2021, and \$627,052 was recognized and expended in the current fiscal year ending June 30, 2022, fully expending the grant. In addition, \$1,748 was recognized and expended from Mainstream 5 program CARES Act grant in the current fiscal year.

### Overview of the Basic Financial Statements

EHA's 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 are presented in the order of liquidity and are classified as "current" (convertible to cash within one year) and "non-current". "Current" liabilities are obligations that should be satisfied within one year and liabilities that do not meet this expectation are classified as "non-current".

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 through representation of the net position net of liabilities, for the entire Authority. Over time increases or decreases in net position may serve as useful indicators as to whether EHA's financial health is improving or deteriorating.

The ***Statement of Revenues, Expenses and Changes in Net Position*** reports the Authority's operating revenues such as rental income, subsidy, and operating expenses like administrative, utilities, maintenance, etc. It also reports non-operating revenues such as interest income and gains and non-operating expenses such as interest expense. It presents information that shows how EHA's net position changed during the year, which is similar to net income or loss. 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, non-capital 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 on June 30, 2022. EHA uses the direct method of presenting cash flows, which includes a reconciliation of operating activities to operating income. This statement reflects cash inflows and outflows that occurred throughout the year.

# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Management's Discussion and Analysis

June 30, 2022

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

### Financial Analysis

#### Net Position

Net position is summarized in the table below: \*

	June 30	
	2022	2021
Assets:		
Current assets	\$ 39,685,338	\$ 41,526,960
Capital assets, net	140,565,239	12,223,084
Other non-current assets	160,327,567	141,424,199
Total assets	340,578,144	195,174,243
Deferred outflows of resources related to pensions and leases	1,113,787	1,318,157
Total assets and deferred outflows of resources	341,691,931	196,492,400
Liabilities:		
Current liabilities	123,420,314	4,702,706
Non-current liabilities	72,818,746	60,632,880
Total liabilities	196,239,060	65,335,586
Deferred inflows of resources related to pensions and leases	6,555,600	670,353
Total liabilities and deferred inflows of resources	202,794,660	66,005,939
Net position:		
Net investment in capital assets	18,129,624	8,813,652
Restricted	15,837,903	14,637,152
Unrestricted	104,929,744	107,035,657
Total net position	\$ 138,897,271	\$ 130,486,461

\* Component units are not included.

Total assets of the Authority on June 30, 2022, and 2021 amounted to \$340,026,574 and \$195,174,243, respectively. Current assets are comprised of cash, investments, receivables, current portion of notes and interest receivable, current portion of developer fee notes receivable, inventories, prepaid items, and current restricted assets. Current assets of \$39.6 million are approximately \$1.8 million (-4.52%) lower on June 30, 2022, than June 30, 2021, due largely to the use of over \$3 million in cash to purchase the Rucker property. Accounts receivable increased by \$1.35 million, \$495 thousand of that is due to inclusion of AP from Huntington Park and \$175 thousand is due to inclusion of the converted non-profits. Accrued interest receivable increased by \$142 thousand due to an increase in interest amounts accrued on notes and sponsor loans that are expected to be paid within twelve months. Non-current assets increased \$147.2 million (95.5%) mostly due to an increase in capital assets from the acquisition of Huntington Park and the conversion of the four non-profits as well as an increase in notes receivable, interest receivable, and development fee notes related to our Legacy tax credit property.

Total liabilities of the Authority, which are segregated between current and non-current portions, increased by \$130.4 million in 2022. This was primarily due to an increase in short term debt of \$118 million related to the acquisition of Huntington Park and an increase of \$13.8 million in long term debt, \$12.6 million of which was related to the Everett Housing Legacy tax credit partnership. Current liabilities include accounts payable, accrued expenses, unearned revenue, tenant security deposits, FSS participant escrow deposits and the current portions of notes and bonds payable. A liability is current if it is due within one year. Current liabilities increased 2,524% from 2021 to 2022 primarily due to a \$118.86 million short term loan used for

# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Management's Discussion and Analysis

June 30, 2022

the acquisition of Huntington Park. That loan was refinanced with permanent long term debt in September of 2022. Non-current liabilities increased 20% in 2022 primarily because of the previously discussed increase in debt for our new Legacy property and the conversion of the four non-profits to blended component units.

Net pension liability declined by \$1.7million. Deferred inflows of resources related to pensions and leases increased \$5.89 million as the agency adopted the GASB 87 lease accounting standard in the fiscal year.

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 increased from 8.83:1 in 2021 to .32 in 2022 because of the previously mentioned short term debt that was in place at the end of the year and was fully refinanced with long term debt two months later.

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. 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.

Because of all the changes discussed above as well as ordinary operations, the Authority's total net position increased by \$8,410,810 (6.45%) during the year:

	<b>Primary Government June 30, 2022</b>	<b>Component Unit Discretely Presented December 31, 2021</b>
<b>Net position current year:</b>		
Net investment in capital assets	18,129,624	30,644,077
Restricted	15,837,903	30,989,545
Unrestricted (deficit)	104,929,744	-15,006,939
<b>Total Net Position*</b>	<b>\$138,897,271</b>	<b>\$46,626,683</b>
	<b>Primary Government June 30, 2021</b>	<b>Component Unit Discretely Presented December 31, 2020</b>
<b>Net position prior year:</b>		
Net investment in capital assets	8,813,652	56,894,759
Restricted	14,637,152	7,079,263
Unrestricted (deficit)	107,035,657	-10,854,980
<b>Total Net Position</b>	<b>\$130,486,461</b>	<b>\$53,119,042</b>

\* Reflects the change in entity for four properties which were recategorized from Discretely Presented to Blended in the Primary Government.



# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Management's Discussion and Analysis

June 30, 2022

### Financial Analysis

#### *Revenues, Expenses and Changes in Net Position*

Changes in net position are summarized in the table below: \*

	Year Ended June 30	
	2022	2021
Operating revenues	\$ 59,756,147	\$ 58,877,811
Non-operating revenues	2,226,881	10,221,203
Total revenues	61,983,028	69,099,014
Operating expenses	58,468,320	56,764,924
Non-operating expenses	1,369,393	97,183
Total expenses	59,837,713	56,862,107
Excess before contributions	2,145,315	12,236,907
Capital grant contributions	-	1,106,998
Prior period adjustments and restatements	6,265,495	-
Change in net position	8,410,810	13,343,905
Net position, beginning of year	130,486,461	117,142,556
Net position, end of year	\$ 138,897,271	\$ 130,486,461

\* Component units are not included.

The Authority had operating income of \$1,287,827 compared to \$2,112,887 in 2021, operating loss of \$1,861,222 in 2020, operating income of \$1,892,953 in 2019 and an operating loss of \$1,948,186 in 2018. These fluctuations over the years mainly relate to development activities. Operating revenues were \$878 thousand (1.5%) higher in 2022 than 2021, primarily due to a significant \$3.9 million decrease in developer fee earned and offset by a \$4.3 million increase in tenant rents due to the acquisition of new properties. There were smaller increases and decreases in other revenue.

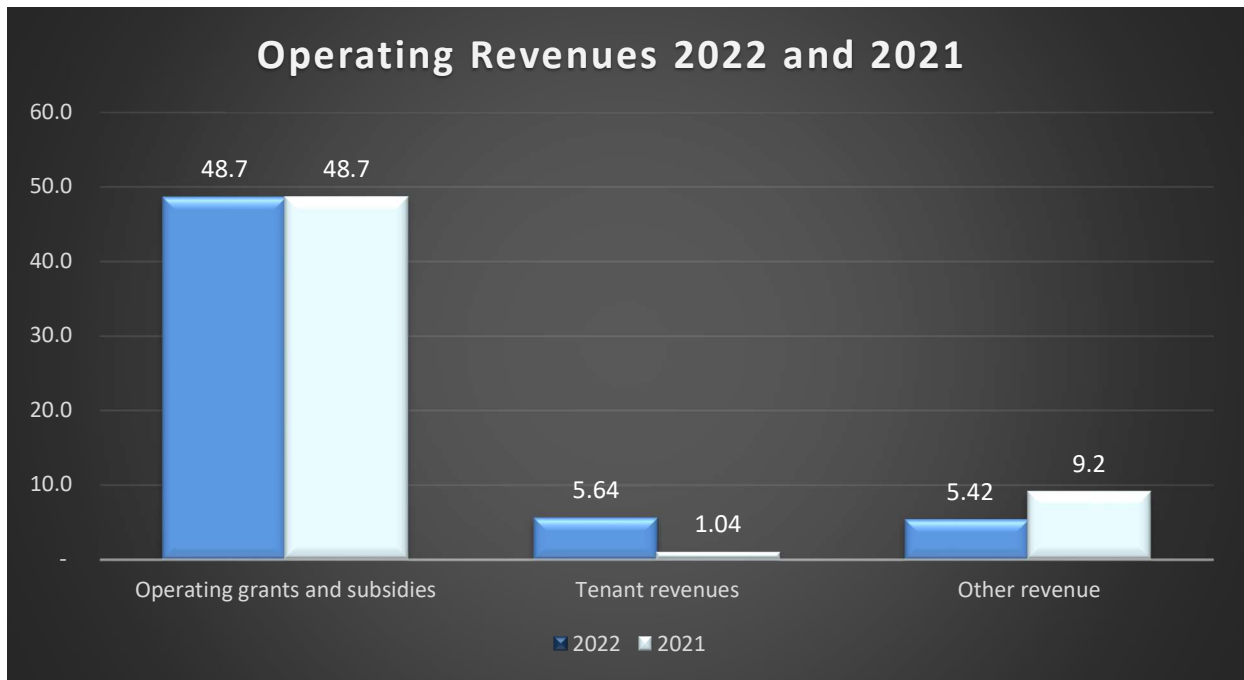
The Authority received a slight 1.1% decrease in Housing Choice Voucher HAP subsidy and earned 15.2% more in HCV Administrative Fee revenue in 2022 than 2021. Operating expenses were 3% higher in 2022 than 2021. There

Operating revenues for the entire primary government are shown in detail in the chart below:

# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

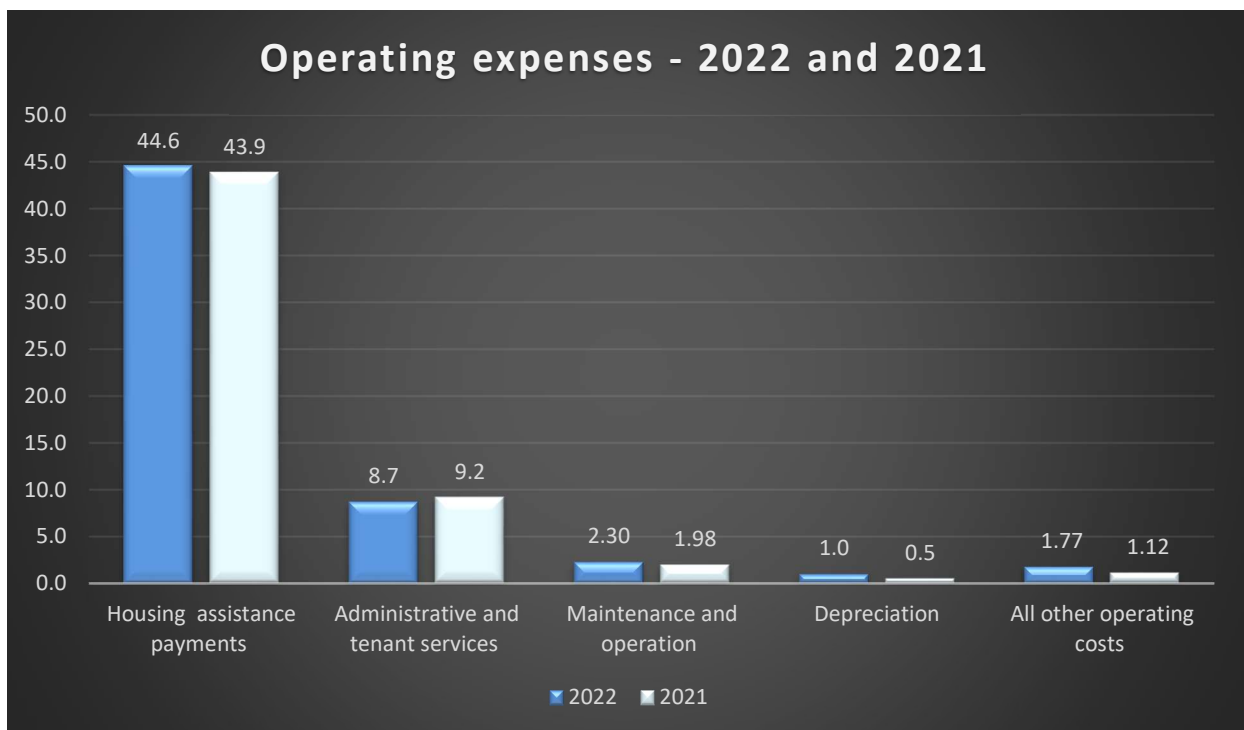
## Management's Discussion and Analysis

June 30, 2022



Dollars (in millions)

Operating expenses are shown in detail in the chart below:



Dollars (in millions)

# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Management's Discussion and Analysis

June 30, 2022

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

	June 30	
	2022	2021
Land and site improvements	\$ 27,818,634	\$ 2,905,843
Property and equipment, net	109,274,296	8,864,195
Leased capital assets, net	93,729	-
Construction in progress	3,378,580	453,046
Total capital assets	140,565,239	12,223,084

The net investment in capital assets increased by \$9.44 million (107.1%) during the year. A large amount of land, building, and equipment was acquired with the Huntington Park acquisition and the conversion of four non-profit entities, as previously discussed. Depreciation and amortization expense of \$1,049,004 was recorded during the year. Note 7 of the Authority's basic financial statements provides additional detail regarding the changes in capital assets during the year.

All debt service payments were made in 2022 as scheduled. The significant increase in notes and bonds payable is, as previously mentioned, largely due to the Authority's financing related to a \$118,855,450 acquisition of the Huntington Park Apartments. The short term financing was refinanced with long term debt in September of 2022. . Please refer to Note 9 of the Notes to the Financial Statements for more information on long-term debt.

The current portion of notes and bonds payable consists of principal amounts due within twelve months. Most long-term bonds and notes payable is permanent debt associated with our seven tax credit partnerships and our affordable properties. The corresponding receivable from the tax credit partnerships mostly offset that debt. Operating income from the tax credit partnerships and other properties is expected to meet the annual debt obligations of these debts.

	June 30	
	2022	2021
Current portion of notes and bonds payable	\$ 119,429,082	\$ 612,118
Bonds and notes payable - long term	71,419,593	57,600,052
Total notes and bonds payable	\$ 190,848,675	\$ 58,212,170

### Economic Factors Affecting the Housing Authority

The majority of EHA's funding is from the United States Department of Housing and Urban Development (HUD) in the form of Section 8 housing assistance payments and administrative fees, Capital Fund and DDTF grants, and small grants. Although no Capital Fund monies were utilized this year, the Authority expects to be awarded Capital Fund grants and DDTF (Demolition and Disposition Transitional Funding) over at least the next five years. Therefore, the Authority is heavily reliant on the federal government and subject to legislation that governs that funding. While housing authorities have been underfunded for most of the past decade, the following funding impacts from such actions were experienced in 2022 and are expected for 2023:

## HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

### Management's Discussion and Analysis

June 30, 2022

- The administrative funding portion of the Housing Choice Voucher (HCV) program was pro-rated at varying rates from 84% to 91% during 2021-2022 and is expected to be funded at similar rates during 2023. Administering this program continues to be challenging at this level of funding. HAP subsidies were funded at 100% of eligibility during the calendar year 2021 with a renewal funding inflation factor of 4.289% and in the calendar year 2022 were initially funded at 98.5% of eligibility with an inflation factor of 6.4831% for Snohomish County, Washington. Eligibility is based primarily on prior year expenditures and prorated according to HUD's budgetary constraints.
- During the fiscal year ended June 30, 2022, rents in our area continued to rise although the rate of this rise appears to be slowing. Because of higher rents and HUD's current eligibility formula, it is possible that our future budget authority may not meet the needs of our program.
- Because of the ongoing pandemic, the federal and state governments enacted a moratorium on evictions in early 2020. The moratoriums expired in October 2021. Beginning in April of 2020, landlords were not allowed to ask for rent increases that would affect the tenant portion of rent. This requirement ended in September of 2021. During the fiscal year, we observed a steady amount of attrition in our HCV program, at about 14 per month.
- Although our unrestricted cash reserve available to help pay for administration of the HCV program has dwindled in recent years, we believe that we have sufficient unrestricted cash to administer this program. We operate prudently and plan to continue to carefully manage this program. However, as always there is no guarantee that funding will continue at a sufficient level and the viability of this program is heavily reliant on Congressional budgetary action and HUD funding. We expect to receive new administrative funding in the 2022-23 fiscal year related to ongoing leasing of new Mainstream vouchers and Emergency Housing vouchers and leasing of the new Project Based Vouchers issued to our converted non-profits. EHA recently received notification that we will receive 15 "Fairshare" vouchers in October of 2022 and we expect to see increased administrative fees associated with those vouchers as well.
- In recent years EHA has expanded our housing portfolio by assuming the sponsorship and management of eleven affordable senior housing complexes in Everett, Monroe, Lake Stevens, Lynnwood, and unincorporated Snohomish County. Five of these complexes have been subsidized by HUD 202 Project Rental Assistance Contracts (PRAC) and operate as non-profit corporations. They are included in EHA's financial statements as discretely presented component units and are expected to be converted to Project Based Voucher Assistance within the next year. Two of these properties are subsidized by Project Based Rental Assistance (PBRA) Contracts. Four of the PRAC properties have already been converted to Project Based Voucher Assistance in this fiscal year and we expect to convert the remaining seven PRAC projects in the 2022-2023 fiscal year. We have received average rent increases of 99% over previous years in the properties that have converted. Because of this "RAD4PRAC" conversion, the Authority is more optimistic about these properties abilities to address the substantial capital needs of these buildings.
- Because of the economic conditions discussed above, and for other reasons, EHA submitted Section 18 disposition applications to HUD's Special Application Center and received approval to dispose of both of our remaining Public Housing projects. EHA received allocations of Tenant Protection Vouchers from HUD to continue to provide assistance to affected tenants as they relocated to new housing. Tenants were offered relocation assistance from EHA's relocation team, and the process of vacating Baker Heights was completed in October of 2020. The relocation of Scattered Sites

## **HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON**

### **Management's Discussion and Analysis**

June 30, 2022

tenants and sale of the units at fair market value was completed in spring of 2021. EHA continues to develop an assertive strategy to increase our housing portfolio through development of affordable housing primarily utilizing the Low-Income Housing Tax Credit (LIHTC) program. The Authority is the general partner in Everett Housing Legacy, LLLP, which in May of 2021 commenced construction of a 105-unit affordable housing project on 3.18 acres of land: 2.45 acres of the former Baker Heights land plus another .73 acres made available via street vacates on the site. We expect to begin occupying the first building of this property in late 2022 or early 2023. EHA is discussing with HUD options to determine and pursue the most beneficial outcome of the disposition of the remaining land for our program participants, the community, and our agency.

- EHA is currently exploring funding options for the development of other replacement affordable housing to be at least partially paid for with the proceeds from the sales of these two projects. The rising cost of housing and construction costs in the Everett area continues to create challenges for EHA and our clients.

COVID-19 has been declared a global pandemic and enormous worldwide economic impacts have transpired. No one knows how long the pandemic will continue or what the ultimate impacts on human life and the global economy will be. EHA management and staff have continued operations in a manner that is as normal as possible but with adjustments that prioritize the safety of our tenants, our participants, our employees, and our community. We continue to carefully monitor rent losses and other revenue impacts. Those impacts have been mitigated somewhat by the CARES act funding to the Authority and rent assistance payments for some tenants. The Authority has not laid off any employees due to COVID-19 and staff continue to function efficiently.

Additional significant economic factors affecting the Authority are as follows:

- Local labor supply and demand, which affect salary and wage rates of the Authority as well as the cost of construction and other contracts.
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income.
- Collective bargaining negotiations and agreements.
- Inflationary pressure on utility rates, supplies and other costs, which affects the costs of the programs.
- Congressional actions which could result in increases or decreases in funding for federal housing programs.
- Employee health insurance and other benefit costs, which continue to rise, and new laws that require that we will pay more for additional benefits in the future.
- Interest rates, which affect both investment revenue and debt financing and have risen substantially in the past year.
- The bond and tax credit equity markets as they affect the Authority's ability to attract equity investment and finance property redevelopment.
- Changes in corporate tax rates and/or tax-exempt private activity bond cap rules enacted by Congress that impact tax credit pricing or the availability of tax credits

### **Requests for Information**

# **HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON**

## **Management's Discussion and Analysis**

**June 30, 2022**

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's web site may be found at [www.evha.org](http://www.evha.org).

# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Statement of Net Position

June 30, 2022

	Primary Government	Component Unit Discretely Presented
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current assets:</b>		
Cash and cash equivalents - unrestricted	\$18,454,726	\$4,352,260
Cash and cash equivalents - restricted	15,126,308	31,337,724
Receivables - net	3,595,462	534,631
Interest receivable - current portion	1,693,499	13,219
Inventories	50,850	-
Prepaid expenses and other current assets	92,299	133,739
Leases receivable - current portion	132,856	-
Notes receivable - current portion	539,338	-
Total current assets	<u>39,685,338</u>	<u>36,371,573</u>
<b>Non-current assets:</b>		
Capital assets:		
Land and land improvements, net	27,818,634	8,704,330
Property and equipment, net	109,274,296	140,508,662
Construction in progress	3,378,580	14,933,062
Leased capital assets, net	93,729	-
Total capital assets	<u>140,565,239</u>	<u>164,146,054</u>
Leases receivable, less current portion	534,826	-
Notes, interest and leases receivable	149,542,014	-
Development fee notes and other assets	4,469,109	553,930
Net Pension Asset	5,781,618	-
Total non-current assets	<u>300,892,806</u>	<u>164,699,984</u>
Total assets	<u>340,578,144</u>	<u>201,071,557</u>
<b>Deferred outflows of resources related to pensions</b>	<u>1,113,787</u>	<u>-</u>
<b>Total Assets and Deferred Outflows of Resources</b>	341,691,931	201,071,557
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>		
<b>Current liabilities:</b>		
Accounts payable	638,501	2,475,079
Accrued expenses	1,939,822	225,569
Unearned revenue	129,229	18,678
Tenant security deposits	182,943	348,179
Other credits and current liabilities	147,695	594,595
Money held in escrow (FSS escrow)	130,440	-
Leases liabilities - current portion	77,399	-
Notes and bonds payable - current portion	119,429,082	1,971,921
Accrued interest payable - current portion	745,203	1,425,161
Total current liabilities	<u>123,420,314</u>	<u>7,059,182</u>
<b>Non-current liabilities:</b>		
Leases liabilities, less current portion	17,963	-
Notes and bonds payable, less current portion	71,419,593	132,204,204
Accrued interest payable, less current portion	282,311	14,954,163
Accrued compensated absences, less current portion	472,287	227,325
Money held in escrow (FSS escrow), less current portion	75,022	-
Net pension liability	551,570	-
Other non-current liabilities	-	-
Total non-current liabilities	<u>72,818,746</u>	<u>147,385,692</u>
Total liabilities	<u>196,239,060</u>	<u>154,444,874</u>
<b>Deferred inflows of resources related to pensions</b>	<u>6,555,600</u>	<u>-</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>202,794,660</u>	<u>154,444,874</u>
<b>Net position:</b>		
Net investment in capital assets	18,129,624	30,644,077
Restricted	15,837,903	30,989,545
Unrestricted (deficit)	104,929,744	(15,006,939)
<b>Total Net Position</b>	<u>\$ 138,897,271</u>	<u>\$ 46,626,683</u>

**HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Year Ended June 30, 2022**

	<b>Primary Government</b>	<b>Component Unit Discretely Presented</b>
<b>Operating revenues:</b>		
Tenant rents	\$ 5,370,624	\$ 13,789,697
HUD operating grants and subsidies	48,313,092	-
Other operating grants	343,893	175,082
Other tenant charges	278,296	114,332
Management fees	835,292	-
Port In HAP and administrative fees	321,942	-
Development fee earned	-	-
Other revenue	4,293,008	3,528,310
 Total operating revenues	 <u>59,756,147</u>	 <u>17,607,421</u>
<b>Operating expenses:</b>		
Administrative	\$ 7,703,324	\$ 2,959,446
Tenant services	1,039,264	375,402
Utilities	544,764	1,107,909
Maintenance & operations	2,315,004	2,785,713
General	1,167,805	622,410
Housing assistance payments	44,649,155	-
Interest expense - amortization of debt issuance costs	-	142,878
Depreciation	972,622	4,938,950
Amortization	76,382	-
 Total operating expenses	 <u>58,468,320</u>	 <u>12,932,708</u>
 Operating income (loss)	 <u>1,287,827</u>	 <u>4,674,713</u>
<b>Non-operating revenues (expenses):</b>		
Interest income	\$ 2,226,881	\$ 30,468
Interest expense	(1,236,174)	(4,375,411)
Gain/(Loss) On Forgiveness of Debt	(133,219)	-
 Total non-operating revenues (expenses)	 <u>857,488</u>	 <u>(4,344,943)</u>
 Income (loss) before contributions	 2,145,315	 329,770
 Capital contributions - HUD	\$ -	\$ -
Capital contributions (disbursements) - partnership	-	-
Syndication costs - contra-capital	-	-
Total contributions	<u>-</u>	<u>-</u>
 Change in net position	 2,145,315	 329,770
 Net position - beginning of year	 130,486,461	 53,119,042
 Change in reporting entity	 6,822,129	 (6,822,129)
 Prior period adjustment	 <u>(556,634)</u>	 <u>-</u>
 Net position - end of year	 <u>\$ 138,897,271</u>	 <u>\$ 46,626,683</u>



**HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON**  
**Statement of Cash Flows**  
**Year Ended June 30, 2022**

	<b><u>Primary Government</u></b>
<b>Cash flows from operating activities:</b>	
Receipts from HUD grants	\$ 47,186,074
Receipts from other grants	293,794
Receipts from tenants	5,536,963
Receipts from others	4,886,631
Payments to employees and on behalf of employees	(10,307,473)
Payments to suppliers for goods and services	(3,728,550)
Payments to landlords for housing assistance	(44,702,075)
Payments to component units	<u>(175,693)</u>
Net cash used for operating activities	<u>(1,010,329)</u>
<b>Cash flows from noncapital financing activities:</b>	
Loans made to other entities	272,270
Loans from other governments	<u>42,899</u>
Net cash provided by noncapital financing activities	<u>315,169</u>
<b>Cash flows from capital and related financing activities:</b>	
Proceeds from issuance of debts	132,760,253
Principal received on capital debt	(528,092)
Interest paid on capital debt	(1,216,518)
Capital contributions - HUD capital grant	-
Property and equipment reductions	<u>(122,979,764)</u>
Net cash provided by capital and related financing activities	<u>8,035,879</u>
<b>Cash flows from investing activities:</b>	
Issuance of debt	(14,207,786)
Payments paid on notes/bonds receivable - partnerships	349,606
Development fees received - partnerships	1,442,474
Investment in partnerships	-
Interest received	1,189,348
Loss on forgiveness of debt	<u>(133,219)</u>
Net cash used by investing activities	<u>(11,359,577)</u>
Net increase in cash and cash equivalents	(4,018,858)
<b>Cash and cash equivalents - beginning of year</b>	37,599,892
<b>Cash and cash equivalents - end of year</b>	<u>\$ 33,581,034</u>

**HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON**  
**Statement of Cash Flows**  
**Year Ended June 30, 2022**

	<u><b>Primary Government</b></u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	\$ 1,287,827
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	1,049,004
Changes in operating assets and liabilities:	
(Increase) decrease in assets:	
Accounts receivable tenants	(265,471)
Accounts receivable - HUD operating grants	(137,219)
Accounts receivable - other grants	(697,492)
Accounts receivable - other	(426,153)
Inventories	(14,619)
Prepaid expenses and other assets	(44,774)
Increase (decrease) in liabilities:	
Accounts payable - vendors	382,114
Accounts payable - HUD	(139,420)
Accounts payable - other governments	319,704
Accrued expenses	76,508
Unearned revenue	(625,485)
FSS escrow	(52,920)
Security deposits	119,090
Accrued compensated absences	146,260
Net pension liability	(1,987,043)
Other credits	(240)
<b>Net cash used for operating activities</b>	<u><u><b>\$ (1,010,329)</b></u></u>

# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Notes to Basic Financial Statements

June 30, 2022

### 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 “City”). 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. The significant accounting policies are described below.

The Authority was selected to participate in HUD’s Moving to Work (“MTW”) Demonstration Program in May 2021. The Annual Contributions Contract amendment was signed by HUD on August 19, 2021. The program allows the Authority exemptions from certain HUD regulations and reporting requirements and significant flexibility to combine its HUD funding for reallocation among the Authority’s administrative, capital, and development activities. The Authority did not exercise funding flexibility during the fiscal year ending June 30, 2022 and so participation in this program does not affect the financial statements presented here. EHA will be part of the demonstration for 20 years.

#### *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 approves the policies 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.

As defined by GAAP, the reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as appointment of a voting majority of the component units’ board, and one of (a) the ability to impose will by the primary government, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government, or if the component unit is fiscally dependent on and there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government regardless of whether the component has (a) a separately elected governing board, (b) a governing board appointed by a higher level of government, or (c) a jointly appointed board.

## HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

### Notes to Basic Financial Statements

June 30, 2022

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 units outside of the basic financial statement totals of the primary government. At June 30, 2022 the Authority has identified fourteen legally separate organizations that are reported as discretely presented component units in the basic financial statements. The blended method combines activity from the component unit with the primary government and its financial statement activity is presented as part of the primary government. The Authority has four blended component units.

#### **Discretely Presented Component Units – Tax Credit Limited Partnerships**

The Authority is the general partner in seven tax credit limited partnerships (“Component Units”). These partnerships were formed for the purpose of developing, operating, managing and leasing housing units in a manner that qualifies them for low-income housing credits under Section 42 of Internal Revenue Code of 1986, as amended.

The Authority is responsible for the management of these partnerships and may impose its will on the limited partnerships through direct influence over their policies, budgets, and operations. In addition, the Authority is contractually obligated to fund operating deficits through loans and advances to the partnerships and has primary responsibility for the debt issued on behalf of each partnership. The limited partnerships provide housing to low-income citizens of Everett and do not serve the primary government exclusively, or almost exclusively. Therefore, the partnerships’ financial statements are discretely presented and included as part of a single column entitled “Component Units” in the accompanying financial statements. These entities are as follows:

***Broadway Plaza Limited Liability Limited Partnership:*** 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. There is an initial 15-year regulatory compliance period monitored by the Washington State Housing Finance Commission which ends in 2026 at which time the investing partner may exit the partnership according to the provisions of the partnership agreement.

***Pivotal Point Limited Liability Limited Partnership:*** In 2013, the Authority entered into a limited liability limited partnership with PNC Real Estate Tax Credit Capital to form Pivotal Point LLLP (“PP”). The Authority is the 0.01% owner and the general partner responsible to manage this 20-unit rental property. There is an initial 15-year regulatory compliance period monitored by the Washington State Housing Finance Commission which ends in 2028 at which time the investing partner may exit the partnership according to the provisions of the partnership agreement.

***Bakerview/Grandview Affordable Housing Limited Liability Limited Partnership:*** 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”). The Authority is the 0.009% owner and the general partner responsible to manage this 299-unit rental property. There is an initial 15-year regulatory compliance period monitored by the Washington State Housing Finance Commission which ends in 2029 at which time the investing partner may exit the partnership according to the provisions of the partnership agreement.

## HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

### Notes to Basic Financial Statements

June 30, 2022

***Everett Affordable Housing Portfolio Limited Liability Limited Partnership:*** In 2014, the Authority entered into a limited liability limited partnership with RBC to form Everett Affordable Housing Portfolio LLLP (“EAHP”). The Authority is the 0.009% owner and the general partner responsible to manage this 159-unit rental property. There is an initial 15-year regulatory compliance period monitored by the Washington State Housing Finance Commission which ends in 2029 at which time the investing partner may exit the partnership according to the provisions of the partnership agreement.

***EHA Senior Housing I Limited Liability Limited Partnership:*** In 2016, the Authority entered into a limited liability limited partnership with Boston Capital Corporation to form EHA Senior Housing I LLLP (“EHA Senior Housing I”). The Authority is the .01% owner and the general partner responsible for managing this 203-unit four building property. There is an initial 15-year regulatory compliance period monitored by the Washington State Housing Finance Commission which ends in 2031 at which time the investing partner may exit the partnership according to the provisions of the partnership agreement.

***Wiggums Park Place Limited Liability Limited Partnership:*** In 2017, the Authority entered into a limited liability limited partnership with Boston Capital Corporation to form Wiggums Park Place LLLP (“WPP”). The Authority is the .01% owner and the general partner responsible for managing this 80-unit rental property. There is an initial 15-year regulatory compliance period monitored by the Washington State Housing Finance Commission which ends in 2033 at which time the investing partner may exit the partnership according to the provisions of the partnership agreement.

***Everett Housing Legacy Limited Liability Limited Partnership:*** In 2021, the Authority entered into a limited liability limited partnership with RBC to form Everett Housing Legacy LLLP (“BHL”). The Authority is the .009% owner and the general partner responsible for managing this 105-unit rental property which will be known as Madrona Square. The property was still under construction as of June 30, 2022, and is expected to be placed in service in early 2023. There will be an initial 15-year regulatory compliance period monitored by the Washington State Housing Finance Commission which is expected to begin in 2023 and end in 2038 at which time the investing partner may exit the partnership according to the provisions of the partnership agreement.

### **Discretely Presented Component Units – Seven Nonprofit Organizations**

The Authority sponsors and manages eleven nonprofit organizations (“Component Units”). Each of the nonprofits were organized to acquire real property located in Everett, Monroe, Lake Stevens, or Lynnwood, Washington, and to construct and operate thereon low-income senior housing units. Revenue is earned primarily from tenant rents and rental assistance from HUD. The nonprofits are regulated by HUD with respect to rental charges and operating methods. The Authority is responsible for the management of these nonprofits and may impose its will on them through direct influence over their policies, budgets, and operations.

During 2021 and 2022, the Authority requested to convert nine of the nonprofit corporations’ subsidy contracts from Section 202 Project Rental Assistance Contracts to Project Based Voucher Housing Assistance Payments Contracts under the Rental Assistance Demonstration. HUD reviewed and approved these requests in accordance with the Rental Assistance Demonstrations – Final Implementation, Revision 4 Notice, H-2019-09 PIH-2019-23 (HA). As of June 30, 2022, four of the nonprofit corporations had completed this subsidy contract conversion. Contemporaneously with the conversions, the board composition of each nonprofit corporation was changed to be substantively the same as the Authority’s board and thus four of these organizations are now

## HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

### Notes to Basic Financial Statements

June 30, 2022

presented as Blended Component Units in the Authority's financial statements as described below in a separate section. The remaining five nonprofit corporations will continue to be presented as discretely presented component units until the conversions are complete and the board composition has changed. The remaining two nonprofit corporations' subsidy contracts will not be converted. The change in the reporting entity for these four converted nonprofits resulted in a restatement of beginning balances on our financial statements in the amount of \$6,822,129.

The nonprofits provide housing to low-income citizens of the cities of Everett, Monroe, Lake Stevens, and Lynnwood and do not serve the primary government exclusively, or almost exclusively. The board of directors of the nonprofits that have not converted is not substantively the same as the Authority's Board of Commissioners and the primary government is not the sole corporate member of the nonprofits. Therefore, these nonprofits' financial statements are discretely presented and included in a single column entitled "Component Units" in the accompanying financial statements. These nonprofits are as follows:

***Senior Housing Association of Snohomish County (the "Association"):*** The Association is a Washington nonprofit corporation formed November 24, 1986. It was organized to acquire real property located in Lynnwood, Washington, and to construct and operate thereon a 38-unit apartment complex, Lynn Woods Senior Apartments - HUD Project No. 127-11135 (the "Project"), under Section 202 of the National Housing Act. The use restriction is in effect through January 31, 2048. The Association entered into a Section 8 Housing Assistance Payments ("HAP") agreement with HUD on April 28, 1989 and receives rent subsidy on 37 of the units.

***Silver Lake Senior Housing Association of Snohomish County (the "Association"):*** The Association is a Washington nonprofit corporation formed May 21, 1987. It was organized to acquire real property located in Everett, Washington, and to construct and operate thereon a 38-unit apartment complex, Silver Woods Senior Apartments - HUD Project No. 127-11136 (the "Project"), under Section 202 of the National Housing Act. The use restriction is in effect through 2048. The Association entered into a HAP agreement with HUD on January 11, 1990 and receives rent subsidy on 37 of the units.

***Lynn Crest Senior Housing Association of Snohomish County (the "Association"):*** The Association is a Washington nonprofit corporation formed December 7, 1992. It was organized to acquire real property located in Lynnwood, Washington, and to construct and operate thereon a 40-unit apartment complex, Lynn Crest Senior Apartments - HUD Project No. 127-EE006 (the "Project"), under Section 202 of the National Housing Act. The use restriction is in effect from April 1, 1994, through April 1, 2034. The Association entered into a PRAC with HUD and receives rent subsidies on 39 of the units.

***Silver View Senior Housing Association (the "Association"):*** The Association is a Washington nonprofit corporation formed July 28, 1994. It was organized to acquire real property located in Everett, Washington, and to construct and operate thereon a 40-unit apartment complex, Silver View Senior Apartments - HUD Project No. 127-EE011 (the "Project"), under Section 202 of the National Housing Act. The use restriction is in effect from August 31, 1996, through August 31, 2036, for HUD and through 2035 for Snohomish County. The Association entered into a PRAC with HUD and receives rent subsidies on 39 of the units.

## HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

### Notes to Basic Financial Statements

June 30, 2022

***Evergreen Court Senior Housing Association (the “Association”)***: The Association is a Washington nonprofit corporation formed January 16, 1996. It was organized to acquire real property located in Everett, Washington, and to construct and operate thereon a 39-unit apartment complex, Evergreen Court Senior Apartments - HUD Project No. 127-EE013 (the “Project”), under Section 202 of the National Housing Act. The use restriction is in effect from April 24, 1998, through April 24, 2038. The Association entered into a PRAC with HUD and receives rent subsidies on 38 of the units.

***Village East Senior Housing Association (the “Association”)***: The Association is a Washington nonprofit corporation formed January 16, 1996. It was organized to acquire real property located in Monroe, Washington, and to construct and operate thereon a 39-unit apartment complex, Village East Senior Apartments - HUD Project No. 127-EE018 (the “Project”), under Section 202 of the National Housing Act. The use restriction is in effect from April 24, 1998, through April 24, 2038. The Association entered into a PRAC with HUD and receives rent subsidies on 38 of the units.

***Hawkins House, HUD Project No. 127-EE059, (the “Project”)***: The Project is a Washington nonprofit corporation formed June 21, 2007. It was organized to acquire real property located in Lake Stevens, Washington, and to construct and operate thereon a 40-unit apartment complex under Section 202 of the National Housing Act. The use restriction is in effect through 2049. The Project entered into PRAC with HUD and receives rent subsidies on 39 of the units.

All Discretely Presented Component Units have a December 31 year-end. The financial statements for the Component Units are audited separately and are presented as of December 31, 2021. Copies of these audited statements can be obtained by contacting the Authority. Condensed financial information for each of the Discretely Presented Component Units is provided in Note 14. Although these Component Units do not follow government accounting standards, for presentation purposes certain transactions and balances may be reflected differently in the Authority’s financial statements than in the separately issued statements to conform to the presentation and classifications of the Authority’s financial statements.

#### **Blended Component Units – Four Nonprofit Organizations: Change in Reporting Entity**

As discussed above under “Discretely Presented Component Units – Seven Nonprofit Corporations”, during the fiscal year ending June 30, 2022, four of the eleven nonprofit corporations which are sponsored and managed by the Authority underwent a conversion from Section 202 Project Rental Assistance Contracts to Project Based Voucher Housing Assistance Payment Contracts under the Rental Assistance Demonstration describe above. At the time of conversion, each project’s board composition was changed to be substantively the same as the Authority’s board and thus the projects are now presented as Blended Component Units. The change in the reporting entity for these four converted nonprofits resulted in a restatement of beginning balances on our financial statements in the amount of \$6,822,129.

The Articles of Incorporation for each entity were amended and now read: each corporation is “empowered to acquire, own, sell, assign, mortgage, dispose of, or lease any interest in real estate and personal property and to construct, reconstruct, improve, alter, repair, maintain, and operate improvements thereon necessary or incident to the accomplishment of the purpose to foster, provide, and assist in the provision of housing for persons of low income, including to provide elderly persons with housing facilities and services specially designed to meet their physical, social and psychological needs, and to promote their health, security, happiness and usefulness in longer living.” These nonprofits are as follows:

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***Meadow Park Senior Housing Association (the "Association"):*** The Association is a Washington nonprofit corporation formed November 19, 1997. It was organized to acquire real property located in Everett, Washington, and to construct and operate thereon a 40-unit apartment complex, Meadow Park Senior Apartments - HUD Project No. 127-EE021 (the "Project"), under Section 202 of the National Housing Act. In May of 2022 the property was converted under the Rental Assistance Demonstration to a Project Based Voucher (PBV) contract and a new Use Agreement was adopted. The use restriction is in effect until 2060 for HUD and through 2050 for Snohomish County. The Association's PBV contract with the Authority provides rent subsidies for 39 of the units.

***Scriber Pointe Senior Housing Association (the "Association"):*** The Association is a Washington nonprofit corporation formed January 13, 1999. It was organized to acquire real property located in Lynnwood, Washington, and to construct and operate thereon a 40-unit apartment complex, Scriber Pointe Senior Apartments - HUD Project No. 127-EE022 (the "Project"), under Section 202 of the National Housing Act. In June of 2022 the property was converted under the Rental Assistance Demonstration to a Project Based Voucher (PBV) contract and a new Use Agreement was adopted. The use restriction is in effect until 2062 for HUD and 2052 for Snohomish County. The Association's PBV contract with the Authority provides rent subsidies on 39 of the units.

***Lake Woods Senior Housing Association of Snohomish County (the "Association"):*** The Association is a Washington nonprofit corporation formed January 10, 1991. It was organized to acquire real property located in Everett, Washington, and to construct and operate thereon a 60-unit apartment complex, Lake Woods Senior Apartments - HUD Project No. 127-EH145 (the "Project"), under Section 202 of the National Housing Act. The use restriction is in effect from September 1, 1992, through September 1, 2032. The Association's PBV contract with the Authority provides rent subsidies on 59 of the units.

***Evergreen Village Senior Housing Association (the "Association"):*** The Association is a Washington nonprofit corporation formed June 30, 2000. It was organized to acquire real property located in Everett, Washington, and to construct and operate thereon a 40-unit apartment complex, Evergreen Village Senior Apartments - HUD Project No. 127-EE024 (the "Project"), under Section 202 of the National Housing Act. In June of 2022 the property was converted under the Rental Assistance Demonstration to a Project Based Voucher (PBV) contract and a new Use Agreement was adopted. The use restriction is in effect until 2063 for HUD and 2053 for Snohomish County. The Association's PBV contract with the Authority provides rent subsidies for 39 of the units.

The financial statements for the Blended Component Units are audited separately and are included as of December 31, 2021. Copies of these audited statements can be obtained by contacting the Authority. Although these Component Units do not follow government accounting standards, for presentation purposes certain transactions and balances may be reflected differently in the Authority's financial statements than in the separately issued statements to conform to the presentation and classifications of the Authority's financial statements.

#### **Programs Administered by the Everett Housing Authority**

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



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#### ***Public Housing***

In June of 2017, the Authority received approval to begin disposition of Baker Heights, a 244-unit public housing project. In July of 2018, HUD also approved the disposition of EHA's last remaining public housing project, the 44-unit Scattered Sites. During 2018, the Authority began receiving Asset Repositioning Fee ("ARF") which supplements costs associated with administration of disposition, tenant relocation, security and services associated with such efforts. ARF ended in March of 2020 for Baker Heights and in September 2021 for Scattered Sites. For further discussion regarding contingencies associated with these disposition actions, see Note 14.

The final Scattered Sites units were sold during the fiscal year ending June 30, 2021. During that year, the Authority sold 23 units and recognized total gain on sales of \$7,418,659. For further details regarding contingencies associated with these disposition actions see Note 14. There were no Scattered Sites properties remaining after that time. On April 1, 2021, the Authority conveyed the leasehold interest of 2.45 acres of the former Baker Heights Public Housing to Everett Housing Authority Legacy Limited Liability Limited Partnership. The balance of the Baker Heights site consisting of 12.33 acres remains vacant. The Authority in discussions with HUD for a Section 18 amendment which would specify how disposition of the remainder of the site will occur. .

***Housing Choice Vouchers***—Section 8 of the U.S. Housing and Community Development Act of 1974 provides subsidy payments on behalf of low-income families to private landlords. EHA receives funding from HUD under the Housing Choice Voucher program and the Moderate Rehabilitation program. HUD contracts with the Authority to enter into HAP contracts with owners to make assistance payments for the difference between the approved contract rent and the actual rent paid by the low-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. EHA received an allocation of 3,160 vouchers per month from HUD. This equated to 37,920 voucher unit months during the fiscal year.

***Mainstream 5 Vouchers*** — On November 14, 2019, the Authority was awarded funds from the Mainstream 5 Voucher Program through HUD. The Mainstream 5 Voucher Program operates as a separate program distinct from the regular tenant-based Housing Choice Voucher Program and provides tenant-based assistance to persons with disabilities. The program is administered in accordance with regular Housing Choice Voucher Program requirements. EHA received a total allocation of 153 vouchers, of which 111 were utilized as of June 30, 2022. Leasing of the remaining vouchers is underway. 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.

***Emergency Housing Vouchers*** — The Authority was awarded 56 Emergency Housing Vouchers funded by the American Rescue Plan Act of 2021 (*Public Law No:117-2*) to provide rental assistance for individuals and families. Eligibility for these vouchers is limited to individuals and families who are (1) homeless; (2) at risk of homelessness; (3) fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking; or (4) recently homeless and for whom providing rental assistance will prevent the family's future homelessness or having high risk of housing instability. The Emergency Housing Voucher Program operates as a separate program distinct from the regular tenant-based Housing Choice Voucher Program and provides tenant-based assistance. As of June 30, 2022, 34 of these newly awarded vouchers had been utilized and leasing of the remaining vouchers was underway. EHA actively monitors and

## HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

### Notes to Basic Financial Statements

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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 operates an affordable housing portfolio consisting of twenty-five affordable housing projects representing 1,971 units of housing. Of these units, 443 are sponsored and operated for eleven nonprofit organizations and 1,056 units are owned through seven tax credit partnerships, including 105 units which were under construction as of June 30, 2022. The tax credit properties are financed primarily through tax exempt revenue bond issues, investing partners' equity, and seller financing.

#### ***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 nonoperating 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 and operations, tenant services, administrative expenses, general expenses and depreciation of 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 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.

#### ***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 the Housing Choice Voucher Program Housing Assistance Grants, Mainstream 5 Voucher Program Housing Assistance Grants, Family Self-Sufficiency (FSS) escrow deposits, tenant security deposits, replacement reserves, partial proceeds from sales of EHA's Public Housing Scattered Sites units related to an approved Section 18 disposition action, CARES Act grants and the Emergency Housing Voucher Program Grants.

## HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

### Notes to Basic Financial Statements

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#### ***e. Accounts and Grants Receivable***

Tenant receivables consist of rents and other fees charged to tenants and are shown net of allowance for doubtful accounts. 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. As of June 30, 2022, the allowance for doubtful tenant accounts was \$4,515 for the Primary Government. Were booked but deemed to be immaterial

Other accounts receivable represents various receivables including accrued interest on investments, accrued interest on notes receivable, receivables from other housing authorities for Section 8 portability payments, earned amounts due from various federal, state, and local grantors and receivables from component units for developer fees and other notes.

#### ***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 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 acquisition 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. Capital assets include land, buildings, improvements, equipment, and computer software, this includes leased assets. 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 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 expensed 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.

#### ***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. EHA did not realize any impairment losses for the fiscal year ending June 30, 2022.

## HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

### Notes to Basic Financial Statements

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#### ***i. Deferred Outflows/Inflows of Resources***

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an expense until then. Deferred inflows of resources represent an acquisition of net position that applies to future periods and so will not be recognized as revenue until then. As of June 30, 2022, the Authority recorded deferred inflows of resources and deferred inflows of resources related to pensions and leases. See Notes 6, 9, and 13 for further information.

#### ***j. Unearned Revenue***

Unearned revenues arise when resources are received before the Authority has met the eligibility requirements or obligation. Unearned revenue typically consists primarily of rents paid before they were due 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 employees who are 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 accumulate up to a maximum of 30 days and amounts earned are payable upon termination at the employee's final pay rate. Sick leave may accumulate up to 120 days. In the event of employee separation in good standing, twenty-five percent of the sick leave balance will be paid at his or her final pay rate.

The Authority has a gift of leave program, wherein employees may choose to donate accrued leave to a fund that may be made available to employees who have exhausted all of their leave. Employees who meet the requirements, as defined in the personnel policy of the Authority, may request to use the gift of leave funds. Each request is evaluated for eligibility according to the policy. Amounts donated to the gift of leave program are accrued as a liability to the agency.

#### ***m. Pension Plans***

For purposes of measuring the net pension liability or asset, 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 same basis as they are reported by the

## HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

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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. Pursuant to an agreement with the City, the Authority may make payments in lieu of taxes ("PILOT") related to public housing property. No PILOT was made for the year ending June 31, 2022, and no amounts are due and payable as of June 30, 2022.

#### ***p. Use of Estimates***

The preparation of financial statements in conformity with 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 by agency staff and approved by the Board of Commissioners. Budgets are not, however, legally adopted nor required for financial statement presentation.

The Authority maintains budgetary control by not permitting total operating expenses and expenditures for individual programs to exceed their respective budget amounts without 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***

The following new statements issued by the GASB was effective or adopted this year:

GASB Statement No. 87, Leases, is effective for the year ending June 30, 2022. Its objective is to improve accounting and financial reporting for leases by governments by establishing a single

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model for lease accounting based on the principle that leases are financing of the right to use an underlying asset. It requires recognition of certain lease assets and liabilities that were previously classified as operating. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Authority adopted the requirements of the guidance effective July 1, 2021, and has applied the provisions of this standard to the beginning of the earliest comparative period presented. Beginning net position was decreased \$556,634 for governmental activities for the implementation of GASB Statement No. 87 to record the impact of recording lease receivables and related deferred inflows of resources.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the end of a Construction Period*, is effective for the year ending June 30, 2022. This statement suspends paragraphs 5-22 of GASB Statement No. 62 and requires that interest cost incurred before the end of a construction period be recognized as an expense. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

GASB Statement No. 92, *Omnibus 2020*, is effective for the year ending June 30, 2022. Enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statement No. 14 and No. 84, and a supersession of GASB Statement No. 32*, was partially effective for the year ending June 30, 2020. The requirements in (1) paragraph 4 of this statement as it applies to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans and (2) paragraph 5 of this statement are effective immediately upon issuance in June of 2020. The requirements in paragraphs 6-9 and all other requirements of this statement are effective for the year ending June 30, 2022. This statement requires that a Section 457 plan be classified as either a pension plan or another employee benefit plan depending on whether the plan meets the definition of a pension plan and (2) clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities.

GASB Statement No. 98, *The Annual Comprehensive Financial Report*, is effective for the year ending June 30, 2022. This statement establishes the term *annual comprehensive financial report* and its acronym *ACFR*. The new term and acronym replace instances of *comprehensive annual financial report* and is acronym in generally accepted accounting principles for state and local governments.

#### ***t. Future Accounting Standards***

GASB Statement No. 91, *Conduit Debt Obligations*, is effective for the year ending June 30, 2023. This statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associate with commitments extended by users, arrangements associate with conduit debt obligations, and related note disclosures.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, is effective for the year ending June 30, 2023. The requirements of this statement

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### Notes to Basic Financial Statements

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will improve financial reporting by establishing the definitions of public-private and public-public partnership arrangements and availability payment arrangements and providing uniform guidance on accounting and financial reporting transactions that meet those definitions.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, is effective for the year ending June 30, 2023. This statement provides guidance on accounting for Subscription-Based Information Technology Arrangements (SBITA) where the government contracts for the right to use another party's software. The standards for SBITAs are based on the standards established in GASB Statements No. 87, *Leases*.

GASB Statement No. 99, *Omnibus 2022*, is effective for clarification of certain provision in Statement 34 on future revenues, terminology updates related to Statement 53 and Statement 63 are effective upon issuance. requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022. Statement 53 are effective for fiscal years beginning after June 15, 2023. Enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

GASB Statement No. 100, *Accounting changes and error corrections-An amendment of GASB Statement No. 62*, is effective after June 15, 2023. The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability

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, 2022, the carrying amount of Authority's demand deposits was \$19,433,846 and the bank balance was \$19,465,861. The carrying balance for the demand deposits of the component units was \$34,086,989 at December 31, 2021, and the bank balance was \$34,084,414. 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 ("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.

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#### ***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. Currently, the Authority has no funds classified as "Investments" other than what is invested in the LGIP.

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

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

#### ***c. 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, 2022, all investments of the Authority (as well as those of the Component Units as of December 31, 2021) 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.

#### ***d. Concentration of Credit Risk and Interest Rate Risk***



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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, 2022, the Authority's investments were limited to investments that were guaranteed by the U.S. Government or to investments in external investment pools.

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

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

### *e. Cash and Cash Equivalents*

Cash is classified in the accompanying financial statements as follows:

	<b>Primary Government</b>	<b>Component Units</b>
Cash and cash equivalents - unrestricted	\$ 18,454,726	\$ 4,352,260
Cash and cash equivalents - restricted	15,126,308	31,337,724
Total cash and cash equivalents	<u>\$ 33,581,034</u>	<u>\$ 35,689,984</u>

Cash is further categorized as follows:

	<b>Primary Government</b>	<b>Component Units</b>
Change and petty cash funds	\$ 295	\$ -
Deposits with financial institutions	19,433,851	32,295,360
Deposits with state investment pool (LGIP)	14,146,888	1,602,995
Deposits held by lender for partnership (Legacy)	-	1,589,689
Deposits with BNY Mellon Trustee	<u>-</u>	<u>201,940</u>
Total cash	<u>\$ 33,581,034</u>	<u>\$ 35,689,984</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

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These restrictions are summarized in the following table:

	<b>Cash and Cash Equivalents</b>
<b>Primary Government:</b>	
Replacement reserves	\$ 767,121
Tenant security deposits	182,943
HAP reserves	-
Section 18 deposits	13,861,357
FSS escrow deposits	205,462
Residual receipts reserves	16,381
Other	93,042
	<u>\$ 15,126,306</u>
<b>Component Units:</b>	
Replacement reserves	\$ 3,734,155
Operating reserves	2,784,665
Residual receipts reserves	20,964
Tenant security deposits	348,180
Funds held by Trustee	22,201,940
Other	2,247,818
	<u>\$ 31,337,722</u>

### 4. Accounts Receivable

Accounts receivable consisted of the following amounts due to the primary government and the Component Units:

	<b>Primary Government</b>	<b>Component Units</b>
Other governments	1,888,527	\$ -
Other HUD programs	176,108	416,704
Tenants accounts receivable - net	295,669	103,877
Fraud recovery - net	98,313	-
Developer fee	624,899	-
Other accounts receivable	<u>2,877,639</u>	<u>27,269</u>
Total accounts receivable	<u>\$ 5,961,155</u>	<u>\$ 547,850</u>

# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

Notes to Basic Financial Statements

June 30, 2022

## 5. Notes Receivables –

Notes receivables due from Component Units 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 some Component Units.

	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Notes and Accrued Interest</u>
<b>Wiggums Park Place LLLP</b>			
Bond mortgage note	3.63%	2036	\$ 6,573,713
Seller financing note	3.15%	2057	6,325,000
Development fee note	6.00%	2032	269,475
			<u>13,168,188</u>
Accrued interest due			
Current interest			\$ 250,447
Deferred interest			<u>1,043,893</u>
Total notes and accrued interest			14,462,528
Less: Current portion of note principal and interest			<u>480,941</u>
Total notes and accrued interest - long-term			<u><u>13,981,587</u></u>
<b>Broadway Plaza LLLP</b>			
Bond mortgage note	1.99% - 5.865%	2029	6,090,000
Seller financing note	4.05%	2061	9,875,000
			<u>15,965,000</u>
Accrued interest due			
Current interest			560,001
Deferred interest			<u>2,418,180</u>
Total notes and accrued interest			18,943,181
Less: Current portion of note principal and interest			<u>680,001</u>
Total notes and accrued interest - long-term			<u><u>18,263,180</u></u>
<b>Pivotal Point LLLP</b>			
State of Washington HTF note	0% - 1%	2055	743,694
Less: Current portion of note principal			<u>62,803</u>
Total notes - long-term			<u><u>680,891</u></u>

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# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Notes to Basic Financial Statements

June 30, 2022

At June 30, 2022, notes receivable are summarized in the following table:

	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Notes and Accrued Interest</u>
<b>Bakerview/Grandview LLLP</b>			
Seller financing note	3.45%	2066	22,950,000
EHA sponsor note	3.45%	2066	5,000,000
Development fee note	0.00%	2024	1,169,335
Revenue bond	5.49%	2033	5,910,585
			<u>35,029,920</u>
Accrued interest due on notes			
Current interest			27,041
Deferred interest			7,705,590
Total notes and accrued interest			42,762,551
Less: Current portion of note principal and interest			457,246
Total notes and accrued interest - long-term			<u>42,305,305</u>
<b>Everett Affordable Housing Portfolio, LLLP</b>			
Seller financing note	3.45%	2066	9,694,066
EHA sponsor note	3.45%	2066	2,000,000
Development fee note	0.00%	2024	150,611
Revenue bond	5.49%	2033	5,042,739
			<u>16,887,416</u>
Accrued interest due on notes			
Current interest			180,881
Deferred interest			2,943,950
Total notes and accrued interest			20,012,247
Less: Current portion of note principal and interest			400,714
Total notes and accrued interest - long-term			<u>19,611,533</u>
<b>EHA Senior Housing I, LLLP</b>			
Seller financing note	3.10%	2056	8,375,000
EHA sponsor note	3.10%	2056	1,284,756
Bond mortgage	4.13%	2035	6,114,643
			<u>15,774,399</u>
Accrued interest due on notes			
Current interest			650,848
Deferred interest			947,094
Total notes and accrued interest			17,372,341
Less: Current portion of note principal and interest			751,749
Total notes and accrued interest - long-term			<u>16,620,592</u>
<b>Everett Housing Legacy, LLLP</b>			
Mortgage note	3.25%	2063	13,689,515
EHA sponsor note	8.00%	2063	3,289,992
Development fee note	0.00%	2038	3,407,804
Revenue bond	0.30%	2024	22,000,000
Total notes - long-term			<u>42,387,311</u>
Accrued interest due on notes			
Current interest			\$ 22,000
Deferred interest			\$ 63,943
Total notes and accrued interest			42,473,253
Less: Current portion of note principal and interest			\$ 22,000
Total notes and accrued interest - long-term			<u>42,451,253</u>

Continued on next page

**HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON**

Notes to Basic Financial Statements

June 30, 2022

**Notes Receivable (continued)**

	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Notes and Accrued Interest</u>
<b>Hawkins House Senior Apartments</b>			
Residual receipts note	0.00%	2049	<u>61,947</u>
<b>Lynn Crest Senior Apartments</b>			
Residual receipts note	0.00%	2043	<u>31,723</u>
<b>Village East Senior Apartments</b>			
Residual receipts note	0.00%	2042	<u>1,513</u>
<b>Sequoia Sr Housing, Pacific Stone Site</b>			
Current interest note	3.47%	2023	<u>2,282</u>
<b>Combined Total Notes and Accrued Interest</b>			
Current portion			2,857,736
Long-term			<u>154,009,525</u>
Total notes and accrued interest			<u>\$ 156,867,261</u>

**HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON**

Notes to Basic Financial Statements

June 30, 2022

Changes in notes, leases, and accrued interest due from partnerships during the year ended June 30, 2022 are summarized below:

	<b>Balance July 1</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance June 30</b>	<b>Due Within One Year</b>
<b>Wiggums Park Place LLLP</b>					
Bond mortgage note	\$ 6,676,567		\$ 102,854	\$ 6,573,713	\$ 106,645
Seller financing note	6,325,000		-	6,325,000	
Development fee note	554,113		284,638	269,475	123,850
Accrued interest due					
Current interest	254,684	-	4,237	250,447	250,654
Deferred interest	818,861	225,032	-	1,043,893	
	<u>14,629,225</u>	<u>225,032</u>	<u>391,729</u>	<u>14,462,528</u>	<u>481,149</u>
<b>Broadway Plaza LLLP</b>					
Bond mortgage note	6,245,000		155,000	6,090,000	120,000
Seller financing note	9,875,000		-	9,875,000	
Accrued interest due					
Current interest	577,280	560,001	577,280	560,001	560,001
Deferred interest	2,386,382	591,332	559,534	2,418,180	
	<u>19,083,662</u>	<u>1,151,333</u>	<u>1,291,814</u>	<u>18,943,181</u>	<u>680,001</u>
<b>Pivotal Point LLLP</b>					
State of WA HTF note	743,694	63,332	63,332	743,694	62,803
	<u>743,694</u>	<u>63,332</u>	<u>63,332</u>	<u>743,694</u>	<u>62,803</u>
<b>Bakerview/Grandview LLLP</b>					
Revenue bond	5,986,101		75,516	5,910,585	79,767
Seller financing note	22,950,000		-	22,950,000	
EHA sponsor note	5,000,000		-	5,000,000	
Development fee note	1,699,402		530,067	1,169,335	350,438
Accrued interest due					
Current interest	27,387	27,041	27,387	27,041	27,041
Deferred interest	6,516,496	1,189,094	-	7,705,590	
	<u>42,179,386</u>	<u>1,216,135</u>	<u>632,970</u>	<u>42,762,551</u>	<u>457,246</u>
<b>Everett Affordable Housing LLLP</b>					
Revenue bond	5,108,272		65,533	5,042,739	69,222
Seller financing note	9,694,066		-	9,694,066	
EHA sponsor note	2,000,000		-	2,000,000	
Development fee note	739,255		588,644	150,611	150,611
Accrued interest due					
Current interest	23,370	180,881	23,370	180,881	180,881
Deferred interest	2,760,875	183,075	-	2,943,950	
	<u>20,325,838</u>	<u>363,956</u>	<u>677,547</u>	<u>20,012,247</u>	<u>400,714</u>

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# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Notes to Basic Financial Statements

June 30, 2022

Changes in notes, leases, and accrued interest due from partnerships during the year ended June 30, 2022  
(continued)

	Balance July 1	Additions	Reductions	Balance June 30	Due Within One Year
EHA Senior Housing I LLLP					
Bond mortgage note	6,211,474		96,831	6,114,643	100,901
Seller financing note	8,375,000		-	8,375,000	
EHA sponsor note	1,284,756		-	1,284,756	
Development fee note	-		-	-	
Accrued interest due					
Current interest	668,003	650,848	668,003	650,848	650,848
Deferred interest	1,734,936	355,583	1,143,425	947,094	
	<u>18,274,169</u>	<u>1,006,431</u>	<u>1,908,259</u>	<u>17,372,341</u>	<u>751,749</u>
Everett Housing Legacy LLLP					
Mortgage note	1,322,207	12,367,308		13,689,515	-
EHA sponsor note	1,453,757	1,836,235		3,289,992	-
Development fee note	3,407,804			3,407,804	-
Revenue bond	22,000,000			22,000,000	-
Accrued interest due					
Current interest	-	44,000	22,000	22,000	22,000
Deferred interest	-	63,943		63,943	-
	<u>28,183,768</u>	<u>14,311,486</u>	<u>22,000</u>	<u>42,473,254</u>	<u>22,000</u>
Evergreen Village Senior Apartments					
Residual receipts note	49,138		49,138	-	-
Hawkins House Senior Apartments					
Residual receipts note	74,484		12,537	61,947	-
Lake Woods Senior Apartments					
Residual receipts note	201,884		201,884	-	-
Lynn Crest Senior Apartments					
Residual receipts note	31,723			31,723	-
Scriber Pointe Senior Apartments					
Residual receipts note	13,359		13,359	-	-
Silver View Senior Apartments					
Residual receipts note	12,199	-	12,199	-	-
Village East Senior Apartments					
Residual receipts note	1,513	-	-	1,513	-
Sequoia Sr Hsg, Pacific Stone Site					
Current interest note	-	2,282	-	2,282	2,282
Total notes and accrued	<u>\$ 143,804,042</u>	<u>\$ 18,339,987</u>	<u>\$ 5,276,768</u>	<u>\$ 156,864,979</u>	<u>\$ 2,857,944</u>

## HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

### Notes to Basic Financial Statements

June 30, 2022

#### **Broadway Plaza LLLP Notes Receivable**

##### **a. Note Receivable – Bond Mortgage Note**

On June 29, 2011, the Authority executed a note 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, 2022, the unpaid balance of the note was \$6,090,000, of which \$120,000 was classified as current. Interest in the amount of \$147,493 had accrued.

##### **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 principal or the interest which accrues at the compounding rate of 4.05% per annum. Interest in the amount of \$2,418,180 had accrued as of June 30, 2022. 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 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. 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 \$2,163 shall be payable. Beginning March 31, 2031, payments of principal and interest in the amount of \$9,800 shall be due quarterly and a final payment of \$8,305 shall be due on or before December 31, 2055. At June 30, 2022, the unpaid balance of the note was \$743,694 of which \$62,803 was classified as current.

#### **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 principal or the interest which accrues at the compounding rate of 3.45% per annum. Interest in the amount of \$6,583,504 had accrued as of June 30, 2022. 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, 2022

#### **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. This note was increased to \$5,000,000 in 2016. No annual payments are required on the principal or the interest which accrues at the compounding rate of 3.45% per annum. Interest in the amount of \$1,122,086 had accrued as of June 30, 2022. 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.

#### **c. Development Fee Note**

A development 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 LLLP. Some of the development fee was to be paid from equity installment payments from the limited partner and some will be paid from operations at the end of each year, subject to availability of cash. Any installment of the development amount not paid when otherwise due is deferred with interest at the rate of 0% per annum and paid in the priority described in the partnership agreement. All amounts are payable by the end of the ten-year tax credit benefit period. As of June 30, 2022, the balance of the note was \$1,169,335 and \$350,438 was classified as current.

#### **d. Permanent Loan Obligation – Berkadia Revenue Bond**

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 loan was not to exceed \$26,750,000. Variable rate interest only payments were made at rates set forth in the Funding Loan Agreement. The note was a pass-through obligation relating to a construction and permanent loan under an agreement dated September 1, 2014. As of June 30, 2022, the loan had converted to permanent financing with Berkadia. The balance of the loan was \$5,910,585. Of that, \$79,767 was classified as current.

### **Everett Affordable Housing Portfolio LLLP Notes Receivable**

#### **a. Promissory Note – Seller Financing Note**

A promissory note in an amount not to exceed \$9,700,000 was issued on September 29, 2014, 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 principal or the interest which accrues at the compounding rate of 3.45% per annum. Interest in the amount of \$2,497,111 had accrued as of June 30, 2022. The note is classified as non-current since repayment is subject to available cash flow of the partnership. The balance of the loan was \$9,694,066. The note matures on September 1, 2066.

#### **b. Sponsor Note**

A sponsor note in an amount not to exceed \$2,000,000 was executed on September 30, 2014 relating to the acquisition and development of Everett Affordable Housing Portfolio LLLP. The initial loan amount was \$8,511 and an additional \$1,991,489 was loaned in July of 2016. No annual payments are required on the principal or the interest which accrues at the compounding rate of 3.45% per annum. Interest in the amount of \$446,839 had accrued as of June 30, 2022. The note is classified as non-current since

## HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

### Notes to Basic Financial Statements

June 30, 2022

repayment is subject to available cash flow of the partnership. The balance of the loan was \$2,000,000. The note matures on September 29, 2066.

#### **c. Development Fee Note**

A development 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. Some of the development fee was to be paid from equity installment payments from the limited partner and some will be paid from operations over time at the end of each year, subject to availability of cash. Any installment of the development amount not paid when otherwise due is deferred with interest at the rate of 0% per annum and paid in the priority described in the partnership agreement. All amounts are payable by the end of the ten-year tax credit benefit period. As of June 30, 2022, the balance of the note was \$150,611 of which \$150,611 was classified as current.

#### **d. Permanent Loan Obligation – Berkadia Revenue Bond**

On September 29, 2014, the Authority signed a note with Citibank that provided a construction loan to fund the renovation of the Everett Affordable Housing Portfolio properties. The loan was not to exceed \$13,990,000. Variable rate interest only payments were made at rates set forth in the Funding Loan Agreement. At June 30, 2022, the loan had converted to permanent debt with Berkadia and the balance was \$5,042,740. Of that, \$69,222 was classified as current.

### **EHA Senior Housing I LLLP Notes Receivable**

#### **a. Promissory Note – Seller Financing Note**

A promissory note in the amount of \$8,375,000 dated February 5, 2016, was issued for the acquisition of the leasehold estate in four apartment complexes with 203 units by EHA Senior Housing I LLLP. No annual payments are required on the principal or the interest which accrues at the compounding rate of 3.1% per annum. Interest in the amount of \$665,314 had accrued as of June 30, 2022. 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 principal or the interest which accrues at the compounding rate of 3.1% per annum. As of June 30, 2022, the principal balance was \$1,284,756 and interest of \$281,780 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. Permanent Loan Obligation – Bond Mortgage Note**

On February 5, 2016, the Authority signed a note with Banner Bank for a temporary construction loan for the renovation of the EHA Senior Housing I properties. The loan is not to exceed \$15,970,000 and bears interest at a fixed rate of 4.125% 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. As of June 30, 2022, the loan had converted to permanent financing with Banner Bank and the balance of the loan was \$6,114,643 of which \$100,901 was classified as current.

## HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

### Notes to Basic Financial Statements

June 30, 2022

#### **c. Development Fee Note**

A development agreement was executed on February 5, 2016, relating to the acquisition and development of EHA Senior Housing I LLLP. The total amount of the development fee to be paid was \$3,686,208. Any development amount not paid when otherwise due will be deferred with interest at the rate of 0% per annum and paid in the priority described in the partnership agreement. All amounts are payable by the end of the ten-year tax credit benefit period. The note was paid in full during the year ending June 30, 2021.

#### **Wiggums Park Place LLLP Notes Receivable**

##### **a. Permanent Loan Obligation – Bond Mortgage Note**

On August 1, 2017, the Authority signed a note with Banner Bank for a temporary construction loan for the renovation of the Wiggums Park Place LLLP property. The loan is not to exceed \$12,700,000 and bears interest at a fixed rate of 3.63% per annum. Interest only payments will be made on the first day of each month beginning September 1, 2017, until the loan converts to permanent financing. As of June 30, 2022, the loan had converted to permanent financing with Banner Bank and the balance of the loan was \$6,573,713 of which \$106,645 was classified as current.

##### **b. Promissory Note – Seller Financing Note**

A promissory note in the amount of \$6,325,000 dated August 1, 2017, was issued for the acquisition of the leasehold estate in one apartment complex with 80 units by Wiggums Park Place LLLP. No annual payments are required on the principal or the interest which accrues at the compounding rate of 3.15% per annum. Interest in the amount of \$1,043,892 had accrued as of June 30, 2022. The note is classified as non-current since repayment is subject to available cash flow of the partnership. The note matures on August 1, 2057.

##### **d. Development Fee Note**

A development agreement was executed on August 1, 2017, relating to the acquisition and development of Wiggums Park Place LLLP. The total amount of the development fee earned was \$2,715,545. Any development amount not paid when otherwise due will be deferred with interest at the rate of 0% per annum and paid in the priority described in the partnership agreement. All amounts are payable by 2032. On June 30, 2022, the balance of the note was \$269,475, of which \$123,850 was classified as current.

#### **Everett Housing Legacy LLLP Notes Receivable**

##### **a. Mortgage Note**

On April 1, 2021, The Authority entered into a HUD insured first mortgage loan, with respect to a HUD insured construction loan in the principal amount of \$18,347,000 with Centennial Mortgage, Inc. The loan is insured through HUD's Multifamily Mortgage Insurance Program, pursuant to Section 221(d)(4) of the National Housing Act, as amended. The purpose of this loan was to provide funding for new construction of Baker Heights Legacy apartments totaling 105 units of low-income housing. The note bears interest at 3.25% per annum and matures on August 1, 2063. As of June 30, 2022, the loan had not been fully drawn and the balance was \$13,689,515.

## HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

### Notes to Basic Financial Statements

June 30, 2022

#### **b. Sponsor Note**

A sponsor note in an amount not to exceed \$2,800,000 was executed on April 1, 2021 in connection with the construction and development of Everett Housing Legacy, LLLP. No annual payments are required on the principal or the interest which accrues at 3% per annum. . As of June 30, 2022 the loan balance had not been drawn. The note is classified as non-current since repayment is subject to available cash flow of the partnership. The note matures on September 1, 2063.

#### **c. Sponsor Bridge Note**

A Sponsor bridge note in an amount not to exceed \$9,200,000 was executed on April 1, 2021 in connection with construction and development of Everett Housing Legacy, LLLP. Interest shall accrue on the unpaid principal balance hereof, compounded annually, at a rate of 3.75% per annum, As of June 30, 2022, the principal balance was \$3,289,992 and interest of \$63,943 had accrued. The note shall mature on September 1, 2023 or be extended to a later date subject to the Lender's consent.

#### **d. Development Fee Note**

A Development Agreement was executed on April 1, 2021, in connection with the construction and development of Everett Housing Legacy, LLLP. The agreement states that the Authority will earn a development fee in the amount of \$4,947,225. The development fee is deemed to have been earned as and when the services specified within the Development Agreement have been rendered. Some of the development fee will be paid from equity installment payments from the limited partner and some will be paid from operations at the end of each year, subject to availability of cash. Any installment of the development amount not paid when otherwise due is deferred with interest at the rate of 0% per annum and paid in the priority described in the partnership agreement. All amounts are payable by the end of the compliance period, as defined in the partnership agreement. During the year ending June 30, 2021, EHA earned development fees of \$3,957,804. As of June 30, 2022, \$3,407,804 remained receivable. The remainder of the development fee will be recorded as earned when certain milestones required by the partnership agreement are achieved.

#### **e. Note Receivable – Revenue Bond**

On April 1, 2021, the Authority executed a note with Everett Housing Legacy LLLP in the original amount of \$22,000,000, concurrent with the sale of tax-exempt revenue bonds (Housing Revenue Bonds, 2021 (Baker Heights Legacy)) in the principal amount of \$22,000,000. The revenue bonds were issued to finance the construction and development of a 105-unit multifamily apartment property located in Everett, Washington. Under terms of the partnership agreement, Everett Housing Legacy, 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, 2022, the unpaid balance of the note was \$22,000,000,

### **Evergreen Village Senior Apartments**

#### **a. Residual Receipts Note**

The Authority was granted permission by HUD to enter into a residual receipts promissory note with Evergreen Village Senior Housing Association in order to fund operating deficits at Evergreen Village Senior Apartments. On November 13, 2019, the note was executed in the amount of \$68,061. The funds may be paid back to EHA only when Evergreen Village Senior Housing Association realizes surplus

## HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

### Notes to Basic Financial Statements

June 30, 2022

cash and upon receiving approval from HUD. The note does not bear interest and matures on July 1, 2043. As of June 30, 2022, the loan had been fully paid.

#### **Hawkins House**

##### **a. Residual Receipts Note**

The Authority was granted permission by HUD to enter into a residual receipts promissory note with Hawkins House in order to fund operating deficits at Hawkins House Apartments. On November 6, 2019, the note was executed in the amount of \$74,484. The funds may be paid back to EHA only when Hawkins House realizes surplus cash and upon receiving approval from HUD. The note does not bear interest and matures on August 31, 2049. As of June 30, 2022, the balance of the loan was \$61,947.

#### **Lynn Crest**

##### **a. Residual Receipts Note**

The Authority was granted permission by HUD to enter into a residual receipts promissory note with Lynn Crest Senior Housing Association in order to fund operating deficits at Lynn Crest Senior Apartments. On October 24, 2019, the note was executed in the amount of \$31,723. The funds may be paid back to EHA only when Lynn Crest Senior Housing Association realizes surplus cash and upon receiving approval from HUD. The note does not bear interest and matures on November 1, 2043. As of June 30, 2022, the balance of the loan was \$31,723.

#### **Lakewoods I**

##### **a. Residual Receipts Note**

The Authority was granted permission by HUD to enter into a residual receipts promissory note with Lake Woods Senior Housing Association in order to fund operating deficits at Lake Woods Senior Apartments. On November 6, 2019, the note was executed in the amount of \$100,442. In May of 2020, the Authority was granted permission by HUD to increase the note value to fund further operating deficits at Lake Woods Senior Apartments. On May 7, 2020, an additional note was executed in the amount of \$101,442. The funds may be paid back to EHA only when Lake Woods Senior Housing Association realizes surplus cash and upon receiving approval from HUD. The note does not bear interest and matures on August 31, 2032. In May of 2022 the balance of the loan had been paid down to a balance of \$133,219 and in June of 2022, that remaining amount was forgiven as part of the RAD conversion. As of June 30, 2022, the balance of the loan was zero.

#### **Scriber Pointe**

##### **a. Residual Receipts Note**

The Authority was granted permission by HUD to enter into a residual receipts promissory note with Scriber Pointe Senior Housing Association in order to fund operating deficits at Scriber Pointe Senior Apartments. On October 24, 2019, the note was executed in the amount of \$59,148. The funds may be paid back to EHA only when Scriber Pointe Senior Housing Association realizes surplus cash and upon receiving approval from HUD. The note does not bear interest and matures on July 1, 2042. As of June 30, 2022, the balance of the loan had been fully paid..

# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Notes to Basic Financial Statements

June 30, 2022

### Silver View

#### a. Residual Receipts Note

The Authority was granted permission by HUD to enter into a residual receipts promissory note with Silver View Senior Housing Association in order to fund operating deficits at Silver View Senior Apartments. On November 13, 2019, the note was executed in the amount of \$26,083. The funds may be paid back to EHA only when Silver View Senior Housing Association realizes surplus cash and upon receiving approval from HUD. The note does not bear interest and matures on August 31, 2036. As of June 30, 2022, the loan had been fully paid.

### Village East

#### a. Residual Receipts Note

The Authority was granted permission by HUD to enter into a residual receipts promissory note with Village East Senior Housing Association in order to fund operating deficits at Village East Senior Apartments. On October 24, 2019, the note was executed in the amount of \$60,748. The funds may be paid back to EHA only when Village East Senior Housing Association realizes surplus cash and upon receiving approval from HUD. The note does not bear interest and matures on July 1, 2042. As of June 30, 2022, the balance of the loan was \$1,513.

### 6. Leases Receivables

As of June 30, 2022, lease receivable due to the primary government and the Component Units are summarized in the following table:

	Governmental Activities			Component Units		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 132,856	\$ 14,478	\$ 147,334	\$ -	\$ -	\$ -
2024	\$ 9,959	\$ 17,281	\$ 27,241	\$ -	\$ -	\$ -
2025	\$ 10,219	\$ 13,397	\$ 23,616	\$ -	\$ -	\$ -
2026	\$ 10,486	\$ 13,130	\$ 23,616	\$ -	\$ -	\$ -
2027	\$ 10,760	\$ 12,856	\$ 23,616	\$ -	\$ -	\$ -
2028-2033	\$ 70,723	\$ 70,973	\$ 141,696	\$ -	\$ -	\$ -
2034 and thereafter	\$ 422,679	\$ 144,164	\$ 566,843	\$ -	\$ -	\$ -
Total Minimum lease payments	<u>\$ 667,683</u>	<u>\$ 286,278</u>	<u>\$ 953,962</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

#### Primary Government:

On September 1, 2021, the Authority signed a ground lease with Pacific Stone Company, Inc. for the land and property on four parcels of land located at 3826 Rucker Avenue, Everett Snohomish County WA. The lease term commenced on September 1, 2021, and expires on February 18, 2022. The value of the lease under the new lease provisions is \$130,795 and the Authority collects between \$6,000 and \$8,000 based on a predetermined seasonal schedule. Unpaid ground rent is subject to a late fee of 5% of the overdue amount and for costs related to collecting and accounting for late payments.

## HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

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As of June 30, 2022, the balance of the ground lease was \$123,150 of which \$123,150 was current. The Authority recognized revenue of \$75,301 which includes income from deferred inflows of \$72,664 and interest income of \$2,637. Income over the next year is expected to be \$58,699.

#### **Wiggums Park Place LLLP Lease Receivable**

##### **a. Ground Lease**

On August 1, 2017, the Authority signed a ground lease with Wiggums Park Place LLLP for the land the Wiggums Park Place LLLP property is built on. The lease term commenced on August 1, 2017 and expires on December 31, 2116. The appraised value of the land is \$600,000 and the Authority collects ground rent in the amount of \$23,616 per year for 40 years, and thereafter, \$1 per year. Ground rent is payable from available cash flow, as defined in the partnership, starting on January 2, 2018. Unpaid ground rent accrues interest at a rate of 2.58% per annum, compounded annually.

As of June 30, 2022, the balance of the ground lease was \$544,534, of which \$9,706 was current and interest of \$13,910 had accrued. On July 1, 2021 the ground lease was adjusted to GASB 87 compliance, and a related lease receivable and deferred inflow have been recorded. The Authority recognized revenue of \$19,958 which includes income from deferred inflows of \$5,801 and interest income of \$14,157. Income over the five next years is expected to be \$19,711 in 2023, 19,458 in 2024, \$19,197 in 2025, \$ 18,931 in 2026, and \$18,657 in 2027.

## **7. Capital Assets**

### **Primary Government:**

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

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	Balance July 1, 2021	Additions and Transfers	Reductions and Transfers	Balance June 30, 2022
Capital assets, not being depreciated:				
Land	\$4,981,816	\$45,261,011	\$22,424,194	\$27,818,634
Construction in progress	474,869	3,029,403	125,692	3,378,580
Total capital assets, not being depreciated	<u>5,456,685</u>	<u>48,290,414</u>	<u>22,549,885</u>	<u>31,197,214</u>
Capital assets, being depreciated:				
Building and building improvements	31,784,556	191,756,453	95,784,524	127,756,485
Furniture, equipment and machinery	2,346,699	1,516,305	647,196	3,215,808
Total capital assets, being depreciated	<u>34,131,255</u>	<u>193,272,758</u>	<u>96,431,720</u>	<u>130,972,293</u>
Less accumulated depreciation for:				
Land Improvements	642,553	28,893	0	671,446
Building and building improvements	17,970,613	813,400	13,649	18,770,365
Furniture, equipment and machinery	1,942,098	221,629	1,270	2,162,458
Total accumulated depreciation	<u>20,555,265</u>	<u>1,063,922</u>	<u>14,918.56</u>	<u>21,604,268</u>
Total capital assets being depreciated, net	<u>13,575,990</u>	<u>192,208,836</u>	<u>96,416,801</u>	<u>109,368,025</u>
Total capital assets, net	<u><u>\$19,032,675</u></u>	<u><u>\$240,499,250</u></u>	<u><u>\$118,966,687</u></u>	<u><u>\$140,565,239</u></u>

**Component Units:**

The following is a summary of the changes (at cost) in capital assets (land, land improvements, structures, and equipment) held by the component units on December 31, 2021:



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## Notes to Basic Financial Statements

June 30, 2022

	Balance 1/1/2021	Additions and Transfers	Reductions and Transfers	Balance 12/31/2021
Capital assets, not being depreciated:				
Land	6,523,589	-	-	6,523,589
Leasehold improvements	46,020	-	-	46,020
Construction in progress	35,319	15,608,390	710,647	14,933,062
Total capital assets, not being depreciated	6,604,928	15,608,390	710,647	21,502,671
Capital assets, being depreciated:				
Land improvements	4,238,799	10,545	-	4,249,344
Building and building improvements	176,146,742	212,224	5	176,358,961
Furniture, equipment and machinery	3,657,829	134,481	3,606	3,788,704
Total capital assets, being depreciated	184,043,370	357,250	3,611	184,397,009
Less accumulated depreciation for:				
Land improvements	1,886,655	1,313	229,281	2,114,623
Building and building improvements	32,025,179	6,382	4,447,562	36,466,358
Furniture, equipment and machinery	2,902,843	16,298	286,100	3,172,645
Total accumulated depreciation	36,814,676	23,993	4,962,943	41,753,625
Total capital assets being depreciated, net	147,228,694	333,256	(4,959,332)	142,643,384
Total capital assets, net	153,833,622	15,941,646	(4,248,685)	164,146,054

## 8. Construction in Progress

### Primary Government:

Capital improvements made to EHA's 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 and may be spent at our public housing properties or the Central Office Cost Center. As of June 30, 2022, there is no construction in progress related to the Capital Fund program.

Construction in progress represents expenditures for pre-development work related to future developments.

The following schedule shows the significant components of construction in progress at June 30, 2022:

# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Notes to Basic Financial Statements

June 30, 2022

	<b>Project Authorization</b>	<b>Extended Through 6/30/2022</b>	<b>Committed</b>
Rad4Prac	\$31,689	\$31,689	\$-
BH Master Plan	469,392	469,392	-
3826 Rucker Predevelopment	2,877,499	2,877,499	-
	<u>\$3,378,580</u>	<u>\$3,378,580</u>	<u>\$-</u>

### 9. Non-Current Liabilities

#### Primary Government:

As of June 30, 2022, the primary government had revenue bonds outstanding as follows:

<i><b>Tax Credit Partnerships</b></i>		<b>Issuance Date</b>	<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Bond Issuance</b>	<b>Balance at June 30</b>	<b>Due Within One Year</b>
Revenue Bond 2011	Broadway Plaza Apartments	06/29/11	07/01/29	1.99%- 5.865%	7,000,000	6,090,000	120,000
Revenue Bond 2014	Bakerview/Grandview	05/04/17	05/04/33	5.49%	6,250,000	5,910,585	79,767
Revenue Bond 2014	Everett Affordable Housing Portfolio	02/22/17	02/22/33	5.49%	5,350,000	5,042,739	69,222
Revenue Bond 2016	EHA Senior Housing I	02/05/16	03/15/35	4.13%	6,500,000	6,114,643	100,901
Revenue Bond 2017	Wiggums Park Place	08/01/17	06/01/36	3.625%	12,700,000	6,573,713	106,645
Revenue Bond 2021	Everett Housing Legacy LLLP	04/29/21	09/01/24	0.30%	22,000,000	22,000,000	-
<b>Total Tax Credit Partnership Bonds</b>						<u>\$ 51,731,680</u>	<u>\$ 476,535</u>
<i><b>Affordable Housing</b></i>							
Revenue Bond 2006	Gibson Road Townhomes Project (Pacific Square Apartments)	12/28/06	01/01/22	5.25%	400,000	-	-
<b>Total Affordable Housing Bonds</b>						<u>\$ -</u>	<u>\$ -</u>
<b>Total Revenue Bonds</b>						<u>\$ 51,731,680</u>	<u>\$ 476,535</u>

As of June 30, 2022, the primary government had promissory notes from direct borrowings outstanding as follows:

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Notes to Basic Financial Statements

June 30, 2022

	<b>Issuance Date</b>	<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Note Issuance</b>	<b>Balance at June 30</b>	<b>Due Within One Year</b>
<b><i>Tax Credit Partnerships</i></b>						
HTF Promissory Note - Pivotal Point Apartments	09/24/13	12/31/55	0%-1%	\$ 865,000	\$ 743,694	\$ 62,803
WA State (Housing Trust Fund) - Everett Housing Legacy LLLP	04/29/21	09/01/63	0%-1%	1,497,338	1,497,338	-
Mortgage Note - Everett Housing Legacy LLLP	04/29/21	08/01/63	3.25%	1,322,207	13,751,941	-
<b>Total Tax Credit Partnership Notes</b>					<u>\$ 15,992,973</u>	
<b><i>Affordable Housing</i></b>						
Promissory Note - City of Everett (HOME Loan) - Gibson Road Townhomes Project (Pacific Square)	12/06/06	12/06/31	3.00%	65,633	65,633	-
Promissory Note - City of Everett (Housing Trust Fund) - Gibson Road Townhomes Project (Pacific Square)	12/06/06	12/06/31	3.00%	232,544	232,544	-
Promissory Note - City of Everett (Housing Trust Fund) - Lakeview Terrace Apartments Project	07/12/07	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	415,205	7,867
Snohomish County (Home Loan) - Evergreen Cottages	08/15/08	08/14/48	0.00%	647,150	647,150	-
Everett (Housing Trust Fund) - Evergreen Cottages	07/23/08	07/30/33	3.00%	200,000	200,000	-
Banner Bank - Evergreen Cottages	06/24/15	07/01/25	4.95%	750,000	658,915	15,778
City of Everett CDBG - Evergreen Cottages	07/01/19	06/30/45	3.00%	539,084	536,235	-
WA State (Housing Trust Fund) - Pepperwood Senior Apartments	08/17/20	09/30/54	0.00%	371,668	371,668	-
Snohomish County (Home Loan) - Pepperwood Senior Apartments	08/17/20	08/24/24	0.00%	49,900	49,900	-
Snohomish County (Home Loan) - Pepperwood Senior Apartments	08/17/20	08/24/54	0.00%	200,000	200,000	-
Banner Bank - Pepperwood Senior Apartments	08/06/20	09/01/25	3.38%	438,900	423,753	9,067
<b>Total Affordable Housing Notes</b>					<u>\$ 3,891,039</u>	
<b><i>Blended Component Unit</i></b>						
Evergreen Village Senior Apartments Residual Receipt Note	11/13/19	07/01/43	0.00%	68,061	49,137	-
Evergreen Village Senior Apartments WA State Dept of Commerce	07/31/02	05/31/43	0.00%	200,000	130,000	-

**HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON**

Notes to Basic Financial Statements

June 30, 2022

	<b>Issuance Date</b>	<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Balance at June 30</b>	<b>Due Within One Year</b>
<b><i>Blended Component Unit</i></b>					
Evergreen Village Senior Apartments	NA	NA	NA	-	NA
Residual Receipt Note	11/13/19	07/01/43	0.00%	49,137	68,061
Evergreen Village Senior Apartments	NA	NA	NA	-	NA
WA State Dept of Commerce	07/31/02	05/31/43	0.00%	130,000	200,000
Lakewoods I	NA	NA	NA	-	NA
Residual Receipt Note	11/06/19	08/31/32	0.00%	198,396	100,443
Scriber Pointe	NA	NA	NA	-	NA
Residual receipt note	10/24/19	07/01/42	0.00%	-	59,148
<b>Total Blended Component Unit Notes</b>				<u>\$ 377,533</u>	
<b>Total Notes</b>				<u><u>\$20,261,545</u></u>	

Changes in long-term liabilities for the primary government during the year ended June 30, 2022 are summarized below:

	<b>Balance July 1, 2021</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance June 30, 2022</b>	<b>Due Within One Year</b>
Revenue bonds	\$ 52,249,682	\$ -	\$ 518,002	\$ 51,731,680	\$ 476,535
Direct borrowings	5,962,488	13,927,071	30,783	19,858,776	96,988
	<u>58,212,170</u>	<u>13,927,071</u>	<u>548,785</u>	<u>71,590,456</u>	<u>573,523</u>
Compensated absences	512,729	169,157	22,897	658,989	186,702
Accrued interest	981,429		185,672		912,599
Pension liability	2,289,976		2,289,976	-	-
	<u>3,784,134</u>	<u>169,157</u>	<u>2,498,545</u>	<u>658,989</u>	<u>1,099,301</u>
<b>Total</b>	<u>\$61,996,304</u>	<u>\$14,096,228</u>	<u>\$3,047,330</u>	<u>\$ 72,249,445</u>	<u>\$1,672,824</u>

**Revenue Bonds**

**a. Tax Credit Partnerships**

**a. Revenue Bond 2011 – Broadway Plaza Apartments**

On June 29, 2011, the Authority executed a note with Broadway Plaza LLLP in the original amount of \$7,000,000, concurrent with the sale of tax-exempt revenue bonds (Housing

## HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

### Notes to Basic Financial Statements

June 30, 2022

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. All remaining unpaid principal and interest are due and payable on July 1, 2029. The bond is secured by a multifamily deed of trust and assignment of rents. There is no prepayment penalty and upon default, the lender may declare the entire unpaid principal balance and all accrued unpaid interest immediately due. As of June 30, 2022, the unpaid balance of the note was \$6,090,000, of which \$120,000 was classified as current. Interest in the amount of \$147,493 had accrued.

#### **b. Revenue Bond 2014 – Bakerview/Grandview Apartments**

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 loan was not to exceed \$26,750,000. Variable rate interest only payments were made at rates set forth in the Funding Loan Agreement. The note was a pass-through obligation relating to a construction and permanent loan under an agreement dated September 1, 2014. The loan is secured by a multifamily leasehold deed of trust, assignment of rents and a security agreement and fixture filing. A prepayment fee will be charged if a prepayment is made prior to the one hundred eighty-sixth month anniversary of the conversion date and no voluntary prepayment, in whole or in part, is permitted.

Upon default, the lender may declare the entire unpaid principal balance, any accrued interest, the prepayment premium and all other amounts payable immediately due, without prior notice. On May 4, 2017, the loan converted to permanent financing with Berkadia. As of June 30, 2022, the balance of the loan was \$5,910,585. Of that, \$79,767 was classified as current.

#### **c. Revenue Bond 2014 – Everett Affordable Housing Portfolio**

On September 29, 2014, the Authority signed a note with Citibank that provided a construction loan to fund the renovation of the Everett Affordable Housing Portfolio properties. The loan was not to exceed \$13,990,000. Variable rate interest only payments were made at rates set forth in the Funding Loan Agreement. The loan is secured by a multifamily leasehold deed of trust, assignment of rents and a security agreement and fixture filing. A prepayment fee will be charged if a prepayment is made prior to the one hundred eighty-sixth month anniversary of the conversion date and no voluntary prepayment, in whole or in part, is permitted. Upon default, the lender may declare the entire unpaid principal balance, any accrued interest, the prepayment premium and all other amounts payable immediately due, without prior notice. On February 22, 2017, the loan converted to permanent financing with Berkadia. As of June 30, 2022, the balance was \$5,042,379. Of that, \$69,222 was classified as current.

#### **d. Revenue Bond 2016 – EHA Senior Housing I**

On February 5, 2016, the Authority signed a note with Banner Bank for a temporary construction loan for the renovation of the EHA Senior Housing I properties. The loan is not to exceed \$15,970,000 and bears interest at a fixed rate of 4.13% per annum. Interest only payments will be made on the first day of each month beginning March 1, 2016, until the loan

## HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

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converts to permanent financing. The loan is secured by a deed of trust and a lien against and security interest in the property. A prepayment fee will be charged if the loan is paid in advance before the two-year period prior to the Term Loan maturity date. Upon default, the lender may declare the entire unpaid principal balance and any accrued interest immediately due. As of June 30, 2022, the loan had converted to permanent financing with Banner Bank and the balance of the loan was \$6,114,643 of which \$100,901 was classified as current.

#### **e. Revenue Bond 2017 – Wiggums Park Place Apartments**

On August 1, 2017, the Authority signed a note with Banner Bank for a temporary construction loan for the renovation of the Wiggums Park Place LLLP property. The loan is not to exceed \$12,700,000 and bears interest at a fixed rate of 3.625% per annum. Interest only payments will be made on the first day of each month beginning September 1, 2017, until the loan converts to permanent financing. The loan is secured by a leasehold deed of trust, assignment of leases and rents, security agreement and fixture filing encumbering the leasehold interest in the property and the project. A prepayment fee will be charged if the loan is paid in advance before January 1, 2033. Upon default, the lender may declare the entire unpaid principal balance and any accrued interest immediately due. As of June 30, 2022, the loan had converted to permanent financing with Banner Bank and the balance of the loan was \$6,573,713 of which \$106,645 was classified as current.

#### **f. Revenue Bond 2021 – Baker Heights Legacy**

On April 1, 2021, the Authority executed a note with Everett Housing Legacy LLLP in the original amount of \$22,000,000, concurrent with the sale of tax-exempt revenue bonds (Housing Revenue Bonds, 2021 (Baker Heights Legacy)) in the principal amount of \$22,000,000. The bond bears interest at .30% per annum and matures on September 1, 2024. The revenue bonds were issued to finance the construction and development of a 105-unit multifamily apartment property located in Everett, Washington. Under terms of the partnership agreement, Everett Housing Legacy, 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. The bond is secured by the revenues and the entire amount of money held in the bond fund and the collateral fund, as defined in the Trust Indenture. There is no prepayment penalty and upon default, principal and interest accrued thereon will become immediately due and payable at a place of payment identified by the Trustee in writing. As of June 30, 2022, the unpaid balance of the note was \$22,000,000.

### **b. Affordable Housing**

#### **a. Revenue Bond 2006 – Pacific Square Apartments**

On December 28, 2006, Cascade Bank agreed to purchase a single revenue bond from the Authority in the amount of \$400,000. The proceeds from the revenue bond were used to finance the cost of acquiring an 8-unit apartment complex located at 12220 East Gibson Road in Everett, Washington. Monthly payments in the amount of \$3,233 began on February 1, 2007. The loan bears interest at a fixed rate of 5.25% and matures on January 1, 2022. The loan is secured by a first deed of trust on the property, together with assignment of leases and rents. There are no prepayment penalty and Cascade Bank reserves the right to withdraw or modify the terms of the loan if there is a material change in the facts and assumptions on which the loan was made. Upon default, the lender is entitled to notify tenants to make payments of rent

## HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

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due or to become due directly to the lender and the lender may make all or any part of the amount owing immediately due. As of November 30, 2021, the balance of the loan has been paid off.

#### **Direct Borrowings**

##### **a. Tax Credit Partnerships**

###### **a. HTF Promissory Note – Pivotal Point Apartments**

On September 24, 2013, the Authority executed a note 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. 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 \$2,163 shall be payable. Beginning March 31, 2031, payments of principal and interest in the amount of \$9,800 shall be due quarterly and a final payment of \$8,305 shall be due on or before December 31, 2055. The loan is secured by a leasehold deed of trust and leasehold interest in the real property located in Snohomish County, Washington. In the event the property is sold, or the property is not used as required by the contract prior to the end of the 40-year length of commitment required in the contract, the lender will be entitled to the unpaid principal balance of the note and any accrued interest and an amount representing the prorated, appreciated value of the property as defined in the contract. As of June 30, 2022, the unpaid balance of the note was \$743,694 of which \$62,803 was classified as current.

###### **b. Mortgage Note – Baker Heights Legacy**

On April 1, 2021, The Authority entered into a HUD insured first mortgage loan, with respect to a HUD insured construction loan in the principal amount of \$18,347,000 with Centennial Mortgage, Inc. The loan is insured through HUD's Multifamily Mortgage Insurance Program, pursuant to Section 221(d)(4) of the National Housing Act, as amended. The purpose of this loan was to provide funding for new construction of Baker Heights Legacy apartments totaling 105 units of low-income housing. The note bears interest at 3.25% per annum and matures on August 1, 2063. The loan is secured by a multifamily leasehold deed of trust on the property, together with a security agreement, assignment of rents and fixture filing. The Authority does not have the right to prepay the note in whole or in part prior to September 1, 2023. Subsequent to September 1, 2023, the Authority may prepay the loan with at least 30 days' notice to the lender. In the event of prepayment, the Authority will pay a prepayment premium equal to the designated percentage as described in the loan agreement. In the event of default, the entire unpaid principal balance, any accrued interest, and all other amounts payable become due at once without any prior notice. In addition, the Authority will have to pay all expenses and costs, including reasonable fees and out-of-pocket expenses of attorneys and expert witness, and cost of investigation and litigation (include appellate), incurred by the lender as a result of any default. As of June 30, 2022, the loan had not been fully drawn and the balance was \$13,751,941.

## HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

### Notes to Basic Financial Statements

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#### **b. Affordable Housing**

##### **a. Promissory Note – City of Everett (HOME Loan) – Pacific Square Apartments**

On December 6, 2006, the Authority entered into an agreement with the City of Everett for a HOME loan in the amount of \$65,633. The proceeds from the loan were used to finance the cost of acquiring an 8-unit apartment complex located at 12220 East Gibson Road in Everett, Washington. There are no monthly principal and interest payments. Principal and interest are due at maturity on December 6, 2031. The loan bears interest at a fixed rate of 3% per annum compounded annually. The loan is secured by a deed of trust covering certain real property in Snohomish County, Washington, together with the buildings and improvements now and hereafter erected thereon. There is no prepayment penalty and upon default the whole sum of principal and accrued interest will become immediately due and payable. As of June 30, 2022, the balance of the loan was paid off.

##### **b. Promissory Note – City of Everett (Housing Trust Fund) – Pacific Square Apartments**

On December 6, 2006, the Authority entered into an agreement with the City of Everett for a Housing Trust Fund loan in the amount of \$232,544. The proceeds from the loan were used to finance the cost of acquiring an 8-unit apartment complex located at 12220 East Gibson Road in Everett, Washington. Principal and interest are deferred until December 6, 2031, at which time the full balance due and owing must be paid. The loan bears interest at a fixed rate of 3% per annum compounded annually. The loan is secured by a deed of trust covering certain real property in Everett, Washington, together with the buildings and improvements now and hereafter erected thereon. There is no prepayment penalty and upon default the whole sum of principal and accrued interest will become immediately due and payable. As of June 30, 2022, the balance of the loan was \$232,544.

##### **c. Promissory Note – City of Everett (Housing Trust Fund) – Lakeview Terrace Apartments**

On July 12, 2007, the Authority entered into an agreement with the City of Everett for a Housing Trust Fund loan in the amount of \$90,036. The proceeds from the loan were used to finance the cost of acquiring an apartment complex located at 418 75<sup>th</sup> Street SE in Everett, Washington. Principal and interest are deferred until July 31, 2032, at which time the full balance due and owing must be paid. The loan bears interest at a fixed rate of 3% simple interest annually. The loan is secured by a deed of trust covering certain real property in Everett, Washington, together with the buildings and improvements now and hereafter erected thereon. There is no prepayment penalty and upon default the whole sum of principal and accrued interest will become immediately due and payable. As of June 30, 2022, the balance of the loan was \$90,036.

##### **d. Promissory Note – Banner Bank – Pepperwoods Senior Apartments**

The Authority entered into a promissory note with Banner Bank on August 6, 2020, for the principal amount of \$438,900. The loan bears interest at 3.375%. Payments of principal and interest are due monthly in the amount of \$1,952.31 commencing on October 1, 2020, until



## HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

### Notes to Basic Financial Statements

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maturity on September 1, 2025. The note is secured by a deed of trust on real property located in Snohomish County, Washington. A prepayment penalty of 1% will be assessed for any prepayment that exceeds 20% of the principal amount during each year of the note term. Upon default, lender may declare the entire unpaid principal balance of the note and all accrued unpaid interest immediately due, without notice in addition to any prepayment premium. As of June 30, 2022, the balance of the note was \$423,753 of which \$9,067 was classified as current.

#### **e. Promissory Note – Snohomish County (HOME Loan) – Pepperwoods Senior Apartments**

On November 1, 2019, The Authority signed a purchase and sale agreement to purchase Pepperwood Apartments, a 25-unit apartment complex located in Lynnwood, Washington. The purchase price was \$1,359,568 and the sale closed on August 17, 2020. The Authority financed the purchase partially through the assumption of \$621,568 in existing property debt. EHA assumed a promissory note with Snohomish County in the principal amount of \$250,000.

The loan does not bear interest, matures on August 24, 2054, and is secured by a restated deed of trust covering certain property in Snohomish County, Washington, together with the buildings and improvements. The principal amount of \$50,000 is due on August 24, 2024, provided however, that if the Authority complies with the terms of the agreement the amount will not be payable and will be forgiven. The principal amount of \$200,000 will be payable in full on August 24, 2054. The Authority has the right to prepay this note in full or in part at any time and from time to time without payment of a repayment fee or penalty. In the event of default, the whole sum of principal will become immediately due and payable. As long as the note is in default, it will bear interest at a rate of 10% per annum and the Authority will be responsible for the attorney fees of the lender. As of June 30, 2022, the balance of the loan was \$249,900.

#### **f. Promissory Note – Department of Commerce (Housing Trust Fund) – Pepperwoods Senior Apartments**

The Authority assumed a promissory note with the Department of Commerce in the principal amount of \$390,000 to finance a portion of the purchase of Pepperwoods Senior Apartments. The loan does not bear interest, matures on September 30, 2054, and is secured by a subordinate lien position deed of trust covering property situated in Snohomish County, Washington. No payments of principal or interest are due prior to September 30, 2029. Annual payments of principal in the amount of \$10,619.09 become due and payable each September 30<sup>th</sup> beginning September 30, 2029, through maturity. There is no prepayment penalty and if the property is sold, refinanced, or not used as required the lender is entitled to the unpaid balance of the note and an amount representing the prorated, appreciated value of the property. In the event of default, EHA will have to pay all of the lenders cost of collection, including reasonable attorney's fees. As of June 30, 2022, the balance of the loan was \$371,668.

#### **g. WA State (Housing Trust Fund) – Evergreen Cottages**

The Authority assumed a note that was executed on June 3, 2009, with the State of Washington Department of Community, Trade and Economic Development for a Housing Trust Fund loan in the amount of \$525,000. Monthly payments in the amount of \$3,391 began on April 30,

## **HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON**

### **Notes to Basic Financial Statements**

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2010. The loan bears interest at fixed rate of 1% and matures on January 31, 2059. The note is secured by a deed of trust covering property situated in Snohomish County, Washington. In the event the property is sold, or the property is not used as required by the contract prior to the end of the 40-year length of commitment required in the contract, the lender will be entitled to the unpaid principal balance of the note and any accrued interest and an amount representing the prorated, appreciated value of the property as defined in the contract. As of June 30, 2022, the unpaid balance of the note was \$415,205 of which \$9,067 was classified as current.

#### **h. Snohomish County (Home Loan) – Evergreen Cottages**

The Authority assumed a note that was executed on August 15, 2008, with the City of Everett for a Housing Trust Fund loan in the amount of \$647,150. The note does not bear interest and the lender will forgive the amount due under this note on August 14, 2048, provided that the owner has fully complied with the provision of the note and the HOME agreement. The loan is secured by a deed of trust covering certain real property in Snohomish County, Washington, together with the buildings and improvements now and hereafter erected thereon. The note cannot be prepaid in advance of its maturity and upon default the whole sum of principal and accrued interest will become immediately due and payable. As of June 30, 2022, the balance of the loan was \$647,150.

#### **i. Everett (Housing Trust Fund) – Evergreen Cottages**

The Authority assumed a note that was executed on July 23, 2008, with the City of Everett for a Housing Trust Fund loan in the amount of \$200,000. Principal and interest are deferred until July 30, 2033, at which time the full balance due and owing must be paid. The loan bears interest at a fixed rate of 3%, compounded annually. The loan is secured by a deed of trust covering certain real property in Everett, Washington, together with the buildings and improvements now and hereafter erected thereon. There is no prepayment penalty and upon default the whole sum of principal and accrued interest will become immediately due and payable. As of June 30, 2022, the balance of the loan was \$200,000.

#### **j. Banner Bank – Evergreen Cottages**

On June 24, 2015, the Authority signed a promissory note with a principal amount of \$750,000 with Banner Bank to finance the cost of acquiring a 20-unit apartment complex located at 10801 16<sup>th</sup> Avenue SE in Everett, Washington. The loan bears interest at a fixed rate of 4.95% per annum. Monthly principal and interest payments totaling \$4,003 commenced on August 1, 2015. A final payment of all principal and accrued interest is due at maturity on July 1, 2025. The loan is secured by a deed of trust on real property located in Snohomish County, State of Washington. A prepayment fee will be charged if the loan is paid in advance before ninety days prior to the maturity date. Upon default, lender may declare the entire unpaid principal balance and all accrued unpaid interest, immediately due, without notice in addition to any prepayment premium. As of June 30, 2022, the balance of the loan was \$658,915 of which \$15,778 was classified as current.

#### **k. City of Everett Community Development Block Grant Loan – Evergreen Cottages**

On July 1, 2019, the Authority entered into a subrecipient agreement with the City of Everett for a Community Development Block Grant Program loan in the amount of \$539,084. The proceeds from the loan were used to finance the cost of exterior rehabilitation at the Evergreen

**HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON**

## Notes to Basic Financial Statements

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Cottages property. The loan is non-forgivable with principal and interest due twenty-five years from the closing or June 30, 2045, whichever is later. All payments will be deferred as long as the property is used as housing that serves very low-income persons. Should the property use change, or the terms of this contract not upheld, the lender may at its option, require immediate payment in full of all sums lent plus interest. The loan bears interest at a fixed rate of 3% simple interest annually. As of June 30, 2021, the loan had not been fully drawn. As of June 30, 2022, the balance of the loan and amount of expended proceeds was \$536,235 and interest of \$38,726 was deferred.

**I. Huntington Park**

On March 11, 2022, the Authority signed a non-revolving line of credit revenue note with Key Government Finance, Inc with a principal amount of \$118,855,450. This note financed the cost of acquiring a 381-unit apartment complex located 9009 W. Mall Drive in Everett Washington known as Huntington Park Apartments. The loan had an interest rate of 1.5% per annum with a maturity date of March 10, 2023. As of June 30, the balance of the loan was \$118,855,450. This note was subsequently refinanced and paid in full with proceeds from a bond issuance completed on September 1, 2022. See Note 18: Subsequent Events for more information.

The annual debt service requirements of the primary government for revenue bonds and direct borrowings as of June 30, 2022 are as follows:

<b>Year Ended June 30</b>	<b>Bond Principal</b>	<b>Note Principal</b>	<b>Interest Due</b>	<b>Total</b>
2023	\$ 119,331,985	\$ 32,712	\$ 1,643,832	\$ 121,008,529
2024	498,096	35,449	1,471,926	2,005,471
2025	520,453	36,747	1,446,207	2,003,407
2026	548,644	423,653	1,408,273	2,380,570
2027	572,712	41,859	1,378,128	1,992,699
2028-2032	7,888,426	274,362	5,702,174	13,864,962
2033-2037	15,163,460	1,212,026	2,697,435	19,072,921
2038-2042	1,017,723	526,574	829,893	2,374,190
2043-2047	23,250,400	1,154,333	538,855	24,943,588
2048-2052	1,536,274	947,661	230,202	2,714,137
2053-2057	258,957	303,385	7,365	569,707
2058-2062	-	23,505	227	23,732
2063-2067	-	15,249,279	-	15,249,279
	<u>\$170,587,130</u>	<u>\$20,261,545</u>	<u>\$17,354,517</u>	<u>\$ 208,203,192</u>

**HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON**

Notes to Basic Financial Statements

June 30, 2022

**Component Units:** The following is a schedule of outstanding notes of the Component Units as of December 31, 2021:

Description of Note	Debt Type	Issuance Date	Maturity Date	Interest Rate	Note Issuance	Outstanding December 31
<b>Broadway Plaza LLLP</b>						
Revenue bond	Revenue bond	06/29/11	07/01/29	1.99% - 5.865%	7,000,000	6,145,000
Seller financing note	Direct borrowing	06/29/11	06/29/61	4.05%	9,875,000	9,875,000
						<u>16,020,000</u>
<b>Pivotal Point LLLP</b>						
Housing Trust Fund loan	Direct borrowing	09/24/13	12/31/55	0% - 1%	865,000	743,694
						<u>743,694</u>
<b>Bakerview/Grandview LLLP</b>						
Revenue bond	Revenue bond	05/04/17	05/04/33	5.49%	6,250,000	5,948,860
EHA sponsor note	Direct borrowing	09/29/14	09/01/66	3.45%	5,000,000	5,000,000
Seller financing note	Direct borrowing	09/29/14	09/01/66	3.45%	22,950,000	22,950,000
						<u>33,898,860</u>
<b>Everett Affordable Housing Portfolio LLLP</b>						
Revenue bond	Revenue bond	02/22/17	02/22/33	5.49%	5,350,000	5,075,955
EHA sponsor note	Direct borrowing	09/30/14	09/01/66	3.45%	2,000,000	2,000,000
Seller financing note	Direct borrowing	09/30/14	09/01/66	3.45%	9,700,000	9,694,066
WA State Dept of Commerce	Direct borrowing	03/15/04	03/31/44	1.00%	580,000	350,916
City of Everett - HTF	Direct borrowing	11/18/09	11/18/49	3.00%	500,000	500,000
						<u>17,620,937</u>
<b>EHA Senior Housing I LLLP</b>						
Revenue bond	Revenue bond	02/05/16	03/15/35	4.13%	6,500,000	6,163,557
EHA sponsor note	Direct borrowing	02/05/16	02/01/56	3.10%	2,000,000	1,284,756
Seller financing note	Direct borrowing	02/05/16	02/01/56	3.10%	8,375,000	8,375,000
						<u>15,823,313</u>
<b>Wiggums Park Place LLLP</b>						
Revenue bond	Revenue bond	08/01/17	06/01/36	3.625%	12,700,000	6,625,605
Seller financing note	Direct borrowing	08/01/17	08/01/57	3.15%	6,325,000	6,325,000
Ground lease	Direct borrowing	08/01/17	12/31/2116	2.58%	600,000	556,428
						<u>13,507,033</u>
<b>Evergreen Village Senior Apartments</b>						
WA State Dept of Commerce	Direct borrowing	07/31/02	05/31/43	0.00%	200,000	130,000
Residual receipt note	Direct borrowing	11/13/19	07/01/43	0.00%	68,061	49,137
						<u>179,137</u>

Schedule for outstanding notes of the Component Units as of December 31, 2021 continued:

# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Notes to Basic Financial Statements

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### Everett Housing Legacy LLLP

Mortgage note	Direct borrowing	04/29/21	08/01/63	3.25%	1,322,207
Revenue bond	Revenue bond	04/29/21	09/01/24	0.30%	22,000,000
EHA sponsor note	Direct borrowing	4/1/2021	04/01/61	8.00%	1,453,757

### Evergreen Village Senior Apartments

WA State Dept of Commerce	Direct borrowing	07/31/02	05/31/43	0.00%	200,000
Residual receipt note	Direct borrowing	11/13/19	07/01/43	0.00%	68,061

Description of Note	Debt Type	Issuance Date	Maturity Date	Interest Rate	Note Issuance
<b>Hawkins House</b>					
Residual receipt note	Direct borrowing	11/06/19	08/31/49	0.00%	74,484
<b>Lynn Crest</b>					
Residual receipt note	Direct borrowing	10/24/19	11/01/43	0.00%	31,723
<b>Lynn Woods Apartments</b>					
Mortgage note	Direct borrowing	10/31/06	05/01/41	4.17%	1,570,400
<b>Lakewoods I</b>					
Residual receipt note	Direct borrowing	11/06/19	08/31/32	0.00%	100,443
<b>Silver Woods Apartments</b>					
City of Everett HOME loan	Direct borrowing	11/21/07	11/21/47	3.00%	100,000
Mortgage note	Direct borrowing	10/31/06	11/01/41	4.58%	1,589,500
<b>Village East</b>					
Residual receipt note	Direct borrowing	10/24/19	07/01/42	0.00%	60,748

# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Notes to Basic Financial Statements

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Changes in outstanding notes and compensated absences for the Component Units during the year ended December 31, 2021 are summarized below:

	Balance January 1	Additions	Reductions	Balance December 31	Due Within One Year
<b>Broadway Plaza LLLP</b>					
Promissory note - Everett Housing Authority					
Housing revenue bonds 2011	6,245,000	-	100,000	6,145,000	115,000
Seller financing note	9,875,000	-	-	9,875,000	-
	16,120,000	-	100,000	16,020,000	115,000
Compensated absences	39,349	-	10,760	28,589	7,147
Total	16,159,349	-	110,760	16,048,589	122,147
<b>Pivotal Point LLLP</b>					
Housing Trust Fund loan	829,897	-	86,203	743,694	12,686
	829,897		86,203	743,694	12,686
Compensated absences	7,186	716	-	7,902	1,975
Total	837,083	716	86,203	751,596	14,661
<b>Bakerview/Grandview LLLP</b>					
Revenue bond	6,022,335	-	73,475	5,948,860	77,612
EHA sponsor note	5,000,000	-	-	5,000,000	-
Seller financing note	22,950,000	-	-	22,950,000	-
	33,972,335	-	73,475	33,898,860	77,612
Compensated absences	84,073	11,441	-	95,514	23,879
Total	34,056,408	11,441	73,475	33,994,374	101,491
<b>Everett Affordable Housing Portfolio LLLP</b>					
Revenue bond	5,139,717	-	63,762	5,075,955	67,352
EHA sponsor note	2,000,000	-	-	2,000,000	-
Seller financing note	9,694,066	-	-	9,694,066	-
WA St Dept of Commerce	364,930	-	14,014	350,916	14,155
City of Everett - Housing Trust Fund	500,000	-	-	500,000	-
	17,698,713	-	77,776	17,620,937	81,507
Compensated absences	48,555	1,381	-	49,936	12,484
Total	\$ 17,747,268	\$ 1,381	\$ 77,776	\$ 17,670,873	\$ 93,991
<b>Wiggums Park Place, LLLP</b>					
Revenue construction bond	6,726,614	-	101,009	6,625,605	104,732
Seller financing note	6,325,000	-	-	6,325,000	-
Ground lease	565,455	-	9,027	556,428	-
	13,617,069	-	110,036	13,507,033	104,732
Compensated absences	31,587	-	1,294	30,293	7,573
Total	\$ 19,441,995	\$ -	\$ 111,330	\$ 13,537,326	\$ 112,305

**HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON**

Notes to Basic Financial Statements

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Changes in outstanding notes and compensated absences for the Component Units during the year ended December 31, 2021 (continued)

**Hawkins House Senior Apartments**

Residual receipts note	74,484	-	-	74,484	-
	74,484	-	-	74,484	-
Compensated absences	9,309	-	851	8,458	2,114
Total	83,793	-	851	82,942	2,114

**Lynn Crest Senior Apartments**

Residual receipts note	31,723	-	-	31,723	-
	31,723	-	-	31,723	-
Compensated absences	5,179	3,847	-	9,026	2,257
Total	36,902	3,847	-	40,749	2,257

**Silver View Senior Apartments**

Residual receipts note	12,199	-	12,199	-	-
	12,199	-	12,199	-	-
Compensated absences	6,823	1,849	-	8,672	2,168
Total	19,022	1,849	12,199	8,672	2,168

**Village East Senior Apartments**

Residual receipts note	1,513	-	-	1,513	-
	1,513	-	-	1,513	-
Compensated absences	6,107	-	2,296	3,811	953
Total	7,620	-	2,296	5,324	953

**Broadway Plaza LLLP**

**a. Revenue Bond**

On June 29, 2011, the Authority executed a note 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. All remaining unpaid principal and interest are due and payable on July 1, 2029. The bond is secured by a multifamily deed of trust and assignment of rents. There is no prepayment penalty and upon default, the lender may declare the entire unpaid principal balance and all accrued

## HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

### Notes to Basic Financial Statements

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unpaid interest immediately due. As of December 31, 2021, the unpaid balance of the note was \$6,145,000, of which \$115,000 was classified as current. Interest in the amount of \$146,944 had accrued.

#### **b. 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 principal or the interest which accrues at the compounding rate of 4.05% per annum. The note is secured by a leasehold deed of trust on certain property located in Snohomish County, Washington. The note may be prepaid in whole or in part at any time and any prepaid amounts are first applied to accrued and unpaid interest, and then to principal. Upon default, the note will become immediately due and payable without presentment, demand, protest or notice of any kind. Interest in the amount of \$3,077,154 had accrued as of December 31, 2021. 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**

##### **a. Housing Trust Fund loan**

On September 24, 2013, the Authority executed a note 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. 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 shall be due quarterly and a final payment of \$8,305.22 shall be due on or before December 31, 2055. The loan is secured by a leasehold deed of trust and leasehold interest in the real property located in Snohomish County, Washington. In the event the property is sold, or the property is not used as required by the contract prior to the end of the 40-year length of commitment required in the contract, the lender will be entitled to the unpaid principal balance of the note and any accrued interest and an amount representing the prorated, appreciated value of the property as defined in the contract. As of December 31, 2021, the unpaid balance of the note was \$743,694 of which \$12,686 was classified as current.

##### **b. EHA Promissory Note**

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 accrues on the unpaid principal balance and is payable annually from net cash flow and net cash proceeds (as defined



## HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

### Notes to Basic Financial Statements

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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. Any prepaid amounts will first be applied to accrued and unpaid interest, and then to principal. The note is secured by a leasehold deed of trust, assignment of rents and leases, security agreement and fixture filing. Upon default, the lender may declare the entire principal balance of the loan to be due and payable immediately together with all interest accrued. The loan was paid in full during 2020.

#### **Bakerview/Grandview LLLP**

##### **a. Revenue Bond**

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 loan was not to exceed \$26,750,000. Variable rate interest only payments were made at rates set forth in the Funding Loan Agreement. The note was a pass-through obligation relating to a construction and permanent loan under an agreement dated September 1, 2014. The loan is secured by a multifamily leasehold deed of trust, assignment of rents and a security agreement and fixture filing. A prepayment fee will be charged if a prepayment is made prior to the one hundred eighty-sixth month anniversary of the conversion date and no voluntary prepayment, in whole or in part, is permitted. Upon default, the lender may declare the entire unpaid principal balance, any accrued interest, the prepayment premium and all other amounts payable immediately due, without prior notice. On May 4, 2017, the loan converted to permanent financing with Berkadia. As of December 31, 2021, the balance of the loan was \$5,948,860. Of that, \$77,612 was classified as current.

##### **b. EHA 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. This note was increased to \$5,000,000 in 2016. No annual payments are required on the principal or the interest which accrues at the compounding rate of 3.45% per annum. Interest in the amount of \$1,019,110 had accrued as of December 31, 2021. The loan is secured by a leasehold deed of trust, assignment of rents and leases, security agreement and fixture filing. This note may be prepaid in whole or in part at any time. Any prepaid amounts will first be applied to accrued and unpaid interest and then to principal. Upon default, the lender may declare the entire principal balance of the loan to be due and payable immediately, together with all interest accrued thereon. 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.

##### **c. 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 principal or the interest which accrues at the compounding rate of 3.45% per annum. Interest in the amount of \$6,086,737 had accrued as of December 31, 2021. The loan is secured by a leasehold deed of trust, assignment of rents and leases, security agreement and fixture filing. This note may be prepaid in whole or in part at any time. Any prepaid amounts will first be applied to accrued and unpaid interest and then to principal.

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Upon default, the lender may declare the entire principal balance of the loan to be due and payable immediately, together with all interest accrued thereon. 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.

#### **Everett Affordable Housing Portfolio LLLP**

##### **a. Revenue Bond**

On September 29, 2014, the Authority signed a note with Citibank that provided a construction loan to fund the renovation of the Everett Affordable Housing Portfolio properties. The loan was not to exceed \$13,990,000. Variable rate interest only payments were made at rates set forth in the Funding Loan Agreement. The loan is secured by a multifamily leasehold deed of trust, assignment of rents and a security agreement and fixture filing. A prepayment fee will be charged if a prepayment is made prior to the one hundred eighty-sixth month anniversary of the conversion date and no voluntary prepayment, in whole or in part, is permitted. Upon default, the lender may declare the entire unpaid principal balance, any accrued interest, the prepayment premium and all other amounts payable immediately due, without prior notice. On February 22, 2017, the loan converted to permanent financing with Berkadia. As of December 31, 2021, the balance was \$5,075,955. Of that, \$67,352 was classified as current.

##### **b. EHA Sponsor Note**

A sponsor note in an amount not to exceed \$2,000,000 was executed on September 30, 2014 relating to the acquisition and development of Everett Affordable Housing Portfolio LLLP. The initial loan amount was \$8,511 and an additional \$1,991,489 was loaned in July of 2016. No annual payments are required on the principal or the interest which accrues at the compounding rate of 3.45% per annum. Interest in the amount of \$405,682 had accrued as of December 31, 2021. The loan is secured by a leasehold deed of trust, assignment of rents and leases, security agreement and fixture filing. This note may be prepaid in whole or in part at any time. Any prepaid amounts will first be applied to accrued and unpaid interest and then to principal. Upon default, the lender may declare the entire principal balance of the loan to be due and payable immediately, together with all interest accrued thereon. 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.

##### **c. Seller Financing Note**

A promissory note in an amount not to exceed \$9,700,000 was issued on September 30, 2014, 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 principal or the interest which accrues at the compounding rate of 3.45% per annum. Interest in the amount of \$2,602,362 had accrued as of December 31, 2021. The loan is secured by a leasehold deed of trust, assignment of rents and leases, security agreement and fixture filing. This note may be prepaid in whole or in part at any time. Any prepaid amounts will first be applied to accrued and unpaid interest and then to principal.

Upon default, the lender may declare the entire principal balance of the loan to be due and payable immediately, together with all interest accrued thereon. The note is classified as non-

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current since repayment is subject to available cash flow of the partnership. The note matures on September 1, 2066.

#### **d. WA State Department of Commerce**

Everett Affordable Housing Portfolio LLLP assumed a note that was executed on March 15, 2004, with the State of Washington Department of Community, Trade and Economic Development for a loan in the amount of \$580,000. Quarterly payments in the amount of \$4,402.67 began on June 30, 2004 and continue to be due each quarter end until maturity on March 31, 2044. The loan bears interest at a fixed rate of 1%, compounded quarterly. The note is secured by a deed of trust covering property situated in Snohomish County, Washington. In the event the property is sold, or the property is not used as required by the contract prior to the end of the 40-year length of commitment required in the contract, the lender will be entitled to the unpaid principal balance of the note and any accrued interest and an amount representing the prorated, appreciated value of the property as defined in the contract. As of December 31, 2021, the unpaid balance of the note was \$350,916 of which \$14,155 was classified as current.

#### **e. City of Everett – Housing Trust Fund**

Everett Affordable Housing Portfolio LLLP assumed a note that was executed on November 18, 2009, with the City of Everett for a HOME loan in the amount of \$500,000. There are no monthly principal and interest payments. Principal and interest are due at maturity on November 18, 2049. The loan bears interest at a fixed rate of 3% per annum. The loan is secured by a deed of trust covering certain real property in Snohomish County, Washington, together with the buildings and improvements now and hereafter erected thereon. There is no prepayment penalty and upon default the whole sum of principal and accrued interest will become immediately due and payable. As of December 31, 2021, the balance of the loan was \$500,000.

### **EHA Senior Housing I LLLP**

#### **a. Revenue Bond**

On February 5, 2016, the Authority signed a note with Banner Bank for a temporary construction loan for the renovation of the EHA Senior Housing I properties. The loan is not to exceed \$15,970,000 and bears interest at a fixed rate of 4.13% 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 loan is secured by a deed of trust and a lien against and security interest in the property. A prepayment fee will be charged if the loan is paid in advance before the two-year period prior to the Term Loan maturity date. Upon default, the lender may declare the entire unpaid principal balance and any accrued interest immediately due. As of December 31, 2021, the loan had converted to permanent financing with Banner Bank and the balance of the loan was \$6,163,557 of which \$98,506 was classified as current.

#### **b. EHA 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 principal or the interest which accrues at the compounding rate of 3.1% per annum. As of December 31, 2021, the principal balance was \$1,284,756 and

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interest of \$254,073 had accrued. The loan is secured by a leasehold deed of trust, assignment of rents and leases, security agreement and fixture filing. This note may be prepaid in whole or in part at any time. Any prepaid amounts will first be applied to accrued and unpaid interest and then to principal. Upon default, the lender may declare the entire principal balance of the loan to be due and payable immediately, together with all interest accrued thereon. 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. Seller Financing Note**

A promissory note in the amount of \$8,375,000 dated February 5, 2016, was issued for the acquisition of the leasehold estate in four apartment complexes with 203 units by EHA Senior Housing I LLLP. No annual payments are required on the principal or the interest which accrues at the compounding rate of 3.1% per annum. Interest in the amount of \$1,527,550 had accrued as of December 31, 2021. The loan is secured by a leasehold deed of trust, assignment of rents and leases, security agreement and fixture filing. This note may be prepaid in whole or in part at any time. Any prepaid amounts will first be applied to accrued and unpaid interest and then to principal. Upon default, the lender may declare the entire principal balance of the loan to be due and payable immediately, together with all interest accrued thereon. 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.

### **Wiggums Park Place LLLP**

#### **a. Revenue Bond**

On August 1, 2017, the Authority signed a note with Banner Bank for a temporary construction loan for the renovation of the Wiggums Park Place LLLP property. The loan is not to exceed \$12,700,000 and bears interest at a fixed rate of 3.625% per annum. Interest only payments were made on the first day of each month beginning September 1, 2017, until the loan converted to permanent financing in March 2020. Monthly payments of principal and interest in the amount of \$28,598.46 commenced in May 2020 and will continue until maturity in June 2036. The loan is secured by a leasehold deed of trust, assignment of leases and rents, security agreement and fixture filing encumbering the leasehold interest in the property and the project. A prepayment fee will be charged if the loan is paid in advance before January 1, 2033. Upon default, the lender may declare the entire unpaid principal balance and any accrued interest immediately due. As of December 31, 2021, the balance of the loan was \$6,625,605 of which \$104,732 was classified as current.

#### **b. Seller Financing Note**

A promissory note in the amount of \$6,325,000 dated August 1, 2017, was issued for the acquisition of the leasehold estate in one apartment complex with 80 units by Wiggums Park Place LLLP. No annual payments are required on the principal or the interest which accrues at the compounding rate of 3.15% per annum. Interest in the amount of \$930,557 had accrued as of December 31, 2021. The loan is secured by a leasehold deed of trust, assignment of rents and leases, security agreement and fixture filing. This note may be prepaid in whole or in part at any time. Any prepaid amounts will first be applied to accrued and unpaid interest and then to the principal. Upon default, the lender may declare the entire principal balance of the loan

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to be due and payable immediately, together with all interest accrued thereon. The note is classified as non-current since repayment is subject to available cash flow of the partnership. The note matures on August 1, 2057.

#### c. Ground Lease

On August 1, 2017, the Authority signed a ground lease with Wiggums Park Place LLLP for the land the Wiggums Park Place LLLP property is built on. The lease term commenced on August 1, 2017 and expires on December 31, 2116. The appraised value of the land is \$600,000 and the Authority collects ground rent in the amount of \$23,616 per year for 40 years, and thereafter, \$1 per year. Ground rent is payable from available cash flow, as defined in the partnership, starting on January 2, 2018. Any unpaid portion of ground rent will be deferred and accrue interest at a rate of 2.58% per annum, compounded annually. Upon default, grantor may at any time thereafter without notice or demand terminate grantee's rights to possession of the property. The grantor may then take possession of and remove all persons or property and grantee will immediately surrender possession of the property. Under updated provisions GASB 87 for the lessor, the Authority, the presentation of the lease receivable and liability will reflect a difference ending balance per note #6. As of December 31, 2021, the balance of the lease was \$556,428.

#### Evergreen Village Senior Apartments

**WA State Department of Community, Trade, and Economic Development.** Evergreen Village Senior Housing Association executed a note on July 31, 2002, with the State of Washington Department of Community, Trade and Economic Development for a loan in the amount of \$200,000. There are no monthly principal and interest payments, and the loan does not bear interest. Principal and interest are due at maturity on May 31, 2043. The note is secured by a deed of trust covering property situated in Snohomish County, Washington. If the property is sold, refinanced, or its use or ownership changes during the 40-year term, the award amount, plus a proportional share of appreciated value of the property, will be due and payable to the HTF within 30 days of the event. On December 31, 2021, the unpaid balance of the note was \$130,000.

#### a. Residual Receipts Note

The Authority was granted permission by HUD to enter into a residual receipts promissory note with Evergreen Village Senior Housing Association in order to fund operating deficits at Evergreen Village Senior Apartments. On November 13, 2019, the note was executed in the amount of \$68,061. The funds may be paid back to EHA only when Evergreen Village Senior Housing Association realizes surplus cash and upon receiving approval from HUD. Any unauthorized payments on the note must be returned to the project. The note does not bear interest and matures on July 1, 2043. The note is not secured, and the lender may, at its option and without notice, declare the whole principal sum or any balance thereof, together with interest thereon, immediately due and payable. As of December 31, 2021, the balance of the loan was \$49,138.

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#### **Hawkins House**

##### **a. Residual Receipts Note**

The Authority was granted permission by HUD to enter into a residual receipts promissory note with Hawkins House in order to fund operating deficits at Hawkins House Apartments. On November 6, 2019, the note was executed in the amount of \$74,484. The funds may be paid back to EHA only when Hawkins House realizes surplus cash and upon receiving approval from HUD. Any unauthorized payments on the note must be returned to the project. The note does not bear interest and matures on August 31, 2049. The note is not secured, and the lender may, at its option and without notice, declare the whole principal sum or any balance thereof, together with interest thereon, immediately due and payable. As of December 31, 2021, the balance of the loan was \$74,484.

#### **Lynn Crest**

##### **a. Residual Receipts Note**

The Authority was granted permission by HUD to enter into a residual receipts promissory note with Lynn Crest Senior Housing Association in order to fund operating deficits at Lynn Crest Senior Apartments. On October 24, 2019, the note was executed in the amount of \$31,723. The funds may be paid back to EHA only when Lynn Crest Senior Housing Association realizes surplus cash and upon receiving approval from HUD. Any unauthorized payments on the note must be returned to the project. The note does not bear interest and matures on November 1, 2043. The note is not secured, and the lender may, at its option and without notice, declare the whole principal sum or any balance thereof, together with interest thereon, immediately due and payable. As of December 31, 2021, the balance of the loan was \$31,723.

#### **Lakewoods I**

##### **a. Residual Receipts Note**

The Authority was granted permission by HUD to enter into a residual receipts promissory note with Lake Woods Senior Housing Association in order to fund operating deficits at Lake Woods Senior Apartments. On November 6, 2019, the note was executed in the amount of \$100,443. In May of 2020, the Authority was granted permission by HUD to increase the note value to fund further operating deficits at Lake Woods Senior Apartments. On May 7, 2020, an additional note was executed in the amount of \$101,442. The funds may be paid back to EHA only when Lake Woods Senior Housing Association realizes surplus cash and upon receiving approval from HUD. Any unauthorized payments on the note must be returned to the project. The note does not bear interest and matures on August 31, 2032. The note is not secured, and the lender may, at its option and without notice, declare the whole principal sum or any balance thereof, together with interest thereon, immediately due and payable. As of December 31, 2021, the balance of the loan was \$198,396.

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#### **Lynn Woods Apartments**

##### **a. Mortgage Note**

On October 31, 2006, Senior Housing Association of Snohomish County entered into a Section 207/223(f) HUD insured mortgage in the amount of \$1,570,400. Monthly principal and interest payments of \$7,421 are due to Walker & Dunlop, LLC until maturity on May 1, 2041. The note bears interest at 4.17% per annum. The note is secured by a deed of trust on real estate situated in the City of Lynnwood, County of Snohomish, Washington. A prepayment fee will be charged if the loan is paid in advance before November 29, 2016, and thereafter no prepayment penalty will be assessed. Upon default in payment on any installment under the note, and if the default is not made good prior to the due date of the next such installment, the entire principal sum and all accrued interest will at once become due and payable without notice at the option of the lender. As of December 31, 2021, the balance of the loan was \$1,203,472. Of that, \$39,618 was classified as current.

#### **Scriber Pointe**

##### **a. Residual Receipts Note**

The Authority was granted permission by HUD to enter into a residual receipts promissory note with Scriber Pointe Senior Housing Association in order to fund operating deficits at Scriber Pointe Senior Apartments. On October 24, 2019, the note was executed in the amount of \$59,148. The funds may be paid back to EHA only when Scriber Pointe Senior Housing Association realizes surplus cash and upon receiving approval from HUD. Any unauthorized payments on the note must be returned to the project. The note does not bear interest and matures on July 1, 2042. The note is not secured, and the lender may, at its option and without notice, declare the whole principal sum or any balance thereof, together with interest thereon, immediately due and payable. As of December 31, 2021, the balance of the loan was fully paid.

#### **Silver View**

##### **a. Residual Receipts Note**

The Authority was granted permission by HUD to enter into a residual receipts promissory note with Silver View Senior Housing Association in order to fund operating deficits at Silver View Senior Apartments. On November 13, 2019, the note was executed in the amount of \$26,083. The funds may be paid back to EHA only when Silver View Senior Housing Association realizes surplus cash and upon receiving approval from HUD. Any unauthorized payments on the note must be returned to the project. The note does not bear interest and matures on August 31, 2036. The note is not secured, and the lender may, at its option and without notice, declare the whole principal sum or any balance thereof, together with interest thereon, immediately due and payable. As of December 31, 2021, the balance of the loan was fully paid.

#### **Village East**

##### **a. Residual Receipts Note**

The Authority was granted permission by HUD to enter into a residual receipts promissory note with Village East Senior Housing Association in order to fund operating deficits at Village East

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Senior Apartments. On October 24, 2019, the note was executed in the amount of \$60,748. The funds may be paid back to EHA only when Village East Senior Housing Association realizes surplus cash and upon receiving approval from HUD. Any unauthorized payments on the note must be returned to the project. The note does not bear interest and matures on July 1, 2042. The note is not secured, and the lender may, at its option and without notice, declare the whole principal sum or any balance thereof, together with interest thereon, immediately due and payable. As of December 31, 2021, the balance of the loan was \$1,513.

#### **Silver Woods Apartments**

##### **a. City of Everett HOME Loan**

Silver Lake Senior Housing Association executed a note on November 21, 2007, with the City of Everett for a loan in the amount of \$100,000. There are no monthly principal and interest payments and the loan bears interest at 3% per annum. Principal and interest are due at maturity on November 21, 2047. The note is secured by a deed of trust on real estate situated in the City of Everett, County of Snohomish, Washington. In the event the property is sold, or the property is not used as required by the contract prior to the end of the 40-year length of commitment required in the contract, the lender will be entitled to the unpaid principal balance of the note and any accrued interest and an amount representing the prorated, appreciated value of the property as defined in the contract. On December 31, 2021, the unpaid balance of the note was \$100,000.

##### **b. Mortgage Note**

On October 31, 2006, Silver Lake Senior Housing Association entered into a Section 207/223(f) HUD insured mortgage in the amount of \$1,589,500. Monthly principal and interest payments of \$7,891 are due to Walker & Dunlop, LLC until maturity on November 1, 2041. The note bears interest at 4.58% per annum. The note is secured by a deed of trust on real estate situated in the City of Everett, County of Snohomish, Washington. A prepayment fee will be charged if the loan is paid in advance before November 29, 2016, and thereafter no prepayment penalty will be assessed. Upon default in payment on any installment under the note, and if the default is not made good prior to the due date of the next such installment, the entire principal sum and all accrued interest will at once become due and payable without notice at the option of the lender. As of December 31, 2021, the balance of the loan was \$1,235,673. Of that, \$38,910 was classified as current

The annual debt service requirements of the Component Units' long-term debt obligations at December 31, 2021, are as follows:



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<b>Year Ended</b>					
<b>December 31</b>	<b>Notes</b>	<b>Interest</b>	<b>Total</b>		
2022	\$ 565,483	\$ 1,579,759	\$ 2,145,242		
2023	590,545	1,553,187	2,143,732		
2024	621,548	1,525,397	2,146,945		
2025	648,538	1,496,206	2,144,744		
2026	676,562	1,465,564	2,142,126		
2027-2031	8,601,039	6,232,820	14,833,858		
2032-2036	20,505,799	2,449,515	22,955,313		
2037-2041	1,139,422	166,118	1,305,540		
Thereafter	95,808,426	16,234,555	112,042,980		
	<u>\$ 129,157,362</u>	<u>\$ 32,703,121</u>	<u>\$ 161,860,480</u>		

**10. Lease Liabilities**

Everett Housing Authority is leasing 14 vehicles for the benefit of multiple discretely presented properties, various component units, and internal departments for various locations. The lease terms are between four and five years and have a total monthly payment of \$6,606. These leases are nearing the end of their useful life with two years remaining from the origination of the original lease. During the year ended June 30, 2022, the following changes occurred in lease liabilities:

	<b>Balance</b>		<b>Balance</b>
	<b>July 21</b>	<b>Additions</b>	<b>Reductions</b>
<b>Lease Liability Total</b>	<b>July 21</b>	<b>Additions</b>	<b>Reductions</b>
	170,112	-	(74,749)
	<u>170,112</u>	<u>-</u>	<u>(74,749)</u>

The lease payment requirements to maturity as of June 30, 2022 are as follows:

	<b>Governmental Activities</b>			<b>Business-Type Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	77,399	1,872	79,271	-	-	-
2024	17,963	52	18,016	-	-	-
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
2028-2032	-	-	-	-	-	-
2033 and thereafter	-	-	-	-	-	-
<b>Total minimum lease payments</b>	<u>95,362</u>	<u>1,925</u>	<u>97,287</u>	<u>-</u>	<u>-</u>	<u>-</u>

**11. Arbitrage**

The Housing Authority periodically monitors 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

## HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

### Notes to Basic Financial Statements

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associated with the respective bonds. As of June 30, 2022, the Housing Authority estimated that no arbitrage rebate exists in conjunction with its debt reserve funds, and therefore no liability exists.

#### 12. Risk Management

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

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 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, Nevada, Oregon, and California. HARRP currently has a total of eighty-two member/owner housing authorities in the states of Washington, Oregon, California and Nevada.

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

- General liability coverage is written on an occurrence form basis with a limit of \$2,000,000 per occurrence, without any deductible.
- Errors and omissions coverage, including employment practices liability, is written on a claims made basis with a limit of \$2,000,000 per occurrence. The Authority is responsible for 10% of any incurred loss.
- Property loss coverage is on a stated value cost basis with a deductible of \$2,500 per occurrence.
- Fidelity coverage with a limit of \$1,000,000 for employee dishonesty and forgery or alteration and \$90,000 for theft, with a deductible of \$5,000 per occurrence.

Coverage limits for general liability, errors & omissions and employment practices liability are \$2,000,000 per occurrence with a \$2,000,000 annual aggregate. Property coverage is provided on a full replacement cost basis, per structure, up to the stated values reported to HARRP. The HARRP Board of Directors determines the limits and coverage terms, in its sole discretion.

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

HARRP is fully funded by member assessments that are adjusted annually by the HARRP Board of Directors on the basis of independent actuarial studies. These assessments cover loss, loss adjustment, reinsurance, and other administrative expenses. HARRP does not have the right to

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assess the membership for any shortfall in its funding. Such shortfalls are made up through future rate adjustments.

### 13. Pension Plan

The following table represents the aggregate pension amounts for all plans for the year 2022

Aggregate Pension Amounts – All Plans	
Pension liabilities	(\$551,570)
Pension assets	\$5,781,618
Deferred outflows of resources	\$1,113,787
Deferred inflows of resources	(\$5,949,277)
Pension expense/expenditures	(\$2,036,730)

#### State Sponsored Pension Plans

Substantially all Everett Housing Authority's full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans. The 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 annual comprehensive financial report (ACFR) that includes financial statements and required supplementary information for each plan. The DRS ACFR may be obtained by writing to:

Department of Retirement Systems  
Communications Unit  
P.O. Box 48380  
Olympia, WA 98540-8380

Or the DRS ACFR may be downloaded from the DRS website at [www.drs.wa.gov](http://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.

**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

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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 2021 and 2022 were as follows:

<b>PERS Plan 1</b>		
<b>Actual Contribution Rates</b>	<b>Employer</b>	<b>Employee</b>
January – June 2021		
PERS Plan 1	7.92%	6.00%
PERS Plan 1 UAAL	4.87%	
Administrative Fee	0.18%	
<b>Total</b>	<b>12.97%</b>	<b>6.00%</b>
July – December 2021		
PERS Plan 1	10.07%	6.00%
Administrative Fee	0.18%	
<b>Total</b>	<b>10.25%</b>	<b>6.00%</b>

**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

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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. 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 2021 and 2022 were as follows:

<b>PERS Plan 2/3</b>		
<b>Actual Contribution Rates</b>	<b>Employer 2/3</b>	<b>Employee 2</b>
July – August 2021		
PERS Plan 2/3	7.92%	7.90%
PERS Plan 1 UAAL	4.87%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
<b>Total</b>	<b>12.97%</b>	<b>7.90%</b>
September 2021 – June 2022		
PERS Plan 2/3	6.36%	6.36%
PERS Plan 1 UAAL	3.71%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
<b>Total</b>	<b>10.25%</b>	<b>6.36%</b>

The Everett Housing Authority's actual PERS plan contributions were \$257,017 to PERS Plan 1 and \$439,418 to PERS Plan 2/3 for the year ended June 30, 2022.

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#### Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2021 with a valuation date of June 30, 2021. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2013-2018 Experience Study* and the *2020 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2020 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2021. Plan liabilities were rolled forward from June 30, 2020, to June 30, 2021, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 2.75% total economic inflation; 3.50% salary inflation
- **Salary increases:** In addition to the base 3.50% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.4%

Mortality rates were developed using the Society of Actuaries' Pub. H-2010 mortality rates, which vary by member status, as the base table. The OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society Actuaries, to project mortality rates for every year after the 2010 base table. 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 changes in methods and assumptions since the last valuation.

- OSA updated its demographic assumptions based on the results of its latest demographic experience study. See OSA's 2013-2018 Demographic Experience Study at [leg.wa.gov/osa](http://leg.wa.gov/osa).
- OSA updated the Early Retirement Factors and Joint-and-Survivor factors used in its model to match the ones implemented by DRS on October 1, 2020. These factors are used to value benefits for members who elect to retire early and for survivors of members that die prior to retirement.
- The valuation includes liabilities and assets for Plan 3 members purchasing Total Allocation Portfolio annuities when determining contribution rates and funded status.
- OSA simplified its modeling of medical premium reimbursements for survivors of duty-related deaths in LEOFF 2.
- OSA changed its method of updating certain data items that change annually, including the public safety duty-related death lump sum and Washington state average wage. OSA set these values at 2018 and will project them into the future using assumptions until the next Demographic Experience Study in 2025. See [leg.wa.gov/osa](http://leg.wa.gov/osa) for more information on this method change.

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#### Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.4 percent.

To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA's 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 7.4 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 7.4 percent was determined using a building-block-method. In selecting this assumption, the Office of the State Actuary (OSA) reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMA's) and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the CMA's and their target asset allocation to simulate future investment returns at various future times.

#### 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, 2021, 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%	2.20%
Tangible Assets	7%	5.10%
Real Estate	18%	5.80%
Global Equity	32%	6.30%
Private Equity	23%	9.30%
	<b>100%</b>	

#### Sensitivity of the Net Pension Liability/(Asset)

The table below presents the Everett Housing Authority's proportionate share of the net pension liability calculated using the discount rate of 7.4 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 (6.4 percent) or 1-percentage point higher (8.4 percent) than the current rate.

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	<b>1% Decrease (6.4%)</b>	<b>Current Discount Rate (7.4%)</b>	<b>1% Increase (8.4%)</b>
PERS 1	\$939,631	\$551,570	\$213,141
PERS 2/3	(\$1,647,071)	(\$5,781,618)	(\$9,186,420)

**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, 2022, the Everett Housing Authority reported its proportionate share of the net pension liabilities as follows:

	<b>Liability (or Asset)</b>
PERS 1	\$551,570
PERS 2/3	(\$5,781,618)

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

	<b>Proportionate Share 6/30/20</b>	<b>Proportionate Share 6/30/21</b>	<b>Change in Proportion</b>
PERS 1	0.044073%	0.045165%	0.001092%
PERS 2/3	0.057388%	0.058039%	0.000651%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2021 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 Non employer Allocations* for all.

The collective net pension liability (asset) was measured as of June 30, 2020, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2019, with update procedures used to roll forward the total pension liability to the measurement date.

**Pension Expense**

For the year ended June 30, 2022, the Everett Housing Authority recognized pension expense (negative expense) as follows::

	<b>Pension Expense</b>
PERS 1	(\$59,452)
PERS 2/3	(\$1,266,834)
TOTAL	(\$1,326,286)



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**Deferred Outflows of Resources and Deferred Inflows of Resources**

At June 30, 2022, 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	\$	(\$612,058)
Changes of assumptions	\$	\$
Changes in proportion and differences between contributions and proportionate share of contributions	\$	\$
Contributions subsequent to the measurement date	\$257,017	\$
<b>TOTAL</b>	<b>\$257,017</b>	<b>(\$612,058)</b>

**Deferred Outflows of Resources – PERS 2/3**

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$280,805	(\$70,877)
Net difference between projected and actual investment earnings on pension plan investments	\$	(\$4,832,077)
Changes of assumptions	\$8,449	(\$410,591)
Changes in proportion and differences between contributions and proportionate share of contributions	\$128,098	(\$23,674)
Contributions subsequent to the measurement date	\$439,418	\$
<b>TOTAL</b>	<b>\$856,770</b>	<b>(\$5,337,219)</b>

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, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Year ended June 30:	PERS 1	PERS 2/3
2023	(\$162,134)	(\$1,321,585)
2024	(\$148,574)	(\$1,199,149)
2025	(\$140,483)	(\$1,145,577)
2026	(\$160,867)	(\$1,260,125)
2027	\$0.00	(\$3,925)
Thereafter	\$0.00	\$10,494
TOTAL	(\$612,058)	(\$4,919,867)

**14. Deferred Compensation Plan**

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

**15. Prior Period Adjustments**

During the 2021 and 2022, the Authority had two changes to the prior period adjustment, a change in reporting entity in the amount of \$6,822,129 and a change in GASB 87 standards update in the amount of \$556,634 as reflected on the financial statements.

During 2021 and 2022, the Authority requested to convert nine of the nonprofit corporations' subsidy contracts from Section 202 Project Rental Assistance Contracts to Project Based Voucher Housing Assistance Payments Contracts under the Rental Assistance Demonstration. HUD reviewed and approved these requests in accordance with the Rental Assistance Demonstrations – Final Implementation, Revision 4 Notice, H-2019-09 PIH-2019-23 (HA). As of June 30, 2022, four of the nonprofit corporations had completed this subsidy contract conversion. During the conversions, the board composition of each nonprofit corporation was changed to be substantively the same as the Authority's board and thus four of these organizations are now presented as Blended Component Units. The remaining five nonprofit corporations will continue to be presented as discretely presented component units until the conversions are complete and the board composition has changed. The change in the reporting entity for these four converted nonprofits resulted in a restatement of beginning balances on our financial statements in the amount of \$6,822,129.

The GASB 87 standard *Leases*, is effective for the year ending June 30, 2022. The Authority adopted the requirements of the guidance effective July 1, 2021, and has applied the provisions of this standard to the beginning of the earliest comparative period presented. Beginning net position was decreased \$556,634 for governmental activities for the implementation of GASB Statement No. 87 to record the impact of recording lease receivables and related deferred inflows of resources.

The ground lease is with a discretely presented entity Wiggums Park Place LLLP. GASB 87 for the lessor, the Authority, the presentation of the lease receivable and liability will reflect a difference ending

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balance per note #6. As of December 31, 2021, the balance of the lease with Wiggums Park Place LLLP was \$556,428.

#### 16. Related Party Transactions

##### a. Tax Credit Partnerships

The Authority serves as the general partner for the following seven tax credit partnerships accounted for as discretely presented component units as described in Note 1.

- Broadway Plaza LLLP
- Pivotal Point LLLP
- Bakerview/Grandview Affordable Housing LLLP
- Everett Affordable Housing Portfolio LLLP
- EHA Senior Housing I LLLP
- Wiggums Park Place LLLP
- Everett Housing Legacy LLLP

Each partnership is formed to develop and provide low-income housing either through acquisition and remodel of units that were previously owned by the Authority or a third party or through constructing new units. The sources of funding for acquisition, new construction and development are a combination of seller and/or sponsor financing, tax exempt bond financing, public funder debt, equity payments from the limited investor partner, and cash flow from operations. The Authority serves as the developer for these projects and collects a development fee. A portion of that fee is paid in cash at the completion of the work from installments of equity payments and the remaining balance is deferred and paid from operating cash flow over a period of approximately 10 years.

These properties derive revenue primarily from rent charged to tenants and rental assistance provided by contracts with HUD. The Authority manages the housing projects owned by the partnerships by providing staff to operate and maintain the property and to provide regulatory compliance administration. Salaries and benefits of frontline staff are paid from operating revenues. The Authority may also collect annual management fees, general partner fees, incentive management fees, payments of deferred development fees, payments for loans, interest and leases made to the properties.

For the year ending June 30, 2022, the Authority collected the following fees and payments from Tax Credit Limited Partnerships:

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The Authority collected the following payments from related parties during the fiscal year ending June 30, 2022:

	Development Fee Payments	Incentive Mgt Fee	Property Mgt Fees	General Partner Fees	Seller Financed Notes	Lease Payments
Wiggums Park Place LLLP	\$ 284,638	\$ -	\$ 65,838	\$ -	\$ -	\$ 22,439
Broadway Plaza LLLP	-	-	98,418	-	559,534	
Pivotal Point LLLP	-	34,705	17,620	8,609	-	
Bakerview/Grandview LLLP	530,067	-	105,563	-	-	
Everett Affordable Housing LLLP	588,645	-	83,250	-	-	
EHA Senior Housing I LLLP	-	-	110,636	-	613,952	5,955
Everett Housing Legacy LLLP						
Total	\$ 1,403,350	\$ 34,705	\$ 481,325	\$ 8,609		\$ 28,394

The Authority issues bond debt used to finance these projects which is then loaned to the partnerships. In addition, the Authority is obligated to fund operating deficits through advances to the partnerships. The balances owed to the Authority for all receivables for the year ending June 30, 2022, were:

	Development Notes Receivable	Bond Notes Receivable	Sponsor Loans Receivable	Seller/EHA Financing Notes Receivable	HOME/HTF and other Loans	Grounds Lease	Interest	Total
Wiggums Park Place LLLP	\$ 269,475	\$ 6,573,713	\$ 3,000,000	\$ 3,325,000	\$ -	\$ 544,533	\$ 1,294,339	\$ 15,007,059
Broadway Plaza LLLP	-	6,090,000		9,875,000		-	2,978,181	18,943,181
Pivotal Point LLLP				-	743,694	-		743,694
Bakerview/Grandview LLLP	1,169,335	5,910,585	5,000,000	22,950,000	-	-	7,732,631	42,762,551
Everett Affordable Housing LLLP	150,611	5,042,740	2,000,000	9,694,066	-	-	3,124,831	20,012,247
EHA Senior Housing I LLLP	-	6,114,643	1,284,756	8,375,000	-	-	1,597,942	17,372,341
Everett Housing Legacy LLLP	3,407,804	22,000,000	3,289,992		13,689,515		85,943	42,473,253
Total	\$ 4,997,224	\$ 51,731,680	\$ 14,574,748	\$ 54,219,066	\$ 14,433,208	\$ 544,533	\$ 16,813,867	\$ 157,314,326

Further detail for these receivables is available in Note 5.

### b. Nonprofit Organizations

In 2017 the Authority assumed sponsorship and management of eleven 501(c)3 organizations as described in Note 1. Seven of these properties were accounted for as discretely presented component units and four as blended component units. For the year ending June 30, 2022, EHA received \$345,228 in management fees from these properties. Those properties are:

- Senior Housing Association of Snohomish County
- Silver Lake Senior Housing Association of Snohomish County
- Lake Woods Senior Housing Association of Snohomish County
- Lynn Crest Senior Housing Association of Snohomish County
- Silver View Senior Housing Association
- Evergreen Court Senior Housing Association
- Village East Senior Housing Association

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- Meadow Park Senior Housing Association
- Scriber Pointe Senior Housing Association
- Evergreen Village Senior Housing Association
- Hawkins House

The Authority was granted permission by HUD to execute residual receipts promissory notes with seven of the Nonprofit organizations. The funds may be paid back to EHA only when the nonprofit realizes surplus cash and upon receiving approval from HUD. EHA received approval from HUD to receive payments from these residual receipts notes. As of June 30, 2022 the balance of these notes was \$95,184. The residual receipts promissory note balances as of June 30, 2022, are as follows:

• Hawkins House Senior Housing Association	\$ 61,948
• Lynn Crest Senior Apartments	\$ 31,723
• Village East Senior Apartments	\$ 1,513

Further detail for these promissory notes is available in Note 5.

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Condensed Financial Data for the Component Units for the year ended December 31, 2021, is as follows:

### Discretely Presented Component Units, December 31, 2021

	Broadway Plaza LLLP	Pivotal Point LLLP	Bakerview/ Grandview LLLP	Everett Aff Hsg Port LLLP
<b>Assets, Liabilities and Net Position</b>				
Assets				
Cash and investments	\$ 2,575,050	\$ 632,339	\$ 2,061,983	\$ 1,926,832
Receivables and other assets	42,053	5,193	33,538	64,685
Capital assets, net	17,266,034	3,615,107	48,930,836	23,466,653
Total assets	<u>\$ 19,883,137</u>	<u>\$ 4,252,639</u>	<u>\$ 51,026,357</u>	<u>\$ 25,458,170</u>
Liabilities and net position				
Current liabilities	\$ 883,779	\$ 79,636	\$ 801,348	\$ 812,810
Long-term liabilities	18,297,882	692,872	41,699,892	20,513,536
Total liabilities	19,181,661	772,508	42,501,240	21,326,346
Net position	701,476	3,480,131	8,525,117	4,131,824
Total liabilities and net position	<u>\$ 19,883,137</u>	<u>\$ 4,252,639</u>	<u>\$ 51,026,357</u>	<u>\$ 25,458,170</u>
<b>Revenues, Expenses and Changes in Net Position</b>				
Operating revenues	<u>\$ 2,570,231</u>	<u>\$ 349,049</u>	<u>\$ 2,737,470</u>	<u>\$ 2,081,896</u>
Operating expenses				
Administration & tenant services	549,469	155,282	485,399	435,956
Maintenance & operations	448,333	67,287	703,247	399,936
Utilities & general	330,820	44,488	413,681	187,688
Depreciation and amortization	520,214	140,000	1,466,505	720,896
Total operating expenses	<u>1,848,836</u>	<u>407,057</u>	<u>3,068,832</u>	<u>1,744,476</u>
Operating income	<u>721,395</u>	<u>(58,008)</u>	<u>(331,362)</u>	<u>337,420</u>
Non-operating revenues (expenses)				
Investment income	759	161	467	583
Interest expense	(920,222)	(11,656)	(1,537,987)	(819,282)
Gains (losses) - capital asset disposition	-	-	-	-
Total non-operating (expenses)	<u>(919,463)</u>	<u>(11,494)</u>	<u>(1,537,520)</u>	<u>(818,699)</u>
Income (loss) before capital contributions	(198,068)	(69,502)	(1,868,882)	(481,279)
Contributions				
Capital contributions - partnerships	-	-	-	-
Syndication costs - contra-capital	-	-	-	-
Total contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(198,068)	(69,502)	(1,868,882)	(481,279)
Beginning net position	899,541	3,549,637	10,394,007	4,613,103
Ending net position	<u>\$ 701,473</u>	<u>\$ 3,480,135</u>	<u>\$ 8,525,125</u>	<u>\$ 4,131,824</u>

# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

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### Discretely Presented Component Units, December 31, 2021

	<u>EHA Senior Housing I LLLP</u>	<u>Wiggums Park Place LLLP</u>	<u>Everett Housing Legacy LLLP</u>	<u>Total Tax Credits</u>
<b>Assets, Liabilities and Net Position</b>				
Assets				
Cash and investments	\$ 1,537,895	\$ 920,770	\$ 23,642,691	\$ 33,297,560
Receivables and other assets	5,104	15,871	13,219	179,663
Capital assets, net	25,170,591	20,063,919	14,908,544	153,421,684
Total assets	<u>\$ 26,713,590</u>	<u>\$ 21,000,560</u>	<u>\$ 38,564,454</u>	<u>\$ 186,898,907</u>
Liabilities and net position				
Current liabilities	\$ 796,825	\$ 469,053	\$ 2,916,760	\$ 6,760,211
Long-term liabilities	16,827,230	14,474,383	32,304,465	144,810,260
Total liabilities	17,624,055	14,943,436	35,221,225	151,570,471
Net position	9,089,535	6,057,124	3,343,229	35,328,436
Total liabilities and net position	<u>\$ 26,713,590</u>	<u>\$ 21,000,560</u>	<u>\$ 38,564,454</u>	<u>\$ 186,898,907</u>
<b>Revenues, Expenses and Changes in Net Position</b>				
Operating revenues	<u>\$ 2,236,761</u>	<u>\$ 1,317,285</u>	<u>\$ 3,316,513</u>	<u>\$ 14,609,206</u>
Operating expenses				
Administration & tenant services	539,000	310,387	78	2,475,571
Maintenance & operations	399,466	201,366	-	2,219,635
Utilities & general	254,821	119,579	-	1,351,077
Depreciation and amortization	793,836	693,815	-	4,335,266
Total operating expenses	<u>1,987,123</u>	<u>1,325,147</u>	<u>78</u>	<u>10,381,549</u>
Operating income	<u>249,638</u>	<u>(7,862)</u>	<u>3,316,435</u>	<u>4,227,657</u>
Non-operating revenues (expenses)				
Investment income	651	468	26,793	29,883
Interest expense	(618,530)	(496,727)	-	(4,404,404)
Gains (losses) - capital asset disposition	-	-	-	-
Total non-operating (expenses)	<u>(617,879)</u>	<u>(496,259)</u>	<u>26,793</u>	<u>(4,374,522)</u>
Income (loss) before capital contributions	(368,241)	(504,121)	3,343,228	(146,865)
Contributions				
Capital contributions - partnerships	-	-	-	-
Syndication costs - contra-capital	-	-	-	-
Total contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(368,241)	(504,121)	3,343,228	(146,865)
Beginning net position	9,457,776	6,561,242	-	35,475,306
Ending net position	<u>\$ 9,089,535</u>	<u>\$ 6,057,121</u>	<u>\$ 3,343,228</u>	<u>\$ 35,328,441</u>

# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Notes to Basic Financial Statements

June 30, 2022

### Discretely Presented Component Units, December 31, 2021

	Evergreen Court	Hawkins House	Lynncrest	Lynn Woods
<b>Assets, Liabilities and Net Position</b>				
Assets				
Cash and investments	\$ 375,408	\$ 190,937	\$ 277,424	\$ 581,981
Receivables and other assets	\$ 84,262	\$ 41,133	\$ 16,362	\$ 15,321
Capital assets, net	\$ 1,338,667	\$ 5,152,871	\$ 968,214	\$ 624,773
Total assets	<u>\$ 1,798,337</u>	<u>\$ 5,384,941</u>	<u>\$ 1,262,000</u>	<u>\$ 1,222,075</u>
Liabilities and net position				
Current liabilities	\$ 19,103	\$ 25,703	\$ 16,335	\$ 62,164
Long-term liabilities	4,771	80,828	38,492	1,155,965
Total liabilities	23,874	106,531	54,827	1,218,129
Net position	1,774,463	5,278,410	1,207,173	3,946
Total liabilities and net position	<u>\$ 1,798,337</u>	<u>\$ 5,384,941</u>	<u>\$ 1,262,000</u>	<u>\$ 1,222,075</u>
<b>Revenues, Expenses and Changes in Net Position</b>				
Operating revenues	<u>\$ 494,278</u>	<u>\$ 431,923</u>	<u>\$ 358,949</u>	<u>\$ 427,819</u>
Operating expenses				
Administration & tenant services	124,981	148,497	131,976	128,528
Maintenance & operations	78,139	85,978	97,257	71,069
Utilities & general	44,631	69,965	43,744	31,947
Depreciation and amortization	83,467	175,543	67,548	72,280
Total operating expenses	<u>331,218</u>	<u>479,983</u>	<u>340,525</u>	<u>303,824</u>
Operating income	<u>163,060</u>	<u>(48,060)</u>	<u>18,424</u>	<u>123,995</u>
Non-operating revenues (expenses)				
Investment income	47	19	53	197
Interest expense	-	-	-	(51,431)
Gains (losses) - capital asset disposition	-	-	-	-
Total non-operating (expenses)	<u>47</u>	<u>19</u>	<u>53</u>	<u>(51,234)</u>
Income (loss) before capital contributions	163,107	(48,041)	18,477	72,761
Contributions				
Capital contributions - partnerships	-	-	-	-
Syndication costs - contra-capital	-	-	-	-
Total contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	163,107	(48,041)	18,477	72,761
Beginning net position	1,611,355	5,326,457	1,188,688	(68,816)
Ending net position	<u>\$ 1,774,462</u>	<u>\$ 5,278,416</u>	<u>\$ 1,207,165</u>	<u>\$ 3,945</u>



# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Notes to Basic Financial Statements

June 30, 2022

### Discretely Presented Component Units, December 31, 2021

	Silver View	Silver Woods	Village East	Total Nonprofits	Total Combined DPC
<b>Assets, Liabilities and Net Position</b>					
<b>Assets</b>					
Cash and investments	\$ 352,237	\$ 556,708	\$ 57,731	\$ 2,392,426	\$ 35,689,986
Receivables and other assets	\$ 51,527	\$ 15,219	\$ 278,101	\$ 501,925	\$ 681,588
Capital assets, net	\$ 1,111,305	\$ 748,102	\$ 1,334,371	\$ 11,278,303	\$ 164,699,987
Total assets	<u>\$ 1,515,069</u>	<u>\$ 1,320,029</u>	<u>\$ 1,670,203</u>	<u>\$ 14,172,654</u>	<u>\$ 201,071,561</u>
<b>Liabilities and net position</b>					
Current liabilities	\$ 24,014	\$ 127,390	\$ 24,265	\$ 298,974	7,059,185
Long-term liabilities	6,504	1,284,498	4,371	2,575,429	147,385,689
Total liabilities	30,518	1,411,888	28,636	2,874,403	154,444,874
Net position	1,484,551	(91,859)	1,641,567	11,298,251	46,626,687
Total liabilities and net position	<u>\$ 1,515,069</u>	<u>\$ 1,320,029</u>	<u>\$ 1,670,203</u>	<u>\$ 14,172,654</u>	<u>\$ 201,071,561</u>
<b>Revenues, Expenses and Changes in Net Position</b>					
Operating revenues	\$ 393,289	\$ 384,790	\$ 507,169	\$ 2,998,217	\$ 17,607,423
<b>Operating expenses</b>					
Administration & tenant services	125,508	119,005	137,692	916,187	3,391,758
Maintenance & operations	75,177	67,230	91,226	566,076	2,785,711
Utilities & general	43,887	44,737	43,419	322,330	1,673,407
Depreciation and amortization	65,476	71,213	68,159	603,686	4,938,952
Total operating expenses	<u>310,048</u>	<u>302,185</u>	<u>340,496</u>	<u>2,408,279</u>	<u>12,789,828</u>
Operating income	<u>83,241</u>	<u>82,605</u>	<u>166,673</u>	<u>589,938</u>	<u>4,817,595</u>
<b>Non-operating revenues (expenses)</b>					
Investment income	55	195	21	587	30,470
Interest expense	-	(62,454)	-	(113,885)	(4,518,289)
Gains (losses) - capital asset disposition	-	-	-	-	-
Total non-operating (expenses)	<u>55</u>	<u>(62,259)</u>	<u>21</u>	<u>(113,298)</u>	<u>(4,487,820)</u>
Income (loss) before capital contributions	83,296	20,346	166,694	476,640	329,775
<b>Contributions</b>					
Capital contributions - partnerships	-	-	-	-	-
Syndication costs - contra-capital	-	-	-	-	-
Total contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	83,296	20,346	166,694	476,640	329,775
Beginning net position	1,401,257	(112,201)	1,474,875	10,821,615	46,296,921
Ending net position	<u>\$ 1,484,553</u>	<u>\$ (91,855)</u>	<u>\$ 1,641,569</u>	<u>\$ 11,298,255</u>	<u>46,626,696</u>

## HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

### Notes to Basic Financial Statements

June 30, 2022

#### 17. Contingencies

The Authority is a party to various legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects. The Authority's management believes 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.

The Authority is in the process of disposing of its remaining Public Housing project. Under the current contracts, EHA utilizes three non-residential properties, the Colby Office, the Facilities office, and the Wiggums Hollow ballfield. The Public Housing projects also have ownership of certain equipment that has been utilized in operations. Under the terms of the Section 18 disposition, the Authority may submit a retention application to HUD requesting to retain these non-residential properties and the related capital equipment. As of June 30, 2022, EHA did not know if HUD will approve or deny an application requesting to retain the three non-residential properties and related equipment. While it is reasonably possible that HUD will deny the Authority's request to retain the properties and equipment, the Authority does not find this outcome probable. Based on the uncertainty surrounding the application, the Authority determined that the range of possible contingent loss falls between \$0 and \$3,297,205. If the retention application is denied, it is likely that the Authority will enter into negotiations with HUD requesting that we be allowed to purchase the property at below fair market value. However, management has evaluated the circumstances surrounding the application and has determined that a loss is not probable. Therefore, no contingent liability has been accrued as of June 30, 2022, relating to EHA's exit from Public Housing.

#### 18. CARES ACT Funding

On April 28, 2020, HUD released *PIH Notice 2020-08: CARES Act – HCV Program Administrative Fees*. The purpose of this notice was to implement the funding provisions for the Housing Choice Voucher and Mainstream Programs in the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (Public Law 116-136), enacted on March 27, 2020. The CARES Act provides additional appropriations for HAP and administrative fee funding to prevent, prepare for and respond to coronavirus. On May 7, 2020, the Authority received an appropriation of \$581,992 for administrative fees under this notice and expended \$166,919 as of June 30, 2020. The Office of Housing Voucher Programs allocated a second award of administrative fee funding per the CARES Act to public housing agencies (PHAs) administering the Housing Choice Voucher Program and/or Mainstream Vouchers. PHAs use these funds to prevent, prepare for, and respond to coronavirus, per guidance provided in *PIH Notice 2020-18: CARES Act – HCV Program Administrative Fees Second Award*. On August 13, 2020, the Authority received an appropriation of \$772,603 and \$1,748 for the Housing Choice Voucher Program and Mainstream 5 Voucher program, respectively. The Authority had not met the eligibility requirements to recognize the full amount awarded as revenue as of June 30, 2021.

## HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

### Notes to Basic Financial Statements

June 30, 2022

During the year ending June 30, 2021, \$560,624 was expended and recognized as revenue and \$627,052 remained deferred for the Housing Choice Voucher Program. As of June 30, 2021, no amounts had been expended and recognized as revenue for the Mainstream 5 Voucher program and \$1,748 remained deferred. During the year ending June 30, 2022, \$627,052.16 was expended and recognized as revenue and zero remained deferred for the Housing Choice Voucher Program. As of June 30, 2022, \$1,748 was expended and recognized as revenue for the Mainstream 5 Voucher program and zero remained deferred.

The CARES Act authorized an increase in Mainstream 5 Vouchers and funding and directed HUD to proportionally allocate additional vouchers to PHAs that received an award under either of the two most recent Notices of Funding Availability. *PIH Notice 2020-09: CARES Act Mainstream Funding for Public Housing Authorities (PHAs) Awarded Funding Allocations in the 2017 and 2019 Competitions* details this increase in funding. On May 18, 2020, the Authority received an increase in Mainstream vouchers and funding as authorized by the CARES Act. The effective date may be as early as May 1, 2020 and no later than October 1, 2020. The funding award is a 12-month term for 18 units with a budget authority of \$242,850. Leasing of these vouchers began during this fiscal year.

The CARES Act allowed HUD to allocate additional Mainstream 5 vouchers to PHAs non-competitively to help them prevent, prepare for and respond to the coronavirus in their communities. The Authority submitted an application requesting Mainstream 5 Vouchers using the criteria identified in *PIH Notice 2020-22: Mainstream Vouchers – Noncompetitive Opportunity for Additional Vouchers authorized by the CARES Act, Temporary Waivers and Alternative Requirements, and Modified 2020 Housing Assistance Payment (HAP) Renewal Calculation*.

On November 17, 2020, the Authority was awarded new 75 Mainstream 5 vouchers and funding as authorized by the CARES Act. EHA began leasing the new allocation of vouchers on March 1, 2021.

At June 30, 2022 a total of 111 Mainstream vouchers were under lease. This total includes both vouchers previously awarded and vouchers awarded because of CARES act allocations.

## 19. Subsequent Events

### a. COVID

In February 2020, the Governor of the State of Washington declared a state of emergency in response to the spread of a deadly new virus (COVID-19). In the weeks following the declaration, precautionary measures to slow the spread of the virus were ordered. Those measures included closing schools, colleges, and universities, canceling public events, prohibiting public and private gatherings, and requiring people to stay home unless they are leaving for an essential function.

The Housing Authority's work is considered essential work and the Authority, and its employees were able to find ways to work more safely by working from home, changing work activities, and using personal protective equipment when in contact with others. The Authority's residential properties include elderly residents who are especially vulnerable to severe illness from the virus. The property management staff of the Housing Authority continue to take many precautionary measures to keep common areas clean, keep residents from congregating, and educate residents on safe behaviors to eliminate transmission of the virus.

## **HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON**

### **Notes to Basic Financial Statements**

June 30, 2022

As a result of the Governor's Stay-At-Home order many of the Authority's tenants and participants were laid off, furloughed, and/or forced to stay at home because they did not have essential positions, needed to care for children at home, or were required to quarantine. The federal government issued an eviction moratorium which ended on July 31, 2021. The Governor of the State of Washington also issued a moratorium on evictions and imposed a freeze on increases in residential rents through October 30, 2021. Many tenants reported to the Authority that they had reduced or no income to pay their rents.

The Authority has complied with the Governor's proclamations. We have communicated with residents and are implementing deferment/repayment plans with tenants who are experiencing income changes and are unable to pay rent. We are completing mid-year evaluations to determine if participants are eligible for increased subsidy. In addition, after the end of the fiscal year end several residents received rent assistance administered by a local agency enabling them to pay off their outstanding balances, for many in full. With these efforts, rent collections are relatively steady at over 97% for the fiscal year ending June 30, 2021.

The Housing Authority's efforts to minimize the impact of the pandemic on the health of its residents requires resources beyond those needed for everyday operations. With a greater unemployment rate, it is expected that some of the Authority's residents and Section 8 voucher holders will continue to have limited resources to pay for rent and will require more financial support. To meet this increased need, the federal government passed the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), which included additional HCV Program Administrative Fees as well as Housing Assistance Payments to help prevent, prepare for and respond to the coronavirus. The CARES Act also provided additional Public Housing Operating Fund monies to help public housing agencies maintain normal operations and take other necessary actions during the period that the program is impacted by the coronavirus.

The Authority has incurred minimal operational expenses related to the COVID-19 shutdown. Operational costs were primarily to supply staff and stock properties with appropriate personal protective equipment and IT equipment to enable staff to work remotely.

It is unknown at this time what the full financial and operational impacts of the pandemic might be. Management of the Authority will continue to monitor the effects of the pandemic on the Authority's operations.

### **REFINANCING OF HUNTINGTON PARK DEBT WITH BONDS**

In March of 2022, the Authority acquired the 381-unit Huntington Park Apartments in Everett. A short-term loan in the amount of \$118,855,450 was utilized as discussed previously. Over the summer the Authority pursued both an issuer credit rating and a bond credit rating (Social Bonds) from Standard and Poors. EHA received an A+ rating in both cases in July of 2022 and on September 1 issued Revenue and Refunding bonds, designated as Social Bonds, in the amount of \$122,975,000 pursuant to a trust indenture. The previous debt was paid off fully with proceeds from the bonds. The bonds have tranches with varying maturity dates and yields.

**HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON**  
**Schedule of Proportionate Share of the Net Pension Liability**  
**As of June 30, 2021**  
**Last 10 Fiscal Years\***

<b>PERS # 1</b>	<b>2021**</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Employer's proportion of the net pension liability (asset)	0.045165%	0.044073%	0.044004%	0.042756%	0.043642%	0.039816%	0.037174%	0.034937%	0.034695%
Employer's proportionate share of the net pension liability	551,570	1,556,015	1,692,110	1,909,497	2,070,847	2,138,307	1,944,546	1,759,968	2,027,317
Employer's covered payroll	6,934,205	6,698,180	6,231,069	5,684,333	5,525,858	4,516,285	4,281,598	3,853,601	3,819,873
Employer's proportionate share of the net pension liability as a percentage of covered payroll	7.95%	23.23%	27.16%	33.59%	37.48%	47.35%	45.42%	45.67%	53.07%
Plan fiduciary net position as a percentage of the total pension liability	88.74%	68.64%	67.12%	63.22%	61.24%	57.03%	59.10%	61.19%	
<b>PERS #2/3</b>	<b>2021**</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Employer's proportion of the net pension liability (asset)	0.058039%	0.057388%	0.056806%	0.054845%	0.056136%	0.051023%	0.048023%	0.044981%	0.046204%
Employer's proportionate share of the net pension liability	(5,781,618)	733,961	551,779	936,430	1,950,458	2,568,968	1,715,889	909,228	1,972,918
Employer's covered payroll	6,934,205	6,698,180	6,231,069	5,684,333	5,525,858	4,516,285	4,281,598	3,853,601	3,819,873
Employer's proportionate share of the net pension liability as a percentage of covered payroll	-83.38%	10.96%	8.86%	16.47%	35.30%	56.88%	40.08%	23.59%	51.65%
Plan fiduciary net position as a percentage of the total pension liability	120.29%	97.22%	97.77%	95.77%	90.97%	85.82%	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, 2020 for amounts recorded as of June 30, 2021 financial statements related to net pension liabilities, expenses, deferred outflows of resources and deferred inflows of resources.

**HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON**  
**Schedule of Employer Contributions**  
**For the Year Ended June 30, 2022**  
**Last 10 Fiscal Years\***

<b>PERS # 1</b>	<b>2022 **</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Contractually required contributions	257,017	336,428	319,416	315,524	285,788	262,520	225,796	170,851	154,640	89,978
Contributions in relation to the contractually required contributions	(257,017)	(336,428)	(319,416)	(315,524)	(285,788)	(262,520)	(225,796)	(170,851)	(154,640)	(89,978)
Contribution deficiency (excess)		-	-	-	-	-	-	-	-	-
Covered payroll	6,908,248	6,934,205	6,698,180	6,231,069	5,684,333	5,525,858	4,516,285	4,281,598	3,853,601	3,819,873
Contributions as a percentage of covered employer payroll	3.72%	4.85%	4.77%	5.06%	5.03%	4.75%	5.00%	3.99%	4.01%	2.36%
<b>PERS #2/3</b>	<b>2022**</b>	<b>2021**</b>	<b>2020**</b>	<b>2019</b>	<b>2018**</b>	<b>2017**</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Contractually required contributions	439,418	549,791	528,675	463,952	423,189	342,871	294,550	213,920	190,017	179,299
Contributions in relation to the contractually required contributions	(439,418)	(549,791)	(528,675)	(463,952)	(423,189)	(342,871)	(294,550)	(213,920)	(190,017)	(179,299)
Contribution deficiency (excess)		-	-	-	-	-	-	-	-	-
Covered payroll	6,908,248	6,934,205	6,698,180	6,231,069	5,684,333	5,525,858	4,516,285	4,281,598	3,853,601	3,819,873
Contributions as a percentage of covered employer payroll	6.36%	7.93%	7.89%	7.45%	7.44%	6.20%	6.52%	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 provide information as of the measurement date of June 30, 2020 for amounts recorded as of June 30, 2021 financial statements related to net pension liabilities, expenses, deferred outflows of resources and deferred inflows of resources.

**HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON**  
**Notes to the Schedule of Proportionate Share of the Net Pension Liability**  
**June 30, 2022**

**1. Changes of Benefit Terms**

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

**2. Changes of Assumptions**

OSA updated their demographic assumptions based on the results of their latest demographic experience study. This study is completed every six years and includes updates to a wide range of behavioral and demographic assumptions. Please see OSA's 2013-2018 Demographic Experience Study for more details, [leg.wa.gov/osa](http://leg.wa.gov/osa).

OSA updated the Early Retirement Factors and Joint-and-Survivor Factors used in their model. These factors are used to value benefits for members who elect to retire early and for survivors of members that die prior to retirement. These factors match the ones that DRS implemented on October 1, 2020.

**3. Changes of Method**

This valuation includes liabilities and assets for Plan 3 members purchasing Total Allocation Portfolio annuities when determining contribution rates and funded status

OSA Changed their method to updating certain data items that change annually. Examples include the public safety duty-related death lump sum and Washington state average wage. OSA has set these values at 2018 and will project them into the future using assumptions until the next Demographic Experience Study in 2025. Please see the following website for more information on this method change, [leg.wa.gov/osa](http://leg.wa.gov/osa).

**Housing Authority of the City of Everett**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2022**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
CDBG - Entitlement Grants Cluster								
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via City of Everett)	Community Development Block Grants/Entitlement Grants	14,218	NA	536,235	-	536,235	-	1,2,3
Total CDBG - Entitlement Grants Cluster:				536,235	-	536,235	-	
Section 8 Project-Based Cluster								
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Section 8 Moderate Rehabilitation Single Room Occupancy	14,249		-	147,480	147,480	-	1,2
ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation	14,856		-	54,820	54,820	-	1,2
Total Section 8 Project-Based Cluster:				-	202,300	202,300	-	
ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Public and Indian Housing	14,850		-	93,028	93,028	-	1,2
Housing Voucher Cluster								
ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Section 8 Housing Choice Vouchers	14,871		-	45,342,380	45,342,380	-	1,2

The accompanying notes are an integral part of this schedule.



**Housing Authority of the City of Everett  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2022**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures				
				From Pass- Through Awards	From Direct Awards	Total	Passed through to Subrecipients	Note
ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	COVID 19 - Emergency Housing Vouchers	14.871		-	544,324	544,324	-	1,2,5
ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	COVID 19 - Section 8 Housing Choice Vouchers	14.871		-	627,052	627,052	-	1,2,5
ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Mainstream Vouchers	14.879	Total ALN 14.871:	-	46,513,756	46,513,756	-	
				-	1,805,185	1,805,185	-	1,2
ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	COVID 19 - Mainstream Vouchers	14.879		-	1,748	1,748	-	1,2,5
			Total ALN 14.879:	-	1,806,933	1,806,933	-	
				-	48,320,689	48,320,689	-	
ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Family Self-Sufficiency Program	14.896		-	78,102	78,102	-	1,2
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Snohomish County Human Services)	COVID 19 - Coronavirus Relief Fund	21.019	A-20-19-27-184	8,111	-	8,111	-	1,2

The accompanying notes are an integral part of this schedule.

**Housing Authority of the City of Everett**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2022**

		Expenditures					Passed through to Subrecipients	Note
		Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	From Pass-Through Awards	From Direct Awards	Total
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via via Snohomish County Human Services)	COVID 19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	A-22-AR-03-184	46,415	-	46,415	-	46,415
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via via YWCA)	Emergency Food and Shelter National Board Program	97.024	892400037	3,898	-	3,898	-	3,898
<b>Total Federal Awards Expended:</b>						<b>594,659</b>	<b>48,694,119</b>	<b>49,288,778</b>
							<b>-</b>	

**HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON**  
**Notes to the Supplemental Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2022**

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. Federal Loans

Outstanding loan balances with continuing compliance requirements, including those received and expended in prior years are the following:

CDBG Loan:

City of Everett CDBG loan for Evergreen Cottages in the amount of \$539,084 with a loan term of 2020 – 2045. As of June 30, 2022, the balance of the loan and amount of expended proceeds is \$536,235. We do not expect to draw the remaining balance of the loan.

4. Indirect Cost Rate

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

5. CARES Act Grant Funding

The Everett Housing Authority received grant funding for various programs through the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (Public Law 116-136), enacted on March 27, 2020. No new CFDA number was issued for the CARES Act funding, therefore the supplemental funding is reported under the CFDA number associated with the program on the Schedule when expended. The breakout is as follows:

Supplemental HCV Administrative Fees and HAP expended is reported under CFDA number 14.871 “Section 8 Housing Choice Vouchers”

The Authority received Supplemental HCV Administrative fees in the amount of \$581,992 as of June 30,2020. As of June 30, 2020, \$166,919 of this amount had been expended. The Authority received an additional allocation of Supplemental HCV Administrative fee in the amount of \$772,603 in August 2020 and an allocation of CARES Act HAP Shortfall funding in the amount of \$508,288 in November 2020. As of June 30,2021, \$1,068,912 had been expended and \$627,052 remained in unearned revenue. As of June 30, 2022, the entire grant has been expended.

The Authority received CARES Act funding for the Mainstream 5 program in the amount of \$1,748. As of June 30, 2022 the entire grant has been expended.

**HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON**  
**Supplemental Financial Data Schedule**  
**Statement of Net Position**  
**As of June 30, 2022**

Line item number & account description	14.871 Housing Choice Vouchers	14.879 Mainstream Vouchers	14.EHV Emergency Housing Voucher	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.856 Lower Income Housing Assistance Program, Section 8 Moderate	14.MSC Mainstream CARES Act Funding	14.HCC HCV CARES Act Funding
111 Cash - Unrestricted	1,219,472	-	-	74,326	38,942	-	-
112 Cash - Restricted - Modernization and Development	-	-	-	-	-	-	-
113 Cash - Other Restricted	75,022	-	70,788	-	-	-	-
114 Cash - Tenant Security Deposits	-	-	-	-	-	-	-
115 Cash - Restricted for Payment of Current Liabilities	130,440	-	-	-	-	-	-
100 Total Cash	1,424,934	-	70,788	74,326	38,942	-	-
121 Accounts Receivable - PHA Projects	-	-	-	-	-	-	-
122 Accounts Receivable - HUD Other Projects	-	59,889	39,842	58,887	11,231	-	-
124 Accounts Receivable - Other Government	137,440	-	-	-	-	-	-
125 Accounts Receivable - Miscellaneous	85,728	-	1,502	-	-	-	-
126 Accounts Receivable - Tenants	-	-	-	-	-	-	-
126.1 Allowance for Doubtful Accounts - Tenants	-	-	-	-	-	-	-
126.2 Allowance for Doubtful Accounts - Other	(41,711)	(606)	-	(277)	-	-	-
127 Notes, Loans, & Mortgages Receivable - Current	-	-	-	-	-	-	-
128 Fraud Recovery	176,439	4,851	-	2,212	-	-	-
128.1 Allowance for Doubtful Accounts - Fraud	(41,711)	(606)	-	(277)	-	-	-
129 Accrued Interest Receivable	-	-	-	-	-	-	-
120 Total Receivables, Net of Allowances for Doubtful Accounts	316,185	63,528	41,344	60,545	11,231	-	-
131 Investments - Unrestricted	-	-	-	-	-	-	-
132 Investments - Restricted	-	-	-	-	-	-	-
135 Investments - Restricted for Payment of Current Liability	-	-	-	-	-	-	-
142 Prepaid Expenses and Other Assets	631	-	-	-	-	-	-
143 Inventories	-	-	-	-	-	-	-
143.1 Allowance for Obsolete Inventories	-	-	-	-	-	-	-
144 Inter Program Due From	-	-	-	-	-	-	-
145 Assets Held for Sale	-	-	-	-	-	-	-
150 Total Current Assets	1,741,750	63,528	112,132	134,871	50,173	-	-
161 Land	-	-	-	-	-	-	-
162 Buildings	154,860	-	-	-	-	-	-
163 Furniture, Equipment & Machinery - Dwellings	-	-	-	-	-	-	-
164 Furniture, Equipment & Machinery - Administration	87,256	-	-	-	-	-	-
165 Leasehold Improvements	-	-	-	-	-	-	-
166 Accumulated Depreciation	(166,433)	-	-	-	-	-	-
167 Construction in Progress	-	-	-	-	-	-	-
168 Infrastructure	-	-	-	-	-	-	-
160 Total Capital Assets, Net of Accumulated Depreciation	75,683	-	-	-	-	-	-
171 Notes, Loans and Mortgages Receivable - Non-Current	-	-	-	-	-	-	-

**HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON**  
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**As of June 30, 2022**

Line item number & account description	14.871 Housing Choice Vouchers	14.879 Mainstream Vouchers	14.EHV Emergency Housing Voucher	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.856 Lower Income Housing Assistance Program, Section 8 Moderate	14.MSC Mainstream CARES Act Funding	14.HCC HCV CARES Act Funding
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due	-	-	-	-	-	-	-
173 Grants Receivable - Non Current	-	-	-	-	-	-	-
174 Other Assets	1,039,427	-	-	-	-	-	-
176 Investments in Joint Ventures	-	-	-	-	-	-	-
180 Total Non-Current Assets	<u>1,115,110</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
200 Deferred Outflow of Resources	<u>200,238</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
290 Total Assets and Deferred Outflow of Resources	<u>\$ 3,057,098</u>	<u>\$ 63,528</u>	<u>\$ 112,132</u>	<u>\$ 134,871</u>	<u>\$ 50,173</u>	<u>\$ -</u>	<u>\$ -</u>

**HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON**  
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**Statement of Net Position**  
**As of June 30, 2022**

Line item number & account description	14.871 Housing Choice Vouchers	14.879 Mainstream Vouchers	14.EHV Emergency Housing Voucher	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.856 Lower Income Housing Assistance Program, Section 8 Moderate	14.MSC Mainstream CARES Act Funding	14.HCC HCV CARES Act Funding
311 Bank Overdraft	-	-	-	-	-	-	-
312 Accounts Payable <= 90 Days	30,153	1,329	1,400	783	298	-	-
313 Accounts Payable >90 Days Past Due	-	-	-	-	-	-	-
321 Accrued Wage/Payroll Taxes Payable	-	-	-	-	-	-	-
322 Accrued Compensated Absences - Current Portion	39,184	1,900	3,238	205	78	-	-
324 Accrued Contingency Liability	-	-	-	-	-	-	-
325 Accrued Interest Payable	-	-	-	-	-	-	-
331 Accounts Payable - HUD PHA Programs	150	-	6,162	-	-	-	-
332 Account Payable - PHA Projects	-	-	-	-	-	-	-
333 Accounts Payable - Other Government	-	-	-	-	-	-	-
341 Tenant Security Deposits	-	-	-	-	-	-	-
342 Unearned Revenue	-	-	70,788	-	-	-	-
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	-	-	-	-	-	-	-
344 Current Portion of Long-term Debt - Operating Borrowings	-	-	-	-	-	-	-
345 Other Current Liabilities	130,440	-	-	-	-	-	-
346 Accrued Liabilities - Other	-	-	-	-	-	-	-
347 Inter Program - Due To	-	282,104	130,940	-	-	-	-
348 Loan Liability - Current	-	-	-	-	-	-	-
310 Total Current Liabilities	199,927	285,333	212,528	988	376	-	-
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	-	-	-	-	-
352 Long-term Debt, Net of Current - Operating Borrowings	-	-	-	-	-	-	-
353 Non-current Liabilities - Other	75,022	-	-	-	-	-	-
354 Accrued Compensated Absences - Non Current	117,552	5,700	9,714	614	234	-	-
355 Loan Liability - Non Current	-	-	-	-	-	-	-
356 FASB 5 Liabilities	-	-	-	-	-	-	-
357 Accrued Pension and OPEB Liabilities	99,162	-	-	-	-	-	-
350 Total Non-Current Liabilities	291,736	5,700	9,714	614	234	-	-
300 Total Liabilities	491,663	291,033	222,242	1,602	610	-	-
400 Deferred Inflow of Resources	1,069,569	-	-	-	-	-	-
508.4 Net Investment in Capital Assets	75,683	-	-	-	-	-	-
511.4 Restricted Net Position	103,545	-	-	-	-	-	-
512.4 Unrestricted Net Position	1,316,638	(227,505)	(110,110)	133,269	49,563	-	-
513 Total Equity - Net Assets / Position	1,495,866	(227,505)	(110,110)	133,269	49,563	-	-
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$ 3,057,098	\$ 63,528	\$ 112,132	\$ 134,871	\$ 50,173	\$ -	\$ -

**HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON**  
**Supplemental Financial Data Schedule**  
**Statement of Net Position**  
**As of June 30, 2022**

Line item number & account description	97.024 Emergency Food and Shelter National Board Program	21.019 Coronavirus Relief Fund	14.896 PIH Family Self-Sufficiency Program	21.027 Coronavirus State and Local Fiscal Recovery Funds	14.218 Community Development Block Grants/Entitlement Grants
111 Cash - Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -
112 Cash - Restricted - Modernization and Development	-	-	-	-	-
113 Cash - Other Restricted	-	-	-	-	-
114 Cash - Tenant Security Deposits	-	-	-	-	-
115 Cash - Restricted for Payment of Current Liabilities	-	-	-	-	-
100 Total Cash	-	-	-	-	-
121 Accounts Receivable - PHA Projects	-	-	-	-	-
122 Accounts Receivable - HUD Other Projects	-	-	6,259	-	-
124 Accounts Receivable - Other Government	-	-	-	20,050	-
125 Accounts Receivable - Miscellaneous	-	-	-	-	-
126 Accounts Receivable - Tenants	-	-	-	-	-
126.1 Allowance for Doubtful Accounts - Tenants	-	-	-	-	-
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	-	-	6,259	20,050	-
131 Investments - Unrestricted	-	-	-	-	-
132 Investments - Restricted	-	-	-	-	-
135 Investments - Restricted for Payment of Current Liability	-	-	-	-	-
142 Prepaid Expenses and Other Assets	-	-	-	-	-
143 Inventories	-	-	-	-	-
143.1 Allowance for Obsolete Inventories	-	-	-	-	-
144 Inter Program Due From	-	-	-	-	574,961
145 Assets Held for Sale	-	-	-	-	-
150 Total Current Assets	-	-	6,259	20,050	574,961
161 Land	-	-	-	-	-
162 Buildings	-	-	-	-	-
163 Furniture, Equipment & Machinery - Dwellings	-	-	-	-	-
164 Furniture, Equipment & Machinery - Administration	-	-	-	-	-
165 Leasehold Improvements	-	-	-	-	-
166 Accumulated Depreciation	-	-	-	-	-
167 Construction in Progress	-	-	-	-	-
168 Infrastructure	-	-	-	-	-
160 Total Capital Assets, Net of Accumulated Depreciation	-	-	-	-	-
171 Notes, Loans and Mortgages Receivable - Non-Current	-	-	-	-	-
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due	-	-	-	-	-
173 Grants Receivable - Non Current	-	-	-	-	-



**HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON**  
**Supplemental Financial Data Schedule**  
**Statement of Net Position**  
**As of June 30, 2022**

Line item number & account description	97.024 Emergency Food and Shelter National Board Program	21.019 Coronavirus Relief Fund	14.896 PIH Family Self-Sufficiency Program	21.027 Coronavirus State and Local Fiscal Recovery Funds	14.218 Community Development Block Grants/Entitlement Grants
174 Other Assets	-	-	-	-	-
176 Investments in Joint Ventures	-	-	-	-	-
180 Total Non-Current Assets	-	-	-	-	-
200 Deferred Outflow of Resources	-	-	-	-	-
290 Total Assets and Deferred Outflow of Resources	\$ -	\$ -	\$ 6,259	\$ 20,050	\$ 574,961

**HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON**  
**Supplemental Financial Data Schedule**  
**Statement of Net Position**  
**As of June 30, 2022**

Line item number & account description	97.024 Emergency Food and Shelter National Board Program	21.019 Coronavirus Relief Fund	14.896 PIH Family Self-Sufficiency Program	21.027 Coronavirus State and Local Fiscal Recovery Funds	14.218 Community Development Block Grants/Entitlement Grants
311 Bank Overdraft	-	-	-	-	-
312 Accounts Payable <= 90 Days	-	-	155	1,259	-
313 Accounts Payable >90 Days Past Due	-	-	-	-	-
321 Accrued Wage/Payroll Taxes Payable	-	-	-	-	-
322 Accrued Compensated Absences - Current Portion	-	-	872	-	-
324 Accrued Contingency Liability	-	-	-	-	-
325 Accrued Interest Payable	-	-	-	-	38,726
331 Accounts Payable - HUD PHA Programs	-	-	-	-	-
332 Account Payable - PHA Projects	-	-	-	-	-
333 Accounts Payable - Other Government	-	-	-	-	-
341 Tenant Security Deposits	-	-	-	-	-
342 Unearned Revenue	-	-	-	-	-
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	-	-	-	-	-
344 Current Portion of Long-term Debt - Operating Borrowings	-	-	-	-	-
345 Other Current Liabilities	-	-	-	-	-
346 Accrued Liabilities - Other	-	-	-	-	-
347 Inter Program - Due To	-	-	5,232	18,791	-
348 Loan Liability - Current	-	-	-	-	-
310 Total Current Liabilities	-	-	6,259	20,050	38,726
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	-	-	-
352 Long-term Debt, Net of Current - Operating Borrowings	-	-	-	-	536,235
353 Non-current Liabilities - Other	-	-	-	-	-
354 Accrued Compensated Absences - Non Current	-	-	-	-	-
355 Loan Liability - Non Current	-	-	-	-	-
356 FASB 5 Liabilities	-	-	-	-	-
357 Accrued Pension and OPEB Liabilities	-	-	-	-	-
350 Total Non-Current Liabilities	-	-	-	-	536,235
300 Total Liabilities	-	-	6,259	20,050	574,961
400 Deferred Inflow of Resources	-	-	-	-	-
508.4 Net Investment in Capital Assets	-	-	-	-	-
511.4 Restricted Net Position	-	-	-	-	-
512.4 Unrestricted Net Position	-	-	-	-	-
513 Total Equity - Net Assets / Position	-	-	-	-	-
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$ -	\$ -	\$ 6,259	\$ 20,050	\$ 574,961

**HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON**  
**Supplemental Financial Data Schedule**  
**Statement of Net Position**  
**As of June 30, 2022**

Line item number & account description	Baker Heights WAO06000100	Scattered Sites WAO06000500	Other Project	Total Public Housing Projects	COCC	6.2 Component Unit - Blended	1 Business Activities
111 Cash - Unrestricted	\$ 1,224,681	\$ 85	\$ -	\$ 1,224,766	\$ -	\$ 118,002	\$ 15,782,682
112 Cash - Restricted - Modernization and Development	-	-	-	-	-	-	-
113 Cash - Other Restricted	-	-	-	-	-	759,905	13,907,210
114 Cash - Tenant Security Deposits	-	-	-	-	-	41,119	141,824
115 Cash - Restricted for Payment of Current Liabilities	-	-	-	-	-	-	-
100 Total Cash	1,224,681	85	-	1,224,766	-	919,026	29,831,716
121 Accounts Receivable - PHA Projects	-	-	-	-	-	-	-
122 Accounts Receivable - HUD Other Projects	-	-	-	-	-	-	-
124 Accounts Receivable - Other Government	-	-	-	-	-	318,188	1,412,849
125 Accounts Receivable - Miscellaneous	-	-	-	-	-	24,107	1,025,507
126 Accounts Receivable - Tenants	-	-	-	-	-	1,132	299,051
126.1 Allowance for Doubtful Accounts - Tenants	-	-	-	-	-	-	(4,514)
126.2 Allowance for Doubtful Accounts - Other	-	-	-	-	-	-	-
127 Notes, Loans, & Mortgages Receivable - Current	-	-	-	-	-	-	672,194
128 Fraud Recovery	-	-	-	-	-	-	-
128.1 Allowance for Doubtful Accounts - Fraud	-	-	-	-	-	-	-
129 Accrued Interest Receivable	-	-	-	-	-	-	1,693,499
120 Total Receivables, Net of Allowances for Doubtful Accounts	-	-	-	-	-	343,427	5,098,586
131 Investments - Unrestricted	-	-	-	-	-	-	-
132 Investments - Restricted	-	-	-	-	-	-	-
135 Investments - Restricted for Payment of Current Liability	-	-	-	-	-	-	-
142 Prepaid Expenses and Other Assets	1,558	-	-	1,558	11,324	51,986	26,800
143 Inventories	-	-	-	-	50,850	-	-
143.1 Allowance for Obsolete Inventories	-	-	-	-	-	-	-
144 Inter Program Due From	-	-	-	-	418,275	-	600,303
145 Assets Held for Sale	-	-	-	-	-	-	-
150 Total Current Assets	1,226,239	85	-	1,226,324	480,449	1,314,439	35,557,405
161 Land	9,975	-	-	9,975	217,289	2,080,821	25,510,549
162 Buildings	8,816,767	-	-	8,816,767	5,053,055	10,857,647	102,874,154
163 Furniture, Equipment & Machinery - Dwellings	-	-	-	-	-	913,818	661,860
164 Furniture, Equipment & Machinery - Administration	194,377	-	-	194,377	768,417	112,122	477,959
165 Leasehold Improvements	-	-	-	-	-	-	-
166 Accumulated Depreciation	(8,948,798)	-	-	(8,948,798)	(2,803,903)	(7,467,808)	(2,217,325)
167 Construction in Progress	-	-	-	-	-	-	3,378,580
168 Infrastructure	-	-	-	-	-	-	-
160 Total Capital Assets, Net of Accumulated Depreciation	72,321	-	-	72,321	3,234,858	6,496,600	130,685,777
171 Notes, Loans and Mortgages Receivable - Non-Current	-	-	-	-	-	-	150,076,839
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due	-	-	-	-	-	-	-
173 Grants Receivable - Non Current	-	-	-	-	-	-	-

**HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON**  
**Supplemental Financial Data Schedule**  
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Line item number & account description	Baker Heights WAO06000100	Scattered Sites WAO06000500	Other Project	Total Public Housing Projects	COCC	6.2 Component Unit - Blended	1 Business Activities
174 Other Assets	-	-	-	-	558,068	-	8,653,232
176 Investments in Joint Ventures	-	-	-	-	-	-	-
180 Total Non-Current Assets	72,321	-	-	72,321	3,792,926	6,496,600	289,415,848
200 Deferred Outflow of Resources	-	-	-	-	107,508	-	806,041
290 Total Assets and Deferred Outflow of Resources	\$ 1,298,560	\$ 85	\$ -	\$ 1,298,645	\$ 4,380,883	\$ 7,811,039	\$ 325,779,294

**HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON**  
**Supplemental Financial Data Schedule**  
**Statement of Net Position**  
**As of June 30, 2022**

Line item number & account description	Baker Heights WAO06000100	Scattered Sites WAO06000500	Other Project	Total Public Housing Projects	COCC	6.2 Component Unit - Blended	1 Business Activities
311 Bank Overdraft	-	-	-	-	-	-	-
312 Accounts Payable <= 90 Days	16,715	85	-	16,800	37,145	42,960	499,907
313 Accounts Payable >90 Days Past Due	-	-	-	-	-	-	-
321 Accrued Wage/Payroll Taxes Payable	-	-	-	-	355,755	-	-
322 Accrued Compensated Absences - Current Portion	-	-	-	-	24,731	7,301	109,192
324 Accrued Contingency Liability	-	-	-	-	-	-	-
325 Accrued Interest Payable	-	-	-	-	-	-	706,477
331 Accounts Payable - HUD PHA Programs	-	-	-	-	-	-	-
332 Account Payable - PHA Projects	-	-	-	-	-	-	-
333 Accounts Payable - Other Government	-	-	-	-	1,394,132	3,233	-
341 Tenant Security Deposits	-	-	-	-	-	41,119	141,824
342 Unearned Revenue	-	-	-	-	-	647	57,794
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	-	-	-	-	-	-	118,889,744
344 Current Portion of Long-term Debt - Operating Borrowings	-	-	-	-	-	-	539,338
345 Other Current Liabilities	-	-	-	-	-	-	-
346 Accrued Liabilities - Other	-	-	-	-	135,698	-	92,861
347 Inter Program - Due To	-	-	-	-	-	-	1,156,472
348 Loan Liability - Current	-	-	-	-	-	-	-
310 Total Current Liabilities	16,715	85	-	16,800	1,947,461	95,260	122,193,609
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	-	-	-	130,000	3,338,473
352 Long-term Debt, Net of Current - Operating Borrowings	-	-	-	-	-	247,534	67,185,314
353 Non-current Liabilities - Other	-	-	-	-	-	-	282,311
354 Accrued Compensated Absences - Non Current	-	-	-	-	74,193	21,909	242,371
355 Loan Liability - Non Current	-	-	-	-	-	-	-
356 FASB 5 Liabilities	-	-	-	-	-	-	-
357 Accrued Pension and OPEB Liabilities	-	-	-	-	53,240	-	399,168
350 Total Non-Current Liabilities	-	-	-	-	127,433	399,443	71,447,837
300 Total Liabilities	16,715	85	-	16,800	2,074,894	494,703	193,641,246
400 Deferred Inflow of Resources	-	-	-	-	574,251	-	4,911,779
508.4 Net Investment in Capital Assets	72,321	-	-	72,321	3,234,859	6,366,600	8,380,161
511.4 Restricted Net Position	-	-	-	-	125,595	759,905	14,848,858
512.4 Unrestricted Net Position	1,209,524	-	-	1,209,524	(1,628,716)	189,831	103,997,250
513 Total Equity - Net Assets / Position	1,281,845	-	-	1,281,845	1,731,738	7,316,336	127,226,269
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$ 1,298,560	\$ 85	\$ -	\$ 1,298,645	\$ 4,380,883	\$ 7,811,039	\$ 325,779,294

**HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON**  
**Supplemental Financial Data Schedule**  
**Statement of Net Position**  
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Line item number & account description	Total Other Programs	Subtotal Housing Authority Projects/Programs	Component Unit Blended	Eliminations	Total Housing Authority	6.1 Component Unit -Discretely Presented	Memorandum Total
111 Cash - Unrestricted	\$ 17,115,422	\$ 18,340,188	\$ 118,002	\$ -	\$ 18,458,190	\$ 4,352,260	\$ 22,810,450
112 Cash - Restricted - Modernization and Development	-	-	-	-	-	-	-
113 Cash - Other Restricted	14,053,020	14,053,020	759,905	-	14,812,925	30,989,544	45,802,469
114 Cash - Tenant Security Deposits	141,824	141,824	41,119	-	182,943	348,180	531,123
115 Cash - Restricted for Payment of Current Liabilities	130,440	130,440	-	-	130,440	-	130,440
100 Total Cash	31,440,706	32,665,472	919,026	-	33,584,498	35,689,984	69,274,482
121 Accounts Receivable - PHA Projects	-	-	-	-	-	-	-
122 Accounts Receivable - HUD Other Projects	176,108	176,108	-	-	176,108	-	176,108
124 Accounts Receivable - Other Government	1,570,339	1,570,339	318,188	-	1,888,527	416,704	2,305,231
125 Accounts Receivable - Miscellaneous	1,112,737	1,112,737	24,107	-	1,136,844	14,050	1,150,894
126 Accounts Receivable - Tenants	299,051	299,051	1,132	-	300,183	138,422	438,605
126.1 Allowance for Doubtful Accounts - Tenants	(4,514)	(4,514)	-	-	(4,514)	(34,545)	(39,059)
126.2 Allowance for Doubtful Accounts - Other	(42,594)	(42,594)	-	-	(42,594)	-	(42,594)
127 Notes, Loans, & Mortgages Receivable - Current	672,194	672,194	-	-	672,194	-	672,194
128 Fraud Recovery	183,502	183,502	-	-	183,502	-	183,502
128.1 Allowance for Doubtful Accounts - Fraud	(42,594)	(42,594)	-	-	(42,594)	-	(42,594)
129 Accrued Interest Receivable	1,693,499	1,693,499	-	-	1,693,499	13,219	1,706,718
120 Total Receivables, Net of Allowances for Doubtful Accounts	5,617,728	5,617,728	343,427	-	5,961,155	547,850	6,509,005
131 Investments - Unrestricted	-	-	-	-	-	-	-
132 Investments - Restricted	-	-	-	-	-	-	-
135 Investments - Restricted for Payment of Current Liability	-	-	-	-	-	-	-
142 Prepaid Expenses and Other Assets	27,431	40,313	51,986	-	92,299	133,739	226,038
143 Inventories	-	50,850	-	-	50,850	-	50,850
143.1 Allowance for Obsolete Inventories	-	-	-	-	-	-	-
144 Inter Program Due From	1,175,264	1,593,539	-	(1,593,539)	-	-	-
145 Assets Held for Sale	-	-	-	-	-	-	-
150 Total Current Assets	38,261,129	39,967,902	1,314,439	(1,593,539)	39,688,802	36,371,573	76,060,375
161 Land	25,510,549	25,737,813	2,080,821	-	27,818,634	10,782,021	38,600,655
162 Buildings	103,029,014	116,898,836	10,857,647	-	127,756,483	176,361,090	304,117,573
163 Furniture, Equipment & Machinery - Dwellings	661,860	661,860	913,818	-	1,575,678	3,066,306	4,641,984
164 Furniture, Equipment & Machinery - Administration	565,215	1,528,009	112,122	-	1,640,131	711,185	2,351,316
165 Leasehold Improvements	-	-	-	-	-	46,020	46,020
166 Accumulated Depreciation	(2,383,758)	(14,136,459)	(7,467,808)	-	(21,604,267)	(41,753,629)	(63,357,896)
167 Construction in Progress	3,378,580	3,378,580	-	-	3,378,580	14,933,061	18,311,641
168 Infrastructure	-	-	-	-	-	-	-
160 Total Capital Assets, Net of Accumulated Depreciation	130,761,460	134,068,639	6,496,600	-	140,565,239	164,146,054	304,711,293
171 Notes, Loans and Mortgages Receivable - Non-Current	150,076,839	150,076,839	-	-	150,076,839	-	150,076,839
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due	-	-	-	-	-	-	-
173 Grants Receivable - Non Current	-	-	-	-	-	-	-
174 Other Assets	9,692,659	10,250,727	-	-	10,250,727	553,930	10,804,657

**HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON**  
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**As of June 30, 2022**

Line item number & account description	Total Other Programs	Subtotal Housing Authority Projects/Programs	Component Unit Blended	Eliminations	Total Housing Authority	6.1 Component Unit -Discretely Presented	Memorandum Total
176 Investments in Joint Ventures	-	-	-	-	-	-	-
180 Total Non-Current Assets	290,530,958	294,396,205	6,496,600	-	300,892,805	164,699,984	465,592,789
200 Deferred Outflow of Resources	1,006,279	1,113,787	-	-	1,113,787	-	1,113,787
290 Total Assets and Deferred Outflow of Resources	\$ 329,798,366	\$ 335,477,894	\$ 7,811,039	\$ (1,593,539)	\$ 341,695,394	\$ 201,071,557	\$ 542,766,951

**HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON**  
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**Statement of Net Position**  
**As of June 30, 2022**

Line item number & account description	Total Other Programs	Subtotal Housing Authority Projects/Programs	Component Unit Blended	Eliminations	Total Housing Authority	6.1 Component Unit -Discretely Presented	Memorandum Total
311 Bank Overdraft	-	-	-	-	-	-	-
312 Accounts Payable <= 90 Days	535,284	589,229	42,960	-	632,189	2,475,079	3,107,268
313 Accounts Payable >90 Days Past Due	-	-	-	-	-	-	-
321 Accrued Wage/Payroll Taxes Payable	-	355,755	-	-	355,755	-	355,755
322 Accrued Compensated Absences - Current Portion	154,669	179,400	7,301	-	186,701	75,772	262,473
324 Accrued Contingency Liability	-	-	-	-	-	-	-
325 Accrued Interest Payable	745,203	745,203	-	-	745,203	1,425,161	2,170,364
331 Accounts Payable - HUD PHA Programs	6,312	6,312	-	-	6,312	-	6,312
332 Account Payable - PHA Projects	-	-	-	-	-	-	-
333 Accounts Payable - Other Government	-	1,394,132	3,233	-	1,397,365	149,797	1,547,162
341 Tenant Security Deposits	141,824	141,824	41,119	-	182,943	348,179	531,122
342 Unearned Revenue	128,582	128,582	647	-	129,229	18,678	147,907
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	118,889,744	118,889,744	-	-	118,889,744	1,971,921	120,861,665
344 Current Portion of Long-term Debt - Operating Borrowings	539,338	539,338	-	-	539,338	-	539,338
345 Other Current Liabilities	130,440	130,440	-	-	130,440	10,000	140,440
346 Accrued Liabilities - Other	92,861	228,559	-	-	228,559	584,595	813,154
347 Inter Program - Due To	1,593,539	1,593,539	-	(1,593,539)	-	-	-
348 Loan Liability - Current	-	-	-	-	-	-	-
310 Total Current Liabilities	122,957,796	124,922,057	95,260	(1,593,539)	123,423,778	7,059,182	130,482,960
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	3,338,473	3,338,473	130,000	-	3,468,473	131,530,056	134,998,529
352 Long-term Debt, Net of Current - Operating Borrowings	67,721,549	67,721,549	247,534	-	67,969,083	674,148	68,643,231
353 Non-current Liabilities - Other	357,333	357,333	-	-	357,333	14,954,163	15,311,496
354 Accrued Compensated Absences - Non Current	376,185	450,378	21,909	-	472,287	227,325	699,612
355 Loan Liability - Non Current	-	-	-	-	-	-	-
356 FASB 5 Liabilities	-	-	-	-	-	-	-
357 Accrued Pension and OPEB Liabilities	498,330	551,570	-	-	551,570	-	551,570
350 Total Non-Current Liabilities	72,291,870	72,419,303	399,443	-	72,818,746	147,385,692	220,204,438
300 Total Liabilities	195,249,666	197,341,360	494,703	(1,593,539)	196,242,524	154,444,874	350,687,398
400 Deferred Inflow of Resources	5,981,348	6,555,599	-	-	6,555,599	-	6,555,599
508.4 Net Investment in Capital Assets	8,455,844	11,763,024	6,366,600	-	18,129,624	30,644,077	48,773,701
511.4 Restricted Net Position	14,952,403	15,077,998	759,905	-	15,837,903	30,989,545	46,827,448
512.4 Unrestricted Net Position	105,159,105	104,739,913	189,831	-	104,929,744	(15,006,939)	89,922,805
513 Total Equity - Net Assets / Position	128,567,352	131,580,935	7,316,336	-	138,897,271	46,626,683	185,523,954
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$ 329,798,366	\$ 335,477,894	\$ 7,811,039	\$ (1,593,539)	\$ 341,695,394	\$ 201,071,557	\$ 542,766,951



**HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON**  
**Supplemental Financial Data Schedule**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Year Ended June 30, 2022**

Line item number & account description	14.871 Housing Choice Vouchers	14.879 Mainstream Vouchers	14.EHV Emergency Housing Voucher	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	14.MSC Mainstream CARES Act Funding	14.HCC HCV CARES Act Funding
70300 Net Tenant Rental Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
70400 Tenant Revenue - Other	-	-	-	-	-	-	-
70500 Total Tenant Revenue	-	-	-	-	-	-	-
70600 HUD PHA Operating Grants	45,206,443	1,691,491	411,617	148,465	55,146	1,748	627,052
70610 Capital Grants	-	-	-	-	-	-	-
70710 Management Fee	-	-	-	-	-	-	-
70720 Asset Management Fee	-	-	-	-	-	-	-
70730 Book Keeping Fee	-	-	-	-	-	-	-
70740 Front Line Service Fee	-	-	-	-	-	-	-
70750 Other Fees	-	-	-	-	-	-	-
70700 Total Fee Revenue	-	-	-	-	-	-	-
70800 Other Government Grants	-	-	-	-	-	-	-
71100 Investment Income - Unrestricted	1,209	-	192	172	65	-	-
71200 Mortgage Interest Income	-	-	-	-	-	-	-
71300 Proceeds from Disposition of Assets Held for Sale	-	-	-	-	-	-	-
71310 Cost of Sale of Assets	-	-	-	-	-	-	-
71400 Fraud Recovery	53,685	-	-	-	-	-	-
71500 Other Revenue	321,942	-	-	-	-	-	-
71600 Gain or Loss on Sale of Capital Assets	-	-	-	-	-	-	-
72000 Investment Income - Restricted	-	-	-	-	-	-	-
70000 Total Revenue	45,583,279	1,691,491	411,809	148,637	55,211	1,748	627,052
91100 Administrative Salaries	715,438	60,094	113,912	9,808	3,737	1,438	175,163
91200 Auditing Fees	43,097	2,087	790	286	109	-	-
91300 Management Fee	726,151	24,671	3,811	2,604	1,140	-	-
91310 Book-keeping Fee	280,297	25,410	1,366	1,628	712	-	-
91400 Advertising and Marketing	4,286	15	-	2	1	-	-
91500 Employee Benefit contributions - Administrative	421,860	22,508	34,842	3,515	1,339	310	-
91600 Office Expenses	216,141	8,759	3,675	1,186	452	-	45,158
91700 Legal Expense	-	-	-	-	-	-	-
91800 Travel	11,370	564	480	16	6	-	-
91810 Allocated Overhead	-	-	-	-	-	-	-
91900 Other	20,172	900	435	9,208	3,508	-	-
91000 Total Operating - Administrative	2,438,812	145,008	159,311	28,253	11,004	1,748	220,321
92000 Asset Management Fee	-	-	-	-	-	-	-
92100 Tenant Services - Salaries	6,182	-	-	-	-	-	146,728
92200 Relocation Costs	-	-	27,212	-	-	-	-
92300 Employee Benefit Contributions - Tenant Services	9,271	-	-	-	-	-	34,762
92400 Tenant Services - Other	1,979	-	-	-	-	-	46

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**Statement of Revenues, Expenses and Changes in Net Position**  
**Year Ended June 30, 2022**

Line item number & account description	14.871 Housing Choice Vouchers	14.879 Mainstream Vouchers	14.EHV Emergency Housing Voucher	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	14.MSC Mainstream CARES Act Funding	14.HCC HCV CARES Act Funding
92500 Total Tenant Services	17,432	-	27,212	-	-	-	181,536
93100 Water	-	-	-	-	-	-	-
93200 Electricity	-	-	-	-	-	-	-
93300 Gas	-	-	-	-	-	-	-
93400 Fuel	-	-	-	-	-	-	-
93500 Labor	-	-	-	-	-	-	-
93600 Sewer	-	-	-	-	-	-	-
93700 Employee Benefit Contributions - Utilities	-	-	-	-	-	-	-
93800 Other Utilities Expense	-	-	-	-	-	-	-
93000 Total Utilities	-	-	-	-	-	-	-

**HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON**  
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**Year Ended June 30, 2022**

Line item number & account description	14.871 Housing Choice Vouchers	14.879 Mainstream Vouchers	14.EHV Emergency Housing Voucher	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	14.MSC Mainstream CARES Act Funding	14.HCC HCV CARES Act Funding
94100 Ordinary Maintenance and Operations - Labor	-	-	-	-	-	-	49,170
94200 Ordinary Maintenance and Operations - Materials and Other	7,154	-	-	-	-	-	10,764
94300 Ordinary Maintenance and Operations Contracts	39,654	691	936	178	68	-	-
94500 Employee Benefit Contributions - Ordinary Maintenance	-	-	-	-	-	-	769
94000 Total Maintenance	46,808	691	936	178	68	-	60,703
95100 Protective Services - Labor	-	-	-	-	-	-	-
95200 Protective Services - Other Contract Costs	-	-	-	-	-	-	164,492
95300 Protective Services - Other	-	-	-	-	-	-	-
95500 Employee Benefit Contributions - Protective Services	-	-	-	-	-	-	-
95000 Total Protective Services	-	-	-	-	-	-	164,492
96110 Property Insurance	-	-	-	-	-	-	-
96120 Liability Insurance	10,281	-	-	60	23	-	-
96130 Workmen's Compensation	3,334	191	313	34	13	-	-
96140 All Other Insurance	1,775	-	-	-	-	-	-
96100 Total Insurance Premiums	15,390	191	313	94	36	-	-
96200 Other General Expenses	338,467	5,864	-	-	-	-	-
96210 Compensated Absences	-	-	-	-	-	-	-
96300 Payments in Lieu of Taxes	-	-	-	-	-	-	-
96400 Bad debt - Tenant Rents	-	-	-	-	-	-	-
96500 Bad debt - Mortgages	-	-	-	-	-	-	-
96600 Bad debt - Other	7,342	1,116	-	505	-	-	-
96800 Severance Expense	-	-	-	-	-	-	-
96000 Total Other General Expenses	345,809	6,980	-	505	-	-	-
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	2,864,251	152,870	187,772	29,030	11,108	1,748	627,052
97000 Excess of Operating Revenue over Operating Expenses	42,719,028	1,538,621	224,037	119,607	44,103	-	-
97100 Extraordinary Maintenance	-	-	-	-	-	-	-
97200 Casualty Losses - Non-capitalized	-	-	-	-	-	-	-
97300 Housing Assistance Payments	42,169,488	1,652,315	356,552	118,450	43,712	-	-
97350 HAP Portability-In	308,638	-	-	-	-	-	-
97400 Depreciation Expense	11,136	-	-	-	-	-	-
97500 Fraud Losses	-	-	-	-	-	-	-
97600 Capital Outlays - Governmental Funds	-	-	-	-	-	-	-
97700 Debt Principal Payment - Governmental Funds	-	-	-	-	-	-	-

**HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON**  
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**Statement of Revenues, Expenses and Changes in Net Position**  
**Year Ended June 30, 2022**

Line item number & account description	14.871 Housing Choice Vouchers	14.879 Mainstream Vouchers	14.EHV Emergency Housing Voucher	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	14.MSC Mainstream CARES Act Funding	14.HCC HCV CARES Act Funding
97800 Dwelling Units Rent Expense	-	-	-	-	-	-	-
90000 Total Expenses	45,353,513	1,805,185	544,324	147,480	54,820	1,748	627,062
10010 Operating Transfer In	-	-	-	-	-	-	-
10020 Operating transfer Out	-	-	-	-	-	-	-
10030 Operating Transfers from/to Primary Government	-	-	-	-	-	-	-
10040 Operating Transfers from/to Component Unit	-	-	-	-	-	-	-
10050 Proceeds from Notes, Loans and Bonds	-	-	-	-	-	-	-
10060 Proceeds from Property Sales	-	-	-	-	-	-	-
10070 Extraordinary Items, Net Gain/Loss	-	-	-	-	-	-	-
10080 Special Items (Net Gain/Loss)	-	-	-	-	-	-	-
10091 Inter Project Excess Cash Transfer In	-	-	-	-	-	-	-
10092 Inter Project Excess Cash Transfer Out	-	-	-	-	-	-	-
10093 Transfers between Program and Project - In	-	-	-	-	-	-	-
10094 Transfers between Project and Program - Out	-	-	-	-	-	-	-
10100 Total Other financing Sources (Uses)	-	-	-	-	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$ 229,766	\$ (113,694)	\$ (132,515)	\$ 1,157	\$ 391	\$ -	\$ -

**HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON**  
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Line item number & account description	14.871 Housing Choice Vouchers	14.879 Mainstream Vouchers	14.EHV Emergency Housing Voucher	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	14.MSC Mainstream CARES Act Funding	14.HCC HCV CARES Act Funding
11020 Required Annual Debt Principal Payments	-	-	-	-	-	-	-
11030 Beginning Equity	1,196,857	(113,811)	22,405	132,112	49,172	-	-
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	69,243	-	-	-	-	-	-
11050 Changes in Compensated Absence Balance	-	-	-	-	-	-	-
11060 Changes in Contingent Liability Balance	-	-	-	-	-	-	-
11070 Changes in Unrecognized Pension Transition Liability	-	-	-	-	-	-	-
11080 Changes in Special Term/Severance Benefits Liability	-	-	-	-	-	-	-
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents	-	-	-	-	-	-	-
11100 Changes in Allowance for Doubtful Accounts - Other	-	-	-	-	-	-	-
11170 Administrative Fee Equity	1,389,454	-	-	-	-	-	-
11180 Housing Assistance Payments Equity	106,412	-	-	-	-	-	-
11190 Unit Months Available	38,028	1,836	672	252	96	-	-
11210 Number of Unit Months Leased	37,373	1,276	188	217	95	-	-
11270 Excess Cash	-	-	-	-	-	-	-
11610 Land Purchases	-	-	-	-	-	-	-
11620 Building Purchases	-	-	-	-	-	-	-
11630 Furniture & Equipment - Dwelling Purchases	-	-	-	-	-	-	-
11640 Furniture & Equipment - Administrative Purchases	-	-	-	-	-	-	-
11650 Leasehold Improvements Purchases	-	-	-	-	-	-	-
11660 Infrastructure Purchases	-	-	-	-	-	-	-
13510 CFFP Debt Service Payments	-	-	-	-	-	-	-
13901 Replacement Housing Factor Funds	-	-	-	-	-	-	-

**HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON**  
**Supplemental Financial Data Schedule**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Year Ended June 30, 2022**

Line item number & account description	97.024 Emergency Food and Shelter National Board Program	21.019 Coronavirus Relief Fund	14.896 PIH Family Self- Sufficiency Program	21.027 Coronavirus State and Local Fiscal Recovery Funds	14.218 Community Development Block Grants/Entitlement Grants
70300 Net Tenant Rental Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
70400 Tenant Revenue - Other	-	-	-	-	-
70500 Total Tenant Revenue	-	-	-	-	-
70600 HUD PHA Operating Grants	-	-	78,102	-	-
70610 Capital Grants	-	-	-	-	-
70710 Management Fee	-	-	-	-	-
70720 Asset Management Fee	-	-	-	-	-
70730 Book Keeping Fee	-	-	-	-	-
70740 Front Line Service Fee	-	-	-	-	-
70750 Other Fees	-	-	-	-	-
70700 Total Fee Revenue	-	-	-	-	-
70800 Other Government Grants	3,898	8,111	-	46,415	-
71100 Investment Income - Unrestricted	-	-	-	-	-
71200 Mortgage Interest Income	-	-	-	-	-
71300 Proceeds from Disposition of Assets Held for Sale	-	-	-	-	-
71310 Cost of Sale of Assets	-	-	-	-	-
71400 Fraud Recovery	-	-	-	-	-
71500 Other Revenue	-	-	-	-	-
71600 Gain or Loss on Sale of Capital Assets	-	-	-	-	-
72000 Investment Income - Restricted	-	-	-	-	-
70000 Total Revenue	3,898	8,111	78,102	46,415	-
91100 Administrative Salaries	-	-	-	-	-
91200 Auditing Fees	-	-	-	-	-
91300 Management Fee	-	-	-	-	-
91310 Book-keeping Fee	-	-	-	-	-
91400 Advertising and Marketing	-	-	-	-	-
91500 Employee Benefit contributions - Administrative	-	-	-	-	-
91600 Office Expenses	-	-	-	330	-
91700 Legal Expense	-	-	-	-	-
91800 Travel	-	-	-	-	-
91810 Allocated Overhead	-	-	-	-	-
91900 Other	-	-	-	-	-
91000 Total Operating - Administrative	-	-	-	330	-
92000 Asset Management Fee	-	-	-	-	-
92100 Tenant Services - Salaries	-	-	57,393	-	-
92200 Relocation Costs	-	-	-	-	-

**HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON**  
**Supplemental Financial Data Schedule**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Year Ended June 30, 2022**

Line item number & account description	97.024 Emergency Food and Shelter National Board Program	21.019 Coronavirus Relief Fund	14.896 PIH Family Self- Sufficiency Program	21.027 Coronavirus State and Local Fiscal Recovery Funds	14.218 Community Development Block Grants/Entitlement Grants
92300 Employee Benefit Contributions - Tenant Services	-	-	19,565	-	-
92400 Tenant Services - Other	3,898	8,111	955	46,085	-
92500 Total Tenant Services	3,898	8,111	77,913	46,085	-
93100 Water	-	-	-	-	-
93200 Electricity	-	-	-	-	-
93300 Gas	-	-	-	-	-
93400 Fuel	-	-	-	-	-
93500 Labor	-	-	-	-	-
93600 Sewer	-	-	-	-	-
93700 Employee Benefit Contributions - Utilities	-	-	-	-	-
93800 Other Utilities Expense	-	-	-	-	-
93000 Total Utilities	-	-	-	-	-

**HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON**  
**Supplemental Financial Data Schedule**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Year Ended June 30, 2022**

Line item number & account description	97.024 Emergency Food and Shelter National Board Program	21.019 Coronavirus Relief Fund	14.896 PIH Family Self- Sufficiency Program	21.027 Coronavirus State and Local Fiscal Recovery Funds	14.218 Community Development Block Grants/Entitlement Grants
94100 Ordinary Maintenance and Operations - Labor	-	-	-	-	-
94200 Ordinary Maintenance and Operations - Materials and Other	-	-	-	-	-
94300 Ordinary Maintenance and Operations Contracts	-	-	-	-	-
94500 Employee Benefit Contributions - Ordinary Maintenance	-	-	-	-	-
94000 Total Maintenance	-	-	-	-	-
95100 Protective Services - Labor	-	-	-	-	-
95200 Protective Services - Other Contract Costs	-	-	-	-	-
95300 Protective Services - Other	-	-	-	-	-
95500 Employee Benefit Contributions - Protective Services	-	-	-	-	-
95000 Total Protective Services	-	-	-	-	-
96110 Property Insurance	-	-	-	-	-
96120 Liability Insurance	-	-	-	-	-
96130 Workmen's Compensation	-	-	189	-	-
96140 All Other Insurance	-	-	-	-	-
96100 Total Insurance Premiums	-	-	189	-	-
96200 Other General Expenses	-	-	-	-	-
96210 Compensated Absences	-	-	-	-	-
96300 Payments in Lieu of Taxes	-	-	-	-	-
96400 Bad debt - Tenant Rents	-	-	-	-	-
96500 Bad debt - Mortgages	-	-	-	-	-
96600 Bad debt - Other	-	-	-	-	-
96800 Severance Expense	-	-	-	-	-
96000 Total Other General Expenses	-	-	-	-	-
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	3,898	8,111	78,102	46,415	-
97000 Excess of Operating Revenue over Operating Expenses	-	-	-	-	-
97100 Extraordinary Maintenance	-	-	-	-	-
97200 Casualty Losses - Non-capitalized	-	-	-	-	-
97300 Housing Assistance Payments	-	-	-	-	-
97350 HAP Portability-In	-	-	-	-	-
97400 Depreciation Expense	-	-	-	-	-



**HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON**  
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**Statement of Revenues, Expenses and Changes in Net Position**  
**Year Ended June 30, 2022**

Line item number & account description	97.024 Emergency Food and Shelter National Board Program	21.019 Coronavirus Relief Fund	14.896 PIH Family Self- Sufficiency Program	21.027 Coronavirus State and Local Fiscal Recovery Funds	14.218 Community Development Block Grants/Entitlement Grants
97500 Fraud Losses	-	-	-	-	-
97600 Capital Outlays - Governmental Funds	-	-	-	-	-
97700 Debt Principal Payment - Governmental Funds	-	-	-	-	-
97800 Dwelling Units Rent Expense	-	-	-	-	-
90000 Total Expenses	3,898	8,111	78,102	46,415	-

**HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON**  
**Supplemental Financial Data Schedule**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Year Ended June 30, 2022**

Line item number & account description	97.024 Emergency Food and Shelter National Board Program	21.019 Coronavirus Relief Fund	14.896 PIH Family Self- Sufficiency Program	21.027 Coronavirus State and Local Fiscal Recovery Funds	14.218 Community Development Block Grants/Entitlement Grants
10010 Operating Transfer In	-	-	-	-	-
10020 Operating transfer Out	-	-	-	-	-
10030 Operating Transfers from/to Primary Government	-	-	-	-	-
10040 Operating Transfers from/to Component Unit	-	-	-	-	-
10050 Proceeds from Notes, Loans and Bonds	-	-	-	-	-
10060 Proceeds from Property Sales	-	-	-	-	-
10070 Extraordinary Items, Net Gain/Loss	-	-	-	-	-
10080 Special Items (Net Gain/Loss)	-	-	-	-	-
10091 Inter Project Excess Cash Transfer In	-	-	-	-	-
10092 Inter Project Excess Cash Transfer Out	-	-	-	-	-
10093 Transfers between Program and Project - In	-	-	-	-	-
10094 Transfers between Project and Program - Out	-	-	-	-	-
10100 Total Other financing Sources (Uses)	-	-	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
11020 Required Annual Debt Principal Payments	-	-	-	-	-
11030 Beginning Equity	-	-	-	-	-
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	-	-	-
11050 Changes in Compensated Absence Balance	-	-	-	-	-
11060 Changes in Contingent Liability Balance	-	-	-	-	-
11070 Changes in Unrecognized Pension Transition Liability	-	-	-	-	-
11080 Changes in Special Term/Severance Benefits Liability	-	-	-	-	-
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents	-	-	-	-	-
11100 Changes in Allowance for Doubtful Accounts - Other	-	-	-	-	-
11170 Administrative Fee Equity	-	-	-	-	-
11180 Housing Assistance Payments Equity	-	-	-	-	-
11190 Unit Months Available	-	-	-	-	-
11210 Number of Unit Months Leased	-	-	-	-	-
11270 Excess Cash	-	-	-	-	-
11610 Land Purchases	-	-	-	-	-
11620 Building Purchases	-	-	-	-	-
11630 Furniture & Equipment - Dwelling Purchases	-	-	-	-	-
11640 Furniture & Equipment - Administrative Purchases	-	-	-	-	-
11650 Leasehold Improvements Purchases	-	-	-	-	-
11660 Infrastructure Purchases	-	-	-	-	-
13510 CFFP Debt Service Payments	-	-	-	-	-
13901 Replacement Housing Factor Funds	-	-	-	-	-

**HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON**  
**Supplemental Financial Data Schedule**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Year Ended June 30, 2022**

Line item number & account description	Baker Heights WAO06000100	Scattered Sites WAO06000500	Other Project	Total Public Housing Projects	COCG	6.2 Component Unit - Blended	COCG CARES Act Funding 14.CCC	1 Business Activities
70300 Net Tenant Rental Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,913,068	\$ -	\$ 3,457,566
70400 Tenant Revenue - Other	-	-	-	-	-	9,826	-	268,470
70500 Total Tenant Revenue	-	-	-	-	-	1,922,894	-	3,726,026
70600 HUD PHA Operating Grants	281	92,747	-	93,028	-	-	-	-
70610 Capital Grants	-	-	-	-	-	-	-	-
70710 Management Fee	-	-	-	-	758,377	-	-	-
70720 Asset Management Fee	-	-	-	-	-	-	-	-
70730 Book Keeping Fee	-	-	-	-	309,413	-	-	-
70740 Front Line Service Fee	-	-	-	-	-	-	-	-
70750 Other Fees	-	-	-	-	-	-	-	835,292
70700 Total Fee Revenue	-	-	-	-	1,067,790	-	-	835,292
70800 Other Government Grants	-	-	-	-	-	17,222	-	268,247
71100 Investment Income - Unrestricted	1,663	529	-	2,192	-	80	-	2,212,192
71200 Mortgage Interest Income	-	-	-	-	-	-	-	-
71300 Proceeds from Disposition of Assets Held for Sale	-	-	-	-	-	-	-	-
71310 Cost of Sale of Assets	-	-	-	-	-	-	-	-
71400 Fraud Recovery	-	-	-	-	-	-	-	-
71500 Other Revenue	1,128	3,391	-	4,519	479	62,496	-	4,174,467
71600 Gain or Loss on Sale of Capital Assets	-	-	-	-	-	-	-	-
72000 Investment Income - Restricted	-	-	-	-	-	45	-	8,097
70000 Total Revenue	3,072	96,667	-	99,739	1,068,269	2,002,737	-	11,224,321
91100 Administrative Salaries	7,986	1,732	-	9,718	524,253	204,718	-	2,565,655
91200 Auditing Fees	677	339	-	1,016	4,456	30,996	-	4,815
91300 Management Fee	-	-	-	-	-	114,758	-	57,000
91310 Book-keeping Fee	-	-	-	-	-	-	-	-
91400 Advertising and Marketing	6	9	-	15	5,311	3,364	-	26,872
91500 Employee Benefit contributions - Administrative	3,296	738	-	4,034	226,548	68,259	-	1,142,406
91600 Office Expenses	9,588	2,728	-	12,316	112,625	60,129	-	359,693
91700 Legal Expense	9,392	-	-	9,392	39,251	1,131	-	59,196
91800 Travel	13	3	-	16	22,997	243	-	41,642
91810 Allocated Overhead	-	-	-	-	-	-	-	-
91900 Other	207	11	-	218	9,007	5,419	-	38,858
91000 Total Operating - Administrative	31,165	5,560	-	36,725	944,448	489,017	-	4,296,137
92000 Asset Management Fee	-	-	-	-	-	-	-	-
92100 Tenant Services - Salaries	-	-	-	-	-	38,438	-	302,140
92200 Relocation Costs	-	-	-	-	-	-	-	-
92300 Employee Benefit Contributions - Tenant Services	-	-	-	-	-	15,842	-	153,210
92400 Tenant Services - Other	-	-	-	-	119	9,443	-	157,885
92500 Total Tenant Services	-	-	-	-	119	63,723	-	613,235
93100 Water	8,286	-	-	8,286	1,500	33,735	-	115,962
93200 Electricity	41,237	-	-	41,237	10,036	49,771	-	57,355
93300 Gas	32,900	-	-	32,900	6,824	7,823	-	8,318
93400 Fuel	-	-	-	-	-	-	-	-
93500 Labor	-	-	-	-	-	-	-	-

**HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON**  
**Supplemental Financial Data Schedule**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Year Ended June 30, 2022**

Line Item number & account description	Baker Heights WAO06000100	Scattered Sites WAO06000500	Other Project	Total Public Housing Projects	COCC	6.2 Component Unit - Blended	COCC CARES Act Funding 14.CCC	1 Business Activities
93600 Sewer	22,204	-	-	22,204	2,603	90,937	-	50,584
93700 Employee Benefit Contributions - Utilities	-	-	-	-	-	-	-	-
93800 Other Utilities Expense	-	-	-	-	-	4,105	-	584
93000 Total Utilities	104,627	-	-	104,627	20,963	186,371	-	232,803
94100 Ordinary Maintenance and Operations - Labor	11,142	6	-	11,148	15,493	96,530	-	881,967
94200 Ordinary Maintenance and Operations - Materials and Other	1,719	-	-	1,719	18,664	22,238	-	160,488
94300 Ordinary Maintenance and Operations Contracts	47,308	-	-	47,308	28,193	121,409	-	225,842
94500 Employee Benefit Contributions - Ordinary Maintenance	3,180	-	-	3,180	6,027	35,355	-	367,263
94000 Total Maintenance	63,349	6	-	63,355	68,377	275,532	-	1,635,560

**HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON**  
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**Statement of Revenues, Expenses and Changes in Net Position**  
**Year Ended June 30, 2022**

Line item number & account description	Baker Heights WAO06000100	Scattered Sites WAO06000500	Other Project	Total Public Housing Projects	COC	6.2 Component Unit - Blended	COC CARES Act Funding 14.CCC	1 Business Activities
95100 Protective Services - Labor	-	-	-	-	-	-	-	-
95200 Protective Services - Other Contract Costs	82,425	-	-	82,425	9,991	11,188	-	11,833
95300 Protective Services - Other	-	-	-	-	-	-	-	-
95500 Employee Benefit Contributions - Protective Services	-	-	-	-	-	-	-	-
95000 Total Protective Services	82,425	-	-	82,425	9,991	11,188	-	11,833
96110 Property Insurance	25,216	-	-	25,216	5,860	22,580	-	87,565
96120 Liability Insurance	5,898	12	-	5,910	7,902	8,334	-	3,928
96130 Workmen's Compensation	282	7	-	289	2,119	3,484	-	51,043
96140 All Other Insurance	6,990	-	-	6,990	7,448	-	-	26,234
96100 Total Insurance Premiums	38,386	19	-	38,405	23,329	34,398	-	168,770
96200 Other General Expenses	-	-	-	-	-	-	-	177,231
96210 Compensated Absences	-	-	-	-	-	-	-	-
96300 Payments in Lieu of Taxes	-	-	-	-	-	-	-	-
96400 Bad debt - Tenant Rents	-	-	-	-	-	758	-	75,461
96500 Bad debt - Mortgages	-	-	-	-	-	-	-	-
96600 Bad debt - Other	-	-	-	-	-	-	-	17
96800 Severance Expense	-	-	-	-	-	-	-	-
96000 Total Other General Expenses	-	-	-	-	-	758	-	252,709
96710 Interest of Mortgage (or Bonds) Payable	-	-	-	-	-	-	-	1,213,566
96720 Interest on Notes Payable (Short and Long Term)	-	-	-	-	-	-	-	22,578
96730 Amortization of Bond Issue Costs	-	-	-	-	-	-	-	-
96700 Total Interest Expense and Amortization Cost	-	-	-	-	-	-	-	1,236,174
96900 Total Operating Expenses	319,952	5,585	-	325,537	1,087,227	1,060,987	-	8,447,221
	(316,880)	91,082	-	(225,798)	1,042	941,750	-	2,777,100
97000 Excess of Operating Revenue over Operating Expenses								
97100 Extraordinary Maintenance	19	-	-	19	-	7,153	-	88,129
97200 Casualty Losses - Non-capitalized	-	-	-	-	-	67,495	-	-
97300 Housing Assistance Payments	-	-	-	-	-	-	-	-
97350 HAP Portability-In	-	-	-	-	-	-	-	-
97400 Depreciation Expense	20,077	-	-	20,077	237,298	372,895	-	407,598
97500 Fraud Losses	-	-	-	-	-	-	-	-
97600 Capital Outlays - Governmental Funds	-	-	-	-	-	-	-	-
97700 Debt Principal Payment - Governmental Funds	-	-	-	-	-	-	-	-
97800 Dwelling Units Rent Expense	-	-	-	-	-	-	-	-
90000 Total Expenses	340,048	5,585	-	345,633	1,304,525	1,508,530	-	8,942,948
10010 Operating Transfer In	-	-	-	-	201,194	-	-	-
10020 Operating transfer Out	-	-	-	-	-	-	-	(201,194)
10030 Operating Transfers from/to Primary Government	-	-	-	-	-	-	-	-
10040 Operating Transfers from/to Component Unit	-	-	-	-	-	-	-	-
10050 Proceeds from Notes, Loans and Bonds	-	-	-	-	-	-	-	-
10060 Proceeds from Property Sales	-	-	-	-	-	-	-	-
10070 Extraordinary Items, Net Gain/Loss	-	-	-	-	-	-	-	-
10080 Special Items (Net Gain/Loss)	-	-	-	-	-	-	-	(133,219)

**HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON**  
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**Statement of Revenues, Expenses and Changes in Net Position**  
**Year Ended June 30, 2022**

Line item number & account description	Baker Heights WAO0600100	Scattered Sites WAO06000500	Other Project	Total Public Housing Projects	COC	6.2 Component Unit - Blended	COC CARES Act Funding 14.CCC	1 Business Activities
10091 Inter Project Excess Cash Transfer In	-	-	-	-	-	-	-	-
10092 Inter Project Excess Cash Transfer Out	267,627	(267,627)	-	-	-	-	-	-
10093 Transfers between Program and Project - In	-	-	-	-	-	-	-	-
10094 Transfers between Project and Program - Out	-	-	-	-	-	-	-	-
10100 Total Other financing Sources (Uses)	267,627	(267,627)	-	-	201,194	-	-	(334,413)
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$ (69,349)	\$ (176,545)	\$ -	\$ (245,894)	\$ (35,062)	\$ 494,207	\$ -	\$ 1,946,960
11020 Required Annual Debt Principal Payments	-	-	-	-	-	-	-	34,185
11030 Beginning Equity	1,338,769	142,953	-	1,481,722	1,726,096	-	-	125,991,908
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	12,425	33,592	-	46,017	40,704	6,822,129	-	(712,599)
11050 Changes in Compensated Absence Balance	-	-	-	-	-	-	-	-
11060 Changes in Contingent Liability Balance	-	-	-	-	-	-	-	-
11070 Changes in Unrecognized Pension Transition Liability	-	-	-	-	-	-	-	-
11080 Changes in Special Term/Severance Benefits Liability	-	-	-	-	-	-	-	-
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents	-	-	-	-	-	-	-	-
11100 Changes in Allowance for Doubtful Accounts - Other	-	-	-	-	-	-	-	-
11170 Administrative Fee Equity	-	-	-	-	-	-	-	-
11180 Housing Assistance Payments Equity	-	-	-	-	-	-	-	-
11190 Unit Months Available	-	-	-	-	-	2,112	-	2,223
11210 Number of Unit Months Leased	-	-	-	-	-	2,095	-	2,196
11270 Excess Cash	1,181,304	(465)	-	1,180,839	-	-	-	-
11610 Land Purchases	-	-	-	-	-	-	-	-
11620 Building Purchases	-	-	-	-	-	-	-	-
11630 Furniture & Equipment - Dwelling Purchases	-	-	-	-	-	-	-	-
11640 Furniture & Equipment - Administrative Purchases	-	-	-	-	-	-	-	-
11650 Leasehold Improvements Purchases	-	-	-	-	-	-	-	-
11660 Infrastructure Purchases	-	-	-	-	-	-	-	-
13510 CFFP Debt Service Payments	-	-	-	-	-	-	-	-
13901 Replacement Housing Factor Funds	-	-	-	-	-	-	-	-

**HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON**  
**Supplemental Financial Data Schedule**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Year Ended June 30, 2022**

Line item number & account description	Total Other Programs	Subtotal Housing Authority Projects/Programs	Component Unit Blended	Eliminations	Primary Government Combined	6.1 Component Unit - Discreetly Presented	Memorandum Total
70300 Net Tenant Rental Revenue	\$ 3,457,556	\$ 3,457,556	\$ 1,913,068	\$ -	\$ 5,370,924	\$ 13,789,697	\$ 19,160,321
70400 Tenant Revenue - Other	268,470	268,470	9,826	-	278,296	114,332	392,628
70500 Total Tenant Revenue	3,726,026	3,726,026	1,922,894	-	5,648,920	13,904,029	19,552,949
70600 HUD PHA Operating Grants	48,220,064	48,313,092	-	-	48,313,092	-	48,313,092
70610 Capital Grants	-	-	-	-	-	-	-
70710 Management Fee	-	758,377	-	(758,377)	-	-	-
70720 Asset Management Fee	-	-	-	-	-	-	-
70730 Book Keeping Fee	-	309,413	-	(309,413)	-	-	-
70740 Front Line Service Fee	-	-	-	-	-	-	-
70750 Other Fees	835,292	835,292	-	-	835,292	-	835,292
70700 Total Fee Revenue	835,292	1,903,082	-	(1,067,790)	835,292	-	835,292
70800 Other Government Grants	326,671	326,671	17,222	-	343,893	175,082	518,975
71100 Investment Income - Unrestricted	2,213,830	2,216,022	80	-	2,216,102	2,645	2,218,747
71200 Mortgage Interest Income	-	-	-	-	-	-	-
71300 Proceeds from Disposition of Assets Held for Sale	-	-	-	-	-	-	-
71310 Cost of Sale of Assets	-	-	-	-	-	-	-
71400 Fraud Recovery	53,685	53,685	-	-	53,685	-	53,685
71500 Other Revenue	4,496,409	4,501,407	62,496	-	4,563,903	3,528,310	8,092,213
71600 Gain or Loss on Sale of Capital Assets	-	-	-	-	-	-	-
72000 Investment Income - Restricted	8,097	8,097	45	-	8,142	27,823	35,965
70000 Total Revenue	59,880,074	61,048,082	2,002,737	(1,067,790)	61,983,029	17,637,889	79,620,918
91100 Administrative Salaries	3,645,245	4,179,216	204,718	-	4,383,934	1,080,833	5,464,767
91200 Auditing Fees	51,184	56,656	30,996	-	87,652	120,423	208,075
91300 Management Fee	815,377	815,377	114,758	(758,377)	171,758	653,957	825,715
91310 Book-keeping Fee	309,413	309,413	-	(309,413)	-	-	-
91400 Advertising and Marketing	31,176	36,502	3,364	-	39,866	12,005	51,871
91500 Employee Benefit contributions - Administrative	1,626,780	1,857,362	68,259	-	1,925,621	507,181	2,432,802
91600 Office Expenses	635,394	760,335	60,129	-	820,464	378,460	1,198,924
91700 Legal Expense	59,196	107,839	1,131	-	108,970	54,810	163,780
91800 Travel	54,078	77,091	243	-	77,334	2,955	80,289
91810 Allocated Overhead	-	-	-	-	-	-	-
91900 Other	73,081	82,306	5,419	-	87,725	148,822	236,547
91000 Total Operating - Administrative	7,300,924	8,282,097	489,017	(1,067,790)	7,703,324	2,959,446	10,662,770
92000 Asset Management Fee	-	-	-	-	-	-	-
92100 Tenant Services - Salaries	512,443	512,443	38,438	-	550,881	255,356	806,237

**HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON**  
**Supplemental Financial Data Schedule**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Year Ended June 30, 2022**

Line item number & account description	Total Other Programs	Subtotal Housing Authority Projects/Programs	Component Unit Blended	Eliminations	Primary Government Combined	6.1 Component Unit - Discretely Presented	Memorandum Total
92200 Relocation Costs	27,212	27,212	-	-	27,212	180	27,392
92300 Employee Benefit Contributions - Tenant Services	216,808	216,808	15,842	-	232,650	93,141	325,791
92400 Tenant Services - Other	218,959	219,078	9,443	-	228,521	26,725	255,246
92500 Total Tenant Services	975,422	975,541	63,723	-	1,039,264	375,402	1,414,666
93100 Water	115,962	125,748	33,735	-	159,483	232,039	391,522
93200 Electricity	57,355	108,628	49,771	-	158,399	252,188	410,587
93300 Gas	8,318	48,042	7,823	-	55,865	59,947	115,812
93400 Fuel	-	-	-	-	-	-	-
93500 Labor	-	-	-	-	-	-	-
93600 Sewer	50,584	75,391	90,937	-	166,328	559,802	726,130
93700 Employee Benefit Contributions - Utilities	-	-	-	-	-	-	-
93800 Other Utilities Expense	584	584	4,105	-	4,689	3,933	8,622
93000 Total Utilities	232,803	358,393	186,371	-	544,764	1,107,909	1,652,673



**HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON**  
**Supplemental Financial Data Schedule**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Year Ended June 30, 2022**

Line item number & account description	Total Other Programs	Subtotal Housing Authority Projects/Programs	Component Unit Blended	Eliminations	Primary Government Combined	6.1 Component Unit - Discreetly Presented	Memorandum Total
94100 Ordinary Maintenance and Operations - Labor	931,137	957,778	96,530	-	1,054,308	946,603	2,000,911
94200 Ordinary Maintenance and Operations - Materials and Other	178,406	198,769	22,238	-	221,027	379,469	600,496
94300 Ordinary Maintenance and Operations Contracts	267,369	342,870	121,409	-	464,279	921,828	1,386,107
94500 Employee Benefit Contributions - Ordinary Maintenance	368,032	377,239	35,355	-	412,594	325,195	737,789
94000 Total Maintenance	1,744,944	1,876,676	275,532	-	2,152,208	2,573,095	4,725,303
95100 Protective Services - Labor	-	-	-	-	-	-	-
95200 Protective Services - Other Contract Costs	176,325	268,741	11,188	-	279,929	56,913	336,842
95300 Protective Services - Other	-	-	-	-	-	-	-
95500 Employee Benefit Contributions - Protective Services	-	-	-	-	-	-	-
95000 Total Protective Services	176,325	268,741	11,188	-	279,929	56,913	336,842
96110 Property Insurance	87,565	118,641	22,580	-	141,221	305,419	446,640
96120 Liability Insurance	14,292	28,104	8,334	-	36,438	111,487	147,925
96130 Workmen's Compensation	55,117	57,525	3,484	-	61,009	33,757	94,766
96140 All Other Insurance	28,009	42,447	-	-	42,447	78,392	120,839
96100 Total Insurance Premiums	184,983	246,717	34,398	-	281,115	529,055	810,170
96200 Other General Expenses	521,562	521,562	-	-	521,562	-	521,562
96210 Compensated Absences	-	-	-	-	-	-	-
96300 Payments in Lieu of Taxes	-	-	-	-	-	-	-
96400 Bad debt - Tenant Rents	75,461	75,461	758	-	76,219	13,285	89,504
96500 Bad debt - Mortgages	-	-	-	-	-	-	-
96600 Bad debt - Other	8,980	8,980	-	-	8,980	23,157	32,137
96800 Severance Expense	-	-	-	-	-	-	-
96000 Total Other General Expenses	606,003	606,003	758	-	606,761	36,442	643,203
96710 Interest of Mortgage (or Bonds) Payable	1,213,596	1,213,596	-	-	1,213,596	1,581,984	2,795,580
96720 Interest on Notes Payable (Short and Long Term)	22,578	22,578	-	-	22,578	2,793,427	2,816,005
96730 Amortization of Bond Issue Costs	-	-	-	-	-	142,878	142,878
96700 Total Interest Expense and Amortization Cost	1,236,174	1,236,174	-	-	1,236,174	4,518,289	5,754,463
96900 Total Operating Expenses	12,457,578	13,850,342	1,060,987	(1,067,790)	13,843,539	12,156,551	26,000,090
97000 Excess of Operating Revenue over Operating Expenses	47,422,496	47,197,740	941,750	-	48,139,490	5,481,338	53,620,828
97100 Extraordinary Maintenance	88,129	88,148	7,153	-	95,301	99,307	194,608
97200 Casualty Losses - Non-capitalized	-	-	67,495	-	67,495	113,311	180,806
97300 Housing Assistance Payments	44,340,517	44,340,517	-	-	44,340,517	-	44,340,517
97350 HAP Portability-In	308,638	308,638	-	-	308,638	-	308,638

**HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON**  
**Supplemental Financial Data Schedule**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Year Ended June 30, 2022**

Line item number & account description	Total Other Programs	Subtotal Housing Authority Projects/Programs	Component Unit Blended	Eliminations	Primary Government Combined	6.1 Component Unit - Discretely Presented	Memorandum Total
97400 Depreciation Expense	418,734	676,109	372,895	-	1,049,004	4,938,950	5,987,954
97500 Fraud Losses	-	-	-	-	-	-	-
97600 Capital Outlays - Governmental Funds	-	-	-	-	-	-	-
97700 Debt Principal Payment - Governmental Funds	-	-	-	-	-	-	-
97800 Dwelling Units Rent Expense	-	-	-	-	-	-	-
90000 Total Expenses	57,613,596	59,263,754	1,508,530	(1,067,790)	59,704,494	17,308,119	77,012,613

**HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON**  
**Supplemental Financial Data Schedule**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Year Ended June 30, 2022**

Line item number & account description	Total Other Programs	Subtotal Housing Authority Projects/Programs	Component Unit Blended	Eliminations	Primary Government Combined	6.1 Component Unit - Discreetly Presented	Memorandum Total
10010 Operating Transfer In	-	201,194	-	-	201,194	-	201,194
10020 Operating Transfer Out	(201,194)	(201,194)	-	-	(201,194)	-	(201,194)
10030 Operating Transfers from/to Primary Government	-	-	-	-	-	-	-
10040 Operating Transfers from/to Component Unit	-	-	-	-	-	-	-
10050 Proceeds from Notes, Loans and Bonds	-	-	-	-	-	-	-
10060 Proceeds from Property Sales	-	-	-	-	-	-	-
10070 Extraordinary Items, Net Gain/Loss	-	-	-	-	-	-	-
10080 Special Items (Net Gain/Loss)	(133,219)	(133,219)	-	-	(133,219)	-	(133,219)
10091 Inter Project Excess Cash Transfer In	-	-	-	-	-	-	-
10092 Inter Project Excess Cash Transfer Out	-	-	-	-	-	-	-
10093 Transfers between Program and Project - In	-	-	-	-	-	-	-
10094 Transfers between Project and Program - Out	-	-	-	-	-	-	-
10100 Total Other financing Sources (Uses)	(334,413)	(133,219)	-	-	(133,219)	-	(133,219)
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$ 1,932,065	\$ 1,651,109	\$ 494,207	\$ -	\$ 2,145,316	\$ 329,770	\$ 2,475,086
11020 Required Annual Debt Principal Payments	34,185	34,185	-	-	34,185	1,179,167	1,213,352
11030 Beginning Equity	127,278,643	130,486,461	-	-	130,486,461	53,119,042	183,605,503
11040 Prior Period Adjustments, Equity Transfers and Correction or Error	(643,356)	(556,635)	6,822,129	-	6,265,494	(6,822,129)	(556,635)
11050 Changes in Compensated Absence Balance	-	-	-	-	-	-	-
11060 Changes in Contingent Liability Balance	-	-	-	-	-	-	-
11070 Changes in Unrecognized Pension Transition Liability	-	-	-	-	-	-	-
11080 Changes in Special Term/Severance Benefits Liability	-	-	-	-	-	-	-
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents	-	-	-	-	-	-	-
11100 Changes in Allowance for Doubtful Accounts - Other	-	-	-	-	-	-	-
11170 Administrative Fee Equity	1,389,454	1,389,454	-	-	1,389,454	-	1,389,454
11180 Housing Assistance Payments Equity	106,412	106,412	-	-	106,412	-	106,412
11190 Unit Months Available	43,107	43,107	2,112	-	45,219	14,580	59,799
11210 Number of Unit Months Leased	41,345	41,345	2,095	-	43,440	14,267	57,707
11270 Excess Cash	-	-	-	-	1,180,839	-	1,180,839
11610 Land Purchases	-	1,180,839	-	-	-	-	-
11620 Building Purchases	-	-	-	-	-	-	-
11630 Furniture & Equipment - Dwelling Purchases	-	-	-	-	-	-	-
11640 Furniture & Equipment - Administrative Purchases	-	-	-	-	-	-	-
11650 Leasehold Improvements Purchases	-	-	-	-	-	-	-
11660 Infrastructure Purchases	-	-	-	-	-	-	-
13510 CFFP Debt Service Payments	-	-	-	-	-	-	-
13901 Replacement Housing Factor Funds	-	-	-	-	-	-	-

# Actual Modernization Cost Certificate

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

OMB Approval No. 2577-0157 (exp. 11/30/2023 )

## Capital Fund Program (CFP)

Public reporting burden for this collection of information is estimated to average 2.5 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. HUD may not conduct or sponsor, and an applicant is not required to respond to a collection of information unless it displays a currently valid OMB control number. Do not send this form to the above address. This collection of information requires that each Public Housing Authority (PHA) 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.

PHA Name:

Housing Authority of the City of Everett	Modernization Project Number: WA01P006501-18
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The PHA 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. Funds Approved	\$ 612,819.00
B. Funds Disbursed	\$ 612,819.00
C. Funds Expended (Actual Modernization Cost)	\$ 612,819.00
D. Amount to be Recaptured (A-C)	\$ 0.00
E. Excess of Funds Disbursed (B-C)	\$ 0.00

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

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

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

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

6. That for any years in which the grantee is subject to the audit requirements of the Single Audit Act, 31 U.S.C. § 7501 et seq., as amended, the grantee has or will perform an audit in compliance with said requirements.

7. Please mark one:

☒ A. This grant will be included in the PHA's next fiscal year audit per the requirements of the Single Audit Act.

☐ B. This grant will not be included in the PHA's next fiscal year audit per the requirements of the Single Audit Act.

I hereby certify all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. WARNING: Anyone who knowingly submits a false claim, or makes false statements is subject to criminal and civil penalties, including confinement for up to 5 years, fines, and civil penalties. (18 U.S.C. §§ 287, 1001 and 31 U.S.C. § 3729)

Name & Title of Authorized Signatory (type or print clearly):

Ashley Lommers-Johnson, Executive Director

Signature of Executive Director (or Authorized Designee):

X



Date:

8/16/2022

For HUD Use Only

The Cost Certificate is approved for audit (if box 7A is marked):

Approved for Audit (Director, Office of Public Housing)

X



Date:

9.12.22

The costs shown above agree with HUD verified costs (if box 7A or 7B is marked):

Approved: (Director, Office of Public Housing)

X

Date:

form HUD-53001 (10/96)



Service  
Integrity  
Respect  
Community  
Leadership  
Wisdom

## CORRECTIVE ACTION PLAN FOR FINDINGS REPORTED UNDER UNIFORM GUIDANCE

### Housing Authority of the City of Everett July 1, 2021 through June 30, 2022

This schedule presents the corrective action planned by the Housing Authority for findings reported in this report 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).

<b>Finding ref number:</b> 2022-001	<b>Finding caption:</b> The Housing Authority had inadequate internal controls for ensuring compliance with Housing Quality Standards inspections and enforcement requirements of its Housing Voucher Cluster
<b>Name, address, and telephone of Housing Authority contact person:</b> Wendy Blain P.O. Box 1547 Everett, WA 98201 425-339-1021	
<b>Corrective action the auditee plans to take in response to the finding:</b> <i>The Housing Authority had inadequate internal controls for ensuring compliance with Housing Quality Standards inspections and enforcement requirements of its Housing Voucher Cluster EHA is addressing this as follows:</i> <ul style="list-style-type: none"> <li>• January 2023 – Hired internal HQS Inspector</li> <li>• March 2023 – 25 EHA staff attended HQS training</li> <li>• July 2023 – EHA launches new inspection strategy <ul style="list-style-type: none"> <li>• Housing Management staff conduct HQS at EHA owned properties</li> <li>• EHA phases out AHC contract</li> </ul> </li> </ul> <i>EHA continues to have about 1,400 late inspections as a result of the pandemic backlog. While our current contractor has increased their capacity, our experience with them has demonstrated that they do not have the staffing capacity or technical expertise to meet EHA’s requirements for HCV inspections. For this reason, we will utilize internal staffing resources, and another third party contractor if available and necessary, to complete all late inspections by 12/31/23. We will</i>	

*scale our inspection capacity during this time and develop a sustainable HQS plan for normal operations.*

*The HQS inspector is responsible for monitoring the HQS Enforcement report in Yardi. The HQS Inspector reports to the HCV Director and they will review this report at their weekly meetings.*

**Anticipated date to complete the corrective action:** December 31, 2023

## ABOUT THE STATE AUDITOR'S OFFICE

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