

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

**The Housing Authority of the City of
Bremerton
Kitsap County**

Audit Period
October 1, 2012 through September 30, 2013

Report No. 1011819

Issue Date
May 15, 2014



Washington State Auditor
Troy Kelley

Independence • Respect • Integrity



**Washington State Auditor
Troy Kelley**

May 15, 2014

Board of Commissioners
The Housing Authority of the City of Bremerton
Bremerton, Washington

Report on Financial Statements and Federal Single Audit

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

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

Sincerely,

**TROY KELLEY
STATE AUDITOR**

Table of Contents

**The Housing Authority of the City of Bremerton
Kitsap County
October 1, 2012 through September 30, 2013**

Federal Summary	1
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	3
Independent Auditor’s Report on Compliance for Each Major Federal Program and on Internal Control over Compliance in Accordance with OMB Circular A-133.....	6
Independent Auditor’s Report on Financial Statements	9
Financial Section.....	12

Federal Summary

The Housing Authority of the City of Bremerton Kitsap County October 1, 2012 through September 30, 2013

The results of our audit of the The Housing Authority of the City of Bremerton are summarized below in accordance with U.S. Office of Management and Budget Circular A-133.

FINANCIAL STATEMENTS

An unmodified opinion was issued on the financial statements of the business-type activities and the aggregate discretely presented component units.

Internal Control Over Financial Reporting:

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

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

FEDERAL AWARDS

Internal Control Over Major Programs:

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

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

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

Identification of Major Programs:

The following were major programs during the period under audit:

<u>CFDA No.</u>	<u>Program Title</u>
14.182	Section 8 Project-Based Cluster - Section 8 New Construction and Substantial Rehabilitation
14.195	Section 8 Project-Based Cluster - Section 8 Housing Assistance Payments Program
14.249	Section 8 Project-Based Cluster - Section 8 Moderate Rehabilitation Single Room Occupancy
14.871	Housing Voucher Cluster - Section 8 Housing Choice Vouchers
14.258	ARRA - Tax Credit Assistance Program (Recovery Act)

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by OMB Circular A-133, was \$3,000,000.

The Housing Authority qualified as a low-risk auditee under OMB Circular A-133.

**Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

**The Housing Authority of the City of Bremerton
Kitsap County
October 1, 2012 through September 30, 2013**

Board of Commissioners
The Housing Authority of the City of Bremerton
Bremerton, 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 The Housing Authority of the City of Bremerton, Kitsap County, Washington, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements, and have issued our report thereon dated May 8, 2014.

Our report includes a reference to other auditors who audited the financial statements of the Bay Vista South LLLP Tax Credit Partnership and the Bay Vista West LLLP Tax Credit Partnership, as described in our report on the Housing Authority's financial statements. This report includes our consideration of the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors. The financial statements of the Bay Vista South LLLP and Bay Vista West LLLP Tax Credit 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 Bay Vista South LLLP and Bay Vista West Tax Credit Partnerships.

As discussed in Note 1 to the financial statements, during the year ended September 30, 2013, the Housing Authority implemented Governmental Accounting Standards Board Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre November 30, 1989 FASB and AICPA Pronouncements*, Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* and Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions - an amendment of GASB Statement No. 53*.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

COMPLIANCE AND OTHER MATTERS

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

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

PURPOSE OF THIS REPORT

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

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

A handwritten signature in cursive script that reads "Troy X. Kelley".

TROY KELLEY
STATE AUDITOR

May 8, 2014

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

**The Housing Authority of the City of Bremerton
Kitsap County
October 1, 2012 through September 30, 2013**

Board of Commissioners
The Housing Authority of the City of Bremerton
Bremerton, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited the compliance of the The Housing Authority of the City of Bremerton, Kitsap County, Washington, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2013. The Housing Authority's major federal programs are identified in the accompanying Federal Summary.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Housing Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Housing Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority's internal control over compliance.

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

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

PURPOSE OF THIS REPORT

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

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

A handwritten signature in cursive script that reads "Troy X. Kelley".

TROY KELLEY
STATE AUDITOR

May 8, 2014

Independent Auditor's Report on Financial Statements

The Housing Authority of the City of Bremerton Kitsap County October 1, 2012 through September 30, 2013

Board of Commissioners
The Housing Authority of the City of Bremerton
Bremerton, 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 The Housing Authority of the City of Bremerton, Kitsap County, Washington, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements as listed on page 12.

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 Bay Vista South LLLP Tax Credit Partnership, which represents 46 percent, 88 percent, and 77 percent, or the Bay Vista West LLLP Tax Credit Partnership which represents 54 percent, 12 percent and 23 percent respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Bay Vista South LLLP and Bay Vista West LLLP Tax Credit Partnerships, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Bay Vista South LLP and Bay Vista West LLLP Tax Credit 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.

Opinion

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Housing Authority of the City of Bremerton, as of September 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As discussed in Note 1 to the financial statements, in 2013, the Housing Authority adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre November 30, 1989 FASB and AICPA Pronouncements*, Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* and Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions - an amendment of GASB Statement No. 53*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 13 through 23 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not

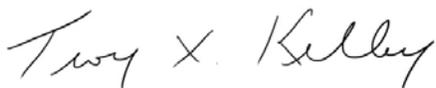
express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The accompanying Financial Data Schedule and Actual Modernization Cost Certificates 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the 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 May 8, 2014 on our consideration of the Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority's internal control over financial reporting and compliance.



TROY KELLEY
STATE AUDITOR

May 8, 2014

Financial Section

**The Housing Authority of the City of Bremerton
Kitsap County
October 1, 2012 through September 30, 2013**

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2013

BASIC FINANCIAL STATEMENTS

Statement of Net Position – 2013

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

Statement of Cash Flows – 2013

Notes to Financial Statements – 2013

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Expenditures of Federal Awards and Notes – 2013

Financial Data Schedule – 2013

Actual Modernization Cost Certificates – 2013

HOUSING AUTHORITY OF THE CITY OF BREMERTON
Management's Discussion and Analysis
Year Ended September 30, 2013

As management of the Housing Authority of the City of Bremerton (Housing Authority), we offer readers of the Housing Authority's financial statements this narrative overview and analysis of the financial activities of the Housing Authority for the year ended September 30, 2013. The Management's Discussion and Analysis (MD&A) should be read in conjunction with the Housing Authority's financial statements and the notes to the financial statements which follow.

The Housing Authority administers a broad range of federally and locally financed housing programs within the limits of the City of Bremerton. The Housing Authority owns or manages 373 units of housing and provides rental subsidies to 1,476 additional households. The Housing Authority is also a performance-based contract administrator (PBCA) for Washington State, Utah, and Nebraska. The Housing Authority also holds subcontracts and performs many of these same PBCA duties for the state of Hawaii and in Southern California. These PBCA contracts provide housing for approximately 72,422 households.

The financial performance discussed in the following analyses does not include tax credit partnerships. The tax credit partnerships, with 2 sites and 137 units, are owned by separate limited partnerships with the Housing Authority acting as general partner. These separate legal entities are not carried directly on the books of the Housing Authority but are listed as component units in the Housing Authority's financial statements and are detailed in portions of the notes to the financial statements (Note 1, Note 3, Note 4, Note 5, Note 6, Note 7, Note 8, and Note 10). With those exceptions, neither these units, nor their financial data, are included in the analysis and financial reports that follow.

Financial Highlights

- Assets exceeded liabilities (net position) at the close of the fiscal year by \$54.97 million for the Housing Authority, which is an increase of \$5.32 million, or 10.7%. This increase is mostly due to increases in the cash balances of the Housing Authority.
- The cash balances increased from the previous year by \$5.96 million, or 92.8%, with Unrestricted Cash increasing by \$3.85 million and Restricted Cash increasing by \$2.11 million. The change in Restricted Cash is mostly due to the increase in balances of the CSS Endowment Trust, HOPE VI program income, and disposition proceeds from land sales. The increase in Unrestricted Cash came from additional cash accumulated throughout the year from the Contract Management Services (CMS) profits. Another reason for the increase was the amount of cash unexpended as of the end of the fiscal year for Bay Vista Development that will be spent in the next fiscal year.
- Total liabilities of the Housing Authority decreased by 1.7%, or (\$0.4) million, partly due to a (\$1.52) million reduction in debt as a result of the early retirement of the Tamarack mortgage. There were also increases in debt resulting from the purchase of the Shadow Creek Apartments of \$0.47 million and the Affordable Housing Program (AHP) loan in the amount of \$0.69 million.

- Total revenues (operating and non-operating) decreased by 4.4%, or (\$7.64) million. This decrease is mainly due to four factors. First, a decrease in the HOPE VI funds drawn down in the current year as compared to the prior year of (\$4.75) million due to the winding down of the Development project and the conclusion of the HOPE VI grant. Second, a decrease in the developer fees received from the tax credit partnerships in the current year as compared to the prior year of (\$0.7) million and also a result of the Development project winding down. Third, a decrease in the gain on sale of capital assets of (\$1.5) million due to losses on the affordable homeownership lot sales. Finally, a decrease in central office cost center (COCC) management fee revenues and Brownsfield grant revenues of (\$0.5) million.
- Capital grant revenues were received in the amount of \$1.43 million with \$0.7 million from HOPE VI funds, and the remainder from the US Department of Housing and Urban Development (HUD) capital grant program.
- Total expenses (operating and non-operating) decreased by .4%, or (\$0.7) million, for the Housing Authority with a CMS housing assistance payment (HAP) decrease of (\$0.53) million and a (\$0.43) million decrease in HAP payments made for the Housing Choice Voucher (HCV) program. The remaining \$0.26 million increase in costs is throughout the expense categories.
- The Housing Authority's HCV program voucher utilization rates for the fiscal year decreased from 88.4% (18,712 of 21,177 unit months available) to 81.0% (17,475 of 21,576 unit months available). While the Housing Authority was authorized to lease 21,576 unit months, actual funding provided by HUD would only support the leasing of 17,395 unit months. Therefore the Housing Authority was required to use its HAP reserves to fund 80 units. The leasing for this program decreased throughout the fiscal year on purpose, but to a lesser extent than the previous year, in order to end the year with Net Restricted Assets at a reduced level from the year before and at an amount within the acceptable range as defined by HUD.
- The public housing properties recap is as follows. Occupancy levels for the 21 unit Tara Heights public housing property increased to (97.2%) from the prior year (96.4%). Occupancy at the Summit at Bay Vista, an 83 unit apartment complex which includes 47 public housing units increased to (96.6%) compared to the previous year of (92.5%). The 22 public housing unit Winfield Apartments had occupancy at (97.3%) for the year. The Shadow Creek Apartment complex, which was purchased during the fiscal year, is comprised of 32 units of which 17 units are public housing. The occupancy rate for the public housing units was (97.3%).

Overview of the Financial Statements

The Housing Authority's financial statements consist of two parts – the MD&A (this section) and the basic financial statements. The basic financial statements are those of a special-purpose government engaged only in business-type activities and include government-wide financial statements and notes to the financial statements.

The government-wide financial statements are designed to be corporate-like in that all business type activities are consolidated into a columnar format, presenting totals by category for the entire Housing Authority. Similar to the methods used in the private sector, the Housing Authority uses the full accrual basis of accounting.

The Housing Authority's government-wide financial statements include:

- Statement of Net Position - The Statement of Net Position reports all financial and capital resources as well as obligations of the Housing Authority. The statement is presented in the format where assets minus liabilities equal *Net Position* (formerly referred to as equity). Assets and liabilities are presented in order of liquidity, and are classified as *Current* (convertible into cash within one year), and *Non-current*.

The Statement of Net Position is designed to represent the available liquid (non-capital) assets, net of liabilities, for the entire Housing Authority. Net Position is reported in three categories:

- ✓ Net Investments in Capital Assets: This component of Net Position consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
 - ✓ Restricted Net Position: This component of Net Position consists of restricted assets where constraints have been placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc. net of any offsetting, associated liabilities.
 - ✓ Unrestricted Net Position: This component of Net Position consists of Net Position that does not meet the definitions of *Net Investment in Capital Assets* or *Restricted Net Position*.
- Statement of Revenues, Expenses and Changes in Net Position - This Statement includes Operating Revenues, such as rental income, Operating Expenses, such as administrative expenses, utilities, and maintenance expenses, and depreciation; and Non-Operating Revenue and Expenses, such as grant revenue, investment income and interest expense. This statement presents information showing how the Housing Authority's net position changed during the year.

The focus of the Statement of Revenues, Expenses and Changes in Net Position is the *Change in Net Position*, 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.

- Statement of Cash Flows – This Statement discloses net cash provided by, or used for operating activities, non-capital financing activities, capital and related financing activities, and investing activities. This statement shows where cash came from, how it was used, and the change in the cash balance during the year.

The Housing Authority's basic financial statements also include notes to the financial statements that explain some of the information in the government-wide financial statements and provide more data supporting the numbers in these statements.

Condensed Government-wide Statements and Analysis of Overall Financial Position

The following table¹ summarizes the Statement of Net Position as of September 30, 2013 and 2012 for the Housing Authority. The table does not include the Component Units.

COMPARATIVE CONDENSED STATEMENT OF NET POSITION		
	<u>2013</u>	<u>2012</u>
Assets		
Current and Other Assets	\$ 29,217,458	\$ 25,215,485
Capital Assets	<u>49,861,881</u>	<u>48,955,984</u>
Total Assets	79,079,339	74,171,469
Liabilities		
Current Liabilities	1,526,944	1,412,714
Noncurrent Liabilities	<u>22,578,252</u>	<u>23,100,302</u>
Total Liabilities	24,105,196	24,513,016
Net Position		
Net Investment in Capital Assets	27,691,148	26,141,146
Restricted	4,498,904	2,350,483
Unrestricted	<u>22,784,091</u>	<u>21,166,824</u>
Total Net Position	<u><u>\$ 54,974,143</u></u>	<u><u>\$ 49,658,453</u></u>

Total Assets increased by \$4.91 million (6.6%) during the fiscal year with an increase of \$0.91 million (1.9%) in capital assets and a \$4.05 million (31.6%) increase in current assets. The increase in capital assets was mainly the result of the purchase of the Shadow Creek Apartments of \$3.1 million and the decrease of (\$1.9) million in capital assets for the sale of the 17 affordable homeownership lots at the Bay Vista site. The increase in current assets is

¹ For more detailed information please see the Statement of Net Position.

mainly the result of a \$0.7 million increase in the HOPE VI grant funded CSS Endowment Trust, a \$1.0 million increase in the disposition proceeds held in an escrow account, and an increase in the COCC and CMS unrestricted cash accounts of \$2.7 million.

Total Liabilities decreased by (\$0.4) million (1.7%) due to a net decrease in the long term debt. This consisted of an increase in debt of \$0.47 million incurred during the purchase of the Shadow Creek Apartments, an increase in debt of \$0.7 million for the development related AHP grant loan with Bank of America, and a decrease in debt of (\$1.5) million with the early retirement of the Tamarack Apartments debt.

Current assets exceed current liabilities by \$15.36 million for a current ratio of 11.06 which is an increase from the prior year current ratio of 9.09. The current ratio is a measure of the ability to pay debts as they become due and generally a current ratio of 1 or less suggests that obligations may not be paid when they are due.

The Housing Authority's Net Investment in Capital Assets increased by \$1.6 million (5.9%). This is primarily the result of the purchase of the Shadow Creek Apartments of \$3.1 million and the decrease of (\$1.9) million in capital assets for the sale of the 17 affordable homeownership lots at the Bay Vista project site. The Restricted Net Position increased by \$2.15 million (91.4%) primarily due to an increase in the CSS Endowment Trust of \$0.7 million and a \$1.0 million increase in the disposition proceeds from the development project land sales. Unrestricted Net Position increased by \$1.62 million (7.6%) due to amounts received from the CMS contracts.

The following table² summarizes the changes in net position for the years ended September 30, 2013 and 2012 for the Housing Authority. The table does not include the component units.

COMPARATIVE CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION		
	<u>2013</u>	<u>2012</u>
Revenues		
Operating Revenue		
Tenant Revenue	\$ 2,377,877	\$ 2,056,844
Other Revenues	8,904,118	9,584,047
Non-Operating Revenue		
Operating Grants	155,521,912	155,882,944
Investment Income	162,998	122,641
Gains (Losses) on Capital Asset Disposition	(1,100,559)	404,001
Total Revenue	<u>165,866,346</u>	<u>168,050,477</u>
Expenses		
Operating Expenses		
Administrative	9,894,703	9,841,909
Tenant Services	1,422,458	1,456,593
Utilities	491,112	439,994
Ordinary Maintenance and Operations	1,111,782	1,060,853
Housing Assistance Payments	146,429,356	147,441,553
Depreciation and Amortization	1,204,578	1,098,932
Other General Expenses	817,497	753,843
Non-Operating Expenses		
Interest	556,841	543,515
Total Expenses	<u>161,928,327</u>	<u>162,637,192</u>
Excess (Deficiency) of Revenues over Expenses	<u>3,938,019</u>	<u>5,413,285</u>
Capital Grants and Contributions	1,427,865	6,888,126
Special Items	<u>(26,000)</u>	<u>(913,074)</u>
Change in Net Position	5,339,884	11,388,337
Prior Period Adjustment	(24,194)	(799,422)
Net Position, Beginning of Year	<u>49,658,453</u>	<u>39,069,538</u>
Net Position, End of Year	<u>\$ 54,974,143</u>	<u>\$ 49,658,453</u>

Losses on the Sale of Capital Assets increased from the prior year. The current year loss is primarily composed of the sale of the seventeen affordable homeownership lots at the Bay Vista Development of (\$1.4) million, and the gain on the sale of land to ABHOW for \$0.3 million. The prior year gain consisted of the sale of some commercial property in the Bay

² For more detailed information please see the Statement of Revenues, Expenses and Changes in Net Position

Vista Development for \$0.32 million and the sale of a parking lot across from the previously owned Southcourt property for \$0.08 million.

Total expenses decreased by (\$0.7) million mostly due to decreased HAP payments from the CMS PBCA contracts of (\$0.4) million and a decrease in Section 8 HAP payments of (\$0.5) million. The other contributing factor was the increase in depreciation of \$0.1 million with the increase due partly to the purchase of the Shadow Creek Apartments and a full year of depreciation for the Winfield Apartments purchased the previous year.

The Special Item of \$0.03 million represents a loan agreement with Kitsap Community Resources dated September 22, 1993. The loan amount of \$26,000 was to be forgiven twenty years after this date if conditions defined in the agreement were met. The loan cancelled after Kitsap Community Resources confirmed that the conditions regarding the loan were met.

The Prior Period Adjustment of \$0.02 million is a correction for depreciation expense that was understated in 2004 at the time of the purchase of the Tamarack Apartments. Depreciation should have been charged in the year of purchase.

Capital Asset and Long-Term Liability Activity

Capital Assets

During the current fiscal year the Housing Authority had the following significant changes in capital assets:

- Land decreased by (\$1) million mainly caused by the (\$0.9) million reduction in land costs from the sale of the 17 affordable homeownership lots. Land costs were further reduced by the cost reimbursement of (\$0.6) million from ABHOW for costs previously incurred and capitalized and the (\$0.2) million sale of land to ABHOW for the construction of an 83 unit Section 202 facility. The land costs increased \$0.7 million from reclassifying capitalized costs in Construction-In-Progress to Land for the Bay Vista Development project.
- Construction-In-Progress (CIP) increased by \$0.4 million as a result of the placing in service of completed construction capital assets for the Bay Vista Development Project in the amount of (\$1.7) million and the ABHOW cost reimbursement of (\$0.5) million for costs incurred but not yet placed in service out of CIP. Additions amounted to \$2.6 million incurred as part of the Bay Vista Development project.
- Buildings increases of \$3.2 million were mainly the result of the purchase and rehab of the Shadow Creek Apartments for \$3.1 million. There was also \$0.05 million paid in earnest money for the purchase of the new administrative building for the Housing Authority. The purchase of the new administrative building was concluded after the end of the fiscal year.
- Improvements decreases of \$0.6 million were mostly caused by the (\$1) million decrease from the sale of 17 affordable homeownership lots. There were also increases of \$0.15 million associated with costs incurred with the Bay Vista Development project and \$0.25 million for the construction of the parking lot at the Firs Apartments.

- Equipment cost increases of \$0.13 million were for purchased equipment used by the properties owned by BHA.

The following table³ summarizes the changes in capital assets between fiscal years ended September 30, 2013 and 2012 for the Housing authority and excludes the Component Units.

	Housing Authority		Net Change
	<u>2013</u>	<u>2012</u>	
Land	\$ 12,407,081	\$ 13,365,482	\$ (958,401)
Construction-In-Progress	1,188,445	813,368	375,077
Buildings	33,855,936	30,669,037	3,186,899
Improvements	7,085,036	7,715,505	(630,469)
Machinery and Equipment	4,244,717	4,116,694	128,023
Totals	<u>58,781,215</u>	<u>56,680,086</u>	2,101,129
Accumulated Depreciation	<u>(8,919,334)</u>	<u>(7,724,102)</u>	<u>(1,195,232)</u>
Capital Assets, Net	<u>\$ 49,861,881</u>	<u>\$ 48,955,984</u>	<u>\$ 905,897</u>

Long-Term Liability Activity

The Housing Authority typically issues various types of debt obligations, including installment notes, bonds, and mortgages to finance the acquisition and construction of assets. During the current fiscal year, the Housing Authority had the following significant changes in long-term liabilities:

The following table⁴ summarizes the changes in long-term liabilities (including current portions) between fiscal years ended September 30, 2013 and 2012 for the Housing Authority and excludes the Component Units.

	Housing Authority		Net Change
	<u>2013</u>	<u>2012</u>	
Revenue Bonds, Net	\$ 6,632,693	\$ 8,326,250	\$ (1,693,557)
Mortgages	2,104,504	1,697,500	407,004
Capital Lease Payable	-	44,262	(44,262)
Notes Payable	13,433,536	12,746,826	686,710
Other	<u>629,555</u>	<u>585,525</u>	44,030
Total long-term liabilities	<u>\$ 22,800,288</u>	<u>\$ 23,400,363</u>	<u>\$ (600,075)</u>

³ For more detailed information on Capital Assets please see Note 4 to the Financial Statements

⁴ For more details on the long-term liabilities please see Note 8 to the Financial Statements

All debt payments for the fiscal year were made as scheduled and on time.

Economic Factors Affecting the Housing Authority

The Housing Authority depends on funding from HUD for Public Housing and Section 8 Housing Choice Voucher programs and to fund much of its administrative and capital needs. In addition, the Housing Authority operates multiple affordable housing properties located in Bremerton, Washington and performs as a Performance-Based Contract Administrator (PBCA) for HUD in multiple states for the oversight and administration of certain HUD housing subsidy contracts with owners of multifamily housing projects. Future operations could be affected by changes in federal low-income housing subsidies; changes in the terms or amount of PBCA contracts held; economic or other changes in the Bremerton geographical area; or by changes in the demand for such affordable housing and related services.

Federal Low-Income Housing Subsidies

HUD's funding of federal low-income housing subsidies is dependent on congressional appropriations and related budget prioritizations. Federal budget cuts enacted in prior years and expected to occur in future periods, represent the greatest on-going economic challenge for the Housing Authority. The following funding impacts from such actions were experienced in 2013 and are expected for 2014:

- For 2013, funding for the Public Housing operating subsidy was 82% of eligibility.
- The administrative cost portion of the Section 8 Housing Choice Voucher program funding was funded at 69% of eligibility during 2013, and is expected to be funded at about 75% of eligibility for 2014
- The Section 8 Housing Choice Voucher program Housing Assistance Payments was funded at 94% of eligibility during 2013 and is expected to be funded no higher than 99% of eligibility for 2014.
- For more than ten years, Capital Fund grants provided by HUD have been insufficient to meet the capital renewal and replacement needs of Housing Authorities and no increase in funding levels are expected in the coming years.

The Housing Authority has responded to these on-going challenges of Federal budget reductions for low-income housing programs in part by securing other sources of funds, primarily through the provision of services to HUD via its PBCA operations, and by redeveloping its largest public housing site. The PBCA fee for services work provides net revenues that are unrestricted and available to fund the Housing Authority's mission of relieving the community's shortage of safe, decent, and affordable housing options. The conversion of ownership structure on certain public housing complexes (part of the large public housing redevelopment project) to ownership by partnerships under the Low Income

Housing Tax Credit program brought infusions of capital funding for construction of new affordable housing units through equity contributions by the investors of those partnerships. The investors provided equity contributions to the partnership so that they could then benefit from the federal income tax credits awarded to those projects.

PBCA

The PBCA state contracts held by the Housing Authority along with substantially all other such contracts nationwide are in the process of being procured by HUD through a competitive proposal process. On March 9, 2012, HUD issued a Fiscal Year 2012 Notice of Funding Availability (“NOFA”) for the PBCA program. The NOFA expressly provided that the new contracts HUD seeks to award via the NOFA are cooperative agreements rather than procurement contracts. In addition, HUD also stated that it would reject all bids under the NOFA from out-of state entities where an in-state entity bid for the same contract award exists. When HUD’s 2012 NOFA was issued, numerous interested parties, including the Housing Authority, filed bid protests with the Government Accountability Office (“GAO”) to contest HUD’s attempt to reclassify the agreements as “cooperative agreements” to avoid procurement regulations as well as contesting the restriction of competition imposed by the in-state entity only provisions of the NOFA. On August 15, 2012 GAO sustained the timely complaints of the multiple bid protestors and recommended that HUD re-solicit the PBCA contracts in accordance with procurement regulations using a procurement instrument. HUD however ignored the GAO’s decision and moved to proceed with awards under the NOFA. HUD later voluntarily stayed the award announcements after the Housing Authority and others filed a motion for a temporary restraining order and submitted bid protests in the United States Court of Federal Claims in January 2013. On April 19, 2013, the court issued its order finding in HUD’s favor, stating that the 2012 NOFA properly characterized the PBCA contracts as cooperative agreements. The plaintiffs (including the Housing Authority) appealed the decision in the United States Court of Appeals for the Federal Circuit in 2013. The US Court of Appeals for the Federal Circuit ruled on March 25, 2014 in favor of the Plaintiffs. Specifically, the Federal Circuit found that HUD violated federal law when it attempted to re-label contracts as cooperative agreements. HUD has 45 days from this decision ruling to petition the US Court of Appeals for the Federal Circuit for a hearing or rehearing En Banc of this decision. Accordingly, this matter is pending and the outcome cannot be determined at this time. The outcome of the bid protest and the resulting ultimate award of contracts either under the NOFA or a potential re-solicitation of PBCA contracts in accordance with procurement regulations have the potential to significantly reduce the available funding for the Housing Authority from its current level of PBCA administration fee revenues earned. For the fiscal year 2013, CMS administrative fees funded 51.6% of the Housing Authority’s operating expenses and CMS profits funded 28.5% of Housing Authority expenses excluding the CMS operations. If the outcome of these processes is adverse financially for the Housing Authority, operations in both the CMS department and the general Housing Authority support services areas will be reduced to levels appropriate and sustainable for the reduced level of funding provided.

Local Economy and Conditions

Local inflationary, recessionary, and in particular employment trends, can affect resident incomes and therefore the amount of rental incomes received by the Housing Authority, as well as the amount of Housing Assistance Payments paid out by the Housing Authority. Unemployment in the Bremerton-Silverdale Washington metropolitan statistical area decreased 0.9% from 7.0% in December 2012 to 6.1% in December 2013 according to the U.S. Bureau of Labor Statistics (www.bls.gov).

Contacting the Housing Authority's Financial Management

This financial report is designed to provide a general overview of the Housing Authority's finances and to demonstrate accountability for its resources. Any questions concerning the information presented here should be addressed to the Deputy Executive Director/Chief Financial Officer for the Housing Authority of the City of Bremerton. The Housing Authority's offices are located at 600 Park Avenue, Bremerton, WA 98337. The telephone number is (360) 479-3694.

Housing Authority of the City of Bremerton
Statement of Net Position
September 30, 2013

	Housing Authority	Component Units
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 8,425,076	\$ 53,373
Investments	1,804,447	
Receivables (Net):		
HUD	863,158	
Other Governments	1,325,750	7,517
Tenants	77,542	
Other	83,530	14,317
Interest Receivable from Component Units	230,644	
Prepaid and Other Current Assets	137,561	65,737
Restricted Assets:		
Cash and Cash Equivalents:		
Tenant Security Deposits	76,993	31,978
Replacement Reserves	269,901	20,373
Operating Reserves	184,856	382,102
Modernization and Development	1,010,062	
Housing Assistance Payments	417,339	
Retainage	131,323	
CSS Endowment Trust	1,298,237	
Program Income - HOPE VI	475,316	
ACC Subsidy Reserve	53,366	159,543
Tenant Prepaid Rent	22,520	
Total Current Assets	16,887,621	734,940
Noncurrent Assets		
Restricted Cash - FSS Escrows	21,642	
Restricted Cash - Tax and Insurance Escrows		72,496
Investments - Debt Service Reserves	767,307	
Notes Receivable from Component Units	11,537,870	
Capital Assets:		
Land	12,407,081	
Buildings	33,855,936	25,445,695
Improvements Other than Buildings	7,085,036	6,711,288
Equipment	4,244,717	400,131
Construction In Progress	1,188,445	-
Accumulated Depreciation	(8,919,334)	(859,374)
Total Capital Assets (Net)	49,861,881	31,697,740
Other Assets	3,018	405,856
Total Noncurrent Assets	62,191,718	32,176,092
TOTAL ASSETS	\$ 79,079,339	\$ 32,911,032

The notes to the financial statements are an integral part of this statement.

Housing Authority of the City of Bremerton
Statement of Net Position
September 30, 2013

	Housing Authority	Component Units
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 857,015	\$ 20,664
Construction Retainage Payable	131,324	713,798
Accrued Liabilities	210,749	70,908
Construction Loan Payable		8,648,490
Current Portion of Compensated Absences	3,589	
Current Portion of Long-Term Debt	218,447	
Tenant Security Deposits	76,993	31,978
Unearned Revenue	28,827	3,621
Other Current Liabilities	-	748,890
Total Current Liabilities	1,526,944	10,238,349
Noncurrent Liabilities		
Compensated Absences	604,324	
Long-Term Debt	21,952,286	
Notes Payable to Housing Authority		11,361,114
Accrued Interest Payable to Housing Authority		135,884
FSS Escrows	21,642	
Total Noncurrent Liabilities	22,578,252	11,496,998
TOTAL LIABILITIES	24,105,196	21,735,347
NET POSITION		
Net Investment in Capital Assets	27,691,148	11,688,136
Restricted for:		
Replacement Reserves	269,901	20,373
Operating Reserves	184,856	382,102
Escrow Reserves		72,496
Modernization and Development	1,010,062	
Housing Assistance Payments	417,339	
Debt Service Reserve	767,307	
CSS Endowment Trust	1,298,237	
Program Income - HOPE VI	475,316	
ACC Subsidy	53,366	159,543
Tenant Prepaid Rent	22,520	
Capital Projects		
Unrestricted	22,784,091	(1,146,965)
TOTAL NET POSITION	\$ 54,974,143	\$ 11,175,685

The notes to the financial statements are an integral part of this statement.

Housing Authority of the City of Bremerton
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended September 30, 2013

	Housing Authority	Component Units
OPERATING REVENUES		
Net Tenant Rental Revenue	\$ 2,254,829	\$ 275,968
Tenant Revenue - Other	123,048	17,239
Medicaid Revenue	847,316	
PBCA Subcontract Admin Fees	6,736,940	
Other Operating Revenue	1,319,862	
TOTAL OPERATING REVENUES	11,281,995	293,207
 OPERATING EXPENSES		
Administration	9,894,703	294,349
Tenant Services	1,422,458	15,000
Utilities	491,112	103,740
Ordinary Maintenance and Operations	1,111,782	145,639
Housing Assistance Payments	146,429,356	
Depreciation and Amortization	1,204,578	900,769
Other Operating Expenses	817,497	145,095
TOTAL OPERATING EXPENSES	161,371,486	1,604,592
 OPERATING INCOME (LOSS)	\$ (150,089,491)	\$ (1,311,385)
 NONOPERATING REVENUES (EXPENSES)		
HUD Subsidies and Grant Revenue	155,175,371	306,664
Other Government Grants	346,541	
Investment Income	162,998	33
Interest Expense	(556,841)	(317,516)
Gains (Losses) on Capital Asset Disposition	(1,100,559)	
TOTAL NONOPERATING REVENUES (EXPENSES)	154,027,510	(10,819)
 INCOME (LOSS) BEFORE CONTRIBUTIONS AND SPECIAL ITEMS	3,938,019	(1,322,204)
 CAPITAL GRANT CONTRIBUTIONS	1,427,865	
LIMITED PARTNER CONTRIBUTIONS		9,045,828
SPECIAL ITEMS	(26,000)	
 CHANGE IN NET POSITION	5,339,884	7,723,624
 NET POSITION - BEGINNING OF YEAR	49,658,453	3,452,061
PRIOR PERIOD ADJUSTMENT	(24,194)	-
NET POSITION - BEGINNING RESTATED	49,634,259	3,452,061
NET POSITION - END OF YEAR	\$ 54,974,143	\$ 11,175,685

The notes to the financial statements are an integral part of this statement.

Housing Authority of the City of Bremerton
Statement of Cash Flows
For the Year Ended September 30, 2013

	Housing Authority	Component Units
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 2,456,069	\$ 292,860
Payments to Employees	(9,172,425)	(147,784)
Payments to Suppliers	(3,899,891)	(1,452,968)
Housing Assistance Payments	(146,429,356)	
Other Receipts (Payments)	10,245,315	(174,825)
NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	<u>(146,800,288)</u>	<u>(1,482,717)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Notes and Mortgages Receivable	38,283	
HUD Operating Grants	155,210,957	298,341
Other Government Operating Grants	652,389	
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>155,901,629</u>	<u>298,341</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Contributions	1,427,865	8,981,047
Purchase of Capital Assets	(5,407,108)	(12,326,524)
Proceeds From Issuance of Capital Debt	1,161,551	10,234,617
Principal Payments on Capital Debt	(1,805,656)	(6,711,732)
Proceeds from Sale of Capital Assets	2,033,468	
Interest Payments on Capital Debt	(562,124)	(206,453)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(3,152,004)</u>	<u>(29,045)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Sale (Purchase) of Investments	(147,959)	
Interest and Dividends	30,944	33
Payments Received on Note Receivables from Component Units	1,017,949	
Loans to Component Units	(893,111)	
Investment in Joint Venture	4,553	
NET CASH PROVIDED/(USED) BY INVESTING ACTIVITIES	<u>12,376</u>	<u>33</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,961,713	(1,213,388)
CASH AT BEGINNING OF YEAR	6,424,918	1,933,253
CASH AT END OF YEAR	<u>\$ 12,386,631</u>	<u>\$ 719,865</u>
RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (150,089,491)	\$ (1,311,385)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided/(Used):		
Depreciation Expense & Amortization	1,204,578	900,769
Changes in Assets and Liabilities:		
Decrease (Increase) in Receivables	1,697,942	(9,321)
Decrease (Increase) in Prepaid Expenses	7,524	(49,285)
Increase (Decrease) in Accounts Payable	316,414	(1,033,372)
Increase (Decrease) in Other Payables	62,745	19,877
Total Adjustments	<u>3,289,203</u>	<u>(171,332)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ (146,800,288)</u>	<u>\$ (1,482,717)</u>

There are no non-cash investing, capital, or financing activities to report.

The notes to the financial statements are an integral part of this statement.

HOUSING AUTHORITY OF THE CITY OF BREMERTON
Notes to Financial Statements
Year Ended September 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Housing Authority of the City of Bremerton (Housing Authority) conform to generally accepted accounting principles (GAAP) as applicable to proprietary funds of governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

During the fiscal year ended September 30, 2013, four new accounting standards (Statement No. 60 and Statements No. 62 through No. 64) issued by the GASB became effective and were implemented by the Housing Authority where necessary or applicable. These statements have not had a material impact on the Housing Authority's financial statements.

The following is a summary of the most significant policies:

a. Reporting Entity

The Housing Authority of the City of Bremerton was created on July 17, 1940 as a municipal corporation under the provisions of the State Housing Authorities Law (RCW 35.82) and the Housing Cooperation Law (RCW 35.83) in response to the Federal Housing Act of 1937. The Housing Authority is governed by a six member Board of Commissioners, appointed by the Mayor of the City of Bremerton.

The definition of the reporting entity as defined by GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. As required by GAAP, management has considered all potential component units in defining the reporting entity. Because members of the Housing Authority Board of Commissioners have the authority to make decisions, appoint administrators and managers, and significantly influence operations and have primary accountability for fiscal matters, the Housing Authority is not a component unit of the City of Bremerton and is not included in any other governmental reporting entity as defined by GASB Statement No. 14 as amended by GASB Statement No. 39. These financial statements present the Housing Authority (the primary government) and its component units. The component units discussed below are included in the Housing Authority's reporting entity because of the significance of their operational or financial relationships with the Authority.

Blended Component Units – Some component units, despite being legally separate from the primary government, are so integrated with the primary government that they are in substance part of the primary government and are therefore blended with the primary government. The Housing Authority's operations include one blended component unit, which is included in the basic

financial statements and consists of a legally separate entity for which the Housing Authority is financially accountable for and that has the same governing board as the Housing Authority. The blended component unit is CMS Contract Management Services, a nonprofit corporation and instrumentality of the Housing Authority established in April 2011 for the purposes of making application to serve as a Performance Based Contract Administrator (PBCA); to enter into contracts in multiple states for PBCA services as may be awarded from such application; and to administer the services required under such contracts. Although this blended component unit was formed in 2011, as of the end of the fiscal year 2013 no contracts were actually awarded or executed by CMS Contract Management Services and there was consequently no financial activity for this blended component unit as a result.

Discretely Presented Component Units - The Housing Authority have two component units, which meet the criteria for discrete presentation in the Housing Authority's basic financial statements. A separate "Component Units" column is presented in the financial statements to distinguish their balances and transactions from those of the primary government.

On October 28, 2010, the Housing Authority became the General Partner of a limited liability limited partnership, Bay Vista South, LLLP. This partnership was established to enable participation in the Low Income Housing Tax Credit program authorized under Section 42 of the Internal Revenue Code and administered by the Washington State Housing Finance Commission. The tax credits allocated under this program provided for a major source of funding for the construction of Bay Vista South. The units constructed are owned by the partnership and managed by Quantum Management Services, Inc., a subcontractor for the partnership. Construction for this partnership was completed during fiscal year 2011. The Bay Vista South LLLP financial statements as of December 31, 2012 are discretely presented and consolidated into the "Component Units" column in the financial statements.

On August 26, 2011, the Housing Authority became the General Partner of a limited liability limited partnership, Bay Vista West LLLP. This partnership was established to enable participation in the Low Income Housing Tax Credit program authorized under Section 42 of the Internal Revenue Code and administered by the Washington State Housing Finance Commission. The tax credits allocated under this program will provide the major source of funding for the construction of Bay Vista West. The units to be constructed are owned by the partnership and are managed by Quantum Management Services, Inc., a subcontractor for the partnership. Construction for this partnership was completed during the 2012 fiscal year. The Bay Vista West LLLP financial statements as of December 31, 2012 are discretely presented and consolidated into the "Component Units" column in the financial statements.

In accordance with GASB 14, the Housing Authority includes component units' financial statements with an ending date occurring during the Housing Authority's fiscal year. The financial statements of the component units are prepared separately. Copies of these statements can be obtained by contacting the Housing Authority at 600 Park Avenue, Bremerton, Washington 98337.

Effective March 17, 2011, the Housing Authority became a member of a limited liability company HUDTraining.org, LLC, which meets the criteria of a joint venture. A joint venture is an organization that results from a contractual arrangement and that is owned,

operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain an ongoing financial interest or responsibility. HUDTraining.org, LLC was formed for the purpose of creating and fostering training programs for U.S. Department of Housing and Urban Development (HUD) participants and their employees. The Contract Management Services (CMS) division of the Housing Authority had a 50% membership equity interest in the joint venture and Affordable Housing Management Association of Washington (AHMA) had the other 50% membership equity interest. The joint venture was dissolved during the current fiscal year. As a result the 50% loss on the joint venture for 2012 of \$1,210 was written off by the Housing Authority and a receivable of \$3,343 was set up to record the final distribution amount due to equity partners upon dissolution. HUDTraining.org, LLC has a fiscal year ending December 31. The financial statements of the joint venture are prepared separately. Copies of financial statements can be obtained by contacting the Housing Authority at 600 Park Avenue, Bremerton, Washington 98337.

b. Basis of Accounting and Presentation

The accounting records of the Housing Authority are maintained and reported in accordance with methods prescribed by the State Auditor under the authority of Chapter 43.09 RCW and the Federal Department of Housing and Urban Development. The Housing Authority must report using GAAP; however, it has the option to use either the single enterprise proprietary fund or special purpose governmental fund model.

The Housing Authority has elected to report as a single-enterprise proprietary fund and uses the accrual basis of accounting. The measurement focus is on the flow of economic resources. The proprietary fund is composed of a number of programs. These programs (Tenant Based Rental Assistance Program, Veteran's Affairs Supportive Housing Program, Homeless Housing State Grant Program, Low Income Housing State Grant Program, Housing Counseling Assistance Program, Supportive Housing Program, Project-Based Section 8 Housing Programs, Tenant-Based Housing Choice Vouchers, Low Income Public Housing, Capital Fund Program, Resident Opportunity and Supportive Services Programs, Family Self-Sufficiency Programs, Network Neighborhood Grant, and Performance-Based Contract Administration) are designed to provide quality affordable housing opportunities and increase the self-sufficiency of those housed. The primary programs are described as follows:

Low Income Public Housing – The Authority owns, operates and maintains 4 projects (The Summit at Bay Vista, Tara Heights, Shadow Creek, and Winfield) with 105 units of public housing. The Housing Authority also is the General Partner in the component units listed above currently consisting of 137 completed units of which 95 are public housing units. The public housing program offers income based rental assistance (subsidy) for elderly, disabled and single families who qualify under the low-income guidelines. Revenues for the projects consist of rents and other fees collected from tenants and an operating subsidy received from HUD. Typically residents pay 30% of their adjusted income in rents. The Housing Authority's subsidy is received under an Annual Contributions Contract to offset the cost of operating the units. HUD also provides funds to maintain and improve the public housing projects under the Capital Fund Program. Substantially all additions and improvements to land, structures and equipment of public housing are accomplished through these capital grant funds.

Tenant-Based Housing Choice Vouchers – The Housing Authority provides rental assistance payments to approximately 1,476 households who live in private rental housing. Funded by HUD pursuant to Section 8 of the U.S. Housing Act, this

program allows participating families and individuals to choose their own housing with the use of a housing voucher. Generally the participant pays between 30% and 40% of their monthly income towards rent and the Housing Authority pays the remainder. The Housing Authority targets this program to the elderly, disabled households and families that are homeless or at the risk of homelessness. The Housing Authority also administers 324 vouchers for Housing Kitsap (Formerly known as Kitsap County Consolidated Housing Authority).

Project-Based Section 8 and Multifamily Housing – Under these programs, subsidies attach to qualifying housing units rather than to qualifying individuals or families. The Housing Authority owns the Firs Apartments, which contains 60 senior/disabled units that are subsidized under this Section 8 program. The Housing Authority also owns the Tamarack Apartments for which 72 senior/disabled units are subsidized under the Section 8 program, 10 are project based units, and one unit being a manager's unit. The Housing Authority also owns Bay Vista Commons for which 45 of the 72 units are subsidized under the Section 8 program and the Summit at Bay Vista which has 7 project based units. The Housing Authority purchased the Shadow Creek Apartments during the fiscal year which includes 17 project based units. The Housing Authority also is the General Partner in the component units listed above currently consisting of 137 completed units of which 23 are project based units.

Non-Subsidized Housing – In addition to the above subsidized housing programs, the Housing Authority owns and operates non-subsidized units. The Housing Authority's current non-subsidized housing unit portfolio was financed using tax exempt revenue bonds. State laws governing this type of financing require that fifty percent of the housing be affordable housing. The Housing Authority owns the 72 unit Bay Vista Commons Apartments complex, of which 27 units are non-subsidized. The Tamarack Apartments has 83 units, of which 1 unit is the manager's unit.

Performance-Based Contract Administration – In December 2000 the Housing Authority was first awarded the HUD contract to become the performance-based contract administrator (PBCA) for Washington State. Under this contract the Housing Authority is responsible for calculating and paying project-based Section 8 subsidies; processing Housing Assistance Payment (HAP) contract renewals, terminations, and expirations; conducting annual Management and Occupancy Reviews; responding to resident's health and safety issues; following up on HUD's Real Estate Assessment Center (REAC) physical inspection findings; and monitoring each property owner's HAP contract compliance. In May of 2004, the Housing Authority subcontracted with the PBCA of Hawaii to assume the PBCA services for the State of Hawaii. In February 2005 HUD also awarded the Housing Authority with the PBCA contracts for the States of Utah and Nebraska. In October of 2009 the Housing Authority contracted with the PBCA LA LOMOD to perform specified PBCA services for Southern California. In fiscal year 2013 the Housing Authority processed subsidy payments under this program for 72,422 units.

Proprietary funds are used to account for activities that are operated in a manner similar to private enterprise business. Under this method revenues are recognized when earned and expenses are recognized when incurred. Capital asset purchases are capitalized and long term liabilities are accounted for in the fund.

c. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Housing Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

d. Investments

Investments are stated at fair market value. Fair market value is determined based on quoted market prices for the investments. The Housing Authority invests excess cash not needed for operations in certificates of deposit, the Washington state Local Government Investment Pool, or direct obligations of the U.S. Government pursuant to requirements of Washington State law in Chapter 39.58 RCW and HUD imposed investment restrictions. All bond reserves and construction retainage accounts are reported as restricted investments.

e. Receivables

Accounts receivable consist primarily of amounts due from HUD and other governments, from tenants for rent and other charges, and notes receivable for repayment agreements. An estimate of uncollectible accounts is made monthly and subject to approval of the Board of Commissioners expensed at the end of each month. Allowances for uncollectible accounts receivable are based on historical trends and periodic aging of accounts receivable balances.

f. Inventories

Inventories are valued using the first-in-first-out (FIFO) method, which approximates the market value and consists of expendable maintenance materials and supplies.

g. Capital Assets – See Note 4.

h. Restricted Assets

Certain cash deposits and investments are classified as restricted assets if their use for general operating purposes is legally or contractually prohibited. The assets held in these accounts are restricted for specific uses, including capital additions and improvements, debt service, and other special reserve requirements.

Restricted cash held by the Housing Authority on September 30 consisted of the following:

	Housing Authority	Component Units
Tenant Security Deposits		
Summit at Bay Vista	\$ 21,917	
The Firs Apartments	14,258	
Tara Heights Public Housing	4,850	
Winfield Apartments	5,550	
Shadow Creek Apartments	11,230	
Tamarack Apartments	<u>19,188</u>	
Total Tenant Security Deposits	76,993	\$ 31,978
Reserves		
The Firs Apts - Reserve for Replacement	20,987	
Summit - Reserve for Replacement	95,221	
Summit - Operating Reserve	184,856	
Summit - ACC Subsidy Reserve	53,366	
Shadow Creek - Reserve for Replacement	7,551	
Tamarack Apts - Reserve for Replacement	<u>146,142</u>	
Total Reserves	508,123	
Housing Assistance Payments		
Contract Administration HAP	22,904	
Housing Choice Voucher HAP	<u>394,435</u>	
Total Housing Assistance Payments	417,339	
FSS Escrows		
Housing Choice Voucher Program	<u>21,642</u>	
Total FSS Escrows	21,642	
CSS Endowment Trust	1,298,237	
Program Income - HOPE VI	475,316	
Modernization and Development	1,010,062	
Limited Partners Contribution - Capital Program		634,514
Tenant Prepaid Rent	22,520	
Construction Retainage	131,323	
Total Restricted Cash	<u>\$ 3,961,555</u>	<u>\$ 666,492</u>

Restricted investments held by the Housing Authority on September 30 consisted of the following:

Debt Service Reserves	
Norm Dicks Govt Ctr Escrow	\$ 82,091
Bay Vista Commons Escrow	685,216
Total Debt Service Reserves	<u>767,307</u>
Total Restricted Investments	<u>\$ 767,307</u>

i. Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation and sick leave. The Housing Authority records unpaid leave for compensated absences as an expense and liability when incurred.

Vacation pay, which may be accumulated up to 30 days for up to seven years of service and 36 days for employees with at least seven years of service, is payable upon resignation, retirement, or death. Sick leave may be accumulated up to 150 days. Upon retirement 100% of the sick leave may be used to pay for medical insurance premiums. Departing employees who have completed their initial evaluation period generally will receive payment for 35% of accrued unused sick leave.

j. Unamortized Debt Expenses

Costs related to the sale of bonds are deferred and amortized over the lives of the various bond issues.

k. Unearned Revenue

The Housing Authority has unearned revenue resulting from tenant prepaid rent payments received and management fee payments received in advance of the period in which these are considered earned.

l. Tax Exemption

The Housing Authority is qualified as a tax-exempt organization under the provisions of Section 115(1) of the Internal Revenue Code. Under state law (RCW 35.82.210) the Housing Authority is exempt from all taxes imposed by cities, counties, the state or any political subdivision thereof. Accordingly, no provision for income taxes is reflected in the accompanying statements. Pursuant to an agreement with the City of Bremerton the Housing Authority makes a Payment in Lieu of Taxes (PILOT) to reimburse the City for services provided.

m. Operating Revenues/Expenses

The Housing Authority reports operating revenues as defined in GASBS 9. Operating revenues include fees and charges from providing services in connection with the ongoing operations of providing low income housing. Operating subsidies and grants are reported as non-operating revenues and are presented as cash flows from non-capital financing activities in the statement of cash flows. Operating expenses are those expenses that are directly incurred in the operation of providing low income housing.

n. Use of Estimates

Preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingencies as of the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

There have been no material violations of finance-related legal or contractual provisions.

NOTE 3 – DEPOSITS AND INVESTMENTS

a. Deposits

The Housing Authority's deposits and certificates of deposit are entirely covered by Federal Depository Insurance Corporation (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC). Deposits that are in excess of the FDIC insured amount are secured by collateral through the Washington State Public Deposit Protection Act, which was adopted in 1969. Under this act, each public depository is required to contribute to a common pool of pledged securities. In the event of default of one bank, all participating banks in Washington State will collectively assure that no loss of funds will be suffered by any public treasurer or custodian of public funds. In 1994, the Housing Authority received a waiver from HUD that enabled it to make deposits in excess of \$100,000 in a qualified public depository because HUD determined that while the Public Deposit Protection Act did not meet the HUD requirements for full collateralization there were "adequate safeguards against the loss of PHA funds."

b. Investments

The Housing Authority makes all investments pursuant to the requirements of Washington State law codified in Chapter 39.59 RCW, HUD, and the investment policies adopted. The Housing Authority only invests in bonds or other obligations issued or guaranteed by the United States, the Washington State Local Government Investment Pool (LGIP), or certificates of deposits issued by qualified banks located in the state of Washington.

The LGIP is operated by the State treasurer and is not registered with the SEC as an investment company. The LGIP is operated in a manner consistent with Rule 2a-7 money market funds, as recognized by the Securities and Exchange Commission. Rule 2a-7 funds are limited to high quality obligations with limited maximum and average maturities in order to minimize both market and credit risk. Government pools that adhere to this SEC rule can report their investments at amortized costs if the remaining maturities of the debt securities are 90 days or less. As of June 30, 2012, the pool had average weighted average maturities of 40 days and therefore is reported at amortized cost.

Investments with the LGIP meet the criteria of cash and cash equivalents because these can be liquidated upon demand. However, the Housing Authority treats these as investments because of their intended long-term use. The income, gains, and losses – net of administrative fees – of the LGIP are allocated based upon the participant's average daily balance. The fair value of the LGIP investment pool is approximately equal to the value of the pool shares.

As of the year ended September 30, 2013, the Housing Authority had the following investments:

Investment Type	Value
Washington State Local Government Investment Pool	\$ 1,804,447
U.S. Treasury Money Market	767,307
Total	\$ 2,571,754

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Housing Authority's policy for reducing its exposure to credit risk is to comply with HUD authorized investment instruments and Washington State law which limit investments to low risk investment instruments. In line with Washington State laws, the Local Government Investment Pool (LGIP) investment policy limits the types of securities available for investment to obligations of the U.S. government or its agencies, obligations of government-sponsored corporations, banker's acceptances, commercial paper, deposits with qualified public depositories, or obligations of the state of Washington or its political subdivisions. Banker's acceptances and commercial paper must be rated with the highest short-term credit rating of any two Nationally Recognized Statistical Rating Organizations (NRSROs) at the time of purchase. The aggregate total of commercial paper and banker's acceptances is limited to 35% of the portfolio. As of December 31, 2012, the LGIP did not have any banker's acceptances, commercial paper, or municipal bonds in its portfolio. The LGIP is unrated.

The Debt Service Reserve Escrows for the Bay Vista Commons project and the Norm Dicks Government Center are invested by the trustee (U.S. Bank) in U.S. Treasury Obligations Money Market Funds which is rated Aaa by Moody's and AAA by Standard & Poor's. This is a sweep account arrangement used by the trustee to service the bonded debt as it comes due. As the Housing Authority does not have access to withdraw these funds and they are used to retire debt, they are classified as restricted investments in the financial statements.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Housing Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Housing Authority does not have a formal policy for custodial credit risk. The investments in the LGIP and the U.S. Treasury Money Market fund are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Housing Authority's investment policy limits the maximum maturity of an investment to not greater than three years as a means of limiting its exposure to fair value losses arising from varying interest rates. All investments held by the Housing Authority as of September 30, 2013 have maturities less than one year.

Concentration Risk

The Housing Authority is currently not exposed to concentration risk, as defined in GASBS 40, since the investments consist of pooled investments and U.S. Treasury Money Market funds.

c. Component Unit Deposits

As of December 31, 2012, the component units' carrying amount of deposits was \$719,865. These deposits are entirely covered by Federal Depository Insurance Corporation (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC), established under Chapter 39.58 of the Revised Code of Washington. Deposits that are in excess of the FDIC insured amount are secured by collateral through the Washington State Public Deposit Protection Act, which was adopted in 1969. Under the Washington State Public Deposit Protection Act, each public depository is required to contribute to a common pool of pledged securities. In the event of default of one bank, all participating banks in Washington State will collectively assure that no loss of funds will be suffered by any public treasurer or custodian of public funds.

NOTE 4 – CAPITAL ASSETS

Major expenses for capital assets, including capital leases and major repairs that increase useful lives, are capitalized. Maintenance, repairs, and minor renewals are accounted for as expenses when incurred.

Capital assets are defined by the Housing Authority as assets with an initial individual cost of more than \$2,000 and estimated useful life in excess of 1 year. Capital assets are recorded at cost where the historical cost is known and at estimated historical cost where no records exist. Donations are recorded at fair market value at the time of donation or the appraised value.

Capital asset activity for the year ended September 30, 2013 was as follows:

Housing Authority					
	Balance 10/1/2012	Additions	Transfers	Disposals	Balance 9/30/2013
Capital assets not being depreciated					
Land	\$ 13,365,482	\$ -	\$ 710,732	\$ (1,669,133)	\$ 12,407,081
Construction-In-Progress	813,368	2,583,341	(1,679,047)	(529,217)	1,188,445
Total capital assets not being depreciated	<u>14,178,850</u>	<u>2,583,341</u>	<u>(968,315)</u>	<u>(2,198,350)</u>	<u>13,595,526</u>
Capital assets being depreciated					
Buildings	30,669,037	2,883,993	302,906	-	33,855,936
Improvements other than Buildings	7,715,505	137,449	223,083	(991,001)	7,085,036
Equipment	4,116,694	11,127	150,436	(33,540)	4,244,717
Total capital assets being depreciated	<u>42,501,236</u>	<u>3,032,569</u>	<u>676,425</u>	<u>(1,024,541)</u>	<u>45,185,689</u>
Less accumulated depreciation for					
Buildings	(4,494,699)	(880,089)		-	(5,374,788)
Improvements other than Buildings	(687,676)	(175,399)		-	(863,075)
Equipment	(2,541,727)	(173,284)		33,540	(2,681,471)
Total accumulated depreciation	<u>(7,724,102)</u>	<u>(1,228,772)</u>	<u>-</u>	<u>33,540</u>	<u>(8,919,334)</u>
Total capital assets being depreciated, net	<u>34,777,134</u>	<u>1,803,797</u>	<u>676,425</u>	<u>(991,001)</u>	<u>36,266,355</u>
TOTAL CAPITAL ASSETS, NET	<u><u>\$ 48,955,984</u></u>	<u><u>\$ 4,387,138</u></u>	<u><u>\$ (291,890)</u></u>	<u><u>\$ (3,189,351)</u></u>	<u><u>\$ 49,861,881</u></u>

The original cost of operating property and the cost of installation, less salvage, is charged to accumulated depreciation over its useful life. However, in the case of the sale of a significant operating unit or system, the original cost is removed from the capital asset accounts, accumulated depreciation is charged with the accumulated depreciation related to the property sold, and the net gain or loss on disposition is credited or charged to income.

Capital assets are depreciated using the straight-line method with depreciation commencing in the acquisition year and using the half-year convention for the first and last year. Depreciable lives are as follows:

Land	no depreciation
Buildings	40 – 50 years
Improvements	5 – 40 years
Equipment	3 – 7 years
Construction-in-progress	no depreciation

Management reviews land, structures, and equipment for possible impairment to determine if the decline in service utility is significant and unexpected. If the asset is considered impaired the amount of impairment loss is determined in accordance with GASB-42 using either the Restoration Cost Approach, the Service Units Approach, or the Deflated Depreciated Replacement Cost Approach. No impairment loss was recognized during the fiscal year.

There was no capitalized interest during the year ending September 30, 2013.

Preliminary costs incurred for proposed projects are deferred pending construction of the facility. Costs relating to projects ultimately constructed are transferred to the project; charges that related to abandoned projects are expensed.

Of the \$5.7 million of additions to the capital assets, \$2.8 million was attributable to the Bay Vista Development project, and \$2.9 million to the purchase of the Shadow Creek Apartments.

The \$1.7 million of transfers consists of construction projects completed and placed in service during the year. Of this amount \$1.4 million was transferred to fixed asset accounts for the Housing Authority. This leaves a remaining \$0.3 million in transfers which were made to the Component Units.

The \$3.2 million in capital asset dispositions consist of the sale of land and infrastructure located in the Bay Vista Development of \$2.1 million and cost reimbursement from ABHOW of \$1.1 million, for general and site specific costs previously incurred by the Housing Authority on their behalf for the HUD Section 202 project they are building at the Bay Vista site.

Capital asset activity for the Component Units for the year ended December 31, 2012 was as follows:

	Component Units				
	Balance 1/1/2012	Additions	Disposals	Transfers	Balance 12/31/2012
Capital assets not being depreciated					
Construction-In-Progress	\$ 7,746,954	\$ -	\$ -	\$ (7,746,954)	\$ -
Total capital assets not being depreciated	7,746,954	-	-	(7,746,954)	-
Capital assets being depreciated					
Buildings	10,744,788	8,633,876		6,067,031	25,445,695
Improvements other than Buildings	1,854,849	3,176,516		1,679,923	6,711,288
Equipment	189,337	210,794			400,131
Total capital assets being depreciated	12,788,974	12,021,186	-	7,746,954	32,557,114
Less accumulated depreciation	(71,691)	(787,683)			(859,374)
Total capital assets being depreciated, net	12,717,283	11,233,503	-	7,746,954	31,697,740
TOTAL CAPITAL ASSETS, NET	\$ 20,464,237	\$ 11,233,503	\$ -	\$ -	\$ 31,697,740

During the year ending December 31, 2012, the Housing Authority's component units capitalized \$114,279 of interest costs for funds borrowed to finance the construction of capital assets.

NOTE 5 – CONSTRUCTION IN PROGRESS

Construction-In-Progress represents expenses to date on projects for which authorizations total \$2,311,501. Construction-In-Progress is composed of the following:

	Project Authorization	Expended to Date	Committed	Required Future Financing
Bay Vista Russell Road North	724,086	569,825	154,261	-
Bay Vista Methane Gas Extraction Project	240,000	205,705	34,295	-
Bay Vista Boulevard Completion	1,223,555	309,567	913,988	-
Bay Vista South Russell Road Sewer	104,660	103,348	1,312	-
Bay Vista Parks, Open Spaces, & Signage	19,200	-	19,200	-
Totals	<u>\$ 2,311,501</u>	<u>\$ 1,188,445</u>	<u>\$ 1,123,056</u>	<u>\$ -</u>
Capital Assets Placed in Service		-		
TOTAL CONSTRUCTION-IN-PROGRESS, NET		<u>\$ 1,188,445</u>		

Construction-In-Progress for the Component Units consists of the following:

	Project Authorization	Expended to Date	Committed	Required Future Financing
Bay Vista West	\$ 17,716,453	\$ 17,716,453	\$ -	\$ -
Bay Vista South	14,840,661	14,840,661	-	-
Totals	<u>\$ 32,557,114</u>	<u>\$ 32,557,114</u>	<u>\$ -</u>	<u>\$ -</u>
Capital Assets Placed In Service		(32,557,114)		
TOTAL CONSTRUCTION-IN-PROGRESS, NET		<u>\$ -</u>		

NOTE 6 – LEASE COMMITMENTS

a. Operating Leases

The Housing Authority is committed under various leases for \$532,307. These leases are considered operating leases for accounting purposes. Lease expenses for the year ended September 30, 2013 amounted to \$437,255. Future minimum rental commitments for these leases are as follows:

<u>Fiscal Year Ending</u>	<u>Amount</u>
2014	\$ 401,531
2015	130,776
Total	<u>\$ 532,307</u>

Most of the amount of lease commitments, \$442 thousand, is for the administrative building space lease at 4040 Wheaton Way where the Housing Authority operations have been located. This is a five year lease that goes through February 2015. The lease at the Norm Dicks Government Center, which houses the Contract Management Services (CMS) operations, is set to expire June 2014 and comprises \$90 thousand of the total lease commitments.

The Housing Authority is committed under various leases for land to its component units Bay Vista South LLLP and Bay Vista West LLLP.

Bay Vista South LLLP built 68 Low Income Housing Tax Credit units in a total of 19 buildings on the property leased. The ground lease with Bay Vista South LLLP was established on October 28, 2010 and expires on December 31, 2109 unless terminated earlier in accordance with the terms of the lease agreement. At the end of the lease the property reverts back to the Housing Authority. All of the lease payments (\$1 per year) have been paid in advance. The cost of the land that is being leased is \$1,873,652 with no depreciation. The cost of the utilities and site improvements on the leased area is \$1,200,964 and accumulated depreciation is \$98,207. The net carrying cost after depreciation for the leased land with improvements is \$2,976,409.

Bay Vista West LLLP built 69 Low Income Housing Tax Credit units in a total of 20 buildings on the property leased. The ground lease with Bay Vista West LLLP was established on August 26, 2011 and expires on December 31, 2110 unless terminated earlier in accordance with the terms of the lease agreement. At the end of the lease the property reverts back to the Housing Authority. All of the lease payments (\$1 per year) have been paid in advance. The cost and carrying value of the leased asset, land, was \$1,446,916 as of the end of the fiscal year with no depreciation.

NOTE 7 – NONCURRENT ASSETS

Notes Receivable

The Housing Authority has entered into loan agreements with its component units during their formation and construction phase. In addition, there are also two promissory notes with Kitsap Community Resources. The Kitsap Community Resources loans are 20 year loans, which are forgivable at the end of the loan term if the secured properties have been rented to individuals or families meeting income restrictions of 80% or less of median family income as established by United States Department of Housing and Urban Development.

The outstanding principal balances on these loans are presented in the Notes Receivable balance in the financial statements and consist of the following:

Schedule of Notes Receivable Balances				
Description and Terms	Rate	Non-Current Notes Receivable	Current Notes Receivable	Total
BHA First Loan (HOPE VI) to Bay Vista West LLLP Principal amount not to exceed \$4,547,746 Payments subject to residual receipts Balance due August 26, 2066	2.00%	\$ 3,750,490	-	\$ 3,750,490
BHA Second Loan (CFP) to Bay Vista West LLLP Principal amount not to exceed \$1,910,435 Payments subject to residual receipts Balance due August 26, 2066	2.00%	1,910,435	-	1,910,435
BHA Third Loan (AHP) to Bay Vista West LLLP Principal amount not to exceed \$690,000 Payments subject to residual receipts Balance due August 26, 2066	2.00%	690,000		690,000
BHA First Loan (PBCA) to Bay Vista South LLLP Principal amount not to exceed \$235,274 Payments subject to residual receipts Balance due October 28, 2065	0.00%	235,274	-	235,274
BHA Second Loan (HOPE VI) to Bay Vista South LLLP Principal amount not to exceed \$5,412,034 Payments subject to residual receipts Balance due October 28, 2065	0.00%	4,951,671		4,951,671
Promissory Notes to Kitsap Community Resources Forgiveable loan if income restrictions are complied with Balance due November 22, 2013	8.50%	-	29,000	29,000
Signed Repayment Agreements with Tenants	0.00%	3,018	9,207	12,225
Totals		\$ 11,540,888	\$ 38,207	\$ 11,579,095

The Housing Authority (BHA) Loans to Bay Vista South LLLP and to Bay Vista West LLLP are to be repaid out of residual receipts as they become available. In accordance with Article 8.14 of the Partnership Agreements, at any time during years 12 through 18 following the date on which the Projects are placed in service, the Housing Authority has the right to purchase the Limited and Special Limited Partner's interest in the Partnership. The purchase option is priced at the greater of the then fair market value of the Project as reduced by the outstanding loans at that time assumed by the Housing Authority; or the outstanding loans at the time of purchase (which loans may be assumed by the Housing Authority in lieu of payment to the Partnership). In accordance with Article 13.03 of the Partnership Agreements, in the event the property is sold and the partnership liquidated without the Housing Authority exercising its right to purchase, the proceeds of the sale will be first used for the payment of the then outstanding debts and liabilities of the partnership and the expense of the liquidation. As a result, to the extent the BHA Loans are not paid through residual receipts payments, they are to be paid when the Housing Authority exercises its purchase option or alternatively upon sale of the property to another party.

NOTE 8 – LONG-TERM DEBT AND LIABILITIES

Housing Authority

a. Revenue Bonds:

The Housing Authority of the City of Bremerton issued revenue bonds to finance the purchase of the Tamarack Apartments and pay for the construction of the Bay Vista Commons Assisted Living Community facility. The bonds for the Tamarack Apartments were paid in full in September 2013. The revenue bonds are being repaid by the Housing Authority's revenues.

The revenue bonds/notes outstanding as of September 30, 2013 are as follows:

Purpose	Original Amount	Issue Date	Final Maturity	Interest Rate	Amount Outstanding
Tamarack Apartments	\$ 1,800,000	8/2/2004	8/2/2014	5.30%	\$ -
Bay Vista Commons	7,540,000	12/28/2005	5/25/2037	4.0 - 5.5%	6,726,667
Total	\$ 9,340,000				\$ 6,726,667

Revenue bond/note debt service requirements to maturity are as follows:

Year Ending (September 30)	Principal	Interest
2014	148,334	363,274
2015	156,666	356,374
2016	163,333	348,638
2017	173,334	339,982
2018	183,333	330,795
2019 - 2023	1,068,333	1,497,624
2024 - 2028	1,378,334	1,182,817
2029 - 2033	1,798,333	762,667
2034 - 2038	1,656,667	220,367
Totals	\$ 6,726,667	\$ 5,402,538

There is \$685,216 in restricted assets of the Housing Authority related to the Bay Vista Commons bond issuance. These represent sinking funds and reserve requirements as contained in the bond indentures. There are a number of other limitations and restrictions contained in the various bond indentures. The Housing Authority is in compliance with all significant limitations and restrictions.

The Tamarack Apartments Bonds were secured by a deed of trust on the 83-unit Tamarack Apartments constituting a lien on the real property and improvements. The Housing Authority had also pledged project revenues, net of operating costs, to repay the principal and interest on the bond when due. Proceeds from the bonds were used to assist in financing the purchase of the Tamarack Apartments. The bonds were paid in full in September 2013. Principal and interest paid for the current year were \$1,555,848 and \$80,767, respectively.

The Bay Vista Commons bonds (also known as 2005 Firs II Project bonds) are secured by a pledge of Net Operating Income from the project as well as available investment earnings and unrestricted general revenues of the Housing Authority. The Housing Authority has pledged future project revenues, less insurance proceeds, condemnation awards, interest earnings on the foregoing amounts, and operation and maintenance costs. Proceeds from the bonds provided financing for the construction of the Bay Vista

Commons Assisted Living Community facility. The bonds are payable from the Net Operating Income of the facility and are payable through May 2037. Annual principal and interest payments on the bonds are expected to require less than 84% of Net Operating Income. The total principal and interest remaining to be paid on the bonds is \$12,129,205. Principal and interest paid for the current year were \$141,667 and \$369,698, respectively.

b. Real Estate Mortgages

The Housing Authority has long term loans secured by capital assets. These loans were used to acquire capital assets that provide or support administration of low income housing. They are being repaid from revenues generated by the Housing Authority.

On October 15, 2012 the Housing Authority purchased Shadow Creek Apartments. The complex consists of 32 units with 15 units of public housing and 17 units of project based section 8 housing. The purchase price of \$2.8 million was funded with \$0.73 million from HUD Capital Fund Program funds, \$0.15 million from HOPE VI grant funds, \$1.25 million from developer fees the Housing Authority earned and received from Bay Vista South LLLC, \$0.2 million from unrestricted Housing Authority cash, and a loan secured by the Shadow Creek Apartment property from Kitsap Bank for \$0.47 million. The tax exempt debt provided by Kitsap Bank has a principal amount of \$471,551, an interest rate of 5.00%, and a maturity date of October 30, 2027.

The Real Estate Mortgages outstanding as of September 30, 2013 were:

Purpose	Original Amount	Issue Date	Final Maturity	Interest Rate	Amount Outstanding
Shadow Creek Apartments	\$ 471,551	10/15/2012	10/30/2037	5.00%	\$ 457,004
Government Center	\$ 2,000,000	2/1/2005	7/1/2034	4.77%	\$ 1,647,500
Total	\$ 2,471,551				\$ 2,104,504

Mortgage debt service requirements to maturity are as follows:

Mortgages

Year Ending (September 30)	Principal	Interest
2014	64,274	96,983
2015	66,263	94,229
2016	70,731	91,362
2017	72,858	88,037
2018	77,470	84,672
2019 - 2023	435,619	366,901
2024 - 2028	696,039	248,248
2029 - 2033	531,250	95,894
2034 - 2038	90,000	4,122
Totals	\$ 2,104,504	\$ 1,170,448

c. Notes Payable

The Housing Authority issued \$12.748 million in notes payable to assist financing of the Bay Vista Development. A loan was received from the Washington State Department of Commerce (Commerce) for Housing Trust Fund (HTF) funds, in the amount of \$2,500,000 on December 14, 2009. On February 4, 2010 a loan in the amount of \$10,631,954 in Tax Credit Assistance Program funds (TCAP) was entered into with the Washington State Housing Finance Commission (WSHFC) to help finance The Summit at Bay Vista project. Subsequently, WSHFC and Commerce approached the Housing Authority with the request to amend the loans to increase the TCAP loan principal amount by \$2,212,556 for a modified principal amount of \$12,844,510 and to make a corresponding reduction in the HTF Loan from an original amount of \$2,500,000 to a modified principal amount of \$287,444. WSHFC and Commerce made this request in an effort to help alleviate demand for Housing Trust Funds within the State of Washington, while ensuring the full application of TCAP funds within the expenditure deadline imposed by the American Recovery and Reinvestment Act of 2009. The loan documents were amended for the HTF loan and the TCAP loan on October 6, 2010 and October 7, 2010, respectively. Only the principal amounts were changed, all other terms as originally agreed to remain the same.

The interest rate on the HTF loan is 1.00%. This loan is secured by a Deed of Trust on The Summit at Bay Vista. This loan repayment, both principal and interest, is deferred until June 29, 2013. To date \$271,068 has been drawn down on this loan. Beginning June 30, 2013 payments of principal and interest in the amount of \$9,026.46 are due and payable each June 30th through June 30, 2051. The loan matures June 30, 2051. The principal and interest have been accrued for the last quarter of FY 2013 for a total of \$1,456 in principal and \$837 in interest, respectively.

As of the end of this fiscal year the TCAP loan balance outstanding is \$12,477,337. This is a forgivable loan, after 40 years, with no principal or interest payments due if the terms and conditions of the loan agreement is met. Until matured, this loan remains a liability of the Housing Authority. This loan is secured by a Deed of Trust on the Summit at Bay Vista.

The Housing Authority applied for an Affordable Housing Program (AHP) loan and received \$690,000. The grant funds were loaned to the Bay Vista West partnership. The Housing Authority has this amount due from the partnership as a notes receivable and also has a note payable to Bank of America for the same amount. The note payable to Bank of America is a forgivable loan at the end of the loan term, 15 years, if the conditions are met per the agreement. Until matured, this loan remains a liability of the Housing Authority. This loan is secured by a Deed of Trust on the Bay Vista West properties.

The Notes Payable outstanding as of September 30, 2013 was:

Purpose	Original Amount	Issue Date	Final Maturity	Interest Rate	Amount Outstanding
Tax Credit Assistance Program	\$12,844,510	2/4/2011	2/3/2050	0.00%	\$ 12,477,337
AHP Bank of America	690,000	8/27/2012	9/13/2027	0.00%	\$ 690,000
Housing Trust Fund	287,444	12/14/2009	6/30/2051	1.00%	266,199
Total	\$13,821,954				\$ 13,433,536

Notes payable debt service requirements to maturity as follows:

Notes Payable

Year Ending (September 30)	Principal	Interest
2014	5,839	2,538
2015	5,898	2,603
2016	5,957	2,545
2017	6,016	2,485
2018	6,076	2,425
2019 - 2023	31,304	11,201
2024 - 2028	722,902	9,604
2029 - 2033	34,580	7,926
2034 - 2038	36,344	6,161
2039 - 2043	38,198	4,308
2044 - 2048	40,146	2,359
2049 - 2053	12,500,276	439
Totals	\$ 13,433,536	\$ 54,594

d. Changes in Long Term Liabilities

During the year ended September 30, 2013, the following changes occurred in long-term liabilities:

Debt Issue	Beginning Balance 10/1/2012	Additions	Reductions	Ending Balance 9/30/2013	Due Within One Year
Revenue Bonds	\$ 8,424,181	\$ -	\$ (1,697,514)	\$ 6,726,667	\$ 148,334
Less: Discount on Bay Vista Commons Bonds	(97,931)	-	3,957	(93,974)	
Total Bonds Payable	8,326,250	-	(1,693,557)	6,632,693	148,334
Mortgages	1,697,500	471,551	(64,547)	2,104,504	64,274
Notes Payable	12,746,826	690,000	(3,290)	13,433,536	5,839
Capital Lease Payable	44,262	-	(44,262)	-	-
Compensated absences	563,845	44,068	-	607,913	3,589
FSS Escrows	21,680	-	(38)	21,642	
Total long-term liabilities	\$ 23,400,363	\$ 1,205,619	\$ (1,805,694)	\$ 22,800,288	\$ 222,036

e. Arbitrage Compliance

The Housing Authority has one debt issuance, the Bay Vista Commons bonds (also known as 2005 Firs II Project bonds), that are tax-exempt bonds and subject to federal Arbitrage Compliance requirements. The Housing Authority has determined that there was no Rebate Installment payment due to the United States Treasury, Internal Revenue Service for this debt obligation.

Component Units

a. Notes Payable

The Component Units have long term notes payable secured by capital assets. These notes were used to acquire capital assets that provide affordable housing. The notes payable are to be repaid to the Housing Authority by the component units out of residual receipts as they become available.

In addition to the long term notes payables on August 26, 2011, the Partnership entered into a construction loan agreement with Bank of America N.A. for a loan in the amount of \$10,311,414 (the "Construction Loan"). The Construction Loan bears interest in a fluctuating rate equal to the British Bankers Association LIBOR daily floating rate for that day plus 250 basis points per annum. Commencing September 1, 2011, payments of interest only are due in arrears on the first day of each month. Unpaid principal balance, together with all accrued and unpaid interest, are due on September 1, 2013, the maturity date. As of December 31, 2012, the outstanding principal balance was \$8,648,490.

The Notes Payable outstanding as of December 31, 2012 were:

Purpose	Original Amount	Issue Date	Final Maturity	Interest Rate	Amount Outstanding
BHA Second Loan (HOPE VI) Bay Vista South LLLP	\$ 5,279,620	10/28/2010	10/28/2065	0.00%	\$ 4,951,671
BHA First Loan (PBCA) Bay Vista South LLLP	235,274	10/28/2010	10/28/2065	0.00%	235,274
BHA First Loan (HOPE VI/AHP) Bay Vista West LLLP	4,359,190	8/26/2011	8/26/2066	2.00%	4,359,190
BHA Second Loan (CFP) Bay Vista West LLLP	1,814,979	8/26/2011	8/26/2066	2.00%	1,814,979
Construction Loan Bay Vista West LLLP	8,648,490	8/26/2011	9/1/2013	Variable	8,648,490
Total	\$ 20,337,553				\$ 20,009,604

Notes payable debt service requirements to maturity as follows:

Year Ending December 31	Principal	Interest
2013	\$ 8,648,490	\$ 133,710
2014	-	132,410
2015	-	135,059
2016	-	137,760
2017	-	140,515
2018-2022	-	745,870
2023-2027	-	819,623
2028-2032	-	813,084
2033-2037	-	897,710
2038-2044	-	991,145
2043-2047	-	1,094,304
2048-2052	-	1,208,200
2053-2057	-	1,333,950
2058-2062	-	1,472,789
2063-2067	11,361,114	1,177,326
Totals	\$ 20,009,604	\$ 11,233,455

C. Changes in Long Term Liabilities

During the year ended December 31, 2012, the following changes occurred in long-term liabilities for the Component Units:

Debt Issue	Beginning Balance 1/1/2012	Additions	Reductions	Ending Balance 12/31/2012	Due Within One Year
BHA Second Loan (HOPE VI) Bay Vista South LLLP	\$ 5,255,773	\$ -	\$ (304,102)	\$ 4,951,671	\$ -
BHA First Loan (PBCA) Bay Vista South LLLP	235,274	-		235,274	\$ -
BHA First Loan (HOPE VI/AHP) Bay Vista West LLLP	2,596,457	1,762,733		4,359,190	\$ -
BHA Second Loan (CFP) Bay Vista West LLLP	1,679,923	135,056		1,814,979	
Construction Loan Bay Vista West	-	8,648,490		8,648,490	\$ 8,648,490
Construction Loan Bay Vista South	6,407,630	682,136	(7,089,766)	-	
Total long-term liabilities	\$ 16,175,057	\$ 11,228,415	\$ (7,393,868)	\$ 20,009,604	\$ 8,648,490

NOTE 9 – PENSION PLAN

Substantially all of the 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 Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to: Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98504-8380; or it may be downloaded from the DRS website at www.drs.wa.gov. The following disclosures are made pursuant to GASB Statements No. 27, *Accounting for Pensions by State and Local Government Employers* and No. 50, *Pension Disclosures*, an Amendment of GASB Statements No. 25 and No. 27.

Public Employees’ Retirement System (PERS) Plans 1, 2, and 3

Plan Description

PERS is a cost-sharing multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a defined benefit plan with a defined contribution component.

Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts (other than judges currently in a judicial retirement system); employees of legislative committees; community and technical colleges, college and university employees not participating in national higher education retirement programs; judges of district and municipal courts; and employees of local governments.

PERS members who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 and by either, February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercise an option to transfer their membership to Plan 3. PERS members joining the system on or after March 1, 2002 for state and higher

education employees, or September 1, 2002 for local government employees have the irrevocable option of choosing membership in either PERS Plan 2 or PERS Plan 3. The option must be exercised within 90 days of employment. An employee is reported in Plan 2 until a choice is made. Employees who fail to choose within 90 days default to PERS Plan 3. Notwithstanding, PERS Plan 2 and Plan 3 members may opt out of plan membership if terminally ill, with less than five years to live.

PERS Plan 1 and Plan 2 defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. PERS retirement benefit provisions are established in Chapters 41.34 and 41.40 RCW and may be amended only by the State Legislature.

PERS Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. The monthly benefit is 2 percent of the average final compensation (AFC) per year of service. (AFC is the monthly average of the 24 consecutive highest-paid service credit months.) The retirement benefit may not exceed 60 percent of AFC. The monthly benefit is subject to a minimum for PERS Plan 1 retirees who have 25 years of service and have been retired 20 years, or who have 20 years of service and have been retired 25 years. Plan 1 members retiring from inactive status prior to the age of 65 may receive actuarially reduced benefits. If a survivor option is chosen, the benefit is further reduced. A cost-of living allowance (COLA) is granted at age 66 based upon years of service times the COLA amount, which is increased 3 percent annually. Plan 1 members may also elect to receive an optional COLA that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 1 provides duty and non-duty disability benefits. Duty disability retirement benefits for disablement prior to the age of 60 consist of a temporary life annuity payable to the age of 60. The allowance amount is \$350 a month, or two-thirds of the monthly AFC, whichever is less. The benefit is reduced by any workers' compensation benefit and is payable as long as the member remains disabled or until the member attains the age of 60. A member with five years of covered employment is eligible for non-duty disability retirement. Prior to the age of 55, the allowance amount is 2 percent of the AFC for each year of service reduced by 2 percent for each year that the member's age is less than 55. The total benefit is limited to 60 percent of the AFC and is actuarially reduced to reflect the choice of a survivor option. A cost-of living allowance is granted at age 66 based upon years of service times the COLA amount (based on the consumer Price Index), capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 1 members can receive credit for military service while actively serving in the military, if such credit makes them eligible to retire. Members can also purchase up to 24 months of service credit lost because of an on-the-job injury.

PERS Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members are eligible for normal retirement at the age of 65 with five years of service. The monthly benefit is 2 percent of the AFC per year of service. (AFC is the monthly average of the 60 consecutive highest-paid service months.)

PERS Plan 2 members who have at least 20 years of service credit and are 55 years of age, or older, are eligible for early retirement with a reduced benefit. The benefit is reduced by an early retirement factor (ERF) that varies according to age, for each year before age 65.

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

- With a benefit that is reduced by 3 percent for each year before age 65.
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2 retirement benefits are also actuarially reduced to reflect the choice, if made, of a survivor option. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent annually.

The surviving spouse or eligible child or children of a PERS Plan 2 member who dies after leaving eligible employment having earned ten years of service credit may request a refund of the member's accumulated contributions. Effective July 22, 2007, said refund (adjusted as needed for specified legal reductions) is increased from 100 percent to 200 percent of the accumulated contributions if the member's death occurs in the uniformed service to the United States while participating in *Operation Enduring Freedom* or *Persian Gulf, Operation Iraqi Freedom*.

PERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component and member contributions finance a defined contribution component. The defined benefit portion provides a monthly benefit that is 1 percent of the AFC per year of service. (AFC is the monthly average of the 60 consecutive highest-paid service months.)

Effective June 7, 2006, PERS Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service, if twelve months of that service are earned after age 44; or after five service credit years earned in PERS Plan 2 prior to June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan.

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

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

PERS Plan 3 defined benefit retirement benefits are also actuarially reduced to reflect the choice, if made, of a survivor option. There is no cap on years of service credit and Plan 3 provides the same cost-of-living allowance as Plan 2.

PERS Plan 3 defined contribution retirement benefits are solely dependent upon the results of investment activities.

The defined contribution portion can be distributed in accordance with an option selected by the member, either as a lump sum or pursuant to other options authorized by the Director of the Department of Retirement Systems.

PERS Plan 2 and Plan 3 provide disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 monthly benefit amount is 2 percent of the AFC per year of service. For Plan 3, the monthly benefit amount is 1 percent of the AFC per year of service.

These disability benefit amounts are actuarially reduced for each year that the member's age is less than 65, and to reflect the choice of a survivor option. There is no cap on years of service credit, and a cost-of-living allowance is granted (based on the Consumer Price Index) capped at 3 percent annually.

PERS Plan 2 and Plan 3 members may have up to ten years of interruptive military service credit; five years at no cost and five years that may be purchased by paying the required contributions. Effective July 24, 2005, a member who becomes totally incapacitated for continued employment while serving the uniformed services, or a surviving spouse or eligible children, may apply for interruptive military service credit. Additionally, PERS Plan 2 and Plan 3 members can also purchase up to 24 months of service credit lost because of an on-the-job injury.

PERS members may also purchase up to five years of additional service credit once eligible for retirement. This credit can only be purchased at the time of retirement and can be used only to provide the member with a monthly annuity that is paid in addition to the member's retirement benefit.

Beneficiaries of a PERS Plan 2 or Plan 3 member with ten years of service who is killed in the course of employment receive retirement benefits without actuarial reduction, if the member was not at normal retirement age at death. This provision applies to any member killed in the course of employment, on or after June 10, 2004, if found eligible by the Department of Labor and Industries.

A one-time duty-related death benefit is provided to the estate (or duly designated nominee) of a PERS member who dies in the line of service as a result of injuries sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of said member's covered employment, if found eligible by the Department of Labor and Industries.

There are 1,316 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2012:

Retirees and Beneficiaries Receiving Benefits	82,242
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	30,515
Active Plan Members Vested	106,317
Active Plan Members Non-vested	44,273
Total	263,347

Funding Policy

Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent for state agencies and local government unit employees, and at 7.5 percent for state government elected officials. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. All employers are required to contribute at the level established by the Legislature. Under PERS

Plan 3, employer contributions finance the defined benefit portion of the plan and member contributions finance the defined contribution portion. The Director of the Department of Retirement Systems sets Plan 3 employee contribution rates. Six rate options are available ranging from 5 percent to 15 percent; two of the options are graduated rates dependent on the employee's age. The methods used to determine the contribution requirements are established under state statute in accordance with Chapters 41.40 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2013, are as follows:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer*	9.21%**	9.21%**	9.21%***
Employee	6.00%****	4.92%****	*****

- * The employer rates include the employer administrative expense fee currently set at 0.16%.
- ** The employer rate for state elected officials is 10.74% for Plan 1 and 7.21% for Plan 2 and Plan 3.
- *** Plan 3 defined benefit portion only.
- **** The employee rate for state elected officials is 7.50% for Plan 1 and 4.64% for Plan 2.
- ***** Variable from 5.0% minimum to 15.0% maximum based on rate selected by the PERS 3 member.

Both the Housing Authority of the City of Bremerton and the employees made the required contributions. The Housing Authority's required contributions for the years ending December 31 were as follows:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
2013	\$ 4,841	\$ 278,799	\$ 123,961
2012	\$ 4,364	\$ 272,948	\$ 123,642
2011	\$ 3,646	\$ 299,406	\$ 101,489

NOTE 10 – COMPONENT UNITS

The Bay Vista South and Bay Vista West Limited Liability Limited Partnerships were formed with the Housing Authority serving as the general partner. These partnerships were formed to acquire, develop, construct, operate and maintain housing for low income tenants in a manner necessary to qualify for federal low-income housing tax credits as provided under Section 42 of the Internal Revenue Code. The partnership fiscal years end on December 31, of each calendar year. The Bay Vista South project is comprised of 68 units in 19 buildings. The Bay Vista West project is comprised of 69 units in 20 buildings. The units constructed are owned by the partnerships and managed by Quantum Management Services, Inc., a subcontractor to the partnerships. As general partner the Housing Authority complies with the duties and responsibilities established with each limited partner in the related partnership agreement. In general, the Housing Authority is obligated to provide funds to each partnership for any operating deficits and is to be repaid from project cash flow in subsequent years or from proceeds of a sale or refinance.

As of September 30, 2013, the Housing Authority's fiscal year end, the balance sheet date reported for all component units was December 31, 2012 which is the fiscal year end for these two component units.

Component Unit information is provided for each of the Housing Authority's discretely presented Component Units in the following condensed financial statements:

	Bay Vista South	Bay Vista West
CONDENSED STATEMENTS OF NET POSITION		
Assets		
Current Assets	\$ 62,400	\$ 78,544
Restricted Assets	556,828	109,664
Capital Assets	14,293,941	17,403,799
Other Assets	135,689	270,167
Total Assets	15,048,858	17,862,174
Liabilities		
Current Liabilities	62,460	922,193
Current Due to Housing Authority	-	741,090
Noncurrent Due to Housing Authority	5,186,945	6,174,169
Other Noncurrent Liabilities	-	8,648,490
Total Liabilities	5,249,405	16,485,942
Net Position		
Net Investment in Capital Assets		
Related Debt	9,106,996	2,581,140
Restricted	539,465	95,049
Unrestricted	152,992	(1,299,957)
Total Net Position	\$ 9,799,453	\$ 1,376,232

	Bay Vista South	Bay Vista West
CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION		
Tenant Revenues	\$ 241,562	\$ 51,645
Depreciation Expense	(546,620)	(354,149)
Other Operating Expenses	(419,969)	(283,854)
Total Operating Income (Loss)	(725,027)	(586,358)
Nonoperating Revenue (Expense)		
HUD Subsidies and Grant Revenue	221,016	85,648
Investment Income		33
Interest Expense	(157,236)	(160,280)
Capital Contributions	9,045,828	-
Increase (Decrease) in Net Assets	8,384,581	(660,957)
Net Position, Beginning of Year	1,414,872	2,037,189
Prior Period Adjustment	-	-
Net Position, End of Year	\$ 9,799,453	\$ 1,376,232

	Bay Vista South	Bay Vista West
CONDENSED STATEMENTS OF CASH FLOWS		
Net Cash Provided (Used) by		
Operating Activities	\$ (283,594)	\$ (1,199,123)
Noncapital Financing Activities	220,271	78,070
Capital Financing Activities	226,747	(255,792)
Investing Activities		33
Net Increase (Decrease)	163,424	(1,376,812)
Cash, Beginning of Year	415,360	1,517,893
Cash, End of Year	\$ 578,784	\$ 141,081

NOTE 11 – PRIOR PERIOD ADJUSTMENTS

The prior period adjustment of \$24,195 consists of an audit item from the prior fiscal year in which it was determined that the depreciation expense was understated from 2004 at the time of the purchase of the Tamarack Apartments. Depreciation should have been charged in the year of purchase.

NOTE 12 – SPECIAL ITEMS

The Housing Authority entered into a loan agreement with Kitsap Community Resources on September 22, 1993. The loan of \$26,000 was to be forgivable twenty years after this date if conditions defined in the agreement were met. The loan was cancelled after Kitsap Community Resources confirmed that the conditions regarding the loan were met throughout the twenty year time period.

NOTE 13 – CONTINGENCIES AND LITIGATION

The Housing Authority of the City of Bremerton has recorded in its financial statements all material liabilities. In the opinion of management, the Housing Authority's insurance policies are adequate to pay all known or pending claims.

The Housing Authority participates in a number of federal assisted programs. These grants are subject to audit by the grantors or their representatives. Such audits could result in requests for reimbursement to grantor agencies for expenditures disallowed under terms of the grants. The Housing Authority's management believes that such disallowance, if any, will be immaterial.

The PBCA state contracts held by the Housing Authority along with substantially all other such contracts nationwide are in the process of being procured by HUD through a competitive proposal process. On March 9, 2012, HUD issued a Fiscal Year 2012 Notice of Funding Availability ("NOFA") for the PBCA program. The NOFA expressly provided that the new contracts HUD seeks to award via the NOFA are cooperative agreements rather than procurement contracts. In addition, HUD also stated that it would reject all bids under the NOFA from out-of state entities where an in-state entity bid for the same contract award exists. When HUD's 2012 NOFA was issued, numerous interested parties, including the Housing Authority, filed bid protests with the Government Accountability Office ("GAO") to contest HUD's attempt to reclassify the agreements as "cooperative agreements" to avoid procurement regulations as well as contesting the restriction of competition imposed by the in-state entity only provisions of the NOFA. On August 15, 2012 GAO sustained the timely complaints of the multiple bid protestors and recommended that HUD re-solicit the PBCA contracts in accordance with procurement regulations using a procurement instrument. HUD however ignored the GAO's decision and moved to proceed with awards under the NOFA. HUD later voluntarily stayed the award announcements after the Housing Authority and others filed a motion for a temporary restraining order and submitted bid protests in the United States Court of Federal Claims in January 2013. On April 19, 2013, the court issued its order finding in HUD's favor, stating that the 2012 NOFA properly characterized the PBCA contracts as cooperative agreements. The plaintiffs (including the Housing Authority) appealed the decision in the United States Court of Appeals for the Federal Circuit in 2013. The US Court of Appeals for the Federal Circuit ruled on March 25, 2014 in favor of the Plaintiffs. This matter is pending and the outcome cannot be determined at this time. The outcome of the bid protest and the resulting ultimate award of contracts either under the NOFA or a potential re-solicitation of PBCA contracts in accordance with procurement regulations have the potential to significantly reduce the available funding for the Housing Authority

from its current level of PBCA administration fee revenues earned. For the fiscal year 2013, CMS administrative fees funded 51.6% of the Housing Authority's operating expenses and CMS profits funded 28.5% of Housing Authority expenses excluding the CMS operations. If the outcome of these processes are adverse financially for the Housing Authority, operations in both the CMS department and the general Housing Authority support services areas will be reduced to levels appropriate and sustainable for the reduced level of funding provided.

NOTE 14 – RISK MANAGEMENT

The Housing Authority of the City of Bremerton is a member of Housing Authorities Risk Retention Pool (HARRP). Utilizing Chapter 48.62 RCW (self-insurance regulation) and chapter 39.34 (Interlocal Cooperation Act), fifty-five public housing authorities in the states of Washington, Oregon, California originally formed HARRP in March 1987. HARRP was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and or jointly contracting for risk management services. HARRP is a U.S. Department of Housing and Urban Development (HUD) approved self-insurance entity for utilization by public housing authorities. HARRP has a total of ninety member/owner housing authorities in the states of Washington, Oregon, California and Nevada. Thirty-six of the ninety members are Washington public housing entities.

New Members originally contract for a three year term and thereafter automatically renew on an annual basis. Members may quit (after completion of the three year commitment) upon giving notice to HARRP prior to their renewal date. HARRP can terminate the members after giving a sixty (60) notice prior to the renewal date. Termination does not relieve a former member from its unresolved losses incurred during membership.

HARRP is governed by a Board of Directors consisting of representatives from nine member PHA's. The Board meets once each quarter to provide policy direction to the staff. HARRP provides property loss, general liability, errors and omissions, fidelity and crime insurance, and business automobile insurance. Pool underwriting and rate-setting policies have been established by the pool executive board after consultation with actuaries. Pool members are subject to supplemental assessment in the event of deficiencies. If the assets of the pool were to be exhausted, members would be responsible for the pool's liabilities. The allocation of the liabilities would be determined by the executive board. A copy of their financial statements may be acquired at 7111 N.E. 179th Street, Vancouver, WA 98686.

HAARP General Liability coverage is on an occurrence basis without member deductibles. Automobile Liability coverage is also on an occurrence basis with deductibles of \$250 for comprehensive and \$500 for collision. Errors & Omissions coverage (which includes Employment Practices Liability) is issued on an occurrence basis, and the members are responsible for 10% of the incurred costs of the claims. The Property coverage provided by HARRP is on a replacement cost basis, with the Housing Authority's deductible of \$1,000. The Housing Authority's fidelity coverage by HARRP has a limit of \$500,000 for employee dishonesty and forgery or alteration and \$50,000 for theft. The deductible for the fidelity coverage is \$1,000. Fidelity coverage is also offered, with limits of \$100,000 (with options up to \$500,000) for employee dishonesty, forgery or alteration and \$10,000 for theft with deductibles similar to the retention on Property.

HARRP provides coverage limits for General Liability, Errors & Omissions and Property of \$2,000,000 per occurrence and \$2,000,000 annual aggregate. Coverage limits for Automobile Liability are \$1,000,000/\$1,000,000.

HARRP self-insures the full layer of coverages for liability lines (\$2,000,000 per occurrence and \$2,000,000 annual aggregate). There is no purchased reinsurance above those limits. For Property, HARRP retains \$2,000,000 and \$63,000,000 of reinsurance from St Paul/Travelers Insurance Company for a combined total of \$65,000,000. The HARRP Board of Directors determines the limits and coverage terms, at its sole discretion.

HARRP provides loss control and claim services with in-house staff and retained third party contractors.

HARRP is fully funded by member assessments that are adjusted by the HARRP Board on the basis of independent actuarial studies. These assessments cover loss, loss adjustment expenses, excess insurance 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.

In addition to the insurance through HARRP, the Housing Authority carries earthquake insurance through RSUI Insurance. This coverage is for some of the property owned by the Housing Authority which includes Firs, Bay Vista Commons, Tamarack, and the Summit. The coverage limits are \$10,000,000 per occurrence and the deductible is \$50,000.

Claim settlements did not exceed coverage in any of the past three years.

Housing Authority of the City of Bremerton
 Schedule of Expenditures of Federal Awards
 For the Fiscal Year Ended September 30, 2013

Federal Agency Name/Pass-Through Agency Name	Federal Program Name	CFDA Number	Other I.D. Number	Current Year Expenditures			Debt Liability Balance	Total Federal Awards	Foot-note Ref.	
				From Pass-Through Awards	From Direct Awards	Current Year Subtotal				
U.S. Department of Housing and Urban Development	Section 8 New Construction / Substantial Rehabilitation	14.182	FHA #127-35057 FHA #127-38048 Subtotal		\$ 299,131 287,030 586,161	586,161	586,161			
U.S. Department of Housing and Urban Development	Section 8 Housing Assistance Payments Program - Special Allocations	14.195	WA800, NE800 & UT800		140,699,025	140,699,025	140,699,025			
U.S. Department of Housing and Urban Development	Supportive Housing Program	14.235	WA0102B0T011004 WA0102L0T011205 Subtotal		75,263 32,482 107,745	107,745	107,745			
U.S. Department of Housing and Urban Development	Section 8 Moderate Rehabilitation Single Room Occupancy	14.249	WA003SRO004		206,328	206,328	206,328			
U.S. Department of Housing and Urban Development	Low Rent Public Housing	14.850	WA003-001-06D & WA003-001-06S		796,104	796,104	796,104			
U.S. Department of Housing and Urban Development	Revitalization of Severely Distressed Public Housing	14.866	WA19URD003I108		2,080,119	2,080,119	2,080,119			
U.S. Department of Housing and Urban Development	Housing Choice Vouchers	14.871	WA003VO & WA003AF		11,295,408 115,550 11,410,958	11,410,958	11,410,958			
U.S. Department of Housing and Urban Development	Public Housing Capital Fund Program	14.872	WA19P003501		716,796	716,796	716,796 0			
U.S. Department of Housing and Urban Development	ARRA-Tax Credit Assistance Program	14.258	TC#09-08-TCAP				12,477,337	12,477,337	3	
U.S. Department of Housing and Urban Development	HOME Investment Partnership Program	14.239	06-47101-603A	101,607		101,607		101,607		
TOTAL FEDERAL ASSISTANCE				\$	101,607	\$156,603,236	\$156,704,843	\$ 12,477,337	\$169,182,180	

NOTE 1 - Basis of Accounting

The Schedule of Financial Assistance is prepared on the same basis of accounting as the Housing Authority's financial statements. The Housing Authority uses the full accrual basis of accounting.

NOTE 2 - Program Costs

The amounts shown as current year expenditures represent only the federal portion of the program costs. Actual program costs, including the Housing Authority's portion, may be more than shown.

NOTE 3 - Federal Loans

Outstanding loan balances with continuing compliance requirements, including those received and expended in prior years are listed under Debt Liability Balance

Line Item No.	Account Description	Project WA003000001	Project WA003000004	Project WA003000005	Project WA003000006	Project WA003000007	Project WA003000008	Project WA003000020	Project WA003009999	Home Investment Partnerships Program	Supportive Housing for Persons with Disabilities	Business Activities	Section 8 Housing Assistance Payments Program_Special Allocations
111	Cash - Unrestricted	\$477,922				\$105,672	\$92,191	\$304,118	\$1,104,736	\$42	\$0	\$0	\$283,450
112	Cash - Restricted - Modernization and Development	\$0				\$0			\$1,010,062	\$0	\$0	\$0	\$0
113	Cash - Other Restricted	\$0		\$53,366		\$0			\$0	\$0	\$0	\$0	\$310,148
114	Cash - Tenant Security Deposits	\$0		\$11,782		\$5,550	\$4,050		\$0	\$0	\$0	\$0	\$22,904
115	Cash - Restricted for Payment of Current Liability	\$0							\$124,305				\$0
100	Total Cash	\$477,922		\$277,459		\$111,222	\$96,241	\$308,968	\$2,239,103	\$42	\$0	\$0	\$614,728
121	Accounts Receivable - PHA Projects	\$0		\$0		\$0		\$0	\$3,482	\$0	\$0	\$0	\$0
122	Accounts Receivable - HUD Other Projects	\$0		\$0		\$0	\$12,500	\$0	\$40,735	\$0	\$8,677	\$0	\$5,968
124	Accounts Receivable - Other Government	\$0		\$0		\$0	\$14,837	\$0	\$119,117	\$22,078	\$0	\$0	\$795,150
125	Accounts Receivable - Miscellaneous	\$0		\$144		\$14,243	\$0	\$0	\$11,688	\$0	\$1,036	\$0	\$2,049
126	Accounts Receivable - Tenants	\$0		\$10		\$98	\$130	\$59	\$0	\$122	\$0	\$0	\$78,708
126.1	Allowance for Doubtful Accounts - Tenants	\$0		\$0		\$0	\$0	\$0	\$0	(\$122)	\$0	\$0	(\$1,757)
126.2	Allowance for Doubtful Accounts - Other	\$0		\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
127	Notes, Loans, & Mortgages Receivable - Current	\$0		\$1,074		\$380		\$3,204	\$0	\$0	\$0	\$0	\$2,239
128	Fraud Recovery	\$0		\$0		\$0		\$0	\$0	\$0	\$0	\$0	\$0
128.1	Allowance for Doubtful Accounts - Fraud	\$0		\$0		\$0		\$0	\$0	\$0	\$0	\$0	\$0
129	Accrued Interest Receivable	\$0		\$0		\$0		\$0	\$80,620	\$0	\$0	\$0	\$0
120	Total Receivables, Net Of Allowances For Doubtful Accounts	\$0	\$0	\$1,228		\$14,721	\$27,467	\$3,243	\$255,642	\$22,078	\$9,713	\$0	\$87,207
131	Investments - Unrestricted	\$0		\$0		\$0		\$0	\$0	\$0	\$0	\$0	\$1,502,559
132	Investments - Restricted	\$0		\$0		\$0		\$0	\$0	\$0	\$0	\$0	\$685,216
135	Investments - Restricted for Payment of Current Liability	\$0		\$0		\$0		\$0	\$0	\$0	\$0	\$0	\$0
142	Prepaid Expenses and Other Assets	\$0		\$8,208		\$2,884	\$1,873	\$523	\$435	\$0	\$0	\$0	\$27,437
143	Inventories	\$0		\$0		\$0		\$0	\$0	\$0	\$0	\$0	\$0
143.1	Allowance for Obsolete Inventories	\$0		\$0		\$0		\$0	\$0	\$0	\$0	\$0	\$0
144	Inter Program - Due From	\$0		\$0		\$0		\$0	\$0	\$0	\$0	\$0	\$0
150	Total Current Assets	\$477,922		\$286,895		\$128,827	\$125,581	\$312,734	\$2,495,180	\$22,120	\$9,713	\$0	\$5,510,707
161	Land	\$0	\$1,873,652	\$942,462	\$1,446,916	\$383,090		\$16,440	\$6,365,877	\$0	\$0	\$0	\$790,394
162	Buildings	\$0		\$8,062,646		\$1,622,013	\$1,462,970	\$769,873	\$0	\$0	\$0	\$0	\$15,371,685
163	Furniture, Equipment & Machinery - Dwellings	\$0	\$45,142	\$8,313		\$5,000	\$15,017	\$426,056	\$0	\$0	\$0	\$0	\$950,979
164	Furniture, Equipment & Machinery - Administration	\$0		\$694		\$0	\$0	\$0	\$111,750	\$0	\$0	\$0	\$5,503
165	Leasehold Improvements	\$0	\$140,655	\$1,425,198		\$21,348	\$280,475	\$280,475	\$0	\$0	\$0	\$0	\$2,617,182
166	Accumulated Depreciation	\$0	(\$58,207)	(\$546,747)		(\$62,958)	(\$970,060)	(\$4,146)	(\$4,146)	\$0	\$0	\$0	(\$1,237,522)
167	Construction In Progress	\$0	\$0	\$0		\$0	\$0	\$0	\$1,188,445	\$0	\$0	\$0	\$0
168	Infrastructure	\$0	\$1,015,167	\$125,663		\$0	\$0	\$0	\$108,205	\$0	\$0	\$0	\$581,032
160	Total Capital Assets, Net of Accumulated Depreciation	\$0	\$2,976,409	\$10,018,229	\$1,446,916	\$1,988,493	\$1,467,767	\$522,764	\$7,770,131	\$0	\$0	\$0	\$18,063,604

Line Item No.	Account Description	Project WA003000001	Project WA003000004	Project WA003000005	Project WA003000006	Project WA003000007	Project WA003000008	Project WA003000020	Project WA003000999	Home Investment Partnerships Program	Supportive Housing for Persons with Disabilities	Business Activities	Section 8 Housing Assistance Payments Program, Special Allocations
171	Notes, Loans, and Mortgages Receivable - Non-Current	\$0						276	\$2,600,435	\$0		\$2,622	
172	Notes, Loans, and Mortgages Receivable - Non-Current - Past Due												
174	Other Assets												
176	Investment in Joint Venture												
180	Total Non-Current Assets	\$0	\$2,976,409	\$10,018,229	\$1,446,916	\$1,968,493	\$1,467,767	\$523,040	\$10,370,566	\$0	\$0	\$18,066,226	\$390,396
190	Total Assets	\$477,922	\$2,976,409	\$10,305,124	\$1,446,916	\$2,097,320	\$1,593,348	\$835,774	\$12,865,746	\$22,120	\$9,713	\$19,480,814	\$5,901,103

Line Item No.	Account Description	Project WA003000001	Project WA003000004	Project WA003000005	Project WA003000006	Project WA003000007	Project WA003000008	Project WA003000020	Project WA003000999	Home Investment Partnerships Program	Supportive Housing for Persons with Disabilities	Business Activities	Section 8 Housing Assistance Payments Program, Special Allocations
312	Accounts Payable <= 90 Days	\$0		\$13,288		\$16,091	\$19,458	\$4,000	\$184,344	\$0	\$0	\$282,113	\$54,817
321	Accrued Wage/Payroll Taxes Payable	\$0		\$1,011		\$697	\$472	\$674	\$1,792	\$0	\$0	\$180	\$57,803
322	Accrued Compensated Absences - Current Portion	\$0				\$0		\$0	\$319	\$0	\$0	\$500	\$0
325	Accrued Interest Payable	\$0				\$0		\$0	\$0	\$0	\$0	\$2,114	\$0
331	Accounts Payable - HUD PHA Programs	\$0				\$0		\$0	\$0	\$0	\$0	\$0	\$5,036
333	Accounts Payable - Other Government	\$0				\$0		\$0	\$0	\$0	\$0	\$0	\$0
341	Tenant Security Deposits	\$0		\$11,782		\$5,550	\$4,050	\$4,850	\$0	\$0	\$0	\$17,315	\$0
342	Deferred Revenue	\$0		\$510		\$51	\$908	\$109	\$0	\$0	\$0	\$24,989	\$0
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	\$0				\$0		\$0	\$0	\$0	\$0	\$168,447	\$0
345	Other Current Liabilities	\$0				\$0		\$0	\$124,306	\$0	\$0	\$3,815	\$0
346	Accrued Liabilities - Other	\$0		\$5,245		\$1,300	\$850	\$3,650				\$62,737	
347	Interprogram Due To	\$0		\$214		\$2,051	\$7,380	\$3,293	\$0	\$21,978	\$9,407	\$76,548	\$119,858
348	Loan Liability - Current												
310	Total Current Liabilities	\$0	\$32,050	\$32,050		\$25,740	\$33,118	\$16,576	\$310,761	\$21,978	\$9,407	\$840,758	\$237,514
351	Capital Projects/Mortgage Revenue Bonds	\$0		\$6,973,904		\$0		\$0	\$690,000	\$0	\$0	\$12,890,882	\$0
353	Non-Current Liabilities - Other	\$0				\$0		\$0	\$0	\$0	\$0	\$0	\$0
354	Accrued Compensated Absences - Non-Current	\$0		\$3,996		\$3,383	\$1,289	\$969	\$11,227	\$0	\$0	\$22,537	\$228,128
355	Loan Liability - Non-Current	\$0		\$6,977,900		\$0		\$0	\$0	\$0	\$0	\$0	\$0
350	Total Non-Current Liabilities	\$0	\$6,977,900	\$7,009,950		\$3,383	\$1,289	\$969	\$701,227	\$0	\$0	\$12,713,419	\$228,128
300	Total Liabilities	\$0	\$7,009,950	\$7,009,950		\$29,123	\$34,407	\$17,545	\$1,011,988	\$21,978	\$9,407	\$13,354,177	\$465,642
508.1	Invested in Capital Assets, Net of Related Debt	\$0	\$2,976,409	\$3,044,325	\$1,446,916	\$1,968,493	\$1,467,767	\$522,764	\$7,080,131	\$0	\$0	\$5,204,275	\$390,396
511.1	Restricted Net Assets	\$0		\$53,366		\$0		\$0	\$1,010,062	\$0	\$0	\$895,364	\$22,904
512.1	Unrestricted Net Assets	\$477,922		\$197,483		\$99,704	\$91,174	\$295,465	\$3,763,565	\$142	\$306	(\$73,002)	\$5,022,161
513	Total Equity/Net Assets	\$477,922	\$2,976,409	\$3,295,174	\$1,446,916	\$2,068,197	\$1,559,941	\$818,229	\$11,853,758	\$142	\$306	\$6,126,637	\$5,435,461
600	Total Liabilities and Equity/Net Assets	\$477,922	\$2,976,409	\$10,305,124	\$1,446,916	\$2,097,320	\$1,593,348	\$835,774	\$12,865,746	\$22,120	\$9,713	\$19,480,814	\$5,901,103

Line Item No.	Account Description	Project WA003000001	Project WA003000004	Project WA003000005	Project WA003000006	Project WA003000007	Project WA003000008	Project WA003000020	Project WA003009999	Home Investment Partnerships Program	Supportive Housing for Persons with Disabilities	Business Activities	Section 8 Housing Assistance Payments Program, Special Allocations
70300	Net Tenant Rental Revenue	\$0		\$101,570		\$38,242	\$14,757	\$34,360		\$0	\$0	\$1,641,884	\$0
70400	Tenant Revenue - Other	\$0		\$3,280		\$11,031	\$338	\$5,669		\$0	\$0	\$93,701	\$0
70500	Total Tenant Revenue	\$0		\$104,850		\$49,273	\$15,095	\$40,029		\$0	\$0	\$1,735,585	\$0
70600	HUD PHA Operating Grants	\$289,453	\$153,407	\$128,206	\$114,289	\$31,610	\$12,500	\$66,639	\$7,016	\$0	\$107,745	\$115,550	\$140,699,025
70610	Capital Grants	\$0				\$0		\$0	\$709,780	\$0	\$0	\$0	\$0
70710	Management Fee												
70720	Asset Management Fee												
70730	Book-Keeping Fee												
70750	Other Fees for Service												
70700	Total Fee Revenue	\$0	\$0	\$0		\$0		\$0	\$0	\$0	\$0	\$0	\$0
70800	Other Government Grants	\$0				\$0		\$0	\$194,472	\$101,607	\$0	\$0	\$0
71100	Investment Income - Unrestricted	\$0		\$3,919		\$1,258		\$3,442	\$6,784	\$0	\$0	\$5,047	\$3,177
71400	Fraud Recovery	\$0						\$0	\$206	\$206	\$1,151		
71500	Other Revenue	\$0		\$11,564		\$0		\$174	\$741,090	\$0	\$0	\$855,528	\$6,762,008
71600	Gain Or Loss On Sale Of Capital Assets	\$0							(\$1,117,959)	\$0	\$0	\$0	\$0
72000	Investment Income - Restricted	\$0				\$0		\$0	\$37,774	\$0	\$0	\$0	\$0
70000	Total Revenue	\$289,453	\$153,407	\$248,539	\$114,289	\$82,141	\$27,595	\$110,284	\$578,957	\$101,813	\$108,896	\$2,711,710	\$147,464,210

Line Item No.	Account Description	Project WA003000001	Project WA003000004	Project WA003000005	Project WA003000006	Project WA003000007	Project WA003000008	Project WA003000020	Project WA003009999	Home Investment Partnerships Program	Supportive Housing for Persons with Disabilities	Business Activities	Section 8 Housing Assistance Payments Program, Special Allocations
91100	Administrative Salaries	\$0		\$21,790		\$7,898	\$1,973	\$6,990	\$75,868		\$2,677	\$140,904	\$2,331,862
91200	Auditing Fees	\$0		\$2,152		\$23		\$29	\$2,488		\$0	\$2,219	\$38,282
91300	Management Fee	\$0		\$0		\$0	\$0	\$0	\$7,016	\$7,819	\$0	\$25,000	\$2,195,856
91310	Book-keeping Fee	\$0		\$4,095		\$1,935	\$555	\$1,838				\$4,320	\$676,656
91400	Advertising and Marketing	\$0		\$2,407		\$4		\$12	\$0		\$0	\$9,450	\$117
91500	Employee Benefit Contributions - Administrative	\$0		\$5,150		\$1,827	\$468	\$1,727	\$28,465		\$978	\$14,586	\$1,105,752
91600	Office Expenses	\$0		\$13,469		\$1,914	\$420	\$1,301	\$3,129		\$0	\$61,151	\$463,397
91700	Legal Expense	\$0		\$475		\$3,656		\$375	\$2,500			\$1,172	\$341,028
91800	Travel	\$0		\$135		\$7	\$32	\$50	\$13			\$1,682	\$36,774
91900	Other	\$0		\$21,015		\$12,168	\$2,888	\$10,469	\$3,746		\$0	\$178,735	\$27,207
91000	Total Operating- Administrative	\$0		\$70,688		\$29,432	\$6,336	\$22,791	\$123,225	\$7,819	\$3,655	\$439,219	\$7,216,931

Line Item No.	Account Description	Project WA003000001	Project WA003000004	Project WA003000005	Project WA003000006	Project WA003000007	Project WA003000008	Project WA003000020	Project WA003009999	Supportive Housing for Persons with Disabilities	Business Activities	Section 8 Housing Assistance Payments Program_Special Allocations
92000	Asset Management Fee	\$0		\$5,640		\$2,640	\$750	\$2,520				
92100	Tenant Services - Salaries	\$0		\$1,632		\$761	\$508	\$725		\$0	\$770,899	\$0
92200	Relocation Costs			\$0		\$0	\$0	\$0		\$0	\$0	\$0
92300	Employee Benefit Contributions - Tenant Services	\$0		\$368		\$172	\$115	\$164		\$0	\$125,166	\$0
92400	Tenant Services - Other	\$0		\$12,961		\$904	\$602	\$861		\$8,407	\$179,644	\$0
92500	Total Tenant Services	\$0		\$14,961		\$1,837	\$1,225	\$1,750		\$8,407	\$1,075,709	\$0
93100	Water	\$0		\$6,561		\$4,190	\$1,267	\$5,632		\$0	\$14,712	\$0
93200	Electricity	\$0		\$16,500		\$4,471	\$470	\$337	\$486	\$0	\$85,317	\$0
93300	Gas	\$0		\$3,172		\$0	\$0	\$159	\$2,232	\$0	\$19,480	\$0
93800	Other Utilities Expense	\$0		\$24,309		\$10,500	\$2,818	\$12,359	\$0	\$0	\$57,719	\$0
93000	Total Utilities	\$0		\$50,542		\$19,161	\$4,555	\$18,487	\$2,718	\$0	\$177,228	\$0
94100	Ordinary Maintenance and Operations - Labor	\$0		\$37,117		\$23,759	\$6,930	\$10,679		\$0	\$92,276	\$0
94200	Ordinary Maintenance and Operations - Materials and Other	\$0		\$12,711		\$2,326	\$18,265	\$5,565		\$0	\$51,720	\$0
94300	Ordinary Maintenance and Operations - Contracts	\$0		\$38,493		\$29,828	\$7,376	\$41,348	\$100	\$0	\$110,330	\$83,379
94500	Employee Benefit Contributions - Ordinary Maintenance	\$0		\$8,257		\$8,781	\$2,575	\$5,712		\$0	\$23,343	\$0
94000	Total Maintenance	\$0		\$96,578		\$64,694	\$35,146	\$63,324	\$100	\$0	\$277,669	\$83,379
96110	Property Insurance	\$0		\$15,509		\$5,263	\$585	\$826	\$108		\$37,553	\$17,400
96120	Liability Insurance	\$0		\$411		\$150	\$1	\$109	\$635		\$9,528	\$14,293
96140	All Other Insurance	\$0		\$0		\$0	\$0	\$0			\$0	\$0
96100	Total Insurance Premiums	\$0		\$15,920		\$5,413	\$586	\$935	\$743	\$0	\$47,081	\$31,693
96200	Other General Expenses	\$0		\$2,008	\$162,872	\$0		\$0	\$81,312	\$0	\$14,357	\$4,275
96210	Compensated Absences	\$0		\$3,996		\$3,830	\$1,253	\$1,429	\$4,891	\$0	\$15,190	\$307,646
96300	Payments in Lieu of Taxes	\$0		\$5,245		\$0	\$2,150	\$2,150	\$0	\$0	\$61,887	\$0
96400	Bad Debt - Tenant Rents	(\$2,523)		\$177		\$3,338		\$5,511	\$122	\$0	\$2,613	\$0
96600	Bad Debt-Other	\$0		\$0		\$0		\$1,995	\$0	\$0	\$0	\$0
96800	Severance Expense	\$0		\$0		\$0		\$0	\$0	\$0	\$0	\$39,130
96000	Total Other General Expenses	(\$2,523)		\$11,426	\$162,872	\$7,168	\$1,253	\$9,090	\$86,203	\$2,117	\$94,047	\$351,051
96710	Interest of Mortgage or Bonds Payable										\$399,713	
96720	Interest on Notes Payable										\$0	
96700	Total Interest Expense and Amortization Cost	\$0				\$0		\$0	\$0	\$0	\$399,713	\$0
96900	Total Operating Expenses	(\$2,523)	\$168,987	\$265,755	\$162,872	\$130,345	\$49,851	\$118,897	\$212,989	\$9,936	\$2,510,666	\$7,683,054
97000	Excess Revenue over Operating Expenses	\$291,976	(\$15,580)	(\$17,216)	(\$48,583)	(\$48,204)	(\$22,256)	(\$8,613)	\$365,968	\$91,877	\$201,044	\$139,781,156

Line Item No.	Account Description	Project WA003000001	Project WA003000004	Project WA003000005	Project WA003000006	Project WA003000007	Project WA003000008	Project WA003000020	Project WA003000999	Home Investment Partnerships Program	Supportive Housing for Persons with Disabilities	Business Activities	Section 8 Housing Assistance Payments Program, Special Allocations
97300	Housing Assistance Payments	\$0				\$0		\$0		\$91,735	\$95,683	\$0	\$135,416,928
97350	HAP - Portability-In												
97400	Depreciation Expense	\$0	\$55,991	\$229,723		\$42,030	\$10,220	\$46,434	\$4,147		\$0	\$526,461	\$15,625
90000	Total Expenses	(\$2,523)	\$224,978	\$495,478	\$162,872	\$172,375	\$60,071	\$165,331	\$217,136	\$101,671	\$107,745	\$3,037,127	\$143,115,607
10010	Operating Transfer In	\$7,348		\$0	\$0	\$6,735	\$0	\$0	\$99,526	\$0	\$0	\$0	\$331,711
10020	Operating Transfer Out	(\$4,070)		(\$7,289)		\$0	\$0	\$0	(\$102,250)	\$0	\$0	(\$1,151)	(\$4,349,241)
10040	Operating Transfers From / To Component Unit												
10080	Special Items, Net Gain/Loss	\$0	\$0										
10091	Inter-Project Excess Cash Transfer In		\$15,580	\$140,365	\$48,583	\$6,620	\$100,000	\$16,881					
10092	Inter-Project Excess Cash Transfer Out	(\$325,029)											
10093	Transfers Between Programs and Projects In			\$2,308					\$721,222				
10094	Transfers Between Programs and Projects Out								(\$67,510)				
10100	Total Other Financing Sources (Uses)	(\$324,751)	\$15,580	\$135,384	\$48,583	\$13,355	\$100,000	\$16,881	\$650,988	\$0	\$0	(\$1,151)	(\$4,017,530)
10000	Excess (Deficiency) of Revenue Over (Under) Expenses	(\$32,775)	(\$55,991)	(\$111,555)	\$0	(\$76,879)	\$67,524	(\$38,166)	\$1,012,809	\$142	\$1,151	(\$326,566)	\$331,073

Line Item No.	Account Description	Project WA003000001	Project WA003000004	Project WA003000005	Project WA003000006	Project WA003000007	Project WA003000008	Project WA003000020	Project WA003000999	Home Investment Partnerships Program	Supportive Housing for Persons with Disabilities	Business Activities	Section 8 Housing Assistance Payments Program, Special Allocations
11020	Required Annual Debt Principal Payments	\$0				\$0	\$0	\$0	\$0	\$0	\$0	\$162,713	\$0
11030	Beginning Equity	\$510,697	\$4,913,980	\$3,395,729	\$1,446,916	\$2,130,896	\$0	\$656,395	\$10,018,451	0	(\$845)	\$5,245,119	\$5,104,388
11040-010	Prior Period Adjustments and Correction of Errors	\$0		\$0			\$0		\$0			\$0	\$0
11040-070	Equity Transfer	\$0	(\$1,881,580)	\$11,000	\$0	\$14,180	\$1,491,417	\$0	\$822,498			\$1,208,086	
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	(\$1,881,580)	\$11,000	\$0	\$14,180	\$1,491,417	\$0	\$822,498	\$0	\$0	\$1,208,086	\$0
11170	Administrative Fee Equity												
11180	Housing Assistance Payments	\$0				\$0		\$0		\$0	\$0	\$0	\$0
11190	Unit Months Available	0	492	564	648	264	75	252		178	149	1,512	895,254
11210	Unit Months Leased	0	488	545	642	257	73	245		178	149	1,436	869,060
11270	Excess Cash	\$475,132	\$0	\$193,271	\$0	\$89,341	\$90,590	\$285,727	\$1,156,758				
11610	Land Purchases												
11620	Building Purchases												
11630	Furniture & Equipment-Dwelling Purchases												
11640	Furniture & Equipment-Admin Purchases												
11650	Leashold Improvements Purchases												
11660	Infrastructure Purchases												

Line Item No.	Account Description	N/C S/R Section & Programs	Section 8 Moderate Rehabilitation Single Room Occupancy	Housing Choice Vouchers	Revitalization of Severely Distressed Public Housing	State/Local	Central Office Cost Center	Component Units	Elimination	Primary Govt
111	Cash - Unrestricted	\$272,085	\$54,808	\$578,993	\$0	\$78	\$2,495,811	\$53,373		\$8,478,449
112	Cash - Restricted - Modernization and Development		\$0	\$0		\$0	\$0			\$1,010,062
113	Cash - Other Restricted	\$167,129	\$0	\$416,077	\$1,773,553	\$0	\$0	\$634,514		\$3,377,691
114	Cash - Tenant Security Deposits	\$33,446	\$0	\$0		\$0	\$0	\$31,978		\$106,971
115	Cash - Restricted for Payment of Current Liability	\$3,203				\$0	\$0			\$131,323
100	Total Cash	\$475,863	\$54,808	\$995,070	\$1,773,553	\$78	\$2,495,811	\$719,865	\$0	\$13,106,496
121	Accounts Receivable - PHA Projects		\$0	\$2,732		\$0	\$0			\$6,214
122	Accounts Receivable - HUD Other Projects	\$128	\$0	\$0	\$0	\$0	\$0			\$863,158
124	Accounts Receivable - Other Government		\$0	\$0	\$43,079	\$43,079	\$412,987	\$7,517		\$1,327,053
125	Accounts Receivable - Miscellaneous	\$0	\$0	\$0	\$0	\$0	\$10,593	\$3,292		\$46,388
126	Accounts Receivable - Tenants	\$1,640	\$0	\$0	\$0	\$0	\$0	\$10,114		\$90,861
126.1	Allowance for Doubtful Accounts - Tenants	(\$1,326)	\$0	\$0		\$0	\$0			(\$3,205)
126.2	Allowance for Doubtful Accounts - Other		\$0	\$0		\$0	(\$34,715)			(\$34,715)
127	Notes, Loans, & Mortgages Receivable - Current	\$488			\$0	\$0	\$30,822	\$911		\$39,118
128	Fraud Recovery		\$0	\$35,325		\$0	\$0			\$35,325
128.1	Allowance for Doubtful Accounts - Fraud		\$0	(\$4,899)		\$0	\$0			(\$4,899)
129	Accrued Interest Receivable		\$0	\$0	\$156,540	\$0	\$0			\$237,160
120	Total Receivables, Net Of Allowances For Doubtful Accounts	\$930	\$0	\$33,158	\$156,540	\$43,079	\$419,687	\$21,834	\$0	\$2,602,458
131	Investments - Unrestricted	\$0	\$0	\$0		\$0	\$30,188			\$1,804,447
132	Investments - Restricted	\$0	\$0			\$0	\$82,091			\$767,307
135	Investments - Restricted for Payment of Current Liability	\$0				\$0	\$0			\$0
142	Prepaid Expenses and Other Assets	\$14,253	\$0	\$12,737		\$0	\$32,757	\$65,737		\$203,298
143	Inventories		\$0	\$0		\$0	\$0			\$0
143.1	Allowance for Obsolete Inventories		\$0	\$0		\$0	\$0			\$0
144	Inter Program - Due From	\$0	\$0	\$0		\$0	\$358,647		(\$358,647)	\$0
150	Total Current Assets	\$491,046	\$54,808	\$1,040,965	\$1,930,093	\$43,157	\$3,690,881	\$807,436	(\$358,647)	\$18,484,006
161	Land		\$0	\$0		\$0	\$173,250			\$12,407,081
162	Buildings	\$415,000	\$0	\$0		\$0	\$2,282,341	\$25,445,695		\$59,301,631
163	Furniture, Equipment & Machinery - Dwellings	\$4,284,408	\$0	\$0		\$0	\$30,206	\$400,131		\$2,457,730
164	Furniture, Equipment & Machinery - Administration	\$576,886	\$0	\$155,719		\$0	\$759,562			\$2,187,118
165	Leasehold Improvements	\$296,083	\$0	\$0		\$0	\$0	\$6,711,288		\$11,966,257
166	Accumulated Depreciation	(\$2,284,530)	\$0	(\$153,939)		\$0	(\$1,297,814)	(\$859,374)		(\$9,778,709)
167	Construction in Progress	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$1,188,445
168	Infrastructure									\$1,830,067
160	Total Capital Assets, Net of Accumulated Depreciation	\$3,287,847	\$0	\$1,780	\$0	\$0	\$1,947,545	\$31,697,740	\$0	\$81,559,621

PHA: WA003 FYED: 09/30/2013

Line Item No.	Account Description	N/C S/R Section 8 Programs	Section 8 Moderate Rehabilitation Single Room Occupancy	Housing Choice Vouchers	Revitalization of Severely Distressed Public Housing	State/Local	Central Office Cost Center	Component Units	Elimination	Primary Govt
171	Notes, Loans, and Mortgages Receivable - Non-Current	\$120			\$8,702,161	\$0	\$235,274			\$11,540,888
172	Notes, Loans, and Mortgages Receivable - Non-Current - Past Due					\$0				\$0
174	Other Assets			\$0		\$0	\$0	\$405,866		\$405,866
176	Investment in Joint Venture									\$0
180	Total Non-Current Assets	\$3,287,967	\$0	\$1,780	\$8,702,161	\$0	\$2,182,819	\$32,103,596	\$0	\$93,506,365
190	Total Assets	\$3,779,013	\$54,808	\$1,042,745	\$10,632,254	\$43,157	\$5,873,700	\$32,911,032	(\$358,647)	\$111,990,371

PHA: WA003 FYED: 09/30/2011

Line Item No.	Account Description	N/C S/R Section 8 Programs	Section 8 Moderate Rehabilitation Single Room Occupancy	Housing Choice Vouchers	Revitalization of Severely Distressed Public Housing	State/Local	Central Office Cost Center	Component Units	Elimination	Primary Govt
312	Accounts Payable <= 90 Days	\$40,055	\$0	\$6,791	\$0	\$0	\$109,597	\$725		\$731,279
321	Accrued Wage/Payroll Taxes Payable	\$1,460	\$0	\$10,917	\$0	\$0	\$127,408			\$202,414
322	Accrued Compensated Absences - Current Portion	\$0	\$0	\$0	\$0	\$0	\$2,770			\$3,589
325	Accrued Interest Payable	\$0	\$0	\$0	\$0	\$0	\$6,221	\$156,676		\$165,011
331	Accounts Payable - HUD PHA Programs	\$762	\$0	\$164		\$0	\$0			\$5,962
333	Accounts Payable - Other Government		\$0	\$0	\$20,805	\$0	\$0	\$19,939		\$40,744
341	Tenant Security Deposits	\$33,446	\$0	\$0		\$0	\$0	\$31,978		\$108,971
342	Deferred Revenue	\$2,260	\$0	\$0		\$0	\$0	\$3,621		\$32,448
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	\$0	\$0	\$0		\$0	\$50,000	\$8,648,490		\$8,866,937
345	Other Current Liabilities	\$3,203		\$0		\$0	\$0	\$1,462,688		\$1,594,012
346	Accrued Liabilities - Other	\$25,912				\$0	\$0	\$50,116		\$149,810
347	Interprogram Due To	\$7,301	\$6	\$65,454	\$0	\$43,157	\$0		(\$358,647)	\$0
348	Loan Liability - Current						\$0			\$0
310	Total Current Liabilities	\$114,399	\$6	\$83,326	\$20,805	\$43,157	\$295,996	\$10,374,233	(\$358,647)	\$11,901,177
351	Capital Projects/Mortgage Revenue Bonds	\$0	\$0	\$0		\$0	\$1,597,500	\$11,361,114		\$33,313,400
353	Non-Current Liabilities - Other		\$0	\$21,642		\$0	\$0			\$21,642
354	Accrued Compensated Absences - Non-Current	\$8,305	\$0	\$31,640	\$0	\$0	\$292,850			\$604,324
355	Loan Liability - Non-Current		\$0	\$0		\$0	\$0			\$0
350	Total Non-Current Liabilities	\$8,305	\$0	\$53,282	\$0	\$0	\$1,890,350	\$11,361,114	\$0	\$33,939,366
300	Total Liabilities	\$122,704	\$6	\$136,608	\$20,805	\$43,157	\$2,186,346	\$21,735,347	(\$358,647)	\$45,840,543
508.1	Invested in Capital Assets, Net of Related Debt	\$3,287,847	\$0	\$1,780	\$0	\$0	\$300,045	\$11,688,136		\$39,379,284
511.1	Restricted Net Assets	\$167,129	\$0	\$394,435	\$1,773,553	\$0	\$82,091	\$634,514		\$5,133,418
512.1	Unrestricted Net Assets	\$201,333	\$54,802	\$509,922	\$8,837,896	\$0	\$3,305,218	(\$1,146,965)		\$21,637,126
513	Total Equity/Net Assets	\$3,656,309	\$54,802	\$906,137	\$10,611,449	\$0	\$3,687,354	\$11,175,685	\$0	\$66,149,828
600	Total Liabilities and Equity/Net Assets	\$3,779,013	\$54,808	\$1,042,745	\$10,632,254	\$43,157	\$5,873,700	\$32,911,032	(\$358,647)	\$111,990,371

Line Item No.	Account Description	N/C S/R Section 8 Programs	Section 8 Moderate Rehabilitation Single Room Occupancy	Housing Choice Vouchers	Revitalization of Severely Distressed Public Housing	State/Local	Central Office Cost Center	Component Units	Elimination	Primary Govt
70300	Net Tenant Rental Revenue	\$424,016	\$0	\$0		\$0	\$0	\$275,968		\$2,530,797
70400	Tenant Revenue - Other	\$9,029	\$0	\$0		\$0	\$0	\$17,239		\$140,287
70500	Total Tenant Revenue	\$433,045	\$0	\$0		\$0	\$0	\$293,207	\$0	\$2,671,084
70600	HUD PHA Operating Grants	\$586,161	\$206,328	\$11,295,408	\$1,362,034	\$0	\$0	\$306,664	\$0	\$155,482,035
70610	Capital Grants		\$0	\$0	\$718,085	\$0	\$0		\$0	\$1,427,865
70710	Management Fee					\$0	\$2,737,173		\$2,539,158	\$198,015
70720	Asset Management Fee					\$0	\$21,550		(\$21,550)	\$0
70730	Book-Keeping Fee					\$0	\$827,001		(\$827,001)	\$0
70750	Other Fees for Service					\$0	\$0			\$0
70700	Total Fee Revenue	\$0	\$0	\$0	\$0	\$0	\$3,585,724	\$0	(\$3,387,709)	\$198,015
70800	Other Government Grants		\$0	\$0		\$50,462	\$0			\$346,541
71100	Investment Income - Unrestricted	\$3,397	\$10	\$7	\$0	\$0	\$0			\$27,041
71400	Fraud Recovery		\$0	\$44,732		\$0	\$0			\$46,089
71500	Other Revenue	\$463	\$0	\$259,666	\$0	\$0	\$29,521		\$0	\$8,660,014
71600	Gain Or Loss On Sale Of Capital Assets	\$0	\$0	\$0		\$0	\$17,400			(\$1,100,569)
72000	Investment Income - Restricted	\$73	\$0	\$0	\$98,110	\$0	\$0	\$33		\$135,990
70000	Total Revenue	\$1,023,139	\$206,338	\$11,599,813	\$2,178,229	\$50,462	\$3,632,645	\$599,904	(\$3,387,709)	\$167,894,115

Line Item No.	Account Description	N/C S/R Section 8 Programs	Section 8 Moderate Rehabilitation Single Room Occupancy	Housing Choice Vouchers	Revitalization of Severely Distressed Public Housing	State/Local	Central Office Cost Center	Component Units	Elimination	Primary Govt
91100	Administrative Salaries	\$73,529	\$0	\$303,161	\$143,723	\$0	\$1,771,439	\$54,185		\$4,935,999
91200	Auditing Fees	\$257	\$52	\$3,716		\$0	\$1,135	\$25,789		\$76,142
91300	Management Fee	\$55,000	\$29,712	\$213,855		\$4,900	\$0	\$0	(\$2,539,158)	\$0
91310	Book-keeping Fee	\$12,757		\$124,845			\$0		(\$827,001)	\$0
91400	Advertising and Marketing	\$308	\$0	\$737	\$0	\$0	\$160	\$16,226		\$29,421
91500	Employee Benefit Contributions - Administrative	\$14,519	\$0	\$183,089	\$64,436	\$0	\$758,755	\$12,383		\$2,192,125
91600	Office Expenses	\$20,045	\$0	\$54,597	\$11,004	\$0	\$466,095	\$12,910	\$0	\$1,109,432
91700	Legal Expense	\$0	\$0	\$2,920	\$33,494	\$0	\$165,323	\$3,673		\$554,616
91800	Travel	\$371	\$0	\$1,277	\$944	\$0	\$20,702	\$2,413		\$64,300
91900	Other	\$78,432	\$37	\$49,581	\$6,309	\$78	\$75,710	\$166,760		\$633,135
91000	Total Operating- Administrative	\$255,218	\$29,801	\$937,758	\$259,810	\$4,978	\$3,259,319	\$294,349	(\$3,366,159)	\$9,595,170

Line Item No.	Account Description	N/C S/R Section 8 Programs	Section 8 Moderate Rehabilitation Single Room Occupancy	Housing Choice Vouchers	Revitalization of Severely Distressed Public Housing	State/Local	Central Office Cost Center	Component Units	Elimination	Primary Govt
92000	Asset Management Fee							\$10,000	(\$21,550)	\$0
92100	Tenant Services - Salaries		\$0	\$44,977	\$149,947	\$0	\$0			\$969,449
92200	Relocation Costs	\$0	\$0	\$0	\$1,250	\$0	\$0			\$1,250
92300	Employee Benefit Contributions - Tenant Services		\$0	\$23,516	\$88,450	\$0	\$0			\$217,951
92400	Tenant Services - Other	\$138	\$0	\$1,646	\$25,315	\$664	\$0			\$231,142
92500	Total Tenant Services	\$138	\$0	\$70,139	\$244,962	\$664	\$0		\$0	\$1,419,792
93100	Water		\$18,086	\$0		\$0	\$0	\$31,995		\$82,443
93200	Electricity		\$123,919	\$0		\$0	\$0	\$13,348		\$244,848
93300	Gas		\$0	\$0		\$0	\$0	\$0		\$25,043
93800	Other Utilities Expense		\$76,416	\$0		\$0	\$0	\$58,397		\$242,518
93000	Total Utilities		\$218,421	\$0		\$0	\$0	\$103,740		\$594,852
94100	Ordinary Maintenance and Operations - Labor		\$68,365	\$0		\$0	\$0	\$65,755		\$304,881
94200	Ordinary Maintenance and Operations - Materials and Other		\$26,377	\$0		\$0	\$101	\$6,549		\$123,634
94300	Ordinary Maintenance and Operations Contracts		\$78,206	\$2,866	\$169,120	\$0	\$92,097	\$57,884		\$711,027
94500	Employee Benefit Contributions - Ordinary Maintenance		\$37,550	\$0		\$0	\$0	\$15,451		\$101,669
94000	Total Maintenance	\$210,498	\$0	\$2,866	\$169,120	\$0	\$92,198	\$145,639		\$1,241,211
96110	Property Insurance		\$21,282	\$2,820		\$0	\$988	\$52,441		\$154,775
96120	Liability Insurance		\$1,657	\$4,066		\$0	\$13,732	\$1,942		\$46,524
96140	All Other Insurance		\$0			\$0	\$0	\$0		\$0
96100	Total Insurance Premiums	\$22,939	\$0	\$6,886		\$0	\$14,720	\$54,383		\$201,299
96200	Other General Expenses		\$296	\$0		\$0	\$48,250	\$63,186		\$545,543
96210	Compensated Absences		\$7,689	\$44,867	\$0	\$0	\$231,967	\$0		\$622,758
96300	Payments in Lieu of Taxes		\$17,363	\$0		\$0	\$0	\$21,623		\$108,268
96400	Bad Debt - Tenant Rents		\$1,983	\$0		\$0	\$0	\$10,903		\$22,124
96600	Bad Debt-Other			\$5,222			\$34,482			\$41,699
96800	Severance Expense		\$0	\$4,841	\$2,025	\$0	\$2,663			\$48,659
96000	Total Other General Expenses	\$27,331	\$0	\$54,930	\$2,025	\$0	\$317,362	\$95,712	\$0	\$1,389,051
96710	Interest of Mortgage or Bonds Payable					\$0	\$76,361	\$264,553		\$821,394
96720	Interest on Notes Payable					\$0	\$52,963	\$317,516		\$52,963
96700	Total Interest Expense and Amortization Cost					\$0	\$76,361	\$317,516		\$874,357
96900	Total Operating Expenses	\$815,312	\$29,801	\$1,072,579	\$675,917	\$5,642	\$3,759,980	\$1,021,339	(\$3,387,709)	\$15,315,732
97000	Excess Revenue over Operating Expenses	\$207,827	\$176,537	\$10,527,234	\$1,502,312	\$44,820	(\$127,315)	(\$421,435)	\$0	\$152,578,383

Line Item No.	Account Description	NIC/SR Section 8 Programs	Section 8 Moderate Rehabilitation Single Room Occupancy	Housing Choice Vouchers	Revitalization of Severely Distressed Public Housing	State/Local	Central Office Cost Center	Component Units	Elimination	Primary Govt
97300	Housing Assistance Payments		\$180,497	\$10,358,954		\$44,820	\$0			\$146,188,617
97350	HAP - Portability-In			\$240,739						\$240,739
97400	Depreciation Expense	\$140,691	\$0	\$204		\$0	\$133,052	\$900,769		\$2,105,347
90000	Total Expenses	\$956,003	\$210,298	\$11,872,476	\$675,917	\$50,462	\$3,893,012	\$1,922,108	(\$3,387,709)	\$163,850,435
10010	Operating Transfer In	\$1,517,530	\$0	\$189,964	\$50,432	\$0	\$2,783,303		\$0	\$4,986,549
10020	Operating Transfer Out	\$0	\$0	(\$189,964)	(\$282,152)	\$0	(\$50,432)		\$0	(\$4,986,549)
10040	Operating Transfers From / To Component Unit							\$9,045,828		\$9,045,828
10080	Special Items, Net Gain/Loss							\$0		(\$26,000)
10091	Inter-Project Excess Cash Transfer In									\$328,029
10092	Inter-Project Excess Cash Transfer Out									(\$328,029)
10093	Transfers Between Programs and Projects In				\$22,536		\$44,974			\$791,040
10094	Transfers Between Programs and Projects Out						(\$723,630)			(\$791,040)
10100	Total Other Financing Sources (Uses)	\$1,517,530	\$0	\$0	(\$209,184)	\$0	\$2,028,315	\$9,045,828		\$9,019,828
10000	Excess (Deficiency) of Revenue Over (Under) Expenses	\$1,584,666	(\$3,960)	(\$72,663)	\$1,293,128	\$0	\$1,767,948	\$7,723,624	\$0	\$13,063,508

Line Item No.	Account Description	NIC/SR Section 8 Programs	Section 8 Moderate Rehabilitation Single Room Occupancy	Housing Choice Vouchers	Revitalization of Severely Distressed Public Housing	State/Local	Central Office Cost Center	Component Units	Elimination	Primary Govt
11020	Required Annual Debt Principal Payments	\$38,318	\$0	\$0	\$0	\$0	\$50,000	\$0		\$251,031
11030	Beginning Equity	\$2,095,837	\$88,762	\$978,800	\$10,779,784	\$0	\$2,123,544	\$3,452,061		\$53,110,514
11040-010	Prior Period Adjustments and Correction of Errors	(\$24,194)	\$0	\$0	\$0	\$0	\$0	\$0		(\$24,194)
11040-070	Equity Transfer	\$0	\$0	\$0	(\$1,461,463)	\$0	(\$204,138)	\$0		\$0
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors	(\$24,194)	\$0	\$0	(\$1,461,463)	\$0	(\$204,138)	\$0		(\$24,194)
11170	Administrative Fee Equity			511,702						\$0
11180	Housing Assistance Payments		\$0	394,435		\$0	\$0			\$394,435
11190	Unit Months Available	1,704	396	21,576		113	0	1,189		924,366
11210	Unit Months Leased	1,685	393	17,475		113	0	1,131		893,870
11270	Excess Cash									\$2,293,819
11610	Land Purchases									\$0
11620	Building Purchases									\$0
11630	Furniture & Equipment-Purchases						\$50,000			\$753,045
11640	Furniture & Equipment-Admin Purchases									\$0
11650	Leashold Improvements Purchases									\$0
11660	Infrastructure Purchases									\$6,735
										\$0

**Actual Modernization
Cost Certificate**

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

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

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

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

Do not send this form to the above address.

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

HA Name:	Modernization Project Number:
The Housing Authority of the City of Bremerton	WA19R003501-07

The HA hereby certifies to the Department of Housing and Urban Development as follows:

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

A. Original Funds Approved	\$	21,475.00
B. Funds Disbursed	\$	21,475.00
C. Funds Expended (Actual Modernization Cost)	\$	21,475.00
D. Amount to be Recaptured (A-C)	\$	21,475.00
E. Excess of Funds Disbursed (B-C)	\$	

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

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

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

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

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

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

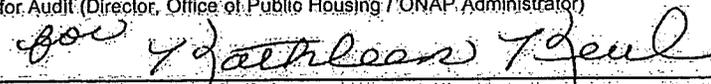
Signature of Executive Director & Date:

X  3/8/2013

For HUD Use Only

The Cost Certificate is approved for audit:

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

X 

Date:

3/28/13

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official)

X

Date:

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

Date:

X

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

Actual Modernization Cost Certificate

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

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

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

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

Do not send this form to the above address.

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

HA Name:	Modernization Project Number:
The Housing Authority of the City of Bremerton	WA19R003501.08

The HA hereby certifies to the Department of Housing and Urban Development as follows:

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

A. Original Funds Approved:	\$	21,026.00
B. Funds Disbursed	\$	21,026.00
C. Funds Expended (Actual Modernization Cost)	\$	21,026.00
D. Amount to be Recaptured (A-C)	\$	21,026.00
E. Excess of Funds Disbursed (B-C)	\$	

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

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

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

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

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

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

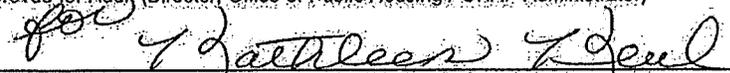
Signature of Executive Director & Date:

X  3/9/2013

For HUD Use Only:

The Cost Certificate is approved for audit:

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

X 

Date:

3/28/13

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official)

X

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

Date:

X

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

**Actual Modernization
Cost Certificate**

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

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

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

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

Do not send this form to the above address.

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

HA Name: The Housing Authority of the City of Bremerton	Modernization Project Number: WA19R003501-09
---	--

The HA hereby certifies to the Department of Housing and Urban Development as follows:

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

A. Original Funds Approved	\$	20,778.00
B. Funds Disbursed	\$	20,778.00
C. Funds Expended (Actual Modernization Cost)	\$	20,778.00
D. Amount to be Recaptured (A-C)	\$	20,778.00
E. Excess of Funds Disbursed (B-C)	\$	

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

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

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

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

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

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

Signature of Executive Director & Date:

X *[Signature]* 3/8/2013

For HUD Use Only

The Cost Certificate is approved for audit:

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

X *[Signature]*

Date:

3/28/13

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official)

X

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

Date:

X

form HUD-53001 (10/96)
ref Handbooks 7485-1 & 3

Actual Modernization Cost Certificate

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

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

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

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

Do not send this form to the above address.

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

HA Name:	Modernization Project Number:
The Housing Authority of the City of Bremerton	WA19P003501-12

The HA hereby certifies to the Department of Housing and Urban Development as follows:

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

A. Original Funds Approved	\$	70,162.00
B. Funds Disbursed	\$	70,162.00
C. Funds Expended (Actual Modernization Cost)	\$	70,162.00
D. Amount to be Recaptured (A-C)	\$	70,162.00
E. Excess of Funds Disbursed (B-C)	\$	

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

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

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

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

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

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

Signature of Executive Director & Date:

X *[Signature]* 3/8/2013

For HUD Use Only:

The Cost Certificate is approved for audit:

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

X *[Signature]*

Date:

3/28/13

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official)

X

Date:

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

Date:

X

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

**Actual Modernization
Cost Certificate**

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

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

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

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

Do not send this form to the above address.

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

HA Name:	Modernization Project Number:
The Housing Authority of the City of Bremerton	WA19R003501-12

The HA hereby certifies to the Department of Housing and Urban Development as follows:

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

A. Original Funds Approved	\$	648,277.00
B. Funds Disbursed	\$	648,277.00
C. Funds Expended (Actual Modernization Cost)	\$	648,277.00
D. Amount to be Recaptured (A-C)	\$	648,277.00
E. Excess of Funds Disbursed (B-C)	\$	

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

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

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

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

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

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

Signature of Executive Director & Date:

X  3/18/2013

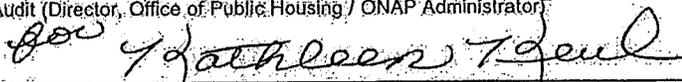
For HUD Use Only

The Cost Certificate is approved for audit:

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

Date:

X



3/28/13

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official)

Date:

X

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

Date:

X

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

Actual Modernization Cost Certificate

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

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

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

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

Do not send this form to the above address.

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

HA Name:	Modernization Project Number:
The Housing Authority of the City of Bremerton	WA19R003502-12

The HA hereby certifies to the Department of Housing and Urban Development as follows:

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

A. Original Funds Approved	\$	16,622.00
B. Funds Disbursed	\$	16,622.00
C. Funds Expended (Actual Modernization Cost)	\$	16,622.00
D. Amount to be Recaptured (A-C)	\$	16,622.00
E. Excess of Funds Disbursed (B-C)	\$	

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

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

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

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

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

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

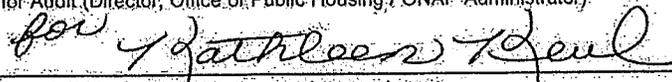
Signature of Executive Director & Date:

X:  3/28/2013

For HUD Use Only:

The Cost Certificate is approved for audit:

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

X 

Date:

3/28/13

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official)

X

Date:

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

Date:

X

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



ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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

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

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

State Auditor
Chief of Staff
Director of Performance and State Audit
Director of Local Audit
Deputy Director of State Audit
Deputy Director of Local Audit
Deputy Director of Local Audit
Deputy Director of Performance Audit
Deputy Director of Quality Assurance
Deputy Director of Communications
Local Government Liaison
Public Records Officer
Main number
Toll-free Citizen Hotline

Troy Kelley
Doug Cochran
Chuck Pfeil, CPA
Kelly Collins, CPA
Jan M. Jutte, CPA, CGFM
Sadie Armijo
Mark Rapozo, CPA
Lou Adams, CPA
Barb Hinton
Thomas Shapley
Mike Murphy
Mary Leider
(360) 902-0370
(866) 902-3900

Website
Subscription Service

www.sao.wa.gov
portal.sao.wa.gov/saportal/Login.aspx