

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

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**Pierce County Housing Authority**

Audit Period  
January 1, 2009 through December 31, 2009

**Report No. 1003868**

Issue Date  
**September 30, 2010**



WASHINGTON  
**BRIAN SONNTAG**  
STATE AUDITOR



**Washington State Auditor  
Brian Sonntag**

September 30, 2010

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 Housing Authority's financial condition.

Sincerely,

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

# Table of Contents

## Pierce County Housing Authority January 1, 2009 through December 31, 2009

Federal Summary .....	1
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters in Accordance with <i>Government Auditing Standards</i> .....	3
Independent Auditor's Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133 .....	5
Independent Auditor's Report on Financial Statements.....	7
Financial Section.....	9

# Federal Summary

## Pierce County Housing Authority

January 1, 2009 through December 31, 2009

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 Housing Authority.

### **FEDERAL AWARDS**

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

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

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

We reported no findings that are required to be disclosed under 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
14.850	Public and Indian Housing

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by OMB Circular A-133, was \$614,357.

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

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

**Pierce County Housing Authority  
January 1, 2009 through December 31, 2009**

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, 2009, and have issued our report thereon dated May 28, 2010.

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

***INTERNAL CONTROL OVER FINANCIAL REPORTING***

In planning and performing our audit, we considered the Housing Authority's internal control over financial reporting 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 Housing Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Housing 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 Housing 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 Housing Authority's financial statements are free of material misstatement, we performed tests of the Housing Authority's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, 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

May 28, 2010

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

**Pierce County Housing Authority  
January 1, 2009 through December 31, 2009**

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 are applicable to its major federal programs for the year ended December 31, 2009. The Housing Authority's major federal programs are identified in the Federal Summary. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the Housing Authority's management. Our responsibility is to express an opinion on the Housing Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Housing Authority's compliance with those requirements.

In our opinion, the Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 2009.

## **INTERNAL CONTROL OVER COMPLIANCE**

The management of the Housing Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the

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

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

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.

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**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

May 28, 2010

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

## **Pierce County Housing Authority January 1, 2009 through December 31, 2009**

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, 2009, as listed on page 9. These financial statements are the responsibility of the Housing 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, 2009, 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 Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management'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 Housing Authority's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The accompanying Financial Data Schedule and HUD form 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

May 28, 2010

# **Financial Section**

## **Pierce County Housing Authority January 1, 2009 through December 31, 2009**

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

Management's Discussion and Analysis – 2009

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

Statement of Net Assets – 2009

Statement of Revenues, Expenses and Changes in Net Assets – 2009

Statement of Cash Flows – 2009

Notes to Financial Statements – 2009

### ***SUPPLEMENTAL INFORMATION***

Schedule of Expenditures of Federal Awards – 2009

Notes to the Schedule of Expenditures of Federal Awards – 2009

Financial Data Schedule – 2009

Actual Modernization Cost Certificate – WA19P054501-09

## 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, 2009. Please read it in conjunction with the Authority's financial statements.

### FINANCIAL HIGHLIGHTS

The Authority experienced a decrease of approximately \$709,000 in net assets during 2009. While operating revenues increased by 6%, total operating expenses also increased 5% over 2008.

### Significant 2009 Financial Events

- The Authority continues 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 2009 representing 700 unit months, or approximately \$478,000 in rental revenues that would have otherwise normally been realized.
- During 2009 the Housing Authority provided \$19 million in housing assistance subsidies to low-income households in Pierce County. HUD budget appropriations for 2009 only funded a portion of the subsidies, requiring the Housing Authority to use about \$1.1 million of its restricted net assets to fund the program.
- The Authority obtained confirmation of its Third Amended Plan for The Adjustment of Debts (Plan). The Plan provides that unsecured claims for two classes of claimants are paid. One class of unsecured claims of approximately \$130,000 will be paid in full through future rent offsets and the applicable amount has been recorded as a liability. The other class of unsecured claims 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 Post Creditor's Committee (PCC) pursuit of claims against the Authority's former legal counsel, insurance, and alleged causes of action against Pierce County and/or its insurance policies for coverage of claims asserted against the Authority. As such, the subject land, with a cost value of \$23,000, has been reclassified to assets held for sale, and that same amount has been recorded as liability.

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 shortfall in HUD budget appropriations for housing assistance programs during 2009, offset by the reduction of operating expenditures of the Affordable Housing programs represents substantially all of the decreases identified in the Housing Authority's key financial measures as represented in the following chart and discussion.

	<b>Key Financial Measures</b>	
	<b>2009</b>	<b>2008</b>
Working Capital	2,497,505	2,661,936
Working Capital Ratio	163.43%	205.04%
Long-term Liabilities to Net Assets	221.20%	216.40%
Return on Assets	-1.60%	-2.68%
Return on Net Assets	-5.62%	-9.00%
Cash Flow before Debt Service	2,291,298	2,169,585
Debt Service	2,465,045	2,423,042
Debt Service Coverage	93%	90%

- Working capital measures the Authority's available financial resources to meet its short-term obligations. Working capital was used during 2009 to pay expenses associated with housing assistance subsidies that were not funded by HUD's 2009 appropriation. The Authority has sufficient resources to pay its current obligations.
- Because the Authority did not generate more revenue than expenses during 2009, the return on assets and return on net assets are both negative. The debt-to-equity ratio decreased substantially due to the

Authority's use of its reserves to pay for the increased housing assistance subsidies; however it is noted that all debt service is structured to be paid from current on-going rental activity.

- 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. As is noted above, this measure increased from 2008 to 2009, mainly due to the decrease in legal defense costs from the prior year. 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 decreased in 2009 by approximately \$709,000 from a year ago. In 2008, net assets had decreased by \$1.2 million, and in 2007 by approximately \$1.5 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
	2009	2008	Change
Current and Other Assets	\$ 11,698,867	\$ 10,870,461	7.62%
Capital Assets, Net	32,736,033	33,799,727	-3.15%
Total Assets	44,434,900	44,670,188	-0.53%
Long Term Liabilities	27,889,348	28,818,773	-3.23%
Current Liabilities	3,937,226	2,534,269	55.36%
Total Liabilities	31,826,574	31,353,042	1.51%
Net Assets:			
Invested in Capital Assets, Net of Debt	6,070,854	6,443,802	-5.79%
Restricted	3,469,235	4,724,244	-26.57%
Unrestricted	3,068,237	2,149,100	42.77%
Total Net Assets	\$ 12,608,326	\$ 13,317,146	-5.32%

Total net assets of the Authority decreased by 5.32%. 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 increased by approximately \$919,000 from 2008 to 2009. This increase results from positive operating results in the apartments program, reductions in reserve requirements on bonds contained in the Third Amended Plan for The Adjustment of Debts and that the 2009 HUD appropriations deficit was funded by the use of restricted net assets. The decrease in investment in capital assets is caused by several offsetting factors; 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. Decreases in restricted net assets correspond primarily to the use of restricted cash to fund the increase in housing assistance subsidies that were not funded through the FY 2009 HUD budget appropriation and the reduction in bond reserve requirements. 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 2005-2009. Those restrictions, however, do provide for using prior excess funding specifically for housing assistance subsidies.

The Authority's total operating revenues reflected in the following chart increased 6% from 2008 to 2009. This was a result of the increase in the HUD budget appropriation over the prior year offset by the reduction of operating revenues from apartment operations. Operating costs in the Apartment Operations decreased from the prior year, mostly as a result of the decrease in legal defense costs on personal injury claims between 2008 and 2009; however a substantial increase in housing assistance subsidies provided by the Assisted Housing Operation more than offset that decrease. Overall, the Housing Authority experienced about a 5% increase in operating expenses over the prior year.

	CHANGES IN NET ASSETS		Percentage Change
	2009	2008	
Rent and Other Tenant Revenues	\$ 8,310,189	\$ 8,450,559	-1.66%
Annual Contributions (HUD)	20,257,920	18,434,307	9.89%
Other Revenues	198,232	221,878	-10.66%
Total Operating Revenues	28,766,341	27,106,744	6.12%
Interest Revenue	178,428	263,718	-32.34%
Total Non-Operating Revenue	178,428	263,718	32.34%
Apartment Operations and Administration Expense	6,328,368	6,957,158	-9.04%
Assisted Housing Operations and Administration	21,966,605	19,982,212	9.93%
Total Operating Expenses	28,294,973	26,939,370	5.03%
Loss on Disposition of Assets	18,796	43,306	56.60%
Interest Expense	1,641,098	1,659,046	-1.08%
Total Non-Operating Expense	1,659,894	1,702,352	-2.49%
Decrease in Net Assets Before Capital Grant Contributions	(1,010,098)	(1,271,260)	20.54%
Capital Grant Contributions	301,278	72,368	316.31%
Increase (Decrease) in Net Assets	(708,820)	(1,198,892)	40.88%
Ending Net Assets	\$ 12,608,326	\$ 13,317,146	-5.32%
Net operating income-Apartments	\$ 1,429,884	1,022,161	39.89%
Net operating income-Assisted Housing	\$ (958,516)	(854,787)	-12.14%

The net effect of these revenue and expense changes increased net operating income in 2009 by approximately \$304,000. The combination of all of these factors resulted in the current year decrease in net assets of \$709,000 in 2009, compared to the 2008 decrease in net assets of \$1.2 million.

### Budgetary Highlights

The Authority's executive staff developed its 2009 budget in December 2008. There were no budget revisions made during the year.

The Authority exceeded its 2009 revenue targets by approximately \$1.4 million but spent approximately \$2 million more than its operating expense budget. The main factors causing the variances are as follows:

- HUD budget appropriations for assisted housing programs was 10% more than expected.
- While the Authority received an increased HUD budget appropriation, the Housing Authority provided 17% more housing assistance subsidies in 2009 than it originally planned.
- Rental revenue in the Authority's Apartments Program was nearly 5% less than expected due to the extension in completion of rehabilitation projects .

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2009, the Authority had \$31.3 million invested in its portfolio of housing stock and \$1.4 million invested in assets used in administration and program support. This amount represents a net decrease (including additions, sales, disposals and depreciation) of \$1 million from last year.

The reductions to capital assets are due to the assets replaced by major maintenance and building addition projects and the sales of homes under the Homeownership program. This year's major additions include the 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, 2009, the Authority has approximately \$303,000 in reserves held specifically for capital replacements on the pooled housing refunding bonds and a Rural Development project. The Authority's fiscal-year 2010 capital budget calls for it to spend approximately \$917,000 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 \$27.9 million in bonds and loans outstanding versus \$28.7 million last year, a decrease of 2.7%. This reduction in Housing Revenue Bonds, 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 2010 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 2010 are expected to increase with changes in market prices for variable cost items and routine wage and benefit cost increases; however the Authority does not expect to incur the same level of expenses associated with the legal defense costs as that experienced in 2008 and 2009.

In consideration of these estimates, the Authority's unrestricted net assets are expected to decrease by approximately \$1 million by the close of 2010. 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 unfunded housing assistance shortfalls, estimated to be approximately \$926,000. 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 98445-0410.

**PIERCE COUNTY HOUSING AUTHORITY  
STATEMENT OF NET ASSETS  
AS OF DECEMBER 31, 2009**

**ASSETS**

Current Assets

Cash and Cash Equivalents	2,763,860
Restricted Cash, Cash Equivalents and Investments	3,369,097
Accounts Receivable/prepays (net)	212,324
Notes Receivable	38,832
Inventory	27,618
Assets Held For Sale	23,000
<b>TOTAL CURRENT ASSETS</b>	<b>6,434,731</b>

Non Current Assets

Restricted Cash, Cash Equivalents and Investments	2,801,401
Notes Receivable	1,201,912
Deferred charges (net)	1,260,823
Capital Assets:	
Land	6,896,004
Construction in Progress	58,665
Buildings and equipment	44,000,502
Less accumulated depreciation	(18,219,138)
<b>TOTAL NON CURRENT ASSETS</b>	<b>38,000,169</b>

<b>TOTAL ASSETS</b>	<b>44,434,900</b>
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**LIABILITIES**

Accounts Payable	252,346
Accrued Interest Payable	130,078
Tenant Deposits and Prepaid Rent	380,732
Other Accrued Liabilities	379,051
Accrued Payroll & Compensated Absences	207,585
Prepaid HUD Contributions	1,626,687
Deferred Grant Revenue	136,800
Current portion of long term liabilities	823,947
<b>TOTAL CURRENT LIABILITIES</b>	<b>3,937,226</b>

Non Current Liabilities

Long term liabilities, Capital	27,102,055
Compensated Absences, Other Non-Current Liabilities and Deferred Revenue	787,293
<b>TOTAL LIABILITIES</b>	<b>31,826,574</b>

**NET ASSETS**

Invested in Capital Assets, net of related debt	6,070,854
Restricted	3,469,235
Unrestricted	3,068,237
<b>TOTAL NET ASSETS</b>	<b>12,608,326</b>

<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>44,434,900</b>
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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, 2009**

**OPERATING REVENUES**

Dwelling Rent	7,760,287
Tenant Charges	333,559
Laundry	29,306
Utilities	32,808
Other Income	154,229
Other Operating Grants	198,232
Annual Contributions (HUD) & Operating Grants	20,257,920
<b>TOTAL OPERATING REVENUES</b>	<b>28,766,341</b>

**OPERATING EXPENSES**

Administration	2,126,678
Tenant Services	32,839
Utilities	1,139,479
Maintenance Costs	2,042,726
On Site Salaries and Benefits	635,062
General Operational Costs	1,232,165
Other	374,692
Independent Audit Costs	86,181
Housing Assistance Payments	18,983,649
Depreciation	1,562,339
Amortization	79,163
<b>TOTAL OPERATING EXPENSES</b>	<b>28,294,973</b>

**OPERATING INCOME**

471,368

**NONOPERATING REVENUES(EXPENSES)**

Gain (Loss) on Disposition of Assets	(18,796)
Investment Revenue	178,428
Interest Expense	(1,641,098)
<b>Total Nonoperating Revenue (Expenses)</b>	<b>(1,481,466)</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS</b>	<b>(1,010,098)</b>

Capital Contributions 301,278

**CHANGE IN NET ASSETS**

(708,820)

**BEGINNING NET ASSETS**

13,317,146

**TOTAL NET ASSETS ENDING**

12,608,326

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, 2009**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from customers	\$ 8,426,861
Payments to suppliers, employees and landlords	(26,992,690)
Receipts from governments	21,884,607
<b>Net cash provided by operating activities</b>	<b>3,318,778</b>

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

Proceeds from sale of assets	169,285
Capital contributions	301,278
Purchases of capital assets	(893,552)
Principal paid on capital debt	(769,401)
Interest paid on capital debt	(1,641,098)
<b>Net cash used by capital and related financing activities</b>	<b>(2,833,488)</b>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Proceeds from sales and maturities of investments	77,260
Purchase of investments	(21,813)
Proceeds from Payments on Notes Receivable	85,848
Interest and dividends	230,780
<b>Net cash provided by investing activities</b>	<b>372,075</b>
Net increase in cash and cash equivalents	857,365
Balances - beginning of the year	4,446,947
Balances - end of the year	5,304,312
Investments	3,630,046
Total Cash, Cash Equivalents and Investments	<b>\$ 8,934,358</b>

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

Operating income	\$ 471,368
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	1,562,339
Amortization expense	79,163
Changes in assets and liabilities:	
Receivables, net	(57,206)
Inventories	15,363
Accounts Payable	50,217
Accrued Expenses	(294,179)
Tenant Deposits and Prepaid Rent	(24,354)
Accrued Payroll and Compensated absences	(10,547)
Prepaid HUD Contributions	1,626,687
Non Current Liabilities	(100,073)
<b>Net Cash provided by operating activities</b>	<b>\$ 3,318,778</b>

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

Categories Reflected in the Statement of Net Assets	
Current:	
Cash and Cash Equivalents	2,763,860
Restricted Cash, Cash Equivalents and Investments	3,369,097
Non Current:	
Restricted Cash, Cash Equivalents and Investments	2,801,401
Total Cash, Cash Equivalents and Investments in Cash Flow Statement	<b>\$ 8,934,358</b>

**Noncash Investing Activities:**

Decrease in Fair Value of Investments	<b>\$ 53,117</b>
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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, 2009**

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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.

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.

**PIERCE COUNTY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2009**

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**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 by a surcharge for real estate transactions that are executed in 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 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.

**PIERCE COUNTY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2009**

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

Basis of Accounting refers to when revenues and expenditures 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 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 \$2,511,935 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 2005-2009 in the amount of \$2,626,858. Cash and investments of \$753,721, 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 \$277,986 are considered restricted for return to the tenant or until they are applied to amounts owed by the tenant.

**PIERCE COUNTY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2009**

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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 2010 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:

Expenditures for land or structures (buildings and improvements) are capitalized. Expenditures 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. Expenditures 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 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 expenditures 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.

**PIERCE COUNTY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2009**

Capital asset activity for the year ended December 31, 2009 was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Nondepreciable Capital Assets:				
Land	\$ 6,942,004	\$ -	\$ 46,000	\$ 6,896,004
Construction in Progress	63,066	58,443	\$ 62,844	58,665
Total Nondepreciable Capital Assets:	7,005,070	58,443	108,844	6,954,669
Depreciable Capital Assets:				
Buildings	39,762,818	574,977	471,778	39,866,017
Equipment & Flooring	4,063,879	260,132	189,526	4,134,485
Total Depreciable Capital Assets:	43,826,697	835,109	661,304	44,000,502
Accumulated Depreciation				
Buildings	(13,843,572)	(1,149,008)	191,633	(14,800,947)
Equipment & Flooring	(3,188,468)	(413,331)	183,608	(3,418,191)
Total Accumulated Depreciation	(17,032,040)	(1,562,339)	375,241	(18,219,138)
Total Depreciable Capital Assets, Net:	26,794,657	(727,230)	286,063	25,781,364
Total Capital Assets, Net	\$ 33,799,727			\$ 32,736,033

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.

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.

**PIERCE COUNTY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2009**

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

<u>Deposits and Investments</u>		<u>Carrying Amount</u>	<u>Bank Balance</u>
<u>Deposits</u>			
Bank Deposits and Cash on Hand		\$ 5,304,312	\$ 5,304,312
		<u>Carrying Amount</u>	<u>Market Value</u>
<u>Evidenced by Securities</u>			
US Treasury and Agencies		715,378	715,378
<u>Investment Agreements and Cash</u>			
Equivalents held by Bond Trustee		2,914,668	2,914,668
Total Cash Equivalents and Investments		3,630,046	
Total Cash, Cash Equivalents and Investments		\$ 8,934,358	

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 \$38,000 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 2010 to 2018, with a final maturity of approximately \$47,000 in 2019.

**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 2008 to 2009 is as follows:

	<u>Balance Outstanding December 31, 2008</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance Outstanding December 31, 2009</u>	<u>Current Portion</u>
Housing Revenue Bonds	\$27,085,000	\$ -	\$ (720,000)	\$26,365,000	\$ 760,000
Rural Development Program Loans	620,478	-	(11,383)	609,095	13,426
Business Activity Loan	989,925	-	(38,018)	951,907	50,521
Total Outstanding Debt at year End	\$28,695,403	-	(769,401)	\$27,926,002	
Less Current Portion of Long Term Debt	(763,996)			(823,947)	823,947
Total Long Term Debt Outstanding	<u>\$27,931,407</u>			<u>\$ 27,102,055</u>	

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:

**PIERCE COUNTY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2009**

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**Non Current Liabilities**

	<b>December 31, 2008</b>	<b>Increase</b>	<b>Decrease</b>	<b>December 31, 2009</b>
Family Self Sufficiency	\$ 110,780	\$ 22,178		\$ 132,958
Deferred FPP Grant Revenue	713,037		96,116	616,921
Compensated Absenses	39,844		20,397	19,447
Unclaimed Property	23,705		5,738	17,967
<b>Total Other Non-Current Liabilities</b>	<b>\$ 887,366</b>	<b>\$ 22,178</b>	<b>\$ 122,251</b>	<b>\$ 787,293</b>

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, 2010. 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.

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%	2010-2028	\$ 24,840,000
Pooled Project B	Refunding for Several Apartment Communities	3,030,000	6.0%	2019-2028	1,525,000
Rural Development Program Loan	Purchase of Apartment Community	696,219	1.0%	2010-2030	609,095
Business Activities Loan	Purchase of Administrative Building Parcels	1,000,000	4.25%- Variable (Prime + 1%)	2010-2018	951,907
<b>Total</b>		<b>\$ 35,866,219</b>			<b>\$ 27,926,002</b>

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

**PIERCE COUNTY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2009**

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.

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%	\$ 24,840,000	\$ 16,522,219	\$ 41,362,219
Pooled Project B	6.0%	1,525,000	1,378,050	2,903,050
Rural Development Program Loan	1.0%	609,095	82,727	691,822
Administrative Building Loan	4.25%-Variable	951,907	171,248	1,123,155
<b>Total</b>		<b>\$ 27,926,002</b>	<b>\$ 18,154,244</b>	<b>\$ 46,080,246</b>

Installments for the Pooled Project A Bonds approximate \$2,180,000 per year. Installments for the Pooled Project B Bonds are interest only at \$91,500 per year until December 2019 at which time sinking fund payments are required. Sinking fund requirements for the Pooled Project B Bonds range from \$130,000 in 2020 to \$210,000 in 2028. Installments for the Rural Development Program Loan approximate \$27,000 per year.

Authority Wide Debt Service to Maturity

Year	Pooled Project A		Pooled Project B	
	Principal	Interest	Principal	Interest
2010	\$ 760,000	\$ 1,418,853	\$ -	\$ 91,500
2011	800,000	1,377,273	-	91,500
2012	840,000	1,333,533	-	91,500
2013	890,000	1,287,498	-	91,500
2014	940,000	1,238,181	-	91,500
2015-2019	5,565,000	5,319,360	25,000	457,500
2020-2024	7,385,000	3,496,878	735,000	356,100
2025-2029	7,660,000	1,050,643	765,000	106,950
<b>Total</b>	<b>\$ 24,840,000</b>	<b>\$ 16,522,219</b>	<b>\$ 1,525,000</b>	<b>\$ 1,378,050</b>

Year	Rural Development Program Loan		Administrative Building Loan	
	Principal	Interest	Principal	Interest
2010	\$ 13,426	\$ 13,446	\$ 50,521	\$ 39,479
2011	14,379	12,493	52,710	37,290
2012	15,399	11,473	54,994	35,006
2013	16,492	10,380	441,976	25,884
2014	17,662	9,210	76,532	13,468
2015-2019	108,986	25,373	275,174	20,121
2020-2024	153,544	352	-	-
2025-2029	216,319	-	-	-
2030-2034	52,888	-	-	-
<b>Total</b>	<b>\$ 609,095</b>	<b>\$ 82,727</b>	<b>\$ 951,907</b>	<b>\$ 171,248</b>

Bond issue costs and discounts at December 31, 2009 were \$1,260,823, net of accumulated amortization of \$1,801,342.

**PIERCE COUNTY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2009**

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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 8. 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, 2009.

**NOTE 5: DEFINED BENEFIT PENSION PLAN**

Substantially all full-time and qualifying part-time Authority employees participate in the Public Employee's Retirement System (PERS), a series of cost-sharing multiple-employer defined benefit plans administered by the Washington State Department of Retirement Systems (DRS). The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to: Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98504-8380. The Authority, in accordance with rates specified by DRS, pays employer contributions monthly. PERS Plan I covers employees whom established membership in PERS on or before September 30, 1977. Those joining thereafter are enrolled in Plan II or Plan III.

The State Legislature established PERS in 1947 under Chapter 41.40 RCW. Each biennium, the legislature establishes Plan I employer contribution rates and Plan II and III employer and employee contribution rates. Employee contribution rates for Plan I are established by legislative statute and do not vary from year to year. Employer rates for Plan I are not necessarily adequate to fully fund the system. The employer and employee contribution rates for Plan II and III are developed by the Office of State Actuary to fully fund the system. All employers are required to contribute at the level established by the legislature. The methods used to determine the contribution requirements are established under State statute.

Employees covered by Plan I 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 20 years of service. They are entitled to an annual retirement benefit equal to 2% of the average final compensation (based on the greatest compensation during any two consecutive years) for each year of membership service. The annual retirement benefit may not exceed 60% of average final compensation. In addition, 100% joint and survivor and 50% joint and survivor retirement benefit options are available on an actuarial equivalent basis. A member who terminates with five or more years of service to their credit may leave their accumulated contributions in the system and receive full retirement benefits at age 65 or a percentage of full benefits after reaching age 60. PERS Plan I also provides death and disability benefits.

Under PERS Plan II, the contribution rates for members and employers are equal except that the cost of amortizing the unfunded actuarial accrued liability for Plan II is borne by the employer. Employees covered by this plan are eligible for retirement at age 65 with 5 years of service or at age 55 with 20 years of service. They are entitled to an annual retirement benefit equal to 2% of the member's average final compensation (based on the highest compensation during any five year period) for each year of service (for employees who retire prior to reaching age 65, the retirement benefit is actuarially reduced to reflect the period between the age at retirement and attainment of age 65). There is not a cap on years of service credit and a COLA is granted, capped at 3% annually. In addition, 100% joint and survivor and 50% joint and survivor retirement benefit options are available on actuarial equivalent bases. A member who terminates service with five or more years of services to their credit may leave their accumulated contribution in the system and receive a retirement allowance at age 65 or actuarially reduced allowance at age 55 if they have 20 years of service. PERS Plan II also provides death and disability benefits.

A new optional retirement plan known as PERS III became available to PERS II members, and those employees hired after the PERS III effective date in 2002. PERS III has two components. The defined benefit component, funded by employer contributions, will provide members with a guaranteed benefit, similar to what is currently provided in PERS II. The defined contribution component, funded by member contributions, will allow members to direct the investment of their member contributions, by choosing from several investment options and programs. Employees covered by this plan are eligible for normal retirement at age 65 or older if the member has at least 10 service credit years, or 5 service credit years including 12 service credit months after attaining age 54, or 5 service credit years as earned in PERS II by

**PIERCE COUNTY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2009**

June 1, 2003 and transferred to PERS III; or early retirements at age 55 or older if the member has at least 10 service credit years. They are entitled to an annual retirement benefit equal to 1% of the member's average final compensation (based on the highest compensation during any five year period) for each year of service (for employees who retire prior to reaching age 65, the retirement benefit is actuarially reduced to reflect the period between the age at retirement and attainment of age 65). Additionally they receive an amount based on the amount contributed under the defined contribution component, the transfer and gain sharing payments (if any) added to an account and the performance of their investments. There is not a cap on years of service credit and a COLA is granted, capped at 3% annually. In addition, joint and 100% survivor, joint and 66.67% survivor, and joint and 50% survivor retirement benefit options are available on actuarial equivalent bases. A member who terminates service may leave their accumulated contribution in the system and receive a retirement allowance at age 65 or actuarially reduced allowance at age 55 if they have 20 years of service.

The payroll for employees covered by the PERS Plan I for the fiscal year ended December 31, 2009 was \$51,833. The payroll for employees covered by PERS Plan II for the fiscal year ended December 31, 2009 was \$2,325,872. The payroll for employees covered by PERS Plan III was \$251,073. The Authority's total payroll for PERS participants was \$2,628,778.

The Authority's actuarially determined contribution rates and actual contribution rates for PERS Plan I, II and III expressed as a percentage of covered payroll and actual contribution, for the fiscal years ended December 31 are as follows:

Year		PERS I			PERS II			PERS III		
		Required Rates	Dollars	% of Required Contribution	Required Rates	Dollars	% of Required Contribution	Required Rates	Dollars	% of Required Contribution
2009	Employer	8.31%-5.31%	3,475	100%	8.31%-5.31%	157,106	100%	8.31%-5.31%	17,183	100%
	Employee	6.00%	3,110	100%	5.45%-3.9%	108,071	100%	5%-10%	12,739	100%
2008	Employer	6.13%-8.31%	3,668	100%	6.13%-8.31%	170,316	100%	6.13%-8.31%	17,238	100%
	Employee	6.00%	3,028	100%	4.15%-5.45%	113,206	100%	5%-10%	12,440	100%
2007	Employer	5.46%-6.13%	2,845	100%	5.46%-6.13%	136,924	100%	5.46%-6.13%	10,553	100%
	Employee	6.00%	2,944	100%	3.5%-4.15%	90,488	100%	5%-10%	12,001	100%

**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: 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

**PIERCE COUNTY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2009**

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\$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 11/1/2009, 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 8, 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 2008 and 2009.

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 premium or a minimum \$100 contribution. Pierce County Housing Authority has not contributed surplus to either company as of December 31, 2009.

**NOTE 8: 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 2009.

During the course of its operations, the Authority enters into commitments for various capital projects and major maintenance work. At December 31, 2009, there was approximately \$3,874,000 in commitments under these types of contracts. However, approximately \$3,787,000 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). The Plan classified secured and unsecured claims into five groups of claimants. The Plan provides for full payment of all secured claims. One class of unsecured claims of approximately \$130,000 will also be paid in full through future rent offsets.

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

**PIERCE COUNTY HOUSING AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDING DECEMBER 31, 2009**

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Authority's former legal counsel, insurance, and alleged causes of action against Pierce County and/or its 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 that same amount, together with the amount due to the other unsecured class of claimants 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.

**NOTE 9: 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 10: SUBSEQUENT EVENTS**

On February 11, 2010, the Authority's Board of Commissioners adopted a resolution which authorized the Executive Director to pursue the sale of Garden Court West Apartments. A purchase and sale agreement with various contingency clauses has been executed. If this transaction closes, 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.

Pierce County Housing Authority  
 Schedule of Expenditures of Federal Awards  
 For The Year Ended December 31, 2009

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	-	\$ 6,599	-	
<b>City of Lakewood Sub-Total</b>				<b>\$ 6,599</b>	<b>-</b>	<b>\$ 6,599</b>
City of Tacoma	ARRA - Homelessness Prevention and Rapid Re-housing Program	14.257		\$ 35,159	-	
<b>City of Tacoma Sub-Total</b>				<b>\$ 35,159</b>	<b>-</b>	<b>\$ 35,159</b>
Pierce County	Community Development Block Grant	14.218	-	\$ 94,658	-	
Pierce County	Weatherization Assistance for Low Income Persons	81.042		\$ 56,222		
<b>Pierce County Sub-Total</b>				<b>\$ 150,880</b>	<b>-</b>	<b>\$ 150,880</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	-	-	74,128	
<b>US Department of Agriculture Rural Housing Service Sub-Total</b>				<b>-</b>	<b>\$ 102,140</b>	<b>\$ 102,140</b>
US Department of Housing and Urban Development	Public and Indian Housing	14.850	-	-	\$ 264,983	
US Department of Housing and Urban Development	LI HAP Section 8 Moderate Rehabilitation	14.856	-	-	87,592	
US Department of Housing and Urban Development	Section 8 Housing Choice Vouchers	14.871	-	-	19,553,401	
US Department of Housing and Urban Development	Public Housing Capital Fund Program	14.872	-	-	277,816	
<b>US Department of Housing and Urban Development Sub-Total</b>				<b>-</b>	<b>\$ 20,183,792</b>	<b>\$ 20,183,792</b>
<b>Total Assistance</b>				<b>\$ 192,638</b>	<b>\$ 20,285,932</b>	<b>\$ 20,478,570</b>

PIERCE COUNTY HOUSING AUTHORITY  
Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ending December 31, 2009

NOTE A – 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.

NOTE 3 – HOUSING CHOICE VOUCHER PROGRAM EXPENDITURES

As required by the granting agency, the amounts shown on the schedule for the Housing Choice Voucher program (CFDA 14.871) represents amounts awarded to the Housing Authority. Actual Expenditures of the grant during the period were \$19,553,401.

	Project Total	14,871 Housing Choice Vouchers	1 Business Activities	14,218 Community Development/Block Grants/Entitlement Grants	81,042 Weatherization Assistance for Low-Income Persons	10,415 Rural Rental Housing Loans	2 State/Local	14,257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	10,427 Rural Rental Assistance Payments	8 Other Federal Program 1	14,856 Lower Income Housing Assistance Program, Section 8 Moderate Rehabilit
111 Cash - Unrestricted	1,039,529	300,316	570,970			103,304				271,393	75,581
112 Cash - Restricted - Modernization and Development	1,243	1,057,578	271,205			31,437					
113 Cash - Other Restricted	38,250		235,436			4,300					
114 Cash - Tenant Security Deposits	17,219	1,519,381	38,376								
115 Cash - Restricted for Payment of Current Liabilities	1,096,241	2,877,275	1,115,987			139,041				271,393	75,581
100 Total Cash											
121 Accounts Receivable - PHA Projects		1,924									
122 Accounts Receivable - HUD Other Projects											12,649
124 Accounts Receivable - Other Government			18,903					35,159			
125 Accounts Receivable - Miscellaneous			47,346								
126 Accounts Receivable - Tenants	5,881		90,138			126					
126.1 Allowance for Doubtful Accounts - Tenants	(2,995)		(80,164)			(30)					
126.2 Allowance for Doubtful Accounts - Other											
127 Notes, Loans, & Mortgages Receivable - Current										38,832	
128 Fraud Recovery											
128.1 Allowance for Doubtful Accounts - Fraud											
129 Accrued Interest Receivable		1,924	11,813								
120 Total Receivables, Net of Allowances for Doubtful Accounts	2,886	1,924	88,036			96		35,159		38,832	12,649
131 Investments - Unrestricted			402,768								
132 Investments - Restricted			2,668,443								
135 Investments - Restricted for Payment of Current Liability			287,631								
142 Prepaid Expenses and Other Assets			71,572								
143 Inventories			27,618								
143.1 Allowance for Obsolete Inventories											
144 Iner Program Due From			23,000							2,588,493	
145 Assets Held for Sale											
150 Total Current Assets	1,099,127	2,879,199	4,685,053			139,137		35,159		2,898,718	88,230
161 Land	2,087,688		4,718,216			90,100					
162 Buildings	9,568,997		29,732,769			564,252					
163 Furniture, Equipment & Machinery - Dwellings	360,065	80,285	2,527,026			39,557					
164 Furniture, Equipment & Machinery - Administration	94,040		1,033,511								
165 Leasehold Improvements											
166 Accumulated Depreciation	(3,907,995)	(66,265)	(14,090,720)			(154,157)					
167 Construction in Progress	16,563		42,102								
168 Infrastructure											
160 Total Capital Assets, Net of Accumulated Depreciation	8,219,358	14,020	23,962,904			539,752					
171 Notes, Loans and Mortgages Receivable - Non-Current			50,001							1,116,300	
172 Notes, Loans, & Mortgages Receivable - Non-Current - Past Due										35,612	
173 Grants Receivable - Non-Current											
174 Other Assets			1,260,823								
176 Investments in Joint Ventures											
180 Total Non-Current Assets	8,219,358	14,020	25,273,728			539,752				1,151,912	
190 Total Assets	9,318,485	2,893,219	29,958,781			678,889		35,159		4,050,630	88,230
311 Bank Overdraft											
312 Accounts Payable <= 90 Days			252,346								
313 Accounts Payable >90 Days Past Due											

	Project Total	14,871 Housing Choice Vouchers	1 Business Activities	14,218 Community Development/Block Grants/Entitlement Grants	81,042 Weatherization Assistance for Low-Income Persons	10,415 Rural Rental Housing Loans	2 State/Local	14,257 Homelessness Prevention and Rapid Re-Housing Program (RAFP)	10,427 Rural Rental Assistance Payments	8 Other Federal Program 1	14,856 Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitat
321 Accrued Wage/Payroll Taxes Payable			48,644								
322 Accrued Compensated Absences - Current Portion	8,508	58,387	63,067								
324 Accrued Contingency Liability											
325 Accrued Interest Payable			130,078								
331 Accounts Payable - HUD PHA Programs											
332 Account Payable - PHA Projects											
333 Accounts Payable - Other Government											
341 Tenant Security Deposits	38,250		235,436			4,300					
342 Deferred Revenues	6,468		232,015			1,052					
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds			810,821			13,426					
344 Current Portion of Long-term Debt - Operating Borrowings											
345 Other Current Liabilities	33,087	52,198	9,251			100					
346 Accrued Liabilities - Other	48,982	1,692,881	198,095			145					
347 Inter Program - Due To	208,942	819,893	1,494,826			18,643		35,159			11,030
348 Loan Liability - Current											
310 Total Current Liabilities	344,217	2,623,359	3,474,280			37,676		35,159			11,030
351 Long-term Debt, Net of Current - Capital Projects/Mortgage											
352 Long-term Debt, Net of Current - Operating Borrowings											
353 Non-current Liabilities - Other	2,066	145,113	620,587			99					
354 Accrued Compensated Absences - Non Current	1,273	8,737	9,437								
355 Loan Liability - Non Current											
356 FASB 5 Liabilities											
357 Accrued Pension and OPEB Liabilities											
350 Total Non-Current Liabilities	3,339	153,850	27,136,390			585,768					
300 Total Liabilities	347,556	2,777,209	30,610,670			633,444		35,159			11,030
508.1 Invested In Capital Assets, Net of Related Debt											
509.2 Fund Balance Reserved	8,219,358	14,020	(2,093,180)			(69,343)					
511.2 Unreserved, Designated Fund Balance											
511.1 Restricted Net Assets		925,864	2,511,334			31,437					
512.1 Unrestricted Net Assets	751,571	(823,874)	(1,070,643)			83,351				4,050,630	77,200
512.2 Unreserved, Undesignated Fund Balance											
513 Total Equity/Net Assets	8,970,929	116,010	(651,889)			45,445				4,050,630	77,200
600 Total Liabilities and Equity/Net Assets	9,318,485	2,893,219	29,958,781			678,889		35,159		4,050,630	88,230

Total Assets = L+E

Reconciliation of Invested in capital assets, net of related debt (sb 0)

	Subtotal	ELIM	Total
111 Cash - Unrestricted	2,361,093	-	2,361,093
112 Cash - Restricted - Modernization and Development	302,642	-	302,642
113 Cash - Other Restricted	1,058,821	-	1,058,821
114 Cash - Tenant Security Deposits	277,986	-	277,986
115 Cash - Restricted for Payment of Current Liabilities	1,574,976	-	1,574,976
100 Total Cash	5,575,518	-	5,575,518
121 Accounts Receivable - PHA Projects	1,924	-	1,924
122 Accounts Receivable - HUD Other Projects	12,649	-	12,649
124 Accounts Receivable - Other Government	54,062	-	54,062
125 Accounts Receivable - Miscellaneous	47,346	-	47,346
126 Accounts Receivable - Tenants	96,145	-	96,145
126.1 Allowance for Doubtful Accounts - Tenants	(83,189)	-	(83,189)
126.2 Allowance for Doubtful Accounts - Other	-	-	-
127 Notes, Loans, & Mortgages Receivable - Current	38,832	-	38,832
128 Fraud Recovery	-	-	-
128.1 Allowance for Doubtful Accounts - Fraud	-	-	-
129 Accrued Interest Receivable	11,813	-	11,813
120 Total Receivables, Net of Allowances for Doubtful Accounts	179,582	-	179,582
131 Investments - Unrestricted	402,766	-	402,766
132 Investments - Restricted	2,668,443	-	2,668,443
135 Investments - Restricted for Payment of Current Liability	287,631	-	287,631
142 Prepaid Expenses and Other Assets	71,572	-	71,572
143 Inventories	27,618	-	27,618
143.1 Allowance for Obsolete Inventories	-	-	-
144 Iner Program Due From	2,588,493	(2,588,493)	-
145 Assets Held for Sale	23,000	-	23,000
150 Total Current Assets	11,824,623	(2,588,493)	9,236,130
161 Land	6,896,004	-	6,896,004
162 Buildings	39,866,018	-	39,866,018
163 Furniture, Equipment & Machinery - Dwellings	3,006,933	-	3,006,933
164 Furniture, Equipment & Machinery - Administration	1,127,551	-	1,127,551
165 Leasehold Improvements	-	-	-
166 Accumulated Depreciation	(18,219,137)	-	(18,219,137)
167 Construction in Progress	98,665	-	98,665
168 Infrastructure	-	-	-
160 Total Capital Assets, Net of Accumulated Depreciation	32,736,034	-	32,736,034
171 Notes, Loans and Mortgages Receivable - Non-Current	1,166,301	-	1,166,301
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due	35,612	-	35,612
173 Grants Receivable - Non Current	-	-	-
174 Other Assets	1,260,823	-	1,260,823
176 Investments in Joint Ventures	-	-	-
180 Total Non-Current Assets	35,198,770	-	35,198,770
190 Total Assets	47,023,393	(2,588,493)	44,434,900
311 Bank Overdraft	-	-	-
312 Accounts Payable <= 90 Days	252,346	-	252,346
313 Accounts Payable >90 Days Past Due	-	-	-

	Subtotal	ELIM	Total
321 Accrued Wage/Payroll Taxes Payable	48,644	-	48,644
322 Accrued Compensated Absences - Current Portion	129,962	-	129,962
324 Accrued Contingency Liability	-	-	-
325 Accrued Interest Payable	130,078	-	130,078
331 Accounts Payable - HUD PHA Programs	-	-	-
332 Account Payable - PHA Projects	-	-	-
333 Accounts Payable - Other Government	-	-	-
341 Tenant Security Deposits	277,986	-	277,986
342 Deferred Revenues	239,546	-	239,546
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	823,947	-	823,947
344 Current Portion of Long-term Debt - Operating Borrowings	-	-	-
345 Other Current Liabilities	94,636	-	94,636
346 Accrued Liabilities - Other	1,940,083	-	1,940,083
347 Inter Program - Due To	2,588,493	(2,588,493)	-
348 Loan Liability - Current	-	-	-
310 Total Current Liabilities	6,525,721	(2,588,493)	3,937,228
351 Long-term Debt, Net of Current - Capital Projects/Mortgage	27,102,055	-	27,102,055
352 Long-term Debt, Net of Current - Operating Borrowings	-	-	-
353 Non-current Liabilities - Other	767,845	-	767,845
354 Accrued Compensated Absences - Non Current	19,447	-	19,447
355 Loan Liability - Non Current	-	-	-
356 FASB 5 Liabilities	-	-	-
357 Accrued Pension and OFEB Liabilities	-	-	-
350 Total Non-Current Liabilities	27,869,347	-	27,869,347
300 Total Liabilities	34,415,068	(2,588,493)	31,826,575
508.1 Invested In Capital Assets, Net of Related Debt	6,070,855	-	6,070,855
509.2 Fund Balance Reserved	-	-	-
511.2 Unreserved, Designated Fund Balance	-	-	-
511.1 Restricted Net Assets	3,469,235	-	3,469,235
512.1 Unrestricted Net Assets	3,068,235	-	3,068,235
512.2 Unreserved, Undesignated Fund Balance	-	-	-
513 Total Equity/Net Assets	12,608,325	-	12,608,325
600 Total Liabilities and Equity/Net Assets	47,023,393	(2,588,493)	44,434,900

Total Assets = L+E

Reconciliation of Invested in capital assets, net of related debt (sb 0)

Fiscal Year End:  
12/31/2009

HA Of Pierce County (WA054)  
TACOMA, WA  
**Entity Wide Revenue and Expense Summary**  
Submission Type: Audited/A-133

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	14.218 Community Development Block Grants/Entitlement Grants	81.042 Weatherization Assistance for Low- Income Persons	10.415 Rural Rental Housing Loans	2 State/Local	14.257 Homelessness Prevention and Rapid Re-Housing Program (RAP)
70300 Net Tenant Rental Revenue	457,835	7,178,059				124,393		
70400 Tenant Revenue - Other	36,235	352,656				6,780		
70500 Total Tenant Revenue	494,070	7,530,715				131,173		
70600 HUD PHA Operating Grants	542,799	19,553,401						
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			41,943	101,257	56,222	28,012	17,184	35,159
71100 Investment Income - Unrestricted	1,564		23,713			8		
71200 Mortgage Interest Income								
71300 Proceeds from Disposition of Assets Held for Sale								
71310 Cost of Sale of Assets								
71400 Fraud Recovery		22,457						
71500 Other Revenue		50,126	284,810					
71600 Gain or Loss on Sale of Capital Assets	(23,770)		(191,105)					
72000 Investment Income - Restricted		3,675	148,722			101		
70000 Total Revenue	1,014,663	19,629,659	7,838,798	101,257	56,222	159,294	17,184	35,159
91100 Administrative Salaries	95,834	1,050,701	294,061				8,092	1,381
91200 Auditing Fees	6,930	41,859	28,410			7,737		
91300 Management Fee						11,919		
91310 Book-keeping Fee								
91400 Advertising and Marketing			33,346					
91500 Employee Benefit contributions - Administrative	31,547	327,914	85,413				2,984	520
91600 Office Expenses	2,810	1,117	64,385			160	1,303	
91700 Legal Expense	5,381	6,500	225,636					
91800 Travel	42	7,043	8,951					
91810 Allocated Overhead	18,857	220,498	88,172					
91900 Other		11,180	153,327					
91000 Total Operating - Administrative	161,401	1,666,812	981,701			19,816	12,379	1,901

Fiscal Year End:  
12/31/2009

HA Of Pierce County (WA054)  
TACOMA, WA  
**Entity Wide Revenue and Expense Summary**  
Submission Type: Audited/A-133

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	14.218 Community Development Block Grants/Entitlement Grants	81.042 Weatherization Assistance for Low- Income Persons	10.415 Rural Rental Housing Loans	2 State/Local	14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF)
92000 Asset Management Fee								
92100 Tenant Services - Salaries								
92200 Relocation Costs								
92300 Employee Benefit Contributions - Tenant Services								
92400 Tenant Services - Other			32,774			65		
92500 Total Tenant Services			32,774			65		
93100 Water	3,660		167,542			1,980		
93200 Electricity	3,105		130,971			1,405		
93300 Gas								
93400 Fuel								
93500 Labor								
93600 Sewer	571		332,093			8,768		
93700 Employee Benefit Contributions - Utilities								
93800 Other Utilities Expense			21,938			9,828		
93000 Total Utilities	7,336		652,544			21,981		
94100 Ordinary Maintenance and Operations - Labor	118,943		1,048,724			19,372		
94200 Ordinary Maintenance and Operations - Materials and	70,699		299,917			3,556		
94300 Ordinary Maintenance and Operations Contracts	57,947		1,010,240			4,681		
94500 Employee Benefit Contributions - Ordinary Maintenance	44,872		422,779			7,744		
94000 Total Maintenance	292,461		2,781,660			35,353		
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	13,887	541	92,102			984		
96120 Liability Insurance	4,425	40,724	12,245			138		
96130 Workmen's Compensation	5,094	5,372	57,158			991	10	
96140 All Other Insurance	7,164	85,508	36,170			287		
96100 Total Insurance Premiums	30,570	132,145	197,675			2,400	55	10

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	14.218 Community Development Block Grants/Entitlement Grants	81.042 Weatherization Assistance for Low- Income Persons	10.415 Rural Rental Housing Loans	2 State/Local	14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF)
96200 Other General Expenses	47,262	162,132	236,646			99	4,750	369
96210 Compensated Absences	1,515	9,103	5,567			104		
96300 Payments in Lieu of Taxes	48,673							
96400 Bad debt - Tenant Rents	12,340		78,818					
96500 Bad debt - Mortgages								
96600 Bad debt - Other								
96800 Severance Expense								
96000 Total Other General Expenses	109,790	171,235	321,031	-	-	203	4,750	369
96710 Interest of Mortgage (or Bonds) Payable			1,597,591			43,500		
96720 Interest on Notes Payable (Short and Long Term)								
96730 Amortization of Bond Issue Costs			79,163					
96700 Total Interest Expense and Amortization Cost	-	-	1,676,754	-	-	43,500	-	-
96900 Total Operating Expenses	601,558	1,970,192	6,644,139	-	-	123,318	17,184	2,280
97000 Excess of Operating Revenue over Operating Expenses	413,105	17,659,467	1,194,659	101,257	56,222	35,976	-	32,879
97100 Extraordinary Maintenance								
97200 Casualty Losses - Non-capitalized								
97300 Housing Assistance Payments	13,547	18,787,480						32,879
97350 HAP Portability-In								
97400 Depreciation Expense	282,134	8,584	1,254,025			17,507		
97500 Fraud Losses								
97600 Capital Outlays - Governmental Funds								
97700 Debt Principal Payment - Governmental Funds								
97800 Dwelling Units Rent Expense	897,239	20,766,256	7,896,164	-	-	140,825	17,184	35,159
90000 Total Expenses								
10010 Operating Transfer In	277,816		157,479					
10020 Operating transfer Out	(277,816)			(101,257)	(56,222)			
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								

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	14.218 Community Development Block Grants/Entitlement Grants	81.042 Weatherization Assistance for Low-Income Persons	10.415 Rural Rental Housing Loans	2 State/Local	14.257 Homelessness Prevention and Rapid Re-Housing Program (RAP)
10080 Special Items (Net Gain/Loss)								
10091 Inter Project Excess Cash Transfer In								
10092 Inter Project Excess Cash Transfer Out								
10093 Transfers between Program and Project - In								
10094 Transfers between Project and Program - Out								
10100 Total Other financing Sources (Uses)	-	-	157,479	(101,257)	(56,222)	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	117,424	(1,136,597)	98,113	-	-	18,469	-	-
11020 Required Annual Debt Principal Payments	-	-	758,017	-	-	11,384	-	-
11030 Beginning Equity	9,013,761	1,252,607	2,955,029	-	-	26,976	-	-
11040 Prior Period Adjustments, Equity Transfers and	(160,256)	-	(3,705,031)	-	-	-	-	-
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								
11100 Changes in Allowance for Doubtful Accounts - Other								
11170 Administrative Fee Equity		(809,854)						
11180 Housing Assistance Payments Equity		925,864						
11190 Unit Months Available	1543	32016	1543			240		36
11210 Number of Unit Months Leased	1515	31221	1515			237		36
11270 Excess Cash	703,537							
11610 Land Purchases	-							
11620 Building Purchases	108,025							
11630 Furniture & Equipment - Dwelling Purchases	11,488							
11640 Furniture & Equipment - Administrative Purchases	-							
11650 Leasehold Improvements Purchases	-							
11660 Infrastructure Purchases	-							
13510 CFFP Debt Service Payments	-							
13901 Replacement Housing Factor Funds	-							

Beg Equity, Plus Equity Xfer, Plus Total Excess Rev Over Exp,  
Less Bal Sheet Ending Equity (sb 0)

HA Of Pierce County (WA054)  
TACOMA, WA  
**Entity Wide Revenue and Expense Summary**  
Submission Type: Audited/A-133

	10.427 Rural Rental Assistance Payments	8 Other Federal Program 1	14.856 Lower Income Housing Assistance Program Section 8 Moderate Rehabilitat	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue				7,760,287	-	7,760,287
70400 Tenant Revenue - Other				395,671	-	395,671
70500 Total Tenant Revenue				8,155,958	-	8,155,958
70600 HUD PHA Operating Grants			87,592	20,183,792	-	20,183,792
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	74,128			353,905	-	353,905
71100 Investment Income - Unrestricted		494	151	25,930	-	25,930
71200 Mortgage Interest Income		16,571		16,571	-	16,571
71300 Proceeds from Disposition of Assets Held for Sale		196,079		196,079	-	196,079
71310 Cost of Sale of Assets				-	-	-
71400 Fraud Recovery				22,457	-	22,457
71500 Other Revenue				334,936	-	334,936
71600 Gain or Loss on Sale of Capital Assets				(214,875)	-	(214,875)
72000 Investment Income - Restricted				152,498	-	152,498
70000 Total Revenue	74,128	213,144	87,743	29,227,251	-	29,227,251
91100 Administrative Salaries		7,322	1,014	1,458,405	-	1,458,405
91200 Auditing Fees		981	265	86,182	-	86,182
91300 Management Fee				11,919	-	11,919
91310 Book-keeping Fee				-	-	-
91400 Advertising and Marketing				33,346	-	33,346
91500 Employee Benefit contributions - Administrative		2,097	875	451,350	-	451,350
91600 Office Expenses				69,775	-	69,775
91700 Legal Expense			40	237,557	-	237,557
91800 Travel				16,036	-	16,036
91810 Allocated Overhead		2,223	957	330,707	-	330,707
91900 Other				164,507	-	164,507
91000 Total Operating - Administrative		12,623	3,151	2,859,784	-	2,859,784

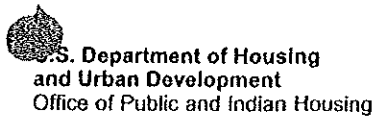
	10.427 Rural Rental Assistance Payments	8 Other Federal Program 1	14.856 Lower Income Housing Assistance Program Section 8 Moderate Rehabilitat	Subtotal	ELIM	Total
92000 Asset Management Fee	-	-	-	-	-	-
92100 Tenant Services - Salaries	-	-	-	-	-	-
92200 Relocation Costs	-	-	-	-	-	-
92300 Employee Benefit Contributions - Tenant Services	-	-	-	-	-	-
92400 Tenant Services - Other	-	-	-	32,839	-	32,839
92500 Total Tenant Services	-	-	-	32,839	-	32,839
93100 Water	-	-	-	173,182	-	173,182
93200 Electricity	-	-	-	135,481	-	135,481
93300 Gas	-	-	-	-	-	-
93400 Fuel	-	-	-	-	-	-
93500 Labor	-	-	-	-	-	-
93600 Sewer	-	-	-	341,432	-	341,432
93700 Employee Benefit Contributions - Utilities	-	-	-	-	-	-
93800 Other Utilities Expense	-	-	-	31,766	-	31,766
93000 Total Utilities	-	-	-	681,861	-	681,861
94100 Ordinary Maintenance and Operations - Labor	-	-	-	1,187,039	-	1,187,039
94200 Ordinary Maintenance and Operations - Materials and	-	-	-	374,172	-	374,172
94300 Ordinary Maintenance and Operations Contracts	-	-	-	1,072,868	-	1,072,868
94500 Employee Benefit Contributions - Ordinary Maintenance	-	-	-	475,395	-	475,395
94000 Total Maintenance	-	-	-	3,109,474	-	3,109,474
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	-	-	2	107,516	-	107,516
96120 Liability Insurance	-	628	121	58,281	-	58,281
96130 Workmen's Compensation	-	59	-	68,739	-	68,739
96140 All Other Insurance	-	-	256	129,385	-	129,385
96100 Total Insurance Premiums	-	687	379	363,921	-	363,921

	10.427 Rural Rental Assistance Payments	8 Other Federal Program 1	14.856 Lower Income Housing Assistance Program Section 8 Moderate Rehabilitat	Subtotal	ELIM	Total
96200 Other General Expenses		13,368	56	464,682	-	464,682
96210 Compensated Absences			25	16,314	-	16,314
96300 Payments in Lieu of Taxes			-	48,673	-	48,673
96400 Bad debt - Tenant Rents			-	91,158	-	91,158
96500 Bad debt - Mortgages		1,123	-	1,123	-	1,123
96600 Bad debt - Other			-	-	-	-
96800 Severance Expense			-	-	-	-
96000 Total Other General Expenses	-	14,491	81	621,950	-	621,950
96710 Interest of Mortgage (or Bonds) Payable			-	1,641,091	-	1,641,091
96720 Interest on Notes Payable (Short and Long Term)			-	-	-	-
96730 Amortization of Bond Issue Costs			-	79,163	-	79,163
96700 Total Interest Expense and Amortization Cost	-	-	-	1,720,254	-	1,720,254
96900 Total Operating Expenses	-	27,801	3,611	9,390,083	-	9,390,083
97000 Excess of Operating Revenue over Operating Expenses	74,128	185,343	84,132	19,837,168	-	19,837,168
97100 Extraordinary Maintenance			-	-	-	-
97200 Casualty Losses - Non-capitalized			-	-	-	-
97300 Housing Assistance Payments	74,128		75,615	18,983,649	-	18,983,649
97350 HAP Portability-In			-	-	-	-
97400 Depreciation Expense			90	1,562,340	-	1,562,340
97500 Fraud Losses			-	-	-	-
97600 Capital Outlays - Governmental Funds			-	-	-	-
97700 Debt Principal Payment - Governmental Funds			-	-	-	-
97800 Dwelling Units Rent Expense			-	-	-	-
90000 Total Expenses	74,128	27,801	79,316	29,936,072	-	29,936,072
10010 Operating Transfer In			-	435,295	-	435,295
10020 Operating transfer Out			-	(435,295)	-	(435,295)
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			-	-	-	-

	10.427 Rural Rental Assistance Payments	8 Other Federal Program 1	14.856 Lower Income Housing Assistance Program Section 8 Moderate Rehabilitat	Subtotal	ELIM	Total
10080 Special Items (Net Gain/Loss)	-	-	-	-	-	-
10091 Inter Project Excess Cash Transfer In	-	-	-	-	-	-
10092 Inter Project Excess Cash Transfer Out	-	-	-	-	-	-
10093 Transfers between Program and Project - In	-	-	-	-	-	-
10094 Transfers between Project and Program - Out	-	-	-	-	-	-
10100 Total Other financing Sources (Uses)	-	-	-	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	-	185,343	8,427	(708,821)	-	(708,821)
11020 Required Annual Debt Principal Payments	-	-	-	769,401	-	769,401
11030 Beginning Equity	-	-	68,773	13,317,146	-	13,317,146
11040 Prior Period Adjustments, Equity Transfers and	-	3,865,287	-	-	-	-
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	-	-	-	-	-	-
11100 Changes in Allowance for Doubtful Accounts - Other	-	-	-	-	-	-
11170 Administrative Fee Equity	-	-	-	(809,854)	-	(809,854)
11180 Housing Assistance Payments Equity	-	-	-	925,864	-	925,864
11190 Unit Months Available	240	-	192	-	-	-
11210 Number of Unit Months Leased	237	-	181	-	-	-
11270 Excess Cash	-	-	-	703,537	-	703,537
11610 Land Purchases	-	-	-	-	-	-
11620 Building Purchases	-	-	-	108,025	-	108,025
11630 Furniture & Equipment - Dwelling Purchases	-	-	-	11,488	-	11,488
11640 Furniture & Equipment - Administrative Purchases	-	-	-	-	-	-
11650 Leasehold Improvements Purchases	-	-	-	-	-	-
11660 Infrastructure Purchases	-	-	-	-	-	-
13510 CFFP Debt Service Payments	-	-	-	-	-	-
13901 Replacement Housing Factor Funds	-	-	-	-	-	-

Beg Equity, Plus Equity Xfer, Plus Total Excess Rev Over Exp,  
Less Bal Sheet Ending Equity (sb 0)

**Actual Modernization  
Cost Certificate**



OMB Approval No. 2577-0044 (exp. 04/30/2004)  
OMB Approval No. 2577-0157 (exp. 07/31/09) **RECEIVED**

MAY 20 2010

**BY FINANCE**

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: <b>Pierce County Housing Authority</b>	Modernization Project Number: <b>WA19P054501-09</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	\$	277,816
B. Funds Disbursed	\$	277,816
C. Funds Expended (Actual Modernization Cost)	\$	277,816
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 Clark* 11/30/09  
Executive Director Date

For HUD Use Only

The Cost Certificate is approved for audit:

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

Date:

X *A Chavez for Dean Zinck*

12/21/09

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official)

Date:

X

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

Date:

X

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



## **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 in cooperation 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 our 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 continue to refine our reporting efforts to ensure the results of our audits are useful and understandable.

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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**Deputy Chief of Staff**  
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**Director of Audit**  
**Director of Special Investigations**  
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**Local Government Liaison**  
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**Public Records Officer**  
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