



Washington State Auditor's Office

Independence • Respect • Integrity

Financial Statements and Federal Single Audit Report

The Housing Authority of the City of Bremerton

(Bremerton Housing Authority)

Kitsap County

For the period October 1, 2013 through September 30, 2014

Published June 4, 2015

Report No. 1014451





Washington State Auditor

June 4, 2015

Board of Commissioners
Bremerton Housing Authority
Bremerton, Washington

Report on Financial Statements and Federal Single Audit

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

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

Sincerely,

A handwritten signature in black ink, reading "Jan M. Jutte".

JAN M. JUTTE, CPA, CGFM
ACTING STATE AUDITOR
OLYMPIA, WA

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FEDERAL SUMMARY

**Bremerton Housing Authority
Kitsap County
October 1, 2013 through September 30, 2014**

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

Financial Statements

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

Internal Control Over Financial Reporting:

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

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

Federal Awards

Internal Control Over Major Programs:

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

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

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

Identification of Major Programs:

The following were major programs during the period under audit:

<u>CFDA No.</u>	<u>Program Title</u>
14.182	Section 8 Project-Based Cluster - Section 8 New Construction and Substantial Rehabilitation
14.195	Section 8 Project-Based Cluster - Section 8 Housing Assistance Payments Program
14.249	Section 8 Project-Based Cluster - Section 8 Moderate Rehabilitation Single Room Occupancy

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

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

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

**Bremerton Housing Authority
Kitsap County
October 1, 2013 through September 30, 2014**

Board of Commissioners
Bremerton Housing Authority
Bremerton, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of the Bremerton Housing Authority, Kitsap County, Washington, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements, and have issued our report thereon dated May 29, 2015.

Our report includes a reference to other auditors who audited the financial statements of the Bay Vista South LLLP Tax Credit Partnership and the Bay Vista West LLLP Tax Credit Partnership, as described in our report on the Housing Authority's financial statements. This report includes our consideration of the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors. The financial statements of the Bay Vista South LLLP Tax Credit Partnership and Bay Vista West LLLP Tax Credit Partnership were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Bay Vista South LLLP Tax Credit Partnership and Bay Vista West LLLP Tax Credit Partnership.

As discussed in Note 1 to the financial statements, during the year ended September 30, 2014, the Housing Authority implemented Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

COMPLIANCE AND OTHER MATTERS

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

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

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority's internal control or on compliance. This report is an integral part of an

audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink, reading "Jan M. Jutte". The signature is fluid and cursive, with a long horizontal stroke extending from the end.

JAN M. JUTTE, CPA, CGFM
ACTING STATE AUDITOR
OLYMPIA, WA

May 29, 2015

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB
CIRCULAR A-133**

**Bremerton Housing Authority
Kitsap County
October 1, 2013 through September 30, 2014**

Board of Commissioners
Bremerton Housing Authority
Bremerton, Washington

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

We have audited the compliance of the Bremerton Housing Authority, Kitsap County, Washington, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2014. 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, 2014.

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.



JAN M. JUTTE, CPA, CGFM

ACTING STATE AUDITOR

OLYMPIA, WA

May 29, 2015

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Bremerton Housing Authority Kitsap County October 1, 2013 through September 30, 2014

Board of Commissioners
Bremerton Housing Authority
Bremerton, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the Bremerton Housing Authority, Kitsap County, Washington, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements as listed on page 16.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Bay Vista South LLLP Tax Credit Partnership, which represents 43 percent, 43 percent and 49 percent, or the Bay Vista West LLLP Tax Credit Partnership which represents 57 percent, 57 percent, and 51 percent, respectively, of the assets, net position and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Bay Vista South LLLP Tax Credit Partnership and the Bay Vista West LLLP Tax Credit Partnership, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits

contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Bay Vista South LLLP Tax Credit Partnership and Bay Vista West LLLP Tax Credit Partnership were not audited in accordance with *Government Auditing Standards*.

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

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

Opinion

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Bremerton Housing Authority, as of September 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As discussed in Note 1 to the financial statements, in 2014, the Housing Authority adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 17 through 27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The accompanying Financial Data Schedule and HUD forms are supplementary information required by HUD. These schedules are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2015 on our consideration of the Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Jan M. Jutte", with a stylized flourish at the end.

JAN M. JUTTE, CPA, CGFM

ACTING STATE AUDITOR

OLYMPIA, WA

May 29, 2015

FINANCIAL SECTION

**Bremerton Housing Authority
Kitsap County
October 1, 2013 through September 30, 2014**

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2014

BASIC FINANCIAL STATEMENTS

Statement of Net Position – 2014

Statement of Revenues, Expenses and Changes in Net Position – 2014

Statement of Cash Flows – 2014

Notes to Financial Statements – 2014

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Expenditures of Federal Awards and Notes – 2014

Financial Data Schedule – 2014

Actual HOPE VI Cost Certificate – 2014

Actual Modernization Cost Certificate – 2014

HOUSING AUTHORITY OF THE CITY OF BREMERTON
Management's Discussion and Analysis
Year Ended September 30, 2014

As management of the Housing Authority of the City of Bremerton (Housing Authority), we offer readers of the Housing Authority's financial statements this narrative overview and analysis of the financial activities of the Housing Authority for the year ended September 30, 2014. The Management's Discussion and Analysis (MD&A) should be read in conjunction with the Housing Authority's financial statements and the notes to the financial statements which follow.

The Housing Authority administers a broad range of federally and locally financed housing programs within the limits of the City of Bremerton. The Housing Authority owns or manages 373 units of housing, provides rental subsidies to 1,521 additional households, and administers 309 vouchers for Housing Kitsap. The Housing Authority is also a performance-based contract administrator (PBCA) for Washington State, Utah, and Nebraska. The Housing Authority also holds subcontracts and performs many of these same PBCA duties for the state of Hawaii. These PBCA contracts provide housing for approximately 27,428 households.

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

Financial Highlights

- Assets exceeded liabilities (net position) at the close of the fiscal year by \$54.81 million for the Housing Authority, which is a slight decrease of \$0.16 million, or .03%. Of this amount \$31.42 million is the net investment in capital assets, \$5.37 million is restricted to meet externally imposed obligations, and \$18.02 million is unrestricted to meet ongoing obligations to residents and creditors.
- The cash balances decreased from the previous year by \$1.97 million, or 15.9%, with Unrestricted Cash decreasing by \$2.94 million and Restricted Cash increasing by \$0.97 million. The increase in Restricted Cash can be attributed to primarily two reasons. First, the establishment of a Rehabilitation Reserve of \$0.57 million during the current fiscal year for the Tara Heights property as part of the conversion from public housing to Project Based Section 8 units as an approved Rental Assistance Demonstration (RAD) project. Second, HOPE VI program income increased by \$0.57 million due to payments made by the component unit Bay Vista West to the Housing Authority on loans made by the Housing Authority to the partnership of HOPE VI funds. The increase in HOPE VI program income cash from loan repayments were offset in part by use of HOPE VI program income funds for approved Bay Vista Development expenditures. The remaining change year-over-year in Restricted Cash is due to the net impact of other reserve account adjustments. The decrease in Unrestricted Cash came from the planned expenditure of accumulated cash from the

net revenues in excess of costs provided by the performance of the Housing Authority's Contract Management Services (CMS) department's PBCA duties. The accumulated unrestricted cash reserves were used for the purposes of acquiring a new building for the Housing Authority's administrative and housing services offices and for the early retirement of the Norm Dicks Government Center debt obligation.

- Total liabilities of the Housing Authority decreased by 7.7%, or \$1.85 million, mainly due to a \$1.6 million reduction in debt as a result of the early retirement of the Norm Dicks Government Center mortgage.
- Total revenues (operating and non-operating) decreased by 1.8%, or \$2.96 million. This decrease is mainly due to four factors. First, a decrease in the HOPE VI funds drawn down in the current year as compared to the prior year of \$2.09 million due to the winding down of the Development project and the conclusion of the HOPE VI grant. Second, a decrease in the developer fees received from the tax credit partnerships in the current year as compared to the prior year of \$0.71 million and also a result of the Development project winding down. Third, a decrease in the housing assistance payment (HAP) funds received from the Federal Department of Housing and Urban Development (HUD) for the Housing Choice Voucher program of \$0.7 million. Fourth, a decrease of \$0.56 million in capital grants received from HUD in addition to the HOPE VI capital funds mentioned above. Finally, the prior year had a decrease in revenue of \$1.1 million from a loss on sale of lots that did not occur in the current year.
- Total expenses (operating and non-operating) increased by 1.6%, or \$2.52 million, for the Housing Authority with a CMS HAP increase of \$3.73 million, \$0.38 million decrease in HAP payments made for the Housing Choice Voucher (HCV) program. The remaining \$0.83 million decrease in costs is comprised primarily of the decrease in administrative costs of \$1.19 million resulting from the termination of the LA LOMOD PBCA subcontract work effective as of Feb 28, 2014, offset in part by \$0.31 million in severance costs for the reduction in labor force necessary with the conclusion of that work.
- The Housing Authority's HCV program voucher utilization rates for the fiscal year increased from 81% (17,475 of 21,576 unit months available) to 82.7% (17,846 of 21,576 unit months available). While the Housing Authority was authorized to lease 21,576 unit months, actual funding provided by HUD would only support the leasing of 17,858 unit months. The leasing for this program increased throughout the fiscal year but was still short of spending all of the HUD allocated HAP for calendar year 2014. As a result the Net Restricted Assets and HUD held Program Reserves increased by \$0.25 million and the combined % of these two items to budgeted HAP received from HUD increased from 4.5% to 6.9%.
- The public housing properties recap is as follows. Occupancy at the Summit at Bay Vista, an 83 unit apartment complex which includes 47 public housing units was (96.5%) for the year. The 22 public housing unit Winfield Apartments had occupancy at (95.1%) for the year. The Shadow Creek Apartment complex is comprised of 32 units of which 17 units are public housing. The occupancy rate for the public housing units was (98.9%).

Overview of the Financial Statements

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

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

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

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

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

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

The focus of the Statement of Revenues, Expenses and Changes in Net Position is the *Change in Net Position*, which is similar to Net Income or Loss. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

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

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

Condensed Government-wide Statements and Analysis of Overall Financial Position

The following table¹ summarizes the Statement of Net Position as of September 30, 2014 and 2013 for the Housing Authority. The table does not include the Component Units.

COMPARATIVE CONDENSED STATEMENT OF NET POSITION		
	<u>2014</u>	<u>2013</u>
Assets		
Current and Other Assets	\$ 25,310,238	\$ 29,217,458
Capital Assets	<u>51,778,133</u>	<u>49,861,881</u>
Total Assets	77,088,371	79,079,339
Liabilities		
Current Liabilities	1,493,290	1,526,944
Noncurrent Liabilities	<u>20,775,766</u>	<u>22,578,252</u>
Total Liabilities	22,269,056	24,105,196
Net Position		
Net Investment in Capital Assets	31,419,389	27,691,148
Restricted	5,370,423	4,498,904
Unrestricted	<u>18,029,503</u>	<u>22,784,091</u>
Total Net Position	<u>\$ 54,819,315</u>	<u>\$ 54,974,143</u>

Total Assets decreased by \$2.01 million (2.5%) during the fiscal year primarily due to the early retirement of the Norm Dicks Government Center mortgage debt obligation.

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

Total liabilities of the Housing Authority also decreased by 7.7%, or \$1.85 million, mainly due to the \$1.6 million reduction in debt resulting from the early retirement of the Norm Dicks Government Center mortgage.

Current assets exceed current liabilities by \$12.33 million for a current ratio of 9.26 which is a decrease from the prior year current ratio of 11.06. The decrease is due to the \$3 million in unrestricted cash used during the current fiscal year. The current ratio is a measure of the ability to pay debts as they become due and generally a current ratio of 1 or less suggests that obligations may not be paid when they are due.

The Housing Authority's Net Investment in Capital Assets increased by \$3.73 million (13.5%). This is primarily the result of the payoff of the Norm Dicks Government Center loan of \$1.6 million as well as construction costs incurred in order to finalize the Bay Vista Development project of \$1.43 million. There was also \$1.5 million in added capital for the purchase of and improvements made on the Housing Authority's housing and administration office building. The remaining reduction is from annual depreciation expenses as offset in part by \$0.8 million of additional capital purchases at the other properties.

The following table² summarizes the changes in net position for the years ended September 30, 2014 and 2013 for the Housing Authority. The table does not include the component units.

COMPARATIVE CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION		
	<u>2014</u>	<u>2013</u>
Revenues		
Operating Revenue		
Tenant Revenue	\$ 2,278,962	\$ 2,377,877
Other Revenues	4,618,295	8,904,118
Non-Operating Revenue		
Operating Grants	157,119,910	155,521,912
Investment Income	162,585	162,998
Gains (Losses) on Capital Asset Disposition	5,196	(1,100,559)
Total Revenue	<u>164,184,948</u>	<u>165,866,346</u>
Expenses		
Operating Expenses		
Administrative	8,698,769	9,894,703
Tenant Services	1,392,324	1,422,458
Utilities	494,782	491,112
Ordinary Maintenance and Operations	1,273,899	1,111,782
Housing Assistance Payments	149,818,009	146,429,356
Depreciation and Amortization	1,247,566	1,204,578
Other General Expenses	1,001,394	817,497
Non-Operating Expenses		
Interest	518,540	556,841
Total Expenses	<u>164,445,283</u>	<u>161,928,327</u>
Excess (Deficiency) of Revenues over Expenses	<u>(260,335)</u>	<u>3,938,019</u>
Capital Grants and Contributions	151,389	1,427,865
Special Items	<u>(11,882)</u>	<u>(26,000)</u>
Change in Net Position	<u>(120,828)</u>	<u>5,339,884</u>
Prior Period Adjustment	(34,000)	(24,194)
Net Position, Beginning of Year	<u>54,974,143</u>	<u>49,658,453</u>
Net Position, End of Year	<u>\$ 54,819,315</u>	<u>\$ 54,974,143</u>

Losses on the Sale of Capital Assets decreased from the prior year loss from land sales. The current year gain consists of the sale of two vehicles.

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

Total expenses increased by \$2.52 million mostly due to increased HAP payments from the CMS PBCA contracts of \$3.73 million and a decrease in Section 8 HAP payments of \$0.38 million. Another contributing factor was the decrease in administrative costs of \$1.19 million which resulted primarily from the conclusion of the LA LOMOD PBCA subcontract work effective as of Feb 28, 2014. There was also an increase in other general expenses of \$0.31 million in severance costs from the reduction in labor force resulting from the termination of the LA LOMOD contract work at the end of February 2014.

Capital grant revenue decreased by \$1.3 million with \$.7 million a result of the conclusion of the HOPE VI grant and a decrease in HOPE VI draws of \$.7 million and a decrease of \$.7 million in the capital fund draws with the conclusion of the Bay Vista West construction. There was an increase in capital fund draws of \$0.13 million for work at Tara Heights related to the RAD conversion.

The Special Item of \$0.01 million represents a loan agreement with Kitsap Community Resources dated November 22, 1993. The loan amount of \$11,881 was to be forgiven twenty years after this date if conditions defined in the agreement were met. The loan cancelled after Kitsap Community Resources confirmed that the conditions regarding the loan were met.

The prior period adjustment of \$34,000 consists of capital fund retention draws that were setup in the prior year as a receivable from HUD but it was discovered that this item was over budget and could not be paid for by capital program funds. As a result the COCC paid for it in the current year and the prior period receivable was reversed.

Capital Asset and Long-Term Liability Activity

Capital Assets

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

- Construction-In-Progress (CIP) decreased by \$1.14 million as a result of the net effects of additional construction costs to complete the Bay Vista Development project of \$1.53 million and then placing in service the completed capital assets in the amount of \$2.67 million.
- Buildings increases of \$1.52 million are attributable to the purchase and improvements made to the Housing Authority's primary administrative office building at 600 Park Ave.
- Improvements increases of \$2.66 million were mostly caused by site improvement costs of \$2.17 million and storm water and sewer costs of \$0.38 million to complete the Bay Vista Development project.
- Equipment cost increases of \$0.13 million consist in part of \$0.06 million of network wiring and furniture for the new administrative office building. The remaining amount was for a variety of purchased equipment used by the properties owned by BHA.

The following table³ summarizes the changes in capital assets between fiscal years ended September 30, 2014 and 2013 for the Housing authority and excludes the Component Units.

	Housing Authority		Net Change
	2014	2013	
Land	\$ 12,567,081	\$ 12,407,081	\$ 160,000
Construction-In-Progress	44,212	1,188,445	(1,144,233)
Buildings	35,216,744	33,855,936	1,360,808
Improvements	9,745,993	7,085,036	2,660,957
Machinery and Equipment	4,365,591	4,244,717	120,874
Totals	61,939,621	58,781,215	3,158,406
Accumulated Depreciation	(10,161,488)	(8,919,334)	(1,242,154)
Capital Assets, Net	\$ 51,778,133	\$ 49,861,881	\$ 1,916,252

Long-Term Liability Activity

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

Total long-term liabilities decreased \$1.86 million from the prior year. A small portion of the reduction is from normal debt service payments made during the year. The majority of the decrease is due to the early retirement of the Norm Dicks Government Center mortgage in September of 2014 for \$1.6 million. On September 30, 2014, the Housing Authority used unrestricted cash reserves to defease the outstanding mortgage promissory note payable to Kitsap County Consolidated Housing Authority (KCCHA). KCCHA issued revenue bonds (Revenue Bonds Series 2003 and Series 2005) to pay the costs of acquiring land and constructing a governmental office building known as the Norm Dicks Government Center in Bremerton, Washington. A portion of the office building was sold by KCCHA to the Housing Authority pursuant to a condominium real estate purchase and sale agreement dated February 1, 2005. The Housing Authority purchased the office space by paying \$59,000 in cash and by delivering a promissory note dated February 1, 2005 in the original principal amount of \$2,000,000. The Housing Authority's obligations under the promissory note were secured by a deed of trust dated as of February 1, 2005, which encumbered the Housing Authority's interest in the property. KCCHA covenanted that it would apply all payments of principal and interest made by the Housing Authority to pay debt service on the related Series 2005 Revenue Bonds. Housing Authority cash reserves were used to purchase U.S. government securities which were placed in an irrevocable trust to provide for the Housing Authority's portion of debt service requirements on the Series 2005 Revenue Bonds on each scheduled payment date through and including July 1, 2015 and sufficient for the proportional redemption of the series 2005 revenue bonds maturing or subject to

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

mandatory sinking fund redemption on July 1, 2016 and thereafter, at a redemption price equal to 100% of par, on July 1, 2015. As a result, the \$1.61 million outstanding mortgage note payable to KCCHA for the Norm Dicks Government Center as of September 30, 2014, is considered to be defeased and the liability has been removed from the Statement of Net Position. The debt defeasance resulted in an economic gain of \$0.787 million.

The following table⁴ summarizes the changes in long-term liabilities (including current portions) between fiscal years ended September 30, 2014 and 2013 for the Housing Authority and excludes the Component Units.

	Housing Authority		Net Change
	2014	2013	
Revenue Bonds, Net	\$ 6,488,316	\$ 6,632,693	\$ (144,377)
Mortgages	442,731	2,104,504	(1,661,773)
Capital Lease Payable	-	-	-
Notes Payable	13,427,697	13,433,536	(5,839)
Other	609,458	629,555	(20,097)
Total long-term liabilities	\$ 20,968,202	\$ 22,800,288	\$ (1,832,086)

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

Economic Factors Affecting the Housing Authority

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

Federal Low-Income Housing Subsidies

HUD's funding of federal low-income housing subsidies is dependent on congressional appropriations and related budget prioritizations. Federal budget cuts enacted in prior years and expected to occur in future periods, represent the greatest on-going economic challenge

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

for the Housing Authority. The following funding impacts from such actions were experienced in 2014 and are expected for 2015:

- For 2014, funding for the Public Housing operating subsidy was 88.79% of eligibility.
- The administrative cost portion of the Section 8 Housing Choice Voucher program funding was funded at 79% of eligibility during 2014, and is expected to be funded at the same level for 2015
- The Section 8 Housing Choice Voucher program Housing Assistance Payments was funded at 99.7% of eligibility during 2014 and is expected to be funded at the same level for 2015.
- For more than ten years, Capital Fund grants provided by HUD have been insufficient to meet the capital renewal and replacement needs of Housing Authorities and no increase in funding levels are expected in the coming years.

The Housing Authority has responded to these on-going challenges of Federal budget reductions for low-income housing programs in part by securing other sources of funds, primarily through the provision of services to HUD via its PBCA operations, and by redeveloping its largest public housing site. The PBCA fee for services work provides net revenues that are unrestricted and available to fund the Housing Authority's mission of relieving the community's shortage of safe, decent, and affordable housing options. The conversion of ownership structure on certain public housing complexes (part of the large public housing redevelopment project) to ownership by partnerships under the Low Income Housing Tax Credit program brought infusions of capital funding for construction of new affordable housing units through equity contributions by the investors of those partnerships. The investors provided equity contributions to the partnership so that they could then benefit from the federal income tax credits awarded to those projects.

PBCA

The PBCA state contracts held by the Housing Authority along with substantially all other such contracts nationwide are in the process of being procured by HUD through a competitive proposal process. On March 9, 2012, HUD issued a Fiscal Year 2012 Notice of Funding Availability ("NOFA") for the PBCA program. The NOFA expressly provided that the new contracts HUD seeks to award via the NOFA are cooperative agreements rather than procurement contracts. In addition, HUD also stated that it would reject all bids under the NOFA from out-of state entities where an in-state entity bid for the same contract award exists. When HUD's 2012 NOFA was issued, numerous interested parties, including the Housing Authority, filed bid protests with the Government Accountability Office ("GAO") to contest HUD's attempt to reclassify the agreements as "cooperative agreements" to avoid procurement regulations as well as contesting the restriction of competition imposed by the in-state entity only provisions of the NOFA. On August 15, 2012 GAO sustained the timely complaints of the multiple bid protestors and recommended that HUD re-solicit the PBCA contracts in accordance with procurement regulations using a procurement instrument. HUD however ignored the GAO's decision and moved to proceed with awards under the

NOFA. HUD later voluntarily stayed the award announcements after the Housing Authority and others filed a motion for a temporary restraining order and submitted bid protests in the United States Court of Federal Claims in January 2013. On April 19, 2013, the court issued its order finding in HUD's favor, stating that the 2012 NOFA properly characterized the PBCA contracts as cooperative agreements. The plaintiffs (including the Housing Authority) appealed the decision in the United States Court of Appeals for the Federal Circuit in 2013. The US Court of Appeals for the Federal Circuit ruled on March 25, 2014 in favor of the Plaintiffs. Specifically, the Federal Circuit found that HUD violated federal law when it attempted to re-label contracts as cooperative agreements. HUD petitioned the US Court of Appeals for the Federal Circuit for a hearing or rehearing En Banc of this decision, which was denied. HUD has now filed an appeal of the decision to the United States Supreme Court, which may, or may not, take up the matter. Accordingly, this matter is pending and the outcome cannot be determined at this time. The outcome of the bid protest and the resulting ultimate award of contracts either under the NOFA or a potential re-solicitation of PBCA contracts in accordance with procurement regulations have the potential to significantly reduce the available funding for the Housing Authority from its current level of PBCA administration fee revenues earned. For the fiscal year 2014, CMS administrative fees funded 43.9% of the Housing Authority's operating expenses and CMS profits funded 23.4% of Housing Authority expenses excluding the CMS operations. If the outcome of these processes is adverse financially for the Housing Authority, operations in both the CMS department and the general Housing Authority support services areas will be reduced to levels appropriate and sustainable for the reduced level of funding provided.

Local Economy and Conditions

Local inflationary, recessionary, and in particular employment trends, can affect resident incomes and therefore the amount of rental incomes received by the Housing Authority, as well as the amount of Housing Assistance Payments paid out by the Housing Authority. Unemployment in the Bremerton-Silverdale Washington metropolitan statistical area decreased 1.0% from 6.2% in September 2013 to 5.2% in September 2014 according to the U.S. Bureau of Labor Statistics (www.bls.gov).

Contacting the Housing Authority's Financial Management

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

Housing Authority of the City of Bremerton
Statement of Net Position
September 30, 2014

	Housing Authority	Component Units
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$5,431,350	\$ 1,156,920
Investments	1,932,609	
Receivables (Net):		
HUD	556,164	
Other Governments	587,389	1,076
Tenants	83,662	4,191
Other	73,298	5,615
Interest Receivable from Component Units	72,159	
Prepaid and Other Current Assets	149,977	29,720
Restricted Assets:		
Cash and Cash Equivalents:		
Tenant Security Deposits	72,640	34,879
Replacement Reserves	444,441	61,484
Operating Reserves	186,790	782,580
Modernization and Development	1,113,405	
Rehabilitation	564,862	
Housing Assistance Payments	67,085	
Retainage	193,432	
CSS HOPE VI Endowment Trust	1,200,873	
Program Income - HOPE VI	1,039,890	
ACC Subsidy Reserve	53,952	350,716
Tenant Prepaid Rent	2,799	
Total Current Assets	13,826,777	2,427,181
Noncurrent Assets		
Restricted Cash - FSS Escrows	62,489	
Restricted Cash - Tax and Insurance Escrows		206,743
Investments - Debt Service Reserves	696,326	
Investment in Joint Venture	-	
Notes Receivable from Component Units	10,724,532	
Notes Receivable Noncurrent	114	
Capital Assets:		
Land	12,567,081	
Buildings	35,216,744	25,445,695
Improvements Other than Buildings	9,745,993	6,723,967
Equipment	4,365,591	400,131
Construction In Progress	44,212	-
Accumulated Depreciation	(10,161,488)	(1,848,213)
Total Capital Assets (Net)	51,778,133	30,721,580
Other Assets	-	339,794
Total Noncurrent Assets	63,261,594	31,268,117
TOTAL ASSETS	\$ 77,088,371	\$ 33,695,298

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

Housing Authority of the City of Bremerton
Statement of Net Position
September 30, 2014

	Housing Authority	Component Units
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 795,720	\$ 8,426
Construction Retainage Payable	195,371	-
Accrued Liabilities	214,783	27,284
Construction Loan Payable	-	-
Current Portion of Compensated Absences	28,184	
Current Portion of Long-Term Debt	177,577	
Tenant Security Deposits	72,640	34,879
Unearned Revenue	9,015	5,087
Other Current Liabilities	-	31,697
Total Current Liabilities	<u>1,493,290</u>	<u>107,373</u>
Noncurrent Liabilities		
Compensated Absences	532,110	
Long-Term Debt	20,181,167	
Notes Payable to Housing Authority		11,537,870
Accrued Interest Payable to Housing Authority		269,594
FSS Escrows	62,489	
Total Noncurrent Liabilities	<u>20,775,766</u>	<u>11,807,464</u>
TOTAL LIABILITIES	<u><u>22,269,056</u></u>	<u><u>11,914,837</u></u>
NET POSITION		
Net Investment in Capital Assets	31,419,389	19,183,710
Restricted for:		
Replacement Reserves	444,441	61,484
Operating Reserves	186,790	782,580
Escrow Reserves		206,743
Rehabilitaion	564,862	
Modernization and Development	1,113,405	
Housing Assistance Payments	67,085	
Debt Service Reserves	696,326	
CSS HOPE VI Endowment Trust	1,200,873	
Program Income - HOPE VI	1,039,890	
ACC Subsidy Reserve	53,952	350,716
Tenant Prepaid Rent	2,799	
Capital Projects		
Unrestricted	18,029,503	1,195,228
TOTAL NET POSITION	<u><u>\$ 54,819,315</u></u>	<u><u>\$ 21,780,461</u></u>

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

Housing Authority of the City of Bremerton
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended September 30, 2014

	Housing Authority	Component Units
OPERATING REVENUES		
Net Tenant Rental Revenue	\$ 2,148,589	\$ 619,516
Tenant Revenue - Other	130,373	22,791
Medicaid Revenue	776,995	
PBCA Subcontract Admin Fees	3,254,785	
Other Operating Revenue	586,515	306,327
TOTAL OPERATING REVENUES	<u>6,897,257</u>	<u>948,634</u>
OPERATING EXPENSES		
Administration	8,698,769	206,349
Tenant Services	1,392,324	45,991
Utilities	494,782	147,284
Ordinary Maintenance and Operations	1,273,899	238,833
Housing Assistance Payments	149,818,009	
Depreciation and Amortization	1,247,566	1,054,901
Other Operating Expenses	1,001,394	87,415
TOTAL OPERATING EXPENSES	<u>163,926,743</u>	<u>1,780,773</u>
OPERATING INCOME (LOSS)	<u>\$ (157,029,486)</u>	<u>\$ (832,139)</u>
NONOPERATING REVENUES (EXPENSES)		
HUD Subsidies and Grant Revenue	156,928,503	-
Other Government Grants	191,407	
Investment Income	162,585	233
Interest Expense	(518,540)	(286,952)
Gains (Losses) on Capital Asset Disposition	5,196	
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>156,769,151</u>	<u>(286,719)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND SPECIAL ITEMS	<u>(260,335)</u>	<u>(1,118,858)</u>
CAPITAL GRANT CONTRIBUTIONS	151,389	
LIMITED PARTNER CONTRIBUTIONS		11,723,634
SPECIAL ITEMS	<u>(11,882)</u>	
CHANGE IN NET POSITION	(120,828)	10,604,776
NET POSITION - BEGINNING OF YEAR	54,974,143	11,175,685
PRIOR PERIOD ADJUSTMENT	(34,000)	-
NET POSITION - BEGINNING RESTATED	<u>54,940,143</u>	<u>11,175,685</u>
NET POSITION - END OF YEAR	<u>\$ 54,819,315</u>	<u>\$ 21,780,461</u>

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

Housing Authority of the City of Bremerton
Statement of Cash Flows
For the Year Ended September 30, 2014

	Housing Authority	Component Units
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 2,276,604	\$ 642,556
Payments to Employees	(8,801,701)	(196,710)
Payments to Suppliers	(3,844,521)	(452,876)
Housing Assistance Payments	(149,818,009)	
Other Receipts (Payments)	4,363,724	265,414
NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	<u>(155,823,903)</u>	<u>258,384</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Notes and Mortgages Receivable	2,905	
HUD Operating Grants	157,234,666	4,118
Other Government Operating Grants	863,954	
Prior Period Adjustments	(34,000)	
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>158,067,525</u>	<u>4,118</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Contributions	151,389	11,723,634
Purchase of Capital Assets	(3,099,771)	(1,467,567)
Proceeds From Issuance of Capital Debt	-	785,456
Principal Payments on Capital Debt	(1,811,989)	(9,256,767)
Proceeds from Sale of Capital Assets	5,196	
Interest Payments on Capital Debt	(524,812)	(174,034)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(5,279,987)</u>	<u>1,610,722</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Sale (Purchase) of Investments	(57,181)	
Interest and Dividends	35,924	233
Payments Received on Note Receivables from Component Units	813,337	
Interest Received from Component Units	291,662	
Loans to Component Units	-	
Investment in Joint Venture	-	
NET CASH PROVIDED/(USED) BY INVESTING ACTIVITIES	<u>1,083,742</u>	<u>233</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,952,623)	1,873,457
CASH AT BEGINNING OF YEAR	12,386,631	719,865
CASH AT END OF YEAR	<u>\$ 10,434,008</u>	<u>\$ 2,593,322</u>

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

Housing Authority of the City of Bremerton
Statement of Cash Flows
For the Year Ended September 30, 2014

	Housing Authority	Component Units
RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (157,029,486)	\$ (832,139)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided/(Used):		
Depreciation Expense & Amortization	1,247,566	1,054,901
Changes in Assets and Liabilities:		
Decrease (Increase) in Receivables	51,528	6,834
Decrease (Increase) in Prepaid Expenses	(12,416)	36,017
Increase (Decrease) in Accounts Payable	(60,464)	(21,461)
Increase (Decrease) in Other Payables	(20,631)	14,232
Total Adjustments	<u>1,205,583</u>	<u>1,090,523</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ (155,823,903)</u>	<u>\$ 258,384</u>

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

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

HOUSING AUTHORITY OF THE CITY OF BREMERTON

Notes to Financial Statements Year Ended September 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

During the fiscal year ended September 30, 2014, three new accounting standards (Statements No. 65 through No. 67) issued by the GASB became effective and were implemented by the Housing Authority where necessary or applicable. These statements have not had a material impact on the Housing Authority's financial statements.

The following is a summary of the most significant policies:

a. Reporting Entity

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

As required by generally accepted accounting principles, management has considered all potential component units in defining the reporting entity. The Housing Authority is not financially dependent on the City of Bremerton and is not a component unit of the City.

Discretely presented component units

The Housing Authority has two component units, which are discretely presented and consolidated into the "Component Units" column in the financial statements. The Housing Authority is the 0.01% owner and the general partner in these two component units. The limited partnership/investor member interests are held by third parties unrelated to the Housing Authority. These component units are fiscally dependent on the Housing Authority according to the terms of the partnership/operating agreements. These agreements include a legal obligation for the Housing Authority to fund operating deficits up to specified limits.

The two component units discussed below are included in the Housing Authority's reporting entity since they are fiscally dependent on the Housing Authority and the Housing Authority has financial benefits and potential financial burdens from these entities. These component units do not provide services exclusively or almost exclusively to the benefit of the Housing Authority. In addition, while there is fiscal dependency, the Housing Authority is not responsible or expected to repay the debt of these component units.

In 2010, the Housing Authority became the General Partner of a limited liability limited partnership, Bay Vista South, LLLP. In 2011, the Housing Authority became the General

Partner of a limited liability limited partnership, Bay Vista West LLLP. These two partnerships were established to enable participation in the Low Income Housing Tax Credit program authorized under Section 42 of the Internal Revenue Code and administered by the Washington State Housing Finance Commission. The tax credits allocated under this program provided for a major source of funding for the new construction of both Bay Vista South and Bay Vista West. The units constructed are owned by the partnership and managed by Cascade Management, Inc., a subcontractor for the partnership. Construction of Bay Vista South was completed during fiscal year 2011. Construction of Bay Vista West was completed during fiscal year 2012.

The two component units have a December 31 year-end. The financial statements of the component units are audited separately and presented as of December 31, 2013. The audited financial statements of the discretely presented component units are prepared under standards promulgated by the Financial Accounting Standards Board (FASB), not GASB standards. Copies of these audited statements can be obtained by contacting the Housing Authority. Condensed financial information for each of the component units is provided in Note 10.

Blended component unit

The Housing Authority has one component unit, which is blended. Although it is a legally separate 501(c)(3) non-profit corporation, CMS Contract Management Services (CMS) component unit of the Housing Authority is reported as if it was part of the Housing Authority. CMS is governed by a three member board consisting of officers (Directors and the Executive Director) of the Housing Authority. CMS's sole purpose is to make application to serve as a Performance Based Contract Administrator (PBCA); to enter into contracts in multiple states for PBCA services as may be awarded from such application; and to administer the services required under such contracts for the benefit of the Housing Authority to facilitate the functions of the Housing Authority in support and development of safe and affordable low-income housing. Because the governing body of CMS is appointed by the Housing Authority and CMS's sole purpose is to service and benefit the Housing Authority, its financial statements are blended with those of the Housing Authority.

CMS has a December 31st year-end. The financial statements of this blended component unit are not audited separately. The Housing Authority established CMS in April 2011; however, as of the end of the fiscal year 2014 no contracts have been awarded or executed by CMS, consequently there is no financial activity to present for this component unit.

b. Basis of Accounting and Presentation

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

The Housing Authority has elected to report as a single-enterprise proprietary fund and uses the accrual basis of accounting. The measurement focus is on the flow of economic resources. The proprietary fund is composed of a number of programs. These programs (both federally and locally financed housing programs) are designed to provide quality affordable housing opportunities and increase the self-sufficiency of those housed. The primary programs are described as follows:

Low Income Public Housing – The Authority owns, operates and maintains 3 projects (The Summit at Bay Vista, Shadow Creek, and Winfield) with 84 units of public housing. The Housing Authority also is the General Partner in the component units listed above currently consisting of 137 units of which 95 are public housing units. The public housing program offers income based rental assistance (subsidy) for elderly, disabled and single families who qualify under the low-income guidelines. Revenues for the projects consist of rents and other fees collected from tenants and an operating subsidy received from HUD. Typically residents pay 30% of their adjusted income in rents. The Housing Authority's subsidy is received under an Annual Contributions Contract to offset the cost of operating the units. HUD also provides funds to maintain and improve the public housing projects under the Capital Fund Program. Substantially all additions and improvements to land, structures and equipment of public housing are accomplished through these capital grant funds.

Tenant-Based Housing Choice Vouchers – The Housing Authority provides rental assistance payments to approximately 1,521 households who live in private rental housing. Funded by HUD pursuant to Section 8 of the U.S. Housing Act, this program allows participating families and individuals to choose their own housing with the use of a housing voucher. Generally the participant pays between 30% and 40% of their monthly income towards rent and the Housing Authority pays the remainder. The Housing Authority targets this program to the elderly, disabled households and families that are homeless or at the risk of homelessness. The Housing Authority also administers 309 vouchers for Housing Kitsap (Formerly known as Kitsap County Consolidated Housing Authority).

Project-Based Section 8 and Multifamily Housing – Under these programs, subsidies attach to qualifying housing units rather than to qualifying individuals or families. The Housing Authority owns the Firs Apartments, which contains 60 senior/disabled units that are subsidized under the New Construction/Substantial Rehabilitation Section 8 program. The Housing Authority also owns the Tamarack Apartments for which 72 units are New Construction/Substantial Rehabilitation Section 8 units, 10 are project based Section 8 units, and one unit is a manager's unit. The Housing Authority also owns Bay Vista Commons for which 45 of the 72 units are subsidized as project based Section 8 and the Summit at Bay Vista which has 7 project based Section 8 units. The Housing Authority has 17 project based Section 8 units at the Shadow Creek Apartments. During the fiscal year the 21 units at Tara Heights Apartments were all converted under HUD's Rental Assistance Demonstration (RAD) program to project based Section 8 units from public housing. The Housing Authority also is the General Partner in the component units listed above currently consisting of 137 completed units of which 23 are project based Section 8 units.

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

Performance-Based Contract Administration – In December 2000 the Housing Authority was first awarded the HUD contract to become the performance-based contract administrator (PBCA) for Washington State. Under this contract the Housing Authority is responsible for calculating and paying project-based Section 8 subsidies; processing Housing Assistance Payment (HAP) contract renewals, terminations, and expirations; conducting annual Management and Occupancy Reviews; responding to resident's health and safety issues; following up on HUD's Real Estate Assessment Center (REAC) physical inspection findings; and monitoring each property owner's HAP contract compliance. In May of 2004, the Housing Authority subcontracted with the PBCA of Hawaii to assume the PBCA services for the State of Hawaii. In February 2005 HUD also awarded the Housing Authority with the PBCA contracts for the States of Utah and Nebraska. In October of 2009 the Housing Authority contracted with the PBCA LA LOMOD to perform specified PBCA services for Southern California. The LA LOMOD contract ended on February 28, 2014. The Housing Authority processed subsidy payments under this program of 72,454 units for the first 5 months and then with the conclusion of the LA LOMOD contract 27,428 units for the last 7 months of the year.

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

c. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Housing Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. This classification includes undeposited receipts, petty cash, cash on deposit in private bank accounts, money market accounts and cash on deposit with fiscal agents.

d. Investments

Investments are stated at fair market value. Fair market value is determined based on quoted market prices for the investments. The Housing Authority invests excess cash not needed for operations in certificates of deposit, the Washington state Local Government Investment Pool, or direct obligations of the U.S. Government pursuant to requirements of Washington State law in Chapter 39.58 RCW and HUD imposed investment restrictions. At times, the Housing Authority also maintains investments held by trustees. Investments held by trustees are restricted for specific uses including capital additions and improvements and debt service. See Note 3.

e. Receivables

Accounts receivable consist primarily of amounts due from HUD and other governments, from tenants for rent and other charges, notes receivable for repayment agreements, and notes and interest receivable from tax-credit partnerships for development funds loaned to them. A review of uncollectible accounts is made monthly and, subject to approval of the Board of Commissioners, expensed at the end of each month. Annually, the allowances for uncollectible accounts receivable is estimated and adjusted based on historical trends and periodic aging of accounts receivable balances.

f. Prepaid Expenses

Prepaid expenses represent amounts paid in advance of the period which the expenses benefit. Prepaid expenses consist primarily of the current portion of insurance premiums, as well as annual contracts for software and hardware needs.

g. Capital Assets

Major expenses for capital assets, including capital leases and major repairs that increase useful lives, are capitalized. Maintenance, repairs, and minor renewals are accounted for as expenses when incurred. Capital assets are defined by the Housing Authority as assets with an initial individual cost of more than \$2,000 and estimated useful life in excess of 1 year. Capital assets are recorded at cost where the historical cost is known and at estimated historical cost where no records exist. Donations are recorded at fair market value at the time of donation or the appraised value.

Capital project costs associated with the acquisition, development and construction of a real estate development project, including indirect costs and interest during the period of construction, are capitalized as a cost of the project. There was no capitalized interest during the year ending September 30, 2014.

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

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

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

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

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

See Note 4 for the capital asset components and balances at September 30, 2014 and activity for the fiscal year.

h. Restricted Assets

Certain cash deposits, investments, and receivables are classified as restricted assets if their use for general operating purposes is legally or contractually prohibited and such use limitations are externally imposed by creditors, contractual or funding source agreements, or legislation. The assets held in these accounts are restricted for specific uses, including capital additions and improvements, housing assistance payments, tenant security deposits, debt service, Family Self-Sufficiency ("FSS") escrows, and other special reserve requirements.

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

	Housing Authority	Component Units
Tenant Security Deposits		
Summit at Bay Vista	\$ 20,045	
The Firs Apartments	14,157	
Tara Heights Apartments	4,021	
Winfield Apartments	5,437	
Shadow Creek Apartments	9,130	
Tamarack Apartments	19,850	
Total Tenant Security Deposits	<u>72,640</u>	\$ 34,879
Reserves		
The Firs Apts - Reserve for Replacement	20,991	
Summit - Reserve for Replacement	196,704	
Shadow Creek - Reserve for Replacement	17,285	
Tamarack Apts - Reserve for Replacement	163,140	
Tara Heights Apts - Reserve for Replacement	46,321	
Summit - Operating Reserve	186,790	
Summit - ACC Subsidy Reserve	53,952	
Total Reserves	<u>685,183</u>	
Housing Assistance Payments		
Contract Administration HAP	200	
Housing Choice Voucher HAP	66,885	
Total Housing Assistance Payments	<u>67,085</u>	
FSS Escrows		
Housing Choice Voucher Program	49,164	
Housing Kitsap FSS Escrows	13,325	
Total FSS Escrows	<u>62,489</u>	
CSS Endowment Trust	1,200,873	
Program Income - HOPE VI	1,039,890	
Modernization and Development	1,113,405	
Tara Heights RAD Rehabilitation	564,862	
Tax-Credit Partnership Required Reserves		1,401,523
Tenant Prepaid Rent	2,799	
Construction Retainage	193,432	
Total Restricted Cash	<u>\$ 5,002,658</u>	<u>\$ 1,436,402</u>

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

Debt Service Reserves	
4040 Building Escrow	\$ 10,000
Bay Vista Commons Escrow	686,326
Total Debt Service Reserves	<u>696,326</u>
Total Restricted Investments	<u>\$ 696,326</u>

i. Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation and sick leave. The Housing Authority records unpaid leave for compensated absences as an expense and liability when incurred and adjusts the liability and expense at year-end to meet the requirements of GASB Statement No. 16, *Accounting for Compensated Absences*. The liability for compensated absences reported in the financial statements consists of unused, accumulated vacation balances and vested sick leave balances adjusted to the maximum amount allowed as a termination payment.

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

j. Unearned Revenue

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

k. Tax Exemption

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

l. Operating Revenues/Expenses

The Housing Authority reports operating revenues as defined in GASBS 9. Operating revenues include fees and charges from providing services in connection with the ongoing operations of providing low income housing. Operating expenses are those expenses that are directly incurred in the operation of providing low income housing, including depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating

revenues and expenses. 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. Revenue from capital grants is classified as capital grant contributions and is presented as cash flow from capital and related financing activities in the statement of cash flows.

m. Use of Estimates

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

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

State laws and certain operating and funding agreements require that the Housing Authority maintain occupancy in housing projects at specified numbers of low-income families. In addition, debt agreements may require maintenance of debt service coverage ratios and reserves. There have been no material violations of finance-related legal or contractual provisions.

NOTE 3 – DEPOSITS AND INVESTMENTS

a. Deposits

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

b. Investments

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

The Debt Service Reserve Escrows for the Bay Vista Commons project are invested by the trustee (U.S. Bank) in U.S. Treasury Obligations Money Market Funds. This is a sweep account arrangement used by the trustee to service the bonded debt as it comes due. As the Housing Authority does not have access to withdraw these funds and they are to be used by the trustee (per the debt trust agreements) to retire debt, they are classified as restricted investments in the financial statements.

The LGIP is operated by the State treasurer and is not registered with the SEC as an investment company. The LGIP is operated in a manner consistent with Rule 2a-7 money market funds, as recognized by the Securities and Exchange Commission. Rule 2a-7 funds are limited to high quality obligations with limited maximum and average maturities in order to minimize both market and credit risk. Government pools that adhere to this SEC rule can report their investments at amortized costs if the remaining maturities of the debt securities are 90 days or less. As of June 30, 2014, the pool had average weighted average maturities of 39 days and therefore is reported at amortized cost.

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

As of the year ended September 30, 2014, the Housing Authority had the following investments:

Investment Type	Value
Washington State Local Government Investment Pool	\$ 1,932,609
U.S. Treasury Money Market	686,326
Total	\$ 2,618,935

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Housing Authority's policy for reducing its exposure to credit risk is to comply with HUD authorized investment instruments and Washington State law which limit investments to low risk investment instruments. In line with Washington State laws, the Local Government Investment Pool (LGIP) investment policy limits the types of securities available for investment to obligations of the U.S. government or its agencies, obligations of government-sponsored corporations, banker's acceptances, commercial paper, deposits with qualified public depositories, or obligations of the state of Washington or its political subdivisions. Banker's acceptances and commercial paper must be rated with the highest short-term credit rating of any two Nationally Recognized Statistical Rating Organizations (NRSROs) at the time of purchase. The aggregate total of commercial paper and banker's acceptances is limited to 35% of the portfolio. As of September 30, 2014, the LGIP did not have any banker's acceptances, commercial paper, or municipal bonds in its portfolio. The LGIP is unrated.

The Debt Service Reserve Escrows for the Bay Vista Commons project are invested by the trustee in U.S. Treasury Obligations Money Market Funds which is rated Aaa-mf by Moody's and AAAM by Standard & Poor's.

Custodial Credit Risk

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

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Housing Authority's investment policy limits the maximum maturity of an investment to not greater than three years as a means of limiting its exposure to fair value losses arising from varying interest rates. All investments held by the Housing Authority as of September 30, 2014 have maturities less than one year.

Concentration Risk

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

c. Component Unit Deposits

As of December 31, 2013, the component units' carrying amount of deposits was \$2,593,322. These deposits are entirely covered by Federal Depository Insurance Corporation (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC), established under Chapter 39.58 of the Revised Code of Washington. Deposits that are in excess of the FDIC insured amount are secured by collateral through the Washington State Public Deposit Protection Act, which was adopted in 1969. Under the Washington State Public Deposit Protection Act, each public depository is required to contribute to a common pool of pledged securities. In the event of default of one bank, all participating banks in Washington State will collectively assure that no loss of funds will be suffered by any public treasurer or custodian of public funds.

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2014 was as follows:

	10/1/2013	Additions	Transfers	Disposals	9/30/2014
Capital assets not being depreciated					
Land	\$ 12,407,081	\$ 160,000	\$ -	\$ -	\$ 12,567,081
Construction-In-Progress	1,188,445	1,527,519	(2,671,752)	-	44,212
Total capital assets not being depreciated	13,595,526	1,687,519	(2,671,752)	-	12,611,293
Capital assets being depreciated					
Buildings	33,855,936	1,296,191	64,617	-	35,216,744
Improvements other than Buildings	7,085,036	86,140	2,574,817	-	9,745,993
Equipment	4,244,717	93,971	32,318	(5,415)	4,365,591
Total capital assets being depreciated	45,185,689	1,476,302	2,671,752	(5,415)	49,328,328
Less accumulated depreciation for					
Buildings	(5,374,788)	(907,581)		-	(6,282,369)
Improvements other than Buildings	(863,075)	(155,345)		-	(1,018,420)
Equipment	(2,681,471)	(179,228)		-	(2,860,699)
Total accumulated depreciation	(8,919,334)	(1,242,154)	-	-	(10,161,488)
Total capital assets being depreciated, net	36,266,355	234,148	2,671,752	(5,415)	39,166,840
TOTAL CAPITAL ASSETS, NET	\$ 49,861,881	\$ 1,921,667	\$ -	\$ (5,415)	\$ 51,778,133

There was no capitalized interest during the year ending September 30, 2014.

The \$3.164 million of additions to capital assets included approximately \$1.43 million attributable to the completion of the Bay Vista Development project, \$1.48 million for the purchase and renovation of the new 600 Park Ave administration building, \$0.05 million to remodel the 2nd floor of the Norm Dicks Government Center building, and the remaining amounts were various additions at other BHA owned properties.

The \$2.672 million of transfers consists of construction projects completed and placed in service during the year. Of that amount approximately \$2.578 million was to record the completion of the Bay Vista Development project, \$.078 million was rehabilitation work completed at the Tara Heights property as required by the HUD approved conversion of that property from public housing to project based Section 8 under the Rental Assistance Demonstration (RAD) program, and the remaining amount is for improvements made at the Winfield Apartments.

The \$5,415 in capital asset dispositions consist of a write off of the side track storage system which is obsolete and no longer in use.

Capital asset activity for the Component Units for the year ended December 31, 2013 was as follows:

Component Units					
	Balance 1/1/2013	Additions	Disposals	Transfers	Balance 12/31/2013
Capital assets not being depreciated					
Construction-In-Progress	\$ -	\$ -	\$ -	\$ -	\$ -
Total capital assets not being depreciated	-	-	-	-	-
Capital assets being depreciated					
Buildings	25,445,695	-		-	25,445,695
Improvements other than Buildings	6,711,288	12,679		-	6,723,967
Equipment	400,131	-			400,131
Total capital assets being depreciated	32,557,114	12,679	-	-	32,569,793
Less accumulated depreciation	(859,374)	(988,839)			(1,848,213)
Total capital assets being depreciated,	31,697,740	(976,160)	-	-	30,721,580
TOTAL CAPITAL ASSETS, NET	\$ 31,697,740	\$ (976,160)	\$ -	\$ -	\$ 30,721,580

There was no capitalized interest during the year ending December 31, 2013.

NOTE 5 – CONSTRUCTION IN PROGRESS

Construction-In-Progress represents expenses to date on projects for which authorizations total \$150,000. Construction-In-Progress is composed of the following:

	Project Authorization	Expended to Date	Committed	Required Future Financing
Historical Display Project	\$ 50,000	\$ 22,055	\$ 27,945	-
ADA Unit Add & Other Rehab Work at Tara Heights	100,000	22,157	77,843	-
Totals	<u>\$ 150,000</u>	<u>\$ 44,212</u>	<u>\$ 105,788</u>	<u>\$ -</u>
Capital Assets Placed in Service		-		
TOTAL CONSTRUCTION-IN-PROGRESS, NET		<u>\$ 44,212</u>		

There was no Construction-In-Progress for the Component Units as of December 31, 2013.

NOTE 6 – LEASE COMMITMENTS

a. Operating Leases

The Housing Authority is committed under various leases for \$131,193. These leases are considered operating leases for accounting purposes. Lease expenses for the year ended September 30, 2014 amounted to \$401,531. Future minimum rental commitments for these leases are as follows:

<u>Fiscal Year Ending</u>	<u>Amount</u>
2015	131,193
Total	<u>\$ 131,193</u>

The lease commitment of \$131,193 is for the administrative building space lease at 4040 Wheaton Way where the Housing Authority operations were previously located. This is a five year lease that ends March 1, 2015. This lease is no longer required and will not be renewed. The lease of office space on the 5th floor of the Norm Dicks Government Center, which housed a portion of the Contract Management Services (CMS) operations, expired and was not renewed on June 2014. Prior to the conclusion of the lease of the Norm Dicks Government Center space, \$90,094 thousand was paid in FY 2014.

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

The Bay Vista South LLLP partnership built 68 Low Income Housing Tax Credit units in a total of 19 buildings on property leased from the Housing Authority. The ground lease with Bay Vista South LLLP was established on October 28, 2010 and expires on December 31, 2109 unless terminated earlier in accordance with the terms of the lease agreement. At the end of the lease the property reverts back to the Housing Authority. All of the lease payments (\$1 per year) have been paid in advance. The cost of the land that is being leased is \$1,873,652 with no depreciation. The cost of the utilities and site improvements on the leased area is \$1,200,964 and accumulated depreciation is \$144,321. The net carrying cost after depreciation for the leased land with improvements is \$2,930,295.

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

NOTE 7 – NONCURRENT ASSETS

Notes Receivable

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

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

Schedule of Notes Receivable Balances				
Description and Terms	Rate	Non-Current Notes Receivable	Current Notes Receivable	Total
BHA First Loan (HOPE VI) to Bay Vista West LLLP Principal amount not to exceed \$4,547,746 Payments subject to residual receipts Balance due August 26, 2066	2.00%	\$ 2,987,152	-	\$ 2,987,152
BHA Second Loan (CFP) to Bay Vista West LLLP Principal amount not to exceed \$1,910,435 Payments subject to residual receipts Balance due August 26, 2066	2.00%	1,910,435	-	1,910,435
BHA Third Loan (AHP) to Bay Vista West LLLP Principal amount not to exceed \$690,000 Payments subject to residual receipts Balance due August 26, 2066	2.00%	690,000		690,000
BHA First Loan (PBCA) to Bay Vista South LLLP Principal amount not to exceed \$235,274 Payments subject to residual receipts Balance due October 28, 2065	0.00%	235,274	-	235,274
BHA Second Loan (HOPE VI) to Bay Vista South LLLP Principal amount not to exceed \$5,412,034 Payments subject to residual receipts Balance due October 28, 2065	0.00%	4,901,671		4,901,671
Promissory Note with Kitsap Community Resources Forgiveable loan if income restrictions are complied with Balance due November 1, 2014	8.50%	-	17,119	17,119
Signed Repayment Agreements with Tenants	0.00%	114	4,168	4,282
Totals		\$ 10,724,646	\$ 21,287	\$ 10,745,933

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

NOTE 8 – LONG-TERM DEBT AND LIABILITIES

Housing Authority

a. Revenue Bonds:

The Housing Authority of the City of Bremerton previously issued revenue bonds to finance the construction of the Bay Vista Commons Assisted Living Community facility. The revenue bonds are being repaid by the Housing Authority's revenues.

The revenue bonds/notes outstanding as of September 30, 2014 are as follows:

Purpose	Original Amount	Issue Date	Final Maturity	Interest Rate	Amount Outstanding
Bay Vista Commons	7,540,000	12/28/2005	5/25/2037	4.0 - 5.5%	6,578,333
Total	\$ 7,540,000				\$ 6,578,333

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

Year Ending (September 30)	Principal	Interest
2015	156,667	356,373
2016	163,333	348,639
2017	173,334	339,982
2018	183,333	330,795
2019	193,333	321,078
2020 - 2024	1,123,333	1,441,003
2025 - 2029	1,451,667	1,108,385
2030 - 2034	1,898,333	663,758
2035 - 2039	1,235,000	129,250
Totals	\$ 6,578,333	\$ 5,039,263

There is \$686,326 in restricted assets of the Housing Authority related to the Bay Vista Commons bond issuance. These represent sinking funds and reserve requirements as contained in the bond indentures. There are a number of other limitations and restrictions contained in the various bond indentures. The Housing Authority is in compliance with all significant limitations and restrictions.

The Bay Vista Commons bonds (also known as 2005 Firs II Project bonds) are secured by a pledge of Net Operating Income from the project as well as available investment earnings and unrestricted general revenues of the Housing Authority. The Housing Authority has pledged future project revenues, less insurance proceeds, condemnation awards, interest earnings on the foregoing amounts, and operation and maintenance costs. Proceeds from the bonds provided financing for the construction of the Bay Vista Commons Assisted Living Community facility. The bonds are payable from the Net Operating Income of the facility and are payable through May 2037. Annual principal and interest payments on the bonds are expected to require less than 91% of Net Operating Income. The total principal and interest remaining to be paid on the bonds is \$11,617,596. Principal and interest paid for the current year were \$148,333 and \$363,274, respectively.

b. Real Estate Mortgages

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

The Housing Authority has a mortgage loan obligation for the Shadow Creek Apartments which was part of the financing of this property when it was acquired in October 2012.

On September 30, 2014, the Housing Authority used cash reserves to defease the outstanding mortgage promissory note payable to Kitsap County Consolidated Housing Authority (KCCHA). KCCHA issued revenue bonds (Revenue Bonds Series 2003 and Series 2005) to pay the costs of acquiring land and constructing a governmental office building known as the Norm Dicks Government Center in Bremerton, Washington. A portion of the office building was sold by KCCHA to the Housing Authority pursuant to a condominium real estate purchase and sale agreement dated February 1, 2005. The Housing Authority purchased the office space by paying \$59,000 in cash and by delivering a promissory note dated February 1, 2005 in the original principal amount of \$2,000,000. The Housing Authority's obligations under the promissory note were secured by a deed of trust dated as of February 1, 2005, which encumbered the Housing Authority's interest in the property. KCCHA covenanted that it would apply all payments of principal and interest made by the Housing Authority to pay debt service on the related Series 2005 Revenue Bonds. Housing Authority cash reserves were used to purchase U.S. government securities which were placed in an irrevocable trust to provide for the Housing Authority's portion of debt service requirements on the Series 2005 Revenue Bonds on each scheduled payment date through and including July 1, 2015 and sufficient for the proportional redemption of the series 2005 revenue bonds maturing or subject to mandatory sinking fund redemption on July 1, 2016 and thereafter, at a redemption price equal to 100% of par, on July 1, 2015. As a result, the \$1.61 million outstanding mortgage note payable to KCCHA for the Norm Dicks Government Center as of September 30, 2014, is considered to be defeased and the liability has been removed from the Statement of Net Position. The debt defeasance resulted in an economic gain of \$0.787 million.

The Real Estate Mortgages outstanding as of September 30, 2014 were:

Purpose	Original Amount	Issue Date	Final Maturity	Interest Rate	Amount Outstanding
Shadow Creek Apartments	\$ 471,551	10/15/2012	10/30/2037	5.00%	\$ 442,731
Total	\$ 471,551				\$ 442,731

Mortgage debt service requirements to maturity are as follows:

Mortgages

Year Ending (September 30)	Principal	Interest
2015	15,013	22,095
2016	15,732	21,376
2017	16,608	20,500
2018	17,470	19,638
2019	18,377	18,732
2020-2024	107,116	78,426
2025-2029	252,415	33,442
Totals	\$ 442,731	\$ 214,209

c. Notes Payable

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

The interest rate on the HTF loan is 1.00%. This loan is secured by a Deed of Trust on The Summit at Bay Vista. This loan repayment, both principal and interest, is deferred until June 29, 2013. The final amount drawn down on this loan was \$271,068. Beginning June 30, 2013 a payment of principal and interest in the amount of \$8,861.06 was due and then \$8,501.12 is due and payable each June 30th thereafter through June 30, 2051. The loan matures June 30, 2051. The principal and interest have been accrued for the last quarter of FY 2014 for a total of \$1,471 in principal and \$873 in interest, respectively.

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

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

The Notes Payable outstanding as of September 30, 2014 was:

Purpose	Original Amount	Issue Date	Final Maturity	Interest Rate	Amount Outstanding
Tax Credit Assistance Program	\$12,844,510	2/4/2011	2/3/2050	0.00%	\$ 12,477,337
AHP Bank of America	690,000	8/27/2012	9/13/2027	0.00%	\$ 690,000
Housing Trust Fund	287,444	12/14/2009	6/30/2051	1.00%	260,360
Total	\$13,821,954				\$ 13,427,697

Notes payable debt service requirements to maturity as follows:

Notes Payable

Year Ending (September 30)	Principal	Interest
2015	5,898	2,603
2016	5,957	2,545
2017	6,016	2,485
2018	6,076	2,425
2019	6,137	2,364
2020-2024	31,618	10,888
2025-2029	723,230	9,275
2030-2034	34,926	7,580
2035-2039	36,707	5,798
2040-2044	38,580	3,926
2045-2049	40,548	1,958
2050-2054	12,492,004	210
Totals	\$ 13,427,697	\$ 52,057

d. Changes in Long Term Liabilities

During the year ended September 30, 2014, the following changes occurred in long-term liabilities:

Debt Issue	Beginning Balance 10/1/2013	Additions	Reductions	Ending Balance 9/30/2014	Due Within One Year
Revenue Bonds	\$ 6,726,667	\$ -	\$ (148,334)	\$ 6,578,333	\$ 156,667
Less: Discount on Bay Vista Commons Bonds	(93,974)	-	3,957	(90,017)	
Total Bonds Payable	6,632,693	-	(144,377)	6,488,316	156,667
Mortgages	2,104,504	-	(1,661,773)	442,731	15,013
Notes Payable	13,433,536	-	(5,839)	13,427,697	5,897
Compensated Absences	607,913	-	(75,803)	532,110	28,184
FSS Escrows	21,642	27,522	-	49,164	
Total long-term liabilities	\$ 22,800,288	\$ 27,522	\$ (1,887,792)	\$ 20,940,018	\$ 205,761

e. Arbitrage Compliance

The Housing Authority has one debt issuance, the Bay Vista Commons bonds (also known as 2005 Firs II Project bonds), that are tax-exempt bonds and subject to federal Arbitrage Compliance requirements. During the fiscal year the Housing Authority was in compliance with all federal Arbitrage Compliance for this debt issuance.

Component Units

a. Notes Payable

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

The Notes Payable outstanding as of December 31, 2013 was:

Purpose	Original Amount	Issue Date	Final Maturity	Interest Rate	Amount Outstanding
BHA Second Loan (HOPE VI) Bay Vista South LLLP	\$ 5,279,620	10/28/2010	10/28/2065	0.00%	\$ 4,951,671
BHA First Loan (PBCA) Bay Vista South LLLP	235,274	10/28/2010	10/28/2065	0.00%	235,274
BHA First Loan (HOPE VI) Bay Vista West LLLP	4,440,490	8/26/2011	8/26/2066	2.00%	3,750,490
BHA Second Loan (CFP) Bay Vista West LLLP	1,910,435	8/26/2011	8/26/2066	2.00%	1,910,435
AHP Loan Bay Vista West LLLP	690,000	8/27/2012	9/13/2027	2.00%	690,000
Total	\$ 12,555,819				\$ 11,537,870

Notes payable debt service requirements to maturity as follows:

Year Ending December 31	Principal	Interest
2014	-	133,710
2015	-	132,410
2016	-	135,059
2017	-	137,760
2018	-	140,515
2019-2023	-	745,871
2024-2028	-	800,213
2029-2033	-	813,084
2034-2038	-	897,710
2039-2043	-	991,144
2044-2048	-	1,094,304
2049-2053	-	1,208,200
2054-2058	-	1,333,950
2059-2063	-	1,472,788
2064-2068	11,537,870	847,904
Totals	\$ 11,537,870	\$ 10,884,622

b. Changes in Long Term Liabilities

During the year ended December 31, 2013, the following changes occurred in long-term liabilities for the Component Units:

Debt Issue	Beginning Balance 1/1/2013	Additions	Reductions	Ending Balance 12/31/2013	Due Within One Year
BHA Second Loan (HOPE VI) Bay Vista South LLLP	\$ 4,951,671	\$ -	\$ -	\$ 4,951,671	\$ -
BHA First Loan (PBCA) Bay Vista South LLLP	235,274	-		235,274	\$ -
BHA First Loan (HOPE VI) Bay Vista West LLLP	4,359,190	81,300	(690,000)	3,750,490	\$ -
BHA Second Loan (CFP) Bay Vista West LLLP	1,814,979	95,456		1,910,435	
Construction Loan Bay Vista West	8,648,490	-	(8,648,490)	-	\$ -
AHP Loan Bay Vista West LLLP	-	690,000	-	690,000	
Total long-term liabilities	\$ 20,009,604	\$ 866,756	\$ (9,338,490)	\$ 11,537,870	\$ -

NOTE 9 – PENSION PLAN

Substantially all of the Housing Authority's full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that

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

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

Plan Description

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

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

PERS members who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 and by either, February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercise an option to transfer their membership to Plan 3. PERS members joining the system on or after March 1, 2002 for state and higher education employees, or September 1, 2002 for local government employees have the irrevocable option of choosing membership in either PERS Plan 2 or PERS Plan 3. The option must be exercised within 90 days of employment. An employee is reported in Plan 2 until a choice is made. Employees who fail to choose within 90 days default to PERS Plan 3. Notwithstanding, PERS Plan 2 and Plan 3 members may opt out of plan membership if terminally ill, with less than five years to live.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Beneficiaries of a PERS Plan 2 or Plan 3 member with ten years of service who is killed in the course of employment receive retirement benefits without actuarial reduction, if the member was

not at normal retirement age at death. This provision applies to any member killed in the course of employment, on or after June 10, 2004, if found eligible by the Department of Labor and Industries.

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

There are 1,319 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2013:

Retirees and Beneficiaries Receiving Benefits	85,328
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	31,047
Active Plan Members Vested	107,073
Active Plan Members Non-vested	43,633
Total	267,081

Funding Policy

Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent for state agencies and local government unit employees, and at 7.5 percent for state government elected officials. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. All employers are required to contribute at the level established by the Legislature. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan and member contributions finance the defined contribution portion. The Director of the Department of Retirement Systems sets Plan 3 employee contribution rates. Six rate options are available ranging from 5 percent to 15 percent; two of the options are graduated rates dependent on the employee's age. The methods used to determine the contribution requirements are established under state statute in accordance with Chapters 41.40 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payroll, as of September 30, 2014, are as follows:

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

* The employer rates include the employer administrative expense fee currently set at 0.16%.

** The employer rate for state elected officials is 13.73% for Plan 1 and 9.21% for Plan 2 and Plan 3.

*** Plan 3 defined benefit portion only.

**** The employee rate for state elected officials is 7.50% for Plan 1 and 4.92% for Plan 2.

***** Variable from 5.0% minimum to 15.0% maximum based on rate selected by the PERS 3 member.

Both the Housing Authority of the City of Bremerton and the employees made the required contributions. The Housing Authority's required contributions for the years ending September 30 were as follows:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
2014	\$ 5,897	\$ 288,074	\$ 124,743
2013	\$ 4,841	\$ 278,799	\$ 123,961
2012	\$ 4,364	\$ 272,948	\$ 123,642

NOTE 10 – COMPONENT UNITS

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

As of September 30, 2014, the Housing Authority's fiscal year end, the balance sheet date reported for all component units was December 31, 2013 which is the fiscal year end for these two component units.

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

	Bay Vista South	Bay Vista West
CONDENSED STATEMENTS OF NET POSITION		
Assets		
Current Assets	\$ 717,135	\$ 1,916,789
Restricted Assets	-	-
Capital Assets	13,812,501	16,909,079
Other Assets	126,413	213,381
Total Assets	14,656,049	19,039,249
Liabilities		
Current Liabilities	57,370	50,003
Current Due to Housing Authority	-	-
Noncurrent Due to Housing Authority	5,186,945	6,620,519
Total Liabilities	5,244,315	6,670,522
Net Position		
Net Investment in Capital Assets		
Related Debt	8,625,556	10,558,154
Restricted	627,765	773,758
Unrestricted	158,413	1,036,815
Total Net Position	\$ 9,411,734	\$ 12,368,727

	Bay Vista South	Bay Vista West
CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION		
Tenant Revenues	\$ 335,928	\$ 306,379
Other Operating Revenue	\$ 128,884	\$ 177,443
Depreciation Expense	(490,716)	(564,185)
Other Operating Expenses	(361,815)	(364,057)
Total Operating Income (Loss)	(387,719)	(444,420)
Nonoperating Revenue (Expense)		
Investment Income		233
Interest Expense	-	(286,952)
Capital Contributions	-	11,723,634
Increase (Decrease) in Net Assets	(387,719)	10,992,495
Net Position, Beginning of Year	9,799,453	1,376,232
Net Position, End of Year	\$ 9,411,734	\$ 12,368,727

	Bay Vista South	Bay Vista West
CONDENSED STATEMENTS OF CASH FLOWS		
Net Cash Provided (Used) by		
Operating Activities	\$ 104,300	\$ 154,084
Noncapital Financing Activities	(1,444)	5,562
Capital Financing Activities	-	1,610,722
Investing Activities		233
Net Increase (Decrease)	102,856	1,770,601
Cash, Beginning of Year	578,784	141,081
Cash, End of Year	\$ 681,640	\$ 1,911,682

NOTE 11 – PRIOR PERIOD ADJUSTMENTS

The prior period adjustment of \$34,000 consists of capital fund retention draws that were setup in the prior year as a receivable from HUD but it was discovered that this item was over budget and could not be paid for by capital program funds. As a result the COCC paid for it in the current year and the prior period receivable was reversed.

NOTE 12 – SPECIAL ITEMS

The Housing Authority entered into a loan agreement with Kitsap Community Resources on November 22, 1993. The loan of \$11,881.26 was to be forgivable twenty years after this date if conditions defined in the agreement were met. The loan was cancelled after Kitsap Community Resources confirmed that the conditions regarding the loan were met throughout the twenty year time period.

NOTE 13 – CONTINGENCIES AND LITIGATION

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

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

The PBCA state contracts held by the Housing Authority along with substantially all other such contracts nationwide are in the process of being procured by HUD through a competitive proposal process. On March 9, 2012, HUD issued a Fiscal Year 2012 Notice of Funding Availability ("NOFA") for the PBCA program. The NOFA expressly provided that the new contracts HUD seeks to award via the NOFA are cooperative agreements rather than procurement contracts. In addition, HUD also stated that it would reject all bids under the NOFA from out-of state entities where an in-state entity bid for the same contract award exists. When HUD's 2012 NOFA was issued, numerous interested parties, including the Housing Authority, filed bid protests with the Government Accountability Office ("GAO") to contest HUD's attempt to reclassify the agreements as "cooperative agreements" to avoid procurement regulations as well as contesting the restriction of competition imposed by the in-state entity only provisions of the NOFA. On August 15, 2012 GAO sustained the timely complaints of the multiple bid protestors and recommended that HUD re-solicit the PBCA contracts in accordance with procurement regulations using a procurement instrument. HUD however ignored the GAO's decision and moved to proceed with awards under the NOFA. HUD later voluntarily stayed the award announcements after the Housing Authority and others filed a motion for a temporary restraining order and submitted bid protests in the United States Court of Federal Claims in January 2013. On April 19, 2013, the court issued its order finding in HUD's favor, stating that the 2012 NOFA properly characterized the PBCA contracts as cooperative agreements. The plaintiffs (including the Housing Authority) appealed the decision in the United States Court of

Appeals for the Federal Circuit in 2013. The US Court of Appeals for the Federal Circuit ruled on March 25, 2014 in favor of the Plaintiffs. Specifically, the Federal Circuit found that HUD violated federal law when it attempted to re-label contracts as cooperative agreements. HUD petitioned the US Court of Appeals for the Federal Circuit for a hearing or rehearing En Banc of this decision, which was denied. HUD has now filed an appeal of the decision to the United States Supreme Court, which may, or may not, take up the matter. Accordingly, this matter is pending and the outcome cannot be determined at this time. The outcome of the bid protest and the resulting ultimate award of contracts either under the NOFA or a potential re-solicitation of PBCA contracts in accordance with procurement regulations have the potential to significantly reduce the available funding for the Housing Authority from its current level of PBCA administration fee revenues earned. For the fiscal year 2014, CMS administrative fees funded 43.9% of the Housing Authority's operating expenses and CMS profits funded 23.4% of Housing Authority expenses excluding the CMS operations. If the outcome of these processes is adverse financially for the Housing Authority, operations in both the CMS department and the general Housing Authority support services areas will be reduced to levels appropriate and sustainable for the reduced level of funding provided.

NOTE 14 – RISK MANAGEMENT

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

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

HAARP General Liability coverage is on an occurrence basis without member deductibles. Automobile Liability coverage is also on an occurrence basis with deductibles of \$250 for comprehensive and \$500 for collision. Errors & Omissions coverage (which includes

Employment Practices Liability) is issued on an occurrence basis, and the members are responsible for 10% of the incurred costs of the claims. The Property coverage provided by HARRP is on a replacement cost basis, with the Housing Authority's deductible of \$1,000. The Housing Authority's fidelity coverage by HARRP has a limit of \$500,000 for employee dishonesty and forgery or alteration and \$50,000 for theft. The deductible for the fidelity coverage is \$1,000.

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

HARRP self-insures the first \$1.5 million of coverage for liability lines and purchases an additional \$500,000 in reinsurance for a total of \$2 million. For property, HARRP retains the first \$1.5 million and purchases an additional \$500,000 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 assessments that are adjusted by the HARRP Board on the basis of independent actuarial studies. These assessments cover loss, loss adjustment expenses, excess insurance and other administrative expenses. HARRP does not have the right to assess the membership for any shortfall in its funding. Such shortfalls are made up through future rate adjustments.

In addition to the insurance through HARRP, the Housing Authority carries earthquake insurance through RSUI Insurance. This coverage is for some of the property owned by the Housing Authority which includes Firs, Bay Vista Commons, Tamarack, and the Summit. The coverage limits are \$10,000,000 per occurrence and the deductible is \$50,000. Earthquake coverage for Shadow Creek and Winfield is provided by ICAT. The coverage limits for these two policies is up to total insured value of the individual property. The deductible is 5% of the total insured value of the individual property.

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

Housing Authority of the City of Bremerton
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended September 30, 2014

Federal Agency Name/Pass-Through Agency Name	Federal Program Name	CFDA Number	Other I.D. Number	Current Year Expenditures			Debt Liability Balance	Total Federal Awards	Foot-note Ref.
				From Pass-Through Awards	From Direct Awards	Current Year Subtotal			
U.S. Department of Housing and Urban Development	Section 8 New Construction / Substantial Rehabilitation	14.182	FHA #127-35057 FHA #127-38048		\$ 274,214 268,469			542,683	
			Subtotal		542,683	542,683			
U.S. Department of Housing and Urban Development	Section 8 Housing Assistance Payments Program - Special Allocations	14.195	WA800, NE800 & UT800		144,398,321	144,398,321		144,398,321	
U.S. Department of Housing and Urban Development	Supportive Housing Program	14.235	WA0102B0T011004 WA0102L0T011205		38,677 76,022				
			Subtotal		114,699	114,699		114,699	
U.S. Department of Housing and Urban Development	Section 8 Moderate Rehabilitation Single Room Occupancy	14.249	WA003SRO004		216,238	216,238		216,238	
U.S. Department of Housing and Urban Development	Low Rent Public Housing	14.850	WA003-001-06D & WA003-001-06S		538,707	538,707		538,707	
U.S. Department of Housing and Urban Development	Housing Choice Vouchers	14.871	WA003VO & WA003AF		10,646,003 222,268 152,422 84,971 1,224				
					11,106,888	11,106,888		11,106,888	
U.S. Department of Housing and Urban Development	Public Housing Capital Fund Program	14.872	WA19P003501		161,267	161,267		161,267	
U.S. Department of Housing and Urban Development	ARRA-Tax Credit Assistance Program	14.258	TC#09-08-TCAP				12,477,337	12,477,337	3
U.S. Department of Housing and Urban Development	HOME Investment Partnership Program	14.239	06-47101-603A	121,067		121,067		121,067	
TOTAL FEDERAL ASSISTANCE				\$ 121,067	\$ 157,078,803	\$ 157,199,870	\$ 12,477,337	\$ 169,677,207	

NOTE 1 - Basis of Accounting

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

NOTE 2 - Program Costs

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

NOTE 3 - Federal Loans

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

Line Item No.	Account Description	Project WA003000001	Project WA003000004	Project WA003000005	Project WA003000006	Project WA003000007	Project WA003000008	Project WA003000020
111	Cash - Unrestricted	\$101,531		\$215,225		\$104,258	\$108,386	
112	Cash - Restricted - Modernization and Development							
113	Cash - Other Restricted			\$53,952				
114	Cash - Tenant Security Deposits			\$10,650		\$5,437	\$3,900	
115	Cash - Restricted for Payment of Current Liability							
100	Total Cash	\$101,531		\$279,827		\$109,695	\$112,286	\$0
121	Accounts Receivable - PHA Projects							
122	Accounts Receivable - HUD Other Projects					\$12,294	\$2,316	\$3,417
124	Accounts Receivable - Other Government			\$7,207		\$3,346		
125	Accounts Receivable - Miscellaneous							
126	Accounts Receivable - Tenants			\$4,084		\$7,246	\$1,945	
126.1	Allowance for Doubtful Accounts - Tenants					(\$5,453)	(\$475)	
126.2	Allowance for Doubtful Accounts - Other							
127	Notes, Loans, & Mortgages Receivable - Current			\$1,504		\$312	\$698	
128	Fraud Recovery							
128.1	Allowance for Doubtful Accounts - Fraud							
129	Accrued Interest Receivable							
120	Total Receivables, Net Of Allowance For Doubtful Accounts	\$0	\$0	\$12,795		\$17,745	\$4,484	\$3,417
131	Investments - Unrestricted							
132	Investments - Restricted							
135	Investments - Restricted for Payment of Current Liability							
142	Prepaid Expenses and Other Assets			\$6,351		\$2,775	\$2,154	
143	Inventories							
143.1	Allowance for Obsolete Inventories							
144	Inter Program - Due From							
150	Total Current Assets	\$101,531		\$298,973		\$130,215	\$118,924	\$3,417
161	Land		\$1,873,652	\$942,462	\$1,446,916			
162	Buildings			\$8,062,646		\$383,090		
163	Furniture, Equipment & Machinery - Dwellings		\$45,142	\$8,313		\$1,624,513	\$1,462,970	
164	Furniture, Equipment & Machinery - Administration			\$694		\$8,521	\$15,017	

PHA: **WA003** FYED: **09/30/2014**

Line Item No.	Account Description	Project WA003000001	Project WA003000004	Project WA003000005	Project WA003000006	Project WA003000007	Project WA003000008	Project WA003000020
165	Leasehold Improvements		\$140,655	\$1,425,198		\$33,642		
166	Accumulated Depreciation		(\$144,321)	(\$764,881)		(\$105,518)	(\$49,919)	
167	Construction In Progress							
168	Infrastructure		\$1,015,167	\$125,663				
160	Total Capital Assets, Net of Accumulated Depreciation	\$0	\$2,930,295	\$9,800,095	\$1,446,916	\$1,944,248	\$1,428,068	\$0
171	Notes, Loans, and Mortgages Receivable - Non-Current							
172	Notes, Loans, and Mortgages Receivable - Non-Current - Past Due							
173	Grants Receivable - Non-Current							
174	Other Assets							
176	Investment in Joint Venture							
180	Total Non-Current Assets	\$0	\$2,930,295	\$9,800,095	\$1,446,916	\$1,944,248	\$1,428,068	\$0
190	Total Assets	\$101,531	\$2,930,295	\$10,099,068	\$1,446,916	\$2,074,463	\$1,546,992	\$3,417
200	Deferred Outflow of Resources							
290	Total Assets and Deferred Outflow of Resources	\$101,531	\$2,930,295	\$10,099,068	\$1,446,916	\$2,074,463	\$1,546,992	\$3,417

PHA: **WA003** FYED: **09/30/2014**

Line Item No.	Account Description	Project WA003000001	Project WA003000004	Project WA003000005	Project WA003000006	Project WA003000007	Project WA003000008	Project WA003000020
312	Accounts Payable <= 90 Days	\$0		\$5,359		\$16,628	\$770	
321	Accrued Wage/Payroll Taxes Payable	\$0		\$0		\$263	\$184	
322	Accrued Compensated Absences - Current Portion	\$0		\$535		\$269	\$165	
325	Accrued Interest Payable	\$0						
331	Accounts Payable - HUD PHA Programs	\$0						
332	Accounts Payable - PHA Projects							
333	Accounts Payable - Other Government	\$0						
341	Tenant Security Deposits	\$0		\$10,650		\$5,437	\$3,900	
342	Unearned Revenue	\$0		\$1,054		\$766	\$3	

PHA: **WA003** FYED: **09/30/2014**

Line Item No.	Account Description	Project WA003000001	Project WA003000004	Project WA003000005	Project WA003000006	Project WA003000007	Project WA003000008	Project WA003000020
	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	\$0						
343	Revenue Bonds	\$0						
345	Other Current Liabilities							
346	Accrued Liabilities - Other			\$6,672		\$1,290	\$1,080	
347	Interprogram Due To	\$0		\$14,459		\$5,093	\$10,512	\$3,417
348	Loan Liability - Current							
310	Total Current Liabilities	\$0		\$38,729		\$29,746	\$16,614	\$3,417
	Long Term Debt, Net Of Current-Capital Projects/Mortgage Revenue Bonds							
351	Bonds	\$0		\$6,973,904				
353	Non-Current Liabilities - Other	\$0						
354	Accrued Compensated Absences - Non-Current	\$0		\$10,045		\$5,051	\$3,086	
355	Loan Liability - Non-Current	\$0						
350	Total Non-Current Liabilities	\$0		\$6,983,949		\$5,051	\$3,086	\$0
300	Total Liabilities	\$0	\$0	\$7,022,678	\$0	\$34,797	\$19,700	\$3,417
400	Deferred Inflow of Resources							
508.4	Net Investment In Capital Assets	\$0	\$2,930,295	\$2,826,191	\$1,446,916	\$1,944,248	\$1,428,068	\$0
511.4	Restricted Net Position	\$0	\$0	\$53,952	\$0	\$0	\$0	\$0
512.4	Unrestricted Net Position	\$101,531	\$0	\$196,247	\$0	\$95,418	\$99,224	\$0
513	Total Equity/Net Position	\$101,531	\$2,930,295	\$3,076,390	\$1,446,916	\$2,039,666	\$1,527,292	\$0
	Total Liabilities, Deferred Inflows of Resources and Equity - Net Assets/Position	\$101,531	\$2,930,295	\$10,099,068	\$1,446,916	\$2,074,463	\$1,546,992	\$3,417

PHA: **WA003** FYED: **09/30/2014**

Line Item No.	Account Description	Project WA003000001	Project WA003000004	Project WA003000005	Project WA003000006	Project WA003000007	Project WA003000008	Project WA003000020
70300	Net Tenant Rental Revenue			\$103,801		\$53,048	\$41,402	\$50,515
70400	Tenant Revenue - Other			\$9,088		\$6,766	\$2,861	\$4,813
70500	Total Tenant Revenue	\$0		\$112,889		\$59,814	\$44,263	\$55,328

PHA: **WA003** FYED: **09/30/2014**

Line Item No.	Account Description	Project WA003000001	Project WA003000004	Project WA003000005	Project WA003000006	Project WA003000007	Project WA003000008	Project WA003000020
70600	HUD PHA Operating Grants	\$209	\$122,479	\$115,335	\$144,773	\$46,139	\$34,178	\$75,594
70610	Capital Grants					\$15,815		\$135,574
70710	Management Fee							
70720	Asset Management Fee							
70730	Book-Keeping Fee							
70750	Other Fees for Service							
70700	Total Fee Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0
70800	Other Government Grants							
71100	Investment Income - Unrestricted			\$3,072		\$1,073	\$707	\$3,177
71400	Fraud Recovery							
71500	Other Revenue							\$22
71600	Gain Or Loss On Sale Of Capital Assets							
72000	Investment Income - Restricted			\$1,253				
70000	Total Revenue	\$209	\$122,479	\$232,549	\$144,773	\$122,841	\$79,148	\$269,695

PHA: **WA003** FYED: **09/30/2014**

Line Item No.	Account Description	Project WA003000001	Project WA003000004	Project WA003000005	Project WA003000006	Project WA003000007	Project WA003000008	Project WA003000020
91100	Administrative Salaries			\$18,750		\$7,958	\$5,101	\$6,727
91200	Auditing Fees			\$2,153		\$16	\$6	\$22
91300-010	Management Fee to COCC							
91300-020	Management Fee to 3rd Party			\$18,459		\$11,044	\$6,369	\$7,984
91310	Book-keeping Fee			\$4,088		\$1,890	\$1,335	\$1,568
91400	Advertising and Marketing			\$2,419				
91500	Employee Benefit Contributions - Administrative			\$5,129		\$1,929	\$1,206	\$1,610
91600	Office Expenses			\$13,161		\$4,222	\$2,466	\$3,195
91700	Legal Expense			\$4,229		\$1,809		\$13,995
91800	Travel			\$211		\$92	\$114	\$165
91900	Other			\$3,308		\$2,677	\$934	\$2,311

Line Item No.	Account Description	Project WA003000001	Project WA003000004	Project WA003000005	Project WA003000006	Project WA003000007	Project WA003000008	Project WA003000020
91000	Total Operating- Administrative	\$0		\$71,907		\$31,637	\$17,531	\$37,577
92000	Asset Management Fee			\$5,640		\$2,640	\$1,800	
92100	Tenant Services - Salaries			\$30,534		\$14,240	\$9,540	\$11,435
92200	Relocation Costs							
92300	Employee Benefit Contributions - Tenant Services			\$13,408		\$6,254	\$4,189	\$5,004
92400	Tenant Services - Other			\$951		\$442	\$310	\$131
92500	Total Tenant Services	\$0		\$44,893		\$20,936	\$14,039	\$16,570
93100	Water							
93200	Electricity			\$5,695		\$4,559	\$3,453	\$6,156
93300	Gas			\$13,574		\$2,293	\$858	\$726
93600	Sewer			\$3,670				\$589
93800	Other Utilities Expense			\$23,834		\$10,772	\$9,221	\$11,647
93000	Total Utilities	\$0		\$46,773		\$17,624	\$13,532	\$19,118
94100	Ordinary Maintenance and Operations - Labor			\$38,506		\$26,344	\$17,171	\$9,914
94200	Ordinary Maintenance and Operations - Materials and Other			\$17,679		\$11,296	\$6,434	\$5,719
94300	Ordinary Maintenance and Operations Contracts			\$37,454		\$36,241	\$14,719	\$59,339
94500	Employee Benefit Contributions - Ordinary Maintenance			\$8,371		\$9,277	\$6,409	\$5,515
94000	Total Maintenance and Operations	\$0		\$102,010		\$83,158	\$44,733	\$80,487
96110	Property Insurance			\$13,493		\$5,637	\$3,458	\$3,230
96120	Liability Insurance			\$428		\$175	\$103	\$242
96140	All Other Insurance			\$0				
96100	Total Insurance Premium	\$0		\$13,921		\$5,812	\$3,561	\$3,472
96200	Other General Expenses		\$127,763	\$1,476	\$149,298		(\$5)	
96210	Compensated Absences			\$9,682		\$4,403	\$3,647	\$3,148
96300	Payments in Lieu of Taxes			\$6,672				\$1,375
96400	Bad Debt - Tenant Rents			\$4,609		\$7,733	\$475	\$1,598
96600	Bad Debt-Other							
96800	Severance Expense							

Line Item No.	Account Description	Project WA003000001	Project WA003000004	Project WA003000005	Project WA003000006	Project WA003000007	Project WA003000008	Project WA003000020
96000	Total Other General Expenses	\$0	\$127,763	\$22,439	\$149,298	\$12,136	\$4,117	\$6,121
96710	Interest of Mortgage or Bonds Payable							
96720	Interest on Notes Payable							
96730	Amortization of Bond Issue Costs							
96700	Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96900	Total Operating Expenses	\$0	\$127,763	\$307,583	\$149,298	\$173,943	\$99,313	\$163,345
97000	Excess Revenue over Operating Expenses	\$209	(\$5,284)	(\$75,034)	(\$4,525)	(\$51,102)	(\$20,165)	\$106,350
97300	Housing Assistance Payments							\$75
97350	HAP - Portability-In							
97400	Depreciation Expense		\$46,114	\$218,134		\$42,559	\$39,699	\$34,925
90000	Total Expenses	\$0	\$173,877	\$525,717	\$149,298	\$216,502	\$139,012	\$198,345
10010	Operating Transfer In							\$135,574
10020	Operating Transfer Out							(\$135,574)
10040	Operating Transfers From / To Component Unit							
10080	Special items, Net Gain/Loss							
10091	Inter-Project Excess Cash Transfer In		\$5,284	\$17,986	\$4,525	\$38,828	\$8,736	\$301,241
10092	Inter-Project Excess Cash Transfer Out	(\$376,600)						
10093	Transfers Between Programs and Projects In			\$56,398		\$26,302	\$17,623	\$21,120
10094	Transfers Between Programs and Projects Out							(\$32,008)
10100	Total Other Financing Sources (Uses)	(\$376,600)	\$5,284	\$74,384	\$4,525	\$65,130	\$26,359	\$290,353
10000	Excess (Deficiency) of Revenue Over (Under) Expenses	(\$376,391)	(\$46,114)	(\$218,784)	\$0	(\$28,531)	(\$33,505)	\$361,703

Line Item No.	Account Description	Project WA003000001	Project WA003000004	Project WA003000005	Project WA003000006	Project WA003000007	Project WA003000008	Project WA003000020
Line Item No.	Account Description	Project WA003000001	Project WA003000004	Project WA003000005	Project WA003000006	Project WA003000007	Project WA003000008	Project WA003000020
11020	Required Annual Debt Principal Payments							
11030	Beginning Equity	\$477,922	\$2,976,409	\$3,295,174	\$1,446,916	\$2,068,197	\$1,558,941	\$818,229
11040-010	Prior Period Adjustments and Correction of Errors							
11040-070	Equity Transfer						\$1,856	(\$1,179,932)
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors							(\$1,179,932)
11170	Administrative Fee Equity							
11180	Housing Assistance Payments							
11190	Unit Months Available	\$0	\$492	\$564	\$648	\$264	\$180	\$225
11210	Unit Months Leased	\$0	\$487	\$544	\$618	\$251	\$178	\$217
11270	Excess Cash	\$101,531		\$199,941		\$83,199	\$100,156	(\$13,612)
11610	Land Purchases							
11620	Building Purchases							\$85,559
11630	Furniture & Equipment-Dwelling Purchases					\$3,521		
11640	Furniture & Equipment-Admin Purchases							
11650	Leashold Improvements Purchases					\$12,294		\$50,015
11660	Infrastructure Purchases							
13901	Replacement Housing Factor Funds							

Line Item No.	Account Description	Project WA003009999	Home Investment Partnerships Program	Supportive Housing for Persons with Disabilities	Business Activities	Section 8 Housing Assistance Program_Special Allocations	N/C S/R Section 8 Programs	Section 8 Moderate Rehabilitation Single Room Occupancy
111	Cash - Unrestricted	\$328,647		\$33	\$318,075	\$870,555	\$213,537	\$55,908
112	Cash - Restricted - Modernization and Development	\$1,113,405						
113	Cash - Other Restricted				\$1,028,086	\$200	\$184,131	
114	Cash - Tenant Security Deposits				\$18,646		\$34,007	
115	Cash - Restricted for Payment of Current Liability	\$185,348				\$1,847	\$3,203	
100	Total Cash	\$1,627,400	\$0	\$33	\$1,364,807	\$872,602	\$434,878	\$55,908
121	Accounts Receivable - PHA Projects							
122	Accounts Receivable - HUD Other Projects			\$17,774	\$797	\$521,444	\$438	
124	Accounts Receivable - Other Government		\$13,069		\$2,166	\$218,722		
125	Accounts Receivable - Miscellaneous			\$163	\$1,939	\$3,343		
126	Accounts Receivable - Tenants				\$79,298		\$2,243	
126.1	Allowance for Doubtful Accounts - Tenants				(\$5,535)			
126.2	Allowance for Doubtful Accounts - Other							
127	Notes, Loans, & Mortgages Receivable - Current				\$416		\$205	
128	Fraud Recovery							
128.1	Allowance for Doubtful Accounts - Fraud							
129	Accrued Interest Receivable	\$30,339						
120	Total Receivables, Net Of Allowance For Doubtful Accounts	\$30,339	\$13,069	\$17,937	\$79,081	\$743,509	\$2,886	\$0
131	Investments - Unrestricted					\$1,932,609		
132	Investments - Restricted				\$686,326			
135	Investments - Restricted for Payment of Current Liability							
142	Prepaid Expenses and Other Assets				\$25,576	\$33,951	\$16,250	
143	Inventories							
143.1	Allowance for Obsolete Inventories							
144	Inter Program - Due From						\$0	
150	Total Current Assets	\$1,657,739	\$13,069	\$17,970	\$2,155,790	\$3,582,671	\$454,014	\$55,908
161	Land	\$6,365,877			\$806,834		\$415,000	
162	Buildings				\$16,206,175	\$52,342	\$4,293,210	
163	Furniture, Equipment & Machinery - Dwellings				\$1,377,036		\$576,886	
164	Furniture, Equipment & Machinery - Administration	\$140,547			\$5,503	\$1,150,911		

PHA: WA003 FYED: 09/30/2014

Line Item No.	Account Description	Project WA003009999	Home Investment Partnerships Program	Supportive Housing for Persons with Disabilities	Business Activities	Section 8 Housing Assistance Payments Program_Special Allocations	N/C S/R Section 8 Programs	Section 8 Moderate Rehabilitation Single Room Occupancy
165	Leasehold Improvements	\$2,191,720			\$2,955,508	\$474,027	\$300,458	
166	Accumulated Depreciation	(\$18,337)			(\$3,789,350)	(\$1,249,901)	(\$2,428,234)	
167	Construction In Progress	\$22,055			\$22,157			
168	Infrastructure	\$484,660			\$581,032			
160	Total Capital Assets, Net of Accumulated Depreciation	\$9,186,522	\$0	\$0	\$18,164,895	\$427,379	\$3,157,320	\$0
171	Notes, Loans, and Mortgages Receivable - Non-Current	\$2,600,435					\$114	
172	Notes, Loans, and Mortgages Receivable - Non-Current - Past Due							
173	Grants Receivable - Non-Current							
174	Other Assets							
176	Investment in Joint Venture							
180	Total Non-Current Assets	\$11,786,957	\$0	\$0	\$18,164,895	\$427,379	\$3,157,434	\$0
190	Total Assets	\$13,444,696	\$13,069	\$17,970	\$20,320,685	\$4,010,050	\$3,611,448	\$55,908
200	Deferred Outflow of Resources							
290	Total Assets and Deferred Outflow of Resources	\$13,444,696	\$13,069	\$17,970	\$20,320,685	\$4,010,050	\$3,611,448	\$55,908

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Line Item No.	Account Description	Project WA003009999	Home Investment Partnerships Program	Supportive Housing for Persons with Disabilities	Business Activities	Section 8 Housing Assistance Payments Program_Special Allocations	N/C S/R Section 8 Programs	Section 8 Moderate Rehabilitation Single Room Occupancy
312	Accounts Payable <= 90 Days	\$254,349			\$256,632	\$14,675	\$42,221	
321	Accrued Wage/Payroll Taxes Payable				\$2,577	\$51,767	\$1,838	
322	Accrued Compensated Absences - Current Portion				\$1,073	\$8,798	\$450	
325	Accrued Interest Payable				\$2,063			
331	Accounts Payable - HUD PHA Programs					\$5,070		
332	Accounts Payable - PHA Projects							
333	Accounts Payable - Other Government							
341	Tenant Security Deposits				\$18,646		\$34,007	
342	Unearned Revenue				\$5,952	\$809	\$431	

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Line Item No.	Account Description	Project WA003009999	Home Investment Partnerships Program	Supportive Housing for Persons with Disabilities	Business Activities	Section 8 Housing Assistance Payments Program_Special Allocations	N/C S/R Section 8 Programs	Section 8 Moderate Rehabilitation Single Room Occupancy
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds				\$177,577			
345	Other Current Liabilities	\$185,348			\$1,939	\$1,847	\$3,203	
346	Accrued Liabilities - Other				\$58,891		\$16,255	
347	Interprogram Due To	\$56,099	\$12,923	\$16,872	\$45,031	\$130,026	\$21,236	\$4
348	Loan Liability - Current							
310	Total Current Liabilities	\$495,796	\$12,923	\$16,872	\$570,381	\$212,992	\$119,641	\$4
351	Long Term Debt, Net Of Current-Capital Projects/Mortgage Revenue Bonds	\$690,000			\$12,517,263			
353	Non-Current Liabilities - Other				\$13,325			
354	Accrued Compensated Absences - Non-Current				\$31,941	\$161,595	\$8,403	
355	Loan Liability - Non-Current							
350	Total Non-Current Liabilities	\$690,000	\$0	\$0	\$12,562,529	\$161,595	\$8,403	\$0
300	Total Liabilities	\$1,185,796	\$12,923	\$16,872	\$13,132,910	\$374,587	\$128,044	\$4
400	Deferred Inflow of Resources							
508.4	Net Investment In Capital Assets	\$8,496,522	\$0	\$0	\$5,470,055	\$427,379	\$3,157,320	\$0
511.4	Restricted Net Position	\$1,113,405	\$0	\$0	\$1,701,087	\$200	\$184,131	\$0
512.4	Unrestricted Net Position	\$2,648,973	\$146	\$1,098	\$16,633	\$3,207,884	\$141,953	\$55,904
513	Total Equity/Net Position	\$12,258,900	\$146	\$1,098	\$7,187,775	\$3,635,463	\$3,483,404	\$55,904
600	Total Liabilities, Deferred Inflows of Resources and Equity - Net Assets/Position	\$13,444,696	\$13,069	\$17,970	\$20,320,685	\$4,010,050	\$3,611,448	\$55,908

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Line Item No.	Account Description	Project WA003009999	Home Investment Partnerships Program	Supportive Housing for Persons with Disabilities	Business Activities	Section 8 Housing Assistance Payments Program_Special Allocations	N/C S/R Section 8 Programs	Section 8 Moderate Rehabilitation Single Room Occupancy
70300	Net Tenant Rental Revenue				\$1,463,519		\$436,304	
70400	Tenant Revenue - Other				\$86,390		\$20,455	
70500	Total Tenant Revenue		\$0	\$0	\$1,549,909	\$0	\$456,759	\$0

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Line Item No.	Account Description	Project WA003009999	Home Investment Partnerships Program	Supportive Housing for Persons with Disabilities	Business Activities	Section 8 Housing Assistance Program_Special Allocations	N/C S/R Section 8 Programs	Section 8 Moderate Rehabilitation Single Room Occupancy
70600	HUD PHA Operating Grants	\$9,878	\$0	\$114,699	\$460,885	\$144,398,321	\$542,683	\$217,327
70610	Capital Grants							
70710	Management Fee							
70720	Asset Management Fee							
70730	Book-Keeping Fee							
70750	Other Fees for Service							
70700	Total Fee Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0
70800	Other Government Grants							
71100	Investment Income - Unrestricted	\$5,528	\$121,071					
71400	Fraud Recovery	\$14,065		\$792	(\$123)	\$2,514	\$1,913	\$13
71500	Other Revenue	\$1			\$812,259	\$3,276,740	\$37,825	
71600	Gain Or Loss On Sale Of Capital Assets							
72000	Investment Income - Restricted	\$39,274			\$6,784		\$82	
70000	Total Revenue	\$68,746	\$121,071	\$115,491	\$2,829,714	\$147,677,575	\$1,039,262	\$217,340

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Line Item No.	Account Description	Project WA003009999	Home Investment Partnerships Program	Supportive Housing for Persons with Disabilities	Business Activities	Section 8 Housing Assistance Program_Special Allocations	N/C S/R Section 8 Programs	Section 8 Moderate Rehabilitation Single Room Occupancy
91100	Administrative Salaries	\$18,676		\$3,292	\$135,687	\$1,926,223	\$64,469	
91200	Auditing Fees	\$828		\$0	\$2,129	\$28,318	\$204	\$41
91300-010	Management Fee to COCC	\$9,878	\$8,149	\$0	\$0	\$1,970,847	\$200,000	\$30,108
91300-020	Management Fee to 3rd Party				\$22,124		\$68,953	
91310	Book-keeping Fee				\$4,485	\$676,656	\$12,180	
91400	Advertising and Marketing				\$7,180	\$4,218	\$284	
91500	Employee Benefit Contributions - Administrative	\$10,536		\$1,167	\$17,096	\$859,354	\$13,477	
91600	Office Expenses	\$1,436			\$37,069	\$449,423	\$18,511	
91700	Legal Expense	\$53,327			\$16,703	\$51,917	\$1,641	
91800	Travel				\$3,113	\$38,166	\$995	
91900	Other	\$3,461			\$156,477	\$25,299	\$7,182	\$34

Line Item No.	Account Description	Project WA00300999	Home Investment Partnerships Program	Supportive Housing for Persons with Disabilities	Business Activities	Section 8 Housing Assistance Payments Program_Special Allocations	N/C S/R Section 8 Programs	Section 8 Moderate Rehabilitation Single Room Occupancy
91000	Total Operating- Administrative	\$98,142	\$8,149	\$4,459	\$402,063	\$6,030,421	\$387,896	\$30,183
92000	Asset Management Fee							
92100	Tenant Services - Salaries				\$817,149	\$0		
92200	Relocation Costs				\$0	\$0		
92300	Employee Benefit Contributions - Tenant Services				\$175,793	\$0		
92400	Tenant Services - Other			\$18,079	\$192,253	\$0	\$275	
92500	Total Tenant Services		\$0	\$18,079	\$1,185,195	\$0	\$275	\$0
93100	Water				\$16,700	\$0	\$20,667	
93200	Electricity	\$429			\$75,870	\$0	\$113,956	
93300	Gas				\$10,812	\$0		
93600	Sewer				\$40,345		\$79,516	
93800	Other Utilities Expense				\$23,999	\$0	\$0	
93000	Total Utilities	\$429	\$0	\$0	\$167,726	\$0	\$214,139	\$0
94100	Ordinary Maintenance and Operations - Labor				\$88,324	\$0	\$74,888	
94200	Ordinary Maintenance and Operations - Materials and Other				\$58,184	\$225	\$26,977	
94300	Ordinary Maintenance and Operations Contracts	\$3,601			\$86,527	\$116,475	\$263,924	
94500	Employee Benefit Contributions - Ordinary Maintenance				\$22,893	\$0	\$40,208	
94000	Total Maintenance and Operations	\$3,601	\$0	\$0	\$255,928	\$116,700	\$405,997	\$0
96110	Property Insurance				\$35,472	\$17,459	\$27,229	
96120	Liability Insurance	(\$3)			\$8,423	\$14,946	\$1,404	
96140	All Other Insurance				\$0	\$0	\$0	
96100	Total Insurance Premium	\$374	\$0	\$0	\$43,895	\$32,405	\$28,633	\$0
96200	Other General Expenses				\$13,432	\$3,292	\$179	
96210	Compensated Absences	\$4,009			\$8,819	\$220,794	\$7,037	
96300	Payments in Lieu of Taxes				\$57,450	\$0	\$10,655	
96400	Bad Debt - Tenant Rents				\$24,606	\$0	\$13,652	
96600	Bad Debt-Other			\$1,036	\$0			
96800	Severance Expense	\$12,332				\$0	\$0	

Line Item No.	Account Description	Project WA003009999	Home Investment Partnerships Program	Supportive Housing for Persons with Disabilities	Business Activities	Section 8 Housing Assistance Program_Special Allocations	N/C S/R Section 8 Programs	Section 8 Moderate Rehabilitation Single Room Occupancy
96000	Total Other General Expenses	\$16,484	\$0	\$1,036	\$104,307	\$224,086	\$31,523	\$0
96710	Interest of Mortgage or Bonds Payable							
96720	Interest on Notes Payable				\$388,597		\$0	
96730	Amortization of Bond Issue Costs				\$0			
96700	Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$388,597	\$0	\$0	\$0
96900	Total Operating Expenses	\$119,030	\$8,149	\$23,574	\$2,547,711	\$6,403,612	\$1,068,463	\$30,183
97000	Excess Revenue over Operating Expenses	(\$50,284)	\$112,922	\$91,917	\$282,003	\$141,273,963	(\$29,201)	\$187,157
97300	Housing Assistance Payments							
97350	HAP - Portability-In		\$112,918	\$91,125		\$139,147,949		\$186,055
97400	Depreciation Expense	\$14,190			\$531,173	\$17,794	\$143,704	
90000	Total Expenses	\$133,220	\$121,067	\$114,699	\$3,078,884	\$145,569,355	\$1,212,167	\$216,238
10010	Operating Transfer In							
10020	Operating Transfer Out				\$86,578	\$0		
10040	Operating Transfers From / To Component Unit					(\$3,908,218)		
10080	Special items, Net Gain/Loss							
10091	Inter-Project Excess Cash Transfer In							
10092	Inter-Project Excess Cash Transfer Out							
10093	Transfers Between Programs and Projects In	\$507,098			\$29,771			
10094	Transfers Between Programs and Projects Out	(\$3,482)						
10100	Total Other Financing Sources (Uses)	\$503,616	\$0	\$0	\$116,349	(\$3,908,218)	\$0	\$0
10000	Excess (Deficiency) of Revenue Over (Under) Expenses	\$439,142	\$4	\$792	(\$132,821)	(\$1,799,998)	(\$172,905)	\$1,102

Line Item No.	Account Description	Project WA003009999	Home Investment Partnerships Program	Supportive Housing for Persons with Disabilities	Business Activities	Section 8 Housing Assistance Program_Special Allocations	N/C S/R Section 8 Programs	Section 8 Moderate Rehabilitation Single Room Occupancy
Line Item No.	Account Description	Project WA003009999	Home Investment Partnerships Program	Supportive Housing for Persons with Disabilities	Business Activities	Section 8 Housing Assistance Program_Special Allocations	N/C S/R Section 8 Programs	Section 8 Moderate Rehabilitation Single Room Occupancy
11020	Required Annual Debt Principal Payments				\$136,667			
11030	Beginning Equity	\$11,853,758	\$142	\$306	\$6,126,637	\$5,435,461	\$3,656,309	\$54,802
11040-010	Prior Period Adjustments and Correction of Errors	(\$34,000)						
11040-070	Equity Transfer	\$0			\$1,193,959			
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors	(\$34,000)			\$1,193,959			
11170	Administrative Fee Equity							
11180	Housing Assistance Payments							
11190	Unit Months Available		\$181	\$139	\$1,520	\$573,403	\$1,704	\$396
11210	Unit Months Leased		\$181	\$139	\$1,415	\$554,267	\$1,611	\$385
11270	Excess Cash	\$38,619						
11610	Land Purchases							
11620	Building Purchases							
11630	Furniture & Equipment-Dwelling Purchases							
11640	Furniture & Equipment-Admin Purchases							
11650	Leashold Improvements Purchases							
11660	Infrastructure Purchases							
13901	Replacement Housing Factor Funds							

Line Item No.	Account Description	Housing Choice Vouchers	Revitalization of Severely Distressed Public Housing	State/Local	Central Office Cost Center	Component Units	Elimination	Primary Govt
111	Cash - Unrestricted	\$436,242			\$2,678,953	\$1,156,920		\$6,588,270
112	Cash - Restricted - Modernization and Development							\$1,113,405
113	Cash - Other Restricted	\$116,049	\$2,240,763			\$1,401,523		\$5,024,704
114	Cash - Tenant Security Deposits					\$34,879		\$107,519
115	Cash - Restricted for Payment of Current Liability				\$3,034			\$193,432
100	Total Cash	\$552,291	\$2,240,763	\$0	\$2,681,987	\$2,593,322	\$0	\$13,027,330
121	Accounts Receivable - PHA Projects							\$9,830
122	Accounts Receivable - HUD Other Projects	\$9,830						\$556,164
124	Accounts Receivable - Other Government			\$5,796	\$394,367	\$1,076		\$648,065
125	Accounts Receivable - Miscellaneous				\$2,201	\$5,615		\$13,261
126	Accounts Receivable - Tenants			\$309		\$4,191		\$99,316
126.1	Allowance for Doubtful Accounts - Tenants							(\$11,463)
126.2	Allowance for Doubtful Accounts - Other				(\$69,430)			(\$69,430)
127	Notes, Loans, & Mortgages Receivable - Current				\$18,152			\$21,287
128	Fraud Recovery	\$45,712						\$45,712
128.1	Allowance for Doubtful Accounts - Fraud	(\$1,347)						(\$1,347)
129	Accrued Interest Receivable		\$41,820					\$72,159
120	Total Receivables, Net Of Allowance For Doubtful Accounts	\$54,195	\$41,820	\$6,105	\$345,290	\$10,882	\$0	\$1,383,554
131	Investments - Unrestricted							\$1,932,609
132	Investments - Restricted				\$10,000			\$696,326
135	Investments - Restricted for Payment of Current Liability							\$0
142	Prepaid Expenses and Other Assets	\$10,871			\$52,049	\$29,720		\$179,697
143	Inventories							\$0
143.1	Allowance for Obsolete Inventories							\$0
144	Inter Program - Due From		\$918		\$399,783		(\$400,701)	\$0
150	Total Current Assets	\$617,357	\$2,283,501	\$6,105	\$3,489,109	\$2,633,924	(\$400,701)	\$17,219,516
161	Land							\$12,567,081
162	Buildings				\$333,250			\$60,662,439
163	Furniture, Equipment & Machinery - Dwellings				\$3,514,888	\$25,445,695		\$2,494,162
164	Furniture, Equipment & Machinery - Administration	\$155,718			\$63,116	\$400,131		\$2,271,560

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Line Item No.	Account Description	Housing Choice Vouchers	Revitalization of Severely Distressed Public Housing	State/Local	Central Office Cost Center	Component Units	Elimination	Primary Govt
165	Leasehold Improvements				\$18,263	\$6,723,967		\$14,263,438
166	Accumulated Depreciation	(\$154,143)			(\$1,456,884)	(\$1,848,213)		(\$12,009,701)
167	Construction In Progress							\$44,212
168	Infrastructure							\$2,206,522
160	Total Capital Assets, Net of Accumulated Depreciation	\$1,575	\$0	\$0	\$3,290,820	\$30,721,580	\$0	\$82,499,713
171	Notes, Loans, and Mortgages Receivable - Non-Current							\$10,724,646
172	Notes, Loans, and Mortgages Receivable - Non-Current - Past Due		\$7,888,823		\$235,274			\$0
173	Grants Receivable - Non-Current							
174	Other Assets					\$339,794		\$339,794
176	Investment in Joint Venture							\$0
180	Total Non-Current Assets	\$1,575	\$7,888,823	\$0	\$3,526,094	\$31,061,374	\$0	\$93,564,153
190	Total Assets	\$618,932	\$10,172,324	\$6,105	\$7,015,203	\$33,695,298	(\$400,701)	\$110,783,669
200	Deferred Outflow of Resources							
290	Total Assets and Deferred Outflow of Resources	\$618,932	\$10,172,324	\$6,105	\$7,015,203	\$33,695,298	(\$400,701)	\$110,783,669

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Line Item No.	Account Description	Housing Choice Vouchers	Revitalization of Severely Distressed Public Housing	State/Local	Central Office Cost Center	Component Units	Elimination	Primary Govt
312	Accounts Payable <= 90 Days	\$3,465			\$98,433			\$692,532
321	Accrued Wage/Payroll Taxes Payable	\$13,573			\$142,518			\$212,720
322	Accrued Compensated Absences - Current Portion	\$2,712			\$14,182			\$28,184
325	Accrued Interest Payable					\$269,594		\$271,657
331	Accounts Payable - HUD PHA Programs	\$61						\$5,131
332	Accounts Payable - PHA Projects							
333	Accounts Payable - Other Government		\$12,869			\$8,426		\$21,295
341	Tenant Security Deposits					\$34,879		\$107,519
342	Unearned Revenue					\$5,087		\$14,102

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Line Item No.	Account Description	Housing Choice Vouchers	Revitalization of Severely Distressed Public Housing	State/Local	Central Office Cost Center	Component Units	Elimination	Primary Govt
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds							\$177,577
345	Other Current Liabilities				\$3,034	\$31,274		\$226,645
346	Accrued Liabilities - Other				\$1,000	\$27,284		\$112,472
347	Interprogram Due To	\$79,233		\$5,796			(\$400,701)	\$0
348	Loan Liability - Current					\$423		\$423
310	Total Current Liabilities	\$99,044	\$12,869	\$5,796	\$259,167	\$376,967	(\$400,701)	\$1,870,257
351	Long Term Debt, Net Of Current-Capital Projects/Mortgage Revenue Bonds							
353	Non-Current Liabilities - Other	\$49,164				\$11,537,870		\$31,719,037
354	Accrued Compensated Absences - Non-Current	\$50,827			\$261,162			\$62,489
355	Loan Liability - Non-Current							\$532,110
350	Total Non-Current Liabilities	\$99,991	\$0	\$0	\$261,162	\$11,537,870	\$0	\$32,313,636
300	Total Liabilities	\$199,035	\$12,869	\$5,796	\$520,329	\$11,914,837	(\$400,701)	\$34,183,893
400	Deferred Inflow of Resources							
508.4	Net Investment In Capital Assets	\$1,575	\$0	\$0	\$3,290,820	\$19,183,710		\$50,603,099
511.4	Restricted Net Position	\$66,885	\$2,240,763	\$0	\$10,000	\$1,401,523		\$6,771,946
512.4	Unrestricted Net Position	\$351,437	\$7,918,692	\$309	\$3,194,054	\$1,195,228		\$19,224,731
513	Total Equity/Net Position	\$419,897	\$10,159,455	\$309	\$6,494,874	\$21,780,461	\$0	\$76,599,776
600	Total Liabilities, Deferred Inflows of Resources and Equity - Net Assets/Position	\$618,932	\$10,172,324	\$6,105	\$7,015,203	\$33,695,298	(\$400,701)	\$110,783,669

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Line Item No.	Account Description	Housing Choice Vouchers	Revitalization of Severely Distressed Public Housing	State/Local	Central Office Cost Center	Component Units	Elimination	Primary Govt
70300	Net Tenant Rental Revenue					\$619,516		\$2,768,105
70400	Tenant Revenue - Other					\$22,791		\$153,164
70500	Total Tenant Revenue	\$0		\$0	\$0	\$642,307	\$0	\$2,921,269

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Line Item No.	Account Description	Housing Choice Vouchers	Revitalization of Severely Distressed Public Housing	State/Local	Central Office Cost Center	Component Units	Elimination	Primary Govt
70600	HUD PHA Operating Grants	\$10,646,003	\$0	\$0	\$0	\$0	\$0	\$156,928,503
70610	Capital Grants							\$151,389
70710	Management Fee				\$2,642,209		(\$2,438,822)	\$203,387
70720	Asset Management Fee				\$30,430		(\$30,430)	\$0
70730	Book-Keeping Fee				\$836,046		(\$836,046)	\$0
70750	Other Fees for Service							\$0
70700	Total Fee Revenue	\$0	\$0	\$0	\$3,508,685	\$0	(\$3,305,298)	\$203,387
70800	Other Government Grants			\$64,808				\$191,407
71100	Investment Income - Unrestricted	\$112						\$26,523
71400	Fraud Recovery	\$42,294						\$43,086
71500	Other Revenue	\$229,325			\$15,650	\$306,327		\$4,678,149
71600	Gain Or Loss On Sale Of Capital Assets				\$5,196			\$5,196
72000	Investment Income - Restricted		\$88,669			\$233		\$136,295
70000	Total Revenue	\$10,917,734	\$88,669	\$64,808	\$3,529,531	\$948,867	(\$3,305,298)	\$165,285,204

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Line Item No.	Account Description	Housing Choice Vouchers	Revitalization of Severely Distressed Public Housing	State/Local	Central Office Cost Center	Component Units	Elimination	Primary Govt
91100	Administrative Salaries	\$359,163			\$1,806,193	\$61,846		\$4,414,085
91200	Auditing Fees	\$2,861			\$1,945	\$31,237		\$69,760
91300-010	Management Fee to COCC	\$214,152		\$5,688			(\$2,438,822)	\$0
91300-020	Management Fee to 3rd Party					\$52,522		\$187,455
91310	Book-keeping Fee	\$133,844					(\$836,046)	\$0
91400	Advertising and Marketing	\$1,264			\$1,044	\$1,090		\$17,499
91500	Employee Benefit Contributions - Administrative	\$192,785			\$889,011	\$15,142		\$2,008,442
91600	Office Expenses	\$67,996			\$482,785	\$19,280		\$1,099,544
91700	Legal Expense	\$4,929			\$4,432	\$12,697		\$165,679
91800	Travel	\$6,393			\$17,974	\$230		\$67,453
91900	Other	\$52,784	\$2,431		\$98,669	\$12,305		\$367,872

Line Item No.	Account Description	Housing Choice Vouchers	Revitalization of Severely Distressed Public Housing	State/Local	Central Office Cost Center	Component Units	Elimination	Primary Govt
91000	Total Operating- Administrative	\$1,036,171	\$2,431	\$5,688	\$3,302,053	\$206,349	(\$3,274,868)	\$8,397,789
92000	Asset Management Fee					\$20,350	(\$30,430)	\$0
92100	Tenant Services - Salaries	\$53,432						\$936,330
92200	Relocation Costs					\$15,466		\$15,466
92300	Employee Benefit Contributions - Tenant Services	\$25,269						\$229,917
92400	Tenant Services - Other	\$1,953						\$214,394
92500	Total Tenant Services	\$80,654	\$0	\$0	\$0	\$15,466	\$0	\$1,396,107
93100	Water				\$1,750	\$51,571		\$110,551
93200	Electricity				\$10,812	\$15,942		\$234,460
93300	Gas				\$1,797			\$16,868
93600	Sewer				\$1,082	\$79,771		\$256,188
93800	Other Utilities Expense							\$23,999
93000	Total Utilities	\$0		\$0	\$15,441	\$147,284		\$642,066
94100	Ordinary Maintenance and Operations - Labor					\$95,287		\$350,434
94200	Ordinary Maintenance and Operations - Materials and Other				\$1,097	\$10,430		\$138,041
94300	Ordinary Maintenance and Operations Contracts	\$4,173			\$164,469	\$108,681		\$895,603
94500	Employee Benefit Contributions - Ordinary Maintenance					\$24,435		\$117,108
94000	Total Maintenance and Operations	\$4,173	\$0	\$0	\$165,566	\$238,833		\$1,501,186
96110	Property Insurance	\$2,571		\$0	\$1,942	\$35,579		\$146,067
96120	Liability Insurance	\$3,497		\$0	\$10,888			\$40,483
96140	All Other Insurance			\$0				\$0
96100	Total Insurance Premium	\$6,068		\$0	\$12,830	\$35,579		\$186,550
96200	Other General Expenses							
96210	Compensated Absences	\$69,096			\$34,739	\$33,764		\$364,081
96300	Payments in Lieu of Taxes	\$0			\$220,273			\$550,908
96400	Bad Debt - Tenant Rents	\$0				\$17,295		\$93,447
96600	Bad Debt-Other	\$3,846			\$32,525	\$10,952		\$63,625
96800	Severance Expense	\$5,133			\$336,409			\$37,407
								\$353,874

PHA: WA003 FYED: 09/30/2014

Line Item No.	Account Description	Housing Choice Vouchers	Revitalization of Severely Distressed Public Housing	State/Local	Central Office Cost Center	Component Units	Elimination	Primary Govt
96000	Total Other General Expenses	\$78,075	\$0	\$0	\$623,946	\$62,011	\$0	\$1,463,342
96710	Interest of Mortgage or Bonds Payable							
96720	Interest on Notes Payable			\$0	\$129,943	\$153,242		\$671,782
96730	Amortization of Bond Issue Costs					\$133,710		\$133,710
96700	Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$129,943	\$286,952	\$0	\$805,492
96900	Total Operating Expenses	\$1,205,141	\$2,431	\$5,688	\$4,249,779	\$1,012,824	(\$3,305,298)	\$14,392,532
97000	Excess Revenue over Operating Expenses	\$9,712,593	\$86,238	\$59,120	(\$720,248)	(\$63,957)	\$0	\$150,892,672
97300	Housing Assistance Payments	\$10,009,232						\$149,606,165
97350	HAP - Portability-In	\$211,844		\$58,811				\$211,844
97400	Depreciation Expense	\$204			\$159,070	\$1,054,901		\$2,302,467
90000	Total Expenses	\$11,426,421	\$2,431	\$64,499	\$4,408,849	\$2,067,725	(\$3,305,298)	\$166,513,008
10010	Operating Transfer In	\$22,447	\$1,003		\$3,864,221			\$4,109,823
10020	Operating Transfer Out		(\$23,827)		(\$42,204)			(\$4,109,823)
10040	Operating Transfers From / To Component Unit					\$11,723,634		\$11,723,634
10080	Special Items, Net Gain/Loss				(\$11,882)			(\$11,882)
10091	Inter-Project Excess Cash Transfer In							\$376,600
10092	Inter-Project Excess Cash Transfer Out							(\$376,600)
10093	Transfers Between Programs and Projects In				\$5,719			\$664,031
10094	Transfers Between Programs and Projects Out		(\$499,525)		(\$129,016)			(\$664,031)
10100	Total Other Financing Sources (Uses)	\$22,447	(\$522,349)	\$0	\$3,686,838	\$11,723,634		\$11,711,752
10000	Excess (Deficiency) of Revenue Over (Under) Expenses	(\$486,240)	(\$436,111)	\$309	\$2,807,520	\$10,604,776	\$0	\$10,483,948

PHA: WA003 FYED: 09/30/2014

Line Item No.	Account Description	Housing Choice Vouchers	Revitalization of Severely Distressed Public Housing	State/Local	Central Office Cost Center	Component Units	Elimination	Primary Govt
Line Item No.	Account Description	Housing Choice Vouchers	Revitalization of Severely Distressed Public Housing	State/Local	Central Office Cost Center	Component Units	Elimination	Primary Govt
11020	Required Annual Debt Principal Payments				\$4,843,061	\$9,357,001		\$14,336,729
11030	Beginning Equity	\$906,137	\$10,611,449		\$3,687,354	\$11,175,685		\$66,149,828
11040-010	Prior Period Adjustments and Correction of Errors							(\$34,000)
11040-070	Equity Transfer		(\$15,883)					\$0
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors		(\$15,883)					(\$34,000)
11170	Administrative Fee Equity	\$353,012						\$0
11180	Housing Assistance Payments	\$66,885						\$353,012
								\$66,885
11190	Unit Months Available	\$21,576		\$130		\$1,644		\$603,066
11210	Unit Months Leased	\$17,846		\$130		\$1,601		\$579,870
11270	Excess Cash							\$509,834
11610	Land Purchases							\$0
11620	Building Purchases							\$85,559
11630	Furniture & Equipment-Dwelling Purchases							\$3,521
11640	Furniture & Equipment-Admin Purchases							\$0
11650	Leashold Improvements Purchases							\$62,309
11660	Infrastructure Purchases							\$0
13901	Replacement Housing Factor Funds							\$0

Actual HOPE VI Cost Certificate

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

OMB Approval No. 2577-0208
(exp. 9/30/2014)

Public reporting burden for this collection of information is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number. This collection of information requires that each Grantee submit information to enable HUD to initiate the fiscal closeout process. The information will be used by HUD to determine whether the HOPE VI grant is ready to be audited and closed out. The information is essential for audit verification and fiscal close out. Responses to the collection are required by the HOPE VI Grant Agreement. The information requested does not lend itself to confidentiality.

Grantee Name	HOPE VI Grant Number
Housing Authority of the City of Bremerton	WA19URD0031108

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

1. That the Actual Program Cost of the HOPE VI Grant is as shown below:

A. Original Funds Approved	\$	20,000,000.00
B. Funds Disbursed	\$	19,850,120.21
C. Funds Expended (Actual Program Cost)	\$	19,850,120.21
D. Amount to be Recaptured (A-C)	\$	149,879.79
E. Excess of Funds Disbursed (B-C)	\$	0.00

2. That all work in connection with the HOPE VI Grant has been completed;

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

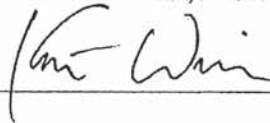
4. That there are no undischarged mechanics', laborers', contractors', or materialmen's liens against such Program work on file in any public office where the same should be filed in order to be valid against such Program work; and

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

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

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

Signature of Executive Director




Date (mm/dd/yyyy)

10/29/2013

For HUD
Use Only

The Cost Certificate is approved for audit (signature of approving official)



Date (mm/dd/yyyy)

2/28/14

The audited costs agree with the costs shown above
Verified (signature)

Date (mm/dd/yyyy)

Approved (signature)

Date (mm/dd/yyyy)

Previous editions are obsolete

form HUD-53001-A (08/2003)

Actual Modernization Cost Certificate

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

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

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

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

Do not send this form to the above address.

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

HA Name: The Housing Authority of the City of Bremerton	Modernization Project Number: WA19P003501-10
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The HA hereby certifies to the Department of Housing and Urban Development as follows:

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

A. Original Funds Approved	\$ 938,662.00
B. Funds Disbursed	\$ 938,662.00
C. Funds Expended (Actual Modernization Cost)	\$ 938,662.00
D. Amount to be Recaptured (A-C)	\$
E. Excess of Funds Disbursed (B-C)	\$

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

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

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

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

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

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

Signature of Executive Director & Date:

X

9.16.2013

For HUD Use Only

The Cost Certificate is approved for audit:

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

X

Date:

11.16.2013

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official)

X

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

Date:

Date:

X

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

ABOUT THE STATE AUDITOR'S OFFICE

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

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

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.

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 as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

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

Contact information for the State Auditor's Office	
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