

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

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**Pierce County Housing Authority**

Audit Period  
January 1, 2010 through December 31, 2010

Report No. 1006342

Issue Date  
September 19, 2011



WASHINGTON  
**BRIAN SONNTAG**  
STATE AUDITOR



**Washington State Auditor  
Brian Sonntag**

September 19, 2011

Board of Commissioners  
Pierce County Housing Authority  
Tacoma, Washington

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

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

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

Sincerely,

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

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# Federal Summary

## Pierce County Housing Authority

January 1, 2010 through December 31, 2010

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

### **FINANCIAL STATEMENTS**

An unqualified opinion was issued on the basic financial statements.

#### **Internal Control Over Financial Reporting:**

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

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

### **FEDERAL AWARDS**

#### **Internal Control Over Major Programs:**

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

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

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

***Identification of Major Programs:***

The following were major programs during the period under audit:

<u>CFDA No.</u>	<u>Program Title</u>
14.871	Housing Choice Vouchers
14.872	Public Housing Capital Fund
14.885	ARRA - Public Housing Capital Fund Stimulus Formula Cluster (Recovery Act)

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by OMB Circular A-133, was \$699,267.

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

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

**Pierce County Housing Authority  
January 1, 2010 through December 31, 2010**

Board of Commissioners  
Pierce County Housing Authority  
Tacoma, Washington

We have audited the basic financial statements of the Pierce County Housing Authority, Pierce County, Washington, as of and for the year ended December 31, 2010, and have issued our report thereon dated June 24, 2011.

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.

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

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## **COMPLIANCE AND OTHER MATTERS**

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

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

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

June 24, 2011

# **Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133**

**Pierce County Housing Authority  
January 1, 2010 through December 31, 2010**

Board of Commissioners  
Pierce County Housing Authority  
Tacoma, Washington

## **COMPLIANCE**

We have audited the compliance of the Pierce County Housing Authority, Pierce County, Washington, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010. The Authority's major federal programs are identified in the Federal Summary. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the 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 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 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 Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010.

## **INTERNAL CONTROL OVER COMPLIANCE**

The management of the 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 Authority's internal control over compliance with the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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.



**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

June 24, 2011

# **Independent Auditor's Report on Financial Statements**

## **Pierce County Housing Authority January 1, 2010 through December 31, 2010**

Board of Commissioners  
Pierce County Housing Authority  
Tacoma, Washington

We have audited the accompanying basic financial statements of the Pierce County Housing Authority, Pierce County, Washington, as of and for the year ended December 31, 2010, as listed on page 9. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Pierce County Housing Authority, as of December 31, 2010, and the changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report on our consideration of the 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's discussion and analysis on pages 10 through 14 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 an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The accompanying Financial Data Schedule and HUD forms are supplemental information required by HUD. 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

June 24, 2011

# **Financial Section**

## **Pierce County Housing Authority January 1, 2010 through December 31, 2010**

### ***REQUIRED SUPPLEMENTAL INFORMATION***

Management's Discussion and Analysis – 2010

### ***BASIC FINANCIAL STATEMENTS***

Statement of Net Assets – 2010

Statement of Revenues, Expenses and Changes in Net Assets – 2010

Statement of Cash Flows – 2010

Notes to Financial Statements – 2010

### ***SUPPLEMENTAL INFORMATION***

Schedule of Expenditures of Federal Awards – 2010

Notes to the Schedule of Expenditures of Federal Awards – 2010

Financial Data Schedule – 2010

Actual Modernization Cost Certificate – WA19S054501-09

Actual Modernization Cost Certificate – WA19P054501-10

**PIERCE COUNTY HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our discussion and analysis of the Pierce County Housing Authority's (Authority) financial performance provides an overview of the Authority's financial activities for the fiscal year ended December 31, 2010. Please read it in conjunction with the Authority's financial statements.

**FINANCIAL HIGHLIGHTS**

On May 26, 2010 the Authority sold the Garden Court West Apartments project (GCW). The effect of this transaction was to reduce debt in amounts exceeding the net book value of the property, generating a gain on sale of approximately \$1.1 million. Additionally, the Authority closed the sale of two houses through its Homeownership program realizing a gain on sale of about \$200,000. These sales are the primary cause for the increase in net assets for the Authority's Apartments Program.

During 2010, HUD provided annual contributions in excess of the housing assistance and administrative expenses for the Housing Choice Voucher program, increasing the net assets by approximately \$1.5 million. Additionally, the Authority received about \$327,000 from HUD through the American Recovery and Reinvestment Act of 2009 (ARRA). The unused budget appropriation together with the receipt of ARRA funds explain most of the increase in net assets for the Assisted Housing Program.

**Significant 2010 Financial Events**

- During 2010, HUD provided budget appropriations exceeding housing assistance and administrative expenses of about \$1.5 million, substantially all of which is restricted for future use in that program.
- The Authority closed the sale of GCW apartments on May 26, 2010. In addition to the reduction in revenues and expenses resulting from the sale, this transaction reduced debt in amounts exceeding the net book value of the property. While the \$1.3 million cash proceeds from the sale of this property is retained by the bond trustee for future use in the program, it is the main cause for changes in the assets and liabilities in the Apartments Program.
- The Authority was awarded funds from the American Recovery and Reinvestment Act of 2009 in the amount of \$327,000.
- The Authority obtained confirmation of its Third Amended Plan for The Adjustment of Debts (Plan) in December 2009. Upon confirmation of the Plan, attorney fees incurred by the Authority declined substantially from prior years.
- The Authority continued to use natural attrition to vacate a number of apartment homes that will undergo on-going remodeling/rehabilitation projects. These units were not rented during 2010 representing approximately \$553,000 in rental revenues that would have otherwise normally been realized.

The Authority is a highly leveraged operation, as is common in the residential real estate business. Because its rents are set at rates to provide affordable housing to low-income individuals and families, net income from operating the apartment complexes is expected to be very minor. The operation of the Assisted Housing Programs is designed to operate on a break-even basis with a small administrative fee allowed for managing the program for Federal agencies.

The \$1.1 million gain on the sale of GCW, the \$200,000 gain from the sale of the two Homeownership project houses, and the total additional budget appropriations from HUD of about \$1.5 represents substantially all of the increases identified in the Housing Authority's key financial measures as represented in the following chart and discussion.

	<b>Key Financial Measures</b>	
	<b>2010</b>	<b>2009</b>
Working Capital	5,391,433	2,497,505
Working Capital Ratio	312.44%	163.43%
Long-term Liabilities to Net Assets	167.55%	221.20%
Return on Assets	6.79%	-1.60%
Return on Net Assets	19.27%	-5.62%
Cash Flow before Debt Service (Excluding Asset Sales)	4,472,548	2,291,298
Debt Service	2,426,170	2,465,045
Debt Service Coverage	184%	93%

- Working capital measures the Authority's available financial resources to meet its short-term obligations. Working capital was obtained during 2010 through the sale of GCW, the sale of the two Homeownership project homes, and the additional budget appropriations from HUD. The Authority has sufficient resources to pay its current obligations.

- Because the Authority generated more revenues than expenses during 2010, the return on assets and return on net assets are both positive, compared to the negative ratios in 2009. As was previously discussed, the sale of GCW and the additional HUD budget appropriations increased net assets and reduced debt levels, which caused the debt to equity ratio to significantly decrease from 2009 to 2010. A decrease in the debt-to-equity ratio signals an improved financial condition.
- The measure of debt service coverage from operations is important to the Authority's long-term creditors because it provides a broad measure of the Authority's ability to generate sufficient cash flow to fund its annual debt service requirements. This measure improved from 2009 to 2010 as a result of the increased net operating income from the additional HUD budget appropriations and the reduced debt levels from the sale of GCW. The debt service coverage measure is an aggregate of the Authority as a whole, and is not based on the contractual method of calculating debt service coverage based on the operating results of specific properties. The notes to the financial statements contain additional information regarding debt covenants.

## **Introduction to the Financial Statements**

The Authority operates the following two major business type programs that are included in these financial statements.

### **Assisted Housing Programs**

This major program is used to account for the various U.S. Housing and Urban Development (HUD) and other Federal housing programs administered by the Authority such as Section 8, public housing and Rural Development programs.

### **Apartments Program**

This major program is used to account for apartment building operations that are financed and operated in a manner similar to private business enterprise. The intent of the Authority is that the costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through rental revenues. Revenues and expenses related to financing or investing activities are treated as non-operating revenues and expenses in the Statement of Revenues, Expenses and Changes in Net Assets. This major program also accounts for the sale and financing of single-family residences under its Homeownership program.

## **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Net Assets and the Statement of Cash Flows found after Management's Discussion and Analysis, provide information about the activities of the Authority as a whole and present a longer-term view of the Authority's finances.

### **Reporting the Authority as a Whole**

The Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Net Assets and the Statement of Cash Flows report information about the Authority as a whole and about its activities in a way that helps communicate the financial condition of the Authority. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These statements report the Authority's net assets, and changes in them, as well as how cash was generated and used during the year. The Authority's net assets are the difference between assets and liabilities. It is one way to measure the Authority's financial position. Over time, increases or decreases in the Authority's net assets are one indicator of whether its financial condition is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Authority's funding structures and the condition of the Authority's housing stock, to assess the overall financial health of the Authority.

### **THE AUTHORITY AS A WHOLE**

The Authority's net assets increased in 2010 by approximately \$3 million. In comparison, net assets in 2009 had decreased by \$709,000 and in 2008 by approximately \$1.2 million. The following analysis focuses on the changes in assets, liabilities and net assets of the Authority's operations as a whole.

	NET ASSETS		Percentage Change
	2010	2009	
Current and Other Assets	\$ 13,009,347	\$ 11,698,867	11.20%
Capital Assets, Net	31,314,604	32,736,033	-4.34%
Total Assets	<u>44,323,951</u>	<u>44,434,900</u>	-0.25%
Long Term Liabilities	26,168,229	27,889,348	-6.17%
Current Liabilities	<u>2,537,837</u>	<u>3,937,226</u>	-35.54%
Total Liabilities	28,706,066	31,826,574	-9.80%
Net Assets:			
Invested in Capital Assets, Net of Debt	6,202,494	6,070,854	2.17%
Restricted	6,332,023	3,469,235	82.52%
Unrestricted	<u>3,083,368</u>	<u>3,068,237</u>	0.49%
Total Net Assets	<u>\$ 15,617,885</u>	<u>\$ 12,608,326</u>	23.87%

Total net assets of the Authority increased by about 24%. Unrestricted net assets represents the portion of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements. Unrestricted net assets remained relatively unchanged from 2009 to 2010 as a result of two offsetting factors. The increase resulting from the sale of two houses in the Homeownership project was offset by a HUD required re-alignment of restricted net assets in the Housing Choice Voucher program. The increase in investment in capital assets is also caused by offsetting factors. The sale of GCW and the two Homeownership project houses reduced capital-related debt in an amount exceeding the net book value of the capital assets. The effect of these sales increases net assets invested in capital. Likewise, capital additions paid from operating cash flow increased this net asset category while related asset disposals decreased this category. Changes to accumulated depreciation and amortization expense exceeded the principal payments on the related capital debt, which reduced the net assets invested in capital assets. Increases in restricted net assets correspond to the required use of the proceeds generated from the sale of GCW, the additional budget appropriations in the Housing Choice Voucher program and the re-alignment of restricted net assets imposed by HUD. Congress had imposed a change in HUD's Housing Assistance Payments program in 2005, which placed additional restrictions on certain appropriations received in fiscal years 2005-2010. Those restrictions, however, do provide for using prior excess funding specifically for housing assistance subsidies.

The Authority's total operating revenues reflected in the above chart increased 12.47% from 2009 to 2010 as reflected in the following chart.

	CHANGES IN NET ASSETS		Percentage Change
	2010	2009	
Rent and Other Tenant Revenues	\$ 7,733,413	\$ 8,310,189	-6.94%
Annual Contributions (HUD)	22,772,375	20,257,920	12.41%
Other Revenues	1,847,902	198,232	832.19%
Total Operating Revenues	32,353,690	28,766,341	12.47%
Interest Revenue	223,372	178,428	25.19%
Total Non-Operating Revenue	223,372	178,428	-25.19%
Apartment Operations and Administration Expense	6,122,980	6,328,368	-3.25%
Assisted Housing Operations and Administration	23,565,029	21,966,605	7.28%
Total Operating Expenses	29,688,009	28,294,973	4.92%
Loss (Gain) on Disposition of Assets	(1,268,765)	18,796	-6850.19%
Interest Expense	1,559,081	1,641,098	-5.00%
Total Non-Operating Expense	290,316	1,659,894	-82.51%
Increase (Decrease) in Net Assets Before Capital Grant Contributions	2,598,737	(1,010,098)	357.28%
Capital Grant Contributions	410,822	301,278	36.36%
Increase (Decrease) in Net Assets	3,009,559	(708,820)	524.59%
Ending Net Assets	\$ 15,617,885	\$ 12,608,326	23.87%
Net operating income-Apartments	\$ 1,174,587	1,429,884	-17.85%
Net operating income-Assisted Housing	\$ 1,491,094	(958,516)	255.56%

The increase in other revenues is mainly due to the change in accounting for the portability payments in the Housing Choice Voucher Program effective as of January 1, 2010. Prior to 2010, portability payments received from other housing authorities were offset against the related payments to landlords. For 2010, approximately \$1.4 million of portability payments received were recognized as other operating revenue and the related payments were reflected as housing assistance payments. The 2009 amounts reflected in the previous chart have not been restated to reflect the effect of this change of accounting. Operating costs in the Apartment Operations were nearly unchanged from the prior year, resulting from several counteracting factors to include decreases in legal fees that resulted from the confirmation of the Authority's Third Amended Plan for the Adjustment of Debts; decreases in operating and maintenance expenses as a result of the reduced number of months operating GCW; and increases to administrative and housing assistance costs for operating Assisted Housing Programs. Overall, operating expenses increased by 5% from the prior year.

The net effect of these revenue and expense changes increased net operating income in 2010 by approximately \$2.2 million over the prior year. The combination of all of these factors resulted in the current year increase in net assets of \$3 million 2010, compared to the 2009 decrease in net assets of \$709,000.

### Budgetary Highlights

The Authority's executive staff developed its 2010 budget in December 2009. Informal budget revisions were completed during the year in response to the sale of GCW.

The Authority exceeded its 2010 revenue targets by approximately \$2.1 million and spent approximately \$600,000 less than its operating expense budget. The main factors causing the variances are as follows:

- HUD budget appropriations for assisted housing programs was \$2.6 million more than expected.
- While the Authority received additional HUD budget appropriations, the related program expenses were reduced by approximately \$176,000.
- Rental revenue in the Authority's Apartments Program was about \$568,000 less than expected due to the extension in completion of rehabilitation projects, and due to the sale of GCW.

- The Authority reduced operating and maintenance costs in the Apartments Program by approximately \$416,000, as a result of the reduced number of months GCW was in operation under the Authority's ownership, and in response to the reduced revenue for the remaining apartment properties.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2010, the Authority had \$29.8 million invested in its portfolio of housing stock and \$1.5 million invested in assets used in administration and program support. This amount represents a net decrease (including additions, sales, disposals and depreciation) of \$1.4 million from last year.

The reductions to capital assets is due to the sale of GCW, offset by assets that were replaced by major maintenance and building additions. This year's major additions include major capital improvement projects as well as costs incurred for interior modernization activities; however those additions were offset by reductions from normal recurring depreciation.

The Authority maintains capital replacement reserves under a bond indenture and under a loan agreement requirement. As of December 31, 2010, the Authority has approximately \$1.6 million in reserves held specifically for capital replacements on the pooled housing refunding bonds and a Rural Development project. The Authority's fiscal-year 2011 capital budget calls for it to spend approximately \$993,314 for capital projects, principally for projects involving the pooled housing bond properties and the Low Income Public Housing program. As such, these capital improvements will be funded from existing reserves, capital fund grants and additionally will require the use of operating cash flow. For additional information refer to the notes to the financial statements.

### Debt Administration

At year-end, the Authority had \$26.2 million in bonds and loans outstanding versus \$27.9 million last year, a decrease of 6%. The reduction in Housing Revenue Bonds was from a \$940,000 payoff related to the sale of GCW, and from normal recurring principal payments. Reductions in the Rural Development Program Loans and the Administrative Building loan was from normal, recurring, principal payments.

The Authority is responsible under bond covenants to maintain predetermined debt service coverage. Additional information regarding long-term debt and related bond covenants is provided to the notes to the Authority's financial statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Authority's appointed commissioners and management considered many factors when setting the preliminary fiscal year 2011 budget. One of those factors is the economy and its impact on the multi-family housing rental market within the Authority's service area. Additionally, the Authority's preliminary budget assumes on-going improvement activities that will require certain vacated apartments to remain offline for several months of the year. At the time this report was published, HUD had not released funding amount information for the programs operated and funded through the Section 8 Housing Choice Voucher and Low-Income Public Housing Programs. Operating expenses in 2011 are expected to increase nominally, reflecting a slight increase in market prices for variable cost items and routine wage and benefit cost increases for the projects that remain in the Authority's portfolio.

In consideration of these estimates, the Authority's unrestricted net assets are expected to decrease by approximately \$200,000 by the close of 2011. The net assets that are invested in capital assets, net of related debt is expected to decrease due to the different rate of debt principal payments from the depreciation rates, as previously discussed. The restricted net assets balance will be reduced primarily by expenditures for capital improvements that will be funded by reserve amounts restricted for that purpose. In order to meet the budget targets, the occupancy targets will need to be maintained, productivity in managing the assisted housing programs will need to be achieved and expense controls will need to be rigorously enforced.

### Contacting the Authority's Financial Management

This financial report is designed to provide our citizens, renters, housing assistance customers, and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Authority's finance department, at Pierce County Housing Authority, 603 South Polk Street, PO Box 45410, Tacoma, WA 98445-5410.

**PIERCE COUNTY HOUSING AUTHORITY  
STATEMENT OF NET ASSETS  
AS OF DECEMBER 31, 2010**

**ASSETS**

Current Assets	
Cash and Cash Equivalents	2,840,165
Restricted Cash, Cash Equivalents and Investments	4,835,433
Accounts Receivable/prepays (net)	161,225
Notes Receivable	39,043
Inventory	30,404
Assets Held For Sale	23,000
<b>TOTAL CURRENT ASSETS</b>	<b>7,929,270</b>
Non Current Assets	
Restricted Cash, Cash Equivalents and Investments	2,665,532
Notes Receivable	1,259,600
Deferred charges (net)	1,154,945
Capital Assets:	
Land	6,607,004
Construction in Progress	685,141
Buildings and equipment	42,438,252
Less accumulated depreciation	(18,415,793)
<b>TOTAL NON CURRENT ASSETS</b>	<b>36,394,681</b>
<b>TOTAL ASSETS</b>	<b>44,323,951</b>

**LIABILITIES**

Accounts Payable	474,405
Accrued Interest Payable	123,507
Tenant Deposits and Prepaid Rent	344,116
Other Accrued Liabilities	414,068
Accrued Payroll & Compensated Absences	177,852
Deferred Grant Revenue	136,800
Current portion of long term liabilities	867,089
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,537,837</b>
Non Current Liabilities	
Long term liabilities, Capital	25,399,966
Compensated Absences, Other Non-Current Liabilities and Deferred Revenue	768,263
<b>TOTAL LIABILITIES</b>	<b>28,706,066</b>

**NET ASSETS**

Invested in Capital Assets, net of related debt	6,202,494
Restricted	6,332,023
Unrestricted	3,083,368
<b>TOTAL NET ASSETS</b>	<b>15,617,885</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>44,323,951</b>

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

**PIERCE COUNTY HOUSING AUTHORITY  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**OPERATING REVENUES**

Dwelling Rent	7,172,042
Tenant Charges	310,198
Laundry	22,858
Utilities	30,304
Other Income	1,619,623
Other Operating Grants	426,290
Annual Contributions (HUD) & Operating Grants	22,772,375
<b>TOTAL OPERATING REVENUES</b>	<b>32,353,690</b>

**OPERATING EXPENSES**

Administration	2,114,150
Tenant Services	35,559
Utilities	1,153,496
Maintenance Costs	2,062,492
On Site Salaries and Benefits	595,439
General Operational Costs	1,090,613
Other	327,382
Independent Audit Costs	90,775
Housing Assistance Payments	20,634,608
Depreciation	1,505,726
Amortization	77,769
<b>TOTAL OPERATING EXPENSES</b>	<b>29,688,009</b>

**OPERATING INCOME**

2,665,681

**NONOPERATING REVENUES(EXPENSES)**

Gain (Loss) on Disposition of Assets	1,268,765
Investment Revenue	223,372
Interest Expense	(1,559,081)
Total Nonoperating Revenue (Expenses)	(66,944)
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS</b>	<b>2,598,737</b>

Capital Contributions

410,822

**CHANGE IN NET ASSETS**

3,009,559

**BEGINNING NET ASSETS**

12,608,326

**TOTAL NET ASSETS ENDING**

15,617,885

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

**PIERCE COUNTY HOUSING AUTHORITY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from customers	\$ 8,037,386
Payments to suppliers, employees and landlords	(27,898,987)
Receipts from governments	22,567,300
<b>Net cash provided by operating activities</b>	<u>2,705,699</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Proceeds from sale of assets	2,529,025
Capital contributions	410,822
Purchases of capital assets	(1,441,420)
Principal paid on capital debt	(1,658,947)
Interest paid on capital debt	(1,559,081)
<b>Net cash used by capital and related financing activities</b>	<u>(1,719,601)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Proceeds from sales and maturities of investments	897,830
Purchase of investments	(2,087,423)
Proceeds from Payments on Notes Receivable	38,601
Interest and dividends	276,791
<b>Net cash used by investing activities</b>	<u>(874,201)</u>
Net increase in cash and cash equivalents	111,897
Balances - beginning of the year	5,304,312
Balances - end of the year	5,416,209
Investments	4,924,921
<b>Total Cash, Cash Equivalents and Investments</b>	<u>\$ 10,341,130</u>

**Reconciliation of operation income (loss) to net cash provided (used) by operating activities:**

Operating income	\$ 2,665,681
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	1,505,726
Amortization expense	77,769
Changes in assets and liabilities:	
Receivables, net	51,099
Inventories	(2,786)
Accounts Payable	222,059
Accrued Expenses	35,017
Tenant Deposits and Prepaid Rent	(36,616)
Accrued Payroll and Compensated absences	(29,733)
Prepaid HUD Contributions	(1,626,687)
Non Current Liabilities	(155,830)
<b>Net Cash provided by operating activities</b>	<u>\$ 2,705,699</u>

**Reconciliation of Total Cash, Cash Equivalents and Investments to the Statement of Net Assets:**

Categories Reflected in the Statement of Net Assets	
Current:	
Cash, Cash Equivalents and Investments	2,840,165
Restricted Cash and Cash Equivalents	4,835,433
Non Current:	
Restricted Cash Equivalents and Investments	2,665,532
<b>Total Cash, Cash Equivalents and Investments in Cash Flow Statement</b>	<u>\$ 10,341,130</u>

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

**PIERCE COUNTY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2010**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Pierce County Housing Authority (the Authority) was organized pursuant to the laws of the State of Washington. These financial statements have been prepared in conformity with generally accepted accounting principles as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Housing Authority's significant accounting policies are described in the following notes.

**A. Reporting Entity**

The purpose of the Authority is to provide safe, decent, sanitary and affordable housing to low income families in Pierce County, Washington, and to operate the housing programs in accordance with federal legislation administered through the U.S. Department of Housing and Urban Development (HUD) under provisions of the National Housing Act of 1937. The Authority was created in 1978 by an act of Pierce County, Washington.

The governing body of the Authority is its Board of Commissioners, which is comprised of six members, five of whom are appointed by the Pierce County Executive and ratified by the County Council and one, which is appointed by the Authority Board of Commissioners. The Board appoints an Executive Director to administer the affairs of the Authority. The authority is not considered a component unit of Pierce County, as the Board of Commissioners independently oversees the Authority's operations and Pierce County is not financially accountable for the Authority. Financial accountability is defined as appointment of a majority of the entities board and either (a) the ability to impose the primary government's will, or (b) the Authority will provide a financial benefit to, or impose a financial burden on, the primary government.

The accompanying financial statements include all programs, and organizations for which the Board of Commissioners is financially accountable.

PCHA is the lead and fiscal agency for a grant received from the Bill & Melinda Gates Foundation (BMGF) for the Family Permanency Project (FPP). While PCHA has some administrative oversight and reporting responsibilities for the FPP award, a consortium of not-for-profit agencies, which operate in the Pierce County area, provide the services required under the FPP award. The BMGF grant award was paid in advance to the Greater Tacoma Community Foundation, for the benefit of the FPP and is reflected as cash, cash equivalents and investments, with an equal amount of deferred revenue in the accompanying financial statements. The not-for-profit consortium providing the required services is not considered a joint venture with PCHA.

**B. Basis of Presentation-Program Accounting**

The accounts of the Authority are organized on the basis of programs, each of which is considered a separate accounting entity. The operations of each entity are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, net assets, revenues and expenses as appropriate. Resources are allocated to and accounted for in individual programs based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The operations of the Authority combine the two following major programs that account for separate business-type activities. The Authority uses sub-accounts within these major programs to account for certain funding streams that require separate accounting by State law, HUD regulations or by bond covenants.

**Assisted Housing Programs**

This major program is used to account for the various HUD and other housing assistance programs administered by the Authority such as Section 8, Low-Income Public Housing (LIPH) and Rural Development (RD) programs.

**PIERCE COUNTY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2010**

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Programs Administered

**Public Housing:** This program accounts for low-rent public housing projects developed and operated by the Authority. HUD provided development grants to allow the Authority to purchase real estate for use in the program and provides operating subsidies and capital improvement grants for ongoing management of the project.

**Section 8 programs:** The Section 8 programs include Moderate Rehabilitation and the Housing Choice Voucher programs. These programs were authorized by Section 8 of the National Housing Act and provide housing assistance payments to private landlords to subsidize rentals for low-income persons.

**Moderate Rehabilitation:** The Section 8 Moderate Rehabilitation program allows for the subsidy of rent on rehabilitated, low-income housing units for a contracted period of time. Both for-profit and not-for-profit developers may provide low-income housing under this program. The program has HUD-established and controlled rents designed to reimburse owners with sufficient rental income to pay for rehabilitation costs. Developers must obtain their own financing and HUD subsidizes rents once the units are occupied.

**Housing Choice Voucher:** The Section 8 Housing Choice Voucher program allows for existing housing units to be used for low-income housing. HUD provides a contracted amount of Section 8 voucher budget authority, most of which is used to provide supplemental rental payments to landlords for contracted housing units. The budget authority also provides administrative funding to the Housing Authority to operate the program.

**Rural Development:** This program provides for special needs populations in rural areas. Rural development provides both rent subsidies and interest rate subsidies for a specific project.

**Concierge Program/Homelessness Prevention and Rapid Rehousing:** The City of Tacoma provides financial resources for the Concierge Program from the federal Homelessness Prevention and Rapid Rehousing fund. The Concierge Program, a partnership between five programs in Tacoma/Pierce County, provides homelessness prevention services that include housing and financial stabilization and financial assistance to households that have been acutely impacted by the national economic crisis,

**Ready To Rent:** Financial resources for this program are provided through a grant funded from two sources; a surcharge for real estate transactions that are executed in Pierce County and CDBG funds passed through from Pierce County. This program is intended to prevent homelessness by educating renters to successfully navigate the rental and tenancy processes and to maintain their housing through the exercise of good tenancy skills. Funds provide a portion of the education, supplies and administrative costs to operate the program.

While dwelling rent is recognized as operating revenues, the major portion of operating revenues in the Assisted Housing Programs is the HUD Annual Contributions. These operating grants are reported as operating revenue in the statement of revenues, expenses and changes in net assets. Revenues and expenses related to financing or investing activities are treated as non-operating revenues and expenses in the statement of revenues, expenses and changes in net assets. Capital contributions are treated as non-operating revenue.

**Apartments Program**

This major program is used to account for apartment building operations that are financed and operated in a manner similar to private business enterprises. Costs (expenses, including depreciation) of providing services to the general public, on a continuing basis, are recovered primarily through rental revenues. Revenues and expenses related to financing or investing activities are treated as non-operating revenues and expenses in the statement of revenues, expenses and changes in net assets. However, all revenues, whether operating or non-operating, except for certain capital contributions are used as security for the

**PIERCE COUNTY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2010**

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revenue bonds issued to purchase the apartments. As such, all revenues as defined by the revenue bond indenture are pledged to the housing revenue bond payments until the bonds are defeased.

This major program also accounts for the Homeownership program. This program accounts for the sale of public housing program homes to current residents. Homes sold under this program are transferred from the Assisted Housing Program to the Homeownership program sub-account within the Apartments Program at its net book value. The proceeds of the sales are a combination of cash, for privately financed first mortgages, and second mortgage notes receivable. The Authority holds a "silent second" mortgage that bears no interest. These mortgages are due upon sale of the property or at such time as the family can afford to pay at least \$50 per month in debt service as determined under program guidelines. Since the timing of repayment of these notes is uncertain, the investment in the related notes receivable have not been discounted. As such, these notes are stated at their face value in the accompanying statement of net assets.

**C. Measurement Focus and Basis of Accounting**

Basis of Accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. All of the Authority's programs are considered business-type activities, which use the economic resources measurement focus and the accrual basis of accounting. Under this basis of accounting, revenues are recognized when they are earned and expenses recognized when incurred. Substantially all transactions in the Apartments Program are considered to be exchange type transactions. Annual HUD Contributions reflected in the Assisted Housing Program are considered to be voluntary non-exchange transactions. Revenues for such transactions are recorded when eligible payments have been made.

The Authority follows all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as all Financial Accounting Standards Board (FASB) Statements and Accounting Principles Board (APB) Opinions issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements.

The Authority presents a classified statement of net assets, which distinguishes between short-term and long-term assets and liabilities. The criterion used to determine whether an asset or liability is long or short-term is one year. This means that assets that are expected to convert to cash or will benefit the ensuing year's operations are treated as current assets. Likewise, liabilities that will likely be settled within the ensuing year are treated as current liabilities. For example, cash and cash equivalents held by the trustee that will be used to pay the next scheduled debt service payment are classified as Restricted Cash and Cash Equivalents in current assets while cash equivalents and investments held by the trustee that are held as reserves that can be used only under unlikely circumstances are treated as Restricted Cash Equivalents and Investments under non-current assets. Certain liabilities, such as Unclaimed Property and Compensated Absences, are classified into current and long-term portions based upon estimates of the amounts that will be settled during the ensuing year.

**D. Specific Assets, Liabilities and Revenue Recognition Policies**

1. Cash, Cash Equivalents and Investments

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits, balances held by the bond trustee and short term investments with original maturities of three months or less from the date of acquisition. Investments are reported at fair value. Investment Contracts held by the bond trustee are not considered marketable securities and, therefore, are recorded at cost.

2. Accounts Receivable

The Allowance Method for uncollectable accounts receivable (tenant rental and tenant charges) is utilized. All rents and other charges due from vacated tenants and all rents and other charges due from active

**PIERCE COUNTY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2010**

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tenants that are in excess of 60 days past due are deemed to be uncollectable. These amounts reduce the amount of accounts receivable and increase General Operational Costs reflected in these financial statements.

3. Restricted Cash Equivalents and Investments

These accounts contain resources restricted by external parties for debt service, housing assistance payments, repair and replacement and capital improvements in the various funds. Specific debt service reserve requirements are described in Note 4. The bond trustee holds \$3,869,373 in an investment agreement in bond reserve funds that yield a fixed rate of return for the life of the bonds. This investment agreement from one financial institution yields an interest rate of 5.31%. The trustee has valued this agreement at cost, as it is not considered marketable. Cash held for the operation of the assisted housing programs are not considered restricted, as they are available for operating expenses of those and other designated Authority programs, except for excess housing assistance appropriated for the Housing Choice Voucher Program in calendar years 2005-2010 in the amount of \$2,462,652 and amounts held in FSS escrow accounts in the amount of \$250,873. Cash and investments of \$665,704, held for the Family Permanency Project is considered restricted, as it is restricted for operating expenses of that program. Tenant damage deposits held in trust accounts of \$252,363 are considered restricted for return to the tenant or until they are applied to amounts owed by the tenant.

4. Due From and Due to other programs

During the course of the Authority's operations, numerous transactions occur between programs and/or between specific apartment rental buildings to finance operations and provide services. Internal activity within a program and between programs is eliminated except for residual balances remaining at year-end in the preparation of these financial statements. These residual balances are eliminated in these entity-wide financial statements.

5. Notes Receivable

Notes held by the Authority under its Homeownership Program are stated at the face value of unpaid second mortgages. Because the ultimate timing of receipt of these funds is uncertain, no discounting of amounts to reflect the time value of money is reflected in these financial statements. Mortgage payments that are due in 2011 are classified as current assets. In keeping with HUD's Real Estate Assessment Center Financial Data Schedule reporting requirements, mortgage balances that may be past due are considered non-current.

6. Capital Assets

All capital assets are valued at historical cost, which is comprised of acquisition, development and modernization costs of buildings, property improvements and equipment. Capital assets, except for land, are being depreciated on the straight-line method over estimated useful lives ranging from five to forty years. Buildings are depreciated from twenty-five to forty years and equipment and floor covering are depreciated over five years.

The Authority's capitalization policies are as follows:

Costs for land or structures (buildings and improvements) are capitalized. Costs for equipment and furnishings, including tenant unit flooring, having a unit cost in excess of \$200 and a useful life of more than one year are capitalized. Costs for betterments and additions, which add to the value or life of existing capital assets, are capitalized.

The majority of the Authority's capital assets are apartment buildings acquired as operating units in connection with the issuance of Housing Revenue Bonds. In most cases, the acquisition price was allocated between land and buildings, with no allocation of the purchase price to equipment or other internal

**PIERCE COUNTY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2010**

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apartment unit furnishings. In these cases, when equipment or other internal apartment unit furnishings are replaced, the loss on disposition of capital assets is recorded as a reduction to buildings while the disposition for equipment or other internal apartment furnishings that were separately purchased are recorded as a reduction to equipment.

The Authority applies certain HUD guidelines regarding eligible capital costs to all of the Authority's programs. As a result, major maintenance items such as roof replacements and exterior painting are capitalized and are depreciated over the remaining life of the structure.

Other expenses for non-major maintenance and repairs, which do not add to the value or life of capital assets, are charged to operating expenses as incurred.

Capital asset activity for the year ended December 31, 2010 was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Nondepreciable Capital Assets:				
Land	\$ 6,896,004	\$ -	\$ 289,000	\$ 6,607,004
Construction in Progress	58,665	900,041	\$ 273,565	685,141
Total Nondepreciable Capital Assets:	6,954,669	900,041	562,565	7,292,145
Depreciable Capital Assets:				
Buildings	39,866,017	331,120	1,493,951	38,703,186
Equipment & Flooring	4,134,485	210,259	609,678	3,735,066
Total Depreciable Capital Assets:	44,000,502	541,379	2,103,629	42,438,252
Accumulated Depreciation				
Buildings	(14,800,947)	(1,140,278)	678,324	(15,262,901)
Equipment & Flooring	(3,418,191)	(365,448)	630,747	(3,152,892)
Total Accumulated Depreciation	(18,219,138)	(1,505,726)	1,309,071	(18,415,793)
Total Depreciable Capital Assets, Net:	25,781,364	(964,347)	794,558	24,022,459
Total Capital Assets, Net	\$ 32,736,033			\$ 31,314,604

Additions to building, equipment and flooring are costs incurred under the HUD Capital Fund Program, reconstruction costs at certain apartment buildings and other improvements. A portion of the additions to equipment and flooring and some of the disposals in this category represent replacement of appliances and flooring in tenant units. The building disposals include the disposition of the declined value for building reconstruction and equipment replacement.

7. Compensated Absences

Vested and accumulated vacation and sick leave are reported as expenses and classified into current and long term portions in the applicable program.

8. Debt Issue Costs and Bond Discounts

Debt issue costs and original issue discounts on bonds are amortized over the period for which the related debt is outstanding. Deferred charges include the original debt issue costs and discounts on bonds as well as deferred charges, related to gains or losses on bond refunding programs.

**PIERCE COUNTY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2010**

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9. Revenue Recognition

Tenant rent revenue is recognized on the first day of the month for which the rent is due. Rental payments received in advance of the month for which the payment is made is deferred as prepaid rent and is included in current liabilities. HUD contributions for continuing contracts are recognized as funding is allocated. For non-recurring or new HUD contribution contracts, revenue is not recognized until the Authority receives a signed contract. Revenues from local grants are recognized as costs are incurred.

10. Inventory

Maintenance supplies maintained in the Authority's maintenance warehouse are valued at cost using the last-in, first-out method.

**NOTE 2: LEGAL COMPLIANCE-BUDGETS**

The Authority has no legal obligation to provide a comprehensive annual budget. For certain HUD programs, the Authority is contractually required to prepare budgets. These budgets were prepared in accordance with HUD program requirements and were approved by the Board of Commissioners. When necessary, budget revisions were submitted to the oversight agency and approved.

**NOTE 3: DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS**

Deposits and Investments	Carrying Amount	Bank Balance
<u>Deposits</u>		
Bank Deposits and Cash on Hand	\$ 5,416,209	\$ 5,543,060
	Carrying Amount	Market Value
<u>Evidenced by Securities</u>		
US Treasury and Agencies	620,940	620,940
Investment Agreements and Cash Equivalents held by Bond Trustee	4,303,981	4,303,981
Total Cash Equivalents and Investments	4,924,921	
Total Cash, Cash Equivalents and Investments	\$ 10,341,130	

As required by State law, all deposits and investments of the Authority's programs are deposited with Washington State banks. The deposits 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). Certain balances are maintained in Negotiable Order of Withdrawal (NOW) accounts and are considered cash equivalents. The bond trustee holds funds in investment agreements with commercial entities. These investment agreements are not subject to custodial credit risk. The Authority has no policy for custodial credit risk separate from State law.

Approximately \$45,000 of the bank deposits listed above is held by the Greater Tacoma Community Foundation (GTCF) as agent for the Sound Families Grant. Substantially all of the remaining GTCF funds are invested in US Treasury Notes. These US Treasury Notes mature in increments of approximately \$70,000 to \$80,000 per year, from 2011 to 2018, with a final maturity of approximately \$47,000 in 2019.

**PIERCE COUNTY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2010**

**NOTE 4: LONG TERM OBLIGATIONS**

The Authority's long-term obligations consist of low-income housing revenue bonds, other Federal program debt, and a business activity loan incurred in connection with the purchase of three parcels intended for the development of an administrative facility. In addition, the authority records long term liabilities for a portion of compensated absences, deferred grant revenues, unclaimed property and escrow accounts associated with the Section 8 and Low-Income Public Housing Family Self Sufficiency Program.

The change in the various classifications of the Authority's debt from 2009 to 2010 is as follows:

	<b>Balance Outstanding December 31, 2009</b>	<b>Additions</b>	<b>Payments</b>	<b>Balance Outstanding December 31, 2010</b>	<b>Current Portion</b>
Housing Revenue Bonds	\$26,365,000	\$ -	\$ (1,595,000)	\$24,770,000	\$ 800,000
Rural Development Program Loans	609,095	-	(13,426)	595,669	14,379
Business Activity Loan	951,907	-	(50,521)	901,386	52,710
Total Outstanding Debt at year End	<u>\$27,926,002</u>	-	<u>(1,658,947)</u>	<u>\$26,267,055</u>	
Less Current Portion of Long Term Debt	<u>(823,947)</u>			<u>(867,089)</u>	867,089
Total Long Term Debt Outstanding	<u>\$27,102,055</u>			<u>\$ 25,399,966</u>	

The Authority retired \$718,947 of debt during the year simultaneous with a partial defeasance of the 1998 Series Pooled Housing Refunding Revenue Bonds in the amount of \$940,000 resulting from of the sale of the Garden Court West apartment project.

The Authority classifies certain liabilities between its current and long-term portions. Compensated absences, unclaimed property and FSS program funds were classified between their current and long-term portions. In addition, the Authority received an advance of a long-term Family Permanency Project (FPP) Grant. The non-current liabilities other than bonds are listed in the following chart:

	<b>December 31, 2009</b>	<b>Increase</b>	<b>Decrease</b>	<b>December 31, 2010</b>	<b>Current Portion</b>
Family Self Sufficiency	\$ 198,503	\$ 52,370		\$ 250,873	\$ 165,768
Deferred FPP Grant Revenue	753,721		(88,015)	665,706	136,800
Compensated Absences	149,410	484		149,894	124,524
OPEB Liability	-	20,469		20,469	-
Unclaimed Property	45,473		(5,137)	40,336	26,133
Chapter 9 Plan Repayment	155,210		(13,999)	141,211	47,001
Sub-Total	<u>1,302,317</u>	<u>73,323</u>	<u>(107,151)</u>	<u>1,268,489</u>	
<b>Less Current Portion</b>	<u>(515,024)</u>			<u>(500,226)</u>	500,226
Total Other Non-Current Liabilities	<u>\$ 787,293</u>			<u>\$ 768,263</u>	

Since the FPP grant will be used over several years, it is recorded as deferred revenue included in other long-term liabilities. The other long-term liabilities represent the estimate of the portion of certain liabilities expected to be liquidated after December 31, 2011. Tenants are allowed to pay for a bond to satisfy their security deposit requirements. These transactions are managed by a third party. The assets held by the third party and the related tenant deposit liabilities are not reflected in the Financial Statements.

Beginning with the fiscal year ending December 31, 2010, the Authority implemented Governmental Accounting Standards Board (GASB) Statement Number 45 for other post-employment benefits (OPEB) offered to retirees, as represented in the above chart.

**PIERCE COUNTY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2010**

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Information regarding individual debt issues is as follows:

<b>Issue</b>	<b>Purpose</b>	<b>Original Balance</b>	<b>Interest Rate Range (%)</b>	<b>Maturity Dates</b>	<b>Outstanding Balance</b>
Pooled Project A	Refunding for Several Apartment Communities	\$ 31,140,000	5.4%-5.9%	2011-2028	\$ 23,305,000
Pooled Project B	Refunding for Several Apartment Communities	3,030,000	6.0%	2020-2028	1,465,000
Rural Development Program Loan	Purchase of Apartment Community	696,219	1.0%	2011-2030	595,669
Business Activities Loan	Purchase of Administrative Building Parcels	1,000,000	4.25%- Variable (Prime + 1%)	2011-2018	901,386
<b>Total</b>		<u>\$ 35,866,219</u>			<u>\$ 26,267,055</u>

Prior Years Defeasance

During 2005, Housing Revenue Bonds in the amount of \$8,285,000 were defeased in connection with the sale of the Highland Park apartments project.

During 2003, Housing Revenue Bonds totaling \$30,685,000 were defeased in connection with the sale of the Park Meadows, Emerald Terrace, Park Village and Mallards Landing apartment projects. Also during 2003, the Authority exercised its option to fully prepay the amount of \$45,781 for the outstanding bond issued in 1992 for an administrative building.

During 2000, the Harbor Heights bonds totaling \$3,190,000 were defeased in connection with the sale of that property. Securities with a cost of approximately \$3,250,000 were placed in escrow to fund the advanced defeasance. The advance refunding met the requirements of an in-substance defeasance and the old bonds were removed from the Authority's financial statements. As of December 31, 2003 no bonds are outstanding.

On December 1, 1998 Pierce County Housing Authority issued Senior Revenue Bonds of \$31,140,000 and \$3,030,000 Subordinate bonds at par with an effective interest rate of 5.74%. These bonds were used to refinance existing short-term debt that was coming due and to defease other debt with higher interest rates and short term financing. Interest on the short-term debt ranges from 5.25% to 8%. The net proceeds were used to pay off debt, which was short-term, and or callable, or were placed in an irrevocable trust to defease the Bonds, which were not immediately available to be paid off. The US Government Securities purchased with the proceeds remained in trust until September 1, 2003, when the final bonds were called at par for the then outstanding bonds. The advance refunding met the requirements of an in-substance defeasance and the old bonds were removed from the Authority's financial statements. As of December 31, 2003 none of these bonds are outstanding.

**PIERCE COUNTY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2010**

Debt Service to Maturity

The balance of individual issues and debt service to maturity in the Housing Revenue Bonds and other Authority debt are as follows:

Issue	Rates	Principal Balance	Interest	Total Debt Service
Pooled Project A	5.4%-5.9%	\$ 23,305,000	\$ 14,675,716	\$ 37,980,716
Pooled Project B	6.0%	1,465,000	1,253,100	2,718,100
Rural Development Program Loan	1.0%	595,669	69,281	664,950
Administrative Building Loan	4.25%-Variable	901,386	131,768	1,033,154
<b>Total</b>		<b>\$ 26,267,055</b>	<b>\$ 16,129,865</b>	<b>\$ 42,396,920</b>

Installments for the Pooled Project A Bonds range from \$800,000 in 2011 to \$2,080,000 in 2028. Installments for the Pooled Project B Bonds are interest only at \$87,900 per year until June 2020 at which time sinking fund payments are required. Sinking fund requirements for the Pooled Project B Bonds range from \$95,000 in 2020 to \$210,000 in 2028. Installments for the Rural Development Program Loan approximate \$27,000 per year. Installments for the Administrative Building Loan are \$90,000 per year, except in 2013 when ½ of the remaining balance is due in a balloon payment. This loan has a variable interest rate which adjusts annually at the Prime Rate plus 1%.

Authority Wide Debt Service to Maturity

Year	Pooled Project A		Pooled Project B	
	Principal	Interest	Principal	Interest
2011	\$ 800,000	\$ 1,332,273	\$ -	\$ 87,900
2012	840,000	1,288,533	-	87,900
2013	890,000	1,242,498	-	87,900
2014	750,000	1,198,549	-	87,900
2015	995,000	1,150,100	-	87,900
2016-2020	5,630,000	4,848,640	95,000	438,600
2021-2025	7,495,000	2,990,903	780,000	311,400
2026-2030	5,905,000	624,220	590,000	63,600
<b>Total</b>	<b>\$ 23,305,000</b>	<b>\$ 14,675,716</b>	<b>\$ 1,465,000</b>	<b>\$ 1,253,100</b>

Year	Rural Development Program Loan		Administrative Building Loan	
	Principal	Interest	Principal	Interest
2011	\$ 14,379	\$ 12,493	\$ 52,710	\$ 37,290
2012	15,399	11,473	54,994	35,006
2013	16,492	10,380	441,975	25,884
2014	17,662	9,210	76,532	13,468
2015	18,915	7,956	79,849	10,151
2016-2020	116,719	17,769	195,326	9,969
2021-2025	164,438	-	-	-
2026-2030	231,665	-	-	-
<b>Total</b>	<b>\$ 595,669</b>	<b>\$ 69,281</b>	<b>\$ 901,386</b>	<b>\$ 131,768</b>

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Bond issue costs and discounts at December 31, 2010 were \$1,154,945, net of accumulated amortization of \$1,816,542.

Debt service requirements on the bond issues are paid from funds established pursuant to Board resolutions. Such bond funds are funded primarily from the net operating revenues of the respective housing projects on which the bonds are secured. These funds are used to accumulate sufficient amounts for debt service and are reflected as current restricted assets.

The bonds also have established debt service reserve funds that were funded from the original debt proceeds, and were subsequently modified in accordance with the confirmation of the Authority's Plan as described in Note 9. These debt service reserve funds are reflected as non-current restricted assets. While these bonds are subject to IRS arbitrage rules, no arbitrage liability exists at December 31, 2010.

**NOTE 5: DEFINED BENEFIT PENSION PLAN**

Substantially all full-time and qualifying part-time Authority employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to: Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98504-8380; or it may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov). The following disclosures are made pursuant to GASB Statements No. 27, *Accounting for Pensions by State and Local Government Employers* and No. 50, *Pension Disclosures, an Amendment of GASB Statements No. 25 and No. 27*.

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

**Plan Description**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**There are 1,189 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2009:**

Retirees and Beneficiaries Receiving Benefits	74,857
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	28,074
Active Plan Members Vested	105,339
Active Plan Members Non-vested	53,896
Total	262,166

**Funding Policy**

Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent for state agencies and local government unit employees, and at 7.5 percent for state government elected officials. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. All employers are required to contribute at the level established by the Legislature. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan and member contributions finance the defined contribution portion. The Director of the Department of Retirement Systems sets Plan 3 employee contribution rates. Six rate options are available ranging from 5 percent to 15 percent; two of the options are graduated rates dependent on the employee's age. As a result of the implementation of the Judicial Benefit Multiplier Program in January 2007, a second tier of employer and employee rates was developed to fund, along with investment earnings, the increased retirement benefits of those justices and judges that participate in the program. The methods used to determine the contribution requirements are established under state statute in accordance with Chapters 41.40 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2010, are as follows:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer*	5.31%**	5.31%**	5.31%***
Employee	6%****	5.45-3.9%****	5-15%*****

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

\*\* The employer rate for state elected officials is 7.89% for Plan 1 and 5.31% for Plan 2 and Plan 3.

\*\*\* Plan 3 defined benefit portion only.

\*\*\*\* The employee rate for state elected officials is 7.50% for Plan 1 and 3.90% for Plan 2.

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

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

	PERS Plan 1	PERS Plan 2	PERS Plan 3
2010	2,697	116,903	12,248
2009	3,475	157,106	17,183
2008	3,668	170,316	17,238

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**NOTE 6: DEFERRED COMPENSATION PLAN**

The Authority offers its employees a deferred compensation plan created in accordance with the Internal Revenue Code section 457. This plan, available to all regular full-time and part-time Authority employees are permitted to defer receipt of a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to the employee or their beneficiaries until termination, retirement, death or an unforeseeable emergency. The amounts of compensation deferred under the plan and all income attributable to these amounts are the sole property of the participant or their beneficiary. ING and DRS holds and invests these funds on behalf of the Authority's employees. No amounts related to this plan are reflected in these financial statements.

**NOTE 7: OTHER POST-EMPLOYMENT BENEFITS**

The Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 45 for other post-employment benefits (OPEB) offered to retirees. This standard addresses how to account for and report the Authority's costs related to post-employment health care and other non-pension benefits.

**Plan Description and Funding Policy**

The Housing Authority provides medical benefits through the Washington Counties Insurance Pool (WCIP). The plan provides medical, drug, and dental benefits to eligible retirees and their dependants. The eligible retirees can choose to participate in the plan and pay 100% of the same premiums offered to active participants. Entities that belong to WCIP have an OPEB liability related to the implicit rate subsidy for insurance offered to retirees because the cost of paid retiree claims exceed the amount received from retirees in premiums.

**Eligibility**

WCIP members are eligible for retiree medical benefits after becoming eligible for service retirement pension benefits (either reduced or full pension benefits) under Plan 1 or Plan 2 of the PERS. The valuation assumes members are in Plan 2, with eligibility as follows:

- Age 65 with 5 years of service
- Age 55 with 20 years of service

Former members who are entitled to a deferred vested pension benefit are not eligible to receive medical benefits after pension benefit commencement. Survivors of members who die prior to retirement are not eligible for medical benefits.

**Medical and Dental Benefits**

Upon retirement, members are permitted to receive medical, drug, and dental benefits.

**Funding Policy**

The funding policy is based upon the pay-as-you-go financing requirements.

**Annual OPEB Cost and Net OPEB Obligation**

The WCIP's annual other postemployment benefit (OPEB) cost is calculated based upon the Annual Required Contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 43. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period of thirty years as of December 31, 2007. The following table shows the components of the WCIP's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the WCIP's net OPEB. The following table also presents the Authority's (PCHA) participation factor to determine the amounts affecting the Authority's recorded amounts related to its OPEB liability.

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<b>Determination of Annual Required Contribution</b>	<b>Washington Counties Insurance Pool as a Whole</b>			<b>PCHA Participation Factor (0.8554%)</b>
	<b>December 31, 2007</b>	<b>December 31, 2008</b>	<b>December 31, 2009</b>	
Normal Cost at year end	\$ 606,602	\$ 606,602	\$ 748,502	\$ 6,403
Amortization of UAAL	411,268	411,268	411,889	3,523
Annual Required Contribution (ARC)	\$ 1,017,870	\$ 1,017,870	\$ 1,160,391	\$ 9,926
<b>Obligation</b>				
Annual Required Contribution	\$ 1,017,870	\$ 1,017,870	\$ 1,160,391	\$ 9,926
Interest on prior year Net OPEB	-	38,631	61,235	524
Adjustment to ARC Annual OPEB	-	(28,460)	(54,674)	(468)
	\$ 1,017,870	\$ 1,028,041	\$ 1,166,952	\$ 9,982
Contribution made	245,256	269,782	305,036	2,609
Increase in Net OPEB Obligation year	\$ 772,614	\$ 758,259	\$ 861,916	\$ 7,373
	-	772,614	1,530,873	13,095
Net OPEB Obligation - end of year	\$ 772,614	\$ 1,530,873	\$ 2,392,789	\$ 20,468

The WCIP's annual OPEB cost, the percentage of OPEB cost contributed to the plan, and the net OPEB obligation for 2009 were as follows:

<b>Fiscal Year Ended</b>	<b>Washington Counties Insurance Pool as a Whole</b>			<b>PCHA Participation Factor (0.8554%)</b>
	<b>Annual OPEB Cost</b>	<b>Percentage of OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>	
12/31/2007	1,017,870	24.10%	772,614	6,609
12/31/2008	1,028,041	26.24%	1,530,873	13,095
12/31/2009	1,166,952	26.14%	2,392,789	20,468

The Annual Required Contribution and the portion of the Annual Required Contribution contributed to the Plan were as follows:

<b>Fiscal Year Ended</b>	<b>ARC at End of Year</b>	<b>ARC Contributed</b>
12/31/2007	1,017,870	24.10%
12/31/2008	1,017,870	26.50%
12/31/2009	1,160,391	26.29%

**Funded Status and Funding Progress**

As of December 31, 2009, the most recent actuarial valuation date, the plan was 0% funded. The accrued liability for benefits was \$11.5 million, and the actuarial value of assets was \$0, resulting in a UAAL of \$11.5 million. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the ARC of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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The actuarial report does not provide the ratio of unfunded actuarial accrued liability (UAAL) to annual covered payroll for the plan as a whole. Using the participation ratio to determine the Authority's portion of the UAAL and its covered payroll the following is the estimated ratio:

UAAL	\$ 99,000
Annual Covered Payroll	<u>2,400,000</u>
UAAL as a % of annual covered payroll	<u>4.13%</u>

**Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

In the December 31, 2009 actuarial valuation, the Entry Age Normal actuarial cost method was used. The actuarial assumptions used included a 4.00% discount rate, which is based upon the long-term investment yield on the investments that are expected to be used to finance the payment of benefits. The healthcare cost trend rate is 7.8% grading-down to 4.6% over 71 years. Projected payroll increases use a 4% rate.

The UAAL is being amortized as a level percentage of the payroll amount on a closed basis at the assumed discount rate. The remaining amortization period at December 31, 2009 was 28 years.

**NOTE 8: INSURANCE**

Pierce County Housing Authority is currently a member of Housing Authority Risk Retention Group, Inc. (HARRG) and Housing Authority Insurance, Inc. (HAI) which is the Authority's primary supplier of General Liability and Commercial Property coverage, respectively.

The Authority finances its various risks of loss through the payment of premiums to the organizations discussed above as well as commercial insurance. The Authority handles its risk of property loss with insurance that covers building, contents and loss of rents in a coverage amount of estimated replacement value, with a deductible of \$25,000 for building losses and a deductible of \$25,000 for contents. Risk of loss from general liability is handled with general liability coverage, which provides for \$5,000,000 aggregate per occurrence coverage with a \$5,000 deductible. Coverage for errors and omissions provides \$1,000,000 of coverage per occurrence with a \$50,000 deductible. Coverage for employment practices liability provides \$1,000,000 of coverage per occurrence with a \$50,000 deductible. The Authority also carried employee dishonesty bonding for \$100,000 with a \$5,000 deductible.

The Authority has also purchased their Auto Liability, Auto Physical Damage and Excess Auto coverage's effective 11/1/2010, which carries a combined single limit of \$ 5,000,000 per occurrence.

HARRG is fully funded by member assessments that are adjusted annually by the HARRG Board on the basis of independent actuarial studies. These assessments cover loss, loss adjustment expenses, reinsurance and other administrative expenses. HARRG does not have the right to assess the membership for any shortfall in its funding. Such shortfalls are made up through future rate adjustments.

As discussed in NOTE 9, the Authority settled litigation regarding personal injury claims at one of its apartment complexes during 2007. This settlement amount was not covered by existing insurance coverage. As such, litigation settlements for 2007 exceeded insurance coverage. There were no litigation settlements that exceeded insurance, net of deductible amounts, for period from 2008 to 2010.

HARRG and HAPI are owned by their members and each member is asked to make an individual initial capital contribution upon entering the membership to each company of either 50% of their first year's

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premium or a minimum \$100 contribution. Pierce County Housing Authority has not contributed surplus to either company as of December 31, 2010.

**NOTE 9: DEBT SERVICE COVERAGE, COMMITMENTS AND CONTINGENCIES**

The Authority is responsible under the individual bond covenants to maintain predetermined debt service coverage. All of the Apartments Program properties are debt financed as is disclosed in Note 4. The debt instruments carry debt service coverage covenants. Such covenants require the authority to maintain a certain property's net operating income at prescribed levels exceeding total annual debt service for the bonds. Debt service coverage covenants were met for the Revenue bonds during 2010 with a contribution of about \$129,000 from the Authority's general fund. This contribution was required as the result of unrented apartments kept off-line for the purpose of renovation projects.

During the course of its operations, the Authority enters into commitments for various capital projects and major maintenance work. At December 31, 2010, there was approximately \$3,352,000 in commitments under these types of contracts. However, approximately \$3,278,000 of these commitments are subject to future scope of work and purchase order approvals.

In connection with performing its operations, the Authority may occasionally be named as a defendant in litigation. During 2008, the Authority was named as a defendant in several claims regarding alleged personal injury incurred at one of its apartment complexes. This litigation is similar in nature to that which was settled during 2007 in the amount of \$750,000. The Authority management made efforts to settle the second group of claims during 2008 but was not successful.

Review of the nature and driving force of the claims, and the inability of the Authority to address all potential claims at one time, subsequently convinced the Authority management to take the prudent approach to file a voluntary petition under Chapter 9 of the Bankruptcy Code on October 13, 2008. The petition put a stay on the above referenced 2008 litigation, created a single forum where all alleged claims could be addressed, and allowed the Authority to send out notice to all possible claimants against the Authority so those claims could also be addressed.

Sections 903 and 904 of the Bankruptcy Code were designed to limit the bankruptcy court jurisdiction and authority over operations of the chapter 9 debtor, thus limiting the power of the bankruptcy court to "interfere with – (1) any of the political or governmental powers of the debtor; (2) any of the property or revenues of the debtor; or (3) the debtor's use or enjoyment of any income-producing property" unless the debtor consents or the plan so provides. That provision allowed the Authority's activities to continue with its day to day operations including fulfillment of its financial obligations.

On December 17, 2009, the bankruptcy court confirmed the Third Amended Plan for Adjustment of Debts of Pierce County Housing Authority (Plan). A copy of the Plan may be obtained on-line at [http://www.pchawa.org/index.php?customernumber=557800804415439&pr=Business\\_Chapter9\\_Info](http://www.pchawa.org/index.php?customernumber=557800804415439&pr=Business_Chapter9_Info), or by written request to the Authority at P.O. Box 45410, Tacoma, WA 98448-5410. The result of the Plan allows the Authority to operate with no reduction in service levels.

The Plan classified secured and unsecured claims into five groups of claimants. The Plan provides for full payment of the three groups of secured claims representing notes and bonds payable. The fourth group is a class of unsecured claims with a remaining balance of approximately \$118,000. It will also be paid in full, through future rent offsets, and has been recorded as a liability.

For the remaining class of unsecured claims of approximately \$6 million, the Plan provides that claims will be paid under the fiduciary direction of a Post Confirmation Committee (PCC). The PCC is only able to pay claimants from a distribution account which is funded solely through proceeds of the sale of a vacant parcel of land owned by the Authority, or proceeds it may receive through the PCC pursuit of claims against the Authority's former legal counsel, insurance, and alleged causes of action against Pierce County and/or its

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insurance policies for coverage of claims asserted against the Authority. Furthermore, the Plan provides that administration of claims shall be at no cost to the Authority, nor shall the administration of claims cause the Authority to incur any expenses. As such, the subject land, with a cost value of \$23,000, has been reclassified to assets held for sale, and has been recorded as liability. The excess amount of estimated net realizable value of the land, over the costs basis of \$61,000 has not been recorded. Remaining amounts for these claims were never recorded by the Authority, so no liabilities were re-measured as a result of the court's decision and as such there are no gains or losses to record.

**NOTE 10: CONDUIT DEBT**

The Housing Authority has issued debt instruments for the purpose of providing capital financing for specific non-governmental entities, which are not a part of the Housing Authority's financial reporting entity. In general, the Housing Authority has issued conduit debt, but the Housing Authority is not responsible for the payment of the original debt. That debt is secured by a Multifamily Deed of Trust, Assignment of Rents and Security Agreement for the underlying properties. Owners of the debt have no recourse to any revenues of the Housing Authority. The Housing Authority participated in the following transactions:

Name of Non-Governmental Entity	Project Description	Date of Issue	Original Issue Amount
Hidden Hills 2001, LP	Acquisition and rehabilitation of Hidden Hills Apartments	January 1, 2002	\$8,100,000
Sumner Commons, LP	Acquisition of land and construction of Sumner Commons Apartments	December 20, 2002	\$1,750,000

**NOTE 11: SUBSEQUENT EVENTS**

The Authority's Board of Commissioners adopted a resolution on November 22, 2010 authorizing the Executive Director to pursue the sale of the Eagles Lair and Lone Pine Apartment projects; and on February 3, 2011, authorizing pursuit of the sale of the Eagles Watch and Evergreen Court apartment projects. Purchase and sale agreements with various contingency clauses have been executed. If any of the transactions close, a portion of the net proceeds will be used to redeem or defease a portion of the Housing Revenue bonds with all remaining funds deposited into the reserve for replacement fund maintained by the trustee.

**NOTE 12: CHANGE IN ACCOUNTING**

As of January 1, 2010 the Authority changed its accounting for portability payments in the Housing Choice Voucher Program. Prior to 2010, portability payments received from other housing authorities were offset against the related payments to landlords. For 2010, approximately \$1.4 million of portability payments received are recognized as other operating income and the related payments are reflected as housing assistance payments. Since portability revenues are offset by an equal amount of portability expenses, there is no effect of this change of accounting on beginning net assets.

Pierce County Housing Authority  
 Schedule of Expenditures of Federal Awards  
 For The Year Ended December 31, 2010

Federal Agency / Pass-Through Entity	Federal Program Name	CFDA Number	Other ID Number	Pass-Through Awards	Direct Awards	Total
City of Lakewood	Community Development Block Grant	14.218	-	\$ 30,561	-	
<b>City of Lakewood Sub-Total</b>				<b>\$ 30,561</b>	<b>-</b>	<b>\$ 30,561</b>
City of Tacoma	Homelessness Prevention and Rapid Re-housing Program (Recovery Act Funded)	14.257		\$ 137,661	-	
<b>City of Tacoma Sub-Total</b>				<b>\$ 137,661</b>	<b>-</b>	<b>\$ 137,661</b>
Pierce County	Community Development Block Grant	14.218	-	\$ 13,033	-	
<b>Pierce County Sub-Total</b>				<b>\$ 13,033</b>	<b>-</b>	<b>\$ 13,033</b>
US Department of Agriculture Rural Housing Service	Rural Rental Housing Loans	10.415	-		\$ 28,012	
US Department of Agriculture Rural Housing Service	Rural Rental Assistance Payments	10.427	-		72,192	
<b>US Department of Agriculture Rural Housing Service Sub-Total</b>				<b>-</b>	<b>\$ 100,204</b>	<b>\$ 100,204</b>
US Department of Housing and Urban Development	Public and Indian Housing	14.850	-		\$ 233,075	
US Department of Housing and Urban Development	LI HAP Section 8 Moderate Rehabilitation	14.856	-		82,060	
US Department of Housing and Urban Development	Section 8 Housing Choice Vouchers	14.871	-		22,125,019	
US Department of Housing and Urban Development	Public Housing Capital Fund Program	14.872	-		260,029	
US Department of Housing and Urban Development	ARRA Public Housing Capital Fund Stimulus (Formula) Recovery Act Funded	14.885			327,249	
<b>US Department of Housing and Urban Development Sub-Total</b>				<b>-</b>	<b>\$ 23,027,432</b>	<b>\$ 23,027,432</b>
<b>Total Assistance</b>				<b>\$ 181,255</b>	<b>\$ 23,127,636</b>	<b>\$ 23,308,891</b>

The Notes to the Schedule of Expenditures of Federal Awards is an integral part of this statement.

PIERCE COUNTY HOUSING AUTHORITY  
Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ending December 31, 2010

NOTE 1 – BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards is prepared on the same basis of accounting as Pierce County Housing Authority's financial statements.

NOTE 2 – PROGRAM COSTS

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

	14. VSH HUD- VETERANS AFFAIRS SUPPORTIVE HOUSING (HUD- VASH) PROGRAM	8 Other Federal Program 1	2 State/Local	Homelessness Prevention and Rapid Re-Housing Program (RAF)	14,257	1 Business Activities
<b>Project Total</b>						
111 Cash - Unrestricted	-	549,473	-	-	-	374,868
112 Cash - Restricted - Modernization and Development	-	-	-	-	-	1,593,375
113 Cash - Other Restricted	258,351	-	-	-	-	-
114 Cash - Tenant Security Deposits	-	-	-	-	-	210,677
115 Cash - Restricted for Payment of Current Liabilities	-	-	-	-	-	44,764
<b>100 Total Cash</b>	<b>258,351</b>	<b>549,473</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,223,684</b>
121 Accounts Receivable - PHA Projects	-	-	-	-	-	-
122 Accounts Receivable - HUD Other Projects	-	-	-	-	-	-
124 Accounts Receivable - Other Government	-	-	-	26,568	-	-
125 Accounts Receivable - Miscellaneous	-	-	-	-	-	8,149
126 Accounts Receivable - Tenants	-	-	-	-	-	30,151
126.1 Allowance for Doubtful Accounts - Tenants	(1,073)	-	-	-	-	(18,669)
126.2 Allowance for Doubtful Accounts - Other	-	-	-	-	-	-
127 Notes, Loans, & Mortgages Receivable - Current	-	40,891	-	-	-	-
128 Fraud Recovery	-	-	-	-	-	-
128.1 Allowance for Doubtful Accounts - Fraud	-	-	-	-	-	-
129 Accrued Interest Receivable	-	-	-	-	-	19,526
<b>120 Total Receivables, Net of Allowances for Doubtful Accounts</b>	<b>-</b>	<b>40,891</b>	<b>-</b>	<b>26,568</b>	<b>-</b>	<b>39,157</b>
131 Investments - Unrestricted	-	-	-	-	-	524,046
132 Investments - Restricted	-	-	-	-	-	2,580,427
135 Investments - Restricted for Payment of Current Liability	-	-	-	-	-	277,106
142 Prepaid Expenses and Other Assets	-	-	-	-	-	85,658

	14. VSH HUD- VETERANS AFFAIRS	14,257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	8 Other Federal Program 1	2 State/Local	1 Business Activities
143 Inventories	-	-	-	-	30,404
143.1 Allowance for Obsolete Inventories	-	-	-	-	-
144 Inter Program Due From	-	-	2,568,223	-	-
145 Assets Held for Sale	-	-	-	-	23,000
<b>150 Total Current Assets</b>	<b>258,351</b>	<b>26,568</b>	<b>3,158,587</b>	<b>-</b>	<b>5,783,482</b>
161 Land	2,048,688	-	-	-	4,468,216
162 Buildings	9,818,152	-	-	-	28,321,932
163 Furniture, Equipment & Machinery - Dwellings	352,526	-	-	-	2,429,932
164 Furniture, Equipment & Machinery - Administration	94,040	-	-	-	715,615
165 Leasehold Improvements	-	-	-	-	-
166 Accumulated Depreciation	(4,124,784)	-	-	-	(14,029,867)
167 Construction in Progress	-	-	-	-	681,640
168 Infrastructure	-	-	-	-	-
<b>160 Total Capital Assets, Net of Accumulated Depreciation</b>	<b>8,188,622</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,587,468</b>
171 Notes, Loans and Mortgages Receivable - Non-Current	-	-	1,209,600	-	50,000
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due	-	-	-	-	-
173 Grants Receivable - Non Current	-	-	-	-	-
174 Other Assets	-	-	-	-	1,154,945
176 Investments in Joint Ventures	-	-	-	-	-
<b>180 Total Non-Current Assets</b>	<b>8,188,622</b>	<b>-</b>	<b>1,209,600</b>	<b>-</b>	<b>23,792,413</b>
<b>190 Total Assets</b>	<b>9,325,833</b>	<b>258,351</b>	<b>4,368,187</b>	<b>-</b>	<b>29,575,895</b>

	14.VSH HUD- VETERANS AFFAIRS SUPPORTIVE HOUSING (HUD- VASH) PROGRAM	8 Other Federal Program 1	2 State/Local	14,257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	1 Business Activities
Project Total	-	-	-	-	-
311 Bank Overdraft	-	-	-	-	-
312 Accounts Payable <= 90 Days	-	-	-	-	474,405
313 Accounts Payable >90 Days Past Due	-	-	-	-	-
321 Accrued Wage/Payroll Taxes Payable	-	-	-	-	53,328
322 Accrued Compensated Absences - Current Portion	6,145	-	-	-	63,317
324 Accrued Contingency Liability	-	-	-	-	-
325 Accrued Interest Payable	-	-	-	-	122,429
331 Accounts Payable - HUD PHA Programs	-	-	-	-	-
332 Account Payable - PHA Projects	-	-	-	-	-
333 Accounts Payable - Other Government	-	-	-	-	-
341 Tenant Security Deposits	37,587	-	-	-	210,677
342 Deferred Revenues	4,173	-	-	-	223,958
343 Current Portion of Long-term Debt - Capital Projects/Mortgage	-	-	-	-	852,710
344 Current Portion of Long-term Debt - Operating Borrowings	-	-	-	-	-
345 Other Current Liabilities	24,693	-	-	-	10,963
346 Accrued Liabilities - Other	40,303	-	-	-	122,254
347 Inter Program - Due To	64,643	-	2,774	33,277	1,572,290
348 Loan Liability - Current	-	-	-	-	-
310 Total Current Liabilities	177,544	-	2,774	33,277	3,706,331
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	-	-	24,818,676
352 Long-term Debt, Net of Current - Operating Borrowings	-	-	-	-	-
353 Non-current Liabilities - Other	6,418	-	-	-	625,630

	14.VSH HUD- VETERANS AFFAIRS SUPPORTIVE HOUSING (HUD- VASH) PROGRAM	8 Other Federal Program 1	2 State/Local	Homelessness Prevention and Rapid Re-Housing Program (RAF)	14,257	1 Business Activities
<b>Project Total</b>						
354 Accrued Compensated Absences - Non Current	1,252	-	-	-	-	12,900
355 Loan Liability - Non Current	-	-	-	-	-	-
356 FASB 5 Liabilities	-	-	-	-	-	-
357 Accrued Pension and OPEB Liabilities	-	-	-	-	-	20,469
<b>350 Total Non-Current Liabilities</b>	<b>7,670</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,477,675</b>
<b>300 Total Liabilities</b>	<b>185,214</b>	<b>-</b>	<b>2,774</b>	<b>33,277</b>	<b>-</b>	<b>29,184,006</b>
508.1 Invested In Capital Assets, Net of Related Debt	8,188,622	-	-	-	-	(1,928,973)
509.2 Fund Balance Reserved	-	-	-	-	-	-
511.2 Unreserved, Designated Fund Balance	-	-	-	-	-	-
511.1 Restricted Net Assets	-	258,351	-	-	-	3,830,038
512.1 Unrestricted Net Assets	951,997	-	(2,774)	(6,709)	-	(1,509,176)
512.2 Unreserved, Undesignated Fund Balance	-	-	-	-	-	-
<b>513 Total Equity/Net Assets</b>	<b>9,140,619</b>	<b>258,351</b>	<b>(2,774)</b>	<b>(6,709)</b>	<b>391,889</b>	<b>-</b>
<b>600 Total Liabilities and Equity/Net Assets</b>	<b>9,325,833</b>	<b>258,351</b>	<b>4,368,187</b>	<b>26,568</b>	<b>29,575,895</b>	<b>-</b>

	10.415 Rural Rental Housing Loans	14.871 Housing Choice Vouchers	14.856 Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitat	Subtotal	ELIM	Total
111 Cash - Unrestricted	117,843	101,320	104,301	2,316,189	-	2,316,189
112 Cash - Restricted - Modernization and Development	39,333	-	-	1,632,708	-	1,632,708
113 Cash - Other Restricted	-	2,283,794	-	2,547,758	-	2,547,758
114 Cash - Tenant Security Deposits	4,100	-	-	252,364	-	252,364
115 Cash - Restricted for Payment of Current Liabilities	-	141,984	-	210,532	-	210,532
100 Total Cash	161,276	2,527,098	104,301	6,959,551	-	6,959,551
121 Accounts Receivable - PHA Projects	-	6,090	-	6,090	-	6,090
122 Accounts Receivable - HUD Other Projects	-	-	-	-	-	-
124 Accounts Receivable - Other Government	-	-	-	26,568	-	26,568
125 Accounts Receivable - Miscellaneous	-	-	-	8,149	-	8,149
126 Accounts Receivable - Tenants	61	-	-	33,128	-	33,128
126.1 Allowance for Doubtful Accounts - Tenants	-	-	-	(19,742)	-	(19,742)
126.2 Allowance for Doubtful Accounts - Other	-	-	-	-	-	-
127 Notes, Loans, & Mortgages Receivable - Current	-	-	-	40,891	-	40,891
128 Fraud Recovery	-	-	-	-	-	-
128.1 Allowance for Doubtful Accounts - Fraud	-	-	-	-	-	-
129 Accrued Interest Receivable	-	-	-	19,526	-	19,526
120 Total Receivables, Net of Allowances for Doubtful Accounts	61	6,090	-	114,610	-	114,610
131 Investments - Unrestricted	-	-	-	524,046	-	524,046
132 Investments - Restricted	-	-	-	2,580,427	-	2,580,427
135 Investments - Restricted for Payment of Current Liability	-	-	-	277,106	-	277,106
142 Prepaid Expenses and Other Assets	-	-	-	85,658	-	85,658

	10.415 Rural Rental Housing Loans	14.871 Housing Choice Vouchers	14.856 Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitat	Subtotal	ELIM	Total
143 Inventories	-	-	-	30,404	-	30,404
143.1 Allowance for Obsolete Inventories	-	-	-	-	-	-
144 Inter Program Due From	-	-	-	2,568,223	(2,568,223)	-
145 Assets Held for Sale	-	-	-	23,000	-	23,000
150 Total Current Assets	161,337	2,533,188	104,301	13,163,025	(2,568,223)	10,594,802
161 Land	90,100	-	-	6,607,004	-	6,607,004
162 Buildings	564,252	-	-	38,704,336	-	38,704,336
163 Furniture, Equipment & Machinery - Dwellings	39,859	-	-	2,822,317	-	2,822,317
164 Furniture, Equipment & Machinery - Administration	-	101,944	-	911,599	-	911,599
165 Leasehold Improvements	-	-	-	-	-	-
166 Accumulated Depreciation	(170,732)	(90,410)	-	(18,415,793)	-	(18,415,793)
167 Construction in Progress	3,501	-	-	685,141	-	685,141
168 Infrastructure	-	-	-	-	-	-
160 Total Capital Assets, Net of Accumulated Depreciation	526,980	11,534	-	31,314,604	-	31,314,604
171 Notes, Loans and Mortgages Receivable - Non-Current	-	-	-	1,259,600	-	1,259,600
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due	-	-	-	-	-	-
173 Grants Receivable - Non Current	-	-	-	-	-	-
174 Other Assets	-	-	-	1,154,945	-	1,154,945
176 Investments in Joint Ventures	-	-	-	-	-	-
180 Total Non-Current Assets	526,980	11,534	-	33,729,149	-	33,729,149
190 Total Assets	688,317	2,544,722	104,301	46,892,174	(2,568,223)	44,323,951

	10.415 Rural Rental Housing Loans	14.871 Housing Choice Vouchers	14.856 Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitat	Subtotal	ELIM	Total
311 Bank Overdraft	-	-	-	-	-	-
312 Accounts Payable <= 90 Days	-	-	-	474,405	-	474,405
313 Accounts Payable >90 Days Past Due	-	-	-	-	-	-
321 Accrued Wage/Payroll Taxes Payable	-	-	-	53,328	-	53,328
322 Accrued Compensated Absences - Current Portion	-	55,062	-	124,524	-	124,524
324 Accrued Contingency Liability	-	-	-	-	-	-
325 Accrued Interest Payable	1,078	-	-	123,507	-	123,507
331 Accounts Payable - HUD PHA Programs	-	-	1,769	1,769	-	1,769
332 Account Payable - PHA Projects	-	-	-	-	-	-
333 Accounts Payable - Other Government	-	-	-	-	-	-
341 Tenant Security Deposits	4,100	-	-	252,364	-	252,364
342 Deferred Revenues	421	-	-	228,552	-	228,552
343 Current Portion of Long-term Debt - Capital Projects/Mortgage	14,379	-	-	867,089	-	867,089
344 Current Portion of Long-term Debt - Operating Borrowings	-	-	-	-	-	-
345 Other Current Liabilities	-	25,836	-	61,492	-	61,492
346 Accrued Liabilities - Other	199	188,052	-	350,808	-	350,808
347 Inter Program - Due To	17,987	860,783	16,469	2,568,223	(2,568,223)	-
348 Loan Liability - Current	-	-	-	-	-	-
310 Total Current Liabilities	38,164	1,129,733	18,238	5,106,061	(2,568,223)	2,537,838
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	581,290	-	-	25,399,966	-	25,399,966
352 Long-term Debt, Net of Current - Operating Borrowings	-	-	-	-	-	-
353 Non-current Liabilities - Other	-	90,374	-	722,422	-	722,422

	10.415 Rural Rental Housing Loans	14.871 Housing Choice Vouchers	14.856 Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitat	Subtotal	ELIM	Total
354 Accrued Compensated Absences - Non Current	-	11,219	-	25,371	-	25,371
355 Loan Liability - Non Current	-	-	-	-	-	-
356 FASB 5 Liabilities	-	-	-	-	-	-
357 Accrued Pension and OPEB Liabilities	-	-	-	20,469	-	20,469
350 Total Non-Current Liabilities	581,290	101,593	-	26,168,228	-	26,168,228
300 Total Liabilities	619,454	1,231,326	18,238	31,274,289	(2,568,223)	28,706,066
508.1 Invested In Capital Assets, Net of Related Debt	(68,689)	11,534	-	6,202,494	-	6,202,494
509.2 Fund Balance Reserved	-	-	-	-	-	-
511.2 Unreserved, Designated Fund Balance	-	-	-	-	-	-
511.1 Restricted Net Assets	39,333	2,204,301	-	6,332,023	-	6,332,023
512.1 Unrestricted Net Assets	98,219	(902,439)	86,063	3,083,368	-	3,083,368
512.2 Unreserved, Undesignated Fund Balance	-	-	-	-	-	-
513 Total Equity/Net Assets	68,863	1,313,396	86,063	15,617,885	-	15,617,885
600 Total Liabilities and Equity/Net Assets	688,317	2,544,722	104,301	46,892,174	(2,568,223)	44,323,951

	14. VSH HUD- VETERANS AFFAIRS SUPPORTIVE HOUSING (HUD- VASH)	8 Other Federal Program 1	2 State/Local	14,257 Homelessness Prevention and Rapid Re- Housing Program (RAF)	10,427 Rural Rental Assistance Payments	1 Business Activities
Project Total	387,863	-	-	-	-	6,664,719
70300 Net Tenant Rental Revenue	16,966	-	-	-	-	339,007
70400 Tenant Revenue - Other	404,829	-	-	-	-	7,003,726
70500 Total Tenant Revenue	493,104	-	-	-	-	-
70600 HUD PHA Operating Grants	-	-	-	-	-	-
70610 Capital Grants	-	-	-	-	-	-
70710 Management Fee	-	-	-	-	-	-
70720 Asset Management Fee	-	-	-	-	-	-
70730 Book Keeping Fee	-	-	-	-	-	-
70740 Front Line Service Fee	-	-	-	-	-	-
70750 Other Fees	-	-	-	-	-	-
70700 Total Fee Revenue	-	-	-	-	-	-
70800 Other Government Grants	-	-	-	137,661	72,192	-
71100 Investment Income - Unrestricted	1,744	689	-	-	-	35,117
71200 Mortgage Interest Income	-	4,273	-	-	-	-
71300 Proceeds from Disposition of Assets Held for Sale	-	-	-	-	-	-
71310 Cost of Sale of Assets	-	-	-	-	-	-
71400 Fraud Recovery	-	-	-	-	-	-
71500 Other Revenue	-	-	3,616	-	-	314,568
71600 Gain or Loss on Sale of Capital Assets	(17,998)	203,915	-	-	-	1,082,849
72000 Investment Income - Restricted	-	-	-	-	-	183,816
70000 Total Revenue	881,679	208,877	3,616	137,661	72,192	8,620,076
91100 Administrative Salaries	94,532	9,147	13,150	10,789	-	326,287
91200 Auditing Fees	7,111	928	-	-	-	29,983
91300 Management Fee	-	-	-	-	-	-
91310 Book-keeping Fee	-	-	-	-	-	-

	14. VSH HUD- VETERANS AFFAIRS SUPPORTIVE HOUSING (HUD- VASH)	8 Other Federal Program 1	2 State/Local	14,257 Homelessness Prevention and Rapid Re- Housing Program (RAF)	10,427 Rural Rental Assistance Payments	1 Business Activities
91400 Advertising and Marketing	-	-	-	-	-	48,262
91500 Employee Benefit contributions - Administrative	34,182	2,853	4,414	3,467	-	93,648
91600 Office Expenses	-	-	-	-	-	60,020
91700 Legal Expense	-	-	-	-	-	68,965
91800 Travel	-	-	-	-	-	-
91810 Allocated Overhead	6,085	391	-	-	-	249,754
91900 Other	-	-	-	-	-	-
<b>91000 Total Operating - Administrative</b>	<b>141,910</b>	<b>13,319</b>	<b>17,564</b>	<b>14,256</b>	<b>-</b>	<b>876,919</b>
92000 Asset Management Fee	-	-	-	-	-	-
92100 Tenant Services - Salaries	-	-	-	-	-	-
92200 Relocation Costs	-	-	-	-	-	-
92300 Employee Benefit Contributions - Tenant Services	-	-	-	-	-	-
92400 Tenant Services - Other	-	-	-	-	-	35,559
<b>92500 Total Tenant Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35,559</b>
93100 Water	2,205	-	-	-	-	157,592
93200 Electricity	4,332	-	-	-	-	153,338
93300 Gas	-	-	-	-	-	-
93400 Fuel	-	-	-	-	-	-
93500 Labor	-	-	-	-	-	-
93600 Sewer	843	-	-	-	-	345,495
93700 Employee Benefit Contributions - Utilities	-	-	-	-	-	-
93800 Other Utilities Expense	-	-	-	-	-	22,175
<b>93000 Total Utilities</b>	<b>7,380</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>678,600</b>
94100 Ordinary Maintenance and Operations - Labor	123,427	-	-	-	-	1,097,989
94200 Ordinary Maintenance and Operations - Materials and Other	57,620	-	-	-	-	243,552

	14.VSH HUD- VETERANS AFFAIRS SUPPORTIVE HOUSING (HUD- VASH)	8 Other Federal Program 1	2 State/Local	14,257 Homelessness Prevention and Rapid Re- Housing Program (RAF)	10,427 Rural Rental Assistance Payments	1 Business Activities
Project Total	74,047	-	-	-	-	1,042,560
94300 Ordinary Maintenance and Operations Contracts	45,430	-	-	-	-	390,023
94500 Employee Benefit Contributions - Ordinary Maintenance	300,524	-	-	-	-	2,774,124
94000 Total Maintenance	-	-	-	-	-	-
95100 Protective Services - Labor	-	-	-	-	-	-
95200 Protective Services - Other Contract Costs	-	-	-	-	-	-
95300 Protective Services - Other	-	-	-	-	-	-
95500 Employee Benefit Contributions - Protective Services	-	-	-	-	-	-
95000 Total Protective Services	-	-	-	-	-	-
96110 Property Insurance	9,335	-	-	-	-	75,390
96120 Liability Insurance	8,124	361	-	-	-	49,485
96130 Workmen's Compensation	4,209	40	61	47	-	40,322
96140 All Other Insurance	3,589	-	-	-	-	21,713
96100 Total Insurance Premiums	25,257	401	61	47	-	186,910
96200 Other General Expenses	63,367	-	1,798	2,096	-	150,813
96210 Compensated Absences	-	-	-	-	-	8
96300 Payments in Lieu of Taxes	39,745	-	-	-	-	-
96400 Bad debt - Tenant Rents	3,003	-	-	-	-	175,075
96500 Bad debt - Mortgages	-	-	-	-	-	-
96600 Bad debt - Other	-	-	-	-	-	-
96800 Severance Expense	-	-	-	-	-	-
96000 Total Other General Expenses	106,115	-	1,798	2,096	-	325,896
96710 Interest of Mortgage (or Bonds) Payable	6,227	111	-	-	-	1,497,710
96720 Interest on Notes Payable (Short and Long Term)	-	-	-	-	-	-
96730 Amortization of Bond Issue Costs	-	-	-	-	-	-

	14.VSH HUD- VETERANS AFFAIRS SUPPORTIVE HOUSING (HUD-VASH)	8 Other Federal Program 1	2 State/Local	14.257 Homelessness Prevention and Rapid Re- Housing Program (RAF)	10.427 Rural Rental Assistance Payments	1 Business Activities
96700 Total Interest Expense and Amortization Cost	6,227	111	-	-	-	1,497,710
96900 Total Operating Expenses	587,413	13,831	19,423	16,399	-	6,375,718
97000 Excess of Operating Revenue over Operating Expenses	294,266	195,046	(15,807)	121,262	72,192	2,244,358
97100 Extraordinary Maintenance	-	-	-	-	-	-
97200 Casualty Losses - Non-capitalized	-	-	-	-	-	-
97300 Housing Assistance Payments	400,420	-	-	127,971	72,192	-
97350 HAP Portability-In	-	-	-	-	-	-
97400 Depreciation Expense	329,314	-	-	-	-	1,231,141
97500 Fraud Losses	-	-	-	-	-	-
97600 Capital Outlays - Governmental Funds	-	-	-	-	-	-
97700 Debt Principal Payment - Governmental Funds	-	-	-	-	-	-
97800 Dwelling Units Rent Expense	-	-	-	-	-	-
90000 Total Expenses	916,727	13,831	19,423	144,370	72,192	7,606,859
10010 Operating Transfer In	260,029	122,511	13,033	-	-	30,561
10020 Operating transfer Out	(382,540)	-	-	-	-	-
10030 Operating Transfers from/to Primary Government	-	-	-	-	-	-
10040 Operating Transfers from/to Component Unit	-	-	-	-	-	-
10050 Proceeds from Notes, Loans and Bonds	-	-	-	-	-	-
10060 Proceeds from Property Sales	-	-	-	-	-	-
10070 Extraordinary Items, Net Gain/Loss	-	-	-	-	-	-
10080 Special Items (Net Gain/Loss)	-	-	-	-	-	-
10091 Inter Project Excess Cash Transfer In	-	-	-	-	-	-
10092 Inter Project Excess Cash Transfer Out	-	-	-	-	-	-

	14. VSH HUD- VETERANS AFFAIRS SUPPORTIVE HOUSING (HUD- VASH)	8 Other Federal Program 1	2 State/Local	14,257 Homelessness Prevention and Rapid Re- Housing Program (RAF)	10,427 Rural Rental Assistance Payments	1 Business Activities
10093 Transfers between Program and Project - In	-	-	-	-	-	-
10094 Transfers between Project and Program - Out	-	-	-	-	-	-
10100 Total Other financing Sources (Uses)	-	-	13,033	-	-	30,561
<b>Project Total</b>	<b>(157,559)</b>	<b>317,557</b>	<b>10,259</b>	<b>(6,709)</b>	<b>-</b>	<b>1,074,339</b>
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	43,377	317,557	10,259	(6,709)	-	1,074,339
11020 Required Annual Debt Principal Payments	-	-	-	-	-	1,645,521
11030 Beginning Equity	8,970,929	4,050,630	-	-	-	(651,889)
11040 Prior Period Adjustments, Equity Transfers and Correction of	327,249	-	-	-	-	-
11050 Changes in Compensated Absence Balance	-	-	-	-	-	-
11060 Changes in Contingent Liability Balance	-	-	-	-	-	-
11070 Changes in Unrecognized Pension Transition Liability	-	-	-	-	-	-
11080 Changes in Special Term/Severance Benefits Liability	-	-	-	-	-	-
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents	-	-	-	-	-	-
11100 Changes in Allowance for Doubtful Accounts - Other	-	-	-	-	-	-
11170 Administrative Fee Equity	-	-	-	-	-	-
11180 Housing Assistance Payments Equity	-	-	-	-	-	-
11190 Unit Months Available	1,529	-	-	360	240	12,152
11210 Number of Unit Months Leased	1,480	-	-	166	226	10,383
11270 Excess Cash	905,103	-	-	-	-	-
11610 Land Purchases	-	-	-	-	-	-
11620 Building Purchases	417,317	-	-	-	-	-
11630 Furniture & Equipment - Dwelling Purchases	22,088	-	-	-	-	-
11640 Furniture & Equipment - Administrative Purchases	-	-	-	-	-	-
11650 Leasehold Improvements Purchases	-	-	-	-	-	-
11660 Infrastructure Purchases	-	-	-	-	-	-

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13510 CFFP Debt Service Payments  
13901 Replacement Housing Factor Funds

14.VSH HUD- VETERANS AFFAIRS SUPPORTIVE HOUSING (HUD- VASH)	8 Other Federal Program 1	2 State/Local	14,257 Homelessness Prevention and Rapid Re- Housing Program (RAF)	10,427 Rural Rental Assistance Payments	1 Business Activities
Project Total	-	-	-	-	-

	14.218 Community Development Block Grants/Entitlem ent Grants	10.415 Rural Rental Housing Loans	14.885 Formula Capital Fund Stimulus Grant	14.871 Housing Choice Vouchers	14.856 Lower Income Housing Assistance Program_Secti on 8	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	-	119,460	-	-	-	7,172,042	-	7,172,042
70400 Tenant Revenue - Other	-	7,387	-	-	-	363,360	-	363,360
<b>70500 Total Tenant Revenue</b>	-	<b>126,847</b>	-	-	-	<b>7,535,402</b>	-	<b>7,535,402</b>
70600 HUD PHA Operating Grants	-	-	-	21,681,222	82,060	22,700,183	-	22,700,183
70610 Capital Grants	-	-	327,249	-	-	327,249	-	327,249
70710 Management Fee	-	-	-	-	-	-	-	-
70720 Asset Management Fee	-	-	-	-	-	-	-	-
70730 Book Keeping Fee	-	-	-	-	-	-	-	-
70740 Front Line Service Fee	-	-	-	-	-	-	-	-
70750 Other Fees	-	-	-	-	-	-	-	-
70700 Total Fee Revenue	-	-	-	-	-	-	-	-
70800 Other Government Grants	43,594	28,012	-	-	-	281,459	-	281,459
71100 Investment Income - Unrestricted	-	38	-	76	74	37,738	-	37,738
71200 Mortgage Interest Income	-	-	-	-	-	4,273	-	4,273
71300 Proceeds from Disposition of Assets Held for Sale	-	-	-	-	-	-	-	-
71310 Cost of Sale of Assets	-	-	-	-	-	-	-	-
71400 Fraud Recovery	-	-	-	30,744	-	30,744	-	30,744
71500 Other Revenue	-	-	-	1,567,017	-	1,885,201	-	1,885,201
71600 Gain or Loss on Sale of Capital Assets	-	-	-	-	-	1,268,766	-	1,268,766
72000 Investment Income - Restricted	-	-	-	1,818	-	185,634	-	185,634
<b>70000 Total Revenue</b>	<b>43,594</b>	<b>154,897</b>	<b>327,249</b>	<b>23,280,877</b>	<b>82,134</b>	<b>34,256,649</b>	-	<b>34,256,649</b>
91100 Administrative Salaries	-	-	-	920,756	2,961	1,377,622	-	1,377,622
91200 Auditing Fees	-	7,408	-	44,918	280	90,628	-	90,628
91300 Management Fee	-	-	-	-	-	-	-	-
91310 Book-keeping Fee	-	-	-	-	-	-	-	-

	14.218 Community Development Block Grants/Entitlem ent Grants	10.415 Rural Rental Housing Loans	14.885 Formula Capital Fund Stimulus Grant	14.871 Housing Choice Vouchers	14.856 Lower Income Housing Assistance Program_Secti on 8	Subtotal	ELIM	Total
91400 Advertising and Marketing	-	-	-	-	-	48,262	-	48,262
91500 Employee Benefit contributions - Administrative	-	-	-	295,597	958	435,119	-	435,119
91600 Office Expenses	-	-	-	-	-	60,020	-	60,020
91700 Legal Expense	-	-	-	-	-	68,965	-	68,965
91800 Travel	-	-	-	-	-	-	-	-
91810 Allocated Overhead	-	-	-	233,716	-	489,946	-	489,946
91900 Other	-	-	-	-	-	-	-	-
<b>91000 Total Operating - Administrative</b>	-	7,408	-	1,494,987	4,199	2,570,562	-	2,570,562
92000 Asset Management Fee	-	-	-	-	-	-	-	-
92100 Tenant Services - Salaries	-	-	-	115,806	-	115,806	-	115,806
92200 Relocation Costs	-	-	-	-	-	-	-	-
92300 Employee Benefit Contributions - Tenant Services	-	-	-	31,122	-	31,122	-	31,122
92400 Tenant Services - Other	-	-	-	-	-	35,559	-	35,559
<b>92500 Total Tenant Services</b>	-	-	-	146,928	-	182,487	-	182,487
93100 Water	-	2,139	-	-	-	161,936	-	161,936
93200 Electricity	-	1,893	-	-	-	159,563	-	159,563
93300 Gas	-	-	-	-	-	-	-	-
93400 Fuel	-	-	-	-	-	-	-	-
93500 Labor	-	-	-	-	-	-	-	-
93600 Sewer	-	8,768	-	-	-	355,106	-	355,106
93700 Employee Benefit Contributions - Utilities	-	-	-	-	-	-	-	-
93800 Other Utilities Expense	-	11,177	-	-	-	33,352	-	33,352
<b>93000 Total Utilities</b>	-	23,977	-	-	-	709,957	-	709,957
94100 Ordinary Maintenance and Operations - Labor	-	13,280	-	-	-	1,234,696	-	1,234,696
94200 Ordinary Maintenance and Operations - Materials and Other	-	1,224	-	-	-	302,396	-	302,396

	14.218 Community Development Block Grants/Entitlem ent Grants	10.415 Rural Rental Housing Loans	14.885 Formula Capital Fund Stimulus Grant	14.871 Housing Choice Vouchers	14.856 Lower Income Housing Assistance Program_Secti on 8	Subtotal	ELIM	Total
94300 Ordinary Maintenance and Operations Contracts	-	7,178	-	-	-	1,123,785	-	1,123,785
94500 Employee Benefit Contributions - Ordinary Maintenance	-	5,669	-	-	-	441,122	-	441,122
94000 Total Maintenance	-	27,351	-	-	-	3,101,999	-	3,101,999
95100 Protective Services - Labor	-	-	-	-	-	-	-	-
95200 Protective Services - Other Contract Costs	-	-	-	-	-	-	-	-
95300 Protective Services - Other	-	-	-	-	-	-	-	-
95500 Employee Benefit Contributions - Protective Services	-	-	-	-	-	-	-	-
95000 Total Protective Services	-	-	-	-	-	-	-	-
96110 Property Insurance	-	766	-	-	-	85,491	-	85,491
96120 Liability Insurance	-	233	-	75,577	228	134,008	-	134,008
96130 Workmen's Compensation	-	457	-	3,774	-	48,910	-	48,910
96140 All Other Insurance	-	1	-	-	-	25,303	-	25,303
96100 Total insurance Premiums	-	1,457	-	79,351	228	293,712	-	293,712
96200 Other General Expenses	-	11,855	-	163,402	-	393,331	-	393,331
96210 Compensated Absences	-	22	-	-	-	30	-	30
96300 Payments in Lieu of Taxes	-	-	-	-	-	39,745	-	39,745
96400 Bad debt - Tenant Rents	-	3	-	-	-	178,081	-	178,081
96500 Bad debt - Mortgages	-	-	-	-	-	-	-	-
96600 Bad debt - Other	-	-	-	-	-	-	-	-
96800 Severance Expense	-	-	-	-	-	-	-	-
96000 Total Other General Expenses	-	11,880	-	163,402	-	611,187	-	611,187
96710 Interest of Mortgage (or Bonds) Payable	-	42,536	-	12,423	75	1,559,082	-	1,559,082
96720 Interest on Notes Payable (Short and Long Term)	-	-	-	-	-	-	-	-
96730 Amortization of Bond Issue Costs	-	-	-	-	-	-	-	-

	14.218 Community Development Block Grants/Entitlem ent Grants	10.415 Rural Rental Housing Loans	14.885 Formula Capital Fund Stimulus Grant	14.871 Housing Choice Vouchers	14.856 Lower Income Housing Assistance Program_Secti on 8	Subtotal	ELIM	Total
96700 Total Interest Expense and Amortization Cost	-	42,536	-	12,423	75	1,559,082	-	1,559,082
96900 Total Operating Expenses	-	114,609	-	1,897,091	4,502	9,028,986	-	9,028,986
97000 Excess of Operating Revenue over Operating Expenses	43,594	40,288	327,249	21,383,786	77,632	25,227,663	-	25,227,663
97100 Extraordinary Maintenance	-	-	-	-	-	-	-	-
97200 Casualty Losses - Non-capitalized	-	-	-	-	-	-	-	-
97300 Housing Assistance Payments	-	-	-	18,543,748	68,666	19,212,997	-	19,212,997
97350 HAP Portability-In	-	-	-	1,421,611	-	1,421,611	-	1,421,611
97400 Depreciation Expense	-	16,870	-	6,067	103	1,583,495	-	1,583,495
97500 Fraud Losses	-	-	-	-	-	-	-	-
97600 Capital Outlays - Governmental Funds	-	-	-	-	-	-	-	-
97700 Debt Principal Payment - Governmental Funds	-	-	-	-	-	-	-	-
97800 Dwelling Units Rent Expense	-	-	-	-	-	-	-	-
90000 Total Expenses	-	131,479	-	21,868,517	73,271	31,247,089	-	31,247,089
10010 Operating Transfer In	-	-	-	-	-	426,134	-	426,134
10020 Operating transfer Out	(43,594)	-	-	-	-	(426,134)	-	(426,134)
10030 Operating Transfers from/to Primary Government	-	-	-	-	-	-	-	-
10040 Operating Transfers from/to Component Unit	-	-	-	-	-	-	-	-
10050 Proceeds from Notes, Loans and Bonds	-	-	-	-	-	-	-	-
10060 Proceeds from Property Sales	-	-	-	-	-	-	-	-
10070 Extraordinary Items, Net Gain/Loss	-	-	-	-	-	-	-	-
10080 Special Items (Net Gain/Loss)	-	-	-	-	-	-	-	-
10091 Inter Project Excess Cash Transfer In	-	-	-	-	-	-	-	-
10092 Inter Project Excess Cash Transfer Out	-	-	-	-	-	-	-	-

	14.218 Community Development Block Grants/Entitlem ent Grants	10.415 Rural Rental Housing Loans	14.885 Formula Capital Fund Stimulus Grant	14.871 Housing Choice Vouchers	14.856 Lower Income Housing Assistance Program_Secti on 8	Subtotal	ELIM	Total
10093 Transfers between Program and Project - In	-	-	-	-	-	-	-	-
10094 Transfers between Project and Program - Out	-	-	-	-	-	-	-	-
10100 Total Other financing Sources (Uses)	(43,594)	-	-	-	-	-	-	-
<b>10000 Excess (Deficiency) of Total Revenue Over (Under) Total</b>	<b>(43,594)</b>	<b>23,418</b>	<b>327,249</b>	<b>1,412,360</b>	<b>8,863</b>	<b>3,009,560</b>	<b>-</b>	<b>3,009,560</b>
11020 Required Annual Debt Principal Payments	-	13,426	-	-	-	1,658,947	-	1,658,947
11030 Beginning Equity	-	45,445	-	116,010	77,200	12,608,325	-	12,608,325
11040 Prior Period Adjustments, Equity Transfers and Correction of	-	-	(327,249)	(214,974)	-	-	-	-
11050 Changes in Compensated Absence Balance	-	-	-	-	-	-	-	-
11060 Changes in Contingent Liability Balance	-	-	-	-	-	-	-	-
11070 Changes in Unrecognized Pension Transition Liability	-	-	-	-	-	-	-	-
11080 Changes in Special Term/Severance Benefits Liability	-	-	-	-	-	-	-	-
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents	-	-	-	-	-	-	-	-
11100 Changes in Allowance for Doubtful Accounts - Other	-	-	-	-	-	-	-	-
11170 Administrative Fee Equity	-	-	-	(890,905)	-	(890,905)	-	(890,905)
11180 Housing Assistance Payments Equity	-	-	-	2,204,301	-	2,204,301	-	2,204,301
11190 Unit Months Available	-	240	-	31,596	192	47,149	-	47,149
11210 Number of Unit Months Leased	-	226	-	29,935	192	43,301	-	43,301
11270 Excess Cash	-	-	-	-	-	905,103	-	905,103
11610 Land Purchases	-	-	-	-	-	-	-	-
11620 Building Purchases	-	-	-	-	-	417,317	-	417,317
11630 Furniture & Equipment - Dwelling Purchases	-	-	-	-	-	22,088	-	22,088
11640 Furniture & Equipment - Administrative Purchases	-	-	-	-	-	-	-	-
11650 Leasehold Improvements Purchases	-	-	-	-	-	-	-	-
11660 Infrastructure Purchases	-	-	-	-	-	-	-	-

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	14.218 Community Development Block Grants/Entitlem ent Grants	10.415 Rural Rental Housing Loans	14.885 Formula Capital Fund Stimulus Grant	14.871 Housing Choice Vouchers	14.856 Lower Income Housing Assistance Program_Secti on 8	Subtotal	ELIM	Total
13510 CFFP Debt Service Payments	-	-	-	-	-	-	-	-
13901 Replacement Housing Factor Funds	-	-	-	-	-	-	-	-

**Actual Modernization  
Cost Certificate**

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

OMB Approval No. 2577-0157 (exp. 12/31/2011)

ORIGINAL

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

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

Do not send this form to the above address.

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

HA Name:	Modernization Project Number:
Pierce County Housing Authority	WA19S054501-09

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

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

A. Original Funds Approved	\$	327,249.00
B. Funds Disbursed	\$	327,249.00
C. Funds Expended (Actual Modernization Cost)	\$	327,249.00
D. Amount to be Recaptured (A-C)	\$	-0-
E. Excess of Funds Disbursed (B-C)	\$	-0-

- That all modernization work in connection with the Modernization Grant has been completed;
- That the entire Actual Modernization Cost or liabilities therefor incurred by the HA have been fully paid;
- That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work; and
- That the time in which such liens could be filed has expired.

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.  
Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Signature of Executive Director & Date:

X *Karen Stupp 12/23/10*

**For HUD Use Only**

The Cost Certificate is approved for audit:  
Approved for Audit (Director, Office of Public Housing / ONAP Administrator) \_\_\_\_\_ Date: *12/23/10*

The audited costs agree with the costs shown above:  
Verified: (Designated HUD Official) \_\_\_\_\_ Date: \_\_\_\_\_

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

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

# Actual Modernization Cost Certificate

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

OMB Approval No. 2577-0044 (exp. 04/30/2004)  
OMB Approval No. 2577-0157 (exp. 12/31/99)

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

Public reporting burden for this collection of information is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Reports Management Officer, Paperwork Reduction Project (2577-0044 and 0157), Office of Information Technology, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-3800. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number.

Do not send this form to the above address.

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

HA Name: <b>Pierce County Housing Authority</b>	Modernization Project Number: <b>WA19P054501-10</b>
--	--

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

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

A. Original Funds Approved	\$	260,029
B. Funds Disbursed	\$	260,029
C. Funds Expended (Actual Modernization Cost)	\$	260,029
D. Amount to be Recaptured (A-C)	\$	0
E. Excess of Funds Disbursed (B-C)	\$	0

- That all modernization work in connection with the Modernization Grant has been completed;
- That the entire Actual Modernization Cost or liabilities therefor incurred by the HA have been fully paid;
- That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work; and
- That the time in which such liens could be filed has expired.

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

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

Signature of Executive Director & Date:

X *Karen Skue*  
Executive Director Date 8/19/10

RECEIVED  
AUG 31 2010  
PIERCE COUNTY HOUSING AUTH

### For HUD Use Only

The Cost Certificate is approved for audit:

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

X *Alfred [Signature]* for Dean Zinsch Date: 8/27/10

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official)

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

X



## **ABOUT THE STATE AUDITOR'S OFFICE**

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

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

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

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

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

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

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