Washington State Auditor's Office

Financial Statements and Federal Single Audit Report

Housing Authority of Skagit County

Audit Period
October 1, 2011 through September 30, 2012

Report No. 1009946

Issue Date
June 17, 2013

WASHINGTON
TROY KELLEY
STATE AUDITOR

Washington State Auditor
Troy Kelley

June 17, 2013

Board of Commissioners
Housing Authority of Skagit County
Burlington, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on the Housing Authority of Skagit County'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 X. Kelley

TROY KELLEY
STATE AUDITOR

Table of Contents

Housing Authority of Skagit County
October 1, 2011 through September 30, 2012

Federal Summary

Housing Authority of Skagit County
October 1, 2011 through September 30, 2012

The results of our audit of the Housing Authority of Skagit County 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:

CFDA No.	Program Title
10.405	Farm Labor Housing Loans and Grants
14.871	Housing Voucher Cluster - Section 8 Housing Choice Vouchers
93.568	Low Income Home Energy Assistance

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by OMB Circular A-133, was $300,000.

The Housing Authority did not qualify as a low-risk auditee under OMB Circular A-133.

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

Housing Authority of Skagit County
October 1, 2011 through September 30, 2012

Board of Commissioners
Housing Authority of Skagit County
Burlington, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of the Housing Authority of Skagit County, Washington, as of and for the year ended September 30, 2012, 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 June 4, 2013. Our report includes a reference to other auditors who audited the financial statements of Raspberry Ridge Apartments LP and Raspberry Ridge II LLC, 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 Raspberry Ridge Apartments LP and Raspberry Ridge II LLC were not audited in accordance with *Government Auditing Standards*.

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 opinion 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.

Troy X. Kelley

TROY KELLEY
STATE AUDITOR

June 4, 2013

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

Housing Authority of Skagit County
October 1, 2011 through September 30, 2012

Board of Commissioners
Housing Authority of Skagit County
Burlington, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited the compliance of the Housing Authority of Skagit 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, 2012. 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, 2012.

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.

TROY KELLEY
STATE AUDITOR

June 4, 2013

Independent Auditor's Report on Financial Statements

Housing Authority of Skagit County
October 1, 2011 through September 30, 2012

Board of Commissioners
Housing Authority of Skagit County
Burlington, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the business-type activities and aggregate discretely presented component units of the Housing Authority of Skagit County, Washington, as of and for the year ended September 30, 2012, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements as listed on page 11.

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 an opinion on these financial statements based on our audit. We did not audit the financial statements of Raspberry Ridge Apartments LP, which represents 48 percent, 50 percent and 58 percent, or Raspberry Ridge II LLC which represents 52 percent, 50 percent, and 42 percent, respectively, of the assets, net assets 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 Raspberry Ridge Apartments LP and Raspberry Ridge II LLC, 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 Raspberry Ridge Apartments LP and Raspberry Ridge II LLC 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 opinion.

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 financial position of the business-type activities and aggregate discretely presented component units of the Housing Authority of Skagit County, as of September 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 12 through 17 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 an opinion 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 is 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 June 4, 2013 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 X. Kelley

TROY KELLEY
STATE AUDITOR

June 4, 2013

Financial Section

Housing Authority of Skagit County
October 1, 2011 through September 30, 2012

REQUIRED SUPPLEMENTARY INFORMATION

BASIC FINANCIAL STATEMENTS

SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF SKAGIT COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2012

As management of the Housing Authority of Skagit County (the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended September 30, 2012. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

Financial Highlights

- The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by $2,093,558 (net assets).

- As of the close of the current fiscal year, the Authority expended $5,007,864 in federal grant revenues.

- The Authority's cash balance at September 30, 2012 was $1,261,849 representing a decrease of $184,711 from September 30, 2011.

- The Authority had operating revenues of $1,541,453 and expenses of $5,854,866 for the year ended September 30, 2012.

- The Authority's capital outlays for the year were $74,639.

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements comprise three components: 1) entity-wide financial statements, 2) other supplementary financial information, and 3) notes to the financial statements.

Financial Statements

The Authority presents entity-wide financial statements. For more information on the separate programs of the Authority, see the separate list on the Schedule of Expenditures of Federal Awards and in the REAC financial statements. The Authority is considered a "Special Purpose Government"; therefore, the U.S. Department of Housing and Urban Development (HUD) has recommended that this model be used.

In accordance with GAAP reporting requirements, the statements include "Statement of Net Position", "Statement of Revenues, Expenses And Changes In Net Position," and the "Statement Of Cash Flows".

Other Supplementary Financial Information

Effective September 1, 1998 the Department of Housing and Urban Development's Real Estate Assessment Center (REAC) established standards for the submission of "Uniform Financial Reporting Standards for HUD Housing Programs". The standards included the creation of GAAP based "Financial Data Schedules" and electronic reporting requirements. The report is a more easily readable fund based columnar format that is inclusive of all HUD and public fund financial reports of the Authority. The reports include a "Balance Sheet" and a "Statement of Operations".

In addition to the REAC standard reporting, the Authority prepares a "Schedule of Expenditures of Federal Awards" (SEFA). This report is based on a full accrual GAAP basis where the grant revenues are recognized when earned".

Notes To The Financial Statements

The "Notes to the Financial Statements" provide additional information that is essential to a full understanding of the data provided in the proprietary financial statements. They are intended to disclose all pertinent matters as prescribed under GAAP.

Authority-Wide Financial Analysis

A brief condensed comparative analysis of current and prior year financial position and performance follows.

Net Assets

	2012	2011
Current and other assets	$ 2,237,300	$ 2,405,852
Capital assets	6,329,574	6,561,883
Total assets	$ 8,566,874	$ 8,967,735
Long-term debt outstanding	$ 5,977,127	$ 6,131,944
Other liabilities	496,189	661,917
Total liabilities	$ 6,473,316	$ 6,793,861
Net assets:		
Invested in capital assets, net of debt	$ 208,586	$ 242,782
Restricted	750,375	917,611
Unrestricted	1,134,597	1,013,481
Total net assets	$ 2,093,558	$ 2,173,874

Changes in Net Assets

	2012	2011
Operating revenues		
Net tenant rental revenue	$ 1,233,392	$ 1,246,121
Other revenue	308,061	127,845
Total operating revenues	1,541,453	1,373,966
Non-operating revenues		
HUD PHA grants	3,531,753	3,984,677
Other governmental grants	858,166	1,129,328
Other revenue	14,209	14,349
Employee Medical Benefit Plan	80,263	160,842
Total Revenue	6,025,844	6,663,162
Operating expenses		
Tenant services	94,642	86,022
Utilities	243,073	240,191
Maintenance	354,096	352,233
General	655,955	909,556
Housing assistance payments	3,428,420	3,216,561
Administrative	764,802	737,541
Depreciation expense	313,878	328,999
Total operating expenses	5,854,866	5,871,103
Non-operating expenses		
Employee medical benefit plan	0	160,842
Interest expense	251,294	257,138
Total expenses	6,106,160	6,289,083
Income Before Special Items	(80,316)	374,079
Prior Period Adjustment	0	(145,283)
Increase (decrease) in net assets	(80,316)	228,796
Ending net assets	$ 2,093,558	$ 2,173,874

Current and other assets decreased by $168,552 in 2012 as compared to 2011. This decrease is due to a combination of factors. These factors included a decrease of $159,464 in cash in the Housing Choice Voucher Program in 2012, due primarily because Housing Choice Voucher Program expenses exceeded income by $154,560 in 2012. The remaining factor causing the overall current and other assets decrease was primarily a decrease in other cash and cash equivalents of $25,247.

HUD PHA grant revenue decreased by 12.82% in 2012 compared to 2011 due to HUD's new requirement that reduced the Housing Choice Voucher's Net Restricted Asset held by the Housing Authority.

Other governmental grants decreased by 31.59% in 2012 compared to 2011 due largely to the decrease in Weatherization program grants received in 2012 compared to 2011.

Employee Medical Benefit Plan non-operating revenue was $80,263 in 2012 and $160,842 in 2011. This reduction occurred because as of November 1, 2011 the agency is no longer self-insured resulting in a lesser amount of employee medical claims activity in the Employee Medical Benefit Plan in 2012 compared to 2011.

Overall, expenses decreased by 3% in 2012 compared to 2011. The largest decreases were general expenses, which decreased by $253,601 due largely to a decrease in the size and service levels in the weatherization program which resulted in decreased salaries, benefits, materials and other weatherization program expenses. Also, employee medical benefit plan non-operating expense was $ 0 in 2012 and $160,842 in 2011, as discussed above.

For 2012, there was an overall excess of expenses over revenues, which resulted in the 2012 decrease in Net Assets of $80,316. This excess of expenses over revenues is attributable to a combination of factors. The Housing Choice Voucher Program had an excess of expenses over revenues of $154,560 in 2012. This includes a $159,464 HUD's recapture of Net Restricted Assets Held by the Authority. There is an equity balance of $513,884 in the Housing Choice Voucher Program (which includes $252,000 in Net Restricted Net Assets) and carries forward to 2013.

Low Income Home Energy Assistance had an excess of expenses over revenues in 2012 of $44,779. There was a combined excess of revenue over expenses in the President, Burlington Terrace, La Paloma and Mount Baker Meadows Apartments of $29,032. The remaining operations of HASC had a combined excess of expenses over revenues of $64,569.

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by $2,093,058 at the close of the most recent fiscal year. The total assets are reported at $8,566,874 of which $6,329,574 is net capital assets, and $2,237,300 is other assets. Restricted net assets total $750,375 and unrestricted net assets total $1,134,597.

By far the largest portion of the Authority's assets (74 percent) reflects its investment in capital assets (e.g., buildings, machinery, and equipment). The Authority uses these capital assets to provide housing services to low and moderate-income tenants; consequently, these assets are not available for future spending. The unrestricted net assets of the Authority are available for future use to provide additional housing services and resources.

Management’s Overall Financial Analysis

Management's analysis of the Authority's overall financial position and results of financial operations indicates a net decrease in net assets of $80,316. This decrease of $80,316 however, included a financial accounting decrease for depreciation of $313,878. Without depreciation, the net assets would have shown an increase of $233,562. With the majority of the Authority's assets invested in appreciating real property, real growth in economic value is likely well in excess of the financial accounting decrease. There are no significant restrictions, commitments or other limitations which significantly affect the availability of resources for future use.

Capital Assets

As of September 30, 2012 the Authority's investment in capital assets for its activities was $6,329,574 (net of accumulated depreciation). There is related debt of $6,120,988, which results in investment in capital assets net of related debt of $208,586. This investment in capital assets includes buildings, improvements, land, and equipment. During fiscal year 2012 the Authority had new capital purchases of $74,639.

A schedule of Capital Asset activity is included in Note 5.

Long-Term Debt

The long-term debt of the Authority consists of two separate items. The majority of the debt consists of loans, notes and bonds incurred for the purpose of acquisition and modernization of real property providing low and moderate-income housing and an administrative office building. The total loan and bond liabilities reported by the Authority are $6,120,988 of which $5,912,147 is classified as non-current and $208,841 is classified as current liabilities. The remaining $48,863 represents a note payable-current portion of $24,082 and a long-term notes of $24,781.

The Authority began the year with a $6,330,001 beginning balance in long-term debt and made payments on outstanding bonds and notes of $200,113. The ending balance is $6,195,938.

The Authority is in good standing with all debt obligations and foresees no imminent difficulties with meeting its scheduled payment obligations.

A "Schedule of Long-Term Debt" is included in note 4.

Contacting the Authority's Financial Management

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director HASC, 1650 Port Drive Burlington, WA 98233.

Future Events that will Financially Impact the Authority

The President Apartments rehabilitation project has been put on hold currently due to the unavailability of funds. The Housing Authority had applied for Housing Trust Funds for the rehabilitation; this application was not approved due to the amount of funds required. As the downtown Mount Vernon floodwall project continues, development could progress as the downtown becomes more attractive to investors. The Authority anticipates applying for funds in the near future.

The septic system at Raspberry Ridge Apartments was replaced and has been ninety–five percent completed with Housing Trust Funds during fall 2012. Due to the weather the rest of the work will be completed in the summer of 2013.

The Housing Authority is planning on re-financing the bond on the main building to help cash flow.

The Housing Authority has also signed a contract with the Office of Rural Farmworker Housing Development of Yakima to search for land that has the potential for additional housing development that the Housing Authority may consider for acquisition. Two applications have been submitted for Housing Trust to consider additional farm labor and senior housing.

HOUSING AUTHORITY OF SKAGIT COUNTY
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2012

	Housing Authority of Skagit County	Component Units
ASSETS		
Current Assets		
Cash and cash equivalents	$ 411,612	$ 13,423
Prepaid insurance	25,300	27,733
Prepaid taxes	8,067	
Inventory - materials	33,644	0
Accounts receivable	272,987	6,264
Accrued interest receivable- Component Unit	36,000	0
Restricted Assets:		
Cash equivelent - FSS Escrow	14,116	
Cash equivelent - Cash with trustee for Debt Service	135,241	0
Cash equivelent - Housing Choice Voucher Prog. For Housing Assistance	252,000	
Cash equivelent - Tenant Deposits	85,746	32,110
TOTAL CURRENT ASSETS	1,274,713	79,530
Non Current Assets		
Restricted Assets		
Cash equivelent - Cash with trustee for Debt Service	63,311	0
Cash equivelent - Reserve for Replacements	299,823	242,923
Bond issue costs, discount and loan fees, net of accumulated amortization	65,375	116,402
Investment - General Partner Raspberry Ridge LP	349,850	0
Due from Component Unit	184,228	0
Capital assets, net of accumulated depreciation	6,329,574	10,088,336
TOTAL NON CURRENT ASSETS	7,292,161	10,447,661
TOTAL ASSETS	$ 8,566,874	$ 10,527,191
LIABILITIES		
Current liabilities		
Accounts payable	$ 126,403	$ 63,378
Accrued vacation payable short term	26,369	0
Tenant security deposits	85,746	34,658
FSS escrow deposits	14,112	
Deferred revenue	0	0
Mortgage payable - current portion	58,348	4,981
Note payable - current portion	24,082	
Accrued interest payable	24,748	1,824
Accrued interest payable to primary government	0	36,000
Bonds payable - current portion	150,493	0
TOTAL CURRENT LIABILITIES	510,301	140,841
Non Current Liabilities		
Mortgage payable - long-term	1,095,075	3,813,202
Bonds payable - long-term	4,817,072	0
Long term notes	24,781	0
Accrued vacation payable long term portion	26,087	0
Developer fee payable to primary government	0	19,989
Note payable to primary government	0	150,000
Construction costs and other payable to primary government	0	32,542
Construction costs payable	0	49,636
TOTAL NON CURRENT LIABILITIES	5,963,015	4,065,369
TOTAL LIABILITIES	6,473,316	4,206,210
NET ASSETS		
Invested in Capital Assets net of related debt	208,586	6,120,153
Restricted:		
Debt Service	198,552	0
Renewal and Replacement	299,823	242,923
Housing Choice Voucher Program for Housing Assistance	252,000	0
Unrestricted	1,134,597	(42,095)
Total Net Assets	$ 2,093,558	$ 6,320,981

See accompanying notes and accountants' report.

MCAG No. 0491

HOUSING AUTHORITY OF SKAGIT COUNTY
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Housing Authority of Skagit County	Component Units
OPERATING REVENUES:		
Rent received	$ 1,233,392	$ 441,053
Other operating revenue	308,061	0
Total Operating Revenue	1,541,453	441,053
OPERATING EXPENSES		
Tenant Services	94,642	53,069
Utilities	243,073	96,222
Maintenance	354,096	127,032
General	655,955	71,549
Housing assistance payment	3,428,420	0
Administrative	764,802	84,097
Depreciation	313,878	348,460
Total Operating Expenses	5,854,866	780,429
OPERATING INCOME (LOSS)	(4,313,413)	(339,376)
NONOPERATING REVENUES AND EXPENSES		
Grant revenues	4,389,919	0
Interest revenue	14,209	1,895
(Interest expense)	(251,294)	(35,787)
Other nonop. revenue-Employee medical benefit plan	80,263	0
Total Nonoperating Revenues (Expenses)	4,233,097	(33,892)
Income Before Contributions, Transfers Extraordinary and Special Items	(80,316)	(373,268)
Capital Contributions		
Limited Partner equity contributions	0	0
CHANGE IN NET ASSETS	(80,316)	(373,268)
Net Assets, Beginning	2,173,874	6,694,249
Net Assets, Ending	$ 2,093,558	$ 6,320,981

See accompanying notes and accountants' report.

HOUSING AUTHORITY OF SKAGIT COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Housing Authority of Skagit County	Component Units
Cash Flows from Operating Activities		
Receipts from tenants	1,217,710	426,020
Receipts from other operations	324,538	10,621
Payments to suppliers	(1,195,743)	(373,361)
Payments to employees	(955,753)	(72,984)
Housing assistance payments	(3,428,420)	0
Other payments	0	0
Net Cash Provided (Used) by Operating Activities	(4,037,668)	(9,704)
Cash Flows from Noncapital Financing Activities		
Grant revenues	4,364,639	0
Net Cash Provided by Noncapital Financing Activities	4,364,639	0
Cash Flows From Capital and Related Financing Activities		
Payment of mortgage principal and bond principal	(209,013)	(4,847)
Interest paid on mortgages and bonds	(252,160)	(21,963)
Loan proceeds	10,603	0
Capital contributions	0	4,365
Acquisition of capital assets	(74,639)	0
Net Cash (Used by) Capital and Related Financing Activities	(525,209)	(22,445)
Cash Flows from Investing Activities		
Interest received	14,209	1,895
Tenant security deposits increase	(682)	(4,140)
Net Cash Provided by Investing Activities	13,527	(2,245)
Net Increase (Decrease) in Cash and Cash Equivalents	(184,711)	(34,394)
Cash and Cash Equivalents at Beginning of Year	1,446,560	322,850
Cash and Cash Equivalents at End of year	$ 1,261,849	$ 288,456

See accompanying notes and accountants' report.

HOUSING AUTHORITY OF SKAGIT COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Housing Authority of Skagit County	Component Units
Reconciliation of Operating Income(Loss) to net cash provided (used) by operating activities		
Operating income (loss)	$ (4,313,413)	$ (339,376)
Adjustments to reconcile net operating income to net cash provided (used) by operating activities:		
Depreciation and amortization	313,878	348,460
Change in assets and liabilities		
Inventory (increase) decrease	12,900	0
Prepaid insurance (increase) decrease	(3,434)	(1,493)
Prepaid taxes (increase) decrease	(8,067)	
Accounts receivable (increase) decrease	794	(4,412)
Accounts payable increase (decrease)	24,119	(12,883)
Accrued vacation increase (decrease)	8,625	
Medical benefit plan IBNR increase (decrease)	(73,070)	0
Total adjustments	275,745	329,672
Net Cash Provided by (Used by) by Operating Activities	$ (4,037,668)	$ (9,704)

See accompanying notes and accountants' report.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Housing Authority of Skagit County (HASC) 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. In June 1999, GASB approved Statement 34, Basic Financial Statements-and Management Discussion and Analysis-for State and Local Governments. This and consecutive statements are reflected in the accompanying financial statements (including notes to financial statements). The following is a summary of the most significant accounting policies:

a. Reporting Entity

The Housing Authority of Skagit County is a municipal corporation governed by a five member appointed board. As required by generally accepted accounting principles, management has considered all potential component units in defining the reporting entity. These financial statements present the Housing Authority of Skagit County (the primary government) and its component units. The component units discussed below are included in the district's reporting entity because of the significance of their operational or financial relationships with the authority.

The Housing Authority of Skagit County has two component units: Raspberry Ridge Apartments Limited Partnership and Raspberry Ridge II LLC. Both of these entities have fiscal years ending December 31; therefore the information shown in the component unit column is for the fiscal year ended December 31, 2011.

The Raspberry Ridge Apartments Limited Partnership was organized to develop, construct, own, maintain, and operate thereon 50 multi-family residential units for rental to low-income tenants. The Housing Authority of Skagit County is the general partner in this partnership. The limited partners are Freddie Mac Equity Plus I – ESIC Limited Partnership.

The Raspberry Ridge II LLC was organized to develop, construct, own, maintain and operate thereon 30 multi-family residential units for rental to low-income tenants. The Housing Authority of Skagit County is the managing member of the LLC. The apartment building was completed in June 2008.

b. Basis Of Accounting And Presentation

The accounting records of the 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 authority must report using GAAP; however, it has the option to use either the single enterprise proprietary fund or special purpose governmental fund mode.

The Housing Authority of Skagit County 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 are designed to provide low-income individuals with housing.

The following are the primary programs administered by HASC and included in these financial statements:

HOUSING CHOICE VOUCHERS PROGRAM

HASC administers the Housing and Urban Development (HUD) Housing Choice Vouchers program in Skagit County. HUD provides a contracted number of vouchers and Veterans Affairs Supportive Housing vouchers to HASC, which are used to provide rental payments to landlords for a specified number and type of housing units for low-income tenants.

WEATHERIZATION PROGRAM

HASC receives federal grants from the Department of Health and Human Services, the Department of Energy and HUD and also receives state grants for the purpose of providing assistance to low-income homeowners and tenants to properly weatherize their homes for energy efficiency.

FAMILY HOUSING

HASC owns the Mount Baker Meadows apartment complex of 20 units, operated subject to section 514 of the Housing Act of 1949 and United States Department of Agriculture (USDA) regulations. The apartments may be used only for the purpose of housing people under these regulations. HASC receives rental assistance from USDA for low-income tenants housed in the apartments.

HASC owns the Burlington Terrace apartment complex of 85 units. The purchase of this complex was financed with the issuance $4,385,000 of bonds.

HASC owns the President Apartment complex of 38 housing units and additional commercial space, located in Mount Vernon, Washington. The purchase of this complex was financed with the issuance of $1,140,000 of bonds and a $175,000 revenue note and a $225,000 mortgage loan.

HASC owns the La Paloma apartment complex of 40 units, operated subject to section 514 of the Housing Act of 1949 and United States Department of Agriculture (USDA) regulations. The apartments may be used only for the purpose of housing people under these regulations. HASC receives rental assistance from USDA for low-income tenants housed in the apartments.

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.

The Housing Authority of Skagit County applies GASB pronouncements and has elected to apply Financial Accounting Standard Board (FASB) statements and Accounting Principles Board (APB) pronouncements issued after November 30, 1989.

c. Cash and Cash Equivalents

For purposes of the statement of cash flows, the organization considers all highly liquid debt instruments including certificates of deposit with a maturity of three months or less to be cash equivalents.

d. Capital Assets

See Note 5.

e. Restricted Assets

In accordance with bond resolutions (and certain related agreements) separate restricted accounts are required to be established. The assets held in these accounts are restricted for specific uses, including (construction) debt service and other special reserve requirements. Restricted resources currently include the following:

Replacement of Structures and equipment	$ 299,823
Debt Service	198,552
Housing Choice Voucher Program for Housing Assistance	252,000
Family Self-Sufficient Escrow	14,116
Tenant Deposits	85,746
TOTAL	$ 850,237

f. Receivables

The authority's receivables consist of rent receivable from tenants, government grants, developer fees, and advances and fraud recovery receivable from Housing Choice Voucher Program participants. See Note 8.

For bad debt purposes, HASC uses the direct write-off method for receivables from tenants, government grants, developer fees and advances that management has specifically identified as uncollectible. HASC has estimated an uncollectible account allowance for fraud recovery receivable from participants in the Housing Choice Voucher Program. At September 30, 2012, receivables are shown net of an allowance for uncollectible fraud recovery receivable of $1,152.

g. Inventories

Inventories are valued at cost using the first in first out method, which approximates the market value.

h. Investments

The authority's investments consist entirely of publicly traded bonds. The fair value is based on quoted market prices.

The authority does not have any investments subject to amortization.
All of the authority's investments are held by the bond trustee, for debt service requirements of the President Apartments bond debt. The authority does not participate in an external investment pool.

For various risks related to investments see Deposits and Investments Note 2.

i. Operating Revenues/Expenses

The authority reports operating revenues as defined in GASBS 9. Operating revenues result from 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.

j. Compensated Absences

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

Vacation pay may be carried over from one calendar year to the next in an amount of no more than 240 hours. Vacation pay which has been accumulated is payable upon resignation, retirement or death in an amount not to exceed 80 hours.

Sick leave may accumulate up to 480 hours, but is not payable in any amount upon resignation, retirement or death.

k. Unamortized Debt Expenses

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

l. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

m. Date of Management's Review

Management has evaluated subsequent events through December 28, 2012, the date on which the financial statements were available to be issued.

NOTE 2. DEPOSITS AND INVESTMENTS

DEPOSITS

HASC's deposits are entirely covered by federal depository insurance (FDIC), except as noted below, or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

Custodial credit risk is the risk that in the event of a failure of the counter party to an investment transaction the Authority would not be able to recover the value of the investment or collateral securities.

The authority's total deposits consist of bank deposits, short-term certificates of deposits and short-term U.S. Treasury funds. There are bank deposits that exceed FDIC insurance of $15,788, which are exposed to custodial credit risks. The short-term U.S. Treasury fund investments are not exposed to custodial credit risks.

NOTE 3. RESTRICTED ASSETS

Tenant security deposits: Upon moving into a project, tenants are required to pay a security deposit, which is refundable when the tenant vacates the apartment, provided the apartment's physical condition is satisfactory. At September 30, 2012, the following security deposits were held:

Mount Baker Meadows	$ 3,653
La Paloma	10,511
Burlington Terrace	50,250
President Apartments	20,332
HASC	1,000
TOTAL	$ 85,746

Restricted deposits and Reserves: Under the terms of the regulatory agreement with USDA, Mount Baker Meadows is required to make annual contributions into a reserve Fund for the replacement of structural elements and equipment. The balance in the reserve fund at September 30, 2012, was $115,203.

Restricted Deposits and Reserves: The Bond Indenture for the Burlington Terrace Apartments requires HASC to maintain certain restricted investments and reserves. The amount held in the debt service funds was $68,151 at September 30, 2012. The Burlington Terrace Apartments is required to make annual deposits to a reserve fund for the replacement of structural elements and equipment. The balance in the reserve account was $92,700 at September 30, 2012.

Restricted Reserves: The Bond Indenture for the President Apartments requires HASC to deposit funds with the bond trustee, to be held as reserves for the payment of bond debt service. The amount held in the debt service funds was $130,401 at September 30, 2012.

Restricted Deposits and Reserves: USDA requires the La Paloma project to maintain certain restricted investments and reserves. Under the terms of the regulatory agreement with USDA, La Paloma is required to make annual contributions into a reserve Fund for the replacement of structural elements and equipment. The balance in the reserve fund at September 30, 2012, was $91,920.

Housing Choice Voucher Program: HUD requires that all net assets applicable to Housing Assistance Payments be classified as Restricted Assets. The balance of Housing Assistance Payments net assets at September 30, 2012 was $252,000.

Family Self Sufficiency Program (FSS) is a new program that began December 2011 for Section 8 Participants. The FSS program is a 5 year employment program that establishes a financial incentive plan and encourages self-sufficiency. As a participant's earned income increases and his/her portion of the rent increases, the difference in Housing Assistance Payment that would have been paid on his/her behalf is deposited monthly into an escrow account. Escrow funds are disbursed to participants when they complete the program or exit the Section 8 program in good standing. The balance in the Escrow account at September 30, 2012, was $14,116.

Total Restricted Assets are summarized as follows:

Replacement of structures and equipment	$ 299,823
Debt Service	198,552
Housing Choice Voucher Program for Housing Assistance	252,000
Tenant Deposits	85,746
Family Self Sufficient Escrow	14,116
TOTAL	$ 850,237

Reported in the Statement of Net Assets:

Cash Equivalent – Reserve for Replacement	$ 299,823
Cash Equivalent – Cash on deposit with bond trustee – Short term	135,241
Cash Equivalent – Cash on deposit with bond trustee – Long term	63,311
Cash Equivalent -Tenant security deposits	85,746
Cash Equivalent – Family S.S. Escrow	14,116
Cash – Housing Choice Voucher Program for Housing Assistance	252,000
TOTAL	$ 850,237

NOTE 4. LONG-TERM DEBT AND LIABILITIES

Long-term debt of HASC consisted of the following at September 30, 2012:

Bonds Payable - HASC refinanced in 2006 the bonds payable, which were secured by the Burlington Terrace Apartments. HASC issued tax-exempt bank qualified low income housing bonds in the amount of $3,825,000, which were purchased entirely by U.S. Bank National Association. The bonds are payable monthly at $19,290 including interest at 4.46% annually. The bonds are secured by a first deed of trust on the Burlington Terrace Apartments, as well as the furniture, fixtures and equipment and also the revenues and the amounts held in the debt service reserve accounts of the Burlington Terrace Apartments.

HASC issued bonds payable in the amount of $1,140,000, to purchase the President Apartments. The bonds are secured by the revenue of the project and by amounts held in the debt reserve fund. Also, HASC has pledged all of its revenues not pledged to any other purpose as security for payment of principal and interest on the bonds.

HASC issued tax-exempt bank qualified bonds in the amount of $1,000,000 in 2006, which were purchased entirely by Summit Bank. The bonds are payable monthly at $5,620 including interest at 4.6% annually. The proceeds of this bond issue were used to purchase an office building, which HASC uses for its administrative office. The bonds are secured by a first deed of trust on the office building and also by all amounts allocated to administrative costs from the Authority's programs and properties.

The total amount of bonds payable at September 30, 2012, is as follows:

	HASC Office Bldg.	Burlington Terr. Apartments	President Apartments	Total
Current	$ 29,450	$ 81,043	$ 40,000	$ 150,493
Long term	807,760	3,279,312	730,000	4,817,072
TOTAL	$ 837,210	$ 3,360,355	$ 770,000	$ 4,967,565

There is $498,375 in restricted assets of the authority that represent sinking funds and reserve requirements as contained in the various indentures, as detailed in Note 3.

There are a number of other limitations and restrictions contained in the various bond indentures. The authority is in compliance with all significant limitations and restrictions.

These bonds have met the federal requirements so as not to be considered federal arbitrage bonds.

At September 30, 2012, there was accrued interest payable on the Bonds of $24,747, which is included as a current liability in the financial statements.

Mortgage Payable - There is a mortgage payable to the USDA for the Mount Baker Meadows Apartments. Mortgage payments are $858 monthly including interest at 1.0% annually, through January 1, 2015. The mortgage is secured by the Mount Baker Meadows Apartment Complex.

Mortgage Payable - There are two mortgages payable to USDA for the La Paloma Apartments. One mortgage in the amount of $1,350,000 was received in 1997 to finance the purchase of the La Paloma Apartments. The other mortgage in the amount of $250,000 was received in 1997 to finance rehabilitation of the La Paloma Apartment's buildings and equipment. Mortgage payments for the two mortgages together total $4,756 monthly including interest at 1% annually through March 27, 2031. The mortgages are secured by the La Paloma Apartment project.

There is a mortgage payable to the Washington State Housing Trust Fund for the purchase of the President Apartments in the amount of $225,000, secured by a second deed of trust. There are no payments due on this mortgage until December 31, 2025, at which time annual payments commence of $8,684 including interest at 1.0% annually.

The total amount of the mortgages payable are as follows, at September 30, 2012:

	La Paloma Apartments	Mount Baker Meadows	President Apartments	Total
Current	$ 48,172	$ 10,176	$ -0-	$ 58,348
Long term	863,564	6,511	225,000	1,095,075
TOTAL	$ 911,736	$ 16,687	$ 225,000	$ 1,153,423

Note Payable - There is a note payable to Skagit Valley Hospital for $37,363, unsecured, with payments of $2,000 per month including interest at 6% per annum.
The first payment was August 1, 2012. $24,082 is short term.

Impact Capital Long Term Loan – Impact Capital provided a long-term loan of $11,500 to fund work to determine required funding to renovate the President Apartments. The loan is payable March 1, 2014.

Debt services requirements for the bonds, mortgages, and notes are due as follows for the fiscal years:

	Principal	Interest
2013	$ 228,036	$ 245,031
2014	235,684	235,210
2015	210,250	226,620
2016	220,973	218,591
2017	227,721	208,582
2018 thru 2022	1,323,437	857,998
2023 thru 2027	1,540,404	573,863
2028 thru 2032	1,280,418	290,562
2033 thru 2037	759,530	85,138
2038 thru 2042	36,984	6,803
2043 thru 2047	46,879	4,935
2048 thru 2052	41,261	2,973
2053 thru 2056	18,274	909
TOTAL	$ 6,169,851	$ 2,957,215

As of September 30, 2012, it is not practicable to make a reasonable estimate of fair value for the long-term debt payable.

Changes in Long-Term Liabilities

During the year ended September 30, 2012, the following changes occurred in long-term liabilities:

	Beginning Balance 10-1-11	Additions	Reductions	Ending Balance 9-30-12	Due Within One Year
Bonds payable	$ 5,107,909	$ -0-	$ 140,344	$ 4,967,565	$ 150,493
Notes payable	10,900	39,963	2,000	48,863	24,082
Mortgage payable	1,211,192	-0-	57,769	1,153,423	58,348
Compensated Absence:	-0-	26,087	-0-	26,087	26,369
Total long-term	$ 6,330,001	$ 66,050	$ 200,113	$ 6,195,938	$ 259,292

Component Unit - Raspberry Ridge Apartments Limited Partnership

Mortgage Payable	$ 1,821,794	$ -0-	$ 2,917	$ 1,818,877	$ 2,917

Raspberry Ridge II LLC

Mortgage Payable	$ 2,151,236	$ -0-	$ 1,930	$ 2,149,306	$ 2,064

Conduit Debt

HASC issued conduit revenue bonds on October 18, 2004 on behalf of Skagit Council Housing, a non-profit corporation, in order to provide funds to refinance the low-income housing project owned by Skagit Council Housing, in the amount of $2,329,585. HASC assigned its rights under the loan agreement to Skagit State Bank on October 18, 2004. Skagit Council Housing owes the bond payable liability directly to Skagit State Bank. In September 2006, HASC issued additional conduit revenue bonds in the amount of $769,959 on behalf of Skagit Council Housing in order to provide funds to purchase vacant land for future multifamily low-income housing projects. The Authority has no obligation for the debt beyond the resources provided by the related loan receivable from Skagit Council Housing. The balance of the bonds payable to Skagit State Bank and the related loan receivable from Skagit Council Housing at the end of fiscal year 2012 is $2,417,703. As permitted by GAAP, this conduit debt and related loan receivable is only disclosed in the notes to financial statements, and not in the face of the financial statements.

On October 30, 2012 all revenue bonds were retired with the proceeds of a new revenue bond, which will not exceed $3,885,000. Skagit Council Housing will use additional funds from this new revenue bond to construct sixteen additional units. The bond liability will be owed directly to Skagit State Bank.

Component Unit - Raspberry Ridge Apartments LP

The mortgage loan payable to the Office of Community Development in the amount of $1,830,545 bears interest at 0% per annum and is secured by a deed of trust on the property. Principal payments of $2,917 are due annually beginning September 1, 2008 through September 1, 2018. Prior to May 1, 2018, the Partnership and OCD will negotiate a new schedule of payments. All remaining principle will be due and payable on August 31, 2052. As of December 31, 2011, the principal balance is $1,818,877.

	Current	Long-term	Total
Office of Community Development	$ 2,917	$1,815,960	$1,818,877

Component Unit – Raspberry Ridge II LLC

The mortgage loan is payable to the Department of Community, Trade, and Economic Development Finance Unit and had a balance of $1,675,000 at December 31, 2011. The loan bears 0% interest and is deferred for forty years, and is secured by a deed of trust on the property. The full principal amount is due and payable on or before July 31, 2048.

The loan payable to the Washington Community Reinvestment Corporation in the amount of $330,000 bears interest of 6.75% per annum. Payments of principal and interest in the amount of $1,991 are due on the first day of each month. As of December 31, 2011 the principal balance is $324,306.

Note payable to the Housing Authority of Skagit County, bearing interest at 8%, compounded annually, due and payable December 1, 2048; secured by investment in land. As of December 31, 2011 the principal balance is $150,000.

	Current	Long-term	Total
Department of Community Trade and Economic Development	$ -0-	$ 1,675,000	$ 1,675,000
Washington Community Reinvestment Corporation	2,064	322,242	324,306
Housing Authority of Skagit County	-0-	150,000	150,000
TOTAL	$ 2,064	$ 2,147,242	$ 2,149,306

The total amount of component unit mortgages and notes payable is as follows, at December 31, 2011:

	Raspberry Ridge Apartments LP	Raspberry Ridge II LLC	Total
Current	$ 2,917	$ 2,064	$ 4,981
Long term	1,815,960	2,147,242	3,963,202
TOTAL	$ 1,818,877	$ 2,149,306	$ 3,968,183

Debt services requirements for the mortgages and notes of both component units are due as follows for the fiscal years:

	Principal	Interest
2012	$ 5,036	$ 33,774
2013	5,126	33,684
2014	5,280	33,530
2015	5,445	33,365
2016	5,621	33,189
2017 thru 2022	32,857	161,193
2022 thru 2027	41,867	152,183
2027 thru 2032	49,430	144,620
2032 thru 2037	63,372	130,678
2037 thru 2042	82,892	111,158
2042 thru 2047	110,224	79,838
2047 thru 2052	3,561,033	-0-
TOTAL	$ 3,968,183	$947,212

NOTE 5. 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 Authority as assets with an individual cost of more that $3,000 and an estimated useful life in excess of 1 year. Capital assets are recorded at cost (where the historical cost is known). Where historical cost is not known, assets are recorded at fair market value. Donations are recorded at fair market value at the time of donation or the appraised value.

Depreciation is computed on the straight-line method over the estimated useful lives of the assets, which are buildings 35 to 45 years and equipment 3 to 20 years.

Capital asset activity for the year ended September 30, 2012 was as follows:

	Balance 10/1/11	Additions	Deletions	Balance 9/30/12
BURLINGTON TERRACE:				
Capital assets not being depreciated:				
Land	$ 467,920	$ -0-	$ -0-	$ 467,920
Capital assets being depreciated:				
Buildings	3,343,554	-0-	-0-	3,343,554
Furniture and Equipment	622,610	-0-	-0-	622,610
	4,434,084	-0-	-0-	4,434,084
Less: Accumulated Depreciation	(1,995,042)	(126,199)	-0-	(2,121,241)
Subtotal	$ 2,439,042			$ 2,312,843

	Balance 10/1/11	Additions	Deletions	Balance 9/30/12
MOUNT BAKER MEADOWS:				
Capital assets not being depreciated:				
Land	$ 69,000	$ -0-	$ -0-	$ 69,000
Capital assets being depreciated:				
Buildings	1,082,359	26,070	-0-	1,108,429
Equipment and	78,034	-0-	-0-	78,034
Land Improvements	28,818	8,750	-0-	37,568
	1,258,211	34,820	-0-	1,293,031
Less: Accumulated Depreciation	(745,469)	(32,653)	-0-	(778,122)
Subtotal	$ 512,742			$ 514,909

PRESIDENT APARTMENTS:

	Balance 10/1/11	Additions	Deletions	Balance 9/30/12
Capital assets not being depreciated:				
Land	$ 123,387	$ -0-	$ -0-	$ 123,387
Capital assets being depreciated:				
Buildings	1,429,500		-0-	1,429,500
Equipment and Improvements	154,995	10,579	-0-	165,574
	1,707,882	10,579	-0-	1,718,461
Less: Accumulated Depreciation	(709,907)	(60,788)	-0-	(770,695)
Subtotal	$ 997,975			$ 947,766

LA PALOMA APARTMENTS:

Capital assets not being depreciated:				
Land	$ 593,767	$ -0-	$ -0-	$ 593,767
Capital assets being depreciated:				
Buildings	970,055	29,240	-0-	999,295
Equipment and Improvements	436,761	-0-	-0-	436,761
	2,000,583	29,240	-0-	2,029,823
Less: Accumulated Depreciation	(649,146)	(46,317)	-0-	(695,463)
Subtotal	$ 1,351,437			$ 1,334,360

OTHER HASC PROGRAMS:

	Balance 10/1/11	Additions	Deletions	Balance 9/30/12
Capital assets not being depreciated:				
Land	$ 485,763	$-0-	$ -0-	$ 485,763
Capital assets being depreciated:				
Buildings	834,891	-0-	-0-	834,891
Equipment	386,253	-0-	-0-	386,253
	$ 1,706,907	$ -0-	$ -0-	$ 1,706,907
Less: Accumulated Depreciation	(446,220)	(40,991)	-0-	(487,211)
Subtotal	$ 1,260.687			$ 1,219,696

TOTAL ALL PROGRAMS:

	Balance 10/1/11	Additions	Deletions	Balance 9/30/12
Capital assets not being depreciated:	$ 1,739,837	$ -0-	$ -0-	$ 1,739,837
Capital assets being depreciated: (net of accumulated depreciation)	4,822,046	(232,309)	-0-	4,589,737
Total Capital assets, Net	$ 6,561,883	(232,309)	-0-	$ 6,329,574

COMPONENT UNIT –
RASPBERRY RIDGE APARTMENTS LP

	Balance 10/1/11	Additions	Deletions	Balance 9/30/12
Capital assets not being depreciated:				
Land	$ 386,053	$ -0-	$ -0-	$ 386,053
Capital assets being depreciated:				
Buildings	5,406,126	-0-	-0-	5,406,126
Furniture and Equipment	155,288	-0-	-0-	155,288
Land Improv.	544,566	-0-	-0-	544,566
	6,492,033	-0-	-0-	6,492,033
Less: Accumulated Depreciation	(1,533,184)	(171,457)	-0-	(1,704,641)
Total capital assets, Net	$ 4,958,849	$ (171,457)	$ -0-	$ 4,787,392

COMPONENT UNIT –
RASPBERRY RIDGE II LLC

Capital assets not being depreciated:				
Land	$ 178,553	$ -0-	$ -0-	$ 178,553
Capital assets being depreciated:				
Building	5,713,196	-0-	-0-	5,713,196
Furniture and Equipment	26,919	-0-	-0-	26,919
	5,918,668	-0-	-0-	5,918,668
Less: Accumulated Depreciation	(445,746)	(171,978)	-0-	(617,724)
Total Capital Assets, Net	$ 5,472,922	(171,978)	$ -0-	$ 5,300,944

TOTAL ALL COMPONENT UNITS

Capital assets not being depreciated	$ 564,606	$ -0-	$ -0-	$ 564,606
Capital assets being depreciated (net of accumulated depreciation)	9,867,165	(343,435)	-0-	9,523,730
Total Capital Assets, Net	$ 10,431,771	$ (343,435)	$ -0-	$ 10,088,336

NOTE 6. BOND ISSUE COSTS AND ORIGINAL ISSUE DISCOUNT

HASC incurred bond issue costs and discount costs when it issued the $1,140,000 of housing revenue bonds at the time of the purchase of the President Apartments. Bond issue costs of $33,256 were incurred and the bonds were issued at an original issue discount of $18,792 for the President Apartments. Both the issue costs and the discount are being amortized on the straight-line method over the term of the bonds, which is thirty years. HASC incurred bond issue costs of $76,797 when it issued bonds to refinance the original bonds for the Burlington Terrace Apartments. The bond issue costs are being amortized over the term of the bonds, which is fifteen years. Amortization expense was $1,810 for the year ended September 30, 2012.

NOTE 7. OPERATING LEASES

The authority is committed under the following lease, which is considered an operating lease for accounting purposes:

The Housing Authority weatherization program leases office and warehouse space in Burlington Washington on a triple net basis. Base rent is $3,375 per month. The lease expired July 31, 2012.

The President Apartments of the Housing Authority in Mount Vernon is a five-story building, a portion of which extends over a ground floor structure owned by another party. There is an air rights agreement requiring the Housing Authority to pay $1,200 per year to the owner of those rights. That contract runs until 2045. Lease expense for the year ended September 30, 2012 was $0. $2,400 will be paid for the year ended September 30, 2013.

The following is a schedule by years of future minimum rent payments for the operating leases:

2013	2,400
2014	1,200
2015	1,200
2016	1,200
2017	1,200
2018-2022	6,000
2023-2027	6,000
2028-2032	6,000
2033-2037	6,000
2038-2042	6,000
2043-2046	3,600
TOTAL	$ 40,800

NOTE 8. ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE

The accounts receivable balance at September 30, 2012 consisted of the following components:

Rent receivable from tenants	$ 70,199
Government grants receivable	122,972
Other accounts receivable	4,940
Other grants receivable	30,160
Note receivable from	
Raspberry Ridge II LLC	150,000
Advances receivable from	
Raspberry Ridge and	
Raspberry Ridge II LLC	14,239
Development Fee	
Raspberry Ridge II LLC	19,989
Other advances receivable	3,600
Fraud recovery receivable -- net	41,116
Total	$ 457,215
Reported in the Statement of Net Assets	
Accounts Receivable	272,987
Due from Component unit	184,228
Total	$ 457,215

The accounts payable balance at September 30, 2012 consisted of the following components:

Trade accounts payable, current	$ 118,087
Accrued wages payable	8,316
Total	$ 126,403

NOTE 9. RISK MANAGEMENT

The Housing Authority is not facing any type of risk and has no settlements that exceeded the insurance coverages traditionally insured with property and casualty insurance. We are unaware of any loss exposures that may need specialized coverages traditionally excluded in property and casualty insurance.

The Housing Authority of Skagit County 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 and 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 eighty-six member/owner housing authorities in the states of Washington, Oregon, California and Nevada. Thirty-six of the eighty-six members are Washington State public housing entities.

New members are underwritten at their original membership and thereafter automatically renew on an annual basis. Members may quit upon giving notice to HARRP prior to their renewal date. Members terminating membership are not eligible to rejoin HARRP for three years. HARRP can terminate the members after giving a sixty (60) day notice prior to the renewal date. Termination does not relieve a former member from its unresolved losses incurred during membership.

General and Automobile Liability Coverages are written on an occurrence basis, without member deductibles. Errors and Omissions coverage (which includes Employment Practices Liability) is written on claims made basis, and the members are responsible for 10% of the incurred costs of the claims. The Property coverage offered by HARRP is on a replacement cost basis, with deductibles ranging from $1,000 to $25,000. (Due to special underwriting circumstances, some members may be subject to greater deductibles and E & O co-payments). 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 of Property.

Coverage limits for General Liability, as well as Errors and Omissions are $2,000,000 per occurrence with no annual aggregate. Property limits are offered on an agreed amount, based on each structure's value. Limits for Automobile Liability are covered at $2,000,000, with no annual aggregate.

HARRP self-insures the first $1 million of coverage for liability lines and purchases an additional $1million in reinsurance for a total of $2 million. For Property, HARRP retains the first $1,000,000 and purchases an additional $1 million reinsurance policy and then purchases $45 million of excess insurance from Munich Reinsurance for a combined total of $47,000,000. 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 contributions that are adjusted by the HARRP Board on the basis of independent actuarial studies. These assessments cover loss, loss adjustment expenses, excess insurance, reinsurance and other administrative expenses. HARRP does not have the right to assess the membership for any shortfall in its funding. Such shortfalls are made up through future rate adjustments.

NOTE 10. PENSION PLAN

Substantially all HASC'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 retirement plans. The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to: Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98504-8380; or it may be downloaded from the DRS website at www.drs.wa.gov. The following disclosures are made pursuant to GASB Statement 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

The Legislature established PERS in 1947. Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts (other than judges currently in the Judicial Retirement System); employees of legislative committees; community and technical colleges, college and university employees not participating in higher education retirement programs; judges of district and municipal courts; and employees of local governments. PERS retirement benefit provisions are established in Chapters 41.34 and 41.40 RCW and may be amended only by the State Legislature.

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

PERS members who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 and by either, February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercised an option to transfer their membership to Plan 3. PERS members joining the system on or after March 1, 2002 for state and higher education employees, or September 1, 2002 for local government employees have the irrevocable option of choosing membership 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 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) was granted at age 66 based upon years of service times the COLA amount. This benefit was eliminated by the Legislature, effective July 1, 2011. Plan 1 members may elect to receive an optional COLA that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 1 provides duty and non-duty disability benefits. Duty disability retirement benefits for disablement prior to the age of 60 consist of a temporary life annuity 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 was granted at age 66 based upon years of service times the COLA amount. This benefit was eliminated by the Legislature, effective July 1, 2011. Plan 1 members may elect to receive an optional COLA that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 1 members can receive credit for military service. 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 years 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.

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 contributions and 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 1,197 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2010:

Retirees and Beneficiaries Receiving Benefits	76,899
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	28,860
Active Plan Members Vested	105,521
Active Plan Members Nonvested	51,005
Total	262,285

Funding Policy

Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, PERS Plan 2 employer and employee contributions rates, and PERS Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent for state agencies and local government unit employees, and at 7.5 percent for state government elected officials. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. 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 Plan 3 employee contribution rates range from 5 percent to 15 percent, based on member choice. Two of the options are graduated rates dependent on the employee's age. As a result of the implementation of the Judicial Benefit Multiplier Program in January 2007, a second tier of employer and employee rates was developed to fund, along with investment earnings, the increased retirement benefits of those justices and judges that participate in the program.

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, 2011, were as follows:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer *	7.25%**	7.25%**	7.25%***
Employee	6.00%****	4.64%****	*****

* The employer rates include the employer administrative expense fee currently set at 0.16%.
** The employer rate for state elected officials is 10.80% for Plan 1 and 7.25% 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 HASC and the employees made the required contributions. The authority's required contributions for the years ending September 30 were as follows:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
2012	2,757	57,757	-0-
2011	3,084	57,725	-0-
2010	4,664	57,764	1,475

NOTE 11. EMPLOYEE MEDICAL PLAN

The Housing Authority of Skagit County (HASC) purchased an Employee Medical Plan on November 1, 2011, the Regence Innova Medical Plan. Vision insurance is provided through the Vision Service Plan. Dental Insurance is provided through Met Life. Employees are 100% covered by these plans. Spouses and children are partially covered. An employee deduction is taken for the employee's portion for the spouse and children.

Previous to November 1, 2011, the organization was self-insured. Dental and vision coverage was entirely self-insured. Medical and prescription coverage were self-insured up to a level at which re-insurance assumed payment responsibility which was $20,000. As a premium reduction method, HASC paid claims in excess of $20,000 until a total of an additional $15,000 was reached for the agency. Monthly premiums were deposited in an Employee Welfare Benefit Trust account at Skagit State Bank, which has a balance of $556 as of September 30, 2012. Coverage was self-insured up to a level at which re-insurance assumed payment responsibility. All claims under the self-insurance have been settled, except for a note payable to Skagit Valley Hospital with a balance of $37,363 as of September 30, 2012.

NOTE 12. MAJOR COMPONENT UNIT INFORMATION

RASPBERRY RIDGE APARTMENTS, LIMITED PARTNERSHIP

The following is information for the authority's major component unit, Raspberry Ridge Apartments, Limited Partnership.

a. The partnership owns, operates and maintains 50 multi-family residential units for rental to low-income tenants.

b. Condensed statement of net assets at December 31, 2011:

Current assets	$	48,837
Capital assets, net of Accumulated depreciation		4,787,392
Other assets		190,415
Total Assets		5,026,644
Current Liabilities		66,718
Long-term liabilities		1,815,960
Total Liabilities		1,882,678

Net assets		
Invested in Capital assets,		
Net of related debt		2,968,515
Restricted: Renewal & Replacement		175,496
Unrestricted		(45)
Total Net Assets	$	3,143,966

c. Condensed statement of revenues, expenses and changes in net assets for the year ended December 31, 2011:

REVENUE		
Rental income	$	249,017
Interest income		1,727
Other income		5,849
Total Revenue	$	256,593
EXPENSES:		
Administrative	$	71,902
Amortization		366
Utilities		84,682
Professional Fees		17,701
Management fees		20,492
Repairs and Maintenance		62,461
Insurance		20,489
Depreciation		171,457
Total Expenses		449,550
NET LOSS	$	(192,957)
Beginning Partners' Equity		3,336,923
Ending Partners' Equity	$	3,143,966

d. Condensed statement of cash flows for the year ended December 31, 2011:

CASH FLOWS FROM OPERATING ACTIVITIES:

Net loss	$	(192,957)
Adjustments to reconcile net loss to net cash		
Provided by (used in) operating activities:		
Depreciation		171,457
Amortization		366
Changes in assets and liabilities:		
Accounts receivable, tenants		(1,972)
Prepaid expenses		2,164
Accounts payable		(14,518)
Due to partner and affiliates		(1,362)
Net cash provided by (used in) operating activities	$	(36,822)

CASH FLOWS FROM FINANCING ACTIVITIES:		
(Decrease) in tenant security deposits payable		(3,906)
Payments on long-term debt		(2,917)
Net cash (used) by financing activities		(6,823)
INCREASE IN CASH AND CASH EQUIVALENTS		(43,645)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		249,392
CASH AND CASH EQUIVALENTS, END OF YEAR	$	205,747

ASPBERRY RIDGE II LLC

The following is information for the authority's major component unit, Raspberry Ridge II LLC:

a. The partnership owns, operates and maintains 30 multi-family residential units for rental to low-income tenants.

b. Condensed statement of net assets at December 31, 2011:

Current Assets	$	30,693
Capital assets, net of accumulated depreciation		5,300,944
Other assets		168,910
Total Assets	$	5,500,547
Current Liabilities		74,123
Long-term Liabilities		2,249,409
Total Liabilities	$	2,323,532
Net Assets		
Invested in Capital assets, net of related debt		3,151,638
Restricted: Renewal & Replacement		67,427
Unrestricted		(42,050)
Total Net Assets	$	3,177,015

b. Condensed statement of revenues, expenses and changes in net assets for the year ended December 31, 2011:

REVENUE		
Rental Income	$	186,187
Interest income		168
Total Revenue		186,355

EXPENSES		
Administrative		31,665
Amortization		4,659
Utilities		29,340
Professional Fees		14,491
Management Fees		25,052
Repairs and Maintenance		23,064
Insurance		30,630
Depreciation		171,978
Interest		35,787
Total Expenses	$	366,666
NET LOSS	$	(180,311)
Beginning Partners' Equity		3,357,326
Ending Partners' Equity	$	3,177,015

d. Condensed statement of cash flows for the year ended December 31, 2011:

CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$	(180,311)
Adjustments to reconcile net loss to net cash Provided by (used in) operating activities:		
Depreciation		171,978
Amortization		4,659
Changes in assets and liabilities:		
Accounts receivable, tenants		(2,440)
Prepaid expenses		(3,657)
Accrued interest payable		13,824
Accounts payable		1,635
Due to partner and affiliates		5,727
Net cash provided by (used in) Operating activities	$	11,415
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase (decrease) in tenant security Deposits payable		(234)
Payments on long-term debt		(1,930)
Net cash provided by Financing Activities		(2,164)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		9,251
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		73,458
CASH AND CASH EQUIVALENTS, END OF YEAR	$	82,709

NOTE 13. CONTINGENT LIABILITIES AND LITIGATION

As of September 30, 2012, there are no known contingent liabilities, litigation, or pending litigation.

NOTE 14: MATERIAL RELATED PARTY TRANSACTIONS

In 2002, the Authority received a grant from the Federal Home Loan Bank of $349,750 for the purposes of paying development costs for the Raspberry Ridge Apartments Limited Partnership. The grant would convert to a loan if certain restrictions related to occupancy and usages of the apartment complex are not complied with. The operation of the complex continues to be in compliance with these restrictions; therefore the $349,750 continues to be shown as an investment by the general partner, The Housing Authority of Skagit County, in the Raspberry Ridge LP.

Housing Authority of Skagit County
Schedule of Expenditure of Federal Awards
For Fiscal Year Ending September 30, 2012

Federal CFDA No.	Federal Agency Name	Federal Program Title	Other I.D. No.	Pass-Through Agency	Expenditures: From Direct Awards	Expenditures: From Pass Through Awards	Expenditures: Total	Foot-Note Ref.
10.405*	U.S.Dept. of Agriculture	Farm Labor Housing Loan and Grants	La Paloma		$ 911,736		$ 911,736	
10.405	U.S.Dept. of Agriculture	Farm Labor Housing Loan and Grants	Mt.Baker Meadows		$ 16,687		$ 16,687	
10.405		***Total Department of Agriculture***			$ 928,423		***$ 928,423***	
							$ -	
14.871	U.S.Dept.of HUD	Section 8 Housing Choice Vouchers-Veteran's Affairs Supportive Housing Program			$ 7,923		$ 7,923	
14.871*	U.S.Dept.of HUD	Section 8 Housing Choice Vouchers	S-0107V		$ 3,678,390		$ 3,678,390	4
14.871		***Total Department of Housing and Urban Development***			$ 3,686,313		***$ 3,686,313***	
81.042	U.S. Department of Energy	ARRA-Weatherization Assistance for Low-Income Persons	09431AR412	Washington State Department of Commerce-Community Services and Housing Division		$ 19,506	$ 19,506	5
81.042	U.S. Department of Energy	Weatherization Assistance for Low-Income Persons	F0943103412	Washington State Department of Commerce-Community Services and Housing Division		$ 32,072	$ 32,072	
81.042		***Total Department of Energy***				$ 51,578	***$ 51,578***	
93.568*	U.S.Dept. of Human Services	Low-Income Home Energy Assistance	F1143101412	Washington State Department of Commerce-Community Services and Housing Division		$ 341,550	$ 341,550	
93.568		***Total Department of Health and Human Services***				$ 341,550	***$ 341,550***	
Total Federal Awards Expended					**$ 4,614,736**	**$ 393,128**	**$ 5,007,864**	

The Accompanying Notes to the Schedule of Expenditures of Federal Awards are an Integral Part of this Schedule

HOUSING AUTHORITY OF SKAGIT COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDING SEPTEMBER 30, 2012

NOTE 1. BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards is prepared on the same basis of accounting as the authority's financial statements. The authority uses the accrual basis of accounting.

NOTE 2. TYPE A AWARDS

The asterisk (*) to the right of a CFDA number identifies the grant as a Type A federal program as defined by OMB Circular A-133.

NOTE 3. PROGRAM COSTS

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

NOTE 4. HOUSING CHOICE VOUCHERS

The amount of $3,686,313 shown on the schedule for the Housing Choice Voucher program (CFDA 14.871) is the actual expenditure of the grant during the period.

NOTE 5 ARRA-WEATHERIZATION ASSISTANCE FOR LOW-INCOME PERSONS

The amount of $19,506 shown on the schedule for the ARRA-Weatherization Assistance for Low-Income Persons (CFDA 81.042) is the actual expenditure of the grant during the period.

Housing Authority of Skagit County (WA061)

Burlington, WA

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133 | Fiscal Year End: 09/30/2012

	14.871 Housing Choice Vouchers	6 Component Units	2 State/Local	10.427 Rural Rental Assistance Payments	81.042 Weatherization Assistance for Low-Income Persons	93.568 Low-Income Home Energy Assistance	Subtotal	ELIM	Total
111 Cash - Unrestricted	$158,173	$10,875	$118,003	$27,981			$315,032		$315,032
112 Cash - Restricted - Modernization and Development	$0						$0		$0
113 Cash - Other Restricted	$266,116	$242,923	$291,252	$207,123			$1,007,414		$1,007,414
114 Cash - Tenant Security Deposits		$34,658	$71,582	$14,164			$120,404		$120,404
115 Cash - Restricted for Payment of Current Liabilities	$0						$0		$0
100 Total Cash	$424,289	$288,456	$480,837	$249,268	$0	$0	$1,442,850	$0	$1,442,850
121 Accounts Receivable - PHA Projects									
122 Accounts Receivable - HUD Other Projects									
124 Accounts Receivable - Other Government			$3,600	$20,238		$133,924	$157,762		$157,762
125 Accounts Receivable - Miscellaneous									
126 Accounts Receivable - Tenants		$6,264	$69,663	$4,446			$80,373		$80,373
126.1 Allowance for Doubtful Accounts -Tenants		$0	$0	$0			$0		$0
126.2 Allowance for Doubtful Accounts - Other	$0		$0	$0		$0	$0		$0
127 Notes, Loans, & Mortgages Receivable - Current									
128 Fraud Recovery	$42,268						$42,268		$42,268
128.1 Allowance for Doubtful Accounts - Fraud	-$1,152						-$1,152		-$1,152
129 Accrued Interest Receivable			$36,000				$36,000		$36,000
120 Total Receivables, Net of Allowances for Doubtful Accounts	$41,116	$6,264	$109,263	$24,684	$0	$133,924	$315,251	$0	$315,251
131 Investments - Unrestricted	$107,455						$107,455		$107,455
132 Investments - Restricted	$0						$0		$0
135 Investments - Restricted for Payment of Current Liability	$0						$0		$0
142 Prepaid Expenses and Other Assets	$2,517	$27,733	$21,150	$6,375		$3,324	$61,099		$61,099
143 Inventories			$33,644				$33,644		$33,644
143.1 Allowance for Obsolete Inventories			$0				$0		$0
144 Inter Program Due From			$131,160				$131,160	-$131,160	$0
145 Assets Held for Sale									
150 Total Current Assets	$575,377	$322,453	$776,054	$280,327	$0	$137,248	$2,091,459	-$131,160	$1,960,299
161 Land		$564,606	$1,077,070	$662,767			$2,304,443		$2,304,443
162 Buildings		$10,172,466	$5,607,946	$2,107,724			$17,888,136		$17,888,136
163 Furniture, Equipment & Machinery - Dwellings	$95,100	$182,207	$987,621	$406,173			$1,671,101		$1,671,101
164 Furniture, Equipment & Machinery - Administration						$85,628	$85,628		$85,628
165 Leasehold Improvements									
166 Accumulated Depreciation	-$95,100	-$2,322,365	-$3,214,752	-$1,473,585		-$69,295	-$7,175,097		-$7,175,097
167 Construction in Progress									
168 Infrastructure		$1,491,422	$6,087	$146,190			$1,643,699		$1,643,699
160 Total Capital Assets, Net of Accumulated Depreciation	$0	$10,088,336	$4,463,972	$1,849,269	$0	$16,333	$16,417,910	$0	$16,417,910

171 Notes, Loans and Mortgages Receivable - Non-Current			$184,228				$184,228		$184,228
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due									
173 Grants Receivable - Non Current									
174 Other Assets		$116,402	$65,375				$181,777		$181,777
176 Investments in Joint Ventures			$349,850				$349,850		$349,850
180 Total Non-Current Assets	$0	$10,204,738	$5,063,425	$1,849,269	$0	$16,333	$17,133,765	$0	$17,133,765
190 Total Assets	$575,377	$10,527,191	$5,839,479	$2,129,596	$0	$153,581	$19,225,224	-$131,160	$19,094,064
311 Bank Overdraft									
312 Accounts Payable <= 90 Days		$63,378	$27,724	$6,091		$84,273	$181,466		$181,466
313 Accounts Payable >90 Days Past Due									
321 Accrued Wage/Payroll Taxes Payable			$4,164			$4,152	$8,316		$8,316
322 Accrued Compensated Absences - Current Portion	$8,811		$12,795			$4,763	$26,369		$26,369
324 Accrued Contingency Liability									
325 Accrued Interest Payable		$37,824	$24,733	$14			$62,571		$62,571
331 Accounts Payable - HUD PHA Programs									
332 Account Payable - PHA Projects									
333 Accounts Payable - Other Government									
341 Tenant Security Deposits		$34,658	$71,582	$14,164			$120,404		$120,404
342 Deferred Revenues									
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue		$4,981	$150,493	$58,348			$213,822		$213,822
344 Current Portion of Long-term Debt - Operating Borrowings									
345 Other Current Liabilities			$24,082				$24,082		$24,082
346 Accrued Liabilities - Other									
347 Inter Program - Due To	$30,916			$58,803		$41,441	$131,160	-$131,160	$0
348 Loan Liability - Current									
310 Total Current Liabilities	$39,727	$140,841	$315,573	$137,420	$0	$134,629	$768,190	-$131,160	$637,030
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue		$3,963,202	$5,053,572	$870,075			$9,886,849		$9,886,849
352 Long-term Debt, Net of Current - Operating Borrowings									
353 Non-current Liabilities - Other	$14,112	$102,167	$13,281				$129,560		$129,560
354 Accrued Compensated Absences - Non Current	$7,654		$15,814			$2,619	$26,087		$26,087
355 Loan Liability - Non Current									
356 FASB 5 Liabilities									
357 Accrued Pension and OPEB Liabilities									
350 Total Non-Current Liabilities	$21,766	$4,065,369	$5,082,667	$870,075	$0	$2,619	$10,042,496	$0	$10,042,496
300 Total Liabilities	$61,493	$4,206,210	$5,398,240	$1,007,495	$0	$137,248	$10,810,686	-$131,160	$10,679,526
508.1 Invested In Capital Assets, Net of Related Debt	$0	$6,120,153	-$740,093	$920,846		$16,333	$6,317,239		$6,317,239
511.1 Restricted Net Assets	$252,000	$242,923	$291,252	$207,123			$993,298		$993,298
512.1 Unrestricted Net Assets	$261,884	-$42,095	$890,080	-$5,868	$0	$0	$1,104,001		$1,104,001
513 Total Equity/Net Assets	$513,884	$6,320,981	$441,239	$1,122,101	$0	$16,333	$8,414,538	$0	$8,414,538
600 Total Liabilities and Equity/Net Assets	$575,377	$10,527,191	$5,839,479	$2,129,596	$0	$153,581	$19,225,224	-$131,160	$19,094,064

Housing Authority of Skagit County (WA061)
Burlington, WA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133 Fiscal Year End: 09/30/2012

	14.871 Housing Choice Vouchers	6 Component Units	2 State/Local	10.427 Rural Rental Assistance Payments	81.042 Weatherization Assistance for Low-Income Persons	93.568 Low-Income Home Energy Assistance	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue		$441,053	$987,675	$266,645			$1,695,373	-$20,928	$1,674,445
70400 Tenant Revenue - Other			$41,904	$18,723			$60,627		$60,627
70500 Total Tenant Revenue	$0	$441,053	$1,029,579	$285,368	$0	$0	$1,756,000	-$20,928	$1,735,072
70600 HUD PHA Operating Grants	$3,531,753						$3,531,753		$3,531,753
70610 Capital Grants									
70710 Management Fee									
70720 Asset Management Fee									
70730 Book Keeping Fee									
70740 Front Line Service Fee									
70750 Other Fees									
70700 Total Fee Revenue							$0	$0	$0
70800 Other Government Grants				$222,046	$51,578	$584,541	$858,165		$858,165
71100 Investment Income - Unrestricted	$366		$12,312	$89			$12,767		$12,767
71200 Mortgage Interest Income									
71300 Proceeds from Disposition of Assets Held for Sale									
71310 Cost of Sale of Assets									
71400 Fraud Recovery	$35,004						$35,004		$35,004
71500 Other Revenue	$158,391		$90,501				$248,892	-$36,462	$212,430
71600 Gain or Loss on Sale of Capital Assets									
72000 Investment Income - Restricted	$510	$1,895	$231	$701			$3,337		$3,337
70000 Total Revenue	$3,726,024	$442,948	$1,132,623	$508,204	$51,578	$584,541	$6,445,918	-$57,390	$6,388,528
91100 Administrative Salaries	$280,086		$84,470	$12,380	$4,421	$49,694	$431,051		$431,051
91200 Auditing Fees	$17,932	$32,192	$4,698	$5,991	$742	$8,341	$69,896		$69,896
91300 Management Fee				$36,462			$36,462	-$36,462	$0
91310 Book-keeping Fee									
91400 Advertising and Marketing	$170			$52			$222		$222
91500 Employee Benefit contributions - Administrative	$79,214		$54,523	$5,128	$824	$9,266	$148,955		$148,955
91600 Office Expenses	$26,602	$533	$2,937	$609			$30,681		$30,681
91700 Legal Expense	$336		$689	$25	$6	$72	$1,128		$1,128
91800 Travel	$2,973		$211	$66	$6	$69	$3,325		$3,325
91810 Allocated Overhead	$24,100						$24,100		$24,100
91900 Other	$11,706	$51,372	$15,393	$14,144	$250	$2,817	$95,682		$95,682
91000 Total Operating - Administrative	$443,119	$84,097	$162,921	$74,857	$6,249	$70,259	$841,502	-$36,462	$805,040

92000 Asset Management Fee									
92100 Tenant Services - Salaries		$29,803	$45,536	$26,085			$101,424		$101,424
92200 Relocation Costs									
92300 Employee Benefit Contributions - Tenant Services		$11,780		$10,809			$22,589		$22,589
92400 Tenant Services - Other		$11,486	$12,213				$23,699		$23,699
92500 Total Tenant Services	$0	$53,069	$57,749	$36,894	$0	$0	$147,712	$0	$147,712
93100 Water		$19,598	$33,405	$25,869			$78,872		$78,872
93200 Electricity		$10,812	$26,427	$6,311			$43,550		$43,550
93300 Gas		$1,557	$11,040	$15,171			$27,768		$27,768
93400 Fuel									
93500 Labor									
93600 Sewer		$61,794	$85,026	$39,824			$186,644		$186,644
93700 Employee Benefit Contributions - Utilities									
93800 Other Utilities Expense		$2,461					$2,461		$2,461
93000 Total Utilities	$0	$96,222	$155,898	$87,175	$0	$0	$339,295	$0	$339,295
94100 Ordinary Maintenance and Operations - Labor		$52,389	$89,685	$74,324			$216,398		$216,398
94200 Ordinary Maintenance and Operations - Materials and Other	$226	$19,029	$29,408	$48,691			$97,354		$97,354
94300 Ordinary Maintenance and Operations Contracts		$35,015	$30,992	$29,280			$95,287		$95,287
94500 Employee Benefit Contributions - Ordinary Maintenance		$20,599	$20,746	$30,970			$72,315		$72,315
94000 Total Maintenance	$226	$127,032	$170,831	$183,265	$0	$0	$481,354	$0	$481,354
95100 Protective Services - Labor									
95200 Protective Services - Other Contract Costs									
95300 Protective Services - Other									
95500 Employee Benefit Contributions - Protective Services									
95000 Total Protective Services	$0	$0	$0	$0	$0	$0	$0	$0	$0
96110 Property Insurance		$45,305	$19,468	$7,115			$71,888		$71,888
96120 Liability Insurance					$499	$5,616	$6,115		$6,115
96130 Workmen's Compensation	$5,943	$10,802	$9,440	$12,835	$1,275	$14,334	$54,629		$54,629
96140 All Other Insurance	$2,875						$2,875		$2,875
96100 Total insurance Premiums	$8,818	$56,107	$28,908	$19,950	$1,774	$19,950	$135,507	$0	$135,507
96200 Other General Expenses			$29,858	$17,399	$43,555	$527,053	$617,865	-$20,928	$596,937
96210 Compensated Absences									
96300 Payments in Lieu of Taxes		$15,442	$18,823	$4,428			$38,693		$38,693
96400 Bad debt - Tenant Rents									
96500 Bad debt - Mortgages									
96600 Bad debt - Other									
96800 Severance Expense									
96000 Total Other General Expenses	$0	$15,442	$48,681	$21,827	$43,555	$527,053	$656,558	-$20,928	$635,630

96710 Interest of Mortgage (or Bonds) Payable		$35,787	$241,713	$9,581			$287,081		$287,081
96720 Interest on Notes Payable (Short and Long Term)									
96730 Amortization of Bond Issue Costs									
96700 Total Interest Expense and Amortization Cost	$0	$35,787	$241,713	$9,581	$0	$0	$287,081	$0	$287,081
96900 Total Operating Expenses	$452,163	$467,756	$866,701	$433,549	$51,578	$617,262	$2,889,009	-$57,390	$2,831,619
97000 Excess of Operating Revenue over Operating Expenses	$3,273,861	-$24,808	$265,922	$74,655	$0	-$32,721	$3,556,909	$0	$3,556,909
97100 Extraordinary Maintenance									
97200 Casualty Losses - Non-capitalized									
97300 Housing Assistance Payments	$3,312,125						$3,312,125		$3,312,125
97350 HAP Portability-In	$116,294						$116,294		$116,294
97400 Depreciation Expense		$348,460	$222,850	$78,970		$12,058	$662,338		$662,338
97500 Fraud Losses									
97600 Capital Outlays - Governmental Funds									
97700 Debt Principal Payment - Governmental Funds									
97800 Dwelling Units Rent Expense									
90000 Total Expenses	$3,880,582	$816,216	$1,089,551	$512,519	$51,578	$629,320	$6,979,766	-$57,390	$6,922,376
10010 Operating Transfer In									
10020 Operating transfer Out									
10030 Operating Transfers from/to Primary Government									
10040 Operating Transfers from/to Component Unit									
10050 Proceeds from Notes, Loans and Bonds									
10060 Proceeds from Property Sales									
10070 Extraordinary Items, Net Gain/Loss									
10080 Special Items (Net Gain/Loss)			$80,263				$80,263		$80,263
10091 Inter Project Excess Cash Transfer In									
10092 Inter Project Excess Cash Transfer Out									
10093 Transfers between Program and Project - In									
10094 Transfers between Project and Program - Out									
10100 Total Other financing Sources (Uses)	$0	$0	$80,263	$0	$0	$0	$80,263	$0	$80,263

10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-$154,558	-$373,268	$123,335	-$4,315	$0	-$44,779	-$453,585	$0	-$453,585
11020 Required Annual Debt Principal Payments	$0	$4,981	$151,419	$58,349	$0	$0	$214,749		$214,749
11030 Beginning Equity	$668,442	$6,694,249	$350,625	$1,126,416	$0	$28,391	$8,868,123	$0	$8,868,123
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors			-$32,721			$32,721	$0		$0
11050 Changes in Compensated Absence Balance									
11060 Changes in Contingent Liability Balance									
11070 Changes in Unrecognized Pension Transition Liability									
11080 Changes in Special Term/Severance Benefits Liability									
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents									
11100 Changes in Allowance for Doubtful Accounts - Other									
11170 Administrative Fee Equity	$261,884						$261,884		$261,884
11180 Housing Assistance Payments Equity	$252,000						$252,000		$252,000
11190 Unit Months Available	7548	960	1464	720			10692		10692
11210 Number of Unit Months Leased	6644	943	1349	652			9588		9588
11270 Excess Cash									
11610 Land Purchases									
11620 Building Purchases									
11630 Furniture & Equipment - Dwelling Purchases									
11640 Furniture & Equipment - Administrative Purchases									
11650 Leasehold Improvements Purchases									
11660 Infrastructure Purchases									
13510 CFFP Debt Service Payments									
13901 Replacement Housing Factor Funds									

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.

Our mission is to 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.

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