

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

Spokane Housing Authority
Spokane County

Audit Period
July 1, 2011 through June 30, 2012

Report No. 1009290

Issue Date
March 11, 2013



WASHINGTON
TROY KELLEY
STATE AUDITOR



**Washington State Auditor
Troy Kelley**

March 11, 2013

Board of Commissioners
Spokane Housing Authority
Spokane, Washington

Report on Financial Statements and Federal Single Audit

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

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

Sincerely,

TROY KELLEY
STATE AUDITOR

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Spokane County
July 1, 2011 through June 30, 2012**

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Federal Summary

Spokane Housing Authority Spokane County July 1, 2011 through June 30, 2012

The results of our audit of the Spokane 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 financial statements of the business-type activities and aggregate discretely presented component units.

Internal Control Over Financial Reporting:

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

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

FEDERAL AWARDS

Internal Control Over Major Programs:

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

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

We reported findings that are required to be disclosed under section 510(a) of OMB Circular A-133.

Identification of Major Programs:

The following was a major program during the period under audit:

<u>CFDA No.</u>	<u>Program Title</u>
14.871	Housing Voucher 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 \$882,164.

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

Schedule of Federal Audit Findings and Questioned Costs

Spokane Housing Authority Spokane County July 1, 2011 through June 30, 2012

1. **Spokane Housing Authority did not correctly calculate family income, resulting in incorrect Housing Assistance Payments to program participants.**

CFDA Number and Title:	14.871 Housing Choice Vouchers
Federal Grantor Name:	U. S. Department of Housing and Urban Development
Federal Award/Contract Number:	S-0013V
Pass-through Entity Name:	NA
Pass-through Award/Contract Number:	NA
Known Questioned Costs:	\$ 1,760 (actual overpayments only)
Projected Questioned Costs:	\$167,229 (net – projected overpayments and underpayments)

Background

The Housing Authority received \$27.7 million for the Section 8 Housing Choice Voucher Program in fiscal year 2012. The program is designed to aid very low-income families in obtaining decent, safe and sanitary rental housing by issuing vouchers. The grantor approved the Authority to issue 5,302 Housing Choice Vouchers for the year ending June 30, 2012.

The Housing Authority accepts applications for rental assistance, selects eligible applicants and issues vouchers after confirming eligibility for assistance. The family must then locate and lease a suitable dwelling. The Housing Authority pays the property owner a portion of the rent on behalf of the family.

The Housing Authority must ensure only eligible applicants are admitted to the program, determine the appropriate amount of housing assistance payments and utility allowances and maintain complete and accurate records to support payments in accordance with federal requirements and its own administrative plan. Eligibility requirements include determining the family meets certain income limits. The calculation of family income affects the amount of assistance for each family.

Description of Condition

We selected a random sample of 32 tenant files and found four contained income calculation errors. The Housing Authority:

- Miscalculated child support that was paid to two tenants, resulting in an annual overpayment of \$1,204.
- Incorrectly calculated social security payments for two tenants, resulting in an annual overpayment of \$210 for one tenant and an annual underpayment of \$231 for the other tenant.
- Miscalculated the medical allowance given to one tenant, resulting in an annual overpayment of \$12.

We also found two landlords were paid for the same tenant for the month of September 2011. This resulted in housing assistance overpayment of \$334.

Cause of Condition

The income verification process is a manual, labor intensive process that varies for each participant. Although the Housing Authority has developed a control process that includes obtaining the required documents and a supervisory review of some income calculations, clerical errors in calculating family income occurred and were not corrected.

Effect of Condition and Questioned Costs

The Housing Authority's calculation errors resulted in incorrect housing assistance payments. Our audit identified overpayments of \$1,760 which we are reporting as known questioned costs. Based on our sample, we estimate that total likely questioned costs from overpayments are \$205,501.

Additionally, our audit identified underpayments of \$231. While underpayments can be considered improper payments because they were not correct, they do not have an effect on the amount of and are not reported as known questioned costs. Using our sample, we estimate total underpayments in the sample population to be \$38,272.

Recommendation

We recommend the Housing Authority:

- Continue its efforts to ensure all housing assistance payments are correctly calculated in compliance with federal requirements.
- Consult with the U.S. Department of Housing and Urban Development about repayment of questioned costs identified in this finding.

Housing Authority's Response

We acknowledge the errors discovered and continue our efforts to ensure all housing assistance payments are correctly calculated in compliance with federal requirements. In response to the similar FY2011 finding communicated in February 2012, Spokane Housing Authority developed and implemented in March 2012 an enhanced file audit process to identify potential errors and areas for additional staff training. We will continue to enhance this process, our program documentation, and auditing files with an

emphasis on accuracy of documentation and calculations of income. All questionable costs identified have been reviewed by program management staff and corrections have been made.

Auditor's Remarks

We thank the Housing Authority for its cooperation and assistance during the audit and look forward to reviewing the Authority's corrective action during our next audit.

Applicable Laws and Regulations

Title 24 of the Code of Federal Regulations Section 982.153 states:

The PHA must comply with the consolidated ACC, the application, HUD regulations and other requirements, and the PHA administrative plan.

Title 24 of the Code of Federal Regulations Section 5.653 states in part:

Section 8 project-based assistance programs: Admission—Income eligibility and income-targeting.

(b) *Who is eligible?—(1) Basic eligibility.* An applicant must meet all eligibility requirements in order to receive housing assistance. At a minimum, the applicant must be a family, as defined in § 5.403, and must be income-eligible, as described in this section. Such eligible applicants include single persons.

(e) *Income used for eligibility and targeting.* Family annual income (see § 5.609) is used both for determination of income-eligibility and for income targeting under this section.

Title 24 of the Code of Federal Regulations Section 982.516 states in part:

Family income and composition: Regular and interim examinations.

(a) *PHA responsibility for reexamination and verification.*

(1) The PHA must conduct a reexamination of family income and composition at least annually.

(2) The PHA must obtain and document in the tenant file third party verification of the following factors, or must document in the tenant file why third party verification was not available:

- (i) Reported family annual income;
- (ii) The value of assets;
- (iii) Expenses related to deductions from annual income; and
- (iv) Other factors that affect the determination of adjusted income.

Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, states in part:

Section .510

(a) Audit findings reported. The auditor shall report the following as audit findings in a schedule of findings and questioned costs:

(3) Known questioned costs which are greater than \$10,000 for a type of compliance requirement for a major program. Known questioned costs are those specifically identified by the auditor. In evaluating the effect of questioned costs on the opinion on compliance, the auditor considers the best estimate of total costs questioned (likely questioned costs) not just the questioned costs specifically identified (known questioned costs) The auditor shall also report known questioned costs when likely questioned costs are greater than \$10,000 for a type of compliance requirement for a major program

Schedule of Prior Federal Audit Findings

Spokane Housing Authority Spokane County July 1, 2011 through June 30, 2012

This schedule presents the status of federal findings reported in prior audit periods. The status listed below is the representation of the Spokane Housing Authority. The State Auditor's Office has reviewed the status as presented by the Housing Authority.

Audit Period: 2011	Report Reference No: 1007408	Finding Reference No: 1	CFDA Number(s): 14.871
Federal Program Name and Granting Agency: Housing Voucher cluster – Section 8 Housing Choice Vouchers, U.S. Department of Housing and Urban Development		Pass-Through Agency Name: NA	
Finding Caption: Spokane Housing Authority did not correctly calculate family income, resulting in incorrect Housing Assistance Payments to program participants.			
Background: The fiscal year 2011 audit found three tenant files containing income calculation errors. The income verification process is a manual, labor intensive process that varies for each participant. Although the Authority has developed a control process that includes obtaining the required documents and a supervisory review of some income calculations, clerical errors in calculating family income occurred. The questioned costs were \$15,625 net.			
Status of Corrective Action: (check one) <input type="checkbox"/> Fully Corrected <input checked="" type="checkbox"/> Partially Corrected <input type="checkbox"/> No Corrective Action Taken <input type="checkbox"/> Finding is considered no longer valid			
Corrective Action Taken: <ol style="list-style-type: none"> 1. Review Errors with Eligibility staff, Supervisor and Management. On January 11, 2012, for an all staff meeting, we discussed each individual finding and how to resolve the findings. 2. Increase Supervisors and Management Review. The Rental Assistance Programs Department had a key manager position vacancy from September 2011 until mid-January 2012. With the recruitment of a new manager we are able to resume consistent monthly audits for each staff member. We also instituted a reward program for staff that obtain perfect file audit each month. 3. Develop automated, computer system file data check. In October 2012 a Software Support Specialist was hired who is working on the current software for efficiency and best use, and assisting with a Software Analysis Committee performing research on software products. 			

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

**Spokane Housing Authority
Spokane County
July 1, 2011 through June 30, 2012**

Board of Commissioners
Spokane Housing Authority
Spokane, Washington

We have audited the financial statements of the business-type activities and aggregate discretely presented component units of the Spokane Housing Authority, Spokane County, Washington, as of and for the year ended June 30, 2012, which collectively comprise the Housing Authority's basic financial statements, and have issued our report thereon dated February 19, 2013.

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. Other auditors audited the financial statements of Cornerstone II – The Borning Building Limited Partnership, Cornerstone II – Helena Apartments Limited Partnership and Martindale Apartments Limited Partnership, as described in our report on the Housing Authority's financial statements. Those financial statements were not audited in accordance with Government Auditing Standards.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies

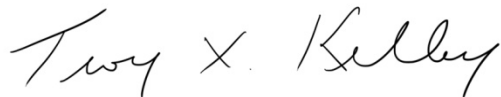
in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

COMPLIANCE AND OTHER MATTERS

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

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

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



TROY KELLEY
STATE AUDITOR

February 19, 2013

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

Spokane Housing Authority Spokane County July 1, 2011 through June 30, 2012

Board of Commissioners
Spokane Housing Authority
Spokane, Washington

COMPLIANCE

We have audited the compliance of the Spokane Housing Authority, Spokane 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 its major federal program for the year ended June 30, 2012. The Housing Authority's major federal program is identified in the Federal Summary. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Housing Authority's management. Our responsibility is to express an opinion on the Housing Authority's compliance based on our audit.

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

In our opinion, the Housing Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2012. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Federal Audit Findings and Questioned Costs as Finding 1.

INTERNAL CONTROL OVER COMPLIANCE

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

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

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.

The Housing Authority's response to the finding identified in our audit is described in the accompanying Schedule of Federal Audit Findings and Questioned Costs. We did not audit the Housing Authority's response and, accordingly, we express no opinion on it.

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.



TROY KELLEY
STATE AUDITOR

February 19, 2013

Independent Auditor's Report on Financial Statements

Spokane Housing Authority Spokane County July 1, 2011 through June 30, 2012

Board of Commissioners
Spokane Housing Authority
Spokane, Washington

We have audited the accompanying financial statements of the business-type activities and aggregate discretely presented component units of the Spokane Housing Authority, Spokane County, Washington, as of and for the year ended June 30, 2012, which collectively comprise the Housing Authority's basic financial statements as listed on page 14. These financial statements are the responsibility of the Housing Authority's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Cornerstone II – The Borning Building Limited Partnership, Cornerstone II – Helena Apartments Limited Partnership and Martindale Apartments Limited Partnership, which 100 percent of the assets, net assets, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Cornerstone II – The Borning Building Limited Partnership, Cornerstone II – Helena Apartments Limited Partnership and Martindale Apartments Limited Partnership were not audited in accordance with Government Auditing Standards. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and aggregate discretely presented component units of the Spokane Housing Authority, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.


In accordance with *Government Auditing Standards*, we have also issued our report on our consideration of the Housing Authority's internal control over financial reporting and on our tests

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 15 through 22 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 opinions on the financial statements that collectively comprise the Housing Authority's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The accompanying Financial Data Schedule and HUD 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.

The combining statements for the Housing Authority's programs and tax credit partnerships are not a required part of the basic financial statement but are supplementary information presented for purposes of additional analysis. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



TROY KELLEY
STATE AUDITOR

February 19, 2013

Financial Section

**Spokane Housing Authority
Spokane County
July 1, 2011 through June 30, 2012**

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2012

BASIC FINANCIAL STATEMENTS

Statement of Net Assets – 2012
Statement of Revenues, Expenses and Changes in Net Assets – 2012
Statement of Cash Flows – 2012
Notes to Basic Financial Statements – 2012

SUPPLEMENTARY INFORMATION

Schedule of Expenditures of Federal Awards – 2012
Notes to the Schedule of Expenditures of Federal Awards – 2012
Financial Data Schedules – 2012
Actual Modernization Cost Certificate – WA19PO55501-10
Combining Statement of Net Assets – 2012
Combining Statement of Revenues, Expenses and Changes in Net Assets – 2012
Combining Statement of Cash Flows – 2012
Combining Statement of Net Assets – Component Units – 2011
Combining Statement of Revenues, Expenses and Changes in Net Assets – Component
Units – 2011
Combining Statement of Cash Flows – Component Units – 2011

Spokane Housing Authority

Management's Discussion and Analysis

This narrative overview and analysis of the Spokane Housing Authority's (SHA) performance through June 30, 2012 is provided as a supplement to SHA's year-end financial statements. Please read it in conjunction with the basic financial statements and the notes to the basic financial statements. The management's discussion and analysis is presented in conformance with the Government Accounting Standards Board (GASB) financial reporting model as set forth in GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*.

SHA's financial statements are designed so that all activities of SHA, except the tax credit limited partnerships in which SHA is general partner, are reported as one total, and the tax credit limited partnerships are reported as component units in a separate total. There are three tax credit limited partnerships in which SHA was the general partner during the year ended June 30, 2012:

- Cornerstone II – The Borning Building Limited Partnership (formed in 2006)
- Cornerstone II – Helena Apartments, Limited Partnership (formed in 2007)
- Martindale Apartment Limited Partnership - The Agnes Kehoe Place (formed in 2009)

All component units have a December 31st year-end and are reported as of December 31, 2011 in the financial statements. See Note 10 in the Notes to the Basic Financial Statements for additional information on the tax credit partnerships and SHA's relationship to them.

SHA consists exclusively of enterprise funds. Enterprise funds utilize the accrual basis of accounting, and are reported with the same method as used by private sector accounting. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned and expenses, including depreciation, are recognized in the period in which they are incurred. All assets and liabilities associated with the operations of SHA are included in the statements of net assets.

All tables in the Management's Discussion and Analysis feature the Housing Authority only and do not include the component units.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to SHA's basic financial statements. SHA's basic financial statements are comprised of two components: 1) the basic financial statements and 2) notes to the basic financial statements that provide additional disclosure of some of the information in the basic financial statements.

The **Statement of Net Assets** present information on SHA's assets and liabilities with the difference between the two reported as net assets. Assets and liabilities are presented in the order of liquidity and are classified as "current" (convertible to cash within one year) and "noncurrent". Over time, increases or decreases in net assets may serve as useful indicators as to whether SHA's financial health is improving or deteriorating.

The **Statement of Revenues, Expenses, and Changes in Net Assets** present information showing how SHA's net assets changed during the year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported for some items that will only result in cash flows in future years.

Spokane Housing Authority

Management's Discussion and Analysis (continued)

The **Statement of Cash Flows** report how SHA's cash and cash equivalents were used in and provided by its operating, noncapital financing, capital and related financing, and investing activities during the period reported. The net of these activities is added to the beginning year cash balance to reconcile to the cash and cash equivalents balances as of June 30, 2012. SHA uses the direct method of presenting cash flows, which includes a reconciliation of operating activities to operating income. These statements provide answers to such questions as where did cash come from, how was cash used, and what was the change in the cash balance during the year.

Notes to the Basic Financial Statements provide financial statement disclosures that are an integral part of the basic financial statements. Such disclosures are essential to a comprehensive understanding of the information provided in the basic financial statements.

FINANCIAL HIGHLIGHTS

- Total net assets decreased by approximately \$2.1 million (25%) from 2011 to 2012. The decrease was primarily in restricted net assets of the Housing Choice Voucher Program, which was from decreased Federal budget authority, increased voucher utilization and increasing cost of housing assistance payments (HAP) made by SHA. The Department of Housing and Urban Development (HUD) implemented a cash management program whereby the Housing Choice Voucher program restricted cash reserve held by the Authority is utilized for housing assistance payments in lieu of additional deposits from HUD. The budget authority not distributed to SHA is held by HUD within a program reserve for future disbursement to SHA and is not considered revenue to the Authority until the HAP expense is incurred.
- The assets of SHA exceeded liabilities at June 30, 2012 by approximately \$6.4 million (net assets). Of this amount, approximately \$2.8 million (unrestricted net assets and net assets invested in capital assets, net of related debt) may be used to meet ongoing obligations, and \$3.6 million is restricted as to its allowable usage.
- Current and noncurrent liabilities decreased by approximately \$756 thousand (3%) from the prior year in 2012. The changes are due to fluctuations in the timing of due dates and subsequent payments of liabilities as well as fluctuation in deferred revenues.
- Total revenues decreased in comparison to 2011 by approximately \$857 thousand (2.5%). Government grants comprised mainly of the Housing Choice Voucher Program and Public Housing Operating Subsidy decreased by approximately \$1.9 million (6.5%). Tenant revenue increased over prior year by approximately \$721 thousand (22%), which is predominately attributed to the purchase of the Heritage Heights and Westfall Village Apartments in August of 2010. Other operating revenues increased from 2011 by approximately \$289 thousand (47%), reflecting an increase in developer and management fees as well as Housing Choice Voucher Program port administrative fees.
- Total expenses increased by approximately \$1.6 million (5%) from 2011 expense levels. This is primarily due to a \$1.03 million increase in housing assistance payments, and increases in maintenance and utility expenses across the property portfolio.

Spokane Housing Authority

Management's Discussion and Analysis (continued)

FINANCIAL ANALYSIS

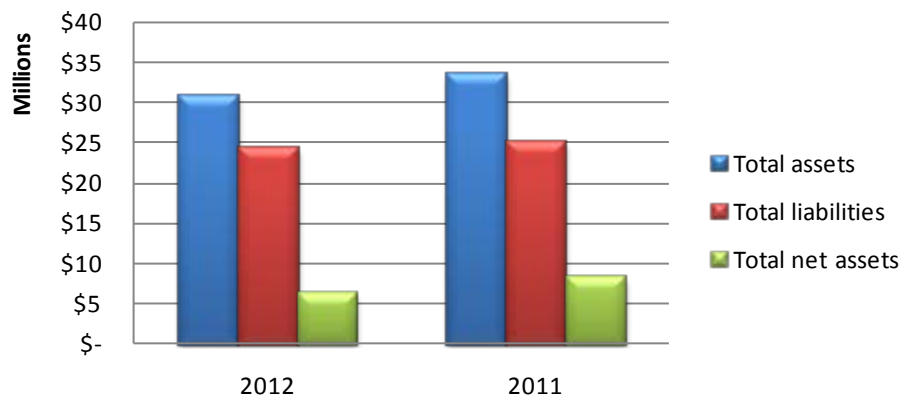
Net Assets

The following table represents the condensed Statement of Net Assets:

	2012	2011
Current assets, unrestricted	\$ 4,902,756	\$ 4,880,869
Other current assets, restricted	2,444,907	5,021,227
Noncurrent assets, restricted	1,331,489	1,195,235
Other noncurrent assets	495,789	499,604
Capital assets, net	<u>21,694,972</u>	<u>22,135,963</u>
Total assets	<u>\$ 30,869,913</u>	<u>\$ 33,732,898</u>
Current and other liabilities	\$ 1,551,947	\$ 2,006,309
Long-term liabilities	<u>22,962,060</u>	<u>23,264,137</u>
Total liabilities	<u>\$ 24,514,007</u>	<u>\$ 25,270,446</u>
Net assets		
Invested in capital assets, net of related debt	(477,138)	(363,848)
Restricted	3,550,619	5,380,446
Unrestricted	<u>3,282,425</u>	<u>3,445,854</u>
Total net assets	<u>\$ 6,355,906</u>	<u>\$ 8,462,452</u>

The following presents the Statement of Net Assets in graphical form:

Statement of Net Assets



- Unrestricted current assets are comprised of unrestricted cash, receivables, prepaid items and inventories. Unrestricted current assets increased by \$22 thousand or .45% from June 30, 2011 to June 30, 2012.

Spokane Housing Authority

Management's Discussion and Analysis (continued)

- Restricted current assets are comprised of cash that is restricted for repayment of security deposits and other contractual obligations related to federal funding that was unspent at the end of the year. In 2012, restricted current assets decreased by approximately 51% or \$2.6 million. This decrease primarily relates to decreased Housing assistance payment reserves for the Housing Choice Voucher Program.
- Capital assets include land, buildings, furniture, equipment and machinery, and construction in progress and are shown net of accumulated depreciation. Capital assets decreased by approximately 2% or \$441 thousand from June 30, 2011 to June 30, 2012. This decrease is primarily related to management estimated capital asset depreciation.
- Total liabilities of SHA, which are segregated between current and noncurrent portions, amounted to \$24,514,007 at June 30, 2012.
- Current liabilities consist of accounts payable, accrued wages and payroll taxes, compensated absences, accrued interest, deferred revenue and current portion of notes payable. Current liabilities decreased by 23% from 2011 to 2012, a change of approximately \$454 thousand. The fluctuations are primarily a result of the timing of payments to vendors and other government entities.
- Long-term liabilities consist of notes payable and the long-term portion of compensated absences. Decreases in long-term liabilities were approximately \$302 thousand from 2011 to 2012 which reflect scheduled payments of principal as well as an issuance of a \$75 thousand note for pre-development expenses.
- Net assets represent the equity of SHA after liabilities are subtracted from assets. Net assets are divided into three major categories. The first category, invested in capital assets, net of related debt, shows SHA's deficit in land, buildings, furniture, equipment and machinery, and construction in progress, net of related outstanding debt. The current deficit is related to properties where a portion of the related debt issued has been set aside in restricted assets for future debt payment or rehabilitation of the properties. The second category, restricted net assets, has external limitations on the way in which these assets can be used. The last category, unrestricted net assets, is available to be used for any lawful and prudent SHA purpose. Total net assets of SHA decreased by approximately \$2.1 million from 2011 to 2012. The decrease in net assets was primarily within the restricted net assets of the Housing Choice Voucher Program from decreased Federal budget authority, increased voucher utilization and increasing cost of housing assistance payments (HAP) made by SHA.
- SHA's current ratio reflects the relationship between current assets and current liabilities and is a measure of SHA's ability to pay short-term obligations. At June 30, 2012, SHA's current ratios were 4.73:1. This means that for every dollar in current liabilities there is \$4.73 in current assets.

Spokane Housing Authority Management's Discussion and Analysis (continued)

Revenues, Expenses and Changes in Net Assets

The following table compares the revenues and expenses for the current and previous fiscal years:

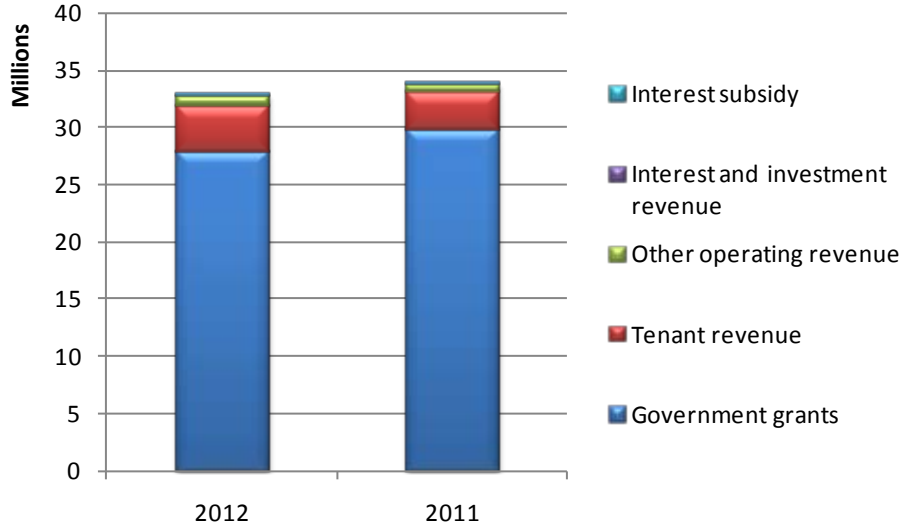
	<u>2012</u>	<u>2011</u>
Operating Revenue:		
Government grants	\$ 27,855,084	\$ 29,795,411
Tenant revenue	4,007,474	3,286,609
Other operating revenue	909,585	620,835
Non-operating Revenue:		
Interest and investment revenue	25,305	23,642
Interest subsidy	117,046	44,747
Total revenue	<u>32,914,494</u>	<u>33,771,244</u>
Expenses:		
Operating expenses	33,853,970	32,417,960
Non-operating expenses	1,219,840	1,006,587
Total expenses	<u>35,073,810</u>	<u>33,424,547</u>
Income (Loss) Before Other Revenues, Expenses, Gains, Losses, and Transfers	(2,159,316)	346,697
Contributions, special/extraordinary items, transfers	<u>52,770</u>	<u>526,087</u>
Increase in net assets	(2,106,546)	872,784
Net assets, beginning of year	<u>8,462,452</u>	<u>7,589,668</u>
Net assets end of year	<u>\$ 6,355,906</u>	<u>\$ 8,462,452</u>

Revenues decreased by approximately \$857 thousand, or 2.5% in 2012, due primarily to a decrease in governmental grants of approximately \$1.9 million, an increase in tenant revenues of \$721 thousand, and an increase in other operating revenues of \$289 thousand. The decrease in governmental grants was mainly attributed to decreased leasing rates of Housing Choice Program Vouchers. Additional tenant revenues were received from the purchase of Heritage Heights and Westfall Village Apartments in August 2010 and additional other operating revenues were received from increases in development and management fees as well as Housing Choice Voucher Program port administrative fees.

Spokane Housing Authority

Management's Discussion and Analysis (continued)

The following compares the revenues for the current and previous fiscal years in graphical format:



Total expenses increased by approximately \$1.6 million, or 5% from 2011 to 2012.

- Administrative wages and benefits decreased by approximately 1% (approximately \$33 thousand) in 2012 from vacant positions and a wage freeze that expired June 30, 2012.
- Other operating expenses decreased by approximately 6% (approximately \$44 thousand) in 2012 from decreases in travel and training, computer and general office expenses.
- Utility expenses increased by approximately 24% (\$133 thousand) across the agency.
- Maintenance expenses increased by approximately 5% (approximately \$76 thousand).
- General expenses increased by approximately 49% (approximately \$125 thousand).
- Housing assistance payments increased by approximately 4% (approximately \$1.03 million).
- Depreciation increased by approximately 12% (approximately \$149 thousand).
- Interest expense increased by approximately 14% (approximately \$135 thousand).
- Amortization and bond issuance costs increased by 21% (approximately \$4 thousand).

The year over year comparison increases to expenses are impacted by the purchase of Heritage Heights and Westfall Village Apartments in August 2010.

Spokane Housing Authority

Management's Discussion and Analysis (continued)

Capital Assets and Debt Administration

SHA's capital assets are summarized in the table below:

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Land	\$ 2,765,539	\$ 2,765,539
Buildings	29,082,309	29,045,164
Furniture, equipment & machinery - dwellings	1,217,288	1,136,382
Furniture, equipment & machinery - administration	825,585	774,227
Leasehold improvements	4,140,310	3,138,526
Construction in progress	<u>194,826</u>	<u>442,735</u>
Total capital assets	38,225,857	37,302,573
Less accumulated depreciation	<u>(16,530,885)</u>	<u>(15,166,610)</u>
Net capital assets	<u>\$ 21,694,972</u>	<u>\$ 22,135,963</u>

Capital assets decreased by \$441 thousand from 2011 to 2012, which represents a decrease of 2%. This decrease comprises of \$937 thousand in additional capital assets and approximately \$1.4 million of depreciation expense. Additional information on SHA's capital assets can be found in Note 4 to the basic financial statements.

SHA's outstanding long-term debt is summarized in the table and graph below:

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
	(In Thousands)	(In Thousands)
Revenue Bonds:		
Cedar West Apartments Housing	\$ 2,225	\$ 2,295
Heritage Heights Apartments	1,724	1,744
McDonald Manor Apartments	131	135
Valley 206 Apartments	8,428	8,586
Westfall Village Apartments	3,136	3,171
Woodhaven Apartments	2,571	2,634
Promissory Notes:		
McDonald Manor Apartments	538	551
Authority Pre-Development Note	75	-
Authority Office Building	454	472
Hifumi En Apartments	506	525
Deferred and Other Debt:		
Heritage Heights	200	200
Westfall Village	350	350
Cedar West Apartments	521	518
Courtview Apartments	140	140
Hifumi En Apartments	1,023	1,027
Newark Apartments	<u>152</u>	<u>152</u>
	<u>\$ 22,172</u>	<u>\$ 22,500</u>

All debt service payments were made in 2012 and 2011 as scheduled. Additional information on SHA's long-term debt can be found in Note 5 to the basic financial statements.

Spokane Housing Authority

Management's Discussion and Analysis (continued)

ECONOMIC FACTORS AFFECTING SHA'S FUTURE

The majority of SHA's funding is from Federal agencies in the form of operating subsidies, capital fund grants, Housing Choice Vouchers, and other various grants. HUD appropriations are based on a calendar year; however, SHA has a fiscal year ending June 30th. The Public Housing Program operating subsidy was funded by HUD at 100% of the Authority's eligibility for the calendar year 2011 and 95% for calendar year 2012 with an allocation adjustment of (\$134,334). The calendar year 2012 allocation adjustment was a provision within the FY2012 Appropriations Act directing HUD to offset up to \$750 million from housing authorities' excess Public Housing Program reserves. HUD has not yet established the funding levels or percentage of eligibility for the 2013 Public Housing, which is dependent on the appropriations approved for the program in the Federal Budget.

Housing authorities across the country continue to be impacted by continued decline in Federal and State support for housing while facing a decrease in rental income and increase in housing assistance payments to landlords. The fluctuation in operating income and expenses are due to local inflationary, recessionary and employment trends, which can affect resident income. In an effort to control the increase in housing assistance payments and to continue to serve a maximum number of clients, SHA implemented new occupancy standards within the Housing Choice Voucher Program effective April 1, 2012, which will pay rent based on one bedroom for every two people in a home.

On August 2, 2011, President Obama signed the Budget Control Act of 2011 (BCA); legislation which raised the debt ceiling, set top-line spending caps for each year through FY 2021, and required the federal government to enact measures to reduce the federal deficit substantially which affects domestic discretionary programs to include housing and community development programs. The BCA also specified sequestration, across-the-board cuts of mandatory and discretionary spending if Congress as of January 2, 2013 does not enact deficit-reducing measures.

SHA continues to monitor congressional budgetary developments, however based on the FY 2012 Federal Continuing Appropriations Resolution effective through March 27, 2013 and current HUD funding letters and contracts, it is anticipated that most HUD programs will continue to receive renewal funding including the Housing Choice Voucher Program, which is SHA's largest program, serving over 4,784 families.

REQUESTS FOR INFORMATION

This financial report is designed to provide the reader with a general overview of SHA's finances and to demonstrate SHA's financial accountability over its resources. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Steven Cervantes
Executive Director

Lori Hays
Finance Director

Phone:
509.252.7154

Physical address:
55 West Mission Avenue
Spokane, WA 99201

Spokane Housing Authority
Statement of Net Assets
June 30, 2012

	Housing Authority	Component Units
<i>Current Assets:</i>		
Cash - unrestricted	\$ 4,334,742	\$ 73,243
Receivables, net of allowance	247,161	2,535
Prepays and other assets	82,065	6,546
Inventories, net	1,743	-
Interprogram due from	237,045	45
	4,902,756	82,369
<i>Restricted Assets:</i>		
Cash - other restricted	2,219,130	906,186
Cash - tenant security deposits	225,777	24,902
	2,444,907	931,088
Total current assets	7,347,663	1,013,457
<i>Noncurrent Assets:</i>		
Restricted cash and cash equivalents	1,331,489	-
Capital assets:		
Land	2,765,539	623,867
Buildings	29,082,309	17,683,118
Furniture, equipment & machinery - dwellings	1,217,288	221,239
Furniture, equipment & machinery - administration	825,585	96,811
Leasehold improvements	4,140,310	122,853
Construction in progress	194,826	9,673,463
Accumulated depreciation	(16,530,885)	(2,218,066)
Other noncurrent assets	495,789	286,354
Total noncurrent assets	23,522,250	26,489,639
Total assets	\$ 30,869,913	\$ 27,503,096

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

Spokane Housing Authority
Statement of Net Assets (continued)
June 30, 2012

	Housing Authority	Component Units
<i>Current Liabilities:</i>		
Accounts payable	\$ 152,079	\$ 494,572
Accounts payable - other govt.	25,355	-
Tenant security deposits	225,777	24,902
Accrued wages & payroll taxes	138,841	-
Accrued compensated absences, current portion	20,934	-
Accrued interest payable	229,664	19,586
Deferred revenue	41,241	1,044
Current liabilities - other	165,155	723,915
Current portion long-term debt	423,936	5,239,657
Interprogram due to	128,965	46,791
Total current liabilities	<u>1,551,947</u>	<u>6,550,467</u>
<i>Noncurrent Liabilities:</i>		
Long-term debt, net of current - capital projects mortgage revenue bonds	21,748,174	6,542,009
Accrued compensated absences, net of current	190,800	-
Noncurrent liabilities - other	1,023,086	91,630
Total noncurrent liabilities	<u>22,962,060</u>	<u>6,633,639</u>
Total liabilities	<u>\$ 24,514,007</u>	<u>\$ 13,184,106</u>
<i>Net Assets:</i>		
Invested in capital assets, net of related debt	(477,138)	14,421,619
Restricted net assets:		
Housing assistance payments	1,686,861	-
Debt service reserves	1,197,211	-
Project reserves	666,547	246,049
Replacement reserves	-	165,773
Operating reserves	-	394,368
Services reserves	-	99,996
Unrestricted net assets	3,282,425	(1,008,815)
Total net assets	<u>\$ 6,355,906</u>	<u>\$ 14,318,990</u>

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

Spokane Housing Authority
Statement of Revenues, Expenses and Changes in Net Assets
For the Year Ended June 30, 2012

	Housing Authority	Component Units
<i>Operating Revenue:</i>		
Tenant revenue	\$ 3,834,158	\$ 478,024
HUD operating subsidy	26,938,744	-
Other governmental grants	916,340	-
Other tenant revenue	173,316	25,114
Other revenue	909,585	125
Total operating revenue	<u>32,772,143</u>	<u>503,263</u>
<i>Operating Expenses:</i>		
Administrative wages	2,180,675	37,247
Auditing Fees	44,767	17,100
Employee benefit contributions - administrative	738,236	13,750
Management & bookkeeping fees	119,731	36,749
Other operating - administrative	474,592	43,784
Tenant services	4,854	319
	<u>3,562,855</u>	<u>148,949</u>
<i>Utilities:</i>		
Electricity	187,480	34,244
Other utilities expense	36,490	16,648
Sewer	351,650	47,470
Water	106,841	4,007
	<u>682,461</u>	<u>102,369</u>
<i>Ordinary maintenance and operations:</i>		
Contract costs	958,070	46,329
Employee benefit contributions	151,585	13,777
Maintenance and operations wages	399,783	37,193
Materials and other	237,677	9,532
	<u>1,747,115</u>	<u>106,831</u>
<i>General expenses:</i>		
Depreciation	1,376,580	696,049
Housing assistance payments	26,104,917	-
Insurance premiums	95,680	18,569
Other general expenses	258,151	56,462
Protective services contract costs	12,273	2,276
Payments in lieu of taxes	13,938	-
	<u>27,861,539</u>	<u>773,356</u>
Total operating expenses	<u>33,853,970</u>	<u>1,131,505</u>
<i>Operating Income (Loss)</i>	<u>\$ (1,081,827)</u>	<u>\$ (628,242)</u>

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

Spokane Housing Authority
Statement of Revenues, Expenses and Changes in Net Assets (continued)
For the Year Ended June 30, 2012

	Housing Authority	Component Units
<i>Operating Income (Loss)</i>	\$ (1,081,827)	\$ (628,242)
<i>Nonoperating Revenue (Expenses):</i>		
Gain (loss) on sale of capital assets	(912)	-
Interest expense	(1,193,212)	(16,504)
Interest subsidy	117,046	-
Amortization of bond issuance costs	(25,716)	(24,131)
Investment revenue - restricted	7,068	-
Investment revenue - unrestricted	18,237	784
Total nonoperating revenue (expenses)	<u>(1,077,489)</u>	<u>(39,851)</u>
<i>Income (Loss) Before Other Revenues, Expenses, Gains, Losses, and Transfers</i>	(2,159,316)	(668,093)
Transfers & Prior Period Adjustments	9,495	(26,000)
Capital grants	43,275	200,000
<i>Change in Net Assets</i>	(2,106,546)	(494,093)
<i>Net Assets, Beginning of Year</i>	8,462,452	14,813,083
<i>Net Assets, End of Year</i>	<u>\$ 6,355,906</u>	<u>\$ 14,318,990</u>

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

Spokane Housing Authority
Statement of Cash Flows
For the Year Ended June 30, 2012

	Housing Authority	Component Units
<i>Cash Flows from Operating Activities:</i>		
Receipts from tenants and others	\$ 3,991,225	\$ 513,930
Payments to employees	(3,484,604)	(101,967)
Housing assistance payments	(26,104,917)	-
Payments from other government entities	26,414,595	-
Payments to vendors and suppliers	(2,769,894)	(334,995)
Other receipts	1,804,723	125
Net cash provided by (used by) operating activities	<u>(148,872)</u>	<u>77,093</u>
<i>Cash Flows from Noncapital Financing Activities:</i>		
Payments (to) from related parties	<u>(57,476)</u>	<u>(3,388)</u>
Net cash provided by (used by) noncapital financing activities	<u>(57,476)</u>	<u>(3,388)</u>
<i>Cash Flows from Capital and Related Financing Activities:</i>		
Increase in other long-term liabilities	-	26,750
Payment (to) from affiliates	-	1,215
Capital contribution (distribution)	-	174,000
Developer fees (paid) received	-	(309,213)
Capital grants received	43,275	-
Purchases of capital assets	(935,895)	(7,105,425)
Proceeds from capital debt	82,420	7,180,233
Principal paid on capital debt	(410,123)	(50,000)
Capital debt interest subsidy received	98,062	-
Interest paid on capital debt	<u>(1,080,965)</u>	<u>(16,764)</u>
Net cash provided by (used by) capital and related financing activities	<u>(2,203,226)</u>	<u>(99,204)</u>
<i>Cash Flows from Investing Activities:</i>		
Interest received	<u>25,305</u>	<u>784</u>
Net cash provided by investing activities	<u>25,305</u>	<u>784</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	<u>(2,384,269)</u>	<u>(24,715)</u>
<i>Cash and Cash Equivalents, Beginning of Year</i>	<u>10,495,407</u>	<u>1,029,046</u>
<i>Cash and Cash Equivalents, End of Year</i>	<u>\$ 8,111,138</u>	<u>\$ 1,004,331</u>
<i>Cash and Cash Equivalents consist of:</i>		
Cash - unrestricted	\$ 4,334,742	\$ 73,243
Cash - other restricted	3,550,619	906,186
Cash - tenant security deposits	225,777	24,902
	<u>\$ 8,111,138</u>	<u>\$ 1,004,331</u>

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

Spokane Housing Authority
Statement of Cash Flows (continued)
For the Year Ended June 30, 2012

	Housing Authority	Component Units
<i>Reconciliation of Net Operating Income (Loss)</i>		
<i>to Net Cash from Operating Activities:</i>		
Net operating income (loss)	\$ (1,081,827)	\$ (628,242)
<i>Adjustments to Reconcile Net Income (Loss) to Net Cash provided by Operating</i>		
<i>Activities:</i>		
Depreciation	1,376,580	696,049
Increase (decrease) in cash due to changes in assets and liabilities:		-
Receivables	125,448	11,925
Prepaid expenses	(388)	(769)
Inventories	(784)	-
Other assets	(22,500)	-
Accounts payable	(49,645)	(1,194)
Accrued wages and taxes payable	78,601	-
Deferred revenue	(593,846)	(2,035)
Compensated absences	(4,167)	-
Accrued liabilities - other	1,312	-
Other current liabilities	29,664	457
Accounts payable - other government	1,641	-
Tenant security deposits	(8,961)	902
Net adjustments	932,955	705,335
<i>Net Cash provided by (used by) Operating Activities</i>	<u>\$ (148,872)</u>	<u>\$ 77,093</u>

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

Spokane Housing Authority

Notes to Basic Financial Statements

For the year ended June 30, 2012

NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization:

The Spokane Housing Authority (SHA) was established in 1972 pursuant to the laws of the State of Washington in order to provide affordable, safe, and sanitary housing for persons of low income. The United States Department of Housing and Urban Development (HUD) has direct responsibility for administering the Public Housing Program under the United States Housing Act of 1937, as amended. HUD is authorized to enter into contracts with local housing authorities to make loans to assist the authorities in financing the acquisition, construction and/or leasing of housing units and to make annual contributions (subsidies) to the local housing authorities for maintaining the low-rent character of the local housing programs.

In 2003, the Spokane Housing Authority became a joint city-county housing authority pursuant to RCW 35.82.300, by authorization of the cities of Spokane and Spokane Valley, and Spokane County. The Authority serves the geographical area of the cities of Spokane and Spokane Valley and all unincorporated areas of Spokane County. It also serves the cities of Millwood, Deer Park, Medical Lake (effective 1988), Airway Heights (effective 1989), Spangle (effective 1989), and Cheney (effective 1990) through cooperative agreements. The Housing Authority can be dissolved if both the Spokane and Spokane Valley city councils and the Spokane County Board of Commissioners all adopt identical resolutions pursuant to RCW 35.82.310.

The Housing Authority is governed by a six member Board of Commissioners, appointed by the Mayors of the cities of Spokane and Spokane Valley, and the Chairperson of the Spokane County Commissioners. Each member serves a five-year term of office, with terms rotating in such a manner that one appointment is made each year.

As required by generally accepted accounting principles (GAAP), the financial statements present the Spokane Housing Authority (the primary government) and its component units. The discretely presented component units are reported separately from the primary government. All of the tax credit limited partnerships are governed by the six-member board appointed to the Housing Authority. The partnerships are legally separate from the Spokane Housing Authority and are discretely presented from the primary government in the financial statements. All properties owned by the limited partnerships are accounted for on a calendar year basis rather than the Authority's fiscal year ending June 30th. The sole purpose of the limited partnerships is to provide affordable housing to low income families. See Note 10 for additional information on the tax credit limited partnerships.

Discretely Presented Component Units:

Cornerstone II – The Borning Building Limited Partnership – SHA is the sole general partner of the tax credit partnership, which was created in order to develop and manage the Cornerstone Courtyard Apartments. The 50 affordable units were placed in service February 2008.

Cornerstone II – The Helena Apartments, Limited Partnership – SHA became the general partner of this tax credit partnership in 2008, which was created in order to develop and manage the Pearl on Adams Apartments. The 35 affordable units were placed in service in November 2009.

The Martindale Apartments, Limited Partnership – SHA became the general partner of this tax credit partnership in 2010, which was created in order to develop and manage the Agnes Kehoe Place Apartments. The 51 affordable units were placed in service in January 2012.

Basis of Presentation

The financial statements (i.e., the Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Net Assets, and the Statement of Cash Flows) report information on all of the activities of the primary government and its component units.

The Housing Authority accounts for and records its financial position and operating results for fifteen separate programs. These programs segregate activity by type of HUD assistance, miscellaneous grants, and other properties.

Spokane Housing Authority

Notes to Basic Financial Statements (continued)

For the year ended June 30, 2012

NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

The accounts of SHA are reported as an enterprise fund. Enterprise funds distinguish operating revenues and expenses from non-operating items. An operating activity generally arises from providing services in connection with the fund's principal activity. The operating revenues of the Authority consist primarily of rental charges to tenants and operating grants from the U.S. Department of Housing and Urban Development ("HUD"), and include, to a lesser extent, certain operating amounts of capital grants that offset operating expenses. Operating expenses for the Authority include the cost of administrative, maintenance, utilities, tenant services, general operations, depreciation and housing assistance payments. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses, except for capital contributions, which are presented separately.

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. The enterprise fund utilizes an economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Enterprise fund equity is classified as net assets. The basis of accounting used is similar to businesses in the private sector; thus, these funds are maintained on the accrual basis of accounting.

Revenues are recognized when earned and expenses are recorded in the period incurred. For financial reporting purposes, the Authority considers its HUD grants associated with operations as operating revenue because these funds more closely represent revenues generated from operating activities rather than non-operating activities. HUD grants associated with capital acquisition and improvements are considered capital contributions and are presented after non-operating activity on the accompanying statement of revenues, expenses and changes in net assets.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed, to the extent that those standards do not conflict with or contradict guidance of the Government Accounting Standard Board. The Authority also has the option of following subsequent private-sector guidance, subject to the same limitations. The Authority has elected not to follow subsequent private-sector guidance.

The accompanying basic financial statements include the activities of several Housing Programs subsidized by HUD as well as various other Agencies. A summary of each significant program is provided below.

Housing Choice Voucher Program

SHA administers the Housing Choice Voucher Program, Disaster Housing Assistance Program, and the Veterans' Affairs Supportive Housing Program, which utilizes existing privately owned family rental housing units to provide decent and affordable housing to low-income families. Funding of the program is provided by federal housing assistance contributions from HUD for the difference between the approved landlord contract rent and the rent paid by the tenants. The Housing Authority has administrative responsibility for the Housing Choice Voucher programs in Spokane, Stevens, Pend Oreille, Whitman, and Lincoln Counties.

SHA received HOME entitlement grant funds from the City of Spokane, Spokane County, and the Washington State Department of Commerce for additional tenant based rental assistance, and administers a twelve county State funded housing program for persons with AIDS (HOPWA).

Public Housing Program

SHA's Public Housing Program consists of two asset management projects ("AMPS"), which collect both operating and capital fund subsidy. AMP 1 is the 50 unit Parsons Apartment complex and AMP 2 is an accumulation of 75 housing units referred to as scattered sites and is located within the City of Spokane, City of Spokane Valley, and Spokane County. Each AMP is accounted for as a separate entity, and is reported in the Combining Statements.

The purpose of the Public and Indian Housing Program is to provide decent and affordable housing to low income families at reduced rents. The developments are owned, maintained and managed by the Authority. The developments/units are

Spokane Housing Authority

Notes to Basic Financial Statements (continued)

For the year ended June 30, 2012

NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

acquired, developed and modernized under HUD's Development and Capital Fund programs. Funding of the program operations and development is provided by federal annual contributions, operating subsidies and tenant rentals (determined as a percentage of family income, adjusted for family composition and other allowances).

Capital Fund Programs (CFP):

Funds from the CFP provided by HUD are used to maintain and improve the Public Housing portfolio. Substantially all additions to land, structures and equipment for these properties are accomplished through the capital grant funds.

Other Properties:

SHA has purchased the properties listed below and is responsible for leasing, operating, and maintaining the housing units with the exception of the Newark Apartments. The lease terms are generally for one year.

Courtview Apartments – Is a 14 unit apartment building which was purchased in 1992 and is operated solely on the income generated by the property.

Sharon Lord Apartments – Consists of 2 duplexes which were constructed in 2003 on land owned by the Authority. The duplexes are dedicated to housing families with very low income (at or below 30% of area median income).

Newark Apartments – Is a 6 unit property which was purchased in 1993 and is presently leased to the Salem Arms, a Spokane non-profit organization, as housing for its clients.

Woodhaven Apartments – Is a 72 unit complex which was purchased in 2001 with housing revenue bonds issued by the Housing Authority.

Valley 206 Apartments – Consists of a 207 unit affordable housing property, which was purchased in 1998 through the issuance of housing revenue bonds. The bonds were refinanced through a private placement bond issue in 2009.

Cedar West Apartments – Is a 74 unit complex which was purchased in 1999 through the issuance of housing revenue bonds.

Hifumi En Apartments – Is a 41 unit apartment complex which was purchased in 2004. This property is a Section 8 project based development for low income senior and/or disabled persons.

McDonald Manor Apartments – Is a 16 unit complex which was purchased in 2005 financed with a mortgage and a seller promissory note. The seller promissory note was refinanced through a private placement bond issue in 2010.

Heritage Heights Apartments – Is a 62 unit tax credit apartment complex which was purchased in 2010 from the Heritage Heights Limited Partnership with Build America bonds issued by the Housing Authority.

Westfall Village Apartments – Is a 110 unit tax credit apartment complex which was purchased in 2010 from the Heritage Heights Limited Partnership with Build America bonds issued by the Housing Authority.

Summary of Significant Accounting Policies:

The basic financial statements of SHA have been prepared in conformity with GAAP. Following is a summary of the more significant accounting policies of SHA.

Budgeting – The Authority prepares an annual budget which is presented to the Board of Commissioners and adopted through the passage of a budget resolution prior to the beginning of the fiscal year.

Cash and cash equivalents – It is the Housing Authority's policy to invest all temporary cash surpluses in low-risk short-term investments of a liquid nature. This amount is classified on the Statement of Net Assets as cash and cash equivalents. For purposes of the Statement of Cash Flows, the Authority considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Spokane Housing Authority
Notes to Basic Financial Statements (continued)
For the year ended June 30, 2012

NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Restricted funds — Restricted cash accounts contain cash or cash equivalents that are restricted by federal or state regulation or statute to the use of particular programs or grants. The total of the Housing Authority restricted cash as of June 30, 2012 was \$3,776,396. Component Units as of December 31, 2011 had restricted cash of \$931,088. The balances consist of the following:

	<u>Housing Authority</u>	<u>Component Units</u>
Section 8 reserves	\$ 1,684,499	\$ -
Bond reserves	1,197,211	-
Other reserves	666,547	906,186
Tenant security deposits	225,777	24,902
Grants	2,362	-
	<u> </u>	<u> </u>
Total	<u>\$ 3,776,396</u>	<u>\$ 931,088</u>

Inventories— Inventories belonging to the Spokane Housing Authority as of June 30, 2012 consisted of office supplies of \$1,743. Inventories are valued by the FIFO method, which approximates the market value.

Capital assets — Capital assets include property, plant, and equipment and are defined by the Housing Authority as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year, or, a major appliance with a cost of less than \$1,000, having an estimated useful life in excess of one year. All such assets are recorded at historical cost when purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant and equipment of the Authority, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

Machinery and equipment	3-7 years
Buildings and improvements	10-25 years
Land is not depreciated	

Deferred revenues — Deferred revenues are funds that have been received or advanced and have not yet been earned or expended. At the time those funds are earned or expended revenue will be recognized.

Accrued compensated absences — Regular Authority employees accrue sick leave and annual leave based on the number of years of service. The annual leave and sick leave balances accumulated by employees represent a liability for future payment for compensated absences. The dollar value of the Authority's liability for future payment of compensated absences is recorded as a liability on the financial statements. The total value of the annual and sick leave obligation at June 30, 2012 was \$211,734. It is the policy of the Authority when an employee separates to pay accumulated unused annual leave in full. Those employees hired prior to February 24, 2004 also receive 25% of accumulated unused sick leave. The liability for other compensated absences does not vest and is not considered material.

Revenue and expenses — All revenues and expenses related to the operations of the Housing Authority and its component units are classified as operating revenues and expenses. Non-operating revenues include capital grants, interest revenue, and interest subsidy. Non-operating expenses include interest expense, amortization of bond issuance costs, and gain (loss) on sale of capital assets.

Subsequent events — Subsequent events have been evaluated through February 19, 2013, which is the date the financial statements were available to be issued. See Note 16 for additional information on subsequent events.

Spokane Housing Authority
Notes to Basic Financial Statements (continued)
For the year ended June 30, 2012

NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Tax status — SHA, as a governmental entity, is not subject to federal or state income taxes. The component units, as partnerships, are required to file IRS form 1065, U.S. Return of Partnership Income and Schedule K-1 which reports the taxable income or loss to be reported by the respective partners allocated in accordance with their percentage of ownership. Management of the partnerships have evaluated the Partnerships' tax positions and concluded that there are no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of FASB ASC 740-10, regarding the reporting of uncertainty in income taxes. With few exceptions, the Partnerships are no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2007.

Use of estimates — The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. These estimates are based on management's best knowledge of current events and actions the Authority may undertake in the future. Actual results may ultimately differ from those estimates.

NOTE 2 — DEPOSITS:

As required by State law, all deposits of the Authority are deposits with Washington State banks. The deposits are entirely covered by federal depository insurance (FDIC) and are 100% collateralized by the Washington Public Deposit Protection Commission, as is required by Housing Authority policy. All investments are insured, registered or held by the Authority or its agent in the Authority's name.

Cash and cash equivalents consist of the following at June 30, 2012 for the Housing Authority and December 31, 2011 for the Component Units:

	<u>Housing Authority</u>	<u>Component Units</u>
Cash in demand deposits	\$ 6,617,720	\$ 1,004,331
Local government investment pool	855,105	-
US Government Obligations	<u>638,313</u>	<u>-</u>
Total deposits	<u>\$ 8,111,138</u>	<u>\$ 1,004,331</u>

The Local Government Investment Pool (LGIP) is an investment pool managed and operated by the Washington State Treasurer's Office for the benefit of government entities in the State of Washington. The assets and liabilities of the LGIP are included in the comprehensive Annual Financial Report of the State of Washington. The LGIP is comparable to a Rule 2a-7 money market fund recognized by the Securities and Exchange Commission and invests in high-quality, short-term investments. All money market securities are required to be rated A-1 by Standard and Poor's Corporation and P-1 by Moody's Investors Services. Investments are restricted to fixed rate securities that mature in 397 days or less, floating and variable rate securities that mature in 762 days or less, and the portfolio maintains a weighted average maturity of 90 days or less.

Spokane Housing Authority
Notes to Basic Financial Statements (continued)
For the year ended June 30, 2012

NOTE 3 — INTER-PROGRAM RECEIVABLES AND PAYABLES:

At June 30, 2012, the Housing Authority had short-term receivables and payables within the related programs. All balances resulted from the time lag between the dates that (1) inter-program goods and services are provided and reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between programs are made. All balances are expected to be collected within 12 months of the financial statement date. The inter-program balances for the primary government at June 30, 2012 before eliminations are as follows:

	Primary Government		Component Units	
	Receivables	Payables	Receivables	Payables
Section 8 program	\$ -	\$ 65,920	\$ -	\$ -
Public housing	7,527	37,152	-	-
Other projects	838,449	634,824	45	46,791
Total receivables	<u>\$ 845,976</u>	<u>\$ 737,896</u>	<u>\$ 45</u>	<u>\$ 46,791</u>

Inter-program transfers are used to (1) move revenues from the program that statute or budget requires to collect them to the program that statute or budget requires to expend them, (2) use unrestricted revenues collected in the Central Office Cost Center to finance various other programs accounted for in other programs in accordance with budgetary authorizations, and to (3) reimburse the Central Office Cost Center for salaries, benefits and other costs incurred by other programs.

The inter-program transfers for the year ended June 30, 2012 consisted of the following:

Transfers to Housing Choice Voucher Program from:

Public Housing	\$ -
Central Office Cost Center	887,487
All other programs	-
Total transfers to Housing Choice Voucher Program	<u>\$ 887,487</u>

Transfers to Public Housing from:

Housing Choice Voucher Program	\$ -
Central Office Cost Center	-
All other programs	-
Total transfers to Public Housing	<u>\$ -</u>

Transfers to Central Office Cost Center from:

Housing Choice Voucher Program	\$ 2,491,864
Public Housing	426,620
All other programs	1,839,112
Total transfers to Central Office Cost Center	<u>\$ 4,757,597</u>

Spokane Housing Authority
Notes to Basic Financial Statements (continued)
For the year ended June 30, 2012

NOTE 4 — CAPITAL ASSETS:

Capital assets are stated at cost less accumulated depreciation. Depreciation is computed for financial reporting purposes by use of the straight-line method. Land is not depreciated. Changes in capital assets of the primary government during the year ended June 30, 2012 are shown below:

	July 1, 2011	Additions	Transfer/ retirements	June 30, 2012
Capital assets not depreciated:				
Land	\$ 2,765,539	\$ -	\$ -	\$ 2,765,539
Construction in progress	442,735	208,669	(456,578)	194,826
Total capital assets not depreciated	<u>3,208,274</u>	<u>208,669</u>	<u>(456,578)</u>	<u>2,960,365</u>
Capital assets being depreciated:				
Buildings	29,045,164	23,303	13,842	29,082,309
Improvements	3,138,526	562,682	439,102	4,140,310
Machinery and equipment	1,910,609	141,841	(9,577)	2,042,873
Total capital assets being depreciated	<u>34,094,299</u>	<u>727,826</u>	<u>443,367</u>	<u>35,265,492</u>
Accumulated depreciation:				
Buildings	11,504,704	1,063,027	-	12,567,731
Improvements	1,976,069	232,899	-	2,208,968
Machinery and equipment	1,685,837	80,654	(12,305)	1,754,186
Total accumulated depreciation	<u>15,166,610</u>	<u>1,376,580</u>	<u>(12,305)</u>	<u>16,530,885</u>
Total capital assets	<u>\$ 22,135,963</u>	<u>\$ (440,085)</u>	<u>\$ (906)</u>	<u>\$ 21,694,972</u>

Changes in capital assets of the component units as of December 31, 2011 are shown below:

	January 1, 2011	Additions	Transfer/ retirements	December 31, 2011
Capital assets not depreciated:				
Land	\$ 623,867	\$ -	\$ -	\$ 623,867
Construction in progress	1,710,307	7,963,157	(1)	9,673,463
Total capital assets not depreciated	<u>2,334,174</u>	<u>7,963,157</u>	<u>(1)</u>	<u>10,297,330</u>
Capital assets being depreciated:				
Buildings	17,683,118	-	-	17,683,118
Improvements	121,678	1,175	-	122,853
Machinery and equipment	318,050	-	-	318,050
Total capital assets being depreciated	<u>18,122,846</u>	<u>1,175</u>	<u>-</u>	<u>18,124,021</u>
Accumulated depreciation:				
Buildings	1,333,790	623,439	-	1,957,229
Improvements	13,795	9,015	-	22,810
Machinery and equipment	174,434	63,595	(2)	238,027
Total accumulated depreciation	<u>1,522,019</u>	<u>696,049</u>	<u>(2)</u>	<u>2,218,066</u>
Total capital assets	<u>\$ 18,935,001</u>	<u>\$ 7,268,283</u>	<u>\$ 1</u>	<u>\$ 26,203,285</u>

Spokane Housing Authority
Notes to Basic Financial Statements (continued)
For the year ended June 30, 2012

NOTE 5 — LONG-TERM DEBT:

A summary of changes in SHA's long-term debt for the year ended June 30, 2012 is as follows:

	Balance at July 1, 2011	Additions	Reductions	Balance at June 30, 2012	Due Within One Year
Revenue Bonds:					
Cedar West Apartments Housing	\$ 2,295,000	\$ -	\$ (70,000)	\$ 2,225,000	\$ 75,000
Heritage Heights Apartments	1,743,469	-	(19,442)	1,724,027	20,718
McDonald Manor Apartments	135,015	-	(4,398)	130,617	4,635
Valley 206 Apartments	8,586,218	-	(157,886)	8,428,332	169,932
Westfall Village Apartments	3,171,074	-	(35,361)	3,135,713	37,683
Woodhaven Apartments Housing	2,634,002	-	(63,244)	2,570,758	63,244
Total Bond Payable	18,564,778	-	(350,331)	18,214,447	371,212
Promissory Notes:					
Inland Northwest Bank					
McDonald Manor Apartments	551,287	-	(13,414)	537,873	14,080
Spokane Low Income Housing Consortium					
Development - Progress Place	-	75,000	-	75,000	-
Washington Trust Bank					
Authority Office Building	471,608	-	(17,905)	453,703	18,801
Hifumi En Apartments	524,658	-	(18,976)	505,682	19,843
Total Promissory Notes	1,547,553	75,000	(50,295)	1,572,258	52,724
Intergovernmental Loans					
City of Spokane:					
Heritage Heights	200,000	-	-	200,000	-
Westfall Village	350,000	-	-	350,000	-
State of Washington Department of Commerce					
Cedar West	518,019	2,595	-	520,614	-
Courtview Apartments	140,000	-	-	140,000	-
Hifumi En Apartments	1,027,461	4,825	(9,495)	1,022,791	-
Newark Apartments	152,000	-	-	152,000	-
Total Intergovernmental Loans	2,387,480	7,420	(9,495)	2,385,405	-
Total long-term debt	22,499,811	82,420	(410,121)	22,172,110	423,936
Accrued Compensated absences	215,900	271,458	(275,624)	211,734	20,934
Noncurrent liabilities - other	971,344	97,004	(45,262)	1,023,086	-
Total noncurrent liabilities	\$23,687,055	\$ 450,882	\$ (731,007)	\$23,406,930	\$444,870

Cedar West Apartments Housing Revenue Bonds – Issued January 2000 to purchase Cedar West Apartments; Series A principal amount of \$2,835,000 and Series B principal amount of \$225,000; total amount issued \$3,060,000; annual installments of \$217,219 to \$283,762; interest rates ranging from 4.25% to 5.75%; debt service paid from revenues of the Cedar West Apartments. Final payment is due in 2029. The Series B bonds were redeemed in fiscal year ending June 30, 2005, leaving only the Series A bonds outstanding.

Heritage Heights Build America Revenue Bonds – Issued August 2010 to purchase and rehabilitate the Heritage Heights Apartments, principal amount of \$1,747,895. Quarterly payments of \$33,724 include interest at 6.65% per annum. These are IRS subsidized bonds, where the IRS reimburses the Authority for 35% of the interest payment at the time of debt service payment. Debt service is paid from revenues of the Heritage Heights Apartments. The bond matures on August 11, 2025.

Spokane Housing Authority

Notes to Basic Financial Statements (continued)

For the year ended June 30, 2012

NOTE 5 — LONG-TERM DEBT (continued):

McDonald Manor Apartments – In the original amount of \$140,092, issued February 26, 2010 to pay off the existing Mortgage Note payable to Konstantinos and Dionesia Geranios for the purchase of McDonald Manor Apartments. Payments of \$913 per month include interest at 4.85% for the first 60 months. Interest and payment will reset every 60 months. The bond matures on March 5, 2030.

Valley 206 Apartments Housing Revenue Bond, Series 2008 – Issued July 2008 to refund the 1998 Valley 206 Apartments Housing Revenue Series A & B Bonds and rehabilitate Valley 206 Apartments, principal amount of \$9,075,230 with a bond issuance discount of \$113,400. Monthly payments of \$45,641 include interest at 4.40% per annum with debt service paid from revenues of the Valley 206 Apartments. Final payment is due in 2028.

Westfall Village Build America Revenue Bonds – Issued August 2010 to purchase and rehabilitate the Westfall Village Apartments, principal amount of \$3,179,125. Quarterly payments of \$61,338 include interest at 6.65% per annum. These are IRS subsidized bonds, where the IRS reimburses the Authority for 35% of the interest payment at the time of debt service payment. Debt serviced is paid from revenues of the Westfall Village Apartments. The bond matures on August 11, 2025.

Woodhaven Apartments Housing Revenue Bonds – Issued December 2001 to purchase Woodhaven Apartments; Series A principal \$2,715,000 less discount of \$52,680; Series B principal \$450,000; annual installments of \$210,010 to \$229,360; interest rates ranging from 4.2% to 6.0%; debt service paid from revenues of the Woodhaven Apartments. Final payment is due in 2033.

Inland Northwest Bank – McDonald Manor Apartments – Original amount of \$624,000, issued January 2005 to finance the purchase of the McDonald Manor Apartments. Payments of \$3,321 per month include interest at 4.85% per annum. Loan matures January 10, 2015.

Spokane Low Income Housing Consortium – Issued in July 2011 to provide financing for pre-development costs associated with a potential land acquisition (Progress Place) for \$75,000. Payments are deferred until maturity with accruing interest of one half of prime rate as of August 15th, 2011, not to exceed 5%, with a minimum rate of 2%. Loan matures July 25, 2013 or within 30 days of acquisition escrow closing with permanent financing source.

Washington Trust Bank – Authority Office Building – Issued September 1998 in the original amount of \$567,000, to purchase the office building at 55 West Mission for the administrative offices of the Authority with monthly payments of \$3,981 per month at 5.75% interest per annum. On December 23, 2008, an additional \$154,170 was added to the existing note for improvements to the administrative offices of the Authority for total principal due of \$517,167. The interest rate on the new note is the Five-Year Federal Home Loan Bank Long Term Fixed Rate plus 2.75% adjusted at the five year anniversary. As of December 23, 2008, the rate was 4.90% with monthly payments of \$3,385. The final payment is due December 23, 2018.

Washington Trust Bank – Hifumi En Apartments – Issued June 30, 2004 for \$690,000 for rehabilitation of the Hifumi En Apartments. Monthly payments including interest at 4.46% began as funds were drawn from the loan. The loan matures on October 5, 2014.

City of Spokane – Heritage Heights – Intergovernmental loan issued for the purchase of the land upon which the Heritage Heights Apartments were built; in the amount of \$200,000; interest at 7.13%. Principal and interest payment may be deferred until 2017, after which equal monthly payments in an amount to fully amortize the loan in ten years are required. SHA purchased the Heritage Heights Apartments in August 2010 and assumed the existing note.

City of Spokane – Westfall Village – Intergovernmental loan issued for the purchase of the land upon which the Westfall Village Apartments were built; in the amount of \$350,000; interest at 7.13%. Principal and interest payment may be deferred until 2017, after which equal monthly payments in an amount to fully amortize the loan in ten years are required. SHA purchased the Westfall Village Apartments in August 2010 and assumed the existing note.

Spokane Housing Authority
Notes to Basic Financial Statements (continued)
For the year ended June 30, 2012

NOTE 5 — LONG-TERM DEBT (continued):

State of Washington Department of Commerce – Cedar West – In the amount of \$498,342 to remediate mold at the Cedar West Apartments, at 0.5% annual interest, compounded quarterly. Payments are deferred for 20 years after which quarterly payments in the amount of \$7,238 will be due. The loan matures on June 30, 2044. During fiscal year, ending June 30, 2012, capitalized deferred interest totaling \$2,595 was added to the principal balance of the loan.

State of Washington Department of Commerce – Courtview Apartments – Purchase Courtview Apartments, for \$140,000 at 1.0% interest, deferred payments to begin in 2013, in the amount of \$7,758 per year.

State of Washington Department of Commerce – Hifumi En Apartments – Purchase the Hifumi En Apartments, for \$995,000. A portion of the note, \$450,000, accrues interest at 1.0% compounded quarterly. This portion of the note is deferred for thirty years until July 1, 2036 at which time payments of \$15,971 are due quarterly thereafter. The remainder of the note, \$545,000, reverts into a grant after forty years if the use of the property does not change from its current use as housing for the low income and disabled. Deferred interest totaling \$4,825 was capitalized during the year, and a prior period reduction of (\$9,495) for previously capitalized deferred interest was made. No change in the use of the property had taken place as of the end of fiscal year ended June 30, 2012.

State of Washington Department of Commerce – Newark Apartments – Purchase Newark Apartments, for \$152,000, at interest rate of 0.0%. The loan reverts to a grant if the property is retained by the Authority and continued to be used for low-income housing until the year 2043. No change in the use of the property had taken place as of the end of fiscal year ended June 30, 2012.

The annual requirements to amortize outstanding debt, including interest, are as follows:

Year ended June 30,	Principal	Interest	Total
2013	\$ 423,936	\$ 1,073,944	\$ 1,497,880
2014	526,376	1,043,760	1,570,136
2015	919,373	1,004,587	1,923,960
2016	474,233	973,454	1,447,687
2017	494,161	950,103	1,444,264
2018-2022	2,942,254	5,473,418	8,415,672
2023-2027	7,356,028	4,568,847	11,924,875
2028-2032	7,314,515	874,549	8,189,064
2033-2037	455,829	30,101	485,930
2038-2042	592,984	24,605	617,589
2043-2047	672,421	135,856	808,277
	<u>\$22,172,110</u>	<u>\$16,153,224</u>	<u>\$38,325,334</u>

Arbitrage – SHA periodically monitors for the existence of any rebate of arbitrage interest associated with its tax-exempt debt. The rebate is based on the differential between the interest earnings from the investment of bond proceeds as compared to the interest expense associated with the respective bonds. As of June 30, 2012, the Housing Authority estimates that no arbitrage rebate exists in conjunction with its debt reserve funds, and therefore no liability exists.

Spokane Housing Authority
Notes to Basic Financial Statements (continued)
For the year ended June 30, 2012

NOTE 5 — LONG-TERM DEBT (continued):

Long-term debt of the component units includes notes and mortgages payable and intergovernmental loans. The following is a summary of changes in long-term debt for the component units for the year ended December 31, 2011.

	Balance at January 1, 2011	Additions	Reductions	Balance at December 31, 2011	Due Within One Year
Promissory Notes:					
U.S. Bank National Association					
Agnes Kehoe Place	\$ 119,911	\$5,085,221	\$ (15,475)	\$ 5,189,657	\$5,189,657
Total Promissory Notes	119,911	5,085,221	(15,475)	5,189,657	5,189,657
Intergovernmental Loans					
City of Spokane:					
Agnes Kehoe Place	39,824	460,176	-	500,000	-
Cornerstone Courtyard	250,000	-	-	250,000	-
Cornerstone Courtyard	88,477	-	-	88,477	-
Washington State Department of Commerce					
Agnes Kehoe Place	899,689	1,650,311	-	2,550,000	-
Cornerstone Courtyard	1,295,000	-	(35,000)	1,260,000	35,000
Pearl on Adams	1,095,000	-	(15,000)	1,080,000	15,000
Federal Home Loan Bank					
Cornerstone Courtyard	200,000	-	-	200,000	-
Washington State HFC					
Agnes Kehoe Place	663,532	-	-	663,532	-
Total Intergovernmental Loans	4,531,522	2,110,487	(50,000)	6,592,009	50,000
Total long-term debt	4,651,433	7,195,708	(65,475)	11,781,666	5,239,657
Non-current liabilities - Other	72,716	33,014	(14,100)	91,630	-
Total noncurrent liabilities	\$ 4,724,149	\$7,228,722	\$ (79,575)	\$11,873,296	\$5,239,657

U.S. Bank National Association – Agnes Kehoe Place – Note payable for construction of the Agnes Kehoe Place, owned by the Martindale Apartments Limited Partnership, for \$7,150,000, with interest of 3.05% plus the one-month LIBOR rate. Interest is payable beginning December 1, 2010, and the principal is due on September 1, 2012, with a provision to extend for 90 days. The construction note was paid in full on July 10, 2012, see Note 16.

City of Spokane – Agnes Kehoe Place – Intergovernmental loan issued in 2010 in the amount of \$500,000 for remediation of lead based paint at the Agnes Kehoe Apartments, with simple interest rate of 0.75%. Payments of principal and interest are deferred until forty-one years from January 31, 2012. One payment of \$500,000 will be due and payable on January 31, 2053.

City of Spokane – Cornerstone Courtyard – Intergovernmental loan issued in 2006 in the amount of \$250,000 for rehabilitation of the Cornerstone Courtyard, interest rate at 5.32%. Payments of principal and interest were deferred until December 1, 2007, after which time monthly payments of \$1,397 shall be made for the 30-year term of the note, applied to deferred interest than principal.

City of Spokane – Cornerstone Courtyard – Intergovernmental loan issued in 2007 in the amount of \$88,477 for the purpose of lead abatement during the development of the Cornerstone Courtyard Apartments, at 0% interest, deferred for 41 years, due and payable in full on December 31, 2048.

State of Washington Department of Commerce – Agnes Kehoe Place – Intergovernmental loan issued in 2010 in the amount of \$2,500,000 for rehabilitation of the Martindale Apartments, renamed the Agnes Kehoe Place, The loan shall be deferred for forty years at 0.75% simple interest. The full amount shall be due and payable on or before December 31, 2052.

Spokane Housing Authority
Notes to Basic Financial Statements (continued)
For the year ended June 30, 2012

NOTE 5 — LONG-TERM DEBT (continued):

State of Washington Department of Commerce – Cornerstone Courtyard – Intergovernmental loan issued in 2006 in the amount of \$1,400,000 for rehabilitation of the Borning Building, renamed the Cornerstone Courtyard, at 0% interest. Quarterly payments in the amount of \$8,750 began on June 30, 2008 for a total of 40 years. The final payment will be due on December 31, 2047.

State of Washington Department of Commerce Housing Trust Fund – Pearl on Adams – Intergovernmental loan issued in 2008 in the amount of \$1,395,000 for rehabilitation of the Helena, renamed the Pearl on Adams, at 0% interest. The first portion of the loan, \$600,000, shall require quarterly payments in the amount of \$3,750 to begin on June 30, 2011 for a total of 40 years. The second portion of the loan, \$795,000, is deferred for 40 years, at which point the full principal amount will be due on December 31, 2049.

Federal Home Loan Bank – Cornerstone Courtyard – Intergovernmental loan issued July 31, 2006 in the amount of \$200,000 for rehabilitation of the Borning Building, renamed the Cornerstone Courtyard, with the interest rate of 1.5%. Principal and interest payments are deferred for 40 years, until July 31, 2046 at which time the entire unpaid principal balance and accrued interest is due.

Washington State Housing Finance Commission – Agnes Kehoe Place – Issued in 2008 in the amount of \$663,532 refinancing the Washington Trust Loan used to acquire the Martindale Apartments. The loan is issued at 0% interest with payments deferred for 40 years. Accordingly, payment will be due on December 31, 2048.

The annual requirements to amortize outstanding debt, including interest, are as follows:

Year ended December 31,	Principal	Interest	Total
2012	\$ 5,239,657	\$ 16,764	\$ 5,256,421
2013	53,468	13,298	66,766
2014	53,739	13,025	66,764
2015	53,943	12,821	66,764
2016	54,134	12,610	66,744
2017-2021	274,471	59,369	333,840
2022-2026	281,879	52,041	333,920
2027-2031	291,567	42,153	333,720
2032-2036	304,201	39,619	343,820
2037-2041	320,682	13,138	333,820
2042-2046	461,916	163,228	625,144
2047-2051	1,342,009	-	1,342,009
2052-2056	3,050,000	-	3,050,000
	<u>\$11,781,666</u>	<u>\$ 438,066</u>	<u>\$12,219,732</u>

NOTE 6 — OPERATING LEASES:

SHA is the lessee of various office equipment and vehicles, which are treated as operating leases for accounting purposes. Future lease commitments are as follows:

Year Ending June 30,	
2013	\$ 33,885
2014	14,322
2015	2,696
2016	323
2017	-
	<u>\$ 51,226</u>

Spokane Housing Authority

Notes to Basic Financial Statements (continued)

For the year ended June 30, 2012

NOTE 7 — Pension Plan:

Substantially all Spokane Housing Authority 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 publically 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, Communication 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 government. 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

Spokane Housing Authority

Notes to Basic Financial Statements (continued)

For the year ended June 30, 2012

NOTE 7 — Pension Plan (continued):

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, or 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 a 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.

Spokane Housing Authority

Notes to Basic Financial Statements (continued)

For the year ended June 30, 2012

NOTE 7 — Pension Plan (continued):

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 service 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, 2011:

Retirees and Beneficiaries Receiving Benefits	79,363
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	29,925
Active Plan Members Vested	105,578
Active Plan Members Nonvested	<u>46,839</u>
Total	<u><u>261,705</u></u>

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. As a result of the implementation of the Judicial Benefit Multiplier Program in January 2007, a second tier of employer and employee rates was developed to fund, along with investment earnings, the increased retirement benefits of those justices and judges that participate in the program.

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

Spokane Housing Authority
Notes to Basic Financial Statements (continued)
For the year ended June 30, 2012

NOTE 7 — Pension Plan (continued):

The Authority's required contribution rates expressed as a percentage of covered payroll as of June 30, 2012 were:

	Employer *	Employee
PERS Plan I	7.08%	6.00%
PERS Plan II	7.08%	4.64%
PERS Plan III	7.08%**	***

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

** Plan 3 defined benefit portion only.

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

On July 1, 2012, the employer contribution rate for all three plans is 7.21% of covered payroll.

Both the Authority and the employees made the required contributions. The required contributions for the years ended June 30, 2012, 2011 and 2010 were:

	2012	2011	2010
PERS Plan 1	\$ 6,046	\$ 4,979	\$ 5,610
PERS Plan 2	298,776	247,216	232,002
PERS Plan 3	15,468	9,947	8,259
Total	<u>\$ 320,290</u>	<u>\$ 262,142</u>	<u>\$ 245,871</u>

NOTE 8 — PARTICIPATION IN HOUSING AUTHORITY RISK RETENTION POOL:

The Authority is exposed to all of the common perils associated with the ownership and rental of real estate property. A risk management program is currently in place to minimize loss occurrence and to transfer risk through various levels of insurance. All common risks relating to property, casualty, employee and public official's liability are covered by insurance, subject to appropriate deductibles. Claims that the Authority have settled have not exceeded insurance coverage during the past three years.

The Spokane Housing Authority is a member of the Housing Authorities Risk Retention Pool (HARRP). Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), fifty-five public housing authorities in the states of Washington, Oregon and California originally formed HARRP in March 1987. HARRP was created for the purposes of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and/or jointly contracting for risk management services. HARRP currently has a total of ninety-two members in the states of Washington, Oregon, Nevada and California. Thirty-six of the ninety-two members are Washington public housing entities.

New members originally contract for a three-year term and thereafter automatically renew on an annual basis. Members may quit (after completion of the three-year commitment) upon giving notice to HARRP prior to their renewal date. HARRP can terminate members after giving a sixty (60) day notice prior to the renewal date. Termination does not relieve a former member from its unresolved losses incurred during membership.

General and Automobile Liability coverage's are written on an occurrence basis, without member deductibles. Errors & Omissions coverage (which includes Employment Practices Liability) is written on a claims made basis, and the members are responsible for 10% of the incurred cost of the claims. Due to special underwriting circumstances, some members may be subject to a greater E&O co-payment. The Property coverage offered by HARRP is on a replacement cost basis with deductibles ranging from \$1,000 to \$25,000. Fidelity coverage, with limits of \$100,000 (with options up to \$500,000) for employee dishonesty and forgery or alteration and \$10,000 for theft are also provided with deductibles the same as Property.

Coverage limits for General Liability, Errors & Omissions and Property are \$2,000,000 per occurrence and \$2,000,000 annual aggregate. Limits for Automobile Liability are \$1,000,000/ \$1,000,000.

Spokane Housing Authority

Notes to Basic Financial Statements (continued)

For the year ended June 30, 2012

NOTE 8 — PARTICIPATION IN HOUSING AUTHORITY RISK RETENTION POOL (continued):

HARRP self-insures the full layer of coverage for liability lines (\$2,000,000 per occurrence and \$2,000,000 annual aggregate). There is no purchased reinsurance above this limit. For property, HARRP retains \$2,000,000 and \$63,000,000 of reinsurance from St. Paul/Travelers Insurance Company for a combined total of \$65,000,000. The HARRP Board of Directors determines the limits and coverage terms, at its sole discretion.

HARRP provides loss control services, claim investigation and adjusting, litigation management and defense with in-house staff and retained third party contractors.

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

NOTE 9 — CONTINGENCIES AND LITIGATION:

Contract expenditures are subject to approval by HUD to be eligible for reimbursement of any expenditure made under these contracts. The Housing Authority must comply with regulations established by HUD and noncompliance could result in disallowed costs and a liability for reimbursements received or reductions in future contract funding. The Housing Authority expects such amounts, if any, to be immaterial.

SHA previously reported a dispute with a contractor in which the contractor claimed damages related to SHA's rejection of their bid. The case was initially dismissed and the contractor appealed the decision in the Division III of the Court of Appeals. The principal damages claimed by the contractor was \$117,746. On December 6, 2012, the Division III of the Court of Appeals upheld the initial decision and awarded attorney's fees and costs to SHA. The Authority's financial statements include all material liabilities. There are no additional material contingent liabilities to record.

NOTE 10— RELATED PARTY TRANSACTIONS:

Pursuant to Statement No. 14 of the Governmental Accounting Standards Board, *The Financial Reporting Entity*, (GASB-14), the limited partnerships are defined as component units and are discretely presented in the financial statements of the Housing Authority. The fiscal year end of all the tax credit limited partnerships is December 31st. Accordingly, the financial results included in the accompanying financial statements are for the year ended December 31, 2011.

Cornerstone II – The Borning Building Limited Partnership – was formed during the fiscal year ending June 30, 2006 pursuant to the provisions of the Washington Uniform Limited Partnership Act, RCW 25.10. Spokane Housing Authority is the general partner, with a .01% share of the ownership, and the initial limited partner was Washington Housing Equity Alliance, with ownership of 99.99%. On May 22, 2007, U.S. Bancorp Community Development Corporation was admitted as the new limited partner. The partnership is organized to comply with Section 42 of the IRS Tax Code and applicable federal, state and local regulations and with loan conditions required by the project documents in order to obtain low income housing tax credits, cash income, long-term appreciation, and tax deductions from depreciation.

The Cornerstone Courtyard Apartments (formerly the Borning Building) was completed in February 2008. Funding was provided by Low-Income Housing Tax Credits, Federal Historic Rehabilitation Tax Credits, the Washington State Housing Trust Fund, the City of Spokane, and the Federal Home Loan Bank.

The Spokane Housing Authority holds legal title to the property, and on June 7, 2006 a financing lease agreement was entered into between the Authority and Cornerstone II – The Borning Building Limited Partnership. The lease allows the limited partnership (LP) to remain the owner for federal income tax purposes, and gives the LP an equity interest in all improvements to the property plus debt service payments.

Spokane Housing Authority

Notes to Basic Financial Statements (continued)

For the year ended June 30, 2012

NOTE 10— RELATED PARTY TRANSACTIONS (continued):

The partnership agreement for the Cornerstone Courtyard stipulates that partnership management fees be paid to the general partner (the Housing Authority) in the amount of \$15,000 annually for services rendered in managing the business of the partnership. The fee is to be paid to the extent cash flow is available and if net cash flow is not available, the fee shall accrue. For the year ended December 31, 2011 the partnership management fee expense was \$15,000. Total partnership management fees owed as of December 31, 2011 were \$60,000.

Pursuant to the Property Management and Operating Agreement for the Cornerstone Courtyard, the partnership is required to pay the general partner (the Housing Authority) a monthly management fee for its daily operation of the project. Effective June 2008, the fee equals 8% of the project's monthly gross rental income excluding vacancies and concessions. For the year ended December 31, 2011 the property management fee expense was \$24,154. Total property management fees owed as of December 31, 2011 were \$10,092.

Cornerstone II – Helena Apartments Limited Partnership – was formed on December 9, 2008 for the purpose of acquiring, developing, leasing, operating and managing the Pearl on Adams Apartments. The partnership was formed pursuant to the provisions of the Washington Uniform Limited Partnership Act, RCW 25.10. Northwest Housing Group LLC, of which Spokane Housing Authority is the only member, is the general partner, with a .01% share of ownership in the project, and the limited partner is U.S. Bancorp Community Development. The partnership is organized to comply with Section 42 of the IRS Tax Code and applicable federal, state and local regulations and with loan conditions required by the project documents in order to obtain low income housing tax credits, cash income, and tax deductions from depreciation.

The Pearl on Adams Apartments was completed November 2009 and has 35 one-bedroom units for low income, homeless and disabled tenants. Funding was provided by Low-Income Housing Tax Credits, Federal Historic Rehabilitation Tax Credits, the Washington State Housing Trust Fund, the City of Spokane, U.S. Bank National Association, and Bank of America.

The Spokane Housing Authority holds legal title to the property, and on September 9, 2008 a financing lease agreement was entered into between the Authority and Cornerstone II – Helena Apartments, LP. The lease allows the limited partnership (LP) to remain the owner for federal income tax purposes, and gives the LP an equity interest in all improvements to the property plus debt service payments.

The partnership agreement for the Pearl on Adams stipulates that partnership management fees be paid to the general partner (the Housing Authority) in the amount of \$7,500 annually for services rendered in managing the business of the partnership. The fee is to be paid to the extent cash flow is available and if net cash flow is not available, the fee shall not accrue. For the year ended December 31, 2011 the partnership management fee expense was \$7,500. Total partnership management fees owed as of December 31, 2011 were \$7,500.

Pursuant to the Property Management and Operating Agreement for the Pearl on Adams, the partnership is required to pay the general partner (the Housing Authority) a monthly management fee for its daily operation of the project. Effective in 2009, the fee equals 7% of the project's monthly gross rental income excluding vacancies and concessions. For the year ended December 31, 2011 the property management fee incurred and paid was \$12,595.

Pursuant to the Amended and Restated Developer Management Agreement dated December 9, 2008, the Cornerstone II – Helena Apartments, L.P. agreed to pay the General Partner (Spokane Housing Authority) and Beacon Development Group, Inc (Developer) a fee of \$168,846 and \$513,091, respectively, for services relating to the development of the Pearl on Adams Apartments. As of December 31, 2010, development fee payable was \$251,025 to Beacon Development Group Inc. During 2011, the development fees were paid in full, therefore as of December 31, 2011, the development fee payable was \$0.

On September 29, 2010, the Cornerstone II – Helena Apartments, L.P. and the General Partner (Spokane Housing Authority), entered into the First Amendment to the Developer Agreement, where the partnership shall pay the General Partner (Spokane Housing Authority) and Beacon Development Group Inc (Developer) an additional development oversight fee in the amount of \$58,188. As of December 31, 2010, the development oversight fee payable was \$40,732 to Beacon Development Group Inc. and \$17,456 to the Spokane Housing Authority. All unpaid portions of development oversight fees were paid in full during 2011, therefore as of December 31, 2011, the development oversight fee payable was \$0.

Spokane Housing Authority

Notes to Basic Financial Statements (continued)

For the year ended June 30, 2012

NOTE 10 — RELATED PARTY TRANSACTIONS (continued):

Martindale Apartments Limited Partnership – was formed on November 12, 2010 for the purpose of acquiring, developing, leasing, operating and managing the Agnes Kehoe Place Apartments. The partnership was formed pursuant to the provisions of the Washington Uniform Limited Partnership Act, RCW 25.10. Martindale Manager, LLC, of which Spokane Housing Authority is the only member, is the general partner, with a .01% share of ownership in the project, and the limited partner is U.S. Bancorp Community Development. The partnership is organized to comply with Section 42 of the IRS Tax Code and applicable federal, state and local regulations and with loan conditions required by the project documents in order to obtain low income housing tax credits, cash income, and tax deductions from depreciation.

The Agnes Kehoe Place Apartments was completed in January 2012 and has 51 one-bedroom units for low income, homeless and disabled tenants. Funding was provided by Low-Income Housing Tax Credits, Federal Historic Rehabilitation Tax Credits, the Washington State Housing Trust Fund, the City of Spokane, and U.S. Bank National Association.

The Spokane Housing Authority holds legal title to the property, and on June 22, 2010 a financing lease agreement was entered into between the Authority and Martindale Apartments Limited Partnership. The lease allows the limited partnership (LP) to remain the owner for federal income tax purposes, and gives the LP an equity interest in all improvements to the property plus debt service payments.

Pursuant to the developer services agreement dated November 12, 2010, the Martindale Apartments, L.P. agreed to pay the General Partner (Spokane Housing Authority) a fee of \$1,064,037 for services relating to the development of the Agnes Kehoe Place Apartments. As of December 31, 2011, \$470,000 of the development fee was incurred and paid.

NOTE 11 — PROPERTY MANAGEMENT FOR SPOKANE COUNTY:

The Spokane Housing Authority contracts with Spokane County to do property management for their transitional housing property, the Phoenix Apartments. The contract provides the Housing Authority with an additional \$1,600 per month of earned property management fee revenue.

NOTE 12 — CONDUIT BOND:

RCW 35.82 provides that Housing Authorities may issue tax-exempt bonds to carry out any of the purposes of the Authority. Housing Authorities are also specifically empowered to issue bonds in order to finance such activities when carried out by a separate non-profit entity.

In 2005, the Spokane Housing Authority issued tax-exempt bonds in order for Cheney Care Center, a non-profit, to add 30 new assisted living units to the existing facility. All principal and interest payments are made by Cheney Care Center from revenue received from the project. On November 22, 2011, the Cheney Care Center Conduit Bond, issued by the Authority was refinanced by the Cheney Care Center and paid in full. The Authority received a final payment of \$36,735 pursuant to the Loan Agreement for the annual loan fees payable for the remaining term of the Covenant Agreement. As of June 30, 2012, the amount of debt outstanding on the Cheney Care Center conduit bond was \$0.

NOTE 13 — EXTRAORDINARY ITEMS:

Significant transactions or events that are either unusual in nature or infrequent in occurrence, and are also not within the control of management are classified as extraordinary items. In fiscal year ending June 30, 2012 there were no extraordinary items to report.

NOTE 14 — CONSTRUCTION COMMITMENTS:

The Martindale Apartments Limited Partnership (see Note 10) is obligated under a construction contract dated November 1, 2010 with Walker Construction for the rehabilitation of the Agnes Kehoe Place for \$8,132,275 with approved change orders. As of December 31, 2011, \$992,654 remained committed.

Spokane Housing Authority

Notes to Basic Financial Statements (continued)

For the year ended June 30, 2012

NOTE 15 — PRIOR PERIOD ADJUSTMENTS:

Prior period adjustments are made to correct errors in prior year financial statements.

In fiscal year ending June 30, 2012 an adjustment of \$9,495 was recorded to reduce previously recorded capitalized deferred interest on the Hifumi En State of Washington Department of Commerce intergovernmental loan (see Note 5).

An adjustment of (\$26,000) was recorded for the Martindale Apartments Limited Partnership (see Note 10) as of December 31, 2011 to correct the prior year net assets for syndicated costs previously capitalized.

NOTE 16 — SUBSEQUENT EVENTS:

On September 4, 2012, the Spokane Low Income Housing Consortium promissory note issued in July 2011 for \$75,000 (See Note 5) was paid in full along with accrued interest of \$1,585 using designated restricted project reserves.

Pursuant to the Martindale Apartments Limited Partnership (see Note 10), between July 10, 2012 and August 15, 2012 the Limited Partner made multiple capital contributions in the aggregate amount of \$7,385,554. On July 10, 2012, the Partnership repaid the U.S. Bank National Association – Agnes Kehoe Place construction loan (See Note 5) in full utilizing the capital contributions received from the Limited Partner. The payment consisted of principal in the amount of \$6,492,077 and interest of \$171,093. Additionally, \$200,000 in development fee was incurred and paid to the Spokane Housing Authority. On August 15, 2012, operating reserves restricted to the Martindale Apartments Limited Partnership of \$113,898 were funded and remaining capital contributions received from the Limited Partner were placed in restricted project reserves.

NOTE 17 — ADOPTION OF NEW ACCOUNTING STANDARDS:

The Governmental Accounting Standards Board issued two new statements, which SHA adopted during the year ended June 30, 2012, with no impact on SHA's financial statements:

Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, amends Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. These Statement requirements related to the measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit plans.

Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions* – an amendment of GASB No. 53, provides clarification of the circumstances in which hedge accounting should continue when a swap counterparty, or a swap counterparty's credit support provider is replaced.

The Governmental Accounting Standards Board also issued five new statements, which will be effective for SHA in subsequent years:

Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, provides guidance related to financial reporting of service concession arrangements, which are a type of public-private or public-public partnerships. This guidance will be effective for SHA beginning July 1, 2012. SHA does not currently participate in these types of arrangements, so it is anticipated that there will be no impact related to the adoption of this standard.

Statement No. 61, *The Financial Reporting Entity Omnibus* – an amendment of GASB Statements No. 14 and No. 34, modifies requirements for inclusion of component units in the financial reporting entity. This guidance will be effective for SHA beginning July 1, 2012. SHA has performed a preliminary analysis of this guidance and does not believe it will affect the reporting methodology of the component units of SHA (Cornerstone Courtyard, The Pearl on Adams, and Agnes Kehoe Place), nor SHA's status as a stand-alone government.

Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. This guidance will be effective for SHA beginning July 1, 2012. SHA does not believe there will be any significant impact to the financial reporting upon adoption of this guidance.

Spokane Housing Authority
Notes to Basic Financial Statements (continued)
For the year ended June 30, 2012

NOTE 17 — ADOPTION OF NEW ACCOUNTING STANDARDS (Continued):

Statement No. 65, *Items Previously Reported as Assets and Liabilities*, establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This guidance will be effective for SHA beginning July 1, 2013. SHA does not believe there will be any significant impact to the financial reporting upon adoption of this guidance.

Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*, improves accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62., *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This guidance will be effective for SHA beginning July 1, 2013. SHA does not believe there will be any significant impact to the financial reporting upon adoption of this guidance.

Spokane Housing Authority
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2012

Federal Program Name	CFDA Number	Other Identification Number	Expenditures from:		Total
			Pass-through Awards	Direct Awards	
U.S. Department of Housing and Urban Development (HUD):					
Moderate Rehab Single Room Occupancy	14.249	WA19K055003	\$ -	\$ 109,812	\$ 109,812
Moderate Rehab Single Room Occupancy	14.249	WA19K055006	-	282,018	282,018
Public and Indian Housing	14.850	WA19P055001008	-	305,336	305,336
Housing Choice Voucher Program	14.871	WA19V055008020	-	27,737,134	27,737,134
Public Housing Capital Fund	14.872	WA19P05550106	-	48,083	48,083
Multifamily Service Coordinator Grant	14.191	WA19HS10006	-	12,132	12,132
			<u>-</u>	<u>28,494,515</u>	<u>28,494,515</u>
Pass-through from Washington Department of Commerce:					
Housing Opportunities for Person with Aids	14.241	09-46201-11	161,496	-	161,496
Housing Opportunities for Person with Aids	14.241	09-46201-01	158,097	-	158,097
			<u>319,593</u>	<u>-</u>	<u>319,593</u>
Pass-through from County of Spokane:					
HOME Investment Partnership Program	14.239	N/A	48,785	-	48,785
			<u>48,785</u>	<u>-</u>	<u>48,785</u>
Pass-through from City of Spokane:					
Shelter Plus Care	14.238	WA01C302001 / WA0115C07020802	134,658	-	134,658
HOME Investment Partnership Program	14.239	H92-MC530201	407,932	-	407,932
			<u>542,590</u>	<u>-</u>	<u>542,590</u>
Total Federal Expenditures			<u>\$ 910,968</u>	<u>\$28,494,515</u>	<u>\$29,405,483</u>

Spokane Housing Authority
Notes to the Schedule of Expenditures of Federal Awards
For the year ended June 30, 2012

NOTE 1 — BASIS OF ACCOUNTING:

The Schedule of Expenditures of Federal Awards is prepared on the same basis of accounting as the Housing Authority's financial statements. The Housing Authority uses the accrual basis to report on the Schedule of Expenditures of Federal Awards.

NOTE 2 — SUBRECIPIENTS:

The following expenditures of the Housing Choice Voucher Program (CFDA 14.871) were passed through to subrecipients:

Housing Assistance Payments	\$ 3,164,374
Administration fees	<u>299,787</u>
	<u>\$ 3,464,160</u>

Spokane Housing Authority

Financial Data Schedules

Line Item #	Account description	Parson's Apartments WA055000001	Low Rent Scattered Sites WA055000002	14.871 Housing Choice Vouchers	6 Component Units	2 State/Local	1 Business Activities	14.238 Shelter Plus Care
111	Cash - unrestricted	\$ 102,010	\$ 537,668	\$ 892,321	\$ 73,243	\$ -	\$ 1,606,002	\$ -
112	Cash - restricted - modernization and development	-	-	-	246,049	-	470,682	-
113	Cash - other restricted	-	-	1,684,499	660,137	-	1,197,211	-
114	Cash - tenant security deposits	10,585	25,592	-	24,902	-	189,600	-
115	Cash - restricted for payment of current liabilities	-	-	-	-	-	-	-
100	Total cash	<u>112,595</u>	<u>563,260</u>	<u>2,576,820</u>	<u>1,004,331</u>	<u>-</u>	<u>3,463,495</u>	<u>-</u>
121	Accounts receivable - PHA projects	-	-	3,078	-	-	-	-
122	Accounts receivable - HUD other projects	-	-	-	-	-	-	-
124	Accounts receivable - other government	-	-	-	-	-	-	24,156
125	Accounts receivable - miscellaneous	-	537	1,864	-	-	21,349	-
126	Accounts receivable - tenants - dwelling rents	555	5,598	-	2,535	-	62,365	-
126.1	Allowance for doubtful accounts - dwelling rents	-	-	-	-	-	(19,240)	-
126.2	Allowance for doubtful accounts - other	-	-	-	-	-	-	-
127	Notes, loans and mortgages receivable - current	-	-	-	-	-	-	-
128	Fraud recovery	-	-	-	-	-	-	-
128.1	Allowance for doubtful accounts - fraud recovery	-	-	-	-	-	-	-
129	Accrued interest receivable	-	-	-	-	-	-	-
120	Total receivables, net of allow. for doubtful accounts	<u>555</u>	<u>6,135</u>	<u>4,942</u>	<u>2,535</u>	<u>-</u>	<u>64,474</u>	<u>24,156</u>
131	Investments - unrestricted	-	-	-	-	-	-	-
132	Investments - restricted	-	-	-	-	-	-	-
133	Investments - restricted for payment of current liability	-	-	-	-	-	-	-
142	Prepaid expenses and other assets	1,690	500	3,850	6,546	-	15,341	-
143	Inventories	-	-	-	-	-	-	-
143.1	Allowance for obsolete inventories	-	-	-	-	-	-	-
144	Inter program due from	7,527	-	-	45	1,397	4,987	-
145	Assets held for sale	-	-	-	-	-	-	-
150	Total current assets	<u>122,367</u>	<u>569,895</u>	<u>2,585,612</u>	<u>1,013,457</u>	<u>1,397</u>	<u>3,548,297</u>	<u>24,156</u>
161	Land	10,000	750,000	-	623,867	-	1,737,976	-
162	Buildings	2,466,516	4,512,120	-	17,683,118	-	20,927,774	-
163	Furniture, equipment & machinery - dwellings	164,586	183,660	-	221,239	-	869,042	-
164	Furniture, equipment & machinery - administration	105,138	32,771	193,705	96,811	-	157,031	-
165	Leasehold improvements	634,522	1,602,148	48,925	122,853	-	1,719,131	-
166	Accumulated depreciation	(2,700,993)	(4,165,769)	(235,629)	(2,218,066)	-	(8,616,155)	-
167	Construction in progress	-	9,368	-	9,673,463	-	185,458	-
168	Infrastructure	-	-	-	-	-	-	-
160	Total capital assets, net of accumulated depreciation	<u>679,769</u>	<u>2,924,298</u>	<u>7,001</u>	<u>26,203,285</u>	<u>-</u>	<u>16,980,257</u>	<u>-</u>
171	Notes, loans and mortgages receivable - non-current	-	-	-	-	-	-	-
172	Notes, loans and mortgages receivable - non-current - past due	-	-	-	-	-	-	-
173	Grants receivable - non-current	-	-	-	-	-	-	-
174	Other assets	-	-	-	286,354	-	410,241	-
176	Investments in joint ventures	-	-	-	-	-	-	-
180	Total non-current assets	<u>679,769</u>	<u>2,924,298</u>	<u>7,001</u>	<u>26,489,639</u>	<u>-</u>	<u>17,390,498</u>	<u>-</u>
190	Total assets	<u>\$ 802,136</u>	<u>\$ 3,494,193</u>	<u>\$ 2,592,613</u>	<u>\$ 27,503,096</u>	<u>\$ 1,397</u>	<u>\$ 20,938,795</u>	<u>\$ 24,156</u>

June 30, 2012

14.239 HOME Investment Partnerships Program	14.241 Housing Opportunities for Person with Aids	14.DVP Disaster Voucher Program	97.109 Disaster Housing Assist. Grant	8 Other Federal Program 1	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.191 Multifamily Housing Service Coordinators	COCC	Subtotal	ELIM	Total
\$ -	\$ -	\$ -	\$ 7,309	\$ 39,499	\$ 20,247	\$ -	\$ 1,129,686	\$ 4,407,985	\$ -	\$ 4,407,985
-	-	-	-	-	-	-	61,587	778,318	-	778,318
-	-	-	-	-	2,362	-	134,278	3,678,487	-	3,678,487
-	-	-	-	-	-	-	-	250,679	-	250,679
-	-	-	7,309	39,499	22,609	-	1,325,551	9,115,469	-	9,115,469
-	-	-	-	-	-	-	-	3,078	-	3,078
-	-	4,416	-	2,211	-	12,335	-	18,962	-	18,962
32,005	36,353	-	-	-	-	-	-	92,514	-	92,514
-	-	-	-	-	-	-	59,579	83,329	-	83,329
-	-	-	-	-	-	-	-	71,053	-	71,053
-	-	-	-	-	-	-	-	(19,240)	-	(19,240)
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	13,953	13,953	13,953	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	4,004	4,004	4,004	-
32,005	36,353	4,416	-	2,211	-	12,335	77,536	267,653	17,957	249,696
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	60,684	88,611	-	88,611
-	-	-	-	-	-	-	1,743	1,743	-	1,743
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	832,065	846,021	608,931	237,090
32,005	36,353	4,416	7,309	41,710	22,609	12,335	2,297,579	10,319,497	626,888	9,692,609
-	-	-	-	-	-	-	267,563	3,389,406	-	3,389,406
-	-	-	-	-	-	-	1,175,899	46,765,427	-	46,765,427
-	-	-	-	-	-	-	-	1,438,527	-	1,438,527
-	-	-	-	2,358	3,538	-	331,044	922,396	-	922,396
-	-	-	-	642	962	-	133,980	4,263,163	-	4,263,163
-	-	-	-	(3,000)	(4,500)	-	(804,839)	(18,748,951)	-	(18,748,951)
-	-	-	-	-	-	-	-	9,868,289	-	9,868,289
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	1,103,647	47,898,257	-	47,898,257
-	-	-	-	-	-	-	122,586	122,586	122,586	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	85,548	782,143	-	782,143
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	1,311,781	48,802,986	122,586	48,680,400
\$ 32,005	\$ 36,353	\$ 4,416	\$ 7,309	\$ 41,710	\$ 22,609	\$ 12,335	\$ 3,609,360	\$ 59,122,483	\$ 749,474	\$ 58,373,009

Spokane Housing Authority

Financial Data Schedules (continued)

Line Item #	Account description	Parson's Apartments WA055000001	Low Rent Scattered Sites WA055000002	14.871 Housing Choice Vouchers	6 Component Units	2 State/Local	1 Business Activities	14.238 Shelter Plus Care
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts payable less than 90 days	5,282	1,639	2,620	494,572	-	120,501	629
313	Accounts payable greater than 90 days	-	-	-	-	-	-	-
321	Accrued wages / payroll taxes payable	-	-	-	-	-	-	-
322	Accrued compensated absences - current portion	53	81	4,585	-	-	-	-
324	Accrued contingency liability	-	-	-	-	-	-	-
325	Accrued interest payable	-	-	-	19,586	-	228,349	-
331	Accounts payable - HUD PHA programs	-	-	23,929	-	-	-	-
332	Accounts payable - PHA projects	-	-	-	-	-	-	-
333	Accounts payable - other government	-	-	-	-	-	-	-
341	Tenant security deposits	10,585	25,592	-	24,902	-	189,600	-
342	Deferred revenues	2,310	3,597	-	1,044	1,397	33,937	-
343	Current portion of long-term debt - capital projects/mortgage revenue bonds	-	-	-	5,239,657	-	405,135	-
344	Current portion of long-term debt - op. borrowings	-	-	-	-	-	13,953	-
345	Other current liabilities	513	92,556	-	723,915	-	36,427	-
346	Accrued liabilities - other	-	-	-	-	-	-	-
347	Inter program - due to	12,126	25,026	60,995	46,791	-	231,035	37,245
348	Loan liability - current	-	-	-	-	-	-	-
310	Total current liabilities	<u>30,869</u>	<u>148,491</u>	<u>92,129</u>	<u>6,550,467</u>	<u>1,397</u>	<u>1,258,937</u>	<u>37,874</u>
	Long-term debt, net of current - capital projects/mortgage revenue bonds	-	-	-	6,542,009	-	21,238,272	-
352	Long-term debt, net of current - operating borrowings	-	-	-	-	-	122,586	-
353	Non-current liabilities - other	-	-	-	91,630	-	1,027,090	-
354	Accrued compensated absences - non-current	3,526	5,288	51,375	-	-	-	-
355	Loan liability - non-current	-	-	-	-	-	-	-
356	FASB 5 liabilities	-	-	-	-	-	-	-
357	Accrued pension and OPEB liabilities	-	-	-	-	-	-	-
350	Total non-current liabilities	<u>3,526</u>	<u>5,288</u>	<u>51,375</u>	<u>6,633,639</u>	<u>-</u>	<u>22,387,948</u>	<u>-</u>
300	Total liabilities	<u>34,395</u>	<u>153,779</u>	<u>143,504</u>	<u>13,184,106</u>	<u>1,397</u>	<u>23,646,885</u>	<u>37,874</u>
508.1	Invested in capital assets, net of related debt	679,769	2,924,298	7,001	14,421,619	-	(4,663,150)	-
509.2	Fund balance reserved	-	-	-	-	-	-	-
511.2	Unreserved, designated fund balance	-	-	-	-	-	-	-
511.1	Restricted net assets	-	-	1,684,499	906,186	-	1,667,893	-
512.1	Unrestricted net assets	87,972	416,116	757,609	(1,008,815)	-	287,167	(13,718)
512.2	Unreserved, undesignated fund balance	-	-	-	-	-	-	-
513	Total equity/net assets	<u>767,741</u>	<u>3,340,414</u>	<u>2,449,109</u>	<u>14,318,990</u>	<u>-</u>	<u>(2,708,090)</u>	<u>(13,718)</u>
600	Total liabilities and equity/net assets	<u>\$ 802,136</u>	<u>\$ 3,494,193</u>	<u>\$ 2,592,613</u>	<u>\$ 27,503,096</u>	<u>\$ 1,397</u>	<u>\$ 20,938,795</u>	<u>\$ 24,156</u>

June 30, 2012

14.239 HOME Investment Partnerships Program	14.241 Housing Opportunities for Person with Aids	14.DVP Disaster Voucher Program	97.109 Disaster Housing Assist. Grant	8 Other Federal Program 1	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.191 Multifamily Housing Service Coordinators	COCC	Subtotal	ELIM	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	3,134	18,274	646,651	-	646,651
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	138,841	138,841	-	138,841
-	-	-	-	-	-	-	16,215	20,934	-	20,934
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	1,315	249,250	-	249,250
-	-	-	-	-	1,426	-	-	25,355	-	25,355
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	250,679	-	250,679
-	-	-	-	-	-	-	-	42,285	-	42,285
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	18,801	5,663,593	-	5,663,593
-	-	-	-	-	-	-	-	13,953	13,953	-
-	-	-	-	-	-	-	4,524	857,935	-	857,935
-	-	-	-	-	-	-	31,135	31,135	-	31,135
52,985	33,117	4,659	-	266	-	8,998	271,444	784,687	608,931	175,756
-	-	-	-	-	-	-	-	-	-	-
52,985	33,117	4,659	-	266	1,426	12,132	500,549	8,725,298	622,884	8,102,414
-	-	-	-	-	-	-	-	509,902	28,290,183	-
-	-	-	-	-	-	-	-	-	122,586	122,586
-	-	-	-	-	-	-	-	-	1,118,720	4,004
-	-	-	-	-	-	-	-	130,611	190,800	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	640,513	29,722,289	126,590
-	-	-	-	-	-	-	-	-	-	29,595,699
52,985	33,117	4,659	-	266	1,426	12,132	1,141,062	38,447,587	749,474	37,698,113
-	-	-	-	-	-	-	-	574,944	13,944,481	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	2,362	-	195,865	4,456,805	-	4,456,805
(20,980)	3,236	(243)	7,309	41,444	18,821	203	1,697,489	2,273,610	-	2,273,610
-	-	-	-	-	-	-	-	-	-	-
(20,980)	3,236	(243)	7,309	41,444	21,183	203	2,468,298	20,674,896	-	20,674,896
\$ 32,005	\$ 36,353	\$ 4,416	\$ 7,309	\$ 41,710	\$ 22,609	\$ 12,335	\$ 3,609,360	\$ 59,122,483	\$ 749,474	\$ 58,373,009

Spokane Housing Authority

Financial Data Schedules (continued)

Line Item #	Account description	Parson's Apartments WA055000001	Low Rent Scattered Sites WA055000002	14.871 Housing Choice Vouchers	6 Component Units	2 State/Local	1 Business Activities	14.238 Shelter Plus Care
70300	Net tenant rental revenue	\$ 113,253	\$ 178,221	\$ -	\$ 478,024	\$ -	\$ 3,542,684	\$ -
70400	Tenant revenue - other	4,620	9,761	-	25,114	-	158,935	-
70500	Total tenant revenue	<u>117,873</u>	<u>187,982</u>	<u>-</u>	<u>503,138</u>	<u>-</u>	<u>3,701,619</u>	<u>-</u>
70600	HUD PHA operating grants	97,775	212,369	26,054,656	-	-	158,334	-
70610	Capital grants	20,026	23,249	-	-	-	-	-
70710	Management fee	-	-	-	-	-	-	-
70720	Asset management fee	-	-	-	-	-	-	-
70730	Bookkeeping fee	-	-	-	-	-	-	-
70740	Front line service fee	-	-	-	-	-	-	-
70750	Other fees	-	-	-	-	-	-	-
70700	Total fee revenue	<u>117,801</u>	<u>235,618</u>	<u>26,054,656</u>	<u>-</u>	<u>-</u>	<u>158,334</u>	<u>-</u>
70800	Other government grants	-	-	-	-	9,675	-	128,147
71100	Investment income - unrestricted	383	2,255	3,207	784	-	8,634	-
71200	Mortgage interest income	-	-	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-	-	-
71310	Cost of sale of assets	-	-	-	-	-	-	-
71400	Fraud recovery	-	-	90,862	-	-	-	-
71500	Other revenue	16,019	147	152,776	125	-	54,631	-
71600	Gain or loss on sale of capital assets	-	-	-	-	-	(912)	-
72000	Investment income - restricted	-	-	7,068	-	-	-	-
70000	Total revenue	<u>\$ 252,076</u>	<u>\$ 426,002</u>	<u>\$ 26,308,569</u>	<u>\$ 504,047</u>	<u>\$ 9,675</u>	<u>\$ 3,922,306</u>	<u>\$ 128,147</u>

June 30, 2012

14.239 HOME Investment Partnerships Program	14.241 Housing Opportunities for Person with Aids	14.DVP Disaster Voucher Program	97.109 Disaster Housing Assist. Grant	8 Other Federal Program 1	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.191 Multifamily Housing Service Coordinators	COCC	Subtotal	ELIM	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,312,182	\$ -	\$ 4,312,182
-	-	-	-	-	-	-	-	198,430	-	198,430
-	-	-	-	-	-	-	-	4,510,612	-	4,510,612
-	-	4,416	-	287,248	111,611	12,335	-	26,938,744	-	26,938,744
-	-	-	-	-	-	-	-	43,275	-	43,275
-	-	-	-	-	-	-	1,043,293	1,043,293	864,051	179,242
-	-	-	-	-	-	-	15,000	15,000	15,000	-
-	-	-	-	-	-	-	439,058	439,058	439,058	-
-	-	-	-	-	-	-	29,183	29,183	14,310	14,873
-	-	-	-	-	-	-	222,500	222,500	-	222,500
-	-	4,416	-	287,248	111,611	12,335	1,749,034	28,731,053	1,332,419	27,398,634
456,266	319,845	-	-	-	-	-	2,407	916,340	-	916,340
-	-	-	-	167	82	-	7,595	23,107	4,086	19,021
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	90,862	-	90,862
-	-	-	-	-	-	-	178,535	402,233	-	402,233
-	-	-	-	-	-	-	-	(912)	-	(912)
-	-	-	-	-	-	-	-	7,068	-	7,068
\$ 456,266	\$ 319,845	\$ 4,416	\$ -	\$ 287,415	\$ 111,693	\$ 12,335	\$ 1,937,571	\$ 34,680,363	#####	\$ 33,343,858

Spokane Housing Authority

Financial Data Schedules (continued)

Line Item #	Account description	Parson's Apartments WA055000001	Low Rent Scattered Sites WA055000002	14.871 Housing Choice Vouchers	6 Component Units	2 State/Local	1 Business Activities	14.238 Shelter Plus Care
91100	Administrative salaries	\$ 35,106	\$ 47,663	\$ 919,884	\$ 37,247	\$ -	\$ 200,869	\$ 4,656
91200	Auditing fees	2,450	3,665	16,239	17,100	-	2,050	-
91300	Management fee	29,083	42,895	673,788	36,749	797	226,131	-
91310	Bookkeeping fee	4,403	6,608	421,117	-	-	-	-
91400	Advertising and marketing	225	-	-	21,574	-	45,807	-
91500	Employee benefit contributions - administrative	12,955	18,382	336,111	13,750	-	83,392	1,667
91600	Office expenses	9,238	9,686	53,485	17,964	-	49,692	22
91700	Legal expense	145	4,783	14,024	622	-	15,568	-
91800	Travel	1,224	1,278	2,888	-	-	-	-
91810	Allocated overhead	-	-	-	-	-	-	5,597
91900	Other	576	2,518	-	3,624	8,878	13,890	-
91000	Total operating - administrative	95,405	137,478	2,437,536	148,630	9,675	637,399	11,942
92000	Asset management fee	6,000	9,000	-	-	-	-	-
92100	Tenant services - salaries	-	-	-	-	-	-	-
92200	Relocation costs	-	-	-	-	-	-	-
92300	Employee benefit contributions - tenant services	-	-	-	-	-	-	-
92400	Tenant services - other	879	160	-	319	-	3,815	-
92500	Total tenant services	6,879	9,160	-	319	-	3,815	-
93100	Water	3,278	19,016	-	4,007	-	84,547	-
93200	Electricity	18,457	2,252	-	34,244	-	166,771	-
93300	Gas	6,806	175	-	14,562	-	24,027	-
93400	Fuel	-	-	-	-	-	-	-
93500	Labor	-	-	-	-	-	-	-
93600	Sewer	29,071	40,968	-	47,470	-	281,611	-
93700	Employee benefit contributions - utilities	-	-	-	-	-	-	-
93800	Other utilities expense	1,224	-	-	2,086	-	4,258	-
93000	Total utilities	58,836	62,411	-	102,369	-	561,214	-
94100	Ordinary maint. and operations - labor	31,005	55,915	-	37,193	-	241,330	-
94200	Ordinary maint. and operations - materials and other	5,158	43,223	13,582	9,532	-	94,148	13
94300	Ordinary maint. and operations contracts	38,119	80,735	303,969	46,329	-	415,487	540
94500	Employee benefit contributions - ordinary maint.	11,442	21,564	-	13,777	-	98,045	-
94000	Total maintenance	85,724	201,437	317,551	106,831	-	849,010	553
95100	Protective services - labor	-	-	-	-	-	-	-
95200	Protective services - other contract costs	422	173	-	2,276	-	11,678	-
95300	Protective services - other	-	-	-	-	-	-	-
95500	Employee benefit contributions - protective services	-	-	-	-	-	-	-
95000	Total protective services	422	173	-	2,276	-	11,678	-
96110	Property insurance	4,478	11,798	-	10,414	-	42,674	-
96120	Liability insurance	509	735	-	3,471	-	5,379	-
96130	Workmen's compensation	-	-	-	-	-	-	-
96140	All other insurance	1,116	2,799	13,430	4,684	-	4,653	-
96100	Total insurance premiums	6,103	15,332	13,430	18,569	-	52,706	-

June 30, 2012

14.239 HOME Investment Partnerships Program	14.241 Housing Opportunities for Person with Aids	14.DVP Disaster Voucher Program	97.109 Disaster Housing Assist. Grant	8 Other Federal Program 1	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.191 Multifamily Housing Service Coordinators	COCC	Subtotal	ELIM	Total
\$ 7,170	\$ 7,268	\$ -	\$ -	\$ 4,222	\$ 2,374	\$ 135	\$ 951,328	\$ 2,217,922	\$ -	\$ 2,217,922
-	-	-	-	-	-	-	20,363	61,867	-	61,867
-	-	-	-	7,488	3,600	-	-	1,020,531	864,051	156,480
-	-	-	-	4,680	2,250	-	-	439,058	439,058	-
-	-	-	-	-	-	-	-	67,606	-	67,606
2,803	2,811	-	-	1,448	825	50	277,792	751,986	-	751,986
-	90	-	-	17,436	8,624	800	175,811	342,848	-	342,848
-	-	-	-	-	-	-	8,023	43,165	-	43,165
-	-	-	-	-	-	-	29,850	35,240	-	35,240
13,628	13,162	-	-	-	-	-	(32,386)	1	-	1
-	30	-	-	-	-	-	-	29,516	-	29,516
23,601	23,361	-	-	35,274	17,673	985	1,430,781	5,009,740	1,303,109	3,706,631
-	-	-	-	-	-	-	-	15,000	15,000	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	5,173	-	5,173
-	-	-	-	-	-	-	-	20,173	15,000	5,173
-	-	-	-	-	-	-	-	110,848	-	110,848
-	-	-	-	-	-	-	-	221,724	-	221,724
-	-	-	-	-	-	-	-	45,570	-	45,570
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	399,120	-	399,120
-	-	-	-	-	-	-	-	7,568	-	7,568
-	-	-	-	-	-	-	-	784,830	-	784,830
-	-	-	-	-	-	-	71,533	436,976	-	436,976
15	43	-	-	-	1	-	4,941	170,656	-	170,656
230	60	-	-	-	-	11,147	122,093	1,018,709	14,310	1,004,399
-	-	-	-	-	-	-	20,534	165,362	-	165,362
245	103	-	-	-	1	11,147	219,101	1,791,703	14,310	1,777,393
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	14,549	-	14,549
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	14,549	-	14,549
-	-	-	-	-	-	-	1,952	71,316	-	71,316
-	-	-	-	-	-	-	54	10,148	-	10,148
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	6,103	32,785	-	32,785
-	-	-	-	-	-	-	8,109	114,249	-	114,249

Spokane Housing Authority

Financial Data Schedules (continued)

Line Item #	Account description	Parson's Apartments WA055000001	Low Rent Scattered Sites WA055000002	14.871 Housing Choice Vouchers	6 Component Units	2 State/Local	1 Business Activities	14.238 Shelter Plus Care
96200	Other general expenses	\$ -	\$ -	\$ 50,341	\$ 34,618	\$ -	\$ 15,469	\$ -
96210	Compensated absences	-	-	-	-	-	-	-
96300	Payments in lieu of taxes	968	8,612	-	-	-	4,358	-
96400	Bad debt - tenant rents	(13)	1,101	-	21,844	(13)	66,438	-
96500	Bad debt - mortgages	-	-	-	-	-	-	-
96600	Bad debt - other	-	-	-	-	-	-	-
96800	Severance expense	-	-	-	-	-	-	-
96000	Total other general expenses	955	9,713	50,341	56,462	-	86,265	-
96710	Interest of mortgage (or bonds) payable	-	-	-	16,504	-	1,052,112	-
96720	Interest on notes payable (short and long-term)	-	-	-	-	-	4,086	-
96730	Amortization of bond issue costs	-	-	-	24,131	-	25,716	-
96700	Total interest expense and amortization cost	-	-	-	40,635	-	1,081,914	-
96900	Total operating expenses	254,324	435,704	2,818,858	476,091	9,675	3,284,001	12,495
97000	Excess of operating revenue over operating expenses	(2,248)	(9,702)	23,489,711	27,956	-	638,305	115,652
97100	Extraordinary maintenance	-	9,926	-	-	-	66,627	-
97200	Casualty losses - non-capitalized	-	-	-	-	-	-	-
97300	Housing assistance payments	-	-	24,773,761	-	-	-	122,163
97350	HAP portability-in	-	-	141,111	-	-	-	-
97400	Deprecation expense	45,649	279,407	3,404	696,049	-	958,239	-
97500	Fraud losses	-	-	-	-	-	-	-
97600	Capital outlays - governmental funds	-	-	-	-	-	-	-
97700	Debt principal payment - governmental funds	-	-	-	-	-	-	-
97800	Dwelling units rent expense	-	-	-	-	-	-	-
90000	Total expenses	299,973	725,037	27,737,134	1,172,140	9,675	4,308,867	134,658
10010	Operating transfer in	20,026	23,249	-	-	-	-	-
10020	Operating transfer out	(20,026)	(23,249)	-	-	-	-	-
10030	Operating transfers from/to primary government	-	-	-	200,000	-	-	-
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	21,908	-	-	-	-	-	-
10092	Inter project excess cash transfer out	-	(21,908)	-	-	-	-	-
10093	Transfers between program and project - in	-	-	-	-	-	-	-
10094	Transfers between program and project - out	-	-	-	-	-	-	-
10100	Total other financing sources (uses)	21,908	(21,908)	-	200,000	-	-	-
10000	total expenses	\$ (25,989)	\$ (320,943)	\$ (1,428,565)	\$ (468,093)	\$ -	\$ (386,561)	\$ (6,511)

June 30, 2012

14.239 HOME Investment Partnerships Program	14.241 Housing Opportunities for Person with Aids	14.DVP Disaster Voucher Program	97.109 Disaster Housing Assist. Grant	8 Other Federal Program 1	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.191 Multifamily Housing Service Coordinators	COCC	Subtotal	ELIM	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 124,815	\$ 225,243	-	\$ 225,243
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	13,938	-	13,938
-	-	-	-	-	-	-	-	89,370	-	89,370
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	124,815	328,551	-	328,551
-	-	-	-	-	-	-	24,054	1,092,670	-	1,092,670
-	-	-	-	-	-	-	-	4,086	4,086	-
-	-	-	-	-	-	-	-	49,847	-	49,847
-	-	-	-	-	-	-	24,054	1,146,603	4,086	1,142,517
23,846	23,464	-	-	35,274	17,674	12,132	1,806,860	9,210,398	1,336,505	7,873,893
432,420	296,381	4,416	-	252,141	94,019	203	130,711	25,469,965	-	25,469,965
-	-	-	-	-	-	-	-	76,553	-	76,553
-	-	-	-	-	-	-	-	-	-	-
432,871	296,129	-	-	246,744	92,138	-	-	25,963,806	-	25,963,806
-	-	-	-	-	-	-	-	141,111	-	141,111
-	-	-	-	-	-	-	89,881	2,072,629	-	2,072,629
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
456,717	319,593	-	-	282,018	109,812	12,132	1,896,741	37,464,497	1,336,505	36,127,992
-	-	-	-	-	-	-	-	43,275	43,275	-
-	-	-	-	-	-	-	-	(43,275)	(43,275)	-
-	-	-	-	-	-	-	-	200,000	-	200,000
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	21,908	21,908	-
-	-	-	-	-	-	-	-	(21,908)	(21,908)	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	200,000	-	200,000
\$ (451)	\$ 252	\$ 4,416	\$ -	\$ 5,397	\$ 1,881	\$ 203	\$ 40,830	\$ (2,584,134)	\$ -	\$ (2,584,134)

Spokane Housing Authority

Financial Data Schedules (continued)

Line Item #	Account description	Parson's Apartments WA055000001	Low Rent Scattered Sites WA055000002	14.871 Housing Choice Vouchers	6 Component Units	2 State/ Local	1 Business Activities	14.238 Shelter Plus Care
11020	Required annual debt principal payments	\$ -	\$ -	\$ -	\$ 50,000	\$ -	\$ 390,150	\$ -
11030	Beginning equity	793,730	3,661,357	3,877,674	14,813,083	-	(2,331,024)	(7,207)
11040	Prior period adjustments, equity transfers & corrections	-	-	-	(26,000)	-	9,495	-
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 allow. for doubtful accounts - dwelling rents	-	-	-	-	-	-	-
11100	Changes in allowance for doubtful accounts - other	-	-	-	-	-	-	-
11170	Administrative fee equity	-	-	764,610	-	-	-	-
11180	Housing assistance payments equity	-	-	1,684,499	-	-	-	-
11190	Unit months available	600	900	57,012	1,020	-	7,272	340
11210	Number of unit months leased	587	881	55,077	927	-	6,588	324
11270	Excess cash	68,800	384,811	-	-	-	-	-
11610	Land purchases	-	-	-	-	-	-	-
11620	Building purchases	18,395	-	-	-	-	-	-
11630	Furniture and equipment - dwelling purchases	338	7,013	-	-	-	-	-
11640	Furniture and equipment - administrative purchases	-	-	-	-	-	-	-
11650	Leasehold improvements purchases	5,061	119,535	-	-	-	-	-
11660	Infrastructure purchases	-	-	-	-	-	-	-
13510	CFFP debt service payments	-	-	-	-	-	-	-
13901	Replacement housing factor funds	-	-	-	-	-	-	-

Actual Modernization Cost Certificate

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

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

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

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

Do not send this form to the above address.

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

HA Name: Spokane Housing Authority	Modernization Project Number: WA19PO55501-10
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The HA hereby certifies to the Department of Housing and Urban Development as follows:

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

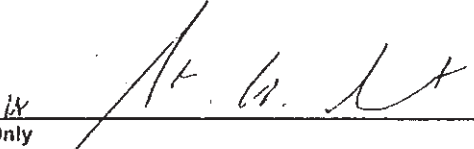
A. Original Funds Approved	\$ 197,758.00
B. Funds Disbursed	\$ 197,758.00
C. Funds Expended (Actual Modernization Cost)	\$ 197,758.00
D. Amount to be Recaptured (A-C)	\$
E. Excess of Funds Disbursed (B-C)	\$

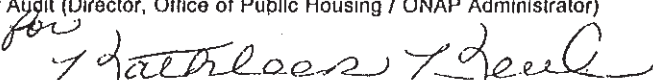
- That all modernization work in connection with the Modernization Grant has been completed;
- That the entire Actual Modernization Cost or liabilities therefor incurred by the HA have been fully paid;
- That there are no undischarged mechanics', laborers', contractors', or material-men's liens against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

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

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

Signature of Executive Director & Date:

X
 3/5/2012
 For HUD Use Only

The Cost Certificate is approved for audit:
 Approved for Audit (Director, Office of Public Housing / ONAP Administrator)
 X  Date: 3/28/12

The audited costs agree with the costs shown above:
 Verified: (Designated HUD Official)
 X

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

Spokane Housing Authority

Combining Statement of Net Assets

	Section 8	Parsons Apartments	Scattered Sites	Court View Apartments	Sharon Lord	Newark Apartments	Woodhaven	Valley 206
Assets								
<i>Current Assets:</i>								
Cash - unrestricted	\$ 959,376	\$ 102,010	\$ 537,668	\$ 97,030	\$ 13,933	\$ 47,242	\$ 186,029	\$ 378,158
Receivables, net of allowance	11,569	555	6,135	-	1,479	-	5,011	25,844
Prepays and other assets	3,850	1,690	500	-	-	-	-	8,143
Inventories, net	-	-	-	-	-	-	-	-
Interprogram due from	-	7,527	-	-	-	-	-	140
	<u>974,795</u>	<u>111,782</u>	<u>544,303</u>	<u>97,030</u>	<u>15,412</u>	<u>47,242</u>	<u>191,040</u>	<u>412,285</u>
<i>Restricted Assets:</i>								
Cash - other restricted	1,686,861	-	-	-	-	-	-	-
Cash - tenant security deposits	-	10,585	25,592	3,525	900	-	28,510	69,852
	<u>1,686,861</u>	<u>10,585</u>	<u>25,592</u>	<u>3,525</u>	<u>900</u>	<u>-</u>	<u>28,510</u>	<u>69,852</u>
Total current assets	<u>2,661,656</u>	<u>122,367</u>	<u>569,895</u>	<u>100,555</u>	<u>16,312</u>	<u>47,242</u>	<u>219,550</u>	<u>482,137</u>
<i>Noncurrent Assets:</i>								
Restricted cash & cash equivalents	-	-	-	-	-	-	300,251	558,898
<i>Capital assets:</i>								
Land	-	10,000	750,000	38,000	-	20,000	307,900	620,000
Buildings	-	2,466,516	4,512,120	289,137	378,240	127,901	1,920,025	8,819,358
Furniture, equipment and machinery - dwellings	-	164,586	183,660	35,968	5,180	4,275	53,420	463,175
Furniture, equipment and machinery - administration	199,601	105,138	32,771	3,805	-	-	27,309	40,133
Leasehold improvements	50,529	634,522	1,602,148	85,556	11,740	69,387	297,376	670,421
Construction in progress	-	-	9,368	-	-	-	-	-
Accumulated depreciation	(243,129)	(2,700,993)	(4,165,769)	(336,900)	(142,231)	(145,841)	(727,901)	(4,632,158)
Other noncurrent assets	-	-	-	-	-	-	62,350	224,637
Total noncurrent assets	<u>7,001</u>	<u>679,769</u>	<u>2,924,298</u>	<u>115,566</u>	<u>252,929</u>	<u>75,722</u>	<u>2,240,730</u>	<u>6,764,464</u>
Total assets	<u>\$2,668,657</u>	<u>\$ 802,136</u>	<u>\$3,494,193</u>	<u>\$ 216,121</u>	<u>\$269,241</u>	<u>\$ 122,964</u>	<u>\$2,460,280</u>	<u>\$ 7,246,601</u>

June 30, 2012

Cedar West	Hifumi En	McDonald Manor	Heritage Heights	Westfall Village	Grants	Central Office Cost Center	Subtotal	Eliminating Entries	Total
\$ 107,979	\$ 95,611	\$ 10,653	\$ 265,614	\$ 403,753	\$ -	\$ 1,129,686	\$ 4,334,742	\$ -	\$ 4,334,742
7,499	1,210	461	7,107	15,863	104,849	77,536	265,118	(17,957)	247,161
-	-	-	2,759	4,439	-	60,684	82,065	-	82,065
-	-	-	-	-	-	1,743	1,743	-	1,743
9	-	-	-	4,838	1,397	832,065	845,976	(608,931)	237,045
<u>115,487</u>	<u>96,821</u>	<u>11,114</u>	<u>275,480</u>	<u>428,893</u>	<u>106,246</u>	<u>2,101,714</u>	<u>5,529,644</u>	<u>(626,888)</u>	<u>4,902,756</u>
-	-	-	81,177	389,505	-	61,587	2,219,130	-	2,219,130
<u>27,780</u>	<u>6,926</u>	<u>6,075</u>	<u>15,320</u>	<u>30,712</u>	<u>-</u>	<u>-</u>	<u>225,777</u>	<u>-</u>	<u>225,777</u>
<u>27,780</u>	<u>6,926</u>	<u>6,075</u>	<u>96,497</u>	<u>420,217</u>	<u>-</u>	<u>61,587</u>	<u>2,444,907</u>	<u>-</u>	<u>2,444,907</u>
<u>143,267</u>	<u>103,747</u>	<u>17,189</u>	<u>371,977</u>	<u>849,110</u>	<u>106,246</u>	<u>2,163,301</u>	<u>7,974,551</u>	<u>(626,888)</u>	<u>7,347,663</u>
338,062	-	-	-	-	-	134,278	1,331,489	-	1,331,489
250,200	50,000	49,000	112,157	290,719	-	267,563	2,765,539	-	2,765,539
2,917,895	1,395,820	702,422	1,590,791	2,786,185	-	1,175,899	29,082,309	-	29,082,309
190,321	49,853	8,063	6,760	52,027	-	-	1,217,288	-	1,217,288
3,851	42,784	-	22,065	17,084	-	331,044	825,585	-	825,585
180,061	51,673	65,097	78,559	209,261	-	133,980	4,140,310	-	4,140,310
-	-	-	155,139	30,319	-	-	194,826	-	194,826
(1,641,286)	(532,459)	(230,010)	(81,534)	(145,835)	-	(804,839)	(16,530,885)	-	(16,530,885)
-	-	7,630	57,837	57,787	-	208,134	618,375	(122,586)	495,789
<u>2,239,104</u>	<u>1,057,671</u>	<u>602,202</u>	<u>1,941,774</u>	<u>3,297,547</u>	<u>-</u>	<u>1,446,059</u>	<u>23,644,836</u>	<u>(122,586)</u>	<u>23,522,250</u>
<u>\$2,382,371</u>	<u>\$1,161,418</u>	<u>\$ 619,391</u>	<u>\$2,313,751</u>	<u>\$4,146,657</u>	<u>\$ 106,246</u>	<u>\$3,609,360</u>	<u>\$31,619,387</u>	<u>\$ (749,474)</u>	<u>\$ 30,869,913</u>

Spokane Housing Authority

Combining Statement of Net Assets (continued)

	Section 8	Parsons Apartments	Scattered Sites	Court View Apartments	Sharon Lord	Newark Apartments	Woodhaven	Valley 206
Liabilities and Net Assets								
<i>Current Liabilities:</i>								
Accounts payable	\$ 2,620	\$ 5,282	\$ 1,639	\$ 1,136	\$ 291	\$ 306	\$ 3,903	\$ 66,421
Accounts payable - other govt.	25,355	-	-	-	-	-	-	-
Tenant security deposits	-	10,585	25,592	3,525	900	-	28,510	69,852
Accrued wages & payroll taxes	-	-	-	-	-	-	-	-
Accrued compensated absences, current portion	4,585	53	81	-	-	-	-	-
Accrued interest payable	-	-	-	-	-	-	78,310	32,288
Deferred revenue	-	2,310	3,597	5	26	-	5,978	12,004
Current liabilities - other	-	513	92,556	16	1,497	30	880	5,297
Current portion long-term debt	-	-	-	-	-	-	63,244	169,932
Interprogram due to	65,920	12,126	25,026	1,735	3,203	888	7,570	105,849
Total current liabilities	98,480	30,869	148,491	6,417	5,917	1,224	188,395	461,643
<i>Noncurrent Liabilities:</i>								
Long-term debt, net of current - capital projects	-	-	-	140,000	-	152,000	2,507,514	8,258,400
Accrued compensated absences, net of current	51,375	3,526	5,288	-	-	-	-	-
Noncurrent liabilities - other	-	-	-	-	-	-	-	-
Total noncurrent liabilities	51,375	3,526	5,288	140,000	-	152,000	2,507,514	8,258,400
Total liabilities	\$ 149,855	\$ 34,395	\$ 153,779	\$ 146,417	\$ 5,917	\$ 153,224	\$2,695,909	\$ 8,720,043
<i>Net Assets:</i>								
Invested in capital assets. net of related debt	7,001	679,769	2,924,298	(24,434)	252,929	(76,278)	(692,629)	(2,447,403)
Restricted net assets:								
Housing assistance payments	1,686,861	-	-	-	-	-	-	-
Debt service reserves	-	-	-	-	-	-	300,251	558,898
Project reserves	-	-	-	-	-	-	-	-
Replacement reserves	-	-	-	-	-	-	-	-
Operating reserves	-	-	-	-	-	-	-	-
Services reserves	-	-	-	-	-	-	-	-
Unrestricted net assets	824,940	87,972	416,116	94,138	10,395	46,018	156,749	415,063
Total net assets	\$2,518,802	\$ 767,741	\$3,340,414	\$ 69,704	\$263,324	\$ (30,260)	\$ (235,629)	\$(1,473,442)

June 30, 2012

Cedar West	Hifumi En	McDonald Manor	Heritage Heights	Westfall Village	Grants	Central Office Cost Center	Subtotal	Eliminating Entries	Total
\$ 7,689	\$ 16,933	\$ 4,026	\$ 8,221	\$ 11,575	\$ 3,763	\$ 18,274	\$ 152,079	\$ -	\$ 152,079
-	-	-	-	-	-	-	25,355	-	25,355
27,780	6,926	6,075	15,320	30,712	-	-	225,777	-	225,777
-	-	-	-	-	-	138,841	138,841	-	138,841
-	-	-	-	-	-	16,215	20,934	-	20,934
63,512	-	-	19,242	34,997	-	1,315	229,664	-	229,664
5,782	293	2,992	1,513	5,344	1,397	-	41,241	-	41,241
528	103	1,352	15,599	11,125	-	35,659	165,155	-	165,155
86,641	22,155	18,715	20,718	37,683	-	18,801	437,889	(13,953)	423,936
19,484	59,558	9,808	10,078	12,862	132,345	271,444	737,896	(608,931)	128,965
211,416	105,968	42,968	90,691	144,298	137,505	500,549	2,174,831	(622,884)	1,551,947
2,758,273	1,532,879	660,453	1,903,309	3,448,030	-	509,902	21,870,760	(122,586)	21,748,174
-	-	-	-	-	-	130,611	190,800	-	190,800
3,984	-	20	372,031	651,055	-	-	1,027,090	(4,004)	1,023,086
2,762,257	1,532,879	660,473	2,275,340	4,099,085	-	640,513	23,088,650	(126,590)	22,962,060
\$2,973,673	\$1,638,847	\$ 703,441	\$2,366,031	\$4,243,383	\$ 137,505	\$1,141,062	\$25,263,481	\$ (749,474)	\$ 24,514,007
(844,572)	(470,802)	(73,918)	(40,090)	(245,953)	-	574,944	(477,138)	-	(477,138)
-	-	-	-	-	-	-	1,686,861	-	1,686,861
338,062	-	-	-	-	-	-	1,197,211	-	1,197,211
-	-	-	81,177	389,505	-	195,865	666,547	-	666,547
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
(84,792)	(6,627)	(10,132)	(93,367)	(240,278)	(31,259)	1,697,489	3,282,425	-	3,282,425
\$ (591,302)	\$ (477,429)	\$ (84,050)	\$ (52,280)	\$ (96,726)	\$ (31,259)	\$2,468,298	\$ 6,355,906	\$ -	\$ 6,355,906

Spokane Housing Authority

Combining Statement of Revenues, Expenses, and Changes in Net Assets

	Section 8	Parsons Apartments	Scattered Sites	Court View Apartments	Sharon Lord	Newark Apartments	Woodhaven	Valley 206
Operating Revenue:								
Tenant revenue	\$ -	\$ 113,253	\$ 178,221	\$ 58,618	\$ 29,761	\$ 38,016	\$ 566,519	\$ 1,209,368
HUD operating subsidy	26,457,931	97,775	212,369	-	-	-	-	-
Other governmental grants	-	-	-	-	-	-	-	-
Other tenant revenue	-	4,620	9,761	2,760	1,487	-	28,719	61,671
Other revenue	243,638	16,019	147	-	-	-	-	463
Total operating revenue	26,701,569	231,667	400,498	61,378	31,248	38,016	595,238	1,271,502
Operating Expenses:								
Administrative:								
Administrative wages	926,480	35,106	47,663	8,338	2,084	4,169	20,848	55,795
Auditing Fees	16,239	2,450	3,665	-	-	-	-	-
Employee benefit contributions	338,384	12,955	18,382	3,424	860	1,733	8,106	20,505
Management & bookkeeping fees	1,112,923	39,486	58,503	7,338	2,192	5,347	48,714	39,451
Other operating - administrative	96,457	11,408	18,265	1,837	882	1,001	19,529	42,220
Tenant services	-	879	160	10	1,886	5	11	1,130
	2,490,483	102,284	146,638	20,947	7,904	12,255	97,208	159,101
Utilities:								
Electricity	-	18,457	2,252	1,592	105	5,931	22,626	43,597
Other utilities expense	-	8,030	175	-	-	-	5,774	12,697
Sewer	-	29,071	40,968	8,110	2,360	3,526	25,905	72,664
Water	-	3,278	19,016	852	718	691	15,875	38,545
	-	58,836	62,411	10,554	3,183	10,148	70,180	167,503
Ordinary maintenance and operations:								
Contract costs	303,969	38,119	80,735	6,610	4,157	4,696	57,669	161,351
Employee benefit contributions	-	11,442	21,564	1,879	1,445	892	14,448	31,341
Maintenance & operations wages	-	31,005	55,915	4,577	3,500	2,146	37,162	85,279
Materials and other	13,583	5,158	53,149	2,383	1,257	1,075	13,848	46,943
	317,552	85,724	211,363	15,449	10,359	8,809	123,127	324,914
General expenses:								
Depreciation	3,404	45,649	279,407	16,908	15,715	8,147	79,896	414,578
Housing assistance payments	25,253,754	-	-	-	-	-	-	-
Insurance premiums	13,430	6,103	15,332	1,051	651	478	7,886	16,076
Other general expenses	50,341	(13)	1,101	577	-	-	13,892	38,656
Protective services contract costs	-	422	173	-	-	-	432	414
Payments in lieu of taxes	-	968	8,612	-	-	-	1,343	2,641
	25,320,929	53,129	304,625	18,536	16,366	8,625	103,449	472,365
Total operating expenses	28,128,964	299,973	725,037	65,486	37,812	39,837	393,964	1,123,883
Operating Income (Loss)	(1,427,395)	(68,306)	(324,539)	(4,108)	(6,564)	(1,821)	201,274	147,619
Nonoperating Revenue (Expenses):								
Gain (loss) on sale of capital assets	-	-	-	-	-	-	-	(485)
Interest expense	-	-	-	-	-	-	(160,331)	(389,189)
Interest subsidy	-	-	-	-	-	-	-	-
Amortization of bond issuance costs	-	-	-	-	-	-	(3,197)	(13,614)
Investment revenue - restricted	7,068	-	-	-	-	-	-	-
Investment revenue - unrestricted	3,456	383	2,255	348	62	176	173	3,850
	10,524	383	2,255	348	62	176	(163,355)	(399,438)
Income (Loss) Before Other Revenues, Expenses, Gains, Losses, and Transfers								
Transfers & Prior Period Adjustments	(1,416,871)	(67,923)	(322,284)	(3,760)	(6,502)	(1,645)	37,919	(251,819)
Capital grants	-	21,908	(21,908)	-	-	-	-	-
	-	20,026	23,249	-	-	-	-	-
Change in Net Assets	(1,416,871)	(25,989)	(320,943)	(3,760)	(6,502)	(1,645)	37,919	(251,819)
Net Assets, Beginning of Year	3,935,673	793,730	3,661,357	73,464	269,826	(28,615)	(273,548)	(1,221,623)
Net Assets, End of Year	\$ 2,518,802	\$ 767,741	\$ 3,340,414	\$ 69,704	\$ 263,324	\$ (30,260)	\$ (235,629)	\$ (1,473,442)

For the year ended June 30, 2012

Cedar West	Hifumi En	McDonald Manor	Heritage Heights	Westfall Village	Grants	Central Office Cost Center	Subtotal	Eliminating Entries	Total
\$ 463,622	\$ 90,274	\$ 101,467	\$ 338,555	\$ 646,484	\$ -	\$ -	\$ 3,834,158	\$ -	\$ 3,834,158
-	158,334	-	-	-	12,335	-	26,938,744	-	26,938,744
-	-	-	-	-	913,933	2,407	916,340	-	916,340
27,867	6,022	2,589	8,901	18,919	-	-	173,316	-	173,316
-	238	-	53,718	212	-	1,927,569	2,242,004	(1,332,419)	909,585
491,489	254,868	104,056	401,174	665,615	926,268	1,929,976	34,104,562	(1,332,419)	32,772,143
15,746	26,052	5,956	12,268	49,613	19,229	951,328	2,180,675	-	2,180,675
-	-	-	1,525	525	-	20,363	44,767	-	44,767
7,070	10,678	2,096	5,611	23,309	7,331	277,792	738,236	-	738,236
18,246	17,087	7,476	27,337	52,943	797	-	1,437,840	(1,318,109)	119,731
14,460	7,113	2,755	12,695	22,465	42,207	181,298	474,592	-	474,592
-	235	-	111	427	-	-	4,854	-	4,854
55,522	61,165	18,283	59,547	149,282	69,564	1,430,781	4,880,964	(1,318,109)	3,562,855
12,128	43,264	2,495	22,160	12,873	-	-	187,480	-	187,480
1,828	718	-	5,880	1,388	-	-	36,490	-	36,490
43,049	24,436	7,270	34,149	60,142	-	-	351,650	-	351,650
6,800	971	1,493	5,308	13,294	-	-	106,841	-	106,841
63,805	69,389	11,258	67,497	87,697	-	-	682,461	-	682,461
36,493	23,240	11,806	32,389	77,076	11,977	122,093	972,380	(14,310)	958,070
11,537	10,643	2,139	7,536	16,185	-	20,534	151,585	-	151,585
25,693	25,967	6,076	16,479	34,451	-	71,533	399,783	-	399,783
6,152	7,058	2,531	60,921	18,607	71	4,941	237,677	-	237,677
79,875	66,908	22,552	117,325	146,319	12,048	219,101	1,761,425	(14,310)	1,747,115
144,986	69,685	34,523	62,231	111,570	-	89,881	1,376,580	-	1,376,580
-	-	-	-	-	851,163	-	26,104,917	-	26,104,917
7,863	3,069	1,470	5,264	8,898	-	8,109	95,680	-	95,680
9,717	1,801	1,783	7,873	7,608	-	124,815	258,151	-	258,151
597	9,621	43	297	274	-	-	12,273	-	12,273
-	-	374	-	-	-	-	13,938	-	13,938
163,163	84,176	38,193	75,665	128,350	851,163	222,805	27,861,539	-	27,861,539
362,365	281,638	90,286	320,034	511,648	932,775	1,872,687	35,186,389	(1,332,419)	33,853,970
129,124	(26,770)	13,770	81,140	153,967	(6,507)	57,289	(1,081,827)	-	(1,081,827)
(370)	(57)	-	-	-	-	-	(912)	-	(912)
(132,862)	(28,715)	(30,726)	(149,017)	(282,404)	-	(24,054)	(1,197,298)	4,086	(1,193,212)
-	-	-	41,523	75,523	-	-	117,046	-	117,046
-	-	(430)	(4,237)	(4,238)	-	-	(25,716)	-	(25,716)
-	-	-	-	-	-	-	7,068	-	7,068
80	72	68	1,306	2,499	-	7,595	22,323	(4,086)	18,237
(133,152)	(28,700)	(31,088)	(110,425)	(208,620)	-	(16,459)	(1,077,489)	-	(1,077,489)
(4,028)	(55,470)	(17,318)	(29,285)	(54,653)	(6,507)	40,830	(2,159,316)	-	(2,159,316)
-	9,495	-	-	-	-	-	9,495	-	9,495
-	-	-	-	-	-	-	43,275	-	43,275
(4,028)	(45,975)	(17,318)	(29,285)	(54,653)	(6,507)	40,830	(2,106,546)	-	(2,106,546)
(587,274)	(431,454)	(66,732)	(22,995)	(42,073)	(24,752)	2,427,468	8,462,452	-	8,462,452
\$ (591,302)	\$ (477,429)	\$ (84,050)	\$ (52,280)	\$ (96,726)	\$ (31,259)	\$ 2,468,298	\$ 6,355,906	\$ -	\$ 6,355,906

Spokane Housing Authority

Combining Statement of Cash Flows

	Section 8	Parsons Apartments	Scattered Sites	Court View Apartments	Sharon Lord	Newark Apartments	Woodhaven	Valley 206
<i>Cash Flows from Operating Activities:</i>								
Receipts from tenants and others	\$ -	\$ 119,942	\$ 189,982	\$ 61,058	\$ 30,286	\$ 38,016	\$ 589,704	\$ 1,258,078
Payments to employees	(1,258,512)	(89,795)	(142,454)	(18,218)	(7,889)	(8,940)	(80,564)	(192,920)
Housing assistance payments	(25,253,754)	-	-	-	-	-	-	-
Payments from other govt entities	25,860,071	115,329	267,347	-	-	-	-	-
Payments to vendors and suppliers	(1,630,994)	(181,798)	(201,274)	(29,423)	(13,883)	(22,730)	(250,594)	(482,642)
Other receipts	240,560	16,019	147	-	-	-	-	463
Net cash provided by (used by) operating activities	<u>(2,042,629)</u>	<u>(20,303)</u>	<u>113,748</u>	<u>13,417</u>	<u>8,514</u>	<u>6,346</u>	<u>258,546</u>	<u>582,979</u>
<i>Cash Flows from Noncapital Financing Activities:</i>								
Equity Transfers	-	21,908	(21,908)	-	-	-	-	-
Proceeds from operating debt	-	-	-	-	-	-	-	-
Payments (to) from related parties	22,601	(17,779)	33,269	(463)	(6,139)	(442)	(5,502)	48,766
Net cash provided by (used by) noncapital financing activities	<u>22,601</u>	<u>4,129</u>	<u>11,361</u>	<u>(463)</u>	<u>(6,139)</u>	<u>(442)</u>	<u>(5,502)</u>	<u>48,766</u>
<i>Cash Flows from Capital and Related Financing Activities:</i>								
Capital grants received	-	20,026	23,249	-	-	-	-	-
Purchases of capital assets	-	(23,795)	(130,133)	(2,339)	(3,580)	(4,137)	(10,343)	(143,473)
Proceeds from capital debt	-	-	-	-	-	-	-	-
Principal paid on capital debt	-	-	-	-	-	-	(63,244)	(157,886)
Capital debt interest subsidy received	-	-	-	-	-	-	-	-
Interest paid on capital debt	-	-	-	-	-	-	(162,286)	(389,809)
Net cash provided by (used by) capital and related financing activities	<u>-</u>	<u>(3,769)</u>	<u>(106,884)</u>	<u>(2,339)</u>	<u>(3,580)</u>	<u>(4,137)</u>	<u>(235,873)</u>	<u>(691,168)</u>
<i>Cash Flows from Investing Activities:</i>								
Interest received	10,524	383	2,255	348	62	176	173	3,850
Net cash provided by investing activities	<u>10,524</u>	<u>383</u>	<u>2,255</u>	<u>348</u>	<u>62</u>	<u>176</u>	<u>173</u>	<u>3,850</u>
<i>Net Increase (Decrease in Cash and Cash Equivalents</i>	<u>(2,009,504)</u>	<u>(19,560)</u>	<u>20,480</u>	<u>10,963</u>	<u>(1,143)</u>	<u>1,943</u>	<u>17,344</u>	<u>(55,573)</u>
<i>Cash and Cash Equivalents, Beginning of Year</i>	<u>4,655,741</u>	<u>132,155</u>	<u>542,780</u>	<u>89,592</u>	<u>15,976</u>	<u>45,299</u>	<u>497,446</u>	<u>1,062,481</u>
<i>Cash and Cash Equivalents, End of Year</i>	<u>\$ 2,646,237</u>	<u>\$ 112,595</u>	<u>\$ 563,260</u>	<u>\$ 100,555</u>	<u>\$ 14,833</u>	<u>\$ 47,242</u>	<u>\$ 514,790</u>	<u>\$ 1,006,908</u>
<i>Cash and Cash Equivalents consist of:</i>								
Cash - unrestricted	\$ 959,376	\$ 102,010	\$ 537,668	\$ 97,030	\$ 13,933	\$ 47,242	\$ 186,029	\$ 378,158
Cash - other restricted	1,686,861	-	-	-	-	-	300,251	558,898
Cash - tenant security deposits	-	10,585	25,592	3,525	900	-	28,510	69,852
	<u>\$ 2,646,237</u>	<u>\$ 112,595</u>	<u>\$ 563,260</u>	<u>\$ 100,555</u>	<u>\$ 14,833</u>	<u>\$ 47,242</u>	<u>\$ 514,790</u>	<u>\$ 1,006,908</u>

June 30, 2012

Cedar West	Hifumi En	McDonald Manor	Heritage Heights	Westfall Village	Grants	Central Office Cost Center	Subtotal	Eliminating Entries	Total
\$ 485,196	\$ 96,928	\$ 105,457	\$ 349,936	\$ 666,642	\$ -	\$ -	\$ 3,991,225	\$ -	\$ 3,991,225
(60,046)	(73,340)	(16,267)	(41,894)	(123,558)	(26,560)	(1,343,647)	(3,484,604)	-	(3,484,604)
-	-	-	-	-	(851,163)	-	(26,104,917)	-	(26,104,917)
-	158,334	-	-	-	13,514	-	26,414,595	-	26,414,595
(166,722)	(134,630)	(39,538)	(205,926)	(253,116)	(51,289)	(437,754)	(4,102,313)	1,332,419	(2,769,894)
-	238	-	53,718	212	913,933	1,911,852	3,137,142	(1,332,419)	1,804,723
<u>258,428</u>	<u>47,530</u>	<u>49,652</u>	<u>155,834</u>	<u>290,180</u>	<u>(1,565)</u>	<u>130,451</u>	<u>(148,872)</u>	<u>-</u>	<u>(148,872)</u>
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	618	618	(618)	-
<u>(3,416)</u>	<u>6,137</u>	<u>8,471</u>	<u>(3,760)</u>	<u>(30,518)</u>	<u>1,565</u>	<u>(110,266)</u>	<u>(57,476)</u>	<u>-</u>	<u>(57,476)</u>
<u>(3,416)</u>	<u>6,137</u>	<u>8,471</u>	<u>(3,760)</u>	<u>(30,518)</u>	<u>1,565</u>	<u>(109,648)</u>	<u>(56,858)</u>	<u>(618)</u>	<u>(57,476)</u>
-	-	-	-	-	-	-	43,275	-	43,275
(32,365)	(955)	(22,681)	(259,914)	(293,598)	-	(8,582)	(935,895)	-	(935,895)
2,595	4,825	10,678	-	-	-	75,000	93,098	(10,678)	82,420
(81,296)	(28,472)	(17,812)	(19,442)	(35,362)	-	(17,905)	(421,419)	11,296	(410,123)
-	-	-	34,788	63,274	-	-	98,062	-	98,062
<u>(132,293)</u>	<u>(19,756)</u>	<u>(30,706)</u>	<u>(115,453)</u>	<u>(209,987)</u>	<u>-</u>	<u>(22,739)</u>	<u>(1,083,029)</u>	<u>2,064</u>	<u>(1,080,965)</u>
<u>(243,359)</u>	<u>(44,358)</u>	<u>(60,521)</u>	<u>(360,021)</u>	<u>(475,673)</u>	<u>-</u>	<u>25,774</u>	<u>(2,205,908)</u>	<u>2,682</u>	<u>(2,203,226)</u>
80	72	68	1,306	2,499	-	5,573	27,369	(2,064)	25,305
80	72	68	1,306	2,499	-	5,573	27,369	(2,064)	25,305
11,733	9,381	(2,330)	(206,641)	(213,512)	-	52,150	(2,384,269)	-	(2,384,269)
462,088	93,156	19,058	568,752	1,037,482	-	1,273,401	10,495,407	-	10,495,407
<u>\$ 473,821</u>	<u>\$ 102,537</u>	<u>\$ 16,728</u>	<u>\$ 362,111</u>	<u>\$ 823,970</u>	<u>\$ -</u>	<u>\$ 1,325,551</u>	<u>\$ 8,111,138</u>	<u>\$ -</u>	<u>\$ 8,111,138</u>
\$ 107,979	\$ 95,611	\$ 10,653	\$ 265,614	\$ 403,753	\$ -	\$ 1,129,686	\$ 4,334,742	\$ -	\$ 4,334,742
338,062	-	-	81,177	389,505	-	195,865	3,550,619	-	3,550,619
<u>27,780</u>	<u>6,926</u>	<u>6,075</u>	<u>15,320</u>	<u>30,712</u>	<u>-</u>	<u>-</u>	<u>225,777</u>	<u>-</u>	<u>225,777</u>
<u>\$ 473,821</u>	<u>\$ 102,537</u>	<u>\$ 16,728</u>	<u>\$ 362,111</u>	<u>\$ 823,970</u>	<u>\$ -</u>	<u>\$ 1,325,551</u>	<u>\$ 8,111,138</u>	<u>\$ -</u>	<u>\$ 8,111,138</u>

Spokane Housing Authority

Combining Statement of Cash Flows (Continued)

	Section 8	Parsons Apartments	Scattered Sites	Court View Apartments	Sharon Lord	Newark Apartments	Woodhaven	Valley 206
<i>Reconciliation of Net Operating Income (Loss)</i>								
<i>to Net Cash from Operating Activities:</i>								
Net operating income (loss)	<u>\$ (1,427,395)</u>	<u>\$ (68,306)</u>	<u>\$ (324,539)</u>	<u>\$ (4,108)</u>	<u>\$ (6,564)</u>	<u>\$ (1,821)</u>	<u>\$ 201,274</u>	<u>\$ 147,619</u>
<i>Adjustments to Reconcile Net Income (Loss) to Net Cash provided by Operating</i>								
<i>Activities:</i>								
Depreciation	3,404	45,649	279,407	16,908	15,715	8,147	79,896	414,578
Increase (decrease) in cash due to changes in assets and liabilities:								
Receivables	(8,467)	17,341	73,891	76	(688)	-	(4,123)	(10,405)
Prepaid expenses	-	(110)	(28)	-	-	-	-	(211)
Inventories	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
Accounts payable	(25,290)	(14,029)	(11,319)	850	(828)	(3)	(16,340)	35,581
Accrued wages and taxes payable	-	-	-	-	-	-	-	-
Deferred revenue	(592,874)	1,703	(892)	(20)	26	-	(146)	(3,363)
Compensated absences	6,352	713	1,070	-	-	-	-	-
Accrued liabilities - other	-	-	-	-	-	-	-	-
Other current liabilities	-	(3,843)	92,556	11	1,153	23	(750)	5,297
Accounts payable - other government	1,641	-	-	-	-	-	-	-
Tenant security deposits	-	579	3,602	(300)	(300)	-	(1,265)	(6,117)
Net adjustments	<u>(615,234)</u>	<u>48,003</u>	<u>438,287</u>	<u>17,525</u>	<u>15,078</u>	<u>8,167</u>	<u>57,272</u>	<u>435,360</u>
<i>Net Cash provided by (used by)</i>								
<i>Operating Activities</i>	<u><u>\$ (2,042,629)</u></u>	<u><u>\$ (20,303)</u></u>	<u><u>\$ 113,748</u></u>	<u><u>\$ 13,417</u></u>	<u><u>\$ 8,514</u></u>	<u><u>\$ 6,346</u></u>	<u><u>\$ 258,546</u></u>	<u><u>\$ 582,979</u></u>

June 30, 2012

Cedar West	Hifumi En	McDonald Manor	Heritage Heights	Westfall Village	Grants	Central Office Cost Center	Subtotal	Eliminating Entries	Total
\$ 129,124	\$ (26,770)	\$ 13,770	\$ 81,140	\$ 153,967	\$ (6,507)	\$ 57,289	\$ (1,081,827)	\$ -	\$ (1,081,827)
144,986	69,685	34,523	62,231	111,570	-	89,881	1,376,580	-	1,376,580
(4,388)	954	1,879	21,280	18,111	4,354	15,633	125,448	-	125,448
-	-	-	(254)	21	-	194	(388)	-	(388)
-	-	-	-	-	-	(784)	(784)	-	(784)
-	-	-	-	-	-	(22,500)	(22,500)	-	(22,500)
(2,145)	3,983	(113)	(23,893)	(7,224)	3,763	7,362	(49,645)	-	(49,645)
-	-	-	-	-	-	78,601	78,601	-	78,601
1,250	248	135	519	2,743	(3,175)	-	(593,846)	-	(593,846)
-	-	-	-	-	-	(12,302)	(4,167)	-	(4,167)
-	-	-	-	-	-	1,312	1,312	-	1,312
(7,244)	-	71	15,500	11,125	-	(84,235)	29,664	-	29,664
-	-	-	-	-	-	-	1,641	-	1,641
(3,155)	(570)	(613)	(689)	(133)	-	-	(8,961)	-	(8,961)
129,304	74,300	35,882	74,694	136,213	4,942	73,162	932,955	-	932,955
\$ 258,428	\$ 47,530	\$ 49,652	\$ 155,834	\$ 290,180	\$ (1,565)	\$ 130,451	\$ (148,872)	\$ -	\$ (148,872)

Spokane Housing Authority
Combining Statement of Net Assets – Component Units
December 31, 2011

	Cornerstone Courtyard	The Pearl on Adams	Agnes Kehoe Place	Total
Assets				
<i>Current Assets:</i>				
Cash - unrestricted	\$ 11,537	\$ 61,362	\$ 344	\$ 73,243
Receivables, net of allowance	1,694	841	-	2,535
Prepays and other assets	1,299	5,247	-	6,546
Interprogram due from	45	-	-	45
	<u>14,575</u>	<u>67,450</u>	<u>344</u>	<u>82,369</u>
<i>Restricted Assets:</i>				
Cash - other restricted	200,503	459,634	246,049	906,186
Cash - tenant security deposits	<u>15,751</u>	<u>9,151</u>	<u>-</u>	<u>24,902</u>
Total current assets	<u>230,829</u>	<u>536,235</u>	<u>246,393</u>	<u>1,013,457</u>
<i>Noncurrent Assets:</i>				
Capital assets:				
Land	285,532	225,835	112,500	623,867
Buildings	10,442,344	6,702,274	538,500	17,683,118
Furniture, equipment & machinery - dwellings	132,787	88,452	-	221,239
Furniture, equipment & machinery - administration	76,068	20,743	-	96,811
Leasehold improvements	35,022	87,831	-	122,853
Construction in progress	-	-	9,673,463	9,673,463
Accumulated depreciation	(1,641,822)	(576,244)	-	(2,218,066)
Other noncurrent assets	<u>166,758</u>	<u>119,596</u>	<u>-</u>	<u>286,354</u>
Total noncurrent assets	<u>9,496,689</u>	<u>6,668,487</u>	<u>10,324,463</u>	<u>26,489,639</u>
Total assets	<u>\$ 9,727,518</u>	<u>\$ 7,204,722</u>	<u>\$ 10,570,856</u>	<u>\$ 27,503,096</u>
Liabilities and Net Assets				
<i>Current Liabilities:</i>				
Accounts payable	26,426	13,516	454,630	494,572
Tenant security deposits	15,751	9,151	-	24,902
Accrued interest payable	4,636	-	14,950	19,586
Deferred revenue	513	531	-	1,044
Current liabilities - other	121	336	723,458	723,915
Current portion long-term debt	35,000	15,000	5,189,657	5,239,657
Interprogram due to	<u>35,472</u>	<u>2,728</u>	<u>8,591</u>	<u>46,791</u>
Total current liabilities	<u>117,919</u>	<u>41,262</u>	<u>6,391,286</u>	<u>6,550,467</u>
<i>Noncurrent Liabilities:</i>				
Long-term debt, net of current - capital projects mortgage revenue bonds	1,763,477	1,065,000	3,713,532	6,542,009
Noncurrent liabilities - other	<u>79,320</u>	<u>9,250</u>	<u>3,060</u>	<u>91,630</u>
Total noncurrent liabilities	<u>1,842,797</u>	<u>1,074,250</u>	<u>3,716,592</u>	<u>6,633,639</u>
Total liabilities	<u>\$ 1,960,716</u>	<u>\$ 1,115,512</u>	<u>\$ 10,107,878</u>	<u>\$ 13,184,106</u>
<i>Net Assets:</i>				
Invested in capital assets, net of related debt	7,531,454	5,468,891	1,421,274	14,421,619
Restricted net assets:				
Project reserves	-	-	246,049	246,049
Replacement reserves	66,193	99,580	-	165,773
Operating reserves	134,310	260,058	-	394,368
Services reserves	-	99,996	-	99,996
Unrestricted net assets	<u>34,845</u>	<u>160,685</u>	<u>(1,204,345)</u>	<u>(1,008,815)</u>
Total net assets	<u>\$ 7,766,802</u>	<u>\$ 6,089,210</u>	<u>\$ 462,978</u>	<u>\$ 14,318,990</u>

Spokane Housing Authority
Combining Statement of Revenues, Expenses and Changes in Net Assets – Component Units
For the year ended December 31, 2011

	Cornerstone Courtyard	The Pearl on Adams	Agnes Kehoe Place	Total
<i>Operating Revenue:</i>				
Tenant revenue	\$ 297,191	\$ 180,833	\$ -	\$ 478,024
Other tenant revenue	15,456	9,314	344	25,114
Other revenue	125	-	-	125
Total operating revenue	<u>312,772</u>	<u>190,147</u>	<u>344</u>	<u>503,263</u>
<i>Operating Expenses:</i>				
Administrative wages	22,807	14,440	-	37,247
Auditing Fees	8,550	8,550	-	17,100
Employee benefit contributions - admin	8,555	5,195	-	13,750
Management & bookkeeping fees	24,154	12,595	-	36,749
Other operating - administrative	19,414	16,227	8,143	43,784
Tenant services	195	124	-	319
	<u>83,675</u>	<u>57,131</u>	<u>8,143</u>	<u>148,949</u>
<i>Utilities:</i>				
Electricity	22,705	11,539	-	34,244
Other utilities expense	12,948	3,700	-	16,648
Sewer	27,870	19,600	-	47,470
Water	2,849	1,158	-	4,007
	<u>66,372</u>	<u>35,997</u>	<u>-</u>	<u>102,369</u>
<i>Ordinary maintenance and operations:</i>				
Contract Costs	30,355	15,974	-	46,329
Employee benefit contributions	9,710	4,067	-	13,777
Maintenance and operations wages	25,887	11,306	-	37,193
Materials and other	6,019	3,513	-	9,532
	<u>71,971</u>	<u>34,860</u>	<u>-</u>	<u>106,831</u>
<i>General expenses:</i>				
Depreciation	424,635	271,414	-	696,049
Insurance premiums	11,271	7,298	-	18,569
Other general expenses	31,129	21,245	4,088	56,462
Protective services contract costs	1,929	347	-	2,276
	<u>468,964</u>	<u>300,304</u>	<u>4,088</u>	<u>773,356</u>
Total operating expenses	<u>690,982</u>	<u>428,292</u>	<u>12,231</u>	<u>1,131,505</u>
<i>Operating Income (Loss)</i>	<u>\$ (378,210)</u>	<u>\$ (238,145)</u>	<u>\$ (11,887)</u>	<u>\$ (628,242)</u>

Spokane Housing Authority

Combining Statement of Revenues, Expenses and Changes in Net Assets – Component Units (continued)

For the year ended December 31, 2011

	Cornerstone Courtyard	The Pearl on Adams	Agnes Kehoe Place	Total
<i>Operating Income (Loss)</i>	\$ (378,210)	\$ (238,145)	\$ (11,887)	\$ (628,242)
<i>Nonoperating Revenue (Expenses):</i>				
Interest expense	(16,504)	-	-	(16,504)
Amortization of bond issuance costs	(16,309)	(7,822)	-	(24,131)
Investment revenue - unrestricted	580	204	-	784
Total nonoperating revenue (expenses)	(32,233)	(7,618)	-	(39,851)
<i>Income (Loss) Before Other Revenues, Expenses, Gains, Losses, and Transfers</i>	(410,443)	(245,763)	(11,887)	(668,093)
Transfers & Prior Period Adjustments	-	-	(26,000)	(26,000)
Capital grants	-	-	200,000	200,000
<i>Change in Net Assets</i>	(410,443)	(245,763)	162,113	(494,093)
<i>Net Assets, Beginning of Year</i>	8,177,245	6,334,973	300,865	14,813,083
<i>Net Assets, End of Year</i>	<u>\$ 7,766,802</u>	<u>\$ 6,089,210</u>	<u>\$ 462,978</u>	<u>\$ 14,318,990</u>

Spokane Housing Authority
Combining Statement of Cash Flows – Component Units
For the year ended December 31, 2011

	Cornerstone Courtyard	The Pearl on Adams	Agnes Kehoe Place	Total
<i>Cash Flows from Operating Activities:</i>				
Receipts from tenants and others	\$ 321,617	\$ 191,969	\$ 344	\$ 513,930
Payments to employees	(66,959)	(35,008)	-	(101,967)
Payments to vendors and suppliers	(200,916)	(121,848)	(12,231)	(334,995)
Other receipts	125	-	-	125
Net cash provided by (used by) operating activities	53,867	35,113	(11,887)	77,093
<i>Cash Flows from Noncapital Financing Activities:</i>				
Payments (to) from related parties	(642)	(2,962)	216	(3,388)
Net cash provided by (used by) noncapital financing activities	(642)	(2,962)	216	(3,388)
<i>Cash Flows from Capital and Related Financing Activities:</i>				
Increase in other long-term liabilities	17,500	9,250	-	26,750
Payment (to) from affiliates	(2,500)	(3,500)	7,215	1,215
Capital contribution (distribution)	-	-	174,000	174,000
Developer fees (paid) received	-	(309,213)	-	(309,213)
Capital grants received	-	-	-	-
Purchases of capital assets	(1,176)	-	(7,104,249)	(7,105,425)
Sale of capital assets	-	-	-	-
Proceeds from capital debt	-	-	7,180,233	7,180,233
Principal paid on capital debt	(35,000)	(15,000)	-	(50,000)
Capital Debt Interest Subsidy Received	-	-	-	-
Interest paid on capital debt	(16,764)	-	-	(16,764)
Net cash provided by (used by) capital and related financing activities	(37,940)	(318,463)	257,199	(99,204)
<i>Cash Flows from Investing Activities:</i>				
Interest received	580	204	-	784
Net cash provided by investing activities	580	204	-	784
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	15,865	(286,108)	245,528	(24,715)
<i>Cash and Cash Equivalents, Beginning of Year</i>	211,926	816,255	865	1,029,046
<i>Cash and Cash Equivalents, End of Year</i>	\$ 227,791	\$ 530,147	\$ 246,393	\$ 1,004,331
<i>Cash and Cash Equivalents consist of:</i>				
Cash - unrestricted	\$ 11,537	\$ 61,362	\$ 344	\$ 73,243
Cash - other restricted	200,503	459,634	246,049	906,186
Cash - tenant security deposits	15,751	9,151	-	24,902
	\$ 227,791	\$ 530,147	\$ 246,393	\$ 1,004,331

Spokane Housing Authority
Combining Statement of Cash Flows – Component Units (continued)
For the year ended December 31, 2011

	Cornerstone Courtyard	The Pearl on Adams	Agnes Kehoe Place	Total
<i>Reconciliation of Net Operating Gain (Loss)</i>				
<i>to Net Cash from Operating Activities:</i>				
Net operating (income) loss	\$ (378,210)	\$ (238,145)	\$ (11,887)	\$ (628,242)
<i>Adjustments to Reconcile Net Income (Loss) to Net Cash provided by Operating Activities:</i>				
Depreciation	424,635	271,414	-	696,049
Increase (decrease) in cash due to changes in assets and liabilities:				-
Receivables	7,728	4,197	-	11,925
Prepaid expenses	(73)	(696)	-	(769)
Accounts payable	(1,576)	382	-	(1,194)
Deferred revenue	(1,159)	(876)	-	(2,035)
Other current liabilities	121	336	-	457
Tenant security deposits	2,401	(1,499)	-	902
Net adjustments	432,077	273,258	-	705,335
<i>Net Cash provided by Operating Activities</i>	<u>\$ 53,867</u>	<u>\$ 35,113</u>	<u>\$ (11,887)</u>	<u>\$ 77,093</u>