

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

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**Housing Authority of Mason County**

Audit Period  
**October 1, 2004 through September 30, 2005**

**Report No. 70989**

Issue Date  
**June 16, 2006**



Washington \_\_\_\_\_  
***State Auditor***  
\_\_\_\_\_ Brian Sonntag



**Washington State Auditor  
Brian Sonntag**

June 16, 2006

Board of Commissioners  
Housing Authority of Mason County  
Bremerton, Washington

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

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

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

In addition to this work, we look at other areas of our audit client's operations for compliance with state laws and regulations. The results of that audit will be included in a separately issued accountability report.

Sincerely,

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

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# Federal Summary

## Housing Authority of Mason County October 1, 2004 through September 30, 2005

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

- An unqualified opinion was issued on the Housing Authority's financial statements.
- We noted no instances of noncompliance that were material to the financial statements of the Housing Authority.
- We issued an unqualified opinion on the Housing Authority's compliance with requirements applicable to its major federal program.
- We reported no findings which are required to be disclosed under OMB Circular A-133.
- We noted in our Independent Auditor's Report on Financial Statements that the Schedule of Expenditures of Federal Awards was fairly presented.
- The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by OMB Circular A-133, was \$300,000.
- The Housing Authority qualified as a low-risk auditee under OMB Circular A-133.
- The following was a major program during the period under audit:

<u>CFDA No.</u>	<u>Program Title</u>
14.871	Housing Choice Vouchers

# Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters in Accordance with *Government Auditing Standards*

## Housing Authority of Mason County October 1, 2004 through September 30, 2005

Board of Commissioners  
Housing Authority of Mason County  
Bremerton, Washington

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of the Housing Authority of Mason County, Washington, as of and for the year ended September 30, 2005, which collectively comprise the Housing Authority's basic financial statements, and have issued our report thereon dated May 19, 2006. During the year ended September 30, 2005, the Housing Authority implemented Governmental Accounting Standards Board Statement 40, *Deposit and Investment Risk Disclosures*, Statement 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, Statement 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit, we considered the Housing Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted certain matters that we have reported to the management of the Housing Authority in a separate letter dated June 6, 2006.

### **COMPLIANCE AND OTHER MATTERS**

As part of obtaining reasonable assurance about whether the Housing Authority's financial statements are free of 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, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with these provisions. 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 herein under *Government Auditing Standards*.

This report is intended for the information and use of management, the Board of Commissioners, federal awarding agencies and pass-through entities. 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, appearing to read "Brian Sonntag". The signature is fluid and cursive, with the first name "Brian" and last name "Sonntag" clearly distinguishable.

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

May 19, 2006

# Independent Auditor's Report on Compliance with Requirements Applicable to its Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133

## Housing Authority of Mason County October 1, 2004 through September 30, 2005

Board of Commissioners  
Housing Authority of Mason County  
Bremerton, Washington

### **COMPLIANCE**

We have audited the compliance of the Housing Authority of Mason 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 are applicable to its major federal program for the year ended September 30, 2005. The Housing Authority's major federal program is identified in the Federal Summary. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Housing Authority's management. Our responsibility is to express an opinion on the Housing Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to the 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. Our audit does not provide a legal determination on the Housing Authority's compliance with those requirements.

In our opinion, the Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended September 30, 2005.

### **INTERNAL CONTROL OVER COMPLIANCE**

The management of the Housing Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Housing Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of management, the Board of Commissioners, federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

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**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

May 19, 2006



# Independent Auditor's Report on Financial Statements

## Housing Authority of Mason County October 1, 2004 through September 30, 2005

Board of Commissioners  
Housing Authority of Mason County  
Bremerton, Washington

We have audited the accompanying basic financial statements of the Housing Authority of Mason County, Washington, and its aggregate discretely presented component units as of and for the year ended September 30, 2005, as listed on page 8. These financial statements are the responsibility of the Housing Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Housing Authority of Mason County and its aggregate discretely presented component units, as of September 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, during the year ended September 30, 2005, the Housing Authority implemented Governmental Accounting Standards Board Statement 40, *Deposit and Investment Risk Disclosures*, Statement 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, Statement 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

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

The management discussion and analysis on pages 9 through 12 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed 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 is supplemental information required by the United States Department of Housing and Urban Development. The Rural Development financial schedules are presented for purposes of additional analysis as required by the United States Department of Agriculture. These schedules are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Brian Sonntag". The signature is fluid and cursive, with the first name "Brian" and last name "Sonntag" clearly distinguishable.

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

May 19, 2006

# Financial Section

## Housing Authority of Mason County October 1, 2004 through September 30, 2005

### **REQUIRED SUPPLEMENTAL INFORMATION**

Management Discussion and Analysis – 2005

### **BASIC FINANCIAL STATEMENTS**

Statement of Net Assets – 2005  
Statement of Revenues, Expenses and Changes in Net Assets – 2005  
Statement of Cash Flows – 2005  
Notes to Financial Statements – 2005

### **SUPPLEMENTAL INFORMATION**

Schedule of Expenditures of Federal Awards – 2005  
Notes to the Schedule of Expenditures of Federal Awards – 2005  
Financial Data Schedule – 2005  
Rural Development Form RD 3560-7 – Fairmont Cove – 2005  
Rural Development Form RD 3560-10 – Goldsborough Cove – 2005  
Rural Development Form RD 3560-7 – Goldsborough Cove – 2005  
Notes to Forms RD 3560-7 and RD 3560-10 – Fairmont Cove and Goldsborough Cove – 2005

**MASON COUNTY HOUSING AUTHORITY**  
**FY 2005 Financial Statement**  
**Management Discussion and Analysis**

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As management of the Mason County Housing Authority (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, 2005.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current years activities, resulting changes and currently known facts, please read it in conjunction with the Housing Authority's financial statements which follow.

***Financial Highlights***

- Assets exceeded liabilities (net assets) at the close of the fiscal year by \$1.04 million for the Housing Authority, a decrease of \$164 thousand from the prior year.
- The Housing Authority revenues decreased by \$151 thousand (6%) during 2005, and were \$2.6 million and \$2.5 million respectively for 2004 and 2005.
- The total expenses of all Housing Authority programs decreased by \$118 thousand (4%) and were \$2.8 million and \$2.6 million respectively for 2004 and 2005.

***Authority Wide Financial Statements***

The Authority-wide financial statements are designed to be corporate-like in that all business type activities are consolidated into one column which adds to a total for the entire Housing Authority. There are three major sections to the Housing Authority's financial statements included in this report.

The Statements include a Statement of Net Assets, which is similar to a Balance Sheet. The Statement of Net Assets reports all financial and capital resources for the Housing Authority. The statement is presented in the format where assets, minus liabilities, equal "Net Assets", formerly known 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 focus of the Statement of Net Assets (the "Unrestricted Net Assets") is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Housing Authority. Net Assets (formerly equity) are reported in three broad categories:

Net Assets, Invested in Capital Assets, Net of Related Debt: This component of Net Assets 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 Assets: This component of Net Assets consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Assets: Consists of Net Assets that do not meet the definition of "Net Assets Invested in Capital Assets, Net of Related Debt", or "Restricted Net Assets".

The Housing Authority-wide financial statements also include a Statement of Revenues, Expenses and Changes in Fund Net Assets (similar to an Income Statement). This Statement includes Operating Revenues, such as rental income, Operating Expenses, such as administrative, utilities, and maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as grant revenue, investment income and interest expense.

The focus of the Statement of Revenues, Expenses and Changes in Fund Net Assets is the “Change in Net Assets”, which is similar to Net Income or Loss.

Finally, a Statement of Cash Flows is included, which discloses net cash provided by, or used for operating activities, non-capital financing activities, and from capital and related financing activities.

The Housing Authority consists of an Enterprise Fund (Business Type Activities) and a Component Unit and uses the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized in the private sector.

***Condensed Comparative Financial Information***

The following table<sup>1</sup> presents the comparative condensed Statement of Net Assets compared to prior year.

	Comparative Condensed Statement of Net Assets			
	Business Type Activities		Component Unit	
	2005	2004	2005	2004
<b>Assets</b>				
Current and Other Assets	\$ 331,932	\$ 675,087	\$ 47,480	\$ 39,205
Capital Assets	3,256,860	3,269,449	1,261,428	1,315,376
Total Assets	3,588,792	3,944,536	1,308,908	1,354,581
<b>Liabilities</b>				
Current Liabilities	464,204	598,913	114,095	85,616
Noncurrent Liabilities	2,745,577	2,866,405	535,642	545,704
Total Liabilities	3,209,781	3,465,318	649,737	631,320
<b>Net Assets</b>				
Invested in Capital Assets				
Net of Related Debt	397,372	320,750	714,902	759,497
Unrestricted	(18,361)	158,468	(55,731)	(36,236)
Total Net Assets	\$ 379,011	\$ 479,218	\$ 659,171	\$ 723,261

The Housing Authority’s current liabilities exceed current assets by \$199 thousand for a current ratio of 0.66. The current ratio is a measure of the ability to pay debts as they become due. Capital assets net of related debt was \$1.1 million. This is referred to as “Invested in Capital Assets Net of Related Debt” and measures the amount of equity the Housing Authority has in its Capital Assets. The Housing Authority has (\$74) thousand in Unrestricted Net Assets (Unrestricted Equity). This negative amount is due to liabilities exceeding assets and is expected to turn positive within the next five years.

<sup>1</sup> For more detailed information see the Statement of Net Assets.

The following table<sup>2</sup> presents the comparative condensed Statement of Revenues, Expenses and Changes in Net Assets compared to prior year.

COMPARATIVE CONDENSED STATEMENT OF REVENUE, EXPENSE, AND CHANGES IN NET ASSETS

	Business Type Activities		Componet Unit	
	2005	2004	2005	2004
<b>Revenues</b>				
Operating Revenue				
Tenant Revenue-Rents and Other	\$ 179,946	\$ 178,975	\$ 124,199	\$ 134,170
<b>Non-Operating Revenue</b>				
Operating Subsidies and Grants	2,071,823	2,068,913	-	-
Investment Income	3,450	1,680	105	81
Other Revenue	84,981	187,181	-	45,000
Total Revenue	<u>2,340,200</u>	<u>2,436,749</u>	<u>124,304</u>	<u>179,251</u>
<b>Expenses</b>				
<b>Operating Expenses</b>				
Administrative	531,319	453,706	47,642	62,207
Tenant Services	-	695	-	-
Utilities	85,391	100,194	18,308	16,871
Housing Assistance Payments	1,420,952	1,505,396	-	-
Maintenance	97,535	176,226	41,093	10,749
Depreciation	94,059	88,867	39,741	44,872
Other Operating Expenses	35,507	28,680	8,475	22,599
<b>Non-Operating Expenses</b>				
Interest	175,644	192,336	38,519	49,639
Total Expenses	<u>2,440,407</u>	<u>2,546,100</u>	<u>193,778</u>	<u>206,937</u>
Excess (Deficiency) of Revenues over Expenses	<u>(100,207)</u>	<u>(109,351)</u>	<u>(69,474)</u>	<u>(27,686)</u>
Capital Grants and Contributions	-	-	-	-
Change in Net Assets	(100,207)	(109,351)	(69,474)	(27,686)
Capital Grants and Contributions	-	-	-	94,616
and other prior year adjustments	-	(6,546)	5,384	-
Net Assets, Beginning of Year	<u>479,218</u>	<u>595,115</u>	<u>723,261</u>	<u>656,331</u>
Net Assets, End of Year	<u>\$ 379,011</u>	<u>\$ 479,218</u>	<u>\$ 659,171</u>	<u>\$ 723,261</u>

Other revenues decreased \$140 thousand (63%). Other revenues are not consistently earned and will not likely rise to the level of the previous year. Operating Subsidies, Grants and Other Income, which includes tenant rental subsidy received from the State of Washington and HUD, decreased 0.2%. Total revenues decreased a modest 6%.

Expenses for housing assistance payments decreased primarily due to funding changes made by the Department of Housing and Urban Development (HUD). Most administrative expenses decreased moderately (4%) due to the change in management and management style. Total Expenses decreased 4% over the previous year.

The Housing Authority had a net loss of \$164 thousand this year compared to \$49 thousand net loss in the previous year.

<sup>2</sup> For more detailed information see the Statement of Statement of Revenues, Expenses and Changes in Net Assets

**Capital Asset and Long-Term Debt Activity**

**Capital Assets**

Detailed information regarding the Housing Authority's capital Assets can be found in Note 4 to the financial statements. The following table summarizes the changes in capital assets between fiscal years 2004 and 2005.

<b>Changes in Capital Assets</b>			
	<b>September 30, 2004</b>	<b>September 30, 2005</b>	<b>Net Change</b>
Land	\$ 801,013	\$ 801,013	\$ -
Buildings	4,483,634	4,639,793	156,159
Machinery and Equipment	266,559	176,493	(90,066)
Totals	5,551,206	5,617,299	66,093
Accumulated Depreciation	(966,381)	(1,099,011)	(132,630)
<b>Capital Assets, Net</b>	<b>\$ 4,584,825</b>	<b>\$ 4,518,288</b>	<b>\$ (66,537)</b>

**Long Term Debt 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 year the Housing Authority did not issue any new debt. At September 30, 2005 the Housing Authority had long term debt outstanding in the amount of \$3.4 million. All debt payments for the year were made as scheduled and on time. For more details on the Housing Authorities outstanding debt issues please see Note 6 to the financial Statements.

**Other Potentially Significant Matters**

The Board of Commissioners gave notice to Bremerton Housing Authority that they intend to end the management contract with the Bremerton Housing Authority. There are no other known facts, decisions, or conditions that are expected to have a significant effect on the financial position of the Housing Authority.

**Contacting the Housing Authority's Financial Management**

The financial report is designed to provide a general overview of the Housing Authority's finances for all those with an interest. Questions concerning any of the information should be addressed to Tom Drake, CFE, CPA, Finance and Administrative Support Director for the Housing Authority of the City of Bremerton. The Housing Authority's offices are located at 110 Russell Road, P.O. Box 4460, Bremerton, WA 98312. The telephone number is (360) 792-8520.

**Mason County Housing Authority  
Statement of Net Assets  
September 30, 2005**

<b>ASSETS</b>	<b>Enterprise Fund</b>	<b>Component Unit</b>
Current assets:		
Cash and cash equivalents	\$ 156,051	\$ 9,872
Replacement Reserves	120,000	-
Receivables, net	28,273	1,441
Restricted cash and cash equivalents	27,608	10,152
Total Current Assets	331,932	21,465
Noncurrent assets		
Land	734,249	66,764
Buildings and equipment	3,259,665	1,556,621
Accumulated depreciation	(737,054)	(361,957)
Capital assets, net	3,256,860	1,261,428
Other assets	-	26,015
Total Assets	\$ 3,588,792	\$ 1,308,908
 <b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	\$ 276,601	\$ 69,909
Accrued liabilities	13,678	20,755
Intergovernmental payables	20,465	-
Tenant security deposits	31,327	10,100
Deferred revenue	711	2,447
Loan Liability	121,422	10,884
Other current liabilities	-	-
Total Current Liabilities	464,204	114,095
Noncurrent Liabilities:		
Accrued compensated absences	7,511	-
Long Term Debt	2,738,066	535,642
Total Noncurrent Liabilities	2,745,577	535,642
Total Liabilities	3,209,781	649,737
 <b>NET ASSETS</b>		
Invested in capital assets, net of related debt	397,372	714,902
Unrestricted	(18,361)	(55,731)
Total Net Assets	\$ 379,011	\$ 659,171
Total liabilities and net assets	\$ 3,588,792	\$ 1,308,908

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



**Mason County Housing Authority**  
**Statement of Revenues, Expenses, and Changes in Net Assets**  
**For the Year Ended September 30, 2005**

	<u>Enterprise Fund</u>	<u>Component Unit</u>
<b>Operating Revenues:</b>		
Net tenant rental revenue	\$ 152,494	\$ 103,256
Tenant revenue - other	27,452	20,943
Other revenue	84,981	-
Total Operating Revenue	<u>264,927</u>	<u>124,199</u>
 <b>Operating Expenses</b>		
Administration	531,319	47,642
Tenant services	1,420,952	-
Utilities	85,391	18,308
Ordinary maintenance and operations	97,535	41,093
Depreciation and amortization expense	94,059	39,741
Other general expenses	35,507	8,475
Total Operating Expenses	<u>2,264,763</u>	<u>155,259</u>
Operating Loss	<u>(1,999,836)</u>	<u>(31,060)</u>
 <b>Nonoperating Revenues (Expenses)</b>		
Government operating grants	1,640,029	-
Debt relief income on construction costs payable		-
Other government grants	431,794	-
Investment income	3,450	105
Interest expense	(175,644)	(38,519)
Total Nonoperating Revenues (Expenses)	<u>1,899,629</u>	<u>(38,414)</u>
Income (loss) before contributions, gains, losses, other revenues and expenses	<u>(100,207)</u>	<u>(69,474)</u>
 <b>Other Revenues (Expenses)</b>		
Special Items	-	5,384
Capital contributions	-	-
Total Other Revenues (Expenses)	<u>-</u>	<u>5,384</u>
 <b>Change in net assets</b>	<u>(100,207)</u>	<u>(64,090)</u>
<b>Net assets - beginning</b>	479,218	723,261
<b>Capital Contributions</b>	-	-
<b>Net assets - ending</b>	<u>\$ 379,011</u>	<u>\$ 659,171</u>

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

**Mason County Housing Authority  
Statement of Cash Flows  
for the Year Ended September 30, 2005**

	<b>Enterprise Fund</b>	<b>Component Unit</b>
<b>Cash Flows from Operating Activities:</b>		
Receipts from tenants	\$ 143,935	\$ 126,412
Payments to suppliers	(680,463)	(96,587)
Payments for tenant services	(1,420,952)	-
Payments to employees	(192,270)	(18,519)
Other receipts (payments)	71,381	719
Net cash used by operating activities	<u>(2,078,369)</u>	<u>12,025</u>
<b>Cash Flows from Noncapital Financing Activities:</b>		
Grant receipts	2,089,593	-
Other receipts	302,282	1,903
Net cash provided by noncapital financing activities	<u>2,391,875</u>	<u>1,903</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
(Payments for) capital acquisition	(81,470)	14,207
(Payments from) for mortgages	(122,546)	(10,062)
Advances from general partner	-	-
Capital Contributed	-	-
Interest Payments	(175,644)	(35,445)
Net cash used in capital and related financing activities	<u>(379,660)</u>	<u>(31,300)</u>
<b>Cash Flows from Investing Activities:</b>		
Proceeds from sale (purchase) of investments	(120,000)	-
Loan fees paid	-	-
Funding of replacement reserves	-	-
Interest and dividends	2,859	105
Net cash used in investing activities	<u>(117,141)</u>	<u>105</u>
<b>Net Cash Increase</b>	(183,295)	(17,267)
<b>Cash at beginning of year</b>	366,954	37,291
<b>Cash at ending of year</b>	<u>\$ 183,659</u>	<u>\$ 20,024</u>
<b>Reconciliation of Operating Loss to Net Cash Used by Operating Activities</b>		
Operating Loss	\$ (1,999,836)	(31,060)
Adjustments to reconcile net operating loss to net cash used by operating activities:		
Depreciation expense & Amortization	94,059	39,741
Accrued Interest added to incentive fee payable	-	0
Debt relief of construction costs payable	-	0
Changes in net assets and liabilities:		
Decrease (Increase) in receivable, net	279,625	473
Decrease (Increase) in inventories	-	(26,015)
Increase (Decrease) in accounts payable	(145,197)	28,479
Increase (Decrease) in other	(307,020)	407
Total adjustments	<u>(78,533)</u>	<u>43,085</u>
Net cash used by operating activities	<u>\$ (2,078,369)</u>	<u>\$ 12,025</u>

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

# MASON COUNTY HOUSING AUTHORITY NOTES TO FINANCIAL STATEMENTS

## October 1, 2004 Through September 30, 2005

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Mason County Housing Authority (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. In June 1999, GASB approved Statement 34, Basic Financial Statements – and Management Discussion and Analysis - for State and Local Governments. This and consecutive statements are reflected in the accompanying financial statements (including notes to financial statements). The following is a summary of the most significant policies (including identification of those policies which result in material departures from generally accepted accounting principles):

This year is the first year the authority has implemented GASB Statement 40-45.

#### Reporting Entity

The Mason County Housing Authority is a special purpose government and provides low income housing to the general public and is supported primarily through user charges and grants. The Mason County Housing Authority is governed by an appointed five-member Board of Commissioners. As required by generally accepted accounting principles, management has considered all potential component units in defining the reporting entity. The component units discussed below are included in the authority's reporting entity because of the significance of their operational or financial relationships with the authority.

The Housing Authority's basic financial statements include all the accounts of the Housing Authority's operations. The Criteria for including organizations as component units with the Housing Authority's reporting entity, as set forth in GASB's *Codification of Government Accounting and Financial Reporting Standards*, include whether:

- The organization is legally separate (can be sued in their own name)
- The Housing Authority holds the corporate powers of the organization
- The Housing Authority appoints a voting majority of the organizations board
- The Housing Authority is able to impose its will on the organization
- The organization has the potential to impose a financial burden/benefit on the Housing Authority
- There is a fiscal dependency by the organization on the Housing Authority

Based on the aforementioned criteria, the Housing Authority has one component unit, which is discretely presented in a single column. The fiscal year for the Component Unit differs from the Housing Authority. The Component Unit maintains financial records on a December 31 fiscal year. Complete financial statements for the component unit can be obtained from the Housing Authority's administrative offices.

#### Basis of Accounting and Presentation

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

The 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 (Housing Choice Vouchers, Subsidized Project Based properties, etc) are designed to provide low to moderate income individuals with housing.

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

The Authority applies GASB pronouncements and has not elected to apply Financial Accounting Standard Board (FASB) statements and Accounting Principles Board (APB) pronouncements issued after November 30, 1989.

## **Assets and Liabilities**

### **Cash and Cash Equivalents**

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

### **Investments**

See Note 3.

### **Receivables**

Receivables consist of amounts owed from private individuals or organizations for goods and services including amounts owed for which billings have not been prepared. An estimate of uncollectible accounts is made monthly and subject to approval of the board of commissioners expensed at the end of each month.

### **Capital Assets and Depreciation**

See Note 4.

### **Compensated Absences**

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

Vacation pay, which may be accumulated up to 30 days for up to seven years of service and 36 days for those with at least seven years of service, is payable upon resignation, retirement or death. Sick leave may be accumulated without limit. 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.

## **Operating Revenues**

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

## **NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

State law requires that the Housing Authority maintain occupancy at specified percentages of low income families. State law also requires the Housing Authority to deposit all of its funds with banking institutions in accordance with the terms of the State of Washington Public Deposit Protection Act. The Housing Authority is in compliance with state law with respect to the percentage of low income families served and the Housing Authority makes all investments pursuant to the requirements of Washington State law in Chapter 39.58 RCW and the investment policies it has adopted.

**NOTE 3 - DEPOSITS AND INVESTMENTS**

**Deposits**

The Authority deposits and certificates of deposit are entirely covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

**Investments**

As required by state law, all investments of the Authority's funds are obligations of the U.S. Government, U.S. agency issues, obligations of the state of Washington, general obligations of Washington State municipalities, the State Treasurer's Investment Pool, bankers' acceptances, or certificates of deposit with Washington State banks and savings and loan institutions.

The Authority had no investments at 9/30/2005.

**NOTE 4 - CAPITAL ASSETS**

Major expenses (\$ 1,000 or more and a useful life of one year or more) 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.

All capital assets are valued at historical cost or estimated historical cost, where historical cost is not known/or estimated market value for donated assets. Donations by developers and customers are recorded at the fair market value or the appraisal value.

The Authority has acquired certain assets with funding provided by federal financial assistance programs. Depending on the terms of the agreements involved, the federal government could retain an equity interest in these assets. However, the Authority has sufficient legal interest to accomplish the purposes for which the assets were acquired.

A summary of capital assets activity for the year ended September 30, 2005 is presented below:

**Business Type Activities**

	Balance 10/1/2004	Increases	Decreases	Balance 9/30/2005
Capital assets, not being depreciated:				
Land	\$ 734,249	\$ -	\$ -	\$ 734,249
Construction in Progress				
Total capital assets, not being depreciated	734,249	-		734,249
Capital assets, being depreciated:				
Buildings	3,003,401	156,159		3,159,560
Machinery and equipment	174,795		74,690	100,105
Total capital assets, being depreciated	3,178,196	156,159	74,690	3,259,665
Less accumulated depreciation				
for buildings	575,442	77,063		652,505
for machinery and equipment	67,554	16,995		84,549
Total capital assets, net	\$ 3,269,449	\$ 62,101	\$ 74,690	\$ 3,256,860

### Component Unit

	Beginning Balance 1/1/2004	Increases	Decreases	Ending Balance 12/31/2004
Capital assets, not being depreciated:				
Land	\$66,764	\$ -	\$ -	\$ 66,764
Construction in Progress				
Total capital assets, not being depreciated	<u>66,764</u>	<u>-</u>	<u>-</u>	<u>66,764</u>
Capital assets, being depreciated:				
Buildings	1,480,233	-	-	1,480,233
Machinery and equipment	91,764	10,639		102,403
Total capital assets, being depreciated	<u>1,571,997</u>	<u>10,639</u>	<u>-</u>	<u>1,582,636</u>
Less accumulated depreciation for buildings, machinery and equipment	323,385	38,572		361,957
Total capital assets, net	<u>\$ 1,315,376</u>	<u>\$ (27,933)</u>	<u>\$ -</u>	<u>\$ 1,287,443</u>

The original cost of operating property retired or otherwise disposed of and the cost of installation, less salvage, is charged to accumulated depreciation. 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.

Depreciation is computed on the straight line method with useful lives of 3 to 40 years. Initial depreciation is based on a half year convention.

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

#### **NOTE 5 – SHORT-TERM DEBT**

The Authority had no short term debt activity for the year ended September 30, 2005.

#### **NOTE 6 - LONG-TERM DEBT AND LIABILITIES**

##### **Long-Term Debt**

###### Revenue Bonds and Mortgages:

The Authority issued revenue bonds to finance the purchase of the Pine Gardens, Fairmont Cove, and Goldsborough Cove properties. The revenue bonds are being repaid by the authority's revenues.

The revenue bonds currently outstanding as of September 30, 2004 are as follows:

**Business Type Activities**

Purpose	Original Amount	Issue Date	Interest Rate	Amount Outstanding
Pine Gardens Refunding A Bonds	\$1,005,000	10/31/2002	4.49%	\$866,294
Pine Gardens Refunding B Bonds	185,537	10/31/2002	4.49%	158,430
Goldsborough Cove A	565,700	7/1/2000	7.13%	531,025
Goldsborough Cove B	125,053	7/1/2000	7.13%	117,337
Fairmont Cove A	894,575	10/31/2000	6.88%	841,650
Fairmont Cove B	366,431	10/31/2000	6.88%	344,752
<b>Total</b>				<b>\$2,859,488</b>

**Component Units**

Purpose	Original Amount	Issue Date	Interest Rate	Amount Outstanding
Kneeland Park Mortgage	\$598,000	3/24/1997	6.75%	\$545,646

Revenue bond debt service requirements to maturity are as follows:

Business Type Activities			
Year Ending 09/30/2005			
Year	Principal	Interest	Total
2006	\$ 92,847	\$ 172,473	\$ 265,321
2007	97,874	167,447	265,321
2008	799,317	138,898	938,215
2009	46,815	125,863	172,678
2010	49,862	122,797	172,659
2011-2015	303,041	560,253	863,294
2016-2020	363,351	448,983	812,335
2021-2025	466,637	310,297	776,934
2026-2030	639,705	116,734	756,439
<b>Totals</b>	<b>\$ 2,859,448</b>	<b>\$ 2,163,747</b>	<b>\$ 5,023,195</b>

Component Units			
Year Ending 09/30/2005			
Year	Principal	Interest	Total
2005	10,945	36,497	\$47,442
2006	11,707	35,735	47,442
2007	12,522	34,919	47,442
2008	13,394	34,048	47,442
2009	14,327	33,115	47,442
2010-2014	88,059	149,148	237,208
2014-2019	123,293	113,914	237,208
2020-2024	172,625	64,583	237,208
2025-2028	98,775	7,967	106,742
<b>Totals</b>	<b>\$ 545,646</b>	<b>\$ 509,926</b>	<b>\$ 1,055,572</b>

The Authority's component unit obtained a mortgage secured by a deed of trust for the purchase of Kneeland Park. The mortgage is being repaid from the component units revenues.

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

## Changes in Long-Term Liabilities

During the year ended September 30, 2005, the following changes occurred in long-term liabilities:

Description	Beginning Balance 10/1/2004	Additions	Reductions	Ending Balance 9/30/2005	Due Within One Year
<b>Business Type Activities</b>					
Revenue Bonds	\$ 2,948,699		\$ 88,581	\$ 2,860,118	\$ 92,847
<b>Component Unit</b>					
Mortgages	\$ 555,879		\$ 10,233	\$ 545,646	\$ 10,945

## Refunded Debt

The following bond issues have been refunded as of October 31, 2002:

Bond Issue	Amount Outstanding
1991 Pine Gardens	\$ 905,000

## Arbitrage

The Authority periodically monitors for the existence of any rebatable arbitrage interest associated with its tax-exempt debt. The rebate is based on the difference between the interest earnings from the investment of bond proceeds and the interest expense associated with the debt. As of September 30, 2005 the Authority estimates that no arbitrage rebate exists and that no liability exists.

## NOTE 7 - PENSION PLAN

Substantially all (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. The following disclosures are made pursuant to GASB Statement No. 27, Accounting for Pensions by State and Local Government Employers.

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 combination defined benefit/defined contribution plan. 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 in national higher education retirement programs); judges of district and municipal courts; and employees of local governments. PERS participants 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 participants 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. PERS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. PERS retirement benefit provisions are established in state statute and may be amended only by the State Legislature.

Plan 1 retirement benefits are vested after an employee completes five years of eligible service. Plan 1 members are eligible for retirement at any age 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 annual pension is 2 percent of the average final compensation per year of service, capped at 60 percent. The average final compensation is based on the greatest compensation during any 24 eligible consecutive compensation months. If qualified, after reaching the age of 66 a cost-of-living allowance is granted based on years of service credit and is capped at 3 percent annually.

Plan 2 retirement benefits are vested after an employee completes five years of eligible service. Plan 2 members may retire at the age of 65 with five years of service, or at the age of 55 with 20 years of service, with an allowance of 2 percent of the average final compensation per year of service. The average final compensation is based on the greatest compensation during any eligible consecutive 60-month period. Plan 2 retirements prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a 3 percent per year reduction applies; otherwise an actuarial reduction will apply. There is no cap on years of service credit; and a cost-of-living allowance is granted (indexed to the Seattle Consumer Price Index), capped at 3 percent annually.

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 benefit calculated at 1 percent of the average final compensation per year of service. The average final compensation is based on the greatest compensation during any eligible consecutive 60-month period. Plan 3 members become eligible for retirement if they have: at least ten years of service; or five years including twelve months that were earned after age 54; or five service credit years earned in PERS Plan 2 prior to June 1, 2003. Plan 3 retirements prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a 3 percent per year reduction applies; otherwise an actuarial reduction will apply. There is no cap on years of service credit; and Plan 3 provides the same cost-of-living allowance as Plan 2. 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 Employee Retirement Benefits Board.

There are 1,168 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of September 30, 2003:

Retirees and Beneficiaries Receiving Benefits	65,362
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	20,001
Active Plan Members Vested	100,469
Active Plan Members Non-Vested	54,081
<b>Total</b>	<b>239,913</b>

#### 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 7.5 percent for state government elected officers. 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. PERS Plan 3 defined contribution is a non-contributing plan for employers. Employees who participate in the defined contribution portion of PERS Plan 3 do not contribute to the defined benefit portion of PERS Plan 3. The Employee Retirement Benefits Board sets Plan 3 employee contribution rates. Six rate options are available ranging from 5 to 15 percent; two of the options are graduated rates dependent on the employee's age. The methods used to determine the contribution requirements are established under state statute in accordance with chapters 41.40 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2005 were as follows:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer*	2.44%	2.44%	2.44%**
Employee	6.00%	2.25%	***

\* The employer rates include the employer administrative expense fee currently set at 0.19%.

\*\* Plan 3 defined benefit portion only.

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

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

	PERS Plan 1	PERS Plan 2	PERS Plan 3
2005	\$ 0	\$ 12,142.24	\$ 50.64
2004	\$ 0	\$ 1,539.34	\$ 304.64
2003	\$ 158.35	\$ 1028.57	\$ 48.16

#### NOTE 8 - RISK MANAGEMENT

The Mason County Housing Authority is a member of the Housing Authorities Risk Retention Pool (HARRP). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, or contracting for risk management services to the same extent that they may individually purchase insurance, self insure, or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The pool was formed March 1, 1987 when Public Housing Authority's (PHA's) in the state of Washington joined together by signing an Interlocal Government Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. Thirty-six Washington PHA's have joined the pool, along with 55 in Oregon, California, and Nevada.

The pool allows members to establish a plan for self-insurance, jointly purchase insurance, and provides risk management services and loss control. Coverage for public official liability and fidelity claims is on a "claims made" basis. All other coverage's are on an "occurrence" basis. The pool provides the following forms of pool purchased insurance coverage for its members. The PHA's jointly self-insure the first \$300,000 per occurrence of their general liability exposure and the pool purchases \$2,700,000 in reinsurance. They jointly self-insure the first \$25,000 per occurrence of their real and personal property exposure and the pool purchases the appropriate limits of replacement coverage from the commercial insurance market. The pool also provides public officials Error and Omissions coverage and Fidelity and Employee Dishonesty coverage on a similar pooled/purchased basis. The auto liability program self-insures the first \$100,000 per claim and the pool purchases excess insurance of \$2,000,000.

Members make annual contributions based upon an actuarial study to fund the pool. Members have no individual deductible in the General Liability and Auto Liability program, and may choose different levels of deductibles for the property program. Members also have a 10% quota share deductible for Errors and Omissions claims. Since the pool is a cooperative program, there is joint liability among the participating members for the self-insured portion of each claim.

The pool is fully funded by its members. Claims are filed by members with HARRP. HARRP maintains a full time staff including an Executive Director and employees providing appropriate support. The annual premium is calculated to cover all anticipated expenses. Any shortfall will be covered by the pool surplus, reserves, and future rate increases. In 2000, a Supplemental Underwriting Assessment (SUA) was implemented for those members with a 50% or greater 5-year loss history after deducting the largest claim. 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.

#### **NOTE 9 - CONTINGENCIES AND LITIGATION**

The Authority's policy is to record in its financial statements all material liabilities, including an estimate for situations, which are not yet resolved, but where, based on available information, management believes it is probable that the Authority will have to make payment. In the opinion of management, the Authority's insurance policies are adequate to pay all known or pending claims.

The 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 expenses disallowed under terms of the grants. The Authority's management believes that such disallowance, if any, will be immaterial.

#### **NOTE 10 - DEFERRED DEBITS (OR CREDITS)**

In accordance with generally accepted principles for regulated businesses, the Authority had deferred receipts of \$ 711 and the Component Unit had deferred receipts of \$ 2,447 year end FY2005. These receipts result from advanced rents and grants.

#### **NOTE 11 – MAJOR COMPONENT UNIT INFORMATION**

Mason County Housing Authority entered into a partnership with Key Community Development Corporation on July 24<sup>th</sup>, 2003 to become the general partner of Kneeland Park. The Kneeland Park Associates Limited Partnership owns and operates the Kneeland Park apartments. The project operates on a calendar year (January – December). The Kneeland Park Apartments are a twenty one unit complex. The project was funded in part from a Low Income Housing Tax Credit. The project has a project compliance period of forty years with a minimum low income housing set aside of 100%.

This is the second year that Kneeland Park Apartments is being presented in the Authority's financial statements as a component unit. It is being presented as a separate item and is being reported for the year ending December 31, 2004.

**Mason County Housing Authority**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended 09/30/2005**

<b>Grantor</b>	<b>CFDA#</b>	<b>Name of Federal Program</b>	<b>Award</b>
US Department of Agriculture	10.415	Rural Rental Housing Loans	\$79,871
US Department of Agriculture	10.427	Rural Rental Assistance Payments	<u>233,323</u>
			313,194
US Department of Housing and Urban Development	14.181	Supportive Housing for Persons with Disabilities	118,600
US Department of Housing and Urban Development	14.182	N/C S/R Section 8 Programs	134,241
US Department of Housing and Urban Development	14.871	Housing Choice Vouchers	<u>1,505,788</u>
			1,758,629
		<b>Total Awards</b>	<b><u><u>\$2,071,823</u></u></b>

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this Schedule.

**Mason County Housing Authority**  
**Notes to the Schedule of Expenditures of Federal Awards**

**NOTE 1 - BASIS OF ACCOUNTING**

This schedule is prepared on the same basis of accounting as the Housing Authority's financial statements. The Housing Authority uses the Proprietary fund method of accounting.

**NOTE 2 - PROGRAM COSTS**

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

**NOTE 3 - FEDERAL LOANS**

The Authority was approved by US Department of Agriculture to receive loans totaling \$1,834,764.13 to renovate low income housing. The amount listed includes loan proceeds received during the year and the outstanding loan balance from prior years.

Financial Data Schedule  
Mason County Housing Authority  
for FY2005

Line Item No.	Account Description	Rural Rental Housing Loans	Rural Rental Assistance Payments	Supportive Housing for Persons with Disabilities	N/C S/R Section 8 Programs	Housing Choice Vouchers	State/Local	Component Units	Total
111	Cash - Unrestricted	\$0	\$118,580	\$0	\$9,442	\$25,050	\$2,979	\$9,872	\$165,923
114	Cash - Tenant Security Deposits	\$0	\$21,661	\$0	\$5,947	\$0	\$0	\$10,152	\$37,760
100	Total Cash	\$0	\$140,241	\$0	\$15,389	\$25,050	\$2,979	\$20,024	\$203,683
124	Accounts Receivable - Other Government	\$0	\$0	\$13,469	\$0	\$0	\$0	\$0	\$13,469
125	Accounts Receivable - Miscellaneous	\$0	\$4,453	\$0	\$2,760	\$518	\$3,374	\$0	\$11,105
126	Accounts Receivable - Tenants - Dwelling Rents	\$0	\$4,572	\$0	\$3,254	\$0	\$0	\$1,441	\$9,267
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$0	(\$2,402)	\$0	(\$1,725)	\$0	\$0	\$0	(\$4,127)
126.2	Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
120	Total Receivables, net of allowances for doubtful accounts	\$0	\$6,623	\$13,469	\$4,289	\$518	\$3,374	\$1,441	\$29,714
131	Investments - Unrestricted	\$0	\$0	\$0	\$0	\$120,000	\$0	\$0	\$120,000
144	Interprogram Due From	\$0	\$3,635	\$0	\$13,643	\$0	\$0	\$0	\$17,278
150	Total Current Assets	\$0	\$150,499	\$13,469	\$33,321	\$145,568	\$6,353	\$21,465	\$370,675
161	Land	\$0	\$468,599	\$0	\$144,590	\$0	\$121,060	\$66,764	\$801,013
162	Buildings	\$0	\$1,688,788	\$0	\$1,363,856	\$0	\$106,916	\$1,480,233	\$4,639,793
163	Furniture, Equipment & Machinery - Dwellings	\$0	\$49,539	\$0	\$30,592	\$0	\$0	\$76,388	\$156,519
164	Furniture, Equipment & Machinery - Administration	\$0	\$0	\$0	\$0	\$9,598	\$10,376	\$0	\$19,974
166	Accumulated Depreciation	\$0	(\$201,334)	\$0	(\$513,311)	(\$3,214)	(\$19,195)	(\$361,957)	(\$1,099,011)
160	Total Fixed Assets, Net of Accumulated Depreciation	\$0	\$2,005,592	\$0	\$1,025,727	\$6,384	\$219,157	\$1,261,428	\$4,518,288
174	Other Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$26,015	\$26,015
180	Total Non-Current Assets	\$0	\$2,005,592	\$0	\$1,025,727	\$6,384	\$219,157	\$1,287,443	\$4,544,303
190	Total Assets	\$0	\$2,156,091	\$13,469	\$1,059,048	\$151,952	\$225,510	\$1,308,908	\$4,914,978
312	Accounts Payable <= 90 Days	\$0	\$38,400	\$13,469	\$66,014	\$4,620	\$154,098	\$69,909	\$346,510
321	Accrued Wage/Payroll Taxes Payable	\$0	\$0	\$0	\$3,863	\$0	\$0	\$0	\$3,863
325	Accrued Interest Payable	\$0	\$0	\$0	\$9,815	\$0	\$0	\$3,074	\$12,889
331	Accounts Payable - HUD PHA Programs	\$0	\$0	\$0	\$0	\$20,465	\$0	\$0	\$20,465
341	Tenant Security Deposits	\$0	\$25,132	\$0	\$6,195	\$0	\$0	\$10,100	\$41,427
342	Deferred Revenues	\$0	\$665	\$0	\$46	\$0	\$0	\$2,447	\$3,158
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	\$0	\$28,526	\$0	\$92,896	\$0	\$0	\$10,884	\$132,306
346	Accrued Liabilities - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$17,681	\$17,681
347	Interprogram Due To	\$0	\$13,806	\$0	\$3,472	\$0	\$0	\$0	\$17,278
310	Total Current Liabilities	\$0	\$106,529	\$13,469	\$182,301	\$25,085	\$154,098	\$114,095	\$595,577
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue Bonds	\$0	\$1,806,238	\$0	\$931,828	\$0	\$0	\$535,642	\$3,273,708
354	Accrued Compensated Absences - Non Current	\$0	\$1,128	\$0	\$554	\$3,503	\$2,326	\$0	\$7,511
350	Total Noncurrent Liabilities	\$0	\$1,807,366	\$0	\$932,382	\$3,503	\$2,326	\$535,642	\$3,281,219
300	Total Liabilities	\$0	\$1,913,895	\$13,469	\$1,114,683	\$28,588	\$156,424	\$649,737	\$3,876,796
508	Total Contributed Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
508.1	Invested in Capital Assets, Net of Related Debt	\$0	\$170,828	\$0	\$1,003	\$6,384	\$219,157	\$714,902	\$1,112,274
511	Total Reserved Fund Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
511.1	Restricted Net Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
512.1	Unrestricted Net Assets	\$0	\$71,368	\$0	(\$56,638)	\$116,980	(\$150,071)	(\$55,731)	(\$74,092)
513	Total Equity/Net Assets	\$0	\$242,196	\$0	(\$55,635)	\$123,364	\$69,086	\$659,171	\$1,038,182
600	Total Liabilities and Equity/Net Assets	\$0	\$2,156,091	\$13,469	\$1,059,048	\$151,952	\$225,510	\$1,308,908	\$4,914,978
703	Net Tenant Rental Revenue	\$0	\$94,523	\$0	\$57,971	\$0	\$0	\$103,256	\$255,750
704	Tenant Revenue - Other	\$0	\$19,459	\$0	\$7,993	\$0	\$0	\$20,943	\$48,395
705	Total Tenant Revenue	\$0	\$113,982	\$0	\$65,964	\$0	\$0	\$124,199	\$304,145
706	HUD PHA Operating Grants	\$0	\$0	\$0	\$134,241	\$1,505,788	\$0	\$0	\$1,640,029
708	Other Government Grants	\$79,871	\$233,323	\$118,600	\$0	\$0	\$0	\$0	\$431,794
711	Investment Income - Unrestricted	\$0	\$511	\$0	\$128	\$2,800	\$11	\$105	\$3,555
715	Other Revenue	\$0	\$32,735	\$0	\$76	\$8,335	\$43,835	\$0	\$84,981
700	Total Revenue	\$79,871	\$380,551	\$118,600	\$200,409	\$1,516,923	\$43,846	\$124,304	\$2,464,504
911	Administrative Salaries	\$0	\$23,897	\$0	\$7,378	\$23,094	\$35,110	\$13,440	\$102,919
912	Auditing Fees	\$0	\$542	\$18	\$9	\$8,297	\$55	\$0	\$8,921
913	Outside Management Fees	\$0	\$31,790	\$4,320	\$11,386	\$130,068	\$73,291	\$9,533	\$260,388
914	Compensated Absences	\$0	\$236	\$0	(\$103)	\$3,503	(\$1,996)	\$0	\$1,640
915	Employee Benefit Contributions - Administrative	\$0	\$10,696	\$0	\$2,897	\$10,806	\$5,728	\$5,079	\$35,206
916	Other Operating - Administrative	\$0	\$25,804	\$4,009	\$11,379	\$22,270	\$16,438	\$19,590	\$99,490
931	Water	\$0	\$12,136	\$0	\$8,165	\$0	\$183	\$0	\$20,484
932	Electricity	\$0	\$6,913	\$0	\$3,028	\$0	\$0	\$0	\$9,941
938	Other Utilities Expense	\$0	\$33,628	\$0	\$21,338	\$0	\$0	\$18,308	\$73,274
941	Ordinary Maintenance and Operations - Labor	\$0	\$32,900	\$0	\$16,125	\$0	\$0	\$0	\$49,025
942	Ordinary Maintenance and Operations - Materials and Other	\$0	\$27,092	\$0	\$9,221	\$0	\$0	\$41,093	\$77,406
943	Ordinary Maintenance and Operations - Contract Costs	\$0	\$40,707	\$0	\$17,326	\$233	\$2,956	\$0	\$61,222

Financial Data Schedule  
Mason County Housing Authority  
for FY2005

Line Item No.	Account Description	Rural Rental Housing Loans	Rural Rental Assistance Payments	Supportive Housing for Persons with Disabilities	N/C S/R Section 8 Programs	Housing Choice Vouchers	State/Local	Component Units	Total
945	Employee Benefit Contributions - Ordinary Maintenance	\$0	\$14,923	\$0	\$6,449	\$0	\$0	\$0	\$21,372
961	Insurance Premiums	\$0	\$3,761	\$0	\$2,546	\$1,258	\$1,052	\$5,975	\$14,592
962	Other General Expenses	\$0	\$23	\$0	\$0	\$0	\$0	\$2,500	\$2,523
964	Bad Debt - Tenant Rents	\$0	\$9,506	\$0	\$4,847	\$0	\$0	\$0	\$14,353
966	Bad Debt - Other	\$0	\$0	\$0	\$12,514	\$0	\$0	\$0	\$12,514
967	Interest Expense	\$79,871	\$48,902	\$0	\$46,871	\$0	\$0	\$38,519	\$214,163
969	Total Operating Expenses	\$79,871	\$323,456	\$8,347	\$181,376	\$199,529	\$132,817	\$154,037	\$1,079,433
970	Excess Operating Revenue over Operating Expenses	\$0	\$57,095	\$110,253	\$19,033	\$1,317,394	(\$88,971)	(\$29,733)	\$1,385,071
973	Housing Assistance Payments	\$0	\$0	\$110,253	\$0	\$1,310,699	\$0	\$0	\$1,420,952
974	Depreciation Expense	\$0	\$45,967	\$0	\$41,969	\$1,736	\$4,387	\$39,741	\$133,800
900	Total Expenses	\$79,871	\$369,423	\$118,600	\$223,345	\$1,511,964	\$137,204	\$193,778	\$2,634,185
1008	Special Items (net gain/loss)	\$0	\$0	\$0	\$0	\$0	\$0	\$5,384	\$5,384
1010	Total Other Financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$5,384	\$5,384
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	\$0	\$11,128	\$0	(\$22,936)	\$4,959	(\$93,358)	(\$64,090)	(\$164,297)
1102	Debt Principal Payments - Enterprise Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1103	Beginning Equity	\$0	\$231,068	\$0	(\$32,699)	\$118,405	\$162,444	\$723,261	\$1,202,479
1113	Maximum Annual Contributions Commitment (Per ACC)	\$0	\$0	\$0	\$0	\$1,583,937	\$0	\$0	\$1,583,937
1114	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1115	Contingency Reserve, ACC Program Reserve	\$0	\$0	\$0	\$0	\$65,812	\$0	\$0	\$65,812
1116	Total Annual Contributions Available	\$0	\$0	\$0	\$0	\$1,649,749	\$0	\$0	\$1,649,749
1120	Unit Months Available	0	720	333	336	3,864	12	252	5,517
1121	Number of Unit Months Leased	0	683	333	317	3,527	12	230	5,102

**MULTIPLE FAMILY HOUSING PROJECT BUDGET**

PROJECT NAME <b>Fairmont Cove</b>		BORROWER NAME Mason County Housing Authority		BORROWER ID AND PROJECT NO. 911082643	
Loan/Transfer Amount \$	Note Rate Payment \$ 48,787.00			IC Payments \$	
Reporting Period 2005 Annual	Budget Type Regular	Project Rental Type Family	Profit Type non-profit	The following utilities are master metered water trash sewer	
Current # units 40					

**PART I - CASH FLOW STATEMENT**

	CURRENT BUDGET	CURRENT ACTUAL	PROPOSED BUDGET	COMMENTS
BEGINNING DATE>	10/1/2004	10/1/2004	10/1/2005	
ENDING DATE>	9/30/2005	9/30/2005	9/30/2006	
<b>OPERATIONAL CASH SOURCES</b>				
1. RENTAL INCOME	248,208	64,702		
2. RHS RENTAL ASSISTANCE RECEIVED		165,290		
3. APPLICATION FEES RECEIVED		948		
4. LAUNDRY AND VENDING	3,000	2,640		
5. INTEREST INCOME	850	323		
6. TENANT CHARGES	1,500	10,989		
7. OTHER- PROJECT SOURCES	0	14,425		
8. LESS (Vacancy And Contingency Allowance)	12,410			
9. LESS (Agency Approved Incentive Allowance)	0			
10. SUB-TOTAL [(1 thru 7) - (8&9)]	241,148	259,318	0	
<b>NON-OPERATIONAL CASH SOURCES</b>				
11. CASH-NON PROJECT	0.00	0		
12. AUTHORIZED LOAN (Non-RHS)	0	0		
13. TRANSFER FROM RESERVE	45,000	64,351		
14. SUB-TOTAL (11 thru 13)	45,000	64,351	0	
<b>15. TOTAL CASH SOURCES (10+14)</b>	<b>286,148</b>	<b>323,670</b>	<b>0</b>	
<b>OPERATIONAL CASH USES</b>				
16. TOTAL O&M EXPENSES (From Part II)	167,173	198,414		
17. RHS DEBT PAYMENT	48,787	48,787		
18. RHS PAYMENT (Overage)				
19. RHS PAYMENT (Late Fee)		0		
20. REDUCTION IN PRIOR YEAR PAYABLES (See PartIV)		32,767		Decrease in A/P for 2005
21. TENANT UTILITY PAYMENTS				
22. TRANSFER TO RESERVE	13,100	13,315		
23. RETURN TO OWNER	0	0	0	
24. SUB-TOTAL (16 thru 23)	229,060	293,284	0	
<b>NON-OPERATIONAL CASH USES</b>				
25. AUTHORIZED DEBT PAYMENT (Non-RHS)	0.00	0		
26. LONG-TERM IMPROVEMENTS	94,900	30,748		see maintenance contract and supply - most expenditures did not meet BHA capitalization
27. MISCELLANEOUS	3,000			
28. SUB-TOTAL (25 thru 27)	97,900	30,748		
<b>29. TOTAL CASH USES (24+28)</b>	<b>326,960</b>	<b>324,032</b>	<b>0</b>	
<b>30. NET CASH (DEFICIT) (15-29)</b>	<b>(40,812)</b>	<b>(362)</b>	<b>0</b>	
<b>CASH BALANCE</b>				
31. BEGINNING CASH BALANCE	62,633	6,519		
32. ACCRUAL TO CASH ADJUSTMENT		(4,546)		there is an increase in A/R for 2005
33. ENDING CASH BALANCE (30 +31+32)	21,821	1,610	0	0



**PART II—OPERATING AND MAINTENANCE EXPENSE SCHEDULE**

	<b>CURRENT BUDGET</b>	<b>CURRENT ACTUAL</b>	<b>PROPOSED BUDGET</b>	<b>COMMENTS</b>
1. MAINTENANCE AND REPAIRS PAYROLL	27,600	22,236		
2. MAINTENANCE AND REPAIRS SUPPLY	9,800	16,970		items originally budgeted in capital did not meet capitalization policy and were expensed
3. MAINTENANCE AND REPAIRS CONTRACT	7,000	26,933		
4. PAINTING AND DECORATING	5,000	3,308		
5. SNOW REMOVAL	0			
6. ELEVATOR MAINTENANCE/CONTRACT	0			
7. GROUNDS	2,000	2,205		
8. SERVICES	500	1,190		Pest control
9. FURNITURE & FURNISHING REPLACEMENT	0			
10. OTHER OPERATING EXPENSES ( <i>Itemize</i> )	600	346		
<b>11. SUB-TOTAL MAINT. &amp; OPERATING (1 thru 10)</b>	<b>52,500</b>	<b>73,188</b>	<b>0</b>	
12. ELECTRICITY	5,350	4,510		
13. WATER	7,200	7,988		
14. SEWER	10,500	11,773		
15. FUEL ( <i>Oil/Coal/Gas</i> )				
16. GARBAGE & TRASH REMOVAL	11,300	12,293		
17. OTHER UTILITIES				
<b>18. SUB-TOTAL UTILITIES (12 thru 17)</b>	<b>34,350</b>	<b>36,564</b>	<b>0</b>	
19. SITE MANAGEMENT PAYROLL	23,818	22,994		
20. MANAGEMENT FEE	23,580	22,040		mgt fee calculated on cash collected, not total revenue accrued
21. PROJECT AUDITING EXPENSE	600	363		
22. PROJECT BOOKKEEPING/ACCOUNTING	300	403		Payroll outsource fees
23. LEGAL EXPENSES	2,000	4,688		Unlawful Detainers and screening
24. ADVERTISING	1,500	404		
25. TELEPHONE & ANSWERING SERVICE	3,400	2,933		actual includes phone, cell, internet, long dist chgs
26. OFFICE SUPPLIES	1,000	2,041		
27. OFFICE FURNITURE & EQUIPMENT	500	111		
28. TRAINING EXPENSE	1,100	2,925		extra training for new property manager
29. HEALTH INS. & OTHER EMP. BENEFITS	8,076	9,978		
30. PAYROLL TAXES	3,451	4,445		
31. WORKER'S COMPENSATION	2,498	2,866		
32. OTHER ADMINISTRATIVE EXPENSES ( <i>Itemize</i> )	5,500	9,763		copier rental, bank charges, bad debt, software support
<b>33. SUB-TOTAL ADMINISTRATIVE (19 thru 32)</b>	<b>77,323</b>	<b>85,954</b>	<b>0</b>	
34. REAL ESTATE TAXES	0	0		
35. SPECIAL ASSESSMENTS	0	0		
36. OTHER TAXES, LICENSES & PERMITS	0	0		
37. PROPERTY & LIABILITY INSURANCE	3,000	2,708		
38. FIDELITY COVERAGE INSURANCE	0	0		
39. OTHER INSURANCE	0	0		
<b>40. SUB-TOTAL TAXES &amp; INSURANCE (34 thru 39)</b>	<b>3,000</b>	<b>2,708</b>	<b>0</b>	
<b>41. TOTAL O&amp;M EXPENSES (11+18+33+40)</b>	<b>167,173</b>	<b>198,414</b>	<b>0</b>	

**PART III—ACCOUNT BUDGETING/STATUS**

	<b>CURRENT BUDGET</b>	<b>CURRENT ACTUAL</b>	<b>PROPOSED BUDGET</b>	<b>COMMENTS</b>
<b>RESERVE ACCOUNT:</b>				
1. BEGINNING BALANCE	101,497	<b>109,790</b>		
2. TRANSFER TO RESERVE	13,100	<b>13,315</b>		
TRANSFER FROM RESERVE				
3. OPERATING DEFICIT	0			
4. BUILDING REPAIR & IMPROVEMENTS	45,000	<b>64,351</b>		26359 was 2004 accrual, 30748 LTI, 7244 was expensed
5. EQUIPMENT REPAIR & REPLACEMENT	0			
6. OTHER NON-OPERATING EXPENSES	0			
7. TOTAL (3 thru 6)	<b>45,000</b>	<b>64,351</b>		
8. ENDING BALANCE [(1+2)-7]	<b>69,597</b>	<b>58,754</b>		

**GENERAL OPERATING ACCOUNT:\***

BEGINNING BALANCE	6,519
ENDING BALANCE	1,610

**REAL ESTATE TAX AND INSURANCE ESCROW ACCOUNT:\***

BEGINNING BALANCE	
ENDING BALANCE	

**TENANT SECURITY DEPOSIT ACCOUNT:\***

BEGINNING BALANCE	16,300
ENDING BALANCE	15,314

(\* complete upon submission of actual expenses.)

NUMBER OF APPLICANTS ON WAITING LIST	55	RESERVE ACCT REQ BAL	
NUMBER OF APPLICANTS NEEDING RA	55	AMT AHEAD/BEHIND	

**PART IV—RENT SCHEDULE AND UTILITY ALLOWANCE**

**A. CURRENT APPROVED RENTS/ UTILITY ALLOWANCE**

UNIT DESCRIPTION			RENTAL RATES			POTENTIAL INCOME FROM EACH RATE			UTILITY ALLOWANCE
Br Size	Type	Number	Basic	Note Rate	HUD	Basic	Note Rate	HUD	
1	S	12	446	526		64,224	75,744		39
2	S	19	529	609		120,612	138,852		58
3	S	8	594	689		57,024	66,144		55
4	Z	1	529	609		6,348	7,308		58
CURRENT RENT TOTALS:						\$ 248,208	\$ 288,048	\$ -	

**B. PROPOSED RENTS - Effective Date**

UNIT DESCRIPTION			RENTAL RATES			POTENTIAL INCOME FROM EACH RATE		
Br Size	Type	Number	Basic	Note Rate	HUD	Basic	Note Rate	HUD
1	S	8						
2	S	12						
PROPOSED RENT TOTALS:						\$ -	\$ -	\$ -

**C. PROPOSED UA - Effective Date**

**MONTHLY DOLLAR ALLOWANCES**

Br Size	Type	Number	ELECTRIC	GAS	WATER	SEWER	TRASH	OTHER	TOTAL
									\$ -
									\$ -
									\$ -
									\$ -
									\$ -
									\$ -

**PART V—ANNUAL CAPITAL BUDGET**

	Proposed number of units/items	Proposed from reserve	Actual from reserve	Proposed from Operating	Actual from Operating	Actual total cost	Total actual units/items
<b>Appliances:</b>							
Range				2,100.00			
Refrigerator				2,400.00			
Range Hood							
Washer & Dryers							
Other:							
<b>Carpet &amp; Vinyl:</b>							
1 BR				4,200.00			
2 BR				6,400.00			
3 BR				6,300.00			
4 BR							
Other:							
<b>Cabinets:</b>							
Kitchens				7,000.00			
Bathrooms				3,000.00			
<b>Doors:</b>							
Exterior				3,750.00			
Interior				1,750.00			
Other:							
<b>Window Coverings:</b>							
List				2,000.00			
Other:							
<b>Heating &amp; Air Conditioning:</b>							
Heating				2,000.00			
Air Conditioning							
Other:							
<b>Plumbing:</b>							
Water Heater				1,000.00			
Bath Sinks				375.00			
Kitchen Sinks				500.00			
Faucets				375.00			
Toilets				750.00			
Other:							
<b>Major Electrical</b>							
List							
Other:							
<b>Structures:</b>							
Windows							
Screens							
Walls							
Roofing		45,000.00	30,747.75				
Siding							
Exterior Painting							
Other:							
<b>Paving:</b>							
Asphalt							
Concrete							
Seal & Stripe							
Other:							
<b>Landscape &amp; Grounds:</b>							
Landscaping				4,000.00			
Lawn Equipment							
Fencing							
Recreation Area							
Signs							
Other: Irrigation System							
<b>Accessibility Features:</b>							
List							
Other:							
<b>Automation Equipment:</b>							
Site Management							
Common Area							
Other:							
<b>Other:</b>							
Retaining Wall							
List				2,000.00			
List							
<b>TOTAL CAPITAL EXPENSES:</b>	-	45,000.00	30,747.75	49,900.00	-	30,747.75	-

**PART VI—SIGNATURES, DATES AND COMMENTS**

**Warning:** Section 1001 of Title 18, Unites States Code provides: "Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a mat

I HAVE READ THE ABOVE WARNING STATEMENT AND I HEREBY CERTIFY THAT THE FOREGOING INFORMATION IS COMPLETE AND ACCURATE TO THE BEST OF MY KNOWLEDGE.

\_\_\_\_\_  
(DATE)

\_\_\_\_\_  
(Signature of Borrower or Borrower's Representative)

\_\_\_\_\_  
(Title)

AGENCY APPROVAL (*Rural Development Approval Official*):

DATE:

COMMENTS:

**MULTI-FAMILY HOUSING  
BORROWER BALANCE SHEET**

**PART I - BALANCE SHEET**

<b>PROJECT NAME</b> Goldsborough Cove Goldsborough Cove	<b>BORROWER NAME</b> Mason County Housing Authority Mason County Housing Authority	<b>BORROWER ID AND PROJECT NO.</b> 911082643 911082643
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	BEGINNING DATES>	CURRENT YEAR	PRIOR YEAR	COMMENTS
	ENDING DATES>	( 10-01-2004 )	( 10-01-2003 )	
<u>ASSETS</u>		( 09-30-2005 )	( 09-30-2004 )	

**CURRENT ASSETS**

1. GENERAL OPERATING ACCOUNT .....		801.12	4,613.68	
2. R.E. TAX & INSURANCE ACCOUNT .....		0	0	
3. RESERVE ACCOUNT .....		57,313.49	55,997.00	
4. SECURITY DEPOSIT ACCOUNT .....		6,347.49	6,870.99	
5. OTHER CASH ( <i>identify</i> ) .....		50.00	50.00	petty cash
6. OTHER ( <i>identify</i> ) .....				
7. TOTAL ACCOUNTS RECEIVABLE ( <i>Attach list</i> ) .....		1,614.20		
ACCTS RCVBL 0-30 DAYS \$ .....			720.00	see attached aged
ACCTS RCVBL 30-60 DAYS \$ .....				accounts receivable
ACCTS RCVBL 60-90 DAYS \$ .....				schedule
ACCTS RCVBL OVER 90 DAYS \$ .....				
8. LESS: ALLOWANCE FOR DOUBTFUL ACCOUNTS .....		-209.00	-289.00	
9. INVENTORIES ( <i>supplies</i> ) .....		( )	( )	
10. PREPAYMENTS .....				
11. _____				
12. <b>TOTAL CURRENT ASSETS (Add 1 thru 11)</b> .....		65917.30	67962.67	

**FIXED ASSETS**

13. LAND .....		156200.00	156200.00	
14. BUILDINGS .....		668262.56	668262.56	
15. LESS: ACCUMULATED DEPRECIATION .....		( )	( )	
16. FURNITURE & EQUIPMENT .....		16663.93	16663.93	
17. LESS: ACCUMULATED DEPRECIATION .....		( 90971.93 )	( 73452.94 )	
18. _____				
19. <b>TOTAL FIXED ASSETS (Add 13 thru 18)</b> .....		750154.56	767673.55	

**OTHER ASSETS**

20. _____				
21. <b>TOTAL ASSETS (Add 12, 19, and 20)</b> .....		816071.86	835636.22	

**LIABILITIES AND OWNERS EQUITY**

**CURRENT LIABILITIES**

22. TOTAL ACCOUNTS PAYABLE ( <i>Attach list</i> ) .....		25600.90		see breakdown in
ACCTS PAYABLE 0-30 DAYS \$ .....			41601.49	attached accounts
ACCTS PAYABLE 30-60 DAYS \$ .....			2781.25	payable schedule
ACCTS PAYABLE 60-90 DAYS \$ .....			318.00	
ACCTS PAYABLE OVER 90 DAYS \$ .....			1217.00	
23. NOTES PAYABLE ( <i>Attach list</i> ) .....		0	0	
24. SECURITY DEPOSITS .....		7255.00	7225.00	
25. <b>TOTAL CURRENT LIABILITIES (Add 22 thru 24)</b> .....		32855.90	53142.74	

*According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0189. The time required to complete this information collection 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.*

**LONG-TERM LIABILITIES**

26. NOTES PAYABLE RURAL DEVELOPMENT	648487.48	657825.11	
27. OTHER (Identify) _____			
28. <b>TOTAL LONG-TERM LIABILITIES</b> (Add 26 and 27).	648487.48	657825.11	
29. <b>TOTAL LIABILITIES</b> (Add 25 and 28) .....	681343.38	710967.85	
30. OWNER'S EQUITY (Net Worth) (21 minus 29) .....	134728.48	124668.37	
31. <b>TOTAL LIABILITIES AND OWNER'S EQUITY</b> (Add 29 and 30)	816071.86	835636.22	

**Warning:** Section 1001 of Title 18, United States Code provides: "Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined under this title or imprisoned not more than five years, or both."

I HAVE READ THE ABOVE WARNING STATEMENT AND I HEREBY CERTIFY THE FOREGOING INFORMATION IS COMPLETE AND ACCURATE TO THE BEST OF MY KNOWLEDGE.

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Signature of Borrower or Borrower's Representative)

\_\_\_\_\_  
(Title)

**PART II- THIRD PARTY VERIFICATION OF REVIEW**

I/We have reviewed the borrower's records. The accompanying balance sheet, and statement of actual budget and income on Form RD 3560-7, is a fair presentation of the borrower's records.

I/We certify that no identity of interest exists between me/us and any individual or organization doing business with the project or borrower.

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Name and Title)

\_\_\_\_\_  
(Address)

In lieu of the above verification and signature, a review completed, dated and signed by a person or firm qualified by license or certification is attached.

**MULTIPLE FAMILY HOUSING PROJECT BUDGET**

PROJECT NAME <b>Goldsborough Cove</b>		BORROWER NAME Mason County Housing Authority			BORROWER ID AND PROJECT NO. 911082643		
Loan/Transfer Amount \$		Note Rate Payment \$ 26,782.00			IC Payments \$		
Reporting Period 2005 annual	Budget Type Regular	Project Rental Type Family	Profit Type non-profit	The following utilities are master metered water trash sewer			Current # units 20

**PART I - CASH FLOW STATEMENT**

	CURRENT BUDGET	CURRENT ACTUAL	PROPOSED BUDGET	COMMENTS
BEGINNING DATE>	10/1/2004	10/1/2004	10/1/2005	
ENDING DATE>	9/30/2005	9/30/2005	9/30/2006	

**OPERATIONAL CASH SOURCES**

1. RENTAL INCOME	102,672	29,821		
2. RHS RENTAL ASSISTANCE RECEIVED	0	68,033	0	
3. APPLICATION FEES RECEIVED	0	525	0	
4. LAUNDRY AND VENDING	1,500	1,389		
5. INTEREST INCOME	250	187		
6. TENANT CHARGES	800	2,967		
7. OTHER- PROJECT SOURCES	0	18,311		
8. LESS (Vacancy And Contingency Allowance)	5,134	0		
9. LESS (Agency Approved Incentive Allowance)	0			
10. SUB-TOTAL [(1 thru 7) - (8&9)]	100,088	121,233	0	

**NON-OPERATIONAL CASH SOURCES**

11. CASH-NON PROJECT	0.00	0		
12. AUTHORIZED LOAN (Non-RHS)	0	0		
13. TRANSFER FROM RESERVE	25,000	5,484		
14. SUB-TOTAL (11 thru 13)	25,000	5,484	0	
<b>15. TOTAL CASH SOURCES (10+14)</b>	<b>125,088</b>	<b>126,717</b>	<b>0</b>	

**OPERATIONAL CASH USES**

16. TOTAL O&M EXPENSES (From Part II)	67,003	76,264		
17. RHS DEBT PAYMENT	26,728	26,728		
18. RHS PAYMENT (Overage)	0		0	
19. RHS PAYMENT (Late Fee)	0	0	0	
20. REDUCTION IN PRIOR YEAR PAYABLES (See PartIV)	0	20,288	0	Decrease in A/P for 2005
21. TENANT UTILITY PAYMENTS	0		0	
22. TRANSFER TO RESERVE	6,650	6,800		
23. RETURN TO OWNER	0	0	0	
24. SUB-TOTAL (16 thru 23)	100,381	130,080	0	

**NON-OPERATIONAL CASH USES**

25. AUTHORIZED DEBT PAYMENT (Non-RHS)	0.00	0		
26. LONG-TERM IMPROVEMENTS	31,500	0		see maintenance contract and supply - did not meet BHA capitalization policy
27. MISCELLANEOUS	1,500			
28. SUB-TOTAL (25 thru 27)	33,000	0		
<b>29. TOTAL CASH USES (24+28)</b>	<b>133,381</b>	<b>130,080</b>	<b>0</b>	
<b>30. NET CASH (DEFICIT) (15-29)</b>	<b>(8,293)</b>	<b>(3,363)</b>	<b>0</b>	

**CASH BALANCE**

31. BEGINNING CASH BALANCE	4,614	4,614		
32. ACCRUAL TO CASH ADJUSTMENT		(450)		there is an increase in A/R for 2005
33. ENDING CASH BALANCE (30 +31+32)	(3,679)	801	0	



**PART II—OPERATING AND MAINTENANCE EXPENSE SCHEDULE**

	<b>CURRENT BUDGET</b>	<b>CURRENT ACTUAL</b>	<b>PROPOSED BUDGET</b>	<b>COMMENTS</b>
1. MAINTENANCE AND REPAIRS PAYROLL	9,476	10,663		
2. MAINTENANCE AND REPAIRS SUPPLY	1,000	3,018		items originally budgeted in capital did not meet capitalization policy and were expensed
3. MAINTENANCE AND REPAIRS CONTRACT	3,500	11,037		
4. PAINTING AND DECORATING	600	644		
5. SNOW REMOVAL	0			
6. ELEVATOR MAINTENANCE/CONTRACT	0			
7. GROUNDS	350	993		
8. SERVICES	250	1,155		Pest control
9. FURNITURE & FURNISHING REPLACEMENT	0			
10. OTHER OPERATING EXPENSES ( <i>Itemize</i> )	200	83		
<b>11. SUB-TOTAL MAINT. &amp; OPERATING (1 thru 10)</b>	<b>15,376</b>	<b>27,594</b>	<b>0</b>	
12. ELECTRICITY	2,200	2,403		
13. WATER	4,500	4,147		
14. SEWER	6,500	5,707		
15. FUEL ( <i>Oil/Coal/Gas</i> )				
16. GARBAGE & TRASH REMOVAL	3,500	3,855		
17. OTHER UTILITIES				
<b>18. SUB-TOTAL UTILITIES (12 thru 17)</b>	<b>16,700</b>	<b>16,113</b>	<b>0</b>	
19. SITE MANAGEMENT PAYROLL	8,759	6,999		
20. MANAGEMENT FEE	10,268	9,750		mgt fee calculated on cash collected, not total revenue acct
21. PROJECT AUDITING EXPENSE	400	179		
22. PROJECT BOOKKEEPING/ACCOUNTING	150	181		Payroll outsource fees
23. LEGAL EXPENSES	1,000	1,036		
24. ADVERTISING	500	137		
25. TELEPHONE & ANSWERING SERVICE	1,700	1,297		actual includes phone, cell, internet
26. OFFICE SUPPLIES	300	395		
27. OFFICE FURNITURE & EQUIPMENT		0		
28. TRAINING EXPENSE	550	913		extra training for new property manager
29. HEALTH INS. & OTHER EMP. BENEFITS	4,000	4,736		
30. PAYROLL TAXES	1,750	2,237		
31. WORKER'S COMPENSATION	1,250	1,357		
32. OTHER ADMINISTRATIVE EXPENSES ( <i>Itemize</i> )	2,500	2,287		copier rental, bank charges, bad debt, software support
<b>33. SUB-TOTAL ADMINISTRATIVE (19 thru 32)</b>	<b>33,127</b>	<b>31,505</b>	<b>0</b>	
34. REAL ESTATE TAXES	0	0		
35. SPECIAL ASSESSMENTS	0	0		
36. OTHER TAXES, LICENSES & PERMITS	0	0		
37. PROPERTY & LIABILITY INSURANCE	1,800	1,053		
38. FIDELITY COVERAGE INSURANCE	0	0		
39. OTHER INSURANCE	0	0		
<b>40. SUB-TOTAL TAXES &amp; INSURANCE (34 thru 39)</b>	<b>1,800</b>	<b>1,053</b>	<b>0</b>	
<b>41. TOTAL O&amp;M EXPENSES (11+18+33+40)</b>	<b>67,003</b>	<b>76,264</b>	<b>0</b>	

**PART III—ACCOUNT BUDGETING/STATUS**

	<b>CURRENT BUDGET</b>	<b>CURRENT ACTUAL</b>	<b>PROPOSED BUDGET</b>	<b>COMMENTS</b>
<b>RESERVE ACCOUNT:</b>				
1. BEGINNING BALANCE	56,169	55,997		
2. TRANSFER TO RESERVE	6,650	6,800		
TRANSFER FROM RESERVE				
3. OPERATING DEFICIT				
4. BUILDING REPAIR & IMPROVEMENTS	25,000	5,484		
5. EQUIPMENT REPAIR & REPLACEMENT				
6. OTHER NON-OPERATING EXPENSES				
7. TOTAL (3 thru 6)	25,000	5,484		
8. ENDING BALANCE [(1+2)-7]	37,819	57,313	0	

**GENERAL OPERATING ACCOUNT:\***

BEGINNING BALANCE	4,614
ENDING BALANCE	801

**REAL ESTATE TAX AND INSURANCE ESCROW ACCOUNT:\***

BEGINNING BALANCE	
ENDING BALANCE	

**TENANT SECURITY DEPOSIT ACCOUNT:\***

BEGINNING BALANCE	6,871
ENDING BALANCE	6,347

(\* complete upon submission of actual expenses.)

NUMBER OF APPLICANTS ON WAITING LIST	89	RESERVE ACCT REQ BAL	
NUMBER OF APPLICANTS NEEDING RA	6	AMT AHEAD/BEHIND	

**PART IV—RENT SCHEDULE AND UTILITY ALLOWANCE**

**A. CURRENT APPROVED RENTS/ UTILITY ALLOWANCE**

UNIT DESCRIPTION			RENTAL RATES			POTENTIAL INCOME FROM EACH RATE			UTILITY ALLOWANCE
Br Size	Type	Number	Basic	Note Rate	HUD	Basic	Note Rate	HUD	
1	S	8	378	458		36,288	43,968		
2	S	12	461	541		66,384	77,904		
<b>CURRENT RENT TOTALS:</b>						\$ 102,672	\$ 121,872	\$ -	

**B. PROPOSED RENTS - Effective Date**

UNIT DESCRIPTION			RENTAL RATES			POTENTIAL INCOME FROM EACH RATE		
Br Size	Type	Number	Basic	Note Rate	HUD	Basic	Note Rate	HUD
1	S	8						
2	S	12						
<b>PROPOSED RENT TOTALS:</b>						\$ -	\$ -	\$ -

**C. PROPOSED RENTS - Effective Date**

**MONTHLY DOLLAR ALLOWANCES**

Br Size	Type	Number	ELECTRIC	GAS	WATER	SEWER	TRASH	OTHER	TOTAL
1	S	8							\$ -
2	S	12							\$ -
									\$ -
									\$ -
									\$ -
									\$ -
									\$ -

**PART V—ANNUAL CAPITAL BUDGET**

	Proposed number of units/items	Proposed from reserve	Actual from reserve	Proposed from Operating	Actual from Operating	Actual total cost	Total actual units/items
<b>Appliances:</b>							
Range							
Refrigerator				1050			
Range Hood				1200			
Washer & Dryers							
Other:							
<b>Carpet &amp; Vinyl:</b>							
1 BR							
2 BR				3200			
3 BR							
4 BR							
Other:							
<b>Cabinets:</b>							
Kitchens							
Bathrooms							
3 BR							
<b>Doors:</b>							
Exterior				750			
Interior				350			
Other:							
<b>Window Coverings:</b>							
List							
Other:							
<b>Heating &amp; Air Conditioning:</b>							
Heating							
Air Conditioning							
Other:							
<b>Plumbing:</b>							
Water Heater							
Bath Sinks							
Kitchen Sinks							
Faucets							
Toilets							
Other:							
<b>Major Electrical</b>							
List							
Other:							
<b>Structures:</b>							
Windows							
Screens							
Walls							
Roofing		20000					
Siding							
Exterior Painting							
Other:							
<b>Paving:</b>							
Asphalt							
Concrete							
Seal & Stripe							
Other:							
<b>Landscape &amp; Grounds:</b>							
Landscaping							
Lawn Equipment							
Fencing							
Recreation Area							
Signs							
Other: sprinkler sys/irrigation system							
<b>Accessibility Features:</b>							
ADA Accessibility		3000					
Other:							
<b>Automation Equipment:</b>							
Site Management							
Common Area							
Other:							
<b>Other:</b>							
mailboxes		2000					
List							
List							
<b>TOTAL CAPITAL EXPENSES:</b>	0	25000	0	6550	0	0	0

**PART VI—SIGNATURES, DATES AND COMMENTS**

**Warning: Section 1001 of Title 18, Unites States Code provides: "Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a mat**

I HAVE READ THE ABOVE WARNING STATEMENT AND I HEREBY CERTIFY THAT THE FOREGOING INFORMATION IS COMPLETE AND ACCURATE TO THE BEST OF MY KNOWLEDGE.

\_\_\_\_\_  
(DATE)

\_\_\_\_\_  
(Signature of Borrower or Borrower's Representative)

\_\_\_\_\_  
(Title)

AGENCY APPROVAL (*Rural Development Approval Official*):

DATE:

COMMENTS:

**Mason County Housing Authority  
Notes to Forms RD 3560-7 and 3560-10  
Fairmont Cove and Goldsborough Cove  
September 30, 2005**

**Schedule of Identity of Interest Firms/Entities**

No vendor or supplier providing services or supplies to the projects has an identity of interest with the owner.

The owner, Mason County Housing Authority, is managed by the Bremerton Housing Authority. The Bremerton Housing Authority manages the projects. A management fee is charged by the Bremerton Housing Authority based upon the percentage allowed.

**Schedule of Kickbacks, Discounts and Rebates**

None.

**Schedule of Management Fees**

Management fees were computed as follows:

	<b>Goldsborough Cove</b>	<b>Fairmont Cove</b>
Tenant Cash Rent Payments	\$ 29,470.99	\$ 55,107.66
RHS Rental Assistance Revenue	68,033.00	165,290.38
Total Rental Revenue	97,503.99	220,398.04
Rate Per Management Agreement	10%	10%
Calculated Management Fee	<u>\$ 9,750.40</u>	<u>\$ 22,039.80</u>

**Mason County Housing Authority  
Notes to Forms RD 3560-7 and 3560-10  
Fairmont Cove and Goldsborough Cove  
September 30, 2005**

**Schedule of Project Bank Accounts**

Account Title	Bank	Balance	Date	Interest Rate	Control	Encumbered?
<b>Fairmont Cove</b>						
Mason County Housing Authority Fairmont Cove General Account	Key Bank	7,584.87	09/30/05	Non Interest	Management Agent	No
Mason County Housing Authority Fairmont Cove Reserve Account	Key Bank	63,099.24	09/30/05	Variable	Management Agent	No
Mason County Housing Authority Fairmont Cove Security Account	Key Bank	15,313.74	09/30/05	Variable	Management Agent	No
<b>Goldsborough Cove</b>						
Mason County Housing Authority Goldsborough Cove General Account	Key Bank	2,140.62	09/30/05	Non Interest	Management Agent	No
Mason County Housing Authority Goldsborough Cove Reserve Account	Key Bank	57,313.49	09/30/05	Variable	Management Agent	No
Mason County Housing Authority Goldsborough Cove Security Account	Key Bank	6,350.37	09/30/05	Variable	Management Agent	No

**Schedule of Insurance Coverage**

Type of Insurance	Company	Period of Coverage	Amount of Coverage
General Liability Coverage	HARRP	01/03/05 to 01/02/06	\$ 3,000,000
Property	HARRP	01/03/05 to 01/02/06	\$ 3,000,000
Errors & Omissions	HARRP	01/03/05 to 01/02/06	\$ 3,000,000
Fidelity & Crime	HARRP	01/03/05 to 01/02/06	\$ 100,000

**Schedule of Cash Paid to Owner**

	<b>Fairmont Cove</b>	<b>Goldsborough Cove</b>
Cash Paid to Owner		
Management Fee	\$ 22,039.80	\$ 9,750.40
Total Cash Paid to Owner	<u>\$ 22,039.80</u>	<u>\$ 9,750.40</u>

**Mason County Housing Authority  
Notes to Forms RD 3560-7 and 3560-10  
Fairmont Cove and Goldsborough Cove  
September 30, 2005**

**Schedule of Reserve Accounts**

**Fairmont Cove**

Beginning Balance FY ending 9/30/2004	\$ 109,790.00
Deposits for FY 2005	13,100.00
Interest Earned	216.00
Approved Withdrawals	<u>64,351.00</u>
Actual Verified Balance 9/30/05	<u>63,100.00</u>
Difference	\$ 4,345.00 (outstanding checks)
Required Balance for FY ending 9/30/2005	<u>55,346.00</u>
Ahead (Behind)	<u><u>\$ 3,409.00</u></u>

**Goldsborough Cove**

Beginning Balance FY ending 9/30/2004	\$ 55,997.00
Deposits for FY 2005	6,651.00
Interest Earned	149.00
Approved Withdrawals	<u>5,484.00</u>
Actual Verified Balance 9/30/05	<u>57,313.00</u>
Difference	\$ -
Required Balance for FY ending 9/30/2005	<u>46,216.00</u>
Ahead (Behind)	<u><u>\$ 11,097.00</u></u>

**Schedule of Accounts Receivable**

	<b>Fairmont Cove</b>				<b>Total</b>
	<b>Current</b>	<b>30-60</b>	<b>60-90</b>	<b>&gt; 90 days</b>	
Tenant Rent	\$ 1,032	\$ 1,781	\$ 398	\$ 654	\$ 3,866
Security Deposit	396	264	-	1,311	1,971
Goldsborough Cove	163	-	-	-	163
Pine Gardens	3,472	-	-	-	3,472
Kneeland Park	1,352	-	-	-	1,352
Southcourt Apartments	223	-	-	-	223
RHS	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total	<u><u>\$ 6,638</u></u>	<u><u>\$ 2,045</u></u>	<u><u>\$ 398</u></u>	<u><u>\$ 1,965</u></u>	<u><u>\$ 11,046</u></u>



**Mason County Housing Authority**  
**Notes to Forms RD 3560-7 and 3560-10**  
**Fairmont Cove and Goldsborough Cove**  
**September 30, 2005**

	<b>Goldsborough Cove</b>				<b>Total</b>
	<b>Current</b>	<b>30-60</b>	<b>60-90</b>	<b>&gt; 90 days</b>	
Tenant Rent	\$ 197	\$ 316	\$ 98	\$ 95	\$ 706
Security Deposit	308	-	-	600	908
RHS	-	-	-	-	-
<b>Total</b>	<b>\$ 505</b>	<b>\$ 316</b>	<b>\$ 98</b>	<b>\$ 695</b>	<b>\$ 1,614</b>

**Schedule of Accounts Payable**

	<b>Fairmont Cove</b>				<b>Total</b>
	<b>Current</b>	<b>30-60</b>	<b>60-90</b>	<b>&gt; 90 days</b>	
BHA Local Fund	\$ 1,900	\$ -	\$ -	\$ 8,642	\$ 10,542
The Firs	-	-	-	8,797	8,797
Pine Gardens	-	1,523	5,300	-	6,823
Department of Labor & Ind.	570	-	-	-	570
Bill Gillette	76	-	-	-	76
The Home Depot	(17)	-	-	-	(17)
Ikon Financial Services	83	-	-	-	83
Tozier Brothers, Inc.	4	-	-	-	4
Deferred Compensation	759	-	-	-	759
Tenant Prepaid Revenue	576	-	-	-	576
<b>Total</b>	<b>\$ 3,951</b>	<b>\$ 1,523</b>	<b>\$ 5,300</b>	<b>\$ 17,439</b>	<b>\$ 28,213</b>

	<b>Goldsborough Cove</b>				<b>Total</b>
	<b>Current</b>	<b>30-60</b>	<b>60-90</b>	<b>&gt; 90 days</b>	
BHA Local Fund	\$ 827	\$ -	\$ -	\$ 8,437	\$ 9,264
The Firs	-	-	-	8,513	8,513
Pine Gardens	-	-	819	6,000	6,819
Fairmont Cove	-	163	-	-	163
Department of Labor & Ind.	277	-	-	-	277
Public Utility District 3	106	-	-	-	106
Deferred Compensation	369	-	-	-	369
Tenant Prepaid Revenue	89	-	-	-	89
<b>Total</b>	<b>\$ 1,669</b>	<b>\$ 163</b>	<b>\$ 819</b>	<b>\$ 22,950</b>	<b>\$ 25,601</b>

**Mason County Housing Authority  
Notes to Forms RD 3560-7 and 3560-10  
Fairmont Cove and Goldsborough Cove  
September 30, 2005**

**Description of the Public Housing Authority**

The borrower is a public housing authority, the Mason County Housing Authority – Tax Identification Number 911082643. Interest in ownership, profits, and losses is as follows:

<u>Owner Name and Address</u>	<u>Percent of Ownership</u>	<u>Percent of Profit</u>	<u>Percent of Loss</u>
Mason County Housing Authority C/O Bremerton Housing Authority 110 Russell Road P.O. Box 4460 Bremerton, WA 98312	<u>100%</u>	<u>100%</u>	<u>100%</u>

The following are the current Commissioners of the public housing authority:

- Jack Miles
- Jacqueline Mallon
- Lloyd Sinclair
- Patricia Johnson
- Arnold Fox