Washington State Auditor's Office

Financial Statements and Federal Single Audit Report

Pierce County Housing Authority

Audit Period
January 1, 2011 through December 31, 2011

Report No. 1008334

Issue Date
September 24, 2012

WASHINGTON
BRIAN SONNTAG
STATE AUDITOR

Washington State Auditor
Brian Sonntag

September 24, 2012

Board of Commissioners
Pierce County Housing Authority
Tacoma, Washington

Report on Financial Statements and Federal Single Audit

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

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

Sincerely,

BRIAN SONNTAG, CGFM
STATE AUDITOR

Insurance Building, P.O. Box 40021 • Olympia, Washington 98504-0021 • (360) 902-0370 • TDD Relay (800) 833-6388
FAX (360) 753-0646 • http://www.sao.wa.gov

Table of Contents

Pierce County Housing Authority
January 1, 2011 through December 31, 2011

Federal Summary

Pierce County Housing Authority
January 1, 2011 through December 31, 2011

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

FINANCIAL STATEMENTS

An unqualified opinion was issued on the basic financial statements.

Internal Control Over Financial Reporting:

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

- ***Material Weaknesses:*** We identified no deficiencies that we consider to be material weaknesses.

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

FEDERAL AWARDS

Internal Control Over Major Programs:

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

- ***Material Weaknesses:*** We identified no deficiencies that we consider to be material weaknesses.

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

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

Identification of Major Programs:

The following were major programs during the period under audit:

CFDA No.	Program Title
14.257	ARRA - Homelessness Prevention and Rapid Re-Housing Program (Recovery Act)
14.871	Housing Choice Vouchers Cluster – Section 8 Housing Choice Vouchers

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by OMB Circular A-133, was $661,430.

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

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

Pierce County Housing Authority
January 1, 2011 through December 31, 2011

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, 2011, and have issued our report thereon dated September 10, 2012.

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

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

COMPLIANCE AND OTHER MATTERS

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

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

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

BRIAN SONNTAG, CGFM
STATE AUDITOR

September 10, 2012

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

Pierce County Housing Authority
January 1, 2011 through December 31, 2011

Board of Commissioners
Pierce County Housing Authority
Tacoma, Washington

COMPLIANCE

We have audited the compliance of the Pierce County Housing Authority, Pierce County, Washington, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011. The Authority's major federal programs are identified in the Federal Summary. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

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

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011.

INTERNAL CONTROL OVER COMPLIANCE

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

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

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

BRIAN SONNTAG, CGFM
STATE AUDITOR

September 10, 2012

Independent Auditor's Report on Financial Statements

Pierce County Housing Authority
January 1, 2011 through December 31, 2011

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, 2011, as listed on page 9. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Pierce County Housing Authority, as of December 31, 2011, and the changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 10 through 15 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

BRIAN SONNTAG, CGFM
STATE AUDITOR

September 10, 2012

Financial Section

Pierce County Housing Authority
January 1, 2011 through December 31, 2011

REQUIRED SUPPLEMENTARY INFORMATION

BASIC FINANCIAL STATEMENTS

SUPPLEMENTARY INFORMATION

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, 2011. Please read it in conjunction with the Authority's financial statements.

FINANCIAL HIGHLIGHTS

In April and May of 2011, the Authority sold the Eagles Lair, Evergreen Court, Lone Pine and Eagles Watch Apartment projects. The effect of these transactions was to reduce debt in amounts exceeding the net book value of the property, generating a gain on sale of approximately $7 million. These sales are the primary cause for the increase in net assets for the Authority's Apartments Program.

During 2011, HUD reduced its annual operating contributions requiring the Authority to use about $1.1 million of its operating reserve to continue to provide housing assistance in the Housing Choice Voucher and Low-Income Housing programs, explaining the decrease in net assets for the Assisted Housing Program.

Significant 2011 Financial Events

- During 2011, HUD provided budget appropriations less than housing assistance and administrative expenses of about $1.1 million.
- The Authority closed the sale of four apartment projects mentioned above in April and May of 2011. In addition to the reduction in revenues and expenses resulting from the sale, this transaction reduced debt in amounts exceeding the net book value of the property. While the $7.4 million cash proceeds from the sale of these properties were retained by the bond trustee for future use in the program, it is the main cause for changes in the assets and liabilities in the Apartments Program.

The Authority 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 $7 million gain on the sale of four apartment projects offset by the reductions in HUD budget appropriations of about $1.2 represent substantially all of the increases identified in the Housing Authority's key financial measures as represented in the following chart and discussion.

	Key Financial Measures	
	2011	**2010**
Working Capital	11,070,598	5,391,433
Working Capital Ratio	536.48%	312.44%
Long-term Liabilities to Net Assets	87.66%	167.55%
Return on Assets	14.87%	6.79%
Return on Net Assets	29.60%	19.27%
Cash Flow before Debt Service (Excluding Asset Sales)	2,324,407	4,472,548
Debt Service	2,214,072	2,426,170
Debt Service Coverage	105%	184%

- Working capital measures the Authority's available financial resources to meet its short-term obligations. Working capital was obtained during 2011 through the sale of the four apartment projects offset by the reduction in budget appropriations from HUD. The Authority has sufficient resources to pay its current obligations.

- Because the Authority generated more revenues than expenses during 2011, the return on assets and return on net assets are both positive, consistent with results of 2010. As was previously discussed, the sale of four apartment projects offset by the reduction in HUD budget appropriations increased net assets and reduced debt levels, which caused the debt to equity ratio to significantly decrease from 2010 to 2011. A decrease in the debt-to-equity ratio signals an improved financial condition.

- The measure of debt service coverage from operations is important to the Authority's long-term creditors because it provides a broad measure of the Authority's ability to generate sufficient cash flow to fund its annual debt service requirements. This measure declined from 2010 to 2011 primarily as a result of the decrease in HUD budget appropriations. 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. If just the Affordable Housing Program (which records the bonds payable) results are considered, the debt service coverage increases to approximately 141%. The notes to the financial statements contain additional information regarding debt covenants.

Introduction to the Financial Statements

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

Assisted Housing Programs

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

Apartments Program

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

USING THIS ANNUAL REPORT

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

Reporting the Authority as a Whole

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

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

THE AUTHORITY AS A WHOLE

The Authority's net assets increased in 2011 by approximately $6.6 million. In comparison, net assets in 2010 had increased by approximately $3 million and in 2009 decreased by $709,000. The following analysis focuses on the changes in assets, liabilities and net assets of the Authority's operations as a whole.

	NET ASSETS		**Percentage**
	2011	**2010**	**Change**
Current and Other Assets	$ 18,090,037	$ 13,009,347	39.05%
Capital Assets, Net	26,080,715	31,314,604	-16.71%
Total Assets	44,170,752	44,323,951	-0.35%
Long Term Liabilities	19,448,548	26,168,229	-25.68%
Current Liabilities	2,536,310	2,537,837	-0.06%
Total Liabilities	21,984,858	28,706,066	-23.41%
Net Assets:			
Invested in Capital Assets, Net of Debt	7,059,244	6,202,494	13.81%
Restricted	11,687,163	6,332,023	84.57%
Unrestricted	3,439,487	3,083,368	11.55%
Total Net Assets	$ 22,185,894	$ 15,617,885	42.05%

Total net assets of the Authority increased by about 42%. The increase in investment in capital assets is caused by several offsetting factors. The sale of the four apartment projects reduced capital-related debt in an amount exceeding the net book value of the capital assets. The effect of these sales increases net assets invested in capital. Likewise, capital additions paid from operating cash flow increased this net asset category while related asset disposals decreased this category. Changes to accumulated depreciation and amortization expense exceeded the normal principal payments on the related capital debt, which reduced the net assets invested in capital assets. Increases in restricted net assets correspond to the required use of the proceeds generated from the sale of the four apartment projects offset by the use of restricted net assets to fund the housing assistance payments not subsidized by HUD budget appropriations in 2011. 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 2005-2011. Those restrictions, however, do provide for using prior excess funding specifically for housing assistance subsidies. 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. The above changes, in combination with the positive operating income, is the cause of the increase in unrestricted net assets of approximately $400,000.

The Authority's total operating revenues reflected in the following chart decreased 8% from 2010 to 2011 as reflected in the next chart.

	CHANGES IN NET ASSETS 2011	2010*	Percentage Change
Rent and Other Tenant Revenues	$ 6,639,167	$ 7,535,402	-11.89%
Annual Contributions (HUD)	21,549,195	22,700,183	-5.07%
Other Revenues	1,547,636	2,118,105	-26.93%
Total Operating Revenues	29,735,998	32,353,690	-8.09%
Interest Revenue	466,709	223,372	108.94%
Total Non-Operating Revenue	466,709	223,372	108.94%
Apartment Operations and Administration Expense	4,708,028	6,122,980	-23.11%
Assisted Housing Operations and Administration	24,462,891	23,565,029	3.81%
Total Operating Expenses	29,170,919	29,688,009	-1.74%
Loss (Gain) on Disposition of Assets	(6,686,407)	(1,268,765)	427.00%
Interest Expense	1,308,173	1,559,081	-16.09%
Total Non-Operating Expense (Income)	(5,378,234)	290,316	-1952.54%
Increase (Decrease) in Net Assets Before Capital Grant Contributions	6,410,022	2,598,737	146.66%
Capital Grant Contributions	157,987	410,822	-61.54%
Increase (Decrease) in Net Assets	6,568,009	3,009,559	118.24%
Ending Net Assets	$ 22,185,894	$ 15,617,885	42.05%
Net operating income-Apartments	$ 1,639,528	1,174,587	39.58%
Net operating income-Assisted Housing	$ (1,074,449)	1,491,094	-172.06%

The decrease in rent and other tenant revenues is caused by the sale of the four apartment projects of about $1.2 million, offset by increases in occupancy rates for projects that remained in the Authority's portfolio of approximately $200,000. The Authority experienced a reduction in HUD budget appropriations of about $1.1 million. The decrease in other revenues is mainly due to a $650,000 reduction of the portability payments in the Housing Choice Voucher Program offset by approximately $80,000 in increases from various sources for other assisted housing programs. *Classification of revenues from Rural Development in 2011 changed from 2010. The 2010 amounts in the previous chart have been restated to reflect this change.

Operating costs in the Apartment Operations decreased primarily as a result of the reduced number of months operating the four apartment projects that were sold in 2011. An increase in the amount of housing assistance paid to landlords offset by a decrease to administrative expenses explain primarily all of the change for operating Assisted Housing Programs. Overall, operating expenses decreased by about $520,000 or 2% from the prior year.

The net effect of these revenue and expense changes decreased net operating income in 2011 by approximately $2.1 million from the prior year. The combination of all of these factors resulted in the current year increase in net assets of $6.6 million 2011, compared to the 2010 increase in net assets of $3 million.

Budgetary Highlights

The Authority's executive staff developed its 2011 budget in December 2010. Informal budget revisions were completed during the year in response to the sale of the four apartment projects and declination of a Community Development Block Grant from Pierce County.

The Authority missed its revenue targets by approximately $700,000 and spent approximately $178,000 less than its operating expense budget. The main factors causing the variances are as follows:

- HUD budget appropriations for assisted housing programs was $1.1 million less than expected.
- Rental revenue in the Authority's Apartments Program was about $200,000 more than expected due to increased occupancy rates.
- Interest income was $200,000 more than expected as a result of the proceeds from sales of apartments into the capital reserve fund held by the bond trustee which yields a 5.3% interest rate.
- The program related expenses for the HCV program were reduced by about $50,000.
- Operating and maintenance costs in the Apartments Program were approximately $110,000 more than anticipated as a result of unanticipated legal fees and uncollected tenant debt.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2011, the Authority had $24.8 million invested in its portfolio of housing stock and $1.3 million invested in assets used in administration and program support. This amount represents a net decrease (including additions, sales, disposals and depreciation) of $5.2 million from last year.

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

The Authority maintains capital replacement reserves under a bond indenture, under a loan agreement requirement and under a HUD disposition agreement. As of December 31, 2011, the Authority has approximately $7.5 million in reserves held specifically for capital replacements on the pooled housing refunding bonds, a Rural Development project, and the Authority's Low-Income Public Housing project. The Authority's fiscal-year 2012 capital budget calls for it to spend approximately $3 million 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 Note 1.D.6. in the notes to the financial statements.

Debt Administration

At year-end, the Authority had $19.7 million in bonds and loans outstanding versus $26.2 million last year, a decrease of 25%. The reduction in Housing Revenue Bonds was from a $6,175,000 payoff related to the sale of four apartment projects and from normal recurring principal payments. Reductions in the Rural Development Program Loans and the Administrative Building loan was from normal, recurring, principal payments.

The Authority is responsible under bond covenants to maintain predetermined debt service coverage. Additional information regarding long-term debt and related bond covenants is provided to the notes to the Authority's financial statements. For additional information refer to Note 4 in the notes to the 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 2012 budget. One of those factors is the economy and its impact on the multi-family housing rental market within the Authority's service area as well as impacts on costs associated with housing assistance provided by the Authority. 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 2012 are expected to increase nominally, reflecting a slight increase in market prices for variable cost items and routine wage and benefit cost increases for the projects that remain in the Authority's portfolio.

In consideration of these estimates, the Authority's unrestricted net assets are expected to decrease by approximately $1.9 million by the close of 2012. The net assets that are invested in capital assets, net of related debt is expected to decrease due to the different rate of debt principal payments from the depreciation rates, as previously discussed. The restricted net assets balance will be reduced primarily by expenditures for capital improvements that will be funded by reserve amounts restricted for that purpose. In order to meet the budget targets, the occupancy targets will need to be maintained, productivity in managing the assisted housing programs will need to be achieved and expense controls will need to be rigorously enforced.

Contacting the Authority's Financial Management

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

PIERCE COUNTY HOUSING AUTHORITY
STATEMENT OF NET ASSETS
AS OF DECEMBER 31, 2011

ASSETS	
Current Assets	
Cash and Cash Equivalents	3,320,109
Restricted Cash, Cash Equivalents and Investments	10,042,396
Accounts Receivable/prepaids (net)	183,549
Notes Receivable	22,669
Inventory	15,185
Assets Held For Sale	23,000
TOTAL CURRENT ASSETS	13,606,908
Non Current Assets	
Restricted Cash, Cash Equivalents and Investments	2,589,070
Notes Receivable	1,225,058
Deferred charges (net)	669,001
Capital Assets:	
Land	5,334,117
Construction in Progress	1,803,161
Buildings and equipment	34,873,476
Less accumulated depreciation	(15,930,039)
TOTAL NON CURRENT ASSETS	30,563,844
TOTAL ASSETS	44,170,752
LIABILITIES	
Accounts Payable	738,543
Accrued Interest Payable	88,706
Tenant Deposits and Prepaid Rent	273,365
Other Accrued Liabilities	239,064
Accrued Payroll & Compensated Absences	153,933
Deferred Grant Revenue	136,800
Current portion of long term liabilities	905,899
TOTAL CURRENT LIABILITIES	2,536,310
Non Current Liabilities	
Long term liabilities, Capital	18,784,573
Compensated Absences, Other Non-Current Liabilities and Deferred Revenue	663,975
TOTAL LIABILITIES	21,984,858
NET ASSETS	
Invested in Capital Assets, net of related debt	7,059,244
Restricted	11,687,163
Unrestricted	3,439,487
TOTAL NET ASSETS	22,185,894
TOTAL LIABILITIES AND NET ASSETS	44,170,752

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, 2011

OPERATING REVENUES	
Dwelling Rent	6,303,350
Tenant Charges	299,575
Laundry	11,877
Utilities	24,365
Other Income	946,883
Other Operating Grants	600,753
Annual Contributions (HUD) & Operating Grants	21,549,195
TOTAL OPERATING REVENUES	29,735,998
OPERATING EXPENSES	
Administration	1,975,719
Tenant Services	22,088
Utilities	956,002
Maintenance Costs	1,687,817
On Site Salaries and Benefits	434,859
General Operational Costs	1,044,865
Other	285,998
Independent Audit Costs	93,980
Housing Assistance Payments	21,376,972
Depreciation	1,233,770
Amortization	58,849
TOTAL OPERATING EXPENSES	29,170,919
OPERATING INCOME	565,079
NONOPERATING REVENUES(EXPENSES)	
Gain (Loss) on Disposition of Assets	6,686,407
Investment Revenue	466,709
Interest Expense	(1,308,173)
Total Nonoperating Revenue (Expenses)	5,844,943
INCOME (LOSS) BEFORE CONTRIBUTIONS	6,410,022
Capital Contributions	157,987
CHANGE IN NET ASSETS	6,568,009
BEGINNING NET ASSETS	15,617,885
TOTAL NET ASSETS ENDING	22,185,894

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, 2011

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 7,530,573
Payments to suppliers, employees and landlords	(28,026,512)
Receipts from governments	21,960,552
Net cash provided by operating activities	1,464,613
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from sale of assets	13,748,570
Proceeds from capital debt	65,000
Capital contributions	157,987
Purchases of capital assets	(2,355,966)
Principal paid on capital debt	(6,641,583)
Interest paid on capital debt	(1,342,974)
Net cash used by capital and related financing activities	3,631,034
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investments	1,093,791
Purchase of investments	(7,127,715)
Proceeds from Payments on Notes Receivable	50,916
Interest and dividends	463,882
Net cash used by investing activies	(5,519,127)
Net increase in cash and cash equivalents	(423,480)
Balances - beginning of the year	5,416,209
Balances - end of the year	4,992,729
Investments	10,958,845
Total Cash, Cash Equivalents and Investments	$ 15,951,574

Reconcilation of operation income (loss) to net cash provided (used) by operating activities:	
Operating income	$ 565,079
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	1,233,770
Amortization expense	58,849
Changes in assets and liabilities:	
Receivables, net	(22,324)
Inventories	15,219
Accounts Payable	(12,018)
Accrued Expenses	(175,004)
Tenant Deposits and Prepaid Rent	(70,751)
Accrued Payroll and Compensated absences	(23,919)
Non Current Liabilties	(104,288)
Net Cash provided by operating activities	$ 1,464,613

Reconciliation of Total Cash, Cash Equivalents and Investments to the Statement of Net Assets:	
Categories Reflected in the Statement of Net Assets	
Current:	
Cash, Cash Equivalents and Investments	3,755,109
Restricted Cash and Cash Equivalents	9,607,396
Non Current:	
Restricted Cash Equivalents and Investments	2,589,070
Total Cash, Cash Equivalents and Investments in Cash Flow Statement	$ 15,951,575

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

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.

On January 26, 2012, the Authority's Board of Commissioners adopted a resolution relating to the organization of a nonprofit corporation to support the Authority in its goals. While considered a component unit of the Authority, there were no transactions in 2011.

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.

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

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

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

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

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

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

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

Apartments Program

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

D. Specific Assets, Liabilities and Revenue Recognition Policies

1. Cash, Cash Equivalents and Investments

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

2. Accounts Receivable

The Allowance Method for uncollectable accounts receivable (tenant rental and tenant charges) is utilized. All rents and other charges due from vacated tenants and all rents and other charges due from active 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 $10,151,432 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 2005-2011 in the amount of $1,438,295, funds held in FSS escrow accounts in the amount of $187,238, and $97,436 restricted for modernization and development activities for the Low-Income Public Housing and Rural Development programs. Cash and investments of $573,275, 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 $183,790 are considered restricted for return to the tenant or until they are applied to amounts owed by the tenant.

4. Due From and Due to other programs

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

5. Notes Receivable

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

6. Capital Assets

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

The Authority's capitalization policies are as follows:

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

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

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

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

Capital asset activity for the year ended December 31, 2011 was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Nondepreciable Capital Assets:				
Land	$ 6,607,004	$ -	$ 1,272,887	$ 5,334,117
Construction in Progress	685,141	1,596,588	$ 478,568	1,803,161
Total Nondepreciable Capital Assets:	7,292,145	1,596,588	1,751,455	7,137,278
Depreciable Capital Assets:				
Buildings	38,703,186	1,255,820	8,186,462	31,772,544
Equipment & Flooring	3,735,066	258,283	892,417	3,100,932
Total Depreciable Capital Assets:	42,438,252	1,514,103	9,078,879	34,873,476
Accumulated Depreciation				
Buildings	(15,262,901)	(1,024,422)	2,978,371	(13,308,952)
Equipment & Flooring	(3,152,892)	(209,348)	741,153	(2,621,087)
Total Accumulated Depreciation	(18,415,793)	(1,233,770)	3,719,524	(15,930,039)
Total Depreciable Capital Assets, Net:	24,022,459	280,333	5,359,355	18,943,437
Total Capital Assets, Net	$ 31,314,604			$ 26,080,715

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 as well as the disposal of apartment projects sold during the year.

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. Operating Revenues and Expenses

Operating revenues include fees and charges from providing services in connection with the ongoing operations of providing affordable and low-income housing. Operating revenues also include operating subsidies and grants provided by Housing and Urban Development (HUD). The use of this classification is based on guidance from HUD, the primary user of the financial statements. Operating expenses are those expenses that are directly incurred while in the operation of providing affordable and low-income housing.

This presentation results in an operating income that is higher than a non-operating revenue presentation by the amount of the subsidies and grants. Overall it does not affect the presentation of net income or the change in net assets in the statement of revenues, expenses and changes in net assets, or the presentation of cash and cash equivalents in the statement of cash flows.

11. Inventory

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

NOTE 2: LEGAL COMPLIANCE-BUDGETS

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

NOTE 3: DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS

Deposits and Investments		
	Carrying Amount	Bank Balance
Deposits		
Bank Deposits and Cash on Hand	$ 4,992,730	$ 5,044,528
	Carrying Amount	Market Value
Evidenced by Securities		
US Treasury and Agencies	563,427	563,427
Investment Agreements and Cash Equivalents held by Bond Trustee	10,395,418	10,395,418
Total Cash Equivalents and Investments	10,958,845	
Total Cash, Cash Equivalents and Investments	$ 15,951,575	

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 an investment agreement with a commercial entity. This investment agreement is not subject to custodial credit risk. The agreement expires 11/30/2028 or when the related bonds are fully defeased. The S&P credit rating of the guarantor if the investment is AA+. The Authority has no policy for custodial credit risk separate from State law.

Approximately $10,000 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 $36,000 to $90,000 per year, from 2011 to 2018, with a final maturity of approximately $53,000 in 2019.

NOTE 4: LONG TERM OBLIGATIONS

The Authority's long-term obligations consist of low-income housing revenue bonds, other Federal program debt, a business activity loan incurred in connection with the purchase of three parcels intended for the development of an administrative facility and a SHB 2060 forgivable loan obtained for a capital improvement project. 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 2010 to 2011 is as follows:

	Balance Outstanding December 31, 2010	Additions	Payments	Balance Outstanding December 31, 2011	Current Portion
Housing Revenue Bonds	$ 24,770,000	$ -	$ (6,570,000)	$ 18,200,000	$ 840,000
SHB 2060	-	65,000	-	65,000	-
Rural Development Program Loans	595,669	-	(14,379)	581,290	15,399
Business Activity Loan	901,386	-	(57,204)	844,182	50,500
Total Outstanding Debt at year End	$ 26,267,055	$ 65,000	$ (6,641,583)	$ 19,690,472	
Less Current Portion of Long Term Debt	(867,089)			(905,899)	905,899
Total Long Term Debt Outstanding	$ 25,399,966			$ 18,784,573	

	Original Amount of Debt
Housing Revenue Bonds	$ 78,555,000
SHB 2060	65,000
Rural Development Program Loans	696,215
Business Activity Loan	1,000,000
	$ 80,316,215

The Authority retired $466,583 of debt during the year simultaneous with a partial defeasance of the 1998 Series Pooled Housing Refunding Revenue Bonds in the amount of $6,175,000 resulting from of the sale of the Eagles Lair, Evergreen Court, Lone Pine and Eagles Watch apartment projects.

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:

	December 31, 2010	Increase	Decrease	December 31, 2011	Current Portion
Family Self Sufficiency	$ 250,873		$ (63,635)	$ 187,238	$ 84,428
Deferred FPP Grant Revenue	665,706		(92,430)	573,276	136,800
Compensated Absences	149,894		(4,916)	144,978	103,341
OPEB Liability	20,469		(20,469)	-	
Unclaimed Property	40,336	4,044		44,380	31,539
Chapter 9 Plan Repayment	141,211		(24,000)	117,211	47,000
Sub-Total	$ 1,268,489	$ 4,044	$ (205,450)	$ 1,067,083	
Less Current Portion	(500,226)			(403,108)	403,108
Total Other Non-Current Liabilities	$ 768,263			$ 663,975	

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, 2012. 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:

Issue	Purpose	Original Balance	Interest Rate Range (%)	Maturity Dates	Outstanding Balance 12/31/2011
Pooled Project A	Refunding for Several Apartment Communities	$ 31,140,000	5.4%-5.9%	2011-2028	$ 17,105,000
Pooled Project B	Refunding for Several Apartment Communities	3,030,000	6.0%	2020-2028	1,095,000
SHB 2060	Capital Project Montgrove Manor	65,000	0.0%	2041	65,000
Rural Development Program Loan	Purchase of Apartment Community	696,219	1.0%	2011-2030	581,290
Business Activites Loan	Purchase of Administrative Building Parcels	1,000,000	4.25%- Variable (Prime + 1%)	2011-2018	844,182
Total		$ 35,931,219			$ 19,690,472

Prior Years Defeasance

During 2010, Housing Revenue Bonds in the amount of $940,000 were defeased in connection with the sale of the Garden Court West apartments project.

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

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

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

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

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%	$ 17,105,000	$ 10,560,791	$ 27,665,791
Pooled Project B	6.0%	1,095,000	838,350	1,933,350
SHB 2060	0.0%	65,000	-	65,000
Rural Development Program Loan	1.0%	581,290	56,788	638,078
Administrative Building Loan	4.25%-Variable	844,182	94,478	938,660
Total		$ 19,690,472	$ 11,550,407	$ 31,240,879

Authority Wide Debt Service to Maturity

	Pooled Project A		Pooled Project B		SHB 2060	
Year	Principal	Interest	Principal	Interest	Principal	Interest
2012	$ 680,000	$ 979,940	$ 160,000	$ 60,900	$ -	$ -
2013	890,000	938,225	-	56,100	-	-
2014	-	902,045	-	56,100	-	-
2015	470,000	902,045	-	56,100	-	-
2016	1,045,000	860,941	-	56,100	-	-
2017-2021	4,275,000	3,545,769	-	280,500	-	-
2022-2026	5,695,000	2,129,008	530,000	241,650	-	-
2027-2031	4,050,000	302,818	405,000	30,900	-	-
2032-2036	-	-	-	-	-	-
2037-2041	-	-	-	-	65,000	
Total	$ 17,105,000	$ 10,560,791	$ 1,095,000	$ 838,350	$ 65,000	$ -

	Rural Development Program Loan		Administrative Building Loan		PHA-Wide Total	
Year	Principal	Interest	Principal	Interest	Principal	Interest
2012	$ 15,399	$ 11,473	$ 50,500	$ 35,006	$ 905,899	$ 1,087,319
2013	16,492	10,380	441,975	25,884	1,348,467	1,030,589
2014	17,662	9,210	76,532	13,468	94,194	980,823
2015	18,915	7,956	79,849	10,151	568,764	976,252
2016	20,258	6,614	83,309	6,691	1,148,567	930,346
2017-2021	125,001	11,155	112,017	3,278	4,512,018	3,840,702
2022-2026	176,107	-	-	-	6,401,107	2,370,658
2027-2031	191,456	-	-	-	4,646,456	333,718
2037-2041	-	-	-	-	65,000	-
Total	$ 581,290	$ 56,788	$ 844,182	$ 94,478	$ 19,690,472	$ 11,550,407

Due to the partial defeasance of the 1998 Series Pooled Housing Refunding Revenue Bonds in the amount of $6,175,000 wherein the trustee selected which bonds were defeased, annual installments vary widely. Installments of principal and interest for the Pooled Project A Bonds range from $396,000 in 2024 to $2,180,000 in 2027. Installments the Pooled Project B Bonds is $160,000 for 2012, interest only at $65,700 per year after that until June 2020 at which time sinking fund payments are required. Sinking fund requirements for the Pooled Project B Bonds range from $10,000 in 2022 to $210,000 in 2028. Installments for the Rural Development Program Loan approximate $27,000 per year. Installments for the Administrative Building Loan are $90,000 per year, except in 2013 when ½ of the remaining balance is due in a balloon payment. This loan has a variable interest rate which adjusts annually at the Prime Rate plus 1%. There are no scheduled installments for the SHB 2060 loan which is will be forgiven at the end of a 30 year term provided commitments of the loan agreement to use the project for eligible purposes were fulfilled.

Bond issue costs and discounts at December 31, 2011 were $669,001, net of accumulated amortization of $1,351,682.

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

The bonds also have established debt service reserve funds that were funded from the original debt proceeds, and were subsequently modified in accordance with the confirmation of the Authority's Plan as described in Note 9. These debt service reserve funds are reflected as non-current restricted assets. While these bonds are subject to IRS arbitrage rules, no arbitrage liability exists at December 31, 2011.

NOTE 5: DEFINED BENEFIT PENSION PLAN

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

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

Plan Description

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

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

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

PERS Plan 1 and Plan 2 defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions.

PERS Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. The monthly benefit is 2 percent of the average final compensation (AFC) per year of service. (AFC is the monthly average of the 24 consecutive highest-paid service credit months.) The retirement benefit may not exceed 60 percent of AFC. The monthly benefit is subject to a minimum for PERS Plan 1 retirees who have 25 years of service and have been retired 20 years, or who have 20 years of service and have been retired 25 years. Plan 1 members retiring from inactive status prior to the age of 65 may receive actuarially reduced benefits. If a survivor option is chosen, the benefit is further reduced. A cost-of-living allowance (COLA) was granted at age 66 based upon years of service times the COLA amount. This benefit was eliminated by the Legislature, effective July 1, 2011. Plan 1 members may elect to receive an optional COLA that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 1 provides duty and non-duty disability benefits. Duty disability retirement benefits for disablement prior to the age of 60 consist of a temporary life annuity payable to the age of 60. The allowance amount is $350 a month, or two-thirds of the monthly AFC, whichever is less. The benefit is reduced by any workers' compensation benefit and is payable as long as the member remains disabled or until the member attains the age of 60. A member with five years of covered employment is eligible for non-duty disability retirement. Prior to the age of 55, the allowance amount is 2 percent of the AFC for each year of service reduced by 2 percent for each year that the member's age is less than 55. The total benefit is limited to 60 percent of the AFC and is actuarially reduced to reflect the choice of a survivor option. A cost-of-living allowance was granted at age 66 based upon years of service times the COLA amount. This benefit was eliminated by the Legislature, effective July 1, 2011. Plan 1 members may elect to receive an optional COLA that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 1 members can receive credit for military service. Members can also purchase up to 24 months of service credit lost because of an on-the-job injury.

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

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

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

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

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

The surviving spouse or eligible child or children of a PERS Plan 2 member who dies after leaving eligible employment having earned ten years of service credit may request a refund of the member's accumulated contributions.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Funding Policy

Each biennium, the state Pension Funding Council adopts PERS Plan 1 employer contribution rates, PERS Plan 2 employer and employee contribution rates, and PERS Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent for state agencies and local government unit employees, and at 7.5 percent for state government elected officials. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. All employers are required to contribute at the level established by the Legislature. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan and member contributions finance the defined contribution portion. The Plan 3 employee contribution rates range from 5 percent to 15 percent, based on member choice. Two of the options are graduated rates dependent on the employee's age.

The methods used to determine the contribution requirements are established under state statute in accordance with Chapters 41.40 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2011, are as follows:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer*	5.31%-7.25%**	5.31%-7.25%**	5.31%-7.25%***
Employee	6%****	3.9%-4.64%****	5-10%*****

* The employer rates include the employer administrative expense fee currently set at 0.16%.
** The employer rate for state elected officials is 10.80% for Plan 1 and 7.25% for Plan 2 and Plan 3.
*** Plan 3 defined benefit portion only.
**** The employee rate for state elected officials is 7.50% for Plan 1 and 4.64% for Plan 2.
***** Variable from 5.0% minimum to 15.0% maximum based on rate selected by the PERS 3 member.

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

	PERS Plan 1	PERS Plan 2	PERS Plan 3
2011	3,163	118,760	10,673
2010	2,697	116,903	12,248
2009	3,475	157,106	17,183

NOTE 6: DEFERRED COMPENSATION PLAN

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

NOTE 7: OTHER POST-EMPLOYMENT BENEFITS

Prior to 2011, the Authority provided medical benefits through the Washington Counties Insurance Pool (WCIP). The plan provided medical, drug, and dental benefits to eligible retirees and their dependants. The eligible retirees were able to choose to participate in the plan and pay 100% of the same premiums offered to active participants. Entities that belonged to the WCIP pool had an OPEB liability related to the implicit rate subsidy for insurance offered to retirees. The WCIP pool ended operations in 2010 and no longer incurs claims.

The current medical plan offered to Authority employees through Washington Counties Insurance Fund (WCIF) provides retiree benefits that are rated separately and rates are not subsidized by active employees, therefore, the Authority no longer has other post employment benefit liabilities.

NOTE 8: INSURANCE

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

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

The Authority has also purchased their Auto Liability, Auto Physical Damage and Excess Auto coverage's effective 11/1/2011, 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.

There were no litigation settlements that exceeded insurance, net of deductible amounts, for the periods from 2009 to 2011.

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, 2011.

NOTE 9: DEBT SERVICE COVERAGE, COMMITMENTS AND CONTINGENCIES

The Authority is responsible under the individual bond covenants to maintain predetermined debt service coverage. All of the Apartments Program properties are debt financed as is disclosed in Note 4. The debt instruments carry debt service coverage covenants. Such covenants require the authority to maintain a certain property's net operating income at prescribed levels exceeding total annual debt service for the bonds. Debt service coverage covenants were met for the Revenue bonds during 2011.

During the course of its operations, the Authority enters into commitments for various capital projects and major maintenance work. At December 31, 2011, there was approximately $61,000 in commitments under these types of contracts.

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

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

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

On December 17, 2009, the bankruptcy court confirmed the Third Amended Plan for Adjustment of Debts of Pierce County Housing Authority (Plan). A copy of the Plan may be obtained on-line at

http://www.pchawa.org/index.php?customernumber=557800804415439&pr=Business_Chapter9_Info

or by written request to the Authority at P.O. Box 45410, Tacoma, WA 98448-5410. The result of the Plan allows the Authority to operate with no reduction in service levels.

The Plan classified secured and unsecured claims into five groups of claimants. The Plan provides for full payment of the three groups of secured claims representing notes and bonds payable. The fourth group is a class of unsecured claims with a remaining balance of approximately $94,000. It will also be paid in full, through future rent offsets, and has been recorded as a liability.

For the remaining class of unsecured claims of approximately $6 million, the Plan provides that claims will be paid under the fiduciary direction of a Post Confirmation Committee (PCC). The PCC is only able to pay claimants from a distribution account which is funded solely through proceeds of the sale of a vacant parcel of land owned by the Authority, or proceeds it may receive through the PCC pursuit of claims against the Authority's former legal counsel, insurance, and alleged causes of action against Pierce County and/or its insurance policies for coverage of claims asserted against the Authority. Furthermore, the Plan provides that administration of claims shall be at no cost to the Authority, nor shall the administration of claims cause the Authority to incur any expenses. As such, the subject land, with a cost value of $23,000, has been reclassified to assets held for sale, and has been recorded as liability. The excess amount of estimated net realizable value of the land, over the costs basis of $61,000 has not been recorded. Remaining amounts for these claims were never recorded by the Authority, so no liabilities were re-measured as a result of the court's decision and as such there are no gains or losses to record.

NOTE 10: CONDUIT DEBT

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

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

Pierce County Housing Authority
Schedule of Expenditures of Federal Awards
For The Year Ended December 31, 2011

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	-	$ 104,975	-	
City of Lakewood Sub-Total				**$ 104,975**	**-**	**$ 104,975**
City of Tacoma	Homelessness Prevention and Rapid Re-housing Program (Recovery Act Funded)	14.257		$ 281,265	-	
City of Tacoma Sub-Total				**$ 281,265**	**-**	**$ 281,265**
Pierce County	Community Development Block Grant	14.218	-	$ 6,830	-	
Pierce County Sub-Total				**$ 6,830**	**-**	**$ 6,830**
US Department of Agriculture Rural Housing Service	Rural Rental Housing Loans	10.415	-		$ 28,012	
US Department of Agriculture Rural Housing Service	Rural Rental Asistance Payments	10.427	-		77,391	
US Department of Agriculture Rural Housing Service Sub-Total				**-**	**$ 105,403**	**$ 105,403**
US Department of Housing and Urban Development	Public and Indian Housing	14.850	-		$ 286,149	
US Department of Housing and Urban Development	LI HAP Section 8 Moderate Rehabilitation	14.856	-		78,708	
US Department of Housing and Urban Development	Section 8 Housing Choice Vouchers	14.871	-		20,982,481	
US Department of Housing and Urban Development	Public Housing Capital Fund Program	14.872	-		201,859	
US Department of Housing and Urban Development Sub-Total				**-**	**$ 21,549,197**	**$ 21,549,197**
Total Assistance				**$ 393,070**	**$ 21,654,600**	**$ 22,047,670**

PIERCE COUNTY HOUSING AUTHORITY
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ending December 31, 2011

NOTE 1 – BASIS OF ACCOUNTING

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

NOTE 2 – PROGRAM COSTS

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

HA Of Pierce County (WA054) Submission Type: Unaudited/A-133

TACOMA, WA Fiscal Year End: 12/31/2011

Entity Wide Balance Sheet Summary

	Project Total	14.871 Housing Choice Vouchers	8 Other Federal Program 1	2 State/Local	1 Business Activities	14.257 Homelessness Prevention and Rapid Re-Housing	10.427 Rural Rental Assistance Payments	14.218 Community Development Block Grants/Entitleme	10.415 Rural Rental Housing Loans	14.VSH HUD-VETERANS AFFAIRS SUPPORTIVE HOUSING (HUD-	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	Subtotal	ELIM	Total
111 Cash - Unrestricted	1,031,241	-	595,826	-	772,298	-	-	-	103,194	-	88,230	2,590,789	-	2,590,789
112 Cash - Restricted - Modernization and Development	50,200	-	-	-	7,330,439	-	-	-	47,236	-	-	7,427,875	-	7,427,875
113 Cash - Other Restricted	11,952	1,529,153	-	-	-	-	-	-	-	-	-	1,541,105	-	1,541,105
114 Cash - Tenant Security Deposits	38,051	-	-	-	141,039	-	-	-	4,700	-	-	183,790	-	183,790
115 Cash - Restricted for Payment of Current Liabilities	31,630	52,797	-	-	-	-	-	-	-	-	-	84,427	-	84,427
100 Total Cash	1,163,074	1,581,950	595,826	-	8,243,776	-	-	-	155,130	-	88,230	11,827,986	-	11,827,986
121 Accounts Receivable - PHA Projects	-	13,115	-	-	-	-	-	-	-	-	-	13,115	-	13,115
122 Accounts Receivable - HUD Other Projects	-	-	-	-	-	-	-	-	-	-	6,394	6,394	-	6,394
124 Accounts Receivable - Other Government	-	-	-	-	1,504	63,614	-	-	-	-	-	65,118	-	65,118
125 Accounts Receivable - Miscellaneous	-	-	-	-	10,377	-	-	-	-	-	-	10,377	-	10,377
126 Accounts Receivable - Tenants	3,832	-	-	-	10,579	-	-	-	433	-	-	14,844	-	14,844
126.1 Allowance for Doubtful Accounts -Tenants	(2,608)	-	-	-	(6,375)	-	-	-	-	-	-	(8,983)	-	(8,983)
126.2 Allowance for Doubtful Accounts - Other	-	-	(959)	-	-	-	-	-	-	-	-	(959)	-	(959)
127 Notes, Loans, & Mortgages Receivable - Current	-	-	22,669	-	-	-	-	-	-	-	-	22,669	-	22,669
128 Fraud Recovery	-	-	-	-	-	-	-	-	-	-	-	-	-	-
128.1 Allowance for Doubtful Accounts - Fraud	-	-	-	-	-	-	-	-	-	-	-	-	-	-
129 Accrued Interest Receivable	-	-	1,302	-	46,000	-	-	-	-	-	-	47,302	-	47,302
120 Total Receivables, Net of Allowances for Doubtful Accounts	1,224	13,115	23,012	-	62,085	63,614	-	-	433	-	6,394	169,877	-	169,877
131 Investments - Unrestricted	-	-	-	-	729,320	-	-	-	-	-	-	729,320	-	729,320
132 Investments - Restricted	-	-	-	-	2,487,998	-	-	-	-	-	-	2,487,998	-	2,487,998
135 Investments - Restricted for Payment of Current Liability	-	-	-	-	906,271	-	-	-	-	-	-	906,271	-	906,271
142 Prepaid Expenses and Other Assets	-	-	-	-	36,341	-	-	-	-	-	-	36,341	-	36,341
143 Inventories	614	-	-	-	14,571	-	-	-	-	-	-	15,185	-	15,185
143.1 Allowance for Obsolete Inventories	-	-	-	-	-	-	-	-	-	-	-	-	-	-
144 Inter Program Due From	-	-	-	-	813,842	-	-	-	-	-	-	813,842	(813,842)	-
145 Assets Held for Sale	-	-	-	-	23,000	-	-	-	-	-	-	23,000	-	23,000
150 Total Current Assets	1,164,912	1,595,065	618,838	-	13,317,204	63,614	-	-	155,563	-	94,624	17,009,820	(813,842)	16,195,978
161 Land	2,044,161	-	-	-	3,199,856	-	-	-	90,100	-	-	5,334,117	-	5,334,117
162 Buildings	9,881,199	-	-	-	21,322,929	-	-	-	609,607	-	-	31,813,735	-	31,813,735
163 Furniture, Equipment & Machinery - Dwellings	358,762	-	-	-	1,772,514	-	-	-	-	-	-	2,131,276	-	2,131,276
164 Furniture, Equipment & Machinery - Administration	94,040	96,036	-	-	738,389	-	-	-	-	-	-	928,465	-	928,465
165 Leasehold Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-
166 Accumulated Depreciation	(4,416,261)	(84,667)	-	-	(11,246,638)	-	-	-	(182,473)	-	-	(15,930,039)	-	(15,930,039)
167 Construction in Progress	-	-	-	-	1,803,161	-	-	-	-	-	-	1,803,161	-	1,803,161
168 Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	-	-
160 Total Capital Assets, Net of Accumulated Depreciation	7,961,901	11,369	-	-	17,590,211	-	-	-	517,234	-	-	26,080,715	-	26,080,715
171 Notes, Loans and Mortgages Receivable - Non-Current	-	-	1,163,058	-	50,000	-	-	-	-	-	-	1,213,058	-	1,213,058
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Du	-	-	12,000	-	-	-	-	-	-	-	-	12,000	-	12,000
173 Grants Receivable - Non Current	-	-	-	-	-	-	-	-	-	-	-	-	-	-
174 Other Assets	-	-	-	-	669,001	-	-	-	-	-	-	669,001	-	669,001
176 Investments in Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
180 Total Non-Current Assets	7,961,901	11,369	1,175,058	-	18,309,212	-	-	-	517,234	-	-	27,974,774	-	27,974,774
190 Total Assets	9,126,813	1,606,434	1,793,896	-	31,626,416	63,614	-	-	672,797	-	94,624	44,984,594	(813,842)	44,170,752

HA Of Pierce County (WA054) Submission Type: Unaudited/A-133

TACOMA, WA Fiscal Year End: 12/31/2011

Entity Wide Balance Sheet Summary

	Project Total	14.871 Housing Choice Vouchers	8 Other Federal Program 1	2 State/Local	1 Business Activities	14.257 Homelessness Prevention and Rapid Re-Housing	10.427 Rural Rental Assistance Payments	14.218 Community Development Block Grants/Entitleme	10.415 Rural Rental Housing Loans	14.VSH HUD-VETERANS AFFAIRS SUPPORTIVE HOUSING (HUD-	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	Subtotal	ELIM	Total
311 Bank Overdraft	-	-	-	-	-	-	-	-	-	-	-	-	-	-
312 Accounts Payable <= 90 Days	-	-	-	-	738,543	-	-	-	-	-	-	738,543	-	738,543
313 Accounts Payable >90 Days Past Due	-	-	-	-	-	-	-	-	-	-	-	-	-	-
321 Accrued Wage/Payroll Taxes Payable	-	-	-	-	50,591	-	-	-	-	-	-	50,591	-	50,591
322 Accrued Compensated Absences - Current Portion	10,592	51,692	-	-	41,058	-	-	-	-	-	-	103,342	-	103,342
324 Accrued Contingency Liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-
325 Accrued Interest Payable	-	-	-	-	87,710	-	-	-	996	-	-	88,706	-	88,706
331 Accounts Payable - HUD PHA Programs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
332 Account Payable - PHA Projects	-	-	-	-	-	-	-	-	-	-	-	-	-	-
333 Accounts Payable - Other Government	-	-	-	-	-	-	-	-	-	-	-	-	-	-
341 Tenant Security Deposits	38,051	-	-	-	141,039	-	-	-	4,700	-	-	183,790	-	183,790
342 Deferred Revenues	3,238	-	-	-	222,008	-	-	-	1,129	-	-	226,375	-	226,375
343 Current Portion of Long-term Debt - Capital Projects/Mortgage	-	-	-	-	890,500	-	-	-	15,399	-	-	905,899	-	905,899
344 Current Portion of Long-term Debt - Operating Borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
345 Other Current Liabilities	31,631	30,555	-	2,539	12,213	-	-	-	199	-	-	77,137	-	77,137
346 Accrued Liabilities - Other	39,604	71,996	-	-	50,327	-	-	-	-	-	-	161,927	-	161,927
347 Inter Program - Due To	-	740,951	-	705	-	72,186	-	-	-	-	-	813,842	(813,842)	-
348 Loan Liability - Current	-	-	-	-	-	-	-	-	-	-	-	-	-	-
310 Total Current Liabilities	123,116	895,194	-	3,244	2,233,989	72,186	-	-	22,423	-	-	3,350,152	(813,842)	2,536,310
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Re	-	-	-	-	18,218,682	-	-	-	565,891	-	-	18,784,573	-	18,784,573
352 Long-term Debt, Net of Current - Operating Borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
353 Non-current Liabilities - Other	12,447	101,050	-	-	523,989	-	-	-	-	-	-	637,486	-	637,486
354 Accrued Compensated Absences - Non Current	2,715	13,250	-	-	10,524	-	-	-	-	-	-	26,489	-	26,489
355 Loan Liability - Non Current	-	-	-	-	-	-	-	-	-	-	-	-	-	-
356 FASB 5 Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
357 Accrued Pension and OPEB Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
350 Total Non-Current Liabilities	15,162	114,300	-	-	18,753,195	-	-	-	565,891	-	-	19,448,548	-	19,448,548
300 Total Liabilities	138,278	1,009,494	-	3,244	20,987,184	72,186	-	-	588,314	-	-	22,798,700	(813,842)	21,984,858
508.1 Invested In Capital Assets, Net of Related Debt	7,961,901	11,369	-	-	(849,970)	-	-	-	(64,056)	-	-	7,059,244	-	7,059,244
509.2 Fund Balance Reserved	-	-	-	-	-	-	-	-	-	-	-	-	-	-
511.2 Unreserved, Designated Fund Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
511.1 Restricted Net Assets	50,200	1,438,295	-	-	10,151,432	-	-	-	47,236	-	-	11,687,163	-	11,687,163
512.1 Unrestricted Net Assets	976,434	(852,724)	1,793,896	(3,244)	1,337,770	(8,572)	-	-	101,303	-	94,624	3,439,487	-	3,439,487
512.2 Unreserved, Undesignated Fund Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
513 Total Equity/Net Assets	8,988,535	596,940	1,793,896	(3,244)	10,639,232	(8,572)	-	-	84,483	-	94,624	22,185,894	-	22,185,894
600 Total Liabilities and Equity/Net Assets	9,126,813	1,606,434	1,793,896	-	31,626,416	63,614	-	-	672,797	-	94,624	44,984,594	(813,842)	44,170,752

HA Of Pierce County (WA054) Submission Type: Unaudited/A-133

TACOMA, WA Fiscal Year End: 12/31/2011

Entity Wide Revenue and Expense Summary

	Project Total	14.871 Housing Choice Vouchers	8 Other Federal Program 1	2 State/Local	1 Business Activities	14.257 Homelessness Prevention and Rapid Re-Housing	10.427 Rural Rental Assistance Payments	14.218 Community Development Block Grants/Entitl	10.415 Rural Rental Housing Loans	14.VSH HUD-VETERANS AFFAIRS SUPPORTIV	14.856 Lower Income Housing Assistance	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	364,256	-	-	-	5,815,846	-	-	-	123,248	-	-	6,303,350	-	6,303,350
70400 Tenant Revenue - Other	37,198	-	-	-	290,979	-	-	-	7,641	-	-	335,818	-	335,818
70500 Total Tenant Revenue	401,454	-	-	-	6,106,825	-	-	-	130,889	-	-	6,639,168	-	6,639,168
70600 HUD PHA Operating Grants	488,008	20,194,080	-	-	-	-	-	-	-	788,401	78,708	21,549,197	-	21,549,197
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	-	-	-	18,286	25,000	281,265	77,391	111,805	28,012	-	-	541,759	-	541,759
71100 Investment Income - Unrestricted	1,372	-	589	-	48,793	-	-	-	24	-	66	50,844	-	50,844
71200 Mortgage Interest Income	-	-	5,178	-	-	-	-	-	-	-	-	5,178	-	5,178
71300 Proceeds from Disposition of Assets Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-
71310 Cost of Sale of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
71400 Fraud Recovery	-	33,108	-	-	-	-	-	-	-	-	-	33,108	-	33,108
71500 Other Revenue	-	890,024	-	-	235,553	-	-	-	-	-	-	1,125,577	-	1,125,577
71600 Gain or Loss on Sale of Capital Assets	10,280	-	-	-	6,687,318	-	-	-	(11,191)	-	-	6,686,407	-	6,686,407
72000 Investment Income - Restricted	149	2,870	-	-	412,823	-	-	-	23	-	-	415,865	-	415,865
70000 Total Revenue	901,263	21,120,082	5,767	18,286	13,516,312	281,265	77,391	111,805	147,757	788,401	78,774	37,047,103	-	37,047,103
91100 Administrative Salaries	103,855	946,111	9,523	18,775	179,874	11,714	-	-	-	-	3,054	1,272,906	-	1,272,906
91200 Auditing Fees	7,462	46,400	1,279	-	30,688	-	-	-	7,853	-	298	93,980	-	93,980
91300 Management Fee	-	-	-	-	-	-	-	-	12,573	-	-	12,573	-	12,573
91310 Book-keeping Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-
91400 Advertising and Marketing	-	-	-	-	19,413	-	-	-	-	-	-	19,413	-	19,413
91500 Employee Benefit contributions - Administrative	35,991	281,779	2,702	4,663	58,349	3,108	-	-	-	-	920	387,512	-	387,512
91600 Office Expenses	1,881	10,034	-	1,306	43,242	-	-	-	98	-	-	56,561	-	56,561
91700 Legal Expense	3,581	174	148	-	81,264	-	-	-	-	-	-	85,167	-	85,167
91800 Travel	-	5,368	-	-	-	-	-	-	-	-	-	5,368	-	5,368
91810 Allocated Overhead	6,166	209,254	2,438	-	220,562	-	-	-	-	-	881	439,301	-	439,301
91900 Other	-	27,227	-	-	52,565	-	-	-	-	-	-	79,792	-	79,792
91000 Total Operating - Administrative	158,936	1,526,347	16,090	24,744	685,957	14,822	-	-	20,524	-	5,153	2,452,573	-	2,452,573
92000 Asset Management Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-
92100 Tenant Services - Salaries	-	119,350	-	-	-	-	-	-	-	-	-	119,350	-	119,350
92200 Relocation Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
92300 Employee Benefit Contributions - Tenant Services	-	32,875	-	-	-	-	-	-	-	-	-	32,875	-	32,875
92400 Tenant Services - Other	-	525	-	-	-	-	-	-	-	-	-	525	-	525
92500 Total Tenant Services	-	152,750	-	-	-	-	-	-	-	-	-	152,750	-	152,750
93100 Water	4,164	-	-	-	154,957	-	-	-	2,325	-	-	161,446	-	161,446
93200 Electricity	7,409	-	-	-	122,538	-	-	-	2,107	-	-	132,054	-	132,054
93300 Gas	-	-	-	-	-	-	-	-	-	-	-	-	-	-
93400 Fuel	-	-	-	-	-	-	-	-	-	-	-	-	-	-
93500 Labor	-	-	-	-	-	-	-	-	-	-	-	-	-	-
93600 Sewer	1,425	-	-	-	293,492	-	-	-	8,768	-	-	303,685	-	303,685

HA Of Pierce County (WA054) Submission Type: Unaudited/A-133

TACOMA, WA Fiscal Year End: 12/31/2011

Entity Wide Revenue and Expense Summary

	Project Total	14.871 Housing Choice Vouchers	8 Other Federal Program 1	2 State/Local	1 Business Activities	14.257 Homelessness Prevention and Rapid Re-Housing	10.427 Rural Rental Assistance Payments	14.218 Community Development Block Grants/Entitl	10.415 Rural Rental Housing Loans	14.VSH HUD-VETERANS AFFAIRS SUPPORTIV	14.856 Lower Income Housing Assistance	Subtotal	ELIM	Total
93700 Employee Benefit Contributions - Utilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
93800 Other Utilities Expense	289	-	-	-	11,768	-	-	-	11,281	-	-	23,338	-	23,338
93000 Total Utilities	13,287	-	-	-	582,755	-	-	-	24,481	-	-	620,523	-	620,523
94100 Ordinary Maintenance and Operations - Labor	142,380	-	-	-	835,428	-	-	-	12,852	-	-	990,660	-	990,660
94200 Ordinary Maintenance and Operations - Materials and Other	69,908	-	-	-	190,052	-	-	-	3,691	-	-	263,651	-	263,651
94300 Ordinary Maintenance and Operations Contracts	86,233	-	-	-	793,579	-	-	-	6,882	-	-	886,694	-	886,694
94500 Employee Benefit Contributions - Ordinary Maintenance	52,407	-	-	-	288,730	-	-	-	4,631	-	-	345,768	-	345,768
94000 Total Maintenance	350,928	-	-	-	2,107,789	-	-	-	28,056	-	-	2,486,773	-	2,486,773
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	10,320	-	-	-	16,310	-	-	-	404	-	-	27,034	-	27,034
96120 Liability Insurance	8,268	80,849	509	-	24,406	-	-	-	605	-	244	114,881	-	114,881
96130 Workmen's Compensation	6,604	4,777	53	130	123,669	73	-	-	528	-	-	135,834	-	135,834
96140 All Other Insurance	3,320	-	-	-	4,945	-	-	-	122	-	-	8,387	-	8,387
96100 Total insurance Premiums	28,512	85,626	562	130	169,330	73	-	-	1,659	-	244	286,136	-	286,136
96200 Other General Expenses	91,726	112,118	785	213	32,869	2,831	-	-	714	-	45	241,301	-	241,301
96210 Compensated Absences	-	-	-	499	-	-	-	-	-	-	-	499	-	499
96300 Payments in Lieu of Taxes	38,817	-	-	-	-	-	-	-	-	-	-	38,817	-	38,817
96400 Bad debt - Tenant Rents	24,844	-	-	-	185,278	-	-	-	-	-	-	210,122	-	210,122
96500 Bad debt - Mortgages	-	-	11,835	-	-	-	-	-	-	-	-	11,835	-	11,835
96600 Bad debt - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
96800 Severance Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-
96000 Total Other General Expenses	155,387	112,118	12,620	712	218,147	2,831	-	-	714	-	45	502,574	-	502,574
96710 Interest of Mortgage (or Bonds) Payable	7,700	13,950	-	-	1,246,101	-	-	-	40,422	-	-	1,308,173	-	1,308,173
96720 Interest on Notes Payable (Short and Long Term)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
96730 Amortization of Bond Issue Costs	-	-	-	-	58,849	-	-	-	-	-	-	58,849	-	58,849
96700 Total Interest Expense and Amortization Cost	7,700	13,950	-	-	1,304,950	-	-	-	40,422	-	-	1,367,022	-	1,367,022
96900 Total Operating Expenses	714,750	1,890,791	29,272	25,586	5,068,928	17,726	-	-	115,856	-	5,442	7,868,351	-	7,868,351
97000 Excess of Operating Revenue over Operating Expenses	186,513	19,229,291	(23,505)	(7,300)	8,447,384	263,539	77,391	111,805	31,901	788,401	73,332	29,178,752	-	29,178,752
97100 Extraordinary Maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
97200 Casualty Losses - Non-capitalized	-	-	-	-	-	-	-	-	-	-	-	-	-	-
97300 Housing Assistance Payments	-	19,635,654	-	-	-	265,402	77,391	-	-	562,062	64,705	20,605,214	-	20,605,214
97350 HAP Portability-In	-	771,758	-	-	-	-	-	-	-	-	-	771,758	-	771,758
97400 Depreciation Expense	338,597	23,025	-	-	855,802	-	-	-	16,281	-	66	1,233,771	-	1,233,771
97500 Fraud Losses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
97600 Capital Outlays - Governmental Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
97700 Debt Principal Payment - Governmental Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
97800 Dwelling Units Rent Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-
90000 Total Expenses	1,053,347	22,321,228	29,272	25,586	5,924,730	283,128	77,391	-	132,137	562,062	70,213	30,479,094	-	30,479,094

HA Of Pierce County (WA054)

TACOMA, WA

Entity Wide Revenue and Expense Summary

Submission Type: Unaudited/A-133

Fiscal Year End: 12/31/2011

	Project Total	14.871 Housing Choice Vouchers	8 Other Federal Program 1	2 State/Local	1 Business Activities	14.257 Homelessness Prevention and Rapid Re-Housing	10.427 Rural Rental Assistance Payments	14.218 Community Development Block Grants/Entitl	10.415 Rural Rental Housing Loans	14.VSH HUD-VETERANS AFFAIRS SUPPORTIV	14.856 Lower Income Housing Assistance	Subtotal	ELIM	Total
10010 Operating Transfer In	201,859	-	-	6,830	104,975	-	-	-	-	-	-	313,664	(313,664)	-
10020 Operating transfer Out	(201,859)	-	-	-	-	-	-	(111,805)	-	-	-	(313,664)	313,664	-
10030 Operating Transfers from/to Primary Government	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10040 Operating Transfers from/to Component Unit	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10050 Proceeds from Notes, Loans and Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10060 Proceeds from Property Sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10070 Extraordinary Items, Net Gain/Loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10080 Special Items (Net Gain/Loss)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10091 Inter Project Excess Cash Transfer In	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10092 Inter Project Excess Cash Transfer Out	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10093 Transfers between Program and Project - In	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10094 Transfers between Project and Program - Out	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10100 Total Other financing Sources (Uses)	-	-	-	6,830	104,975	-	-	(111,805)	-	-	-	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(152,084)	(1,201,146)	(23,505)	(470)	7,696,557	(1,863)	-	-	15,620	226,339	8,561	6,568,009	-	6,568,009
11020 Required Annual Debt Principal Payments	-	-	-	-	452,204	-	-	-	14,379	-	-	466,583	-	466,583
11030 Beginning Equity	9,140,619	1,313,396	4,368,187	(2,774)	391,889	(6,709)	-	-	68,863	258,351	86,063	15,617,885	-	15,617,885
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-	484,690	(2,550,786)	-	2,550,786	-	-	-	-	(484,690)	-	-	-	-
11050 Changes in Compensated Absence Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11060 Changes in Contingent Liability Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11070 Changes in Unrecognized Pension Transition Liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11080 Changes in Special Term/Severance Benefits Liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11100 Changes in Allowance for Doubtful Accounts - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11170 Administrative Fee Equity	-	(841,354)	-	-	-	-	-	-	-	-	-	(841,354)	-	(841,354)
11180 Housing Assistance Payments Equity	-	953,604	-	-	-	-	-	-	-	-	-	953,604	-	953,604
11190 Unit Months Available	1,524	30,158	-	-	9,193	345	240	-	240	1,140	192	44,470	-	44,470
11210 Number of Unit Months Leased	1,411	29,951	-	-	8,536	345	232	-	232	994	190	41,740	-	41,740
11270 Excess Cash	919,468	-	-	-	-	-	-	-	-	-	-	919,468	-	919,468
11610 Land Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11620 Building Purchases	133,441	-	-	-	-	-	-	-	-	-	-	133,441	-	133,441
11630 Furniture & Equipment - Dwelling Purchases	17,772	-	-	-	-	-	-	-	-	-	-	17,772	-	17,772
11640 Furniture & Equipment - Administrative Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11650 Leasehold Improvements Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11660 Infrastructure Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13510 CFFP Debt Service Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13901 Replacement Housing Factor Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-

..ual Modernization Cost Certificate

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

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

RECEIVED
SEP 12 2011
PIERCE COUNTY HOUSING AUTH

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

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

Do not send this form to the above address.

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

HA Name:	Modernization Project Number:
Pierce County Housing Authority	WA19P054501-11

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	$	201,859.00
B. Funds Disbursed	$	201,859.00
C. Funds Expended (Actual Modernization Cost)	$	201,859.00
D. Amount to be Recaptured (A–C)	$	-0-
E. Excess of Funds Disbursed (B-C)	$	-0-

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

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

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

Signature of Executive Director & Date:

X Karen Hull 8/17/11

For HUD Use Only

The Cost Certificate is approved for audit:

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

X for Kathleen Koehl 9-8-11

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

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

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

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

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

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

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

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