



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, 2020 through June 30, 2021**

*Published March 31, 2022*

Report No. 1030227



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

March 31, 2022

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, 2020 through June 30, 2021

#### SECTION I – SUMMARY OF AUDITOR’S RESULTS

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

##### Financial Statements

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

Internal Control over Financial Reporting:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We noted no instances of noncompliance that were material to the financial statements of the Housing Authority.

##### Federal Awards

Internal Control over Major Programs:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over major federal programs that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

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

We reported no findings that are required to be disclosed in accordance with 2 CFR 200.516(a).

## Identification of Major Federal Programs

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

<u>CFDA No.</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
14.879	Housing Voucher Cluster – Mainstream Vouchers

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was \$1,496,692.

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

None reported.

## 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, 2020 through June 30, 2021**

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, 2021, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements, and have issued our report thereon dated March 31, 2022.

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 considerations 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

As discussed in Note 16 to the 2021 financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the Housing Authority is unknown.

## INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

## COMPLIANCE AND OTHER MATTERS

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

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

## PURPOSE OF THIS REPORT

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

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Pat McCarthy, State Auditor

Olympia, WA

March 31, 2022



## 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, 2020 through June 30, 2021**

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

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

We have audited the compliance of the Housing Authority of the City of Everett, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Housing Authority's major federal programs for the year ended June 30, 2021. The Housing Authority's major federal programs are identified in the accompanying Schedule of Findings and Questioned Costs.

### **Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Housing Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority's compliance

with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the Housing Authority's compliance.

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

In our opinion, the Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

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

Management of the Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Housing Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority's internal control over compliance.

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

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

### **Purpose of this Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

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

Pat McCarthy, State Auditor

Olympia, WA

March 31, 2022

# INDEPENDENT AUDITOR'S REPORT

## Report on the Financial Statements

### **Housing Authority of the City of Everett July 1, 2020 through June 30, 2021**

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

## **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the Housing Authority of the City of Everett, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements as listed on page 16.

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

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the 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"); 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.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Partnerships were not audited in accordance with *Government Auditing Standards*.

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

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

## Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Housing Authority of the City of Everett, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Matters of Emphasis

As discussed in Note 16 to the 2021 financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the Housing Authority is unknown. Our opinion is not modified with respect to this matter.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed on page 16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority's basic financial statements as a whole. 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, based on our audit, the procedures performed and described above, and the reports of other auditors, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

## OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2022 on our consideration of the Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority's internal control over financial reporting and compliance.

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

Pat McCarthy, State Auditor

Olympia, WA

March 31, 2022

## **FINANCIAL SECTION**

### **Housing Authority of the City of Everett July 1, 2020 through June 30, 2021**

#### **REQUIRED SUPPLEMENTARY INFORMATION**

Management's Discussion and Analysis – 2021

#### **BASIC FINANCIAL STATEMENTS**

Statement of Net Position – 2021

Statement of Revenues, Expenses and Changes in Net Position – 2021

Statement of Cash Flows – 2021

Notes to Financial Statements – 2021

#### **REQUIRED SUPPLEMENTARY INFORMATION**

Schedule of Proportionate Share of Net Pension Liability – PERS 1, PERS 2/3 – 2021

Schedule of Employer Contributions – PERS 1, PERS 2/3 – 2021

Notes to the Required Supplementary Information – 2021

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

Schedule of Expenditures of Federal Awards – 2021

Notes to the Schedule of Expenditures of Federal Awards – 2021

Financial Data Schedule – 2021

Actual Modernization Cost Certificate, form HUD-53001 – 2021



# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Management's Discussion and Analysis

June 30, 2021

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, 2021, 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.

Our 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, 2021, 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, joining seventy other housing authorities who are already participating in the MTW program in other Cohorts. This program 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. Limited funding flexibility can begin for EHA on September 1, 2021. Funding flexibility will be fully available following publication of the Annual Plan and the MTW Supplement which is expected to go into effect July 1, 2022. MTW funding flexibility does not affect the financial statements presented here.
- The Authority is the general partner in seven tax credit partnerships which are reported as discretely presented component units. In addition, the Authority is the sponsor and manager of eleven 501(c)3 organizations which operate low-income senior housing properties. These nonprofit organizations are reported as discretely presented component units. 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.

## HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

### Management's Discussion and Analysis

June 30, 2021

- Total net position increased by \$13,343,905 (11.4%) to \$130,486,461 during the fiscal year ended June 30, 2021. The factors contributing to this increase included \$2.1 million in operating income, mostly due to a \$3.9 million development fee earned compared to none earned in the previous year. This was offset by a \$750 thousand increase in administrative expenses and other normal increases to operating expenses. HUD operating grants and subsidies increased by \$3.2 million however there was a corresponding increase of \$2.5 million in Housing Assistance Payments. Other variances in revenues and expenses were less significant. Non-operating revenues were \$10.1 million in the year, an increase of approximately \$2 million from the prior year. These revenues were comprised of a \$6.9 million gain on sale of capital assets related to the disposition of Public Housing units as well as \$3.3 million in interest income. We received over \$1.1 million in capital contributions from HUD. The agency anticipated these fluctuations in operating income because of the expectation that the EHA would close on a \$43 million tax credit partnership, which was achieved on April 29, 2021. As part of the formation of that partnership, EHA had negotiated payment of developer fees. Substantial fluctuations often coincide with development activities.
- EHA's total assets and deferred outflows of resources exceeded the total liabilities and deferred inflows of resources by \$130,486,461 on June 30, 2021. This is comprised of three amounts. The first portion is unrestricted net assets of \$107,035,657 which may be used to meet ongoing obligations. The second portion, investments in capital assets net of associated debt amounted to \$8,813,652, and the third remaining portion of \$14,637,152 is restricted to meet defined obligations.
- Overall, capital assets net of related debt decreased by \$952,209, largely due to the disposition of surplus land as well as the write-off of some pre-development activities which were deemed non-viable. In addition, construction in progress declined related to placing assets in service related to a construction project at the Colby building as well as reimbursement of pre-development costs related to our new tax credit project, Everett Housing Legacy, LLLP (Legacy). There were adjustments to capital assets and accumulated depreciation related to the sale of the Scattered Sites properties which mostly offset each other as those assets and contra-assets were transferred to the Authority when HUD released the declaration of trust and then reduced when sold.
- Total liabilities increased by \$24,457,016 (59.8%) from the prior year. This change was substantially due to the issuance of \$22 million in bonds by the Authority related to our new tax credit partnership as well as construction debt being drawn related to the same project. In addition, net pension liability increased by \$46 thousand, accrued expenses increased by \$422 thousand, unearned revenue increased by \$315 thousand, mostly related to an as yet unspent CARES act grant, and there were reductions in liabilities related to ongoing payments of debt and accrued compensated absences.
- Operating expenses increased by \$3,296,744 (6.2%) from the prior year largely due to an increase in housing assistance payments of \$2.5 million in our Section 8 Housing Choice Voucher (HCV) program. This increase occurred as the Authority completed leasing new Tenant Protection Vouchers related to the Section 18 disposition of our Scattered Sites units. The Authority received awards of new Mainstream vouchers in three separate allotments: 60 in March of 2020, 18 in October 2020 and 75 in March 2021 totaling 153 vouchers. In addition, EHA received notice that we would receive 56 new Emergency Housing Vouchers in the second half of 2021. EHA had increased our voucher payment standards effective January 1, 2020. From April 2020 through September 2021 HCV landlords were not allowed to ask for rent increases that would affect the tenant portion of rents due to the COVID-19 pandemic. Because of this the full effects of the increase in voucher payment standard was likely not realized in this fiscal year. HUD provided a 4.29% renewal funding inflation factor for vouchers in our

## HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

### Management's Discussion and Analysis

June 30, 2021

Fair Market Rent Area in 2021. Relating to other operating expenses, administrative expenses increased by \$750,263, tenant services costs decreased by \$93,783, maintenance expenses decreased by \$70,902 and general expenses increased by \$177,119. Tenant services and maintenance cost decreases are correlated to vacancies related to the Section 18 disposition as well as adaptations in operations due to effects of the pandemic. There were normal inflationary increases in salaries, benefits, and other operating costs.

- Operating revenues (outside of HUD operating grants) increased \$4.1 million (66.6%) from the prior year. EHA earned \$3.96 million in developer fee in 2021 when none was earned in the previous year ended June 30, 2020. (Note that EHA had 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.) Rent revenues increased by \$102 thousand (11.0%) due to allowed inflationary rent adjustments. Other categories of revenue showed less significant fluctuations. HUD operating grant revenues and port-in revenues increased \$3.4 million (7.5%) over the prior year due mostly to increases in our HCV program subsidy as discussed in the paragraph above, but those increases were slightly offset by decreases in Public Housing subsidies which continued to decline because of the Section 18 disposition. The Authority also recognized funding from the CARES Act as discussed in the next paragraph. Net income before contributions from HUD increased by \$5,994,096 (96%). There were gains of \$6,910,850 on the sale of capital assets related to our Scattered Sites Public Housing Section 18 disposition. Interest income increased by \$360,679 and interest expense increased by \$34,394 compared to the prior year

The Housing Authority received Coronavirus Aid, Relief, and Economic Security (CARES) Act grant revenues over the past two years. The Authority 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 current year ending June 30, 2021, and \$627,052 was deferred and will be recognized and expended by December 31, 2021. The Authority also received \$508,288 in HCV Housing Assistance Payments (HAP) Shortfall funding from CARES Act sources on November 5, 2020. That funding was expended during this fiscal year prior to December 31, 2020. Because of flexibilities allowed under the CARES Act, the Authority allocated \$92,385 in Capital Fund management fees in excess of the normal safe harbor. CARES Act funding is discussed further in the "Economic Factors" section of this MD&A.

Capital contributions from HUD increased by \$400,745 (56.74%) in 2021 as EHA drew more funds from the capital grant, primarily to pay for renovations to the Colby building.

### 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".

# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Management's Discussion and Analysis

June 30, 2021

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 and subsidy and operating expenses such as 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, 2021. 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.

*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.

Net position is summarized in the table below: \*

	<b>June 30</b>	
	<b>2021</b>	<b>2020</b>
Assets:		
Current assets	\$ 41,526,960	\$ 32,378,251
Capital assets, net	12,223,084	12,183,627
Other non-current assets	141,424,199	113,553,620
Total assets	<u>195,174,243</u>	<u>158,115,498</u>
Deferred outflows of resources related to pensions	1,318,157	1,210,450
Total assets and deferred outflows of resources	<u>196,492,400</u>	<u>159,325,948</u>
Liabilities:		
Current liabilities	4,702,706	4,021,295
Non-current liabilities	60,632,880	36,857,275
Total liabilities	<u>65,335,586</u>	<u>40,878,570</u>
Deferred inflows of resources related to pensions	670,353	1,304,822
Total liabilities and deferred inflows of resources	<u>66,005,939</u>	<u>42,183,392</u>
Net position:		
Net investment in capital assets	8,813,652	9,765,861
Restricted	14,637,152	5,979,323
Unrestricted	107,035,657	101,397,372
Total net position	<u>\$ 130,486,461</u>	<u>\$ 117,142,556</u>

\* Component units are not included.

## HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

### Management's Discussion and Analysis

June 30, 2021

Total assets of the Authority on June 30, 2021, and 2020 amounted to \$ 195,174,243 and \$158,115,498, 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 \$41.5 million are approximately \$9.1 million (28.3%) higher on June 30, 2021, than June 30, 2020, due largely to receipt of net cash proceeds of \$6.9 million from the sale of Scattered Sites units during the year as well as the reimbursement of pre-development costs related to Everett Housing Legacy and developer fees paid to the Authority. Accounts receivable declined by \$1.27 million mostly related to a decrease in HAP revenues receivable. Accrued interest receivable increased by \$830 thousand due to an increase in interest amounts accrued on seller financing notes and sponsor loans for our tax credit partnerships that are expected to be paid within twelve months. Non-current assets increased \$27.9 million (22.2%) mostly due to an increase in long term EHA receivables related to debts owed by our tax credit partnerships. That increase was due to a \$24.1 million increase in notes and loans receivable, mostly in our new Legacy tax credit partnership. There was a \$1.77 million increase in deferred interest receivable and a \$1.98 million increase in development fee notes receivable. There was a \$1.7 million increase in property, partly due to the purchase of the property known as Pepperwood Senior Apartments. These increases were somewhat offset by a reduction in construction in progress as some assets were placed in service and others were written off and a \$181 thousand decrease in land due to the disposition of the property known as Jade Park.

Total liabilities of the Authority, which are segregated between current and non-current portions, increased by \$24.5 million in 2021. This was primarily due to the sponsorship and issuance of \$22 million in bonds and a \$1.3 million mortgage for our 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 16.95% from 2020 to 2021 primarily due to an increase in accrued expenses and unearned revenue related to unexpended CARES Act grant funds with an offsetting decrease in accounts payable. Non-current liabilities increased 64.5% in 2021 primarily because of the previously discussed issuance of \$22 million in bonds and \$1.3 million in mortgage debt for our Legacy development. Deferred inflows of resources related to pensions declined from \$1.3 million to \$670 thousand during 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 8.05:1 in 2020 to 8.83:1 in 2021. The agency expects to utilize some of these current assets to fund the development of affordable housing in 2022 and the coming years.

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

Because of all the changes discussed above as well as ordinary operations, the Authority's total net position increased by \$13,343,905 during the year.



# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Management's Discussion and Analysis

June 30, 2021

### *Changes in Unrestricted Net Position*

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

Unrestricted net position, June 30, 2020	\$ 101,397,372
Total change in net position	13,343,905
Adjustments:	
Depreciation (1)	544,802
Adjusted change in net position	13,888,707
Additions to capital asset long-term debt borrowings	1,060,468
Payments on capital asset long-term debt borrowings	(68,801)
Capital asset reductions	(584,260)
Increase in restricted assets	(8,657,829)
Unrestricted net position, June 30, 2021	<u>\$ 107,035,657</u>

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

### **Financial Analysis**

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

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

	<b>Year Ended June 30</b>	
	<b>2021</b>	<b>2020</b>
Operating revenues	\$ 58,877,811	\$ 51,606,958
Non-operating revenues	10,221,203	8,166,822
Total revenues	69,099,014	59,773,780
Operating expenses	56,764,924	53,468,180
Non-operating expenses	97,183	62,789
Total expenses	56,862,107	53,530,969
Excess before contributions	12,236,907	6,242,811
Capital grant contributions	1,106,998	706,253
Change in net position	13,343,905	6,949,064
Net position, beginning of year	117,142,556	110,193,492
Net position, end of year	<u>\$ 130,486,461</u>	<u>\$ 117,142,556</u>

\* Component units are not included.

## HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

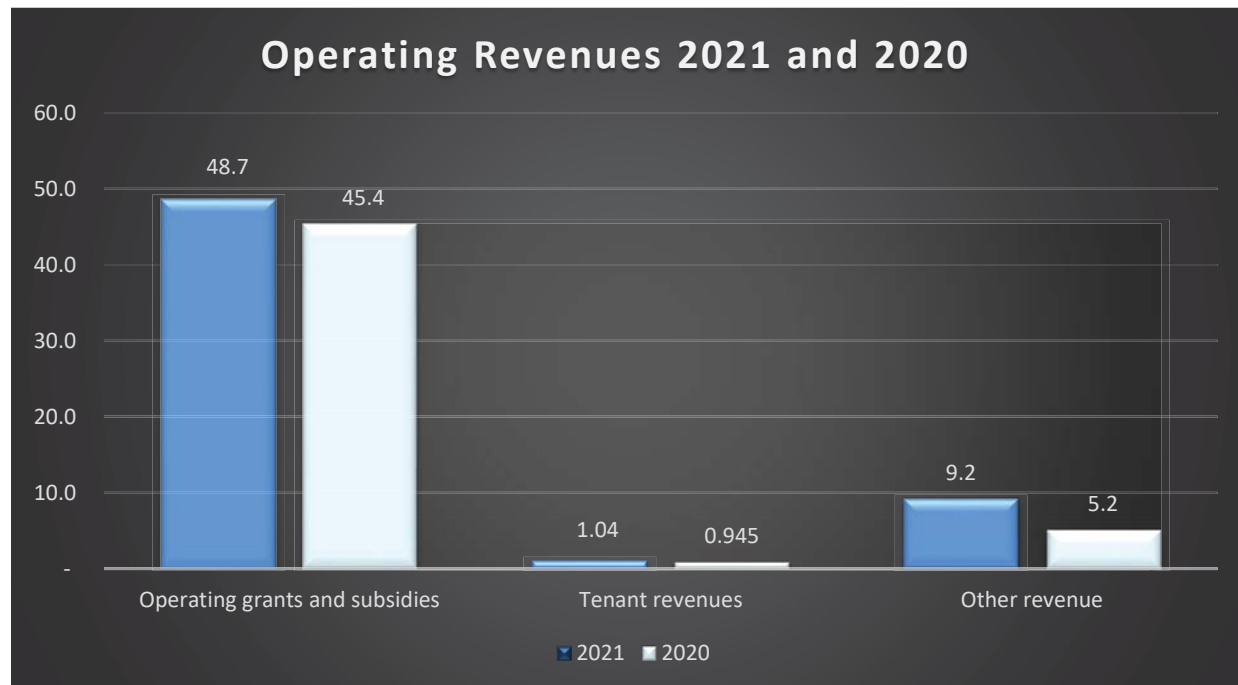
### Management's Discussion and Analysis

June 30, 2021

The Authority had operating income of \$2,112,887 compared to operating loss of \$1,861,222 in 2020 and operating income of \$1,892,953 in 2019 and an operating loss of \$1,948,186 in 2018. These fluctuations mainly relate to development activities. Operating revenues were \$7.3 million (14.1%) higher in 2021 than 2020, primarily due to a significant \$3.9 million increase in developer fee earned as well as a \$3.2 million increase in grants and subsidies as well as smaller increases and decreases in other revenue.

The Authority received 8.6% more in Housing Choice Voucher HAP subsidy and earned 9.5% more in HCV Administrative Fee revenue in 2021 than 2020. Operating expenses were 6.2% higher in 2021 than 2020 primarily because our Housing Assistance Payments increased by \$2.5 million (11.7%) but also due to increased amounts for administrative and general expenses. The Public Housing program had a net loss of \$656,229 before depreciation and capital contributions in 2021, again primarily due to decreased subsidy and rents and increased costs associated with vacating our final two Public Housing projects, Baker Heights and Scattered Sites, related to the previously disclosed Section 18 disposition. These decreases were anticipated, and Public Housing properties have sufficient operating reserves to bear these losses. The Authority expects to continue utilizing those reserves in the coming year as we continue efforts related to disposition. The Scattered Sites project began receiving HUD's Asset Repositioning Fee (ARF) monies in October of 2019 in lieu of subsidy. This funding is available in diminishing amounts for a period of twenty-four months of the onset of the funding for each property during the Section 18 disposition process and ended in September of 2021. Baker Heights ARF funding ended after March 2020. Capital grant revenue increased somewhat during the year as we drew down funds to complete a renovation project. This grant is reimbursable and as expenditures are made, funding is provided. Tenant rent and other related revenues increased by 9.8%.

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



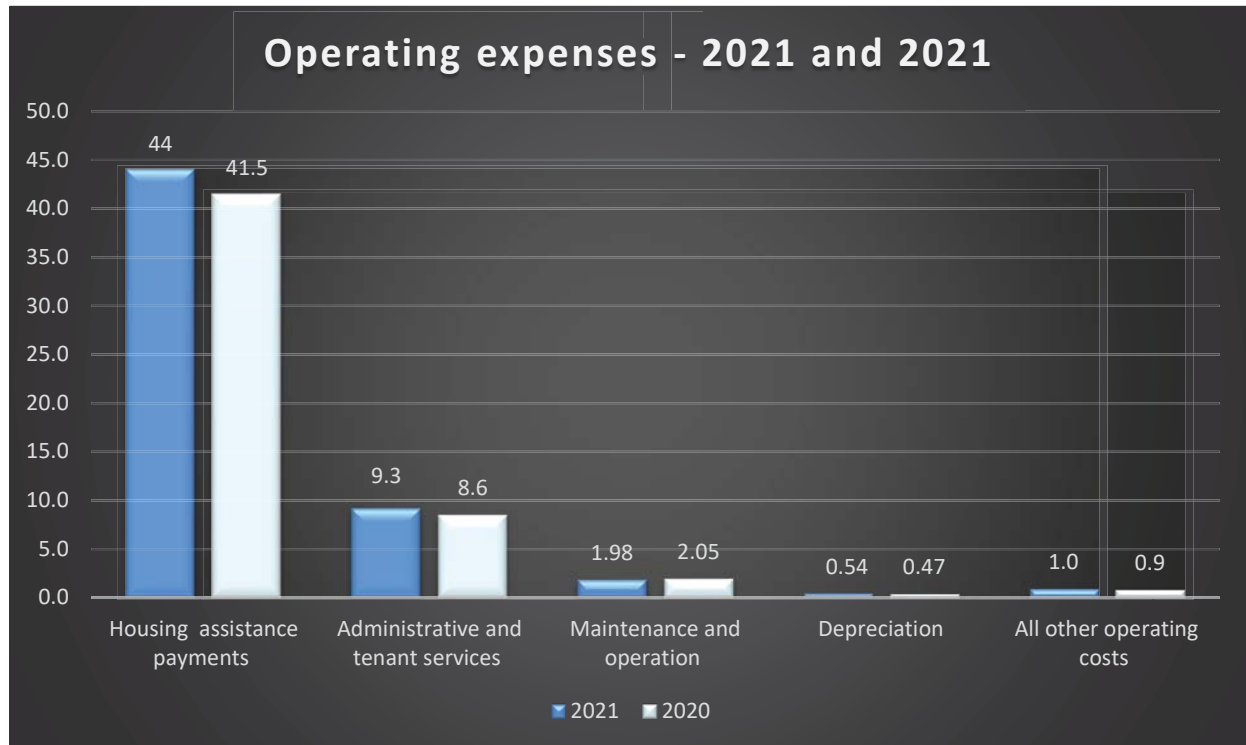
Dollars (in millions)

# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Management's Discussion and Analysis

June 30, 2021

Operating expenses are shown in detail in the chart below:



Dollars (in millions)

### *Capital Assets and Debt Administration*

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

	<b>June 30</b>	
	<b>2021</b>	<b>2020</b>
Land and site improvements	\$ 2,905,843	\$ 3,087,753
Building and building improvements	20,972,088	22,171,581
Equipment	1,352,456	1,404,157
Construction in progress	453,046	1,969,010
Total capital assets	25,683,433	28,632,501
Less accumulated depreciation	(13,460,349)	(16,448,874)
Net capital assets	\$ 12,223,084	\$ 12,183,627



## HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

### Management's Discussion and Analysis

June 30, 2021

The net investment in capital assets decreased by \$952.2 thousand (9.8%) during the year. Some land, building, and equipment was acquired and other was written off or disposed of during the year, including construction in progress which included pre-development costs for two projects that were deemed unfeasible. Depreciation expense of \$544,802 was recorded during the year. Note 6 of the Authority's basic financial statements provides additional detail regarding the changes in capital assets during the year.

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

	<b>June 30</b>	
	<b>2021</b>	<b>2020</b>
Current portion of notes and bonds payable	\$ 612,118	\$ 520,844
Bonds payable - long term	51,731,680	30,249,682
Notes payable - long term	5,868,372	3,659,789
Total notes and bonds payable	<u>\$ 58,212,170</u>	<u>\$ 34,430,315</u>

All debt service payments were made in 2021 as scheduled. The large increase in notes and bonds payable is, as previously mentioned, largely due to the Authority's sponsorship of a new \$22 million bond offering and a mortgage note for our new Everett Housing Legacy project. The balance of the note was \$1.3 million on June 30, 2021, and it will grow as construction continues. Please refer to Note 8 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 payable is permanent bond debt associated with our seven tax credit partnerships. The corresponding notes receivable from the partnerships offset that debt. Operating income from the tax credit partnerships is expected to meet the annual debt obligations of these debts.

### 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 grants, small and declining Public Housing operating subsidies, and small grants. 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 2021 and are expected for 2022:

- The administrative funding portion of the Housing Choice Voucher (HCV) program was pro-rated at varying rates from 81% to 84% during 2020-2021 and is expected to be funded at similar rates during 2022. Administering this program continues to be challenging at this level of funding. HAP subsidies were funded at 99.4% of eligibility during the calendar year 2020 with a renewal funding inflation factor of 1.087 (8.7%) and in the calendar year 2021 were funded at 100% of eligibility with an inflation factor of 4.289%. Eligibility is based primarily on prior year expenditures and prorated according to HUD's budgetary constraints.

## HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

### Management's Discussion and Analysis

June 30, 2021

- During the fiscal year ended June 30, 2021, 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. EHA received \$508,288 in CARES Act HAP shortfall funding on November 5 2020 since original funding provided did not meet the needs of our program. We do not expect shortfall funding in 2021. 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 decrease in our attrition rate from the usual of approximately 15 per month to about 7-8 per month as terminations from the program decreased, likely because of lower incomes and uncertainty due to the COVID-19 pandemic, which is ongoing.
- 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 2021-22 fiscal year related to leasing of new Mainstream vouchers and Emergency Housing vouchers. Current proposed appropriation bills indicate a potential sizable increase in administrative funding in the coming year.
- In the fiscal year 2020, although HUD's funding from the federal budget for the Low-Rent Public Housing operating subsidy increased by 3.4%, funding varied between 97.26% and 111.16% of eligibility and is expected to be funded at about the lower of these rates rate in 2020. EHA expects to only receive small amounts of public housing subsidy money in 2021-22 and those ARF payments are expected to end in September of 2021.
- For many years, Capital Fund grants provided by HUD for the Public Housing program have been insufficient to meet the capital repair and replacement needs of housing authorities' Public Housing portfolios across the country. HUD increased EHA's capital grant award somewhat, from \$592,807 in 2019 to \$640,101 in 2020 and again to \$718,088 in 2021. However, at this level of funding, there are not sufficient monies to complete all the outstanding capital repairs that our Public Housing properties would need and are projected to continue to need in the future. Partly because of this we received permission from HUD to dispose of these properties via an approved Section 18 disposition action. The funds received from the disposition of the former public housing properties are planned to be used to develop new affordable housing.
- 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. Nine of these complexes are subsidized by HUD 202 Project Rental Assistance Contracts (PRAC) and operate as nonprofit corporations. They are included in EHA's financial statements as discretely presented component units. Two of these properties are subsidized by Project Based Rental Assistance (PBRA) Contracts. Management believes that these properties do not receive adequate funding from HUD and although major capital repairs are required, we are doubtful that HUD will make sufficient monies available to complete this necessary work. The Authority is pursuing plans to convert the PRAC properties to PBV funding contracts through the Rental Assistance Demonstration program. As of this writing

## HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

### Management's Discussion and Analysis

June 30, 2021

we have submitted Confirmations of Interest for all nine and have submitted RAD applications for eight of the nine, with the ninth to be submitted in early 2022. We have received average rent increases of 99% for the eight projects whose applications are complete and believe those rent increases set us up well to convert them to PBV and 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 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. EHA is exploring 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.
- In January of 2020, the first known case of COVID-19 in the United States was diagnosed in Snohomish County just a few miles from our central office. On February 29, 2020, Washington State Governor Jay Inslee issued an emergency proclamation directing state agencies to use all resources necessary to prepare for and respond to the outbreak. On March 23, 2020, he issued Proclamation 2-25 which declared a state of emergency in all counties of Washington State. In response to this state of emergency, many employers, including EHA, have required their employees to conduct all "nonessential" business from their homes. At this writing, our offices remain closed to the public and we expect them to remain closed at least through early or mid-2022. Our staff have been provided with vital support from the agency and have adapted well to this "work from home" mandate. 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. The United States Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the president signed the act into law on March 27, 2020. This act provides funding for public housing authorities to deal with unexpected costs such as equipment needed for working offsite, sanitation and security of our buildings, tenant safety, and for normal operations during the pandemic, however all funding granted to EHA will be exhausted by December 31, 2021. 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

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

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

June 30, 2021

to function efficiently. The introduction of vaccines meant that protection is available to most of the general population including agency staff and clients. EHA continues to work with local agencies including the Everett Fire Department and the Snohomish County Health District to provide on-site vaccination and booster clinics to many of our tenants and eligible staff. We cannot predict the effects that this highly unusual global catastrophe will have on our ongoing operations or how long it will continue, but we plan to continue to serve our participants to the best of our ability during this time.

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 including the Build Back Better legislation could result in significant increases in funding for federal housing programs.
- Employee health insurance and other benefit costs continue to rise, and new laws require that we will pay more for additional benefits in the future.
- Interest rates, which affect both investment revenue and debt financing.
- 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**

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, 2021

	<u>Primary Government</u>	<u>Component Unit Discretely Presented</u>
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current assets:</b>		
Cash and cash equivalents - unrestricted	\$ 21,456,497	\$ 4,138,244
Cash and cash equivalents - restricted	15,650,924	7,462,002
Receivables - net	2,240,149	191,675
Interest receivable - current portion	1,550,724	-
Inventories	36,232	-
Prepaid expenses and other current assets	24,109	266,499
Notes and leases receivable - current portion	568,325	-
Total current assets	<u>41,526,960</u>	<u>12,058,420</u>
<b>Non-current assets:</b>		
Capital assets:		
Land and land improvements, net	2,905,843	10,309,153
Property and equipment, net	8,864,195	150,276,924
Construction in progress	453,046	57,142
Total capital assets	<u>12,223,084</u>	<u>160,643,219</u>
Notes, interest and leases receivable	135,456,547	-
Development fee notes and other assets	5,967,652	616,237
Total non-current assets	<u>153,647,283</u>	<u>161,259,456</u>
Total assets	<u>195,174,243</u>	<u>173,317,876</u>
<b>Deferred outflows of resources related to pensions</b>	<u>1,318,157</u>	<u>-</u>
<b>Total Assets and Deferred Outflows of Resources</b>	196,492,400	173,317,876
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>		
<b>Current liabilities:</b>		
Accounts payable	662,213	457,308
Accrued expenses	1,490,225	122,377
Unearned revenue	750,702	22,681
Tenant security deposits	28,590	382,742
Other credits and current liabilities	295,178	16,850
Money held in escrow (FSS escrow)	144,099	-
Notes and bonds payable - current portion	612,118	2,501,519
Accrued interest payable - current portion	719,581	935,053
Total current liabilities	<u>4,702,706</u>	<u>4,438,530</u>
<b>Non-current liabilities:</b>		
Notes and bonds payable, less current portion	57,600,052	102,206,696
Accrued interest payable, less current portion	261,848	13,317,111
Accrued compensated absences, less current portion	366,722	236,497
Money held in escrow (FSS escrow), less current portion	114,282	-
Net pension liability	2,289,976	-
Total non-current liabilities	<u>60,632,880</u>	<u>115,760,304</u>
Total liabilities	<u>65,335,586</u>	<u>120,198,834</u>
<b>Deferred inflows of resources related to pensions</b>	<u>670,353</u>	<u>-</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>66,005,939</u>	<u>120,198,834</u>
<b>Net position:</b>		
Net investment in capital assets	8,813,652	56,894,759
Restricted	14,637,152	7,079,263
Unrestricted (deficit)	<u>107,035,657</u>	<u>(10,854,980)</u>
<b>Total Net Position</b>	<u>\$ 130,486,461</u>	<u>\$ 53,119,042</u>

**HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Year Ended June 30, 2021**

	<b>Primary Government</b>	<b>Component Unit Discretely Presented</b>
<b>Operating revenues:</b>		
Tenant rents	\$ 1,027,759	\$ 14,070,420
HUD operating grants and subsidies	48,429,248	-
Other operating grants	258,958	181,256
Other tenant charges	9,116	109,659
Management fees	775,393	-
Port In HAP and administrative fees	439,130	-
Development fee earned	3,957,804	-
Other revenue	3,980,403	8,008,923
	<hr/>	<hr/>
Total operating revenues	58,877,811	22,370,258
	<hr/>	<hr/>
<b>Operating expenses:</b>		
Administrative	8,018,741	3,366,090
Tenant services	1,244,480	570,908
Utilities	230,107	1,256,445
Maintenance & operations	1,983,794	3,074,814
General	781,307	619,720
Housing assistance payments	43,961,693	-
Interest expense - amortization of debt issuance costs	-	142,873
Depreciation	544,802	5,337,378
	<hr/>	<hr/>
Total operating expenses	56,764,924	14,368,228
	<hr/>	<hr/>
Operating income (loss)	2,112,887	8,002,030
	<hr/>	<hr/>
<b>Non-operating revenues (expenses):</b>		
Interest income	3,310,353	22,506
Interest expense	(97,183)	(4,331,658)
Gain on sale of capital assets	6,910,850	-
	<hr/>	<hr/>
Total non-operating revenues (expenses)	10,124,020	(4,309,152)
	<hr/>	<hr/>
Income (loss) before contributions	12,236,907	3,692,878
	<hr/>	<hr/>
Capital contributions - HUD	1,106,998	-
Total contributions	1,106,998	-
	<hr/>	<hr/>
Change in net position	13,343,905	3,692,878
	<hr/>	<hr/>
Net position - beginning of year	117,142,556	49,426,164
	<hr/>	<hr/>
Net position - end of year	\$ 130,486,461	\$ 53,119,042
	<hr/>	<hr/>

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

**HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON**  
**Statement of Cash Flows**  
**Year Ended June 30, 2021**

	<b>Primary Government</b>
<b>Cash flows from operating activities:</b>	
Receipts from HUD grants	\$ 48,831,594
Receipts from other grants	292,442
Receipts from tenants	1,013,454
Receipts from others	6,330,814
Payments to employees and on behalf of employees	(9,626,792)
Payments to suppliers for goods and services	(3,159,984)
Payments to landlords for housing assistance	(43,937,787)
Payments to component units	(145,582)
	<hr/>
Net cash used for operating activities	(401,841)
	<hr/>
<b>Cash flows from noncapital financing activities:</b>	
Loans made to other entities	64,712
Loans from other governments	37,577
	<hr/>
Net cash provided by noncapital financing activities	102,289
	<hr/>
<b>Cash flows from capital and related financing activities:</b>	
Proceeds from issuance of debts	23,322,207
Principal received on capital debt	(615,758)
Interest paid on capital debt	(77,152)
Capital contributions - HUD capital grant	1,585,660
Property and equipment reductions	7,005,944
	<hr/>
Net cash provided by capital and related financing activities	31,220,901
	<hr/>
<b>Cash flows from investing activities:</b>	
Issuance of debt	(24,775,964)
Payments paid on notes/bonds receivable - partnerships	555,985
Development fees received - partnerships	2,092,983
Investment in partnerships	(1,000)
Interest received	700,330
	<hr/>
Net cash used by investing activities	(21,427,666)
	<hr/>
Net increase in cash and cash equivalents	9,493,683
<b>Cash and cash equivalents - beginning of year</b>	<hr/> 27,613,738
<b>Cash and cash equivalents - end of year</b>	<hr/> \$ 37,107,421 <hr/>

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



**HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON**  
**Statement of Cash Flows**  
**Year Ended June 30, 2021**

	<u><b>Primary Government</b></u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	\$ 2,112,887
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	544,802
Changes in operating assets and liabilities:	
(Increase) decrease in assets:	
Accounts receivable tenants	(24,411)
Accounts receivable - HUD operating grants	646,218
Accounts receivable - other grants	(409,110)
Accounts receivable - other	(3,467,945)
Inventories	12,992
Prepaid expenses and other assets	(6,297)
Increase (decrease) in liabilities:	
Accounts payable - vendors	(26,163)
Accounts payable - HUD	137,167
Accounts payable - other governments	392,148
Accrued expenses	13,619
Unearned revenue	315,215
FSS escrow	23,906
Security deposits	1,400
Accrued compensated absences	28,010
Net pension liability	(696,090)
Other credits	(189)
<b>Net cash used for operating activities</b>	<u><u><b>\$ (401,841)</b></u></u>

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



# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Notes to Basic Financial Statements

June 30, 2021

### 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. 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, 2021

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. The Authority has identified eighteen 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 no 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, 2021

***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. The property was still under construction as of June 30, 2021, and is expected to be placed in service in late 2022. There will be an initial 15-year regulatory compliance period monitored by the Washington State Housing Finance Commission which is expected to begin in 2022 and end in 2037 at which time the investing partner may exit the partnership according to the provisions of the partnership agreement.

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

The Authority is the sponsor of eleven 501(c)(3) 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 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.

# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Notes to Basic Financial Statements

June 30, 2021

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 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, the nonprofits' financial statements are discretely presented and included in a single column entitled "Component Units" in the accompanying financial statements. The 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.

***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 entered into a Project Rental Assistance Contract ("PRAC") with HUD and receives rent subsidies on 59 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, 2021

***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.

***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. The use restriction is in effect from 2000 through June 1, 2040, for HUD and through 2050 for Snohomish County. The Association entered into a PRAC with HUD and receives rent subsidies on 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. The use restriction is in effect from July 1, 2002, through July 1, 2042, for HUD and 2052 for Snohomish County. The Association entered into a PRAC with HUD and receives rent subsidies on 39 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. The use restriction is in effect from July 1, 2003, through July 1, 2043 for HUD and 2053 for Snohomish County. The Association entered into a PRAC with HUD and receives rent subsidies on 39 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.



# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Notes to Basic Financial Statements

June 30, 2021

All 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, 2020. Copies of these audited statements can be obtained by contacting the Authority. Condensed financial information for each of the Component Units is provided in Note 13. 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:

**Public Housing**— EHA owned two public housing projects during the year, both of which have been approved for disposition by HUD. The properties were acquired through bonds and notes guaranteed by HUD and through grants from HUD. Revenues consist primarily of an operating subsidy from HUD. The Authority's subsidy is received under an Annual Contributions Contract to offset the cost of maintaining the units. Grants from the Capital Fund Program provided by HUD are used to maintain this public housing portfolio. Substantially all additions to land and structures of public housing are accomplished through capital grant funding.

In June of 2017, the Authority received approval to begin disposition of Baker Heights, a 244-unit 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 EHA will receive declining amounts of ARF ending in September of 2021 for Scattered Sites. For further discussion regarding contingencies associated with these disposition actions, see Note 14.

In accordance with the HUD approved Section 18 disposition, the Authority sold the remaining vacant Scattered Sites units during the fiscal year. During the fiscal year ending June 30, 2021, the Authority sold 23 units and recognized total gain on sales of \$7,418,659.

**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.

## HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

### Notes to Basic Financial Statements

June 30, 2021

During 2017, EHA began issuing vouchers as part of an allocation of 244 Tenant Protection Vouchers to be issued to and leased by tenants relocating from the Baker Heights public housing project. 186 vouchers were utilized, and the remaining 58 households relocated without vouchers for a variety of reasons. In 2019, EHA received an additional allocation of 44 Tenant Protection Vouchers to be issued to and leased by tenants relocating from the Scattered Sites public housing project. As of June 31, 2021, 37 vouchers were utilized, and the remaining 7 households relocated without vouchers for a variety of reasons. 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.

**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 86 were utilized as of June 30, 2021. 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, 2021, none of these newly awarded vouchers had been utilized and leasing of the vouchers was 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.

**Affordable Housing**—EHA operates an affordable housing portfolio consisting of twenty-four low-income projects representing 1,590 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, 2021. 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.

# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Notes to Basic Financial Statements

June 30, 2021

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.

### ***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, 2021, the allowance for doubtful tenant accounts was \$3,724 for the Primary Government.

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.



# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Notes to Basic Financial Statements

June 30, 2021

### ***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. 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, 2021.

### ***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, 2021, the Authority recorded deferred inflows of resources and deferred inflows of resources related to pensions. See Note 11 for further information.

# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Notes to Basic Financial Statements

June 30, 2021

### ***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.

For the year ending June 30, 2021, the Authority had \$627,052 of deferred administrative fee grant revenue related to CARES Act funding. See Note 15 for further information.

### ***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 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.

# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Notes to Basic Financial Statements

June 30, 2021

### ***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"). No PILOT was made for the year ending June 31, 2021, and no amounts are due and payable as of June 30, 2021.

### ***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. 84, *Fiduciary Activities*, is effective for the year ending June 30, 2021. This statement defines criteria for identifying activities that state and local governments should report as fiduciary activities and how they should be reported.

# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Notes to Basic Financial Statements

June 30, 2021

GASB Statement No. 90, *Majority Equity Interest*, is effective for the year ending June 30, 2021. This statement amends GASB Statement No. 14 and GASB Statement No. 61 and defines a majority equity interest and specifies how a majority equity interest in a legally separate organization should be reported.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, establishes accounting and reporting requirements related to the replacement of Interbank Offered Rates such as the London Interbank Offered Rate (LIBOR) for hedging derivative instruments. As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form after December 31, 2021. The requirements of this statement, except for paragraphs 11b, 13 and 14 are effective for the year ending June 30, 2021. The removal of LIBOR as an appropriate benchmark interest rate, as referenced in paragraph 11b of this statement, is effective for the year ending June 30, 2022. The requirements for leases, as referenced in paragraphs 13 and 14 of this statement, are effective for the year ending June 30, 2022

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

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 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.

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. 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. 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. 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 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.

# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Notes to Basic Financial Statements

June 30, 2021

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. 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.

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, 2021, the carrying amount of Authority's demand deposits was \$15,700,922 and the bank balance was \$15,741,191. The carrying balance for the demand deposits of the component unit was \$9,368,482 at December 31, 2020, and the bank balance was \$9,485,812. 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.

# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Notes to Basic Financial Statements

June 30, 2021

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.

### ***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.



# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Notes to Basic Financial Statements

June 30, 2021

At June 30, 2021, all investments of the Authority (as well as those of the Component Units as of December 31, 2020) 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*

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, 2021, 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	\$ 21,456,497	\$ 4,138,244
Cash and cash equivalents - restricted	15,650,924	7,462,002
Total cash and cash equivalents	<u>\$ 37,107,421</u>	<u>\$ 11,600,246</u>

# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Notes to Basic Financial Statements

June 30, 2021

Cash is further categorized as follows:

	<b>Primary Government</b>	<b>Component Units</b>
Change and petty cash funds	\$ 295	\$ -
Deposits with financial institutions	15,700,922	9,167,838
Deposits with state investment pool (LGIP)	21,406,204	2,231,764
Deposits with BNY Mellon Trustee	-	200,644
Total cash	<u>\$ 37,107,421</u>	<u>\$ 11,600,246</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.

These restrictions are summarized in the following table:

	<b>Cash and Cash Equivalents</b>
Primary Government:	
Replacement reserves	\$ 31,489
Tenant security deposits	28,590
HAP reserves	754,813
Section 18 deposits	13,850,850
HCV/MS5 CARES Act Grant	628,800
FSS escrow deposits	258,382
Other	98,000
	<u>\$ 15,650,924</u>
Component Units:	
Replacement reserves	\$ 3,604,417
Operating reserves	2,784,336
Residual receipts reserves	21,211
Tenant security deposits	382,741
Funds held by Trustee	200,644
Other	468,653
	<u>\$ 7,462,002</u>



# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Notes to Basic Financial Statements

June 30, 2021

### 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	\$ 1,163,858	\$ -
Other HUD programs	38,889	77,105
Tenants accounts receivable - net	34,473	86,371
Fraud recovery - net	103,613	-
Developer fee	818,823	-
Other accounts receivable	<u>2,199,542</u>	<u>28,199</u>
Total accounts receivable	<u><u>\$ 4,359,198</u></u>	<u><u>\$ 191,675</u></u>

# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Notes to Basic Financial Statements

June 30, 2021

### 5. Notes and Lease Receivables –

Notes and lease 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.

At June 30, 2021, notes receivable and leases are summarized in the following table:

	<b>Interest Rate</b>	<b>Final Maturity Date</b>	<b>Notes and Accrued Interest</b>
<b>Wiggums Park Place LLLP</b>			
Bond mortgage note	3.63%	2036	\$ 6,676,567
Seller financing note	3.15%	2057	6,325,000
Development fee note	6.00%	2032	554,113
Ground lease	2.58%	2116	556,428
			<u>14,112,108</u>
Accrued interest due			
Current interest			254,684
Deferred interest			<u>818,861</u>
Total notes and accrued interest			15,185,653
Less: Current portion of note principal and interest			<u>508,038</u>
Total notes and accrued interest - long-term			<u><u>14,677,615</u></u>
<b>Broadway Plaza LLLP</b>			
Bond mortgage note	1.99% - 5.865%	2029	6,245,000
Seller financing note	4.05%	2061	9,875,000
			<u>16,120,000</u>
Accrued interest due			
Current interest			577,280
Deferred interest			<u>2,386,382</u>
Total notes and accrued interest			19,083,662
Less: Current portion of note principal and interest			<u>732,280</u>
Total notes and accrued interest - long-term			<u><u>18,351,382</u></u>
<b>Pivotal Point LLLP</b>			
State of Washington HTF note	0% - 1%	2055	743,694
Less: Current portion of note principal			<u>63,332</u>
Total notes - long-term			<u><u>680,362</u></u>

# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Notes to Basic Financial Statements

June 30, 2021

### Notes Receivable – (continued)

	<u>Rate</u>	<u>Date</u>	<u>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	1,699,402
Revenue bond	5.49%	2033	<u>5,986,101</u>
			<u>35,635,503</u>
Accrued interest due on notes			
Current interest			27,387
Deferred interest			<u>6,516,496</u>
Total notes and accrued interest			42,179,386
Less: Current portion of note principal and interest			<u>414,216</u>
Total notes and accrued interest - long-term			<u><u>41,765,170</u></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	739,256
Revenue bond	5.49%	2033	<u>5,108,272</u>
			<u>17,541,594</u>
Accrued interest due on notes			
Current interest			23,370
Deferred interest			<u>2,760,875</u>
Total notes and accrued interest			20,325,839
Less: Current portion of note principal and interest			<u>455,172</u>
Total notes and accrued interest - long-term			<u><u>19,870,667</u></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	<u>6,211,474</u>
			<u>15,871,230</u>
Accrued interest due on notes			
Current interest			668,003
Deferred interest			<u>1,734,936</u>
Total notes and accrued interest			18,274,169
Less: Current portion of note principal and interest			<u>764,834</u>
Total notes and accrued interest - long-term			<u><u>17,509,335</u></u>
<b>Everett Housing Legacy, LLLP</b>			
Mortgage note	3.25%	2063	1,322,207
EHA sponsor note	8.00%	2063	1,453,757
Development fee note	0.00%	2038	3,407,804
Revenue bond	0.30%	2024	<u>22,000,000</u>
Total notes - long-term			<u><u>28,183,768</u></u>

# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Notes to Basic Financial Statements

June 30, 2021

### Notes Receivable (continued)

	<b>Interest Rate</b>	<b>Final Maturity Date</b>	<b>Notes and Accrued Interest</b>
<b>Evergreen Village Senior Apartments</b>			
Residual receipts note	0.00%	2043	<u>49,138</u>
<b>Hawkins House Senior Apartments</b>			
Residual receipts note	0.00%	2049	<u>74,484</u>
<b>Lake Woods Senior Apartments</b>			
Residual receipts note	0.00%	2032	<u>201,884</u>
<b>Lynn Crest Senior Apartments</b>			
Residual receipts note	0.00%	2043	<u>31,723</u>
<b>Scriber Pointe Senior Apartments</b>			
Residual receipts note	0.00%	2042	<u>13,359</u>
<b>Silver View Senior Apartments</b>			
Residual receipts note	0.00%	2036	<u>12,199</u>
<b>Village East Senior Apartments</b>			
Residual receipts note	0.00%	2042	<u>1,513</u>
<b>Combined Total Notes and Accrued Interest</b>			
Current portion			2,937,872
Long-term			<u>141,422,599</u>
Total notes and accrued interest			<u>\$ 144,360,471</u>

# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Notes to Basic Financial Statements

June 30, 2021

Changes in notes, leases, and accrued interest due from partnerships during the year ended June 30, 2021 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	\$ 6,775,764	\$ -	\$ 99,197	\$ 6,676,567	\$ 102,854
Grounds lease	565,455	-	9,027	556,428	9,260
Seller financing note	6,325,000	-	-	6,325,000	-
Development fee note	1,055,383	-	501,270	554,113	141,240
Accrued interest due					
Current interest	258,573	254,684	258,573	254,684	254,684
Deferred interest	600,710	218,151	-	818,861	-
	<u>15,580,885</u>	<u>472,835</u>	<u>868,067</u>	<u>15,185,653</u>	<u>508,038</u>
<b>Broadway Plaza LLLP</b>					
Bond mortgage note	6,345,000	-	100,000	6,245,000	155,000
Seller financing note	9,875,000	-	-	9,875,000	-
Accrued interest due					
Current interest	152,444	577,280	152,444	577,280	577,280
Deferred interest	2,808,613	513,597	935,828	2,386,382	-
	<u>19,181,057</u>	<u>1,090,877</u>	<u>1,188,272</u>	<u>19,083,662</u>	<u>732,280</u>
<b>Pivotal Point LLLP</b>					
State of WA HTF note	865,000	-	121,306	743,694	63,332
	<u>865,000</u>	<u>-</u>	<u>121,306</u>	<u>743,694</u>	<u>63,332</u>
<b>Bakerview/Grandview LLLP</b>					
Revenue bond	6,057,591	-	71,490	5,986,101	75,515
Seller financing note	22,950,000	-	-	22,950,000	-
EHA sponsor note	5,000,000	-	-	5,000,000	-
Development fee note	2,381,760	-	682,358	1,699,402	311,314
Accrued interest due					
Current interest	27,714	27,387	27,714	27,387	27,387
Deferred interest	5,367,057	1,149,439	-	6,516,496	-
	<u>41,784,122</u>	<u>1,176,826</u>	<u>781,562</u>	<u>42,179,386</u>	<u>414,216</u>
<b>Everett Affordable Housing LLLP</b>					
Revenue bond	5,170,311	-	62,039	5,108,272	65,533
Seller financing note	9,694,066	-	-	9,694,066	-
EHA sponsor note	2,000,000	-	-	2,000,000	-
Development fee note	1,200,565	-	461,309	739,256	366,269
Accrued interest due					
Current interest	23,654	23,370	23,654	23,370	23,370
Deferred interest	2,278,811	482,064	-	2,760,875	-
	<u>20,367,407</u>	<u>505,434</u>	<u>547,002</u>	<u>20,325,839</u>	<u>455,172</u>

Continued on next page

# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Notes to Basic Financial Statements

June 30, 2021

Changes in notes, leases, and accrued interest due from partnerships during the year ended June 30, 2021  
(continued)

	Balance July 1	Additions	Reductions	Balance June 30	Due Within One Year
EHA Senior Housing I LLLP					
Bond mortgage note	6,304,398	-	92,924	6,211,474	96,831
Seller financing note	8,375,000	-	-	8,375,000	-
EHA sponsor note	1,284,756	-	-	1,284,756	-
Development fee note	448,046	-	448,046	-	-
Accrued interest due					
Current interest	258,313	668,003	258,313	668,003	668,003
Deferred interest	1,392,336	342,600	-	1,734,936	-
	<u>18,062,849</u>	<u>1,010,603</u>	<u>799,283</u>	<u>18,274,169</u>	<u>764,834</u>
Everett Housing Legacy LLLP					
Mortgage note	-	1,322,207	-	1,322,207	-
EHA sponsor note	-	1,453,757	-	1,453,757	-
Development fee note	-	3,957,804	550,000	3,407,804	-
Revenue bond	-	22,000,000	-	22,000,000	-
Accrued interest due					
Current interest	-	-	-	-	-
Deferred interest	-	-	-	-	-
	<u>-</u>	<u>28,733,768</u>	<u>550,000</u>	<u>28,183,768</u>	<u>-</u>
Evergreen Village Senior Apartments					
Residual receipts note	<u>68,061</u>	<u>-</u>	<u>18,923</u>	<u>49,138</u>	<u>-</u>
Hawkins House Senior Apartments					
Residual receipts note	<u>74,484</u>	<u>-</u>	<u>-</u>	<u>74,484</u>	<u>-</u>
Lake Woods Senior Apartments					
Residual receipts note	<u>201,884</u>	<u>-</u>	<u>-</u>	<u>201,884</u>	<u>-</u>
Lynn Crest Senior Apartments					
Residual receipts note	<u>31,723</u>	<u>-</u>	<u>-</u>	<u>31,723</u>	<u>-</u>
Scriber Pointe Senior Apartments					
Residual receipts note	<u>59,148</u>	<u>-</u>	<u>45,789</u>	<u>13,359</u>	<u>-</u>
Silver View Senior Apartments					
Residual receipts note	<u>12,199</u>	<u>-</u>	<u>-</u>	<u>12,199</u>	<u>-</u>
Village East Senior Apartments					
Residual receipts note	<u>1,513</u>	<u>-</u>	<u>-</u>	<u>1,513</u>	<u>-</u>
Total notes and accrued	<u>\$ 116,290,332</u>	<u>\$ 32,990,343</u>	<u>\$ 4,920,204</u>	<u>\$ 144,360,471</u>	<u>\$ 2,937,872</u>

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

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

June 30, 2021

#### **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, 2021, the unpaid balance of the note was \$6,245,000, of which \$155,000 was classified as current. Interest in the amount of \$150,644 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 \$2,386,382 had accrued as of June 30, 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 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 \$2,162.50 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. At June 30, 2021, the unpaid balance of the note was \$743,694 of which \$63,332 was classified as current.

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

## **Notes to Basic Financial Statements**

June 30, 2021

### **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 \$5,598,578 had accrued as of June 30, 2021. The note is classified as non-current since repayment is subject to available cash flow of the partnership. The note matures on September 1, 2066.

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

A sponsor note in the amount of \$550,000 was executed on September 29, 2014 in connection with the acquisition and development of Bakerview/Grandview Affordable Housing. 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 \$917,918 had accrued as of June 30, 2021. 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, 2021, the balance of the note was \$1,699,402 and \$311,314 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, 2021, the loan had converted to permanent financing with Berkadia. The balance of the loan was \$5,986,101. Of that, \$75,515 was classified as current.



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

## **Notes to Basic Financial Statements**

June 30, 2021

### **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 \$2,395,637 had accrued as of June 30, 2021. The note is classified as non-current since repayment is subject to available cash flow of the partnership. The note matures on September 1, 2066.

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

A sponsor note in 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 \$365,239 had accrued as of June 30, 2021. The note is classified as non-current since repayment is subject to available cash flow of the partnership. 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, 2021, the balance of the note was \$739,256 of which \$366,269 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, 2021, the loan had converted to permanent debt with Berkadia and the balance was \$5,108,272. Of that, \$65,533 was classified as current.

# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Notes to Basic Financial Statements

June 30, 2021

### **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 \$1,504,188 had accrued as of June 30, 2021. 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, 2021, the principal balance was \$1,284,756 and interest of \$230,748 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, 2021, the loan had converted to permanent financing with Banner Bank and the balance of the loan was \$6,211,474 of which \$96,831 was classified as current.

#### **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, 2021, the loan had converted to permanent financing with Banner Bank and the balance of the loan was \$6,676,567 of which \$102,854 was classified as current.

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

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

June 30, 2021

#### **b. 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, 2021, the balance of the ground lease was \$556,428, of which \$9,260 was current and interest of \$14,356 had accrued.

#### **c. 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 \$818,861 had accrued as of June 30, 2021. 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, 2021, the balance of the note was \$554,113, of which \$141,240 was classified as current.

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

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

On April 29, 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, 2021, the loan had not been fully drawn and the balance was \$1,322,207.

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

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

**June 30, 2021**

#### **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 8% per annum. As of June 30, 2021, the loan was not fully drawn, and the principal balance was \$1,453,757. 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. 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 \$4,947,25. 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, 2021, \$3,407,804 remained receivable.

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

On April 1, 2021, the Authority executed a note with Everett Housing Legacy LLLP in the original amount of \$20,000,000, 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, 2021, 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 cash and upon receiving approval from HUD. The note does not bear interest and matures on July 1, 2043. As of June 30, 2021, the balance of the loan was \$49,138.

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

## **Notes to Basic Financial Statements**

June 30, 2021

### **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, 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. The note does not bear interest and matures on November 1, 2043. As of June 30, 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 \$100,442. 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. As of June 30, 2021, the balance of the loan was \$201,884.

### **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, 2021, the balance of the loan was \$13,359.

# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Notes to Basic Financial Statements

June 30, 2021

### 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, 2021, the balance of the loan was \$12,199.

### 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, 2021, the balance of the loan was \$1,513.

## 6. Capital Assets

### Primary Government:

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

	Balance July 1, 2020	Additions and Transfers	Reductions and Transfers	Balance June 30, 2021
Capital assets, not being depreciated:				
Land	\$ 3,087,753	\$ 566,383	\$ 748,293	\$ 2,905,843
Construction in progress	1,969,010	450,416	1,966,380	453,046
Total capital assets, not being depreciated	5,056,763	1,016,799	2,714,673	3,358,889
Capital assets, being depreciated:				
Building and building improvements	22,171,581	2,955,873	4,155,366	20,972,088
Furniture, equipment and machinery	1,404,157	37,449	89,150	1,352,456
Total capital assets, being depreciated	23,575,738	2,993,322	4,244,516	22,324,544
Less accumulated depreciation for:				
Building and building improvements	15,233,209	499,490	3,474,499	12,258,200
Furniture, equipment and machinery	1,215,665	45,312	58,828	1,202,149
Total accumulated depreciation	16,448,874	544,802	3,533,327	13,460,349
Total capital assets being depreciated, net	7,126,864	2,448,520	711,189	8,864,195
Total capital assets, net	\$ 12,183,627	\$ 3,465,319	\$ 3,425,862	\$ 12,223,084

# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Notes to Basic Financial Statements

June 30, 2021

### 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, 2020:

	Balance January 1, 2020	Additions and Transfers	Reductions and Transfers	Balance December 31, 2020
Capital assets, not being depreciated:				
Land	\$ 7,920,019	\$ -	\$ -	7,920,019
Leasehold improvements	46,020	-	-	46,020
Construction in progress	-	57,142	-	57,142
Total capital assets, not being depreciated	7,966,039	57,142	-	8,023,181
Capital assets, being depreciated:				
Land improvements	4,839,528	196,933	118,118	4,918,343
Building and building improvements	186,681,126	279,923	-	186,961,049
Furniture, equipment and machinery	4,468,302	304,411	122,475	4,650,238
Total capital assets, being depreciated	195,988,956	781,267	240,593	196,529,630
Less accumulated depreciation for:				
Land improvements	2,285,065	244,144	-	2,529,209
Building and building improvements	33,019,818	4,717,774	-	37,737,592
Furniture, equipment and machinery	3,267,331	375,460	-	3,642,791
Total accumulated depreciation	38,572,214	5,337,378	-	43,909,592
Total capital assets being depreciated, net	157,416,742	(4,556,111)	240,593	152,620,038
Total capital assets, net	\$ 165,382,781	\$ (4,498,969)	\$ 240,593	\$ 160,643,219

## 7. 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, 2021, 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.



# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Notes to Basic Financial Statements

June 30, 2021

The following schedule shows the significant components of construction in progress at June 30, 2021:

	<b>Project Authorization</b>	<b>Expended through 6/30/2021</b>	<b>Committed</b>
Master Plan	\$ 381,245	\$ 381,245	\$ -
Rucker Predevelopment	71,801	71,801	-
	<u>\$ 453,046</u>	<u>\$ 453,046</u>	<u>\$ -</u>

## 8. Non-Current Liabilities

### Primary Government:

As of June 30, 2021, the primary government had revenue bonds outstanding as follows:

	<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>
<b><i>Tax Credit Partnerships</i></b>						
Revenue Bond 2011						
Broadway Plaza Apartments	06/29/11	07/01/29	1.99%-5.865%	\$ 7,000,000	\$ 6,245,000	\$ 155,000
Revenue Bond 2014						
Bakerview/Grandview	05/04/17	05/04/33	5.49%	6,250,000	5,986,100	75,515
Revenue Bond 2014						
Everett Affordable Housing Portfolio	02/22/17	02/22/33	5.49%	5,350,000	5,108,272	65,533
Revenue Bond 2016						
EHA Senior Housing I	02/05/16	03/15/35	4.13%	6,500,000	6,211,474	96,831
Revenue Bond 2017						
Wiggums Park Place	08/01/17	06/01/36	3.625%	12,700,000	6,676,567	102,854
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>\$ 52,227,413</u>	

### ***Affordable Housing***

Revenue Bond 2006						
Gibson Road Townhomes Project (Pacific Square Apartments)	12/28/06	01/01/22	5.25%	400,000	22,269	22,269
<b>Total Affordable Housing Bonds</b>					<u>22,269</u>	
<b>Total Revenue Bonds</b>					<u>\$ 52,249,682</u>	



# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Notes to Basic Financial Statements

June 30, 2021

As of June 30, 2021, the primary government had promissory notes from direct borrowings outstanding as follows:

	Issuance Date	Maturity Date	Interest Rate	Note Issuance	Balance at June 30	Due Within One Year
<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	\$ 63,332
Mortgage Note - Everett Housing Legacy LLLP	04/29/21	08/01/63	3.25%	1,322,207	<u>1,322,207</u>	-
<b>Total Tax Credit Partnership Notes</b>					<u><u>\$ 2,065,901</u></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	423,785	7,004
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	673,932	15,017
City of Everett CDBG - Evergreen Cottages	07/01/19	06/30/45	3.00%	539,084	509,423	-
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	<u>432,516</u>	8,763
<b>Total Affordable Housing Notes</b>					<u>3,896,587</u>	
<b>Total Notes</b>					<u><u>\$ 5,962,488</u></u>	

# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Notes to Basic Financial Statements

June 30, 2021

Changes in long-term liabilities for the primary government during the year ended June 30, 2021 are summarized below:

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Due Within One Year
Revenue bonds	\$ 30,711,883	\$ 22,000,000	\$ 462,201	\$ 52,249,682	\$ 518,001
Direct borrowings	3,718,432	2,397,613	153,557	5,962,488	94,117
	34,430,315	24,397,613	615,758	58,212,170	612,118
Compensated absences	462,007	76,569	48,559	490,017	123,295
Accrued interest	948,733	233,619	200,923	981,429	719,581
Pension liability	2,243,890	147,775	101,689	2,289,976	-
	3,654,630	457,963	351,171	3,761,422	842,876
<b>Total</b>	<b>\$ 38,084,945</b>	<b>\$ 24,855,576</b>	<b>\$ 966,929</b>	<b>\$ 61,973,592</b>	<b>\$ 1,454,994</b>

### 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 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. At June 30, 2021, the unpaid balance of the note was \$6,245,000, of which \$155,000 was classified as current. Interest in the amount of \$150,644 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.

# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Notes to Basic Financial Statements

June 30, 2021

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, 2021, the balance of the loan was \$5,986,101. Of that, \$75,515 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. At June 30, 2021, the balance was \$5,108,272. Of that, \$65,533 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 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, 2021, the loan had converted to permanent financing with Banner Bank and the balance of the loan was \$6,211,474 of which \$96,831 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, 2021, the loan had converted to permanent financing with Banner Bank and the balance of the loan was \$6,676,567 of which \$102,854 was classified as current.

# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Notes to Basic Financial Statements

June 30, 2021

### **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 \$20,000,000, 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. At June 30, 2021, 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 is 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 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 June 30, 2021, the balance of the loan was \$22,269 and all amounts were classified as current.

## **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 \$2,162.50 shall be payable.

## HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

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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. At June 30, 2021, the unpaid balance of the note was \$743,694 of which \$63,332 was classified as current.

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

On April 29, 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, 2021, the loan had not been fully drawn and the balance was \$1,322,207.

#### **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, 2021, the balance of the loan was \$65,633

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

## **Notes to Basic Financial Statements**

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### **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, 2021, 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, 2021, 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 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, 2021, the balance of the note was \$432,516 of which \$8,763 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.



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

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

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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 the attorney fees of the lender. As of June 30, 2021, 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, 2021, 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, 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. At June 30, 2021, the unpaid balance of the note was \$423,785 of which \$7,004 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.



# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Notes to Basic Financial Statements

June 30, 2021

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, 2021, 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, 2021, 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, 2021, the balance of the loan was \$673,932 of which \$15,017 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 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, 2021, the balance of the loan and amount of expended proceeds was \$509,423 and interest of \$22,639 was deferred.

# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Notes to Basic Financial Statements

June 30, 2021

The annual debt service requirements of the primary government for revenue bonds and direct borrowings at June 30, 2021 are as follows:

<b>Year Ended June 30</b>	<b>Bond Principal</b>	<b>Note Principal</b>	<b>Interest Due</b>	<b>Total</b>
2022	\$ 518,001	\$ 30,793	\$ 1,519,700	\$ 2,068,494
2023	476,535	34,278	1,496,305	2,007,118
2024	498,096	35,448	1,471,926	2,005,470
2025	520,453	36,747	1,446,207	2,003,407
2026	548,644	423,653	1,408,273	2,380,570
2027-2031	7,640,606	236,431	5,731,551	13,608,588
2032-2036	15,212,134	1,004,565	3,466,725	19,683,424
2037-2041	4,835,213	468,408	261,415	5,565,036
2042-2046	22,000,000	1,033,379	42,624	23,076,003
2047-2051	-	962,266	12,794	975,060
2052-2056	-	337,557	3,631	341,188
2057-2061	-	36,753	545	37,298
2062-2066	-	1,322,210	-	1,322,210
	<u>\$ 52,249,682</u>	<u>\$ 5,962,488</u>	<u>\$ 16,861,696</u>	<u>\$ 75,073,866</u>

# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Notes to Basic Financial Statements

June 30, 2021

**Component Units:** The following is a schedule of outstanding notes of the Component Units as of December 31, 2020:

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	6,245,000
Seller financing note	Direct borrowing	06/29/11	06/29/61	4.05%	9,875,000	9,875,000
						16,120,000
<b>Pivotal Point LLLP</b>						
Housing Trust Fund loan	Direct borrowing	09/24/13	12/31/55	0% - 1%	865,000	829,897
						829,897
<b>Bakerview/Grandview LLLP</b>						
Revenue bond	Revenue bond	05/04/17	05/04/33	5.49%	6,250,000	6,022,335
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
						33,972,335
<b>Everett Affordable Housing Portfolio LLLP</b>						
Revenue bond	Revenue bond	02/22/17	02/22/33	5.49%	5,350,000	5,139,717
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	364,930
City of Everett - HTF	Direct borrowing	11/18/09	11/18/49	3.00%	500,000	500,000
						17,698,713
<b>EHA Senior Housing I LLLP</b>						
Revenue bond	Revenue bond	02/05/16	03/15/35	4.13%	6,500,000	6,266,144
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
						15,925,900
<b>Wiggums Park Place LLLP</b>						
Revenue bond	Revenue bond	08/01/17	06/01/36	3.625%	12,700,000	6,726,614
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	565,455
						13,617,069
<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	49,138
						179,138

# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Notes to Basic Financial Statements

June 30, 2021

Description of Note	Debt Type	Issuance Date	Maturity Date	Interest Rate	Note Issuance	Outstanding December 31
<b>Hawkins House</b>						
Residual receipt note	Direct borrowing	11/06/19	08/31/49	0.00%	74,484	<u>74,484</u>
<b>Lynn Crest</b>						
Residual receipt note	Direct borrowing	10/24/19	11/01/43	0.00%	31,723	<u>31,723</u>
<b>Lynn Woods Apartments</b>						
Mortgage note	Direct borrowing	10/31/06	05/01/41	4.17%	1,570,400	<u>1,241,474</u>
<b>Lakewoods I</b>						
Residual receipt note	Direct borrowing	11/06/19	08/31/32	0.00%	100,443	<u>201,884</u>
<b>Scriber Pointe</b>						
Residual receipt note	Direct borrowing	10/24/19	07/01/42	0.00%	59,148	<u>13,359</u>
<b>Silver View</b>						
Residual receipt note	Direct borrowing	11/13/19	08/31/36	0.00%	26,083	<u>12,199</u>
<b>Silver Woods Apartments</b>						
City of Everett HOME loan	Direct borrowing	11/21/07	11/21/47	3.00%	100,000	100,000
Mortgage note	Direct borrowing	10/31/06	11/01/41	4.58%	1,589,500	<u>1,272,843</u>
						<u>1,372,843</u>
<b>Village East</b>						
Residual receipt note	Direct borrowing	10/24/19	07/01/42	0.00%	60,748	<u>1,513</u>

# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Notes to Basic Financial Statements

June 30, 2021

Changes in outstanding notes and compensated absences for the Component Units during the year ended December 31, 2020 are summarized below:

	January 1	Additions	Reductions	December 31	One Year
<b>Broadway Plaza LLLP</b>					
Promissory note - Everett Housing Authority					
Housing revenue bonds 2011	6,345,000	-	100,000	6,245,000	100,000
Seller financing note	9,875,000	-	-	9,875,000	-
	16,220,000	-	100,000	16,120,000	100,000
Compensated absences	34,039	5,310	-	39,349	9,837
Total	16,254,039	5,310	100,000	16,159,349	109,837
<b>Pivotal Point LLLP</b>					
Housing Trust Fund loan	865,000	-	35,103	829,897	86,203
EHA promissory note	14,150		14,150	-	-
	879,150		49,253	829,897	86,203
Compensated absences	7,120	66	-	7,186	1,796
Total	886,270	66	49,253	837,083	87,999
<b>Bakerview/Grandview LLLP</b>					
Revenue bond	6,091,894	-	69,559	6,022,335	73,475
EHA sponsor note	5,000,000	-	-	5,000,000	-
Seller financing note	22,950,000	-	-	22,950,000	-
	34,041,894	-	69,559	33,972,335	73,475
Compensated absences	68,452	15,621	-	84,073	21,018
Total	34,110,346	15,621	69,559	34,056,408	94,493
<b>Everett Affordable Housing Portfolio LLLP</b>					
Revenue bond	5,200,080	-	60,363	5,139,717	63,762
EHA sponsor note	2,000,000	-	-	2,000,000	-
Seller financing note	9,694,066	-	-	9,694,066	-
WA St Dept of Commerce	378,804	-	13,874	364,930	14,014
City of Everett - Housing Trust Fund	500,000	-	-	500,000	-
	17,772,950	-	74,237	17,698,713	77,776
Compensated absences	41,874	6,681	-	48,555	12,139
Total	\$ 17,814,824	\$ 6,681	\$ 74,237	\$ 17,747,268	\$ 89,915
<b>Wiggums Park Place, LLLP</b>					
Revenue construction bond	12,527,457	-	5,800,843	6,726,614	101,009
Seller financing note	6,325,000	-	-	6,325,000	-
Ground lease	574,255	-	8,800	565,455	-
	19,426,712	-	5,809,643	13,617,069	101,009
Compensated absences	15,283	16,304	-	31,587	7,897
Total	\$ 19,441,995	\$ 16,304	\$ 5,809,643	\$ 13,648,656	\$ 108,906

# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Notes to Basic Financial Statements

June 30, 2021

Changes in outstanding notes and compensated absences for the Component Units during the year ended December 31, 2020 (continued)

	Balance January 1	Additions	Reductions	Balance December 31	Due Within One Year
<b>EHA Senior Housing I LLLP</b>					
Revenue bond	\$ 6,349,444	\$ -	\$ 83,300	\$ 6,266,144	\$ 102,587
EHA sponsor note	1,284,756	-	-	1,284,756	-
Seller financing note	8,375,000	-	-	8,375,000	-
	16,009,200	-	83,300	15,925,900	102,587
Compensated absences	30,944	2,373	-	33,317	8,329
Total	16,040,144	2,373	83,300	15,959,217	110,916
<b>Evergreen Village Senior Apartments</b>					
WA State Dept of Commerce	130,000	-	-	130,000	-
Residual receipts note	68,061	-	18,923	49,138	-
	198,061	-	18,923	179,138	-
Compensated absences	7,452	-	2,153	5,299	1,325
Total	205,513	-	21,076	184,437	1,325
<b>Lynn Woods Senior Apartments</b>					
Mortgage note	1,277,927	-	36,453	1,241,474	38,002
	1,277,927	-	36,453	1,241,474	38,002
Compensated absences	5,436	-	241	5,195	1,299
Total	1,283,363	-	36,694	1,246,669	39,301
<b>Silver Woods Senior Apartments</b>					
City of Everett HOME loan	100,000	-	-	100,000	-
Mortgage note	1,308,353	-	35,510	1,272,843	37,171
	1,408,353	-	35,510	1,372,843	37,171
Compensated absences	6,825	1,150	-	7,975	1,994
Total	1,415,178	1,150	35,510	1,380,818	39,165
<b>Evergreen Court Senior Apartments</b>					
Compensated absences	6,470	1,493	-	7,963	1,991
<b>Hawkins House Senior Apartments</b>					
Residual receipts note	74,484	-	-	74,484	-
	74,484	-	-	74,484	-
Compensated absences	9,648	-	339	9,309	2,327
Total	84,132	-	339	83,793	2,327
<b>Lynn Crest Senior Apartments</b>					
Residual receipts note	31,723	-	-	31,723	-
	31,723	-	-	31,723	-
Compensated absences	6,007	-	828	5,179	1,294
Total	37,730	-	828	36,902	1,294
<b>Lake Woods Senior Apartments</b>					
Residual receipts note	100,443	101,441	-	201,884	-
	100,443	101,441	-	201,884	-
Compensated absences	13,364	-	5,612	7,752	1,938
Total	113,807	101,441	5,612	209,636	1,938

# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Notes to Basic Financial Statements

June 30, 2021

Changes in outstanding notes and compensated absences for the Component Units during the year ended December 31, 2020 (continued)

### Meadow Park Senior Apartments

Compensated absences	7,585	-	1,072	6,513	1,628
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### Scriber Pointe Senior Apartments

Residual receipts note	59,148	-	45,789	13,359	-
	59,148	-	45,789	13,359	-
Compensated absences	6,203	-	3,056	3,147	787
Total	65,351	-	48,845	16,506	787

### Silver View Senior Apartments

Residual receipts note	26,083	-	13,884	12,199	-
	26,083	-	13,884	12,199	-
Compensated absences	6,798	25	-	6,823	1,706
Total	32,881	25	13,884	19,022	1,706

### Village East Senior Apartments

Residual receipts note	60,748	-	59,235	1,513	-
	60,748	-	59,235	1,513	-
Compensated absences	8,201	-	2,094	6,107	1,527
Total	68,949	-	61,329	7,620	1,527

## 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 unpaid interest immediately due. At December 31, 2020, the unpaid balance of the note was \$6,245,000, of which \$100,000 was classified as current. Interest in the amount of \$150,644 had accrued.



# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Notes to Basic Financial Statements

June 30, 2021

### **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 \$3,062,381 had accrued as of December 31, 2020. 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. At December 31, 2020, the unpaid balance of the note was \$829,897 of which \$86,203 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 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.

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

## **Notes to Basic Financial Statements**

June 30, 2021

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, 2020, the balance of the loan was \$6,022,335. Of that, \$73,475 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 \$818,376 had accrued as of December 31, 2020. 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 \$5,118,378 had accrued as of December 31, 2020. 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.

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

## **Notes to Basic Financial Statements**

June 30, 2021

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. At December 31, 2020, the balance was \$5,139,717. Of that, \$63,762 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 \$325,454 had accrued as of December 31, 2020. 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 \$2,192,283 had accrued as of December 31, 2020. 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.

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

## **Notes to Basic Financial Statements**

June 30, 2021

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.

### **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. At December 31, 2020, the unpaid balance of the note was \$364,930 of which \$14,014 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, 2020, 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, 2020, the loan had converted to permanent financing with Banner Bank and the balance of the loan was \$6,266,144 of which \$102,587 was classified as current.

# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Notes to Basic Financial Statements

June 30, 2021

### **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, 2020, the principal balance was \$1,284,756 and interest of \$207,804 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 \$1,225,933 had accrued as of December 31, 2020. 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, 2020, the balance of the loan was \$6,726,614 of which \$101,009 was classified as current.

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

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

June 30, 2021

#### **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 \$708,986 had accrued as of December 31, 2020. 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 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. As of December 31, 2020, the balance of the lease was \$565,455.

### **Evergreen Village Senior Apartments**

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

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, 2020, the unpaid balance of the note was \$130,000.



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

## **Notes to Basic Financial Statements**

June 30, 2021

### **b. 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, 2020, the balance of the loan was \$49,138.

### **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, 2020, 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, 2020, the balance of the loan was \$31,723.



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

## **Notes to Basic Financial Statements**

June 30, 2021

### **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, 2020, the balance of the loan was \$201,884.

### **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, 2020, the balance of the loan was \$1,241,474. Of that, \$38,002 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, 2020, the balance of the loan was \$13,359.

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

## **Notes to Basic Financial Statements**

June 30, 2021

### **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, 2020, the balance of the loan was \$12,199.

### **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. 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, 2020, 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, 2020, the unpaid balance of the note was \$100,000.

# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Notes to Basic Financial Statements

June 30, 2021

### 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, 2020, the balance of the loan was \$1,272,843. Of that, \$37,171 was classified as current

The annual debt service requirements of the Component Units' long-term debt obligations at December 31, 2020, are as follows:

Year Ended				
December 31	Notes	Interest	Total	
2021	\$ 617,196	\$ 1,605,779	\$ 2,222,975	
2022	565,144	1,580,097	2,145,241	
2023	590,192	1,553,540	2,143,732	
2024	621,181	1,525,765	2,146,946	
2025	648,155	1,496,589	2,144,744	
2026-2030	8,473,992	6,456,847	14,930,839	
2031-2035	12,218,064	3,704,322	15,922,386	
2036-2040	6,831,328	1,078,807	7,910,135	
Thereafter	70,727,278	12,895,902	83,623,180	
	\$ 101,292,530	\$ 31,897,648	\$ 133,190,178	

### 9. 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 associated with the respective bonds. As of June 30, 2021, the Housing Authority estimated that no arbitrage rebate exists in conjunction with its debt reserve funds, and therefore no liability exists.

# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Notes to Basic Financial Statements

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### 10. 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 \$900,000 for employee dishonesty and forgery or alteration and \$90,000 for theft, with a deductible of \$1,000 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 assess the membership for any shortfall in its funding. Such shortfalls are made up through future rate adjustments.

# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Notes to Basic Financial Statements

June 30, 2021

### 11. Pension Plan

The following table represents the aggregate pension amounts for all plans for the year 2021:

<b>Aggregate Pension Amounts – All Plans</b>	
Pension liabilities	\$ (2,289,976)
Pension assets	\$ -
Deferred outflows of resources	\$ 1,318,157
Deferred inflows of resources	\$ (670,353)
Pension expense/expenditures	\$ 200,088

#### 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 comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to:

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

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

# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Notes to Basic Financial Statements

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Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service.

Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

### Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2020 and 2021 were as follows:

<b>PERS Plan 1</b>		
<b>Actual Contribution Rates</b>	<b>Employer</b>	<b>Employee*</b>
July – August 2020		
PERS Plan 1	7.92%	6.00%
PERS Plan 1 UAAL	4.76%	
Administrative Fee	0.18%	
<b>Total</b>	<b>12.86%</b>	<b>6.00%</b>
September 2020 – 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>

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

**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.

## HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

### Notes to Basic Financial Statements

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PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

- With a benefit that is reduced by three percent for each year before age 65; or
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2/3 members hired on or after May 1, 2013, have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three 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 2020 and 2021 were as follows:



# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Notes to Basic Financial Statements

June 30, 2021

<b>PERS Plan 2/3</b>		
<b>Actual Contribution Rates</b>	<b>Employer 2/3</b>	<b>Employee 2*</b>
July – August 2020		
PERS Plan 2/3	7.92%	7.90%
PERS Plan 1 UAAL	4.76%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
<b>Total</b>	<b>12.86%</b>	<b>7.90%</b>
September 2020 – June 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>

\* For employees participating in JBM, the contribution rate was 19.75%.

The Everett Housing Authority's actual PERS plan contributions were \$336,428 to PERS Plan 1 and \$549,791 to PERS Plan 2/3 for the year ended June 30, 2021.

### Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2020 with a valuation date of June 30, 2019. 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 *2019 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2019 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2020. Plan liabilities were rolled forward from June 30, 2019, to June 30, 2020, 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%

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

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

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Mortality rates were developed using the Society of Actuaries' Pub. H-2020 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.

#### **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.

# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Notes to Basic Financial Statements

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### 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, 2020, 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.

# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Notes to Basic Financial Statements

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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	\$ 1,948,997	\$ 1,556,015	\$ 1,213,294
PERS 2/3	4,566,895	733,961	(2,422,464)

### 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, 2021, the Everett Housing Authority reported a total pension liability of \$2,289,976 for its proportionate share of the net pension liabilities as follows:

	<b>Liability (or Asset)</b>
PERS 1	\$1,556,015
PERS 2/3	733,961

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

	<b>Proportionate Share 6/30/19</b>	<b>Proportionate Share 6/30/20</b>	<b>Change in Proportion</b>
PERS 1	.044004%	.044073%	.000069%
PERS 2/3	.056806%	.057388%	.000582%

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

**HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON****Notes to Basic Financial Statements**

June 30, 2021

**Pension Expense**

For the year ended June 30, 2021, the Everett Housing Authority recognized pension expense as follows:

	<b>Pension Expense</b>
PERS 1	\$82,718
PERS 2/3	117,370
TOTAL	200,088

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

At June 30, 2021, the Everett Housing Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>PERS 1</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$	\$
Net difference between projected and actual investment earnings on pension plan investments	\$	\$(8,663)
Changes of assumptions	\$	\$
Changes in proportion and differences between contributions and proportionate share of contributions	\$	\$
Contributions subsequent to the measurement date	\$336,428	\$
TOTAL	\$336,428	\$(8,663)

# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Notes to Basic Financial Statements

June 30, 2021

<b>PERS 2/3</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$262,747	\$(91,983)
Net difference between projected and actual investment earnings on pension plan investments	\$	\$(37,275)
Changes of assumptions	\$10,456	\$(501,359)
Changes in proportion and differences between contributions and proportionate share of contributions	\$158,735	\$(31,073)
Contributions subsequent to the measurement date	\$549,791	\$
<b>TOTAL</b>	<b>\$981,729</b>	<b>\$(661,690)</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:

<b>Year ended June 30:</b>	<b>PERS 1</b>	<b>PERS 2/3</b>
2022	\$(39,314)	(270,685)
2023	\$ (1,237)	(38,933)
2024	\$11,996	46,910
2025	\$19,892	78,971
2026	\$	(16,659)
Thereafter	\$	(29,357)
<b>TOTAL</b>	<b>\$(8,663)</b>	<b>(229,753)</b>

## 12. 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.

# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Notes to Basic Financial Statements

June 30, 2021

### 13. 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, 2021, the Authority collected the following fees and payments from Tax Credit Limited Partnerships:

	Development Fee Payments	Incentive Mgt Fee	Property Mgt Fees	General Partner Fees	Loan & Lease Payments	Total
Wiggums Park Place LLLP	\$ 293,581	\$ -	\$ 64,441	\$ -	\$ 23,616	\$ 381,638
Broadway Plaza LLLP	-	-	100,698	-	509,192	609,890
Pivotal Point LLLP	-	34,263	17,555	8,358	-	60,176
Bakerview/Grandview LLLP	682,358	-	102,265	-	-	784,623
Everett Affordable Housing LLLP	461,309	-	81,943	-	-	543,252
EHA Senior Housing I LLLP	448,046	-	111,073	-	134,469	693,588
Everett Housing Legacy LLLP	550,000	-	-	-	-	550,000
Total	\$ 2,435,294	\$ 34,263	\$ 477,975	\$ 8,358	\$ 667,277	\$ 3,623,167



# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Notes to Basic Financial Statements

June 30, 2021

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, 2021, 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	\$ 554,113	\$ 6,676,567	\$ -	\$ 6,325,000	\$ -	\$ 556,428	\$ 1,073,545	\$ 15,185,653
Broadway Plaza LLLP	-	6,245,000	-	9,875,000	-	-	2,963,662	19,083,662
Pivotal Point LLLP	-	-	-	-	743,694	-	-	743,694
Bakerview/Grandview LLLP	1,699,402	5,986,101	5,000,000	22,950,000	-	-	6,543,883	42,179,386
Everett Affordable Housing LLLP	739,256	5,108,272	2,000,000	9,694,066	-	-	2,784,245	20,325,839
EHA Senior Housing I LLLP	-	6,211,474	1,284,756	8,375,000	-	-	2,402,939	18,274,169
Everett Housing Legacy LLLP	3,407,804	22,000,000	1,453,757	-	1,322,207	-	-	28,183,768
Total	\$ 6,400,575	\$ 52,227,414	\$ 9,738,513	\$ 57,219,066	\$ 2,065,901	\$ 556,428	\$ 15,768,274	\$ 143,976,171

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. These properties were accounted for as discretely presented component units. For the year ending June 30, 2021, EHA received \$307,900 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
- 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. For the year ending June 30, 2021, EHA received approval from HUD to receive payments from these residual receipts notes in the amount of \$64,712.

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

## **Notes to Basic Financial Statements**

**June 30, 2021**

The residual receipts promissory note balances as of June 30, 2021, are as follows:

• Evergreen Village Senior Housing Association	\$ 49,138
• Hawkins House Senior Housing Association	\$ 74,484
• Lake Woods Senior Apartments	\$201,884
• Lynn Crest Senior Apartments	\$ 31,723
• Scriber Pointe Senior Apartments	\$ 13,359
• Silver View Senior Apartments	\$ 12,199
• Village East Senior Apartments	\$ 1,513

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

# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Notes to Basic Financial Statements

June 30, 2021

Condensed Financial Data for the Component Units for the year ended December 31, 2020, is as follows:

	Discretely Presented Component Units, December 31, 2020						
	Broadway Plaza LLLP	Pivotal Point LLLP	Bakerview/Grandview LLLP	Everett Aff Hsg Port LLLP	EHA Senior Housing I LLLP	Wiggums Park Place LLLP	Total Tax Credits
<b>Assets, Liabilities and Net Position</b>							
Assets							
Cash and investments	\$ 2,416,887	\$ 632,731	\$ 1,992,739	\$ 1,709,954	\$ 1,452,931	\$ 876,933	\$ 9,082,175
Receivables and other assets	54,582	8,396	78,377	84,863	18,447	38,010	282,675
Capital assets, net	17,725,290	3,757,733	50,356,019	24,149,773	25,974,402	20,756,339	142,719,556
Total assets	<u>\$20,196,759</u>	<u>\$4,398,860</u>	<u>\$52,427,135</u>	<u>\$25,944,590</u>	<u>\$27,445,780</u>	<u>\$21,671,282</u>	<u>\$152,084,406</u>
Liabilities and net position							
Liabilities							
Current liabilities	\$ 908,599	\$ 145,582	\$ 921,904	\$ 670,262	\$ 806,204	\$ 468,792	\$ 3,921,343
Long-term liabilities	18,388,618	703,644	41,111,232	20,661,227	17,181,800	14,641,245	112,687,766
Total liabilities	19,297,217	849,226	42,033,136	21,331,489	17,988,004	15,110,037	116,609,109
Net position	899,542	3,549,634	10,393,999	4,613,101	9,457,776	6,561,245	35,475,297
Total liabilities and net position	<u>\$20,196,759</u>	<u>\$4,398,860</u>	<u>\$52,427,135</u>	<u>\$25,944,590</u>	<u>\$27,445,780</u>	<u>\$21,671,282</u>	<u>\$152,084,406</u>
<b>Revenues, Expenses and Changes in Net Position</b>							
Operating revenues	<u>\$ 2,528,116</u>	<u>\$ 344,603</u>	<u>\$ 2,797,858</u>	<u>\$ 2,078,232</u>	<u>\$ 2,243,850</u>	<u>\$ 8,950,074</u>	<u>\$ 18,942,734</u>
Operating expenses							
Administration & tenant services	624,717	137,132	542,187	416,396	573,136	255,667	2,549,235
Maintenance & operations	351,778	60,637	682,766	490,754	445,382	229,529	2,260,846
Utilities & general	344,311	41,967	342,064	219,069	216,176	127,557	1,291,144
Depreciation and amortization	550,598	144,004	1,538,467	750,214	832,768	713,042	4,529,093
Total operating expenses	<u>1,871,404</u>	<u>383,740</u>	<u>3,105,484</u>	<u>1,876,433</u>	<u>2,067,462</u>	<u>1,325,795</u>	<u>10,630,318</u>
Operating income	<u>656,712</u>	<u>(39,137)</u>	<u>(307,626)</u>	<u>201,799</u>	<u>176,388</u>	<u>7,624,279</u>	<u>8,312,416</u>
Non-operating revenues (expenses)							
Investment income	4,542	1,095	3,655	4,148	2,897	2,683	19,019
Interest expense	(874,818)	(8,562)	(1,462,498)	(776,396)	(597,135)	(496,568)	(4,215,977)
Gains (losses) - capital asset disposition	-	-	-	-	-	-	-
Total non-operating (expenses)	<u>(870,275)</u>	<u>(7,467)</u>	<u>(1,458,843)</u>	<u>(772,248)</u>	<u>(594,238)</u>	<u>(493,885)</u>	<u>(4,196,957)</u>
Income (loss) before capital contributions	(213,564)	(46,604)	(1,766,469)	(570,449)	(417,850)	7,130,394	4,115,458
Change in net position	(213,564)	(46,604)	(1,766,469)	(570,449)	(417,850)	7,130,394	4,115,458
Beginning net position	<u>1,113,105</u>	<u>3,596,241</u>	<u>12,160,476</u>	<u>5,183,552</u>	<u>9,875,626</u>	<u>(569,152)</u>	<u>31,359,848</u>
Ending net position	<u>\$ 899,541</u>	<u>\$3,549,637</u>	<u>\$10,394,007</u>	<u>\$ 4,613,103</u>	<u>\$ 9,457,776</u>	<u>\$ 6,561,242</u>	<u>\$ 35,475,306</u>

# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Notes to Basic Financial Statements

June 30, 2021

	Discretely Presented Component Units, December 31, 2020						
	Evergreen Court	Evergreen Village	Hawkins House	Lynncrest	Lake Woods	Lynn Woods	Meadow Park
<b>Assets, Liabilities and Net Position</b>							
Assets							
Cash and investments	\$ 231,699	\$ 94,259	\$ 152,228	\$ 233,478	\$ 204,246	\$ 489,491	\$ 89,336
Receivables and other assets	7,005	4,359	26,950	34,093	33,441	14,198	7,233
Capital assets, net	1,402,070	2,091,924	5,298,218	1,016,335	1,074,857	692,752	1,539,053
Total assets	<u>\$ 1,640,774</u>	<u>\$ 2,190,542</u>	<u>\$ 5,477,396</u>	<u>\$ 1,283,906</u>	<u>\$ 1,312,544</u>	<u>\$ 1,196,441</u>	<u>\$ 1,635,622</u>
Liabilities and net position							
Liabilities							
Current liabilities	\$ 23,444	\$ 24,640	\$ 69,475	\$ 59,603	\$ 44,800	\$ 72,919	\$ 25,765
Long-term liabilities	5,972	183,111	81,467	35,607	207,698	1,192,336	4,885
Total liabilities	29,416	207,751	150,942	95,210	252,498	1,265,255	30,650
Net position	1,611,358	1,982,791	5,326,454	1,188,696	1,060,046	(68,814)	1,604,972
Total liabilities and net position	<u>\$ 1,640,774</u>	<u>\$ 2,190,542</u>	<u>\$ 5,477,396</u>	<u>\$ 1,283,906</u>	<u>\$ 1,312,544</u>	<u>\$ 1,196,441</u>	<u>\$ 1,635,622</u>
<b>Revenues, Expenses and Changes in Net Position</b>							
Operating revenues	<u>\$ 286,635</u>	<u>\$ 242,531</u>	<u>\$ 304,568</u>	<u>\$ 370,707</u>	<u>\$ 325,961</u>	<u>\$ 398,777</u>	<u>\$ 271,555</u>
Operating expenses							
Administration & tenant services	123,335	122,566	157,571	140,274	148,289	132,925	126,021
Maintenance & operations	63,609	54,291	72,349	96,489	84,993	78,955	80,090
Utilities & general	43,697	51,449	67,856	43,953	65,140	32,646	43,514
Depreciation and amortization	79,146	97,648	172,105	66,897	86,078	72,427	85,767
Total operating expenses	<u>309,787</u>	<u>325,954</u>	<u>469,881</u>	<u>347,613</u>	<u>384,500</u>	<u>316,953</u>	<u>335,392</u>
Operating income	<u>(23,152)</u>	<u>(83,423)</u>	<u>(165,313)</u>	<u>23,094</u>	<u>(58,539)</u>	<u>81,824</u>	<u>(63,837)</u>
Non-operating revenues (expenses)							
Investment income	384	243	190	269	259	324	245
Interest expense	-	-	-	-	-	(52,471)	-
Gains (losses) - capital asset disposition	-	-	-	-	-	-	-
Total non-operating (expenses)	<u>384</u>	<u>243</u>	<u>190</u>	<u>269</u>	<u>259</u>	<u>(52,147)</u>	<u>245</u>
Income (loss) before capital contributions	(22,768)	(83,180)	(165,123)	23,363	(58,280)	29,677	(63,592)
Change in net position	(22,768)	(83,180)	(165,123)	23,363	(58,280)	29,677	(63,592)
Beginning net position	<u>1,634,123</u>	<u>2,065,969</u>	<u>5,491,580</u>	<u>1,165,325</u>	<u>1,118,324</u>	<u>(98,493)</u>	<u>1,668,564</u>
Ending net position	<u>\$ 1,611,355</u>	<u>\$ 1,982,789</u>	<u>\$ 5,326,457</u>	<u>\$ 1,188,688</u>	<u>\$ 1,060,044</u>	<u>\$ (68,816)</u>	<u>\$ 1,604,972</u>

# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Notes to Basic Financial Statements

June 30, 2021

### Discretely Presented Component Units, December 31, 2020

	Scriber Pointe	Silver View	Silver Woods	Village East	Total	Total Combined
<b>Assets, Liabilities and Net Position</b>						
Assets						
Cash and investments	\$ 104,629	\$ 266,977	\$ 533,368	\$ 118,360	\$ 2,518,071	\$ 11,600,246
Receivables and other assets	6,280	24,804	12,611	4,525	175,499	458,174
Capital assets, net	2,103,759	1,151,216	788,098	1,381,618	18,539,900	161,259,456
Total assets	<u>\$ 2,214,668</u>	<u>\$ 1,442,997</u>	<u>\$ 1,334,077</u>	<u>\$ 1,504,503</u>	<u>\$ 21,233,470</u>	<u>\$ 173,317,876</u>
Liabilities and net position						
Liabilities						
Current liabilities	\$ 24,629	\$ 24,426	\$ 123,949	\$ 23,537	\$ 517,187	\$ 4,438,530
Long-term liabilities	15,719	17,317	1,322,332	6,094	3,072,538	115,760,304
Total liabilities	40,348	41,743	1,446,281	29,631	3,589,725	120,198,834
Net position	2,174,320	1,401,254	(112,204)	1,474,872	17,643,745	53,119,042
Total liabilities and net position	<u>\$ 2,214,668</u>	<u>\$ 1,442,997</u>	<u>\$ 1,334,077</u>	<u>\$ 1,504,503</u>	<u>\$ 21,233,470</u>	<u>\$ 173,317,876</u>
<b>Revenues, Expenses and Changes in Net Position</b>						
Operating revenues	<u>\$ 271,088</u>	<u>\$ 261,818</u>	<u>\$ 399,080</u>	<u>\$ 294,804</u>	<u>\$ 3,427,524</u>	<u>\$ 22,370,258</u>
Operating expenses						
Administration & tenant services	110,608	115,984	114,829	157,369	1,449,771	3,999,006
Maintenance & operations	74,302	63,501	69,602	75,787	813,968	3,074,814
Utilities & general	48,844	39,680	44,978	41,256	523,013	1,814,157
Depreciation and amortization	95,272	62,843	68,420	64,555	951,158	5,480,251
Total operating expenses	<u>329,026</u>	<u>282,008</u>	<u>297,829</u>	<u>338,967</u>	<u>3,737,910</u>	<u>14,368,228</u>
Operating income	<u>(57,938)</u>	<u>(20,190)</u>	<u>101,251</u>	<u>(44,163)</u>	<u>(310,386)</u>	<u>8,002,030</u>
Non-operating revenues (expenses)						
Investment income	353	459	395	366	3,487	22,506
Interest expense	-	-	(63,210)	-	(115,681)	(4,331,658)
Gains (losses) - capital asset disposition	-	-	-	-	-	-
Total non-operating (expenses)	<u>353</u>	<u>459</u>	<u>(62,815)</u>	<u>366</u>	<u>(112,194)</u>	<u>(4,309,151)</u>
Income (loss) before capital contributions	(57,585)	(19,731)	38,436	(43,797)	(422,580)	3,692,878
Change in net position	(57,585)	(19,731)	38,436	(43,797)	(422,580)	3,692,878
Beginning net position	<u>2,231,901</u>	<u>1,420,988</u>	<u>(150,637)</u>	<u>1,518,672</u>	<u>18,066,316</u>	<u>49,426,164</u>
Ending net position	<u>\$ 2,174,316</u>	<u>\$ 1,401,257</u>	<u>\$ (112,201)</u>	<u>\$ 1,474,875</u>	<u>\$ 17,643,736</u>	<u>\$ 53,119,042</u>

# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Notes to Basic Financial Statements

June 30, 2021

### 14. 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 projects. 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, 2021, 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 \$3,534,010. 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, 2021, relating to EHA's exit from Public Housing.

### 15. 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 must 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, 2021

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.

On July 30, 2020, HUD released *PIH Notice 2020-17: CARES Act – Housing Choice Voucher (HCV) Program Housing Assistance Payments (HAP) Supplemental funding*. The purpose of this notice was to implement the HAP supplemental funding provisions for the HCV Program, including Mainstream vouchers, 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. In November 2020, the Authority received an appropriation of \$508,288 for HAP Shortfall funding under this notice. As of June 30, 2021, the Authority had met the eligibility requirements to recognize the full amount as revenue and the award had been fully expended.

On April 28, 2020, HUD released *PIH Notice 2020-07: Implementation of Supplemental Guidance to Federal Fiscal Year 2020 Operating Fund Appropriations*. The notice provides guidance on the allocation and eligible use of Supplemental Public Housing Operating funding provided pursuant to the CARES Act, as well as the additional flexibilities provided pursuant to the CARES Act to use previously appropriated Capital and Operating Funds to enable public housing agencies to prevent, prepare for, and response to coronavirus. HUD waived 24 CFR 990.280(b) so that PHA's may transfer funds to the Central Office Cost Center to pay for immediate needs of the COCC that exceed the safe harbors identified in Chapter 7 of the HUD Financial Management Handbook, in order to cover the additional expenses required to prevent, prepare for, and respond to the coronavirus. Funds transferred to the COCC must comply with the cost reasonableness standards found at 2 CFR 200.404 and cannot exceed the safe harbors by more than 50%. As a result of the flexibilities allowed in this notice, the Authority increased Capital Fund management fees by \$92,285.

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. As of June 30, 2021, leasing of the increased vouchers had not begun. Leasing of the increased vouchers started in October of 2020.

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*.



# HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON

## Notes to Basic Financial Statements

June 30, 2021

On November 17, 2020, the Authority was awarded new Mainstream 5 vouchers and funding as authorized by the CARES Act. EHA began leasing the new allocation of vouchers on March 1, 2021. The funding award is a 12-month term for 75 units with a budget authority of \$1,117,260.

### 16. Subsequent Events

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.

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.

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

## **Notes to Basic Financial Statements**

**June 30, 2021**

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.

**HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON**  
**Schedule of Proportionate Share of the Net Pension Liability**  
**As of June 30, 2020**  
**Last 10 Fiscal Years\***

<b>PERS # 1</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)	0.044073%	0.044004%	0.042756%	0.043642%	0.039816%	0.037174%	0.034937%	0.034695%
Employer's proportionate share of the net pension liability	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	6,698,180	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	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	68.64%	67.12%	63.22%	61.24%	57.03%	59.10%	61.19%	
<b>PERS #2/3</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)	0.057388%	0.056806%	0.054845%	0.056136%	0.051023%	0.048023%	0.044981%	0.046204%
Employer's proportionate share of the net pension liability	733,961	551,779	936,430	1,950,458	2,568,968	1,715,889	909,228	1,972,918
Employer's covered payroll	6,698,180	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	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	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, 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>
Contractually required contributions	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	(336,428)	(319,416)	(315,524)	(285,788)	(262,520)	(225,796)	(170,851)	(154,640)	(89,978)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-
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
Contributions as a percentage of covered employer payroll	4.85%	4.77%	5.06%	5.03%	4.75%	5.00%	3.99%	4.01%	2.36%
<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>
Contractually required contributions	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	(549,791)	(528,675)	(463,952)	(423,189)	(342,871)	(294,550)	(213,920)	(190,017)	(179,299)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-
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
Contributions as a percentage of covered employer payroll	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, 2021**

**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, 2021**

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
<b>CDBG - Entitlement Grants Cluster</b>								
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	509,423	-	509,423	-	1,2,3
Total CDBG - Entitlement Grants Cluster:				509,423	-	509,423	-	
<b>Section 8 Project-Based Cluster</b>								
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Section 8 Moderate Rehabilitation Single Room Occupancy	14.249	WA006SR0004	-	150,896	150,896	-	1,2
Total Section 8 Project-Based Cluster:				-	204,306	204,306	-	
ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation	14.856	WA006MR0003	-	53,410	53,410	-	1,2
Total Section 8 Project-Based Cluster:				-	204,306	204,306	-	
ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Public and Indian Housing	14.850	WA006	-	292,292	292,292	-	1,2
<b>Housing Voucher Cluster</b>								
ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Section 8 Housing Choice Vouchers	14.871	WA006	-	45,422,239	45,422,239	-	1,2
ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	COVID 19 - Section 8 Housing Choice Vouchers	14.871	WA006	-	1,068,912	1,068,912	-	1,2,5
Total CFDA 14.871:				-	46,491,151	46,491,151	-	
ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Mainstream Vouchers	14.879	WA006	-	1,012,254	1,012,254	-	1,2
Total Housing Voucher Cluster:				-	47,503,405	47,503,405	-	

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, 2021**

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Public Housing Capital Fund	14.872	WA01P006501	-	1,106,998	1,106,998	-	1,2
ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	COVID 19 - Public Housing Capital Fund	14.872	WA01P006501	-	92,285	92,285	-	1,2,5
<b>Total CFDA 14.872:</b>				<b>-</b>	<b>1,199,283</b>	<b>1,199,283</b>	<b>-</b>	
ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Family Self-Sufficiency Program	14.896	FSS18WA2781-01-00	-	69,028	69,028	-	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	91,889	-	91,889	-	1,2
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via YWCA)	Emergency Food and Shelter National Board Program	97.024	892400037	20,102	-	20,102	-	1,2
<b>Total Federal Awards Expended:</b>				<b>621,414</b>	<b>49,268,314</b>	<b>49,889,728</b>	<b>-</b>	

The accompanying notes are an integral part of this schedule.



**HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON**  
**Notes to the Supplemental Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2021**

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, 2021, the loan had not been fully drawn and the balance of the loan and amount of expended proceeds is \$509,423.

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.

Capital Fund Program management fees in excess of the safe harbor amounts expended is reported under CFDA number 14.872 “Public Housing Capital Fund”

The Authority received and expended Capital Fund management fees in excess of the safe harbor amounts of \$92,285.

**HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON**  
**Supplemental Financial Data Schedule**  
**Statement of Net Position**  
**As of June 30, 2021**

Line item number & account description	Housing Choice Vouchers 14.871	Mainstream Vouchers 14.879	Emergency Housing Voucher 14.EHV	Section 8 Mod Rehab 14.249	Section 8 Mod Rehab 14.856	Mainstream CARES Act Funding 14.MSC	HCV CARES Act Funding 14.HCC
111 Cash - Unrestricted	\$ 886,819	\$ -	\$ 22,405	\$ 138,071	\$ 56,113	\$ -	\$ -
113 Cash - Other Restricted	784,360	84,735	98,000	-	-	1,748	627,052
114 Cash - Tenant Security Deposits	-	-	-	-	-	-	-
115 Cash - Restricted for Payment of Current Liabilities	139,479	-	-	-	-	-	-
100 Total Cash	<u>1,810,658</u>	<u>84,735</u>	<u>120,405</u>	<u>138,071</u>	<u>56,113</u>	<u>1,748</u>	<u>627,052</u>
121 Accounts Receivable - PHA Projects	-	-	-	-	-	-	-
122 Accounts Receivable - HUD Other Projects	-	33,195	-	-	-	-	-
124 Accounts Receivable - Other Government	61,810	-	-	-	-	-	-
125 Accounts Receivable - Miscellaneous	73,398	-	-	-	-	-	-
126 Accounts Receivable - Tenants	-	-	-	-	-	-	-
126.1 Allowance for Doubtful Accounts -Tenants	-	-	-	-	-	-	-
126.2 Allowance for Doubtful Accounts - Other	(38,040)	(48)	-	(24)	-	-	-
127 Notes, Loans, & Mortgages Receivable - Current	-	-	-	-	-	-	-
128 Fraud Recovery	172,575	4,851	-	2,412	-	-	-
128.1 Allowance for Doubtful Accounts - Fraud	(38,040)	(48)	-	(24)	-	-	-
129 Accrued Interest Receivable	-	-	-	-	-	-	-
120 Total Receivables, Net of Allowances for Doubtful Accounts	<u>231,703</u>	<u>37,950</u>	<u>-</u>	<u>2,364</u>	<u>-</u>	<u>-</u>	<u>-</u>
131 Investments - Unrestricted	-	-	-	-	-	-	-
132 Investments - Restricted	-	-	-	-	-	-	-
142 Prepaid Expenses and Other Assets	512	-	-	-	-	-	-
143 Inventories	-	-	-	-	-	-	-
144 Inter Program Due From	-	-	-	-	-	-	-
150 Total Current Assets	<u>2,042,873</u>	<u>122,685</u>	<u>120,405</u>	<u>140,435</u>	<u>56,113</u>	<u>1,748</u>	<u>627,052</u>
161 Land	-	-	-	-	-	-	-
162 Buildings	154,860	-	-	-	-	-	-
163 Furniture, Equipment & Machinery - Dwellings	-	-	-	-	-	-	-
164 Furniture, Equipment & Machinery - Administration	87,256	-	-	-	-	-	-
165 Leasehold Improvements	-	-	-	-	-	-	-
166 Accumulated Depreciation	(155,296)	-	-	-	-	-	-
167 Construction in Progress	-	-	-	-	-	-	-
160 Total Capital Assets, Net of Accumulated Depreciation	<u>86,820</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
171 Notes, Loans and Mortgages Receivable - Non-Current	-	-	-	-	-	-	-
174 Other Assets	-	-	-	-	-	-	-
180 Total Non-Current Assets	<u>86,820</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
200 Deferred Outflow of Resources	296,239	-	-	-	-	-	-
190 Total Assets and Deferred Outflow of Resources	<u>\$ 2,425,932</u>	<u>\$ 122,685</u>	<u>\$ 120,405</u>	<u>\$ 140,435</u>	<u>\$ 56,113</u>	<u>\$ 1,748</u>	<u>\$ 627,052</u>

**HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON**  
**Supplemental Financial Data Schedule**  
**Statement of Net Position**  
**As of June 30, 2021**

Line item number & account description	Housing Choice Vouchers 14.871	Mainstream Vouchers 14.879	Emergency Housing Voucher 14.EHV	Section 8 Mod Rehab 14.249	Section 8 Mod Rehab 14.856	Mainstream CARES Act Funding 14.MSC	HCV CARES Act Funding 14.HCC
312 Accounts Payable <= 90 Days	47,512	1,288	-	877	334	-	-
321 Accrued Wages/Payroll Taxes Payable	-	-	-	-	-	-	-
322 Accrued Compensated Absences - Current Portion	32,387	1,677	-	232	88	-	-
325 Accrued Interest Payable	-	-	-	-	-	-	-
331 Accounts Payable - HUD PHA Programs	132,959	-	-	6,519	6,254	-	-
332 Account Payable - PHA Projects	-	-	-	-	-	-	-
333 Accounts Payable - Other Government	-	-	-	-	-	-	-
341 Tenant Security Deposits	-	-	-	-	-	-	-
342 Unearned Revenue	-	-	98,000	-	-	1,748	627,052
343 Current Portion of Long-term Debt - Capital	-	-	-	-	-	-	-
344 Current Portion of Long-term Debt - Operating Borrowings	-	-	-	-	-	-	-
345 Other Current Liabilities	139,479	-	-	-	-	-	-
346 Accrued Liabilities - Other	-	-	-	-	-	-	-
347 Inter Program - Due To	-	228,499	-	-	-	-	-
310 Total Current Liabilities	<u>352,337</u>	<u>231,464</u>	<u>98,000</u>	<u>7,628</u>	<u>6,676</u>	<u>1,748</u>	<u>627,052</u>
351 Long-term Debt, Net of Current - Capital Projects/Mortgage	-	-	-	-	-	-	-
352 Long-term Debt, Net of Current - Operating Borrowings	-	-	-	-	-	-	-
353 Non-current Liabilities - Other	114,282	-	-	-	-	-	-
354 Accrued Compensated Absences - Non Current	97,160	5,032	-	695	265	-	-
357 Accrued Pension and OPEB Liabilities	514,643	-	-	-	-	-	-
350 Total Non-Current Liabilities	<u>726,085</u>	<u>5,032</u>	<u>-</u>	<u>695</u>	<u>265</u>	<u>-</u>	<u>-</u>
300 Total Liabilities	<u>1,078,422</u>	<u>236,496</u>	<u>98,000</u>	<u>8,323</u>	<u>6,941</u>	<u>1,748</u>	<u>627,052</u>
400 Deferred Inflow of Resources	150,653	-	-	-	-	-	-
508.4 Net Investment in Capital Assets	86,820	-	-	-	-	-	-
511.4 Restricted Net Position	670,078	84,735	-	-	-	-	-
512.4 Unrestricted Net Position	439,959	(198,546)	22,405	132,112	49,172	-	-
513 Total Equity - Net Assets / Position	<u>1,196,857</u>	<u>(113,811)</u>	<u>22,405</u>	<u>132,112</u>	<u>49,172</u>	<u>-</u>	<u>-</u>
600 Total Liabilities, Deferred Inflows of Resources and Equity/Net Assets	<u>\$ 2,425,932</u>	<u>\$ 122,685</u>	<u>\$ 120,405</u>	<u>\$ 140,435</u>	<u>\$ 56,113</u>	<u>\$ 1,748</u>	<u>\$ 627,052</u>

**HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON**  
**Supplemental Financial Data Schedule**  
**Statement of Net Position**  
**As of June 30, 2021**

Line item number & account description	Emergency Food & Shelter National Board Program 97.024	Coronavirus Relief Fund 21.019	PIH Family Self- Sufficiency Program 14.896	Community Development Block Grants/Entitlement Grants 14.218
111 Cash - Unrestricted	\$ 3,898	\$ -	\$ -	\$ -
113 Cash - Other Restricted	-	-	-	-
114 Cash - Tenant Security Deposits	-	-	-	-
115 Cash - Restricted for Payment of Current Liabilities	-	-	-	-
100 Total Cash	<u>3,898</u>	<u>-</u>	<u>-</u>	<u>-</u>
121 Accounts Receivable - PHA Projects	-	-	-	-
122 Accounts Receivable - HUD Other Projects	-	-	5,694	-
124 Accounts Receivable - Other Government	-	7,773	-	-
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	<u>-</u>	<u>7,773</u>	<u>5,694</u>	<u>-</u>
131 Investments - Unrestricted	-	-	-	-
132 Investments - Restricted	-	-	-	-
142 Prepaid Expenses and Other Assets	-	-	-	-
143 Inventories	-	-	-	-
144 Inter Program Due From	-	-	-	532,062
150 Total Current Assets	<u>3,898</u>	<u>7,773</u>	<u>5,694</u>	<u>532,062</u>
161 Land	-	-	-	-
162 Buildings	-	-	-	-
163 Furniture, Equipment & Machinery - Dwellings	-	-	-	-
164 Furniture, Equipment & Machinery - Administration	-	-	-	-
165 Leasehold Improvements	-	-	-	-
166 Accumulated Depreciation	-	-	-	-
167 Construction in Progress	-	-	-	-
160 Total Capital Assets, Net of Accumulated Depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
171 Notes, Loans and Mortgages Receivable - Non-Current	-	-	-	-
174 Other Assets	-	-	-	-
180 Total Non-Current Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
200 Deferred Outflow of Resources	-	-	-	-
190 Total Assets and Deferred Outflow of Resources	<u>\$ 3,898</u>	<u>\$ 7,773</u>	<u>\$ 5,694</u>	<u>\$ 532,062</u>

**HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON**  
**Supplemental Financial Data Schedule**  
**Statement of Net Position**  
**As of June 30, 2021**

Line item number & account description	Emergency Food & Shelter National Board Program 97.024	Coronavirus Relief Fund 21.019	PIH Family Self- Sufficiency Program 14.896	Community Development Block Grants/Entitlement Grants 14.218
312 Accounts Payable <= 90 Days	-	1,579	-	-
321 Accrued Wages/Payroll Taxes Payable	-	-	-	-
322 Accrued Compensated Absences - Current Portion	-	643	1,055	-
325 Accrued Interest Payable	-	-	-	22,639
331 Accounts Payable - HUD PHA Programs	-	-	-	-
332 Account Payable - PHA Projects	-	-	-	-
333 Accounts Payable - Other Government	-	-	-	-
341 Tenant Security Deposits	-	-	-	-
342 Unearned Revenue	3,898	-	-	-
343 Current Portion of Long-term Debt - Capital	-	-	-	-
344 Current Portion of Long-term Debt - Operating Borrowings	-	-	-	-
345 Other Current Liabilities	-	-	-	-
346 Accrued Liabilities - Other	-	-	-	-
347 Inter Program - Due To	-	3,623	4,639	-
310 Total Current Liabilities	<u>3,898</u>	<u>5,845</u>	<u>5,694</u>	<u>22,639</u>
351 Long-term Debt, Net of Current - Capital Projects/Mortgage	-	-	-	-
352 Long-term Debt, Net of Current - Operating Borrowings	-	-	-	509,423
353 Non-current Liabilities - Other	-	-	-	-
354 Accrued Compensated Absences - Non Current	-	1,928	-	-
357 Accrued Pension and OPEB Liabilities	-	-	-	-
350 Total Non-Current Liabilities	<u>-</u>	<u>1,928</u>	<u>-</u>	<u>509,423</u>
300 Total Liabilities	<u>3,898</u>	<u>7,773</u>	<u>5,694</u>	<u>532,062</u>
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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
600 Total Liabilities, Deferred Inflows of Resources and Equity/Net Assets	<u>\$ 3,898</u>	<u>\$ 7,773</u>	<u>\$ 5,694</u>	<u>\$ 532,062</u>

**HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON**  
**Supplemental Financial Data Schedule**  
**Statement of Net Position**  
**As of June 30, 2021**

Line item number & account description	Baker Heights WA006000100	Scattered Sites WA006000500	Other Project	Total Public Housing Projects	COCC	COCC CARES Act Funding 14.CCC	Business Activities
111 Cash - Unrestricted	\$ 1,278,256	\$ 176,075	\$ -	\$ 1,454,331	\$ 295	\$ -	\$ 18,894,565
113 Cash - Other Restricted	-	-	-	-	-	-	13,882,339
114 Cash - Tenant Security Deposits	-	-	-	-	-	-	28,590
115 Cash - Restricted for Payment of Current Liabilities	4,620	-	-	4,620	-	-	-
100 Total Cash	<u>1,282,876</u>	<u>176,075</u>	<u>-</u>	<u>1,458,951</u>	<u>295</u>	<u>-</u>	<u>32,805,494</u>
121 Accounts Receivable - PHA Projects	-	-	-	-	-	-	-
122 Accounts Receivable - HUD Other Projects	-	-	-	-	-	-	-
124 Accounts Receivable - Other Government	-	-	-	-	-	-	1,094,275
125 Accounts Receivable - Miscellaneous	-	-	-	-	-	-	825,918
126 Accounts Receivable - Tenants	-	-	-	-	-	-	38,197
126.1 Allowance for Doubtful Accounts - Tenants	-	-	-	-	-	-	(3,724)
126.2 Allowance for Doubtful Accounts - Other	-	-	-	-	-	-	-
127 Notes, Loans, & Mortgages Receivable - Current	-	-	-	-	-	-	568,325
128 Fraud Recovery	-	-	-	-	-	-	-
128.1 Allowance for Doubtful Accounts - Fraud	-	-	-	-	-	-	-
129 Accrued Interest Receivable	-	-	-	-	-	-	1,550,724
120 Total Receivables, Net of Allowances for Doubtful Accounts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,073,715</u>
131 Investments - Unrestricted	-	-	-	-	-	-	-
132 Investments - Restricted	-	-	-	-	-	-	-
142 Prepaid Expenses and Other Assets	2,188	1,685	-	3,873	11,622	-	8,102
143 Inventories	-	-	-	-	36,232	-	-
144 Inter Program Due From	-	-	-	-	233,138	-	3,623
150 Total Current Assets	<u>1,285,064</u>	<u>177,760</u>	<u>-</u>	<u>1,462,824</u>	<u>281,287</u>	<u>-</u>	<u>36,890,934</u>
161 Land	9,975	-	-	9,975	217,289	-	2,678,579
162 Buildings	8,816,767	-	-	8,816,767	5,053,055	-	6,947,406
163 Furniture, Equipment & Machinery - Dwellings	-	-	-	-	-	-	15,127
164 Furniture, Equipment & Machinery - Administration	194,377	-	-	194,377	747,848	-	307,848
165 Leasehold Improvements	-	-	-	-	-	-	-
166 Accumulated Depreciation	(8,928,721)	-	-	(8,928,721)	(2,566,605)	-	(1,809,727)
167 Construction in Progress	-	-	-	-	-	-	453,046
160 Total Capital Assets, Net of Accumulated Depreciation	<u>92,398</u>	<u>-</u>	<u>-</u>	<u>92,398</u>	<u>3,451,587</u>	<u>-</u>	<u>8,592,279</u>
171 Notes, Loans and Mortgages Receivable - Non-Current	-	-	-	-	-	-	135,456,547
174 Other Assets	-	-	-	-	-	-	5,967,652
180 Total Non-Current Assets	<u>92,398</u>	<u>-</u>	<u>-</u>	<u>92,398</u>	<u>3,451,587</u>	<u>-</u>	<u>150,016,478</u>
200 Deferred Outflow of Resources	9,973	26,965	-	36,938	166,118	-	818,862
190 Total Assets and Deferred Outflow of Resources	<u>\$ 1,387,435</u>	<u>\$ 204,725</u>	<u>\$ -</u>	<u>\$ 1,592,160</u>	<u>\$ 3,898,992</u>	<u>\$ -</u>	<u>\$ 187,726,274</u>



**HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON**  
**Supplemental Financial Data Schedule**  
**Statement of Net Position**  
**As of June 30, 2021**

Line item number & account description	Baker Heights WA006000100	Scattered Sites WA006000500	Other Project	Total Public Housing Projects	COCC	COCC CARES Act Funding 14.CCC	Business Activities
312 Accounts Payable <= 90 Days	17,785	577	-	18,362	59,695	-	386,835
321 Accrued Wages/Payroll Taxes Payable	-	-	-	-	289,266	-	-
322 Accrued Compensated Absences - Current Portion	966	160	-	1,126	22,650	-	63,439
325 Accrued Interest Payable	-	-	-	-	-	-	696,942
331 Accounts Payable - HUD PHA Programs	-	-	-	-	-	-	-
332 Account Payable - PHA Projects	-	-	-	-	-	-	-
333 Accounts Payable - Other Government	-	-	-	-	1,077,662	-	-
341 Tenant Security Deposits	-	-	-	-	-	-	28,590
342 Unearned Revenue	-	-	-	-	-	-	20,004
343 Current Portion of Long-term Debt - Capital	-	-	-	-	-	-	53,052
344 Current Portion of Long-term Debt - Operating Borrowings	-	-	-	-	-	-	559,065
345 Other Current Liabilities	4,620	-	-	4,620	-	-	-
346 Accrued Liabilities - Other	-	-	-	-	282,603	-	12,575
347 Inter Program - Due To	-	-	-	-	-	-	532,062
310 Total Current Liabilities	<u>23,371</u>	<u>737</u>	<u>-</u>	<u>24,108</u>	<u>1,731,876</u>	<u>-</u>	<u>2,352,564</u>
351 Long-term Debt, Net of Current - Capital Projects/Mortgage	-	-	-	-	-	-	3,356,380
352 Long-term Debt, Net of Current - Operating Borrowings	-	-	-	-	-	-	53,734,249
353 Non-current Liabilities - Other	-	-	-	-	-	-	261,848
354 Accrued Compensated Absences - Non Current	2,897	478	-	3,375	67,951	-	190,316
357 Accrued Pension and OPEB Liabilities	<u>17,326</u>	<u>46,844</u>	<u>-</u>	<u>64,170</u>	<u>288,589</u>	<u>-</u>	<u>1,422,574</u>
350 Total Non-Current Liabilities	<u>20,223</u>	<u>47,322</u>	<u>-</u>	<u>67,545</u>	<u>356,540</u>	<u>-</u>	<u>58,965,367</u>
300 Total Liabilities	<u>43,594</u>	<u>48,059</u>	<u>-</u>	<u>91,653</u>	<u>2,088,416</u>	<u>-</u>	<u>61,317,931</u>
400 Deferred Inflow of Resources	5,072	13,713	-	18,785	84,480	-	416,435
508.4 Net Investment in Capital Assets	92,398	-	-	92,398	3,451,587	-	5,182,847
511.4 Restricted Net Position	-	-	-	-	-	-	13,882,339
512.4 Unrestricted Net Position	<u>1,246,371</u>	<u>142,953</u>	<u>-</u>	<u>1,389,324</u>	<u>(1,725,491)</u>	<u>-</u>	<u>106,926,722</u>
513 Total Equity - Net Assets / Position	<u>1,338,769</u>	<u>142,953</u>	<u>-</u>	<u>1,481,722</u>	<u>1,726,096</u>	<u>-</u>	<u>125,991,908</u>
600 Total Liabilities, Deferred Inflows of Resources and Equity/Net Assets	<u>\$ 1,387,435</u>	<u>\$ 204,725</u>	<u>\$ -</u>	<u>\$ 1,592,160</u>	<u>\$ 3,898,992</u>	<u>\$ -</u>	<u>\$ 187,726,274</u>

**HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON**  
**Supplemental Financial Data Schedule**  
**Statement of Net Position**  
**As of June 30, 2021**

Line item number & account description	Total Other Programs	Subtotal Housing Authority Projects/Programs	Eliminations	Total Housing Authority	Component Unit Discretely Presented	Memorandum Total
111 Cash - Unrestricted	\$ 20,001,871	\$ 21,456,497	\$ -	\$ 21,456,497	\$ 4,138,244	\$ 25,594,741
113 Cash - Other Restricted	15,478,234	15,478,234	-	15,478,234	7,079,260	22,557,494
114 Cash - Tenant Security Deposits	28,590	28,590	-	28,590	382,742	411,332
115 Cash - Restricted for Payment of Current Liabilities	139,479	144,099	-	144,099	-	144,099
100 Total Cash	<u>35,648,174</u>	<u>37,107,420</u>	<u>-</u>	<u>37,107,420</u>	<u>11,600,246</u>	<u>48,707,666</u>
121 Accounts Receivable - PHA Projects	-	-	-	-	-	-
122 Accounts Receivable - HUD Other Projects	38,889	38,889	-	38,889	-	38,889
124 Accounts Receivable - Other Government	1,163,858	1,163,858	-	1,163,858	77,105	1,240,963
125 Accounts Receivable - Miscellaneous	899,316	899,316	-	899,316	28,198	927,514
126 Accounts Receivable - Tenants	38,197	38,197	-	38,197	123,941	162,138
126.1 Allowance for Doubtful Accounts -Tenants	(3,724)	(3,724)	-	(3,724)	(37,569)	(41,293)
126.2 Allowance for Doubtful Accounts - Other	(38,112)	(38,112)	-	(38,112)	-	(38,112)
127 Notes, Loans, & Mortgages Receivable - Current	568,325	568,325	-	568,325	-	568,325
128 Fraud Recovery	179,838	179,838	-	179,838	-	179,838
128.1 Allowance for Doubtful Accounts - Fraud	(38,112)	(38,112)	-	(38,112)	-	(38,112)
129 Accrued Interest Receivable	1,550,724	1,550,724	-	1,550,724	-	1,550,724
120 Total Receivables, Net of Allowances for Doubtful Accounts	<u>4,359,199</u>	<u>4,359,199</u>	<u>-</u>	<u>4,359,199</u>	<u>191,675</u>	<u>4,550,874</u>
131 Investments - Unrestricted	-	-	-	-	-	-
132 Investments - Restricted	-	-	-	-	-	-
142 Prepaid Expenses and Other Assets	8,614	24,109	-	24,109	266,499	290,608
143 Inventories	-	36,232	-	36,232	-	36,232
144 Inter Program Due From	535,685	768,823	(768,823)	-	-	-
150 Total Current Assets	<u>40,551,672</u>	<u>42,295,783</u>	<u>(768,823)</u>	<u>41,526,960</u>	<u>12,058,420</u>	<u>53,585,380</u>
161 Land	2,678,579	2,905,843	-	2,905,843	12,838,362	15,744,205
162 Buildings	7,102,266	20,972,088	-	20,972,088	186,961,049	207,933,137
163 Furniture, Equipment & Machinery - Dwellings	15,127	15,127	-	15,127	3,831,564	3,846,691
164 Furniture, Equipment & Machinery - Administration	395,104	1,337,329	-	1,337,329	818,673	2,156,002
165 Leasehold Improvements	-	-	-	-	46,020	46,020
166 Accumulated Depreciation	(1,965,023)	(13,460,349)	-	(13,460,349)	(43,909,591)	(57,369,940)
167 Construction in Progress	453,046	453,046	-	453,046	57,142	510,188
160 Total Capital Assets, Net of Accumulated Depreciation	<u>8,679,099</u>	<u>12,223,084</u>	<u>-</u>	<u>12,223,084</u>	<u>160,643,219</u>	<u>172,866,303</u>
171 Notes, Loans and Mortgages Receivable - Non-Current	135,456,547	135,456,547	-	135,456,547	-	135,456,547
174 Other Assets	5,967,652	5,967,652	-	5,967,652	616,237	6,583,889
180 Total Non-Current Assets	<u>150,103,298</u>	<u>153,647,283</u>	<u>-</u>	<u>153,647,283</u>	<u>161,259,456</u>	<u>314,906,739</u>
200 Deferred Outflow of Resources	1,115,101	1,318,157	-	1,318,157	-	1,318,157
190 Total Assets and Deferred Outflows of Resources	<u>\$ 191,770,071</u>	<u>\$ 197,261,223</u>	<u>\$ (768,823)</u>	<u>\$ 196,492,400</u>	<u>\$ 173,317,876</u>	<u>\$ 369,810,276</u>

**HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON**  
**Supplemental Financial Data Schedule**  
**Statement of Net Position**  
**As of June 30, 2021**

Line item number & account description	Total Other Programs	Subtotal Housing Authority Projects/Programs	Eliminations	Total Housing Authority	Component Unit Discretely Presented	Memorandum Total
312 Accounts Payable <= 90 Days	438,425	516,482	-	516,482	457,308	973,790
321 Accrued Wages/Payroll Taxes Payable	-	289,266	-	289,266	-	289,266
322 Accrued Compensated Absences - Current Portion	99,521	123,297	-	123,297	78,833	202,130
325 Accrued Interest Payable	719,581	719,581	-	719,581	935,053	1,654,634
331 Accounts Payable - HUD PHA Programs	145,732	145,732	-	145,732	-	145,732
332 Account Payable - PHA Projects	-	-	-	-	-	-
333 Accounts Payable - Other Government	-	1,077,662	-	1,077,662	43,544	1,121,206
341 Tenant Security Deposits	28,590	28,590	-	28,590	382,742	411,332
342 Unearned Revenue	750,702	750,702	-	750,702	22,681	773,383
343 Current Portion of Long-term Debt - Capital	53,052	53,052	-	53,052	2,501,519	2,554,571
344 Current Portion of Long-term Debt - Operating Borrowings	559,065	559,065	-	559,065	-	559,065
345 Other Current Liabilities	139,479	144,099	-	144,099	10,000	154,099
346 Accrued Liabilities - Other	12,575	295,178	-	295,178	6,850	302,028
347 Inter Program - Due To	768,823	768,823	(768,823)	-	-	-
310 Total Current Liabilities	<u>3,715,545</u>	<u>5,471,529</u>	<u>(768,823)</u>	<u>4,702,706</u>	<u>4,438,530</u>	<u>9,141,236</u>
351 Long-term Debt, Net of Current - Capital Projects/Mortgage	3,356,380	3,356,380	-	3,356,380	101,246,941	104,603,321
352 Long-term Debt, Net of Current - Operating Borrowings	54,243,672	54,243,672	-	54,243,672	959,755	55,203,427
353 Non-current Liabilities - Other	376,130	376,130	-	376,130	13,317,111	13,693,241
354 Accrued Compensated Absences - Non Current	295,396	366,722	-	366,722	236,497	603,219
357 Accrued Pension and OPEB Liabilities	1,937,217	2,289,976	-	2,289,976	-	2,289,976
350 Total Non-Current Liabilities	<u>60,208,795</u>	<u>60,632,880</u>	<u>-</u>	<u>60,632,880</u>	<u>115,760,304</u>	<u>176,393,184</u>
300 Total Liabilities	<u>63,924,340</u>	<u>66,104,409</u>	<u>(768,823)</u>	<u>65,335,586</u>	<u>120,198,834</u>	<u>185,534,420</u>
400 Deferred Inflow of Resources	567,088	670,353	-	670,353	-	670,353
508.4 Net Investment in Capital Assets	5,269,667	8,813,652	-	8,813,652	56,894,759	65,708,411
511.4 Restricted Net Position	14,637,152	14,637,152	-	14,637,152	7,079,263	21,716,415
512.4 Unrestricted Net Position	107,371,824	107,035,657	-	107,035,657	(10,854,980)	96,180,677
513 Total Equity - Net Assets / Position	<u>127,278,643</u>	<u>130,486,461</u>	<u>-</u>	<u>130,486,461</u>	<u>53,119,042</u>	<u>183,605,503</u>
600 Total Liabilities, Deferred Inflow of Resources and Equity/Net Assts	<u>\$ 191,770,071</u>	<u>\$ 197,261,223</u>	<u>\$ (768,823)</u>	<u>\$ 196,492,400</u>	<u>\$ 173,317,876</u>	<u>\$ 369,810,276</u>

**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, 2021**

Line item number & account description	Housing Choice Vouchers 14.871	Mainstream Vouchers 14.879	Emergency Housing Voucher 14.EHV	Section 8 Mod Rehab 14.249	Section 8 Mod Rehab 14.856	Mainstream CARES Act Funding 14.MSC	HCV CARES Act Funding 14.HCC
70300 Net Tenant Rental Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
70400 Tenant Revenue - Other	-	-	-	-	-	-	-
70500 Total Tenant Revenue	-	-	-	-	-	-	-
70600 HUD PHA Operating Grants	45,868,932	802,736	22,400	156,526	56,137	-	1,068,912
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	1,446	92	5	170	1	-	-
71200 Mortgage Interest Income	-	-	-	-	-	-	-
71400 Fraud Recovery	114,825	4,851	-	2,682	-	-	-
71500 Other Revenue	439,130	-	-	-	-	-	-
71600 Gain or Loss on Sale of Capital Assets	-	-	-	-	-	-	-
72000 Investment Income - Restricted	-	-	-	-	-	-	-
70000 Total Revenue	46,424,333	807,679	22,405	159,378	56,138	-	1,068,912
91100 Administrative Salaries	1,088,346	116,630	-	4,173	1,589	-	266,975
91200 Auditing Fees	34,607	-	-	250	95	-	-
91300 Management Fee	643,487	11,736	-	2,976	1,140	-	-
91310 Book-keeping Fee	282,052	5,115	-	1,860	713	-	-
91400 Advertising and Marketing	600	-	-	-	-	-	-
91500 Employee Benefit Contributions - Administrative	331,014	53,386	-	1,338	510	-	7,985
91600 Office Expenses	227,796	575	-	949	362	-	34,671
91700 Legal Expense	1,336	-	-	-	-	-	-
91800 Travel	3,626	-	-	-	-	-	-
91900 Other	29,497	1,316	-	9,201	3,505	-	50,428
91000 Total Operating - Administrative	2,642,361	188,758	-	20,747	7,914	-	360,059
92000 Asset Management Fee	-	-	-	-	-	-	-
92100 Tenant Services - Salaries	3,918	-	-	-	-	-	68,671
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, 2021**

Line item number & account description	Housing Choice Vouchers 14.871	Mainstream Vouchers 14.879	Emergency Housing Voucher 14.EHV	Section 8 Mod Rehab 14.249	Section 8 Mod Rehab 14.856	Mainstream CARES Act Funding 14.MSC	HCV CARES Act Funding 14.HCC
92300 Employee Benefit Contributions - Tenant Services	1,260	-	-	-	-	-	19,609
92400 Tenant Services - Other	980	40	-	-	-	-	1,290
92500 Total Tenant Services	6,158	40	-	-	-	-	89,570
93100 Water	-	-	-	-	-	-	-
93200 Electricity	-	-	-	-	-	-	-
93300 Gas	-	-	-	-	-	-	-
93600 Sewer	-	-	-	-	-	-	-
93800 Other Utilities Expense	-	-	-	-	-	-	-
93000 Total Utilities	-	-	-	-	-	-	-
94100 Ordinary Maintenance and Operations - Labor	-	-	-	-	-	-	19,613
94200 Ordinary Maintenance and Operations - Materials and Other	7,173	-	-	-	-	-	7,362
94300 Ordinary Maintenance and Operations Contracts	13,269	-	-	-	-	-	-
94500 Employee Benefit Contributions - Ordinary Maintenance	-	-	-	-	-	-	992
94000 Total Maintenance	20,442	-	-	-	-	-	27,967
95200 Protective Services - Other Contract Costs	-	-	-	-	-	-	82,832
95000 Total Protective Services	-	-	-	-	-	-	82,832
96110 Property Insurance	-	-	-	-	-	-	-
96120 Liability Insurance	9,051	-	-	40	15	-	-
96130 Workmen's Compensation	3,288	678	-	13	5	-	196
96140 All Other Insurance	1,438	-	-	-	-	-	-
96100 Total Insurance Premiums	13,777	678	-	53	20	-	196
96200 Other General Expenses	274,024	1,387	-	-	-	-	-
96300 Payments in Lieu of Taxes	-	-	-	-	-	-	-
96400 Bad Debt - Tenant Rents	-	-	-	-	-	-	-
96600 Bad Debt - Other	8,890	97	-	48	-	-	-
96000 Total Other General Expenses	282,914	1,484	-	48	-	-	-
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	2,965,652	190,960	-	20,848	7,934	-	560,624
97000 Excess of Operating Revenue over Operating Expenses	43,458,681	616,719	22,405	138,530	48,204	-	508,288

**HOUSING AUTHORITY OF THE CITY OF EVERETT, WASHINGTON**  
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**Statement of Revenues, Expenses and Changes in Net Postion**  
**Year Ended June 30, 2021**

Line item number & account description	Housing Choice Vouchers 14.871	Mainstream Vouchers 14.879	Emergency Housing Voucher 14.EHV	Section 8 Mod Rehab 14.249	Section 8 Mod Rehab 14.856	Mainstream CARES Act Funding 14.MSC	HCV CARES Act Funding 14.HCC
97100 Extraordinary Maintenance	-	-	-	-	-	-	-
97200 Casualty Losses - Non-capitalized	-	-	-	-	-	-	-
97300 Housing Assistance Payments	42,038,834	821,294	-	130,048	45,476	-	508,288
97350 HAP Portability-In	417,753	-	-	-	-	-	-
97400 Depreciation Expense	12,758	-	-	-	-	-	-
90000 Total Expenses	<u>45,434,997</u>	<u>1,012,254</u>	<u>-</u>	<u>150,896</u>	<u>53,410</u>	<u>-</u>	<u>1,068,912</u>
10010 Operating Transfer In	-	-	-	-	-	-	-
10020 Operating Transfer Out	-	-	-	-	-	-	-
10030 Operating Transfers from/to Primary Government	-	-	-	-	-	-	-
10040 Operating Transfers from/to Component Unit	-	-	-	-	-	-	-
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)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	<u>\$ 989,336</u>	<u>\$ (204,575)</u>	<u>\$ 22,405</u>	<u>\$ 8,482</u>	<u>\$ 2,728</u>	<u>\$ -</u>	<u>\$ -</u>
11020 Required Annual Debt Principal Payments	-	-	-	-	-	-	-
11030 Beginning Equity	271,780	90,764	-	123,630	46,444	-	-
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	(64,259)	-	-	-	-	-	-
11170 Administrative Fee Equity	526,352	-	-	-	-	-	-
11180 Housing Assistance Payments Equity	670,505	-	-	-	-	-	-
11190 Unit Months Available	37,920	1,182	-	252	96	-	-
11210 Number of Unit Months Leased	38,414	682	-	248	95	-	-
11270 Excess Cash	-	-	-	-	-	-	-
11610 Land Purchases	-	-	-	-	-	-	-
11620 Building Purchases	-	-	-	-	-	-	-
11640 Furniture & Equipment - Administrative Purchases	-	-	-	-	-	-	-

**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, 2021**

Line item number & account description	Emergency Food & Shelter National Board Program 97.024	Coronavirus Relief Fund 21.019	PIH Family Self- Sufficiency Program 14.896	Community Development Block Grants/Entitlement Grants 14.218
70300 Net Tenant Rental Revenue	\$ -	\$ -	\$ -	\$ -
70400 Tenant Revenue - Other	-	-	-	-
70500 Total Tenant Revenue	-	-	-	-
70600 HUD PHA Operating Grants	-	-	69,028	-
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	-	91,889	-	-
71100 Investment Income - Unrestricted	-	-	-	-
71200 Mortgage Interest Income	-	-	-	-
71400 Fraud Recovery	-	-	-	-
71500 Other Revenue	20,102	-	-	-
71600 Gain or Loss on Sale of Capital Assets	-	-	-	-
72000 Investment Income - Restricted	-	-	-	-
70000 Total Revenue	20,102	91,889	69,028	-
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	-	-	-	-
91700 Legal Expense	-	-	-	-
91800 Travel	-	-	-	-
91900 Other	-	-	-	-
91000 Total Operating - Administrative	-	-	-	-
92000 Asset Management Fee	-	-	-	-
92100 Tenant Services - Salaries	-	22,952	48,560	-
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, 2021**

Line item number & account description	Emergency Food & Shelter National Board Program 97.024	Coronavirus Relief Fund 21.019	PIH Family Self- Sufficiency Program 14.896	Community Development Block Grants/Entitlement Grants 14.218
92300 Employee Benefit Contributions - Tenant Services	-	14,630	18,220	-
92400 Tenant Services - Other	20,102	54,205	2,089	-
92500 Total Tenant Services	20,102	91,787	68,869	-
93100 Water	-	-	-	-
93200 Electricity	-	-	-	-
93300 Gas	-	-	-	-
93600 Sewer	-	-	-	-
93800 Other Utilities Expense	-	-	-	-
93000 Total Utilities	-	-	-	-
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	-	-	-	-
95200 Protective Services - Other Contract Costs	-	-	-	-
95000 Total Protective Services	-	-	-	-
96110 Property Insurance	-	-	-	-
96120 Liability Insurance	-	-	-	-
96130 Workmen's Compensation	-	102	159	-
96140 All Other Insurance	-	-	-	-
96100 Total Insurance Premiums	-	102	159	-
96200 Other General Expenses	-	-	-	-
96300 Payments in Lieu of Taxes	-	-	-	-
96400 Bad Debt - Tenant Rents	-	-	-	-
96600 Bad Debt - Other	-	-	-	-
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	20,102	91,889	69,028	-
97000 Excess of Operating Revenue over Operating Expenses	-	-	-	-



**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, 2021**

Line item number & account description	Emergency Food & Shelter National Board Program 97.024	Coronavirus Relief Fund 21.019	PIH Family Self- Sufficiency Program 14.896	Community Development Block Grants/Entitlement Grants 14.218
97100 Extraordinary Maintenance	-	-	-	-
97200 Casualty Losses - Non-capitalized	-	-	-	-
97300 Housing Assistance Payments	-	-	-	-
97350 HAP Portability-In	-	-	-	-
97400 Depreciation Expense	-	-	-	-
90000 Total Expenses	20,102	91,889	69,028	-
10010 Operating Transfer In	-	-	-	-
10020 Operating Transfer Out	-	-	-	-
10030 Operating Transfers from/to Primary Government	-	-	-	-
10040 Operating Transfers from/to Component Unit	-	-	-	-
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	-	-	-	-
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	-	-	-	-
11640 Furniture & Equipment - Administrative Purchases	-	-	-	-

**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, 2021**

Line item number & account description	Baker Heights WA006000100	Scattered Sites WA006000500	Other Project	Total Public Housing Projects	COC	COC CARES Act Funding 14.CCC	Business Activities
70300 Net Tenant Rental Revenue	\$ -	\$ 13,108	\$ -	\$ 13,108	\$ -	\$ -	\$ 1,014,651
70400 Tenant Revenue - Other	-	4,976	-	4,976	-	-	4,140
70500 Total Tenant Revenue	-	18,084	-	18,084	-	-	1,018,791
70600 HUD PHA Operating Grants	61,712	230,580	92,285	384,577	-	-	-
70610 Capital Grants	-	1,106,998	-	1,106,998	-	-	-
70710 Management Fee	-	-	-	-	677,752	-	-
70720 Asset Management Fee	-	-	-	-	-	-	-
70730 Book Keeping Fee	-	-	-	-	289,740	-	-
70740 Front Line Service Fee	-	-	-	-	-	-	-
70750 Other Fees	-	-	-	-	-	-	775,393
70700 Total Fee Revenue	-	-	-	-	967,492	-	775,393
70800 Other Government Grants	-	-	-	-	-	-	167,069
71100 Investment Income - Unrestricted	1,104	1,147	-	2,251	-	-	3,288,588
71200 Mortgage Interest Income	-	-	-	-	-	-	-
71400 Fraud Recovery	-	-	-	-	-	-	-
71500 Other Revenue	922	5,677	-	6,599	1,358	92,285	7,787,789
71600 Gain or Loss on Sale of Capital Assets	-	-	-	-	(59,380)	-	6,970,230
72000 Investment Income - Restricted	-	-	-	-	-	-	17,801
70000 Total Revenue	63,738	1,362,486	92,285	1,518,509	909,470	92,285	20,025,661
91100 Administrative Salaries	42,476	44,612	-	87,088	862,139	-	2,747,537
91200 Auditing Fees	2,938	518	-	3,456	2,117	-	778
91300 Management Fee	-	18,413	92,285	110,698	-	-	-
91310 Book-keeping Fee	-	-	-	-	-	-	-
91400 Advertising and Marketing	-	-	-	-	7,018	-	5,491
91500 Employee Benefit Contributions - Administrative	11,290	14,067	-	25,357	182,500	-	756,133
91600 Office Expenses	4,895	4,634	-	9,529	130,245	-	623,737
91700 Legal Expense	1,251	566	-	1,817	98,383	-	59,577
91800 Travel	442	381	-	823	7,799	-	6,496
91900 Other	707	1,537	-	2,244	21,819	-	105,898
91000 Total Operating - Administrative	63,999	84,728	92,285	241,012	1,312,020	-	4,305,647
92000 Asset Management Fee	-	-	-	-	-	-	-
92100 Tenant Services - Salaries	-	4,663	-	4,663	-	19,751	549,225
92200 Relocation Costs	-	140,036	-	140,036	-	-	-
92300 Employee Benefit Contributions - Tenant Services	-	1,197	-	1,197	-	5,062	142,179

**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, 2021**

Line item number & account description	Baker Heights WA006000100	Scattered Sites WA006000500	Other Project	Total Public Housing Projects	COCC	COCC CARES Act Funding 14.CCC	Business Activities
92400 Tenant Services - Other	-	1,094	-	1,094	-	67,472	37,275
92500 Total Tenant Services	-	146,990	-	146,990	-	92,285	728,679
93100 Water	5,393	3,596	-	8,989	1,416	-	18,933
93200 Electricity	53,184	2,072	-	55,256	9,568	-	25,177
93300 Gas	38,426	283	-	38,709	4,090	-	5,381
93600 Sewer	12,507	6,726	-	19,233	2,378	-	39,173
93800 Other Utilities Expense	-	-	-	-	-	-	1,804
93000 Total Utilities	109,510	12,677	-	122,187	17,452	-	90,468
94100 Ordinary Maintenance and Operations - Labor	11,802	44,495	-	56,297	22,901	-	1,131,906
94200 Ordinary Maintenance and Operations - Materials and Other	1,948	48,140	-	50,088	9,633	-	63,602
94300 Ordinary Maintenance and Operations Contracts	59,978	54,405	-	114,383	26,741	-	106,535
94500 Employee Benefit Contributions - Ordinary Maintenance	2,900	8,815	-	11,715	3,217	-	279,241
94000 Total Maintenance	76,628	155,855	-	232,483	62,492	-	1,581,284
95200 Protective Services - Other Contract Costs	94,275	-	-	94,275	-	-	-
95000 Total Protective Services	94,275	-	-	94,275	-	-	-
96110 Property Insurance	23,216	4,074	-	27,290	4,334	-	15,644
96120 Liability Insurance	4,667	1,657	-	6,324	5,267	-	5,312
96130 Workmen's Compensation	433	1,241	-	1,674	2,563	-	44,181
96140 All Other Insurance	6,276	6,118	-	12,394	4,901	-	18,601
96100 Total Insurance Premiums	34,592	13,090	-	47,682	17,065	-	83,738
96200 Other General Expenses	-	-	-	-	-	-	145,581
96300 Payments in Lieu of Taxes	-	-	-	-	-	-	-
96400 Bad Debt - Tenant Rents	-	-	-	-	-	-	7,908
96600 Bad Debt - Other	-	1,805	-	1,805	-	-	990
96000 Total Other General Expenses	-	1,805	-	1,805	-	-	154,479
96710 Interest of Mortgage (or Bonds) Payable	-	-	-	-	-	-	72,575
96720 Interest on Notes Payable (Short and Long Term)	-	-	-	-	-	-	24,608
96730 Amortization of Bond Issue Costs	-	-	-	-	-	-	-
96700 Total Interest Expense and Amortization Cost	-	-	-	-	-	-	97,183
96900 Total Operating Expenses	379,004	415,145	92,285	886,434	1,409,029	92,285	7,041,478
97000 Excess of Operating Revenue over Operating Expenses	(315,266)	947,341	-	632,075	(499,559)	-	12,984,183

**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, 2021**

Line item number & account description	Baker Heights WA006000100	Scattered Sites WA006000500	Other Project	Total Public Housing Projects	COCC	COCC CARES Act Funding 14.CCC	Business Activities
97100 Extraordinary Maintenance	-	23,133	-	23,133	305	-	34,362
97200 Casualty Losses - Non-capitalized	-	862	-	862	-	-	464
97300 Housing Assistance Payments	-	-	-	-	-	-	-
97350 HAP Portability-In	-	-	-	-	-	-	-
97400 Depreciation Expense	144,703	60,992	-	205,695	120,062	-	206,287
90000 Total Expenses	<u>523,707</u>	<u>500,132</u>	<u>92,285</u>	<u>1,116,124</u>	<u>1,529,396</u>	<u>92,285</u>	<u>7,282,591</u>
10010 Operating Transfer In	-	-	-	-	-	-	339,817
10020 Operating Transfer Out	-	-	-	-	-	-	(339,817)
10030 Operating Transfers from/to Primary Government	-	-	-	-	-	-	-
10040 Operating Transfers from/to Component Unit	-	-	-	-	-	-	-
10070 Extraordinary Items, Net Gain/Loss	-	-	-	-	-	-	-
10080 Special Items (Net Gain/Loss)	-	-	-	-	-	-	-
10091 Inter Project Excess Cash Transfer In	620,000	-	-	620,000	-	-	-
10092 Inter Project Excess Cash Transfer Out	-	(620,000)	-	(620,000)	-	-	-
10093 Transfers between Program and Project - In	30,321	-	-	30,321	1,106,543	-	1,088,044
10094 Transfers between Project and Program - Out	(2,053)	(2,222,855)	-	(2,224,908)	-	-	-
10100 Total Other Financing Sources (Uses)	<u>648,268</u>	<u>(2,842,855)</u>	<u>-</u>	<u>(2,194,587)</u>	<u>1,106,543</u>	<u>-</u>	<u>1,088,044</u>
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	<u>\$ 188,299</u>	<u>\$ (1,980,501)</u>	<u>\$ -</u>	<u>\$ (1,792,202)</u>	<u>\$ 486,617</u>	<u>\$ -</u>	<u>\$ 13,831,114</u>
11020 Required Annual Debt Principal Payments	-	-	-	-	-	-	53,063
11030 Beginning Equity	1,122,115	2,087,537	-	3,209,652	1,288,288	-	112,111,998
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	28,355	35,917	-	64,272	(48,809)	-	48,796
11170 Administrative Fee Equity	-	-	-	-	-	-	-
11180 Housing Assistance Payments Equity	-	-	-	-	-	-	-
11190 Unit Months Available	-	32	-	32	-	-	1,080
11210 Number of Unit Months Leased	-	32	-	32	-	-	1,047
11270 Excess Cash	1,227,837	133,053	-	1,360,890	-	-	-
11610 Land Purchases	-	-	-	-	-	-	-
11620 Building Purchases	-	1,106,998	92,285	1,199,283	-	-	-
11640 Furniture & Equipment - Administrative Purchases	-	-	-	-	-	-	-

**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, 2021**

Line item number & account description	Total Other Programs	Subtotal Housing Authority Projects/Programs	Eliminations	Total Housing Authority	Component Unit Discretely Presented	Memorandum Total
70300 Net Tenant Rental Revenue	\$ 1,014,651	\$ 1,027,759	\$ -	\$ 1,027,759	\$ 14,070,420	\$ 15,098,179
70400 Tenant Revenue - Other	4,140	9,116	-	9,116	109,659	118,775
70500 Total Tenant Revenue	1,018,791	1,036,875	-	1,036,875	14,180,079	15,216,954
70600 HUD PHA Operating Grants	48,044,671	48,429,248	-	48,429,248	-	48,429,248
70610 Capital Grants	-	1,106,998	-	1,106,998	-	1,106,998
70710 Management Fee	-	677,752	(677,752)	-	-	-
70720 Asset Management Fee	-	-	-	-	-	-
70730 Book Keeping Fee	-	289,740	(289,740)	-	-	-
70740 Front Line Service Fee	-	-	-	-	-	-
70750 Other Fees	775,393	775,393	-	775,393	-	775,393
70700 Total Fee Revenue	775,393	1,742,885	(967,492)	775,393	-	775,393
70800 Other Government Grants	258,958	258,958	-	258,958	181,256	440,214
71100 Investment Income - Unrestricted	3,290,302	3,292,553	-	3,292,553	16,783	3,309,336
71200 Mortgage Interest Income	-	-	-	-	-	-
71400 Fraud Recovery	122,358	122,358	-	122,358	-	122,358
71500 Other Revenue	8,247,021	8,347,263	(92,285)	8,254,978	8,008,923	16,263,901
71600 Gain or Loss on Sale of Capital Assets	6,970,230	6,910,850	-	6,910,850	-	6,910,850
72000 Investment Income - Restricted	17,801	17,801	-	17,801	5,723	23,524
70000 Total Revenue	68,745,525	71,265,789	(1,059,777)	70,206,012	22,392,764	92,598,776
91100 Administrative Salaries	4,225,250	5,174,477	-	5,174,477	1,286,554	6,461,031
91200 Auditing Fees	35,730	41,303	-	41,303	139,659	180,962
91300 Management Fee	659,339	770,037	(770,037)	-	759,386	759,386
91310 Book-keeping Fee	289,740	289,740	(289,740)	-	-	-
91400 Advertising and Marketing	6,091	13,109	-	13,109	11,145	24,254
91500 Employee Benefit Contributions - Administrative	1,150,366	1,358,223	-	1,358,223	601,641	1,959,864
91600 Office Expenses	888,090	1,027,864	-	1,027,864	360,083	1,387,947
91700 Legal Expense	60,913	161,113	-	161,113	53,042	214,155
91800 Travel	10,122	18,744	-	18,744	20,052	38,796
91900 Other	199,845	223,908	-	223,908	134,528	358,436
91000 Total Operating - Administrative	7,525,486	9,078,518	(1,059,777)	8,018,741	3,366,090	11,384,831
92000 Asset Management Fee	-	-	-	-	-	-
92100 Tenant Services - Salaries	693,326	717,740	-	717,740	394,046	1,111,786
92200 Relocation Costs	-	140,036	-	140,036	-	140,036

**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, 2021**

Line item number & account description	Total Other Programs	Subtotal Housing Authority Projects/Programs	Eliminations	Total Housing Authority	Component Unit Discretely Presented	Memorandum Total
92300 Employee Benefit Contributions - Tenant Services	195,898	202,157	-	202,157	142,491	344,648
92400 Tenant Services - Other	115,981	184,547	-	184,547	34,371	218,918
92500 Total Tenant Services	1,005,205	1,244,480	-	1,244,480	570,908	1,815,388
93100 Water	18,933	29,338	-	29,338	258,168	287,506
93200 Electricity	25,177	90,001	-	90,001	296,304	386,305
93300 Gas	5,381	48,180	-	48,180	61,534	109,714
93600 Sewer	39,173	60,784	-	60,784	632,624	693,408
93800 Other Utilities Expense	1,804	1,804	-	1,804	7,815	9,619
93000 Total Utilities	90,468	230,107	-	230,107	1,256,445	1,486,552
94100 Ordinary Maintenance and Operations - Labor	1,151,519	1,230,717	-	1,230,717	1,053,274	2,283,991
94200 Ordinary Maintenance and Operations - Materials and Other	78,137	137,858	-	137,858	359,760	497,618
94300 Ordinary Maintenance and Operations Contracts	119,804	260,928	-	260,928	939,266	1,200,194
94500 Employee Benefit Contributions - Ordinary Maintenance	280,233	295,165	-	295,165	323,572	618,737
94000 Total Maintenance	1,629,693	1,924,668	-	1,924,668	2,675,872	4,600,540
95200 Protective Services - Other Contract Costs	82,832	177,107	-	177,107	62,008	239,115
95000 Total Protective Services	82,832	177,107	-	177,107	62,008	239,115
96110 Property Insurance	15,644	47,268	-	47,268	238,430	285,698
96120 Liability Insurance	14,418	26,009	-	26,009	110,459	136,468
96130 Workmen's Compensation	48,622	52,859	-	52,859	41,712	94,571
96140 All Other Insurance	20,039	37,334	-	37,334	69,112	106,446
96100 Total Insurance Premiums	98,723	163,470	-	163,470	459,713	623,183
96200 Other General Expenses	420,992	420,992	-	420,992	6,240	427,232
96300 Payments in Lieu of Taxes	-	-	-	-	-	-
96400 Bad Debt - Tenant Rents	7,908	7,908	-	7,908	52,772	60,680
96600 Bad Debt - Other	10,025	11,830	-	11,830	38,987	50,817
96000 Total Other General Expenses	438,925	440,730	-	440,730	97,999	538,729
96710 Interest of Mortgage (or Bonds) Payable	72,575	72,575	-	72,575	1,624,229	1,696,804
96720 Interest on Notes Payable (Short and Long Term)	24,608	24,608	-	24,608	2,707,429	2,732,037
96730 Amortization of Bond Issue Costs	-	-	-	-	142,873	142,873
96700 Total Interest Expense and Amortization Cost	97,183	97,183	-	97,183	4,474,531	4,571,714
96900 Total Operating Expenses	10,968,515	13,356,263	(1,059,777)	12,296,486	12,963,566	25,260,052
97000 Excess of Operating Revenue over Operating Expenses	57,777,010	57,909,526	-	57,909,526	9,429,198	67,338,724

**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, 2021**

Line item number & account description	Total Other Programs	Subtotal Housing Authority Projects/Programs	Eliminations	Total Housing Authority	Component Unit Discretely Presented	Memorandum Total
97100 Extraordinary Maintenance	34,362	57,800	-	57,800	103,134	160,934
97200 Casualty Losses - Non-capitalized	464	1,326	-	1,326	295,808	297,134
97300 Housing Assistance Payments	43,543,940	43,543,940	-	43,543,940	-	43,543,940
97350 HAP Portability-In	417,753	417,753	-	417,753	-	417,753
97400 Depreciation Expense	219,045	544,802	-	544,802	5,337,378	5,882,180
90000 Total Expenses	<u>55,184,079</u>	<u>57,921,884</u>	<u>(1,059,777)</u>	<u>56,862,107</u>	<u>18,699,886</u>	<u>75,561,993</u>
10010 Operating Transfer In	339,817	339,817	-	339,817	-	339,817
10020 Operating Transfer Out	(339,817)	(339,817)	-	(339,817)	-	(339,817)
10030 Operating Transfers from/to Primary Government	-	-	-	-	-	-
10040 Operating Transfers from/to Component Unit	-	-	-	-	-	-
10070 Extraordinary Items, Net Gain/Loss	-	-	-	-	-	-
10080 Special Items (Net Gain/Loss)	-	-	-	-	-	-
10091 Inter Project Excess Cash Transfer In	-	620,000	-	620,000	-	620,000
10092 Inter Project Excess Cash Transfer Out	-	(620,000)	-	(620,000)	-	(620,000)
10093 Transfers between Program and Project - In	1,088,044	2,224,908	-	2,224,908	-	2,224,908
10094 Transfers between Project and Program - Out	-	(2,224,908)	-	(2,224,908)	-	(2,224,908)
10100 Total Other Financing Sources (Uses)	<u>1,088,044</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	<u>\$ 14,649,490</u>	<u>\$ 13,343,905</u>	<u>\$ -</u>	<u>\$ 13,343,905</u>	<u>\$ 3,692,878</u>	<u>\$ 17,036,783</u>
11020 Required Annual Debt Principal Payments	53,063	53,063	-	53,063	6,256,293	6,309,356
11030 Beginning Equity	112,644,616	117,142,556	-	117,142,556	49,426,164	166,568,720
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	(15,463)	-	-	-	-	-
11170 Administrative Fee Equity	526,352	526,352	-	526,352	-	526,352
11180 Housing Assistance Payments Equity	670,505	670,505	-	670,505	-	670,505
11190 Unit Months Available	40,530	40,562	-	40,562	16,692	57,254
11210 Number of Unit Months Leased	40,486	40,518	-	40,518	16,470	56,988
11270 Excess Cash	-	1,360,890	-	1,360,890	-	1,360,890
11610 Land Purchases	-	-	-	-	-	-
11620 Building Purchases	-	1,199,283	-	1,199,283	-	1,199,283
11640 Furniture & Equipment - Administrative Purchases	-	-	-	-	-	-



# Actual Modernization Cost Certificate

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

OMB Approval No. 2577-0157 (exp. 03/31/2020)

## Capital Fund Program (CFP)

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

Do not send this form to the above address.

This collection of information requires that each 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:

Modernization Project Number:

Housing Authority of the City of Everett

WA01P006501-19

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	\$ 592,807.00
B. Funds Disbursed	\$ 592,807.00
C. Funds Expended (Actual Modernization Cost)	\$ 592,807.00
D. Amount to be Recaptured (A-C)	\$ .00
E. Excess of Funds Disbursed (B-C)	\$ .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 that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.

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

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

Ashley Lommers-Johnson, Executive Director

Signature of Executive Director (or Authorized Designee):

X 

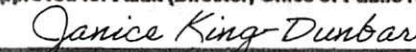
Date:

Dec 23, 2020

### 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:

1/5/21

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

Approved: (Director, Office of Public Housing)

X

Date:



## ABOUT THE STATE AUDITOR'S OFFICE

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

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

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

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, [www.sao.wa.gov](http://www.sao.wa.gov). Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

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