



## **MEETING OF THE BOARD OF COMMISSIONERS**

**November 16, 2015 at 8:30 a.m.**

King County Housing Authority  
Snoqualmie Conference Room  
700 Andover Park W  
Tukwila, WA 98188

# **A G E N D A**

**I. Call to Order**

**II. Roll Call**

**III. Public Comment**

**IV. Approval of Minutes**

Special Board Meeting Minutes – October 12, 2015

**V. Approval of Agenda**

**VI. Consent Agenda**

A. Voucher Certification Reports for September 2015

B. Resolution No. 5514: Authorizing the Executive Director to enter into Interlocal Purchasing Agreements with the Housing Authority of the City of Seattle

C. Resolution No. 5515: A Resolution of the Housing Authority of the County of King (the "Authority") authorizing (i) the transfer of Village at Overlake Station project (the "Project") to the Authority through the acquisition of the subleasehold interest of limited partnership (the "Partnership") in the Premises (as hereinafter defined) by the Authority and/or the acquisition of the interests of the limited partner of the Partnership by the Authority; (ii) the submission to the Washington State Housing Finance Commission of a request for consent to transfer the Project; (iii) the assignment and assumption by the Authority of the obligations of the Partnership with respect to the Project and bonds issued to finance the Project; (iv) the

approval, execution and delivery of all documents necessary to effectuate the foregoing; and (v) determining related matters

**VII. Resolutions for Discussion & Possible Action**

- A. Resolution No. 5516: Acceptance of Washington State Auditor's Office Report on Financial Statements and Federal Single Audit (No. 1015201) and the Accountability Audit Report (No. 1015501), both for the Period Ended December 31, 2014
- B. Resolution No. 5517: Modifications to the King County Housing Authority's Investment Policy
- C. Resolution No. 5518: Relating to the Salary Schedule for Housing Authority Employees represented by the Seattle/King County Building and Construction Trades Council authorizing a pay adjustment of \$.12 per hour and a .5% Cost of Living increase effective October 31, 2015 and a one-time payment equal to .5% of base pay to all bargaining unit members to be paid in December 2015
- D. Resolution No. 5519: A Resolution of the Housing Authority of the County of King authorizing the Executive Director to approve, execute and deliver all documents relating to the Corinthian rental housing project including but not limited to Limited Liability Limited Partnership Documents, Lease Documents, Low Income Housing Tax Credit Documents, Authority Loan Documents and Deferred Development Fee Documents
- E. Resolution No. 5520: A Resolution of the Housing Authority of the County of King authorizing the Executive Director to approve, execute and deliver all documents relating to the Spiritwood Manor rental housing project including but not limited to Limited Liability Limited Partnership Documents, Lease Documents, Low Income Housing Tax Credit Documents, Loan Authority Debt Documents and Deferred Development Fee Documents
- F. Resolution No. 5521: A Resolution authorizing the submission of an application for and execution and delivery of a contingent loan agreement in connection with the financing or refinancing of the costs of acquisition and preservation of the Corinthian Apartments located in SeaTac, Washington and the Villages at South Station Apartments located in Tukwila, Washington

**VIII. Briefings & Reports**

- A. New Bank Accounts
- B. Third Quarter CY 2015 Financial Statements
- C. Draft 2016 Budget Presentation
- D. Third Quarter CY 2015 Procurement Report
- E. Executive Dashboard Report

**IX. Executive Director's Report**

**X. KCHA in the News**

**XI. Executive Session**

- A. To review the performance of a public employee (RCW 42.30.110 (1) (g))

**XII. Commissioner Comments**

**XIII. Adjournment**

Members of the public who are disabled and require special accommodations or assistance at the meeting are requested to notify the Board Coordinator, Jessica Olives, in writing at 600 Andover Park West, Seattle, WA 98188 or by calling 206-574-1194 prior to the meeting date.

# T A B N U M B E R

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**MINUTES OF THE SPECIAL MEETING OF THE  
BOARD OF COMMISSIONERS OF THE  
KING COUNTY HOUSING AUTHORITY**

**Monday, October 12, 2015**

**I. CALL TO ORDER**

The special meeting of the Board of Commissioners of the King County Housing Authority was held on Monday, October 12, 2015, at the King County Housing Authority, 700 Andover Park West, Tukwila, WA. There being a quorum, the meeting was called to order by Chair Doug Barnes at 8:30 a.m.

**II. ROLL CALL**

**Present:** Commissioner Doug Barnes (Chair), Commissioner Michael Brown (Vice-Chair), Commissioner Terry Lynn Stewart

**Excused:** Commissioner Susan Palmer and Commissioner John Welch

**Staff:** Stephen Norman (Secretary), Knute Brinchmann Andrew Calkins, Connie Davis, Kathryn Escudero, Shawli Hathaway, Tonya Harlan, Sean Heron, Megan Hyla, Dan Landes, Gary Leaf, Jessica Olives, Sarah Oppenheimer, Nikki Parrott, Jennifer Ramirez Robson, Mike Reilly, Rhonda Rosenberg, Craig Violante, Tim Walter, Dan Watson, Kristin Winkel and Wen Xu

**III. PUBLIC COMMENT**

Maria Hudson, Resident, provided public comment on the difficulty she has experienced obtaining a hearing, which she initially requested in July. She also stated that she has been requesting and has been denied access to a homeownership program. In addition, Ms. Hudson stated that her request for an emergency move due to domestic violence was denied after first being told that services were available and then later being told they were not available.

**V. APPROVAL OF MINUTES**

On motion by Commissioner Brown, seconded by Commissioner Stewart, the Board unanimously approved the minutes from the Board of Commissioner's special meeting of September 21, 2015.

**VI. APPROVAL OF AGENDA**

On motion by Commissioner Stewart, seconded by Commissioner Brown, the Board unanimously approved the October 12, 2015 Special Board of Commissioners' meeting agenda.

## VII. CONSENT AGENDA

### A. Voucher Certification Report for August 2015 (General and Bond Properties)

#### **August 2015**

##### **GENERAL PROPERTIES**

Bank Wires / ACH Withdrawals	5,611,256.85
<i>Subtotal</i>	<b><i>5,611,256.85</i></b>
Accounts Payable Vouchers	
Checks - #250411-#250906	2,821,712.51
Key Bank Checks - #300002	10,000.00
<i>Subtotal</i>	<b><i>2,831,712.51</i></b>
Payroll Vouchers	
Checks - #83901 – #83936	39,003.30
Direct Deposit	1,230,130.22
<i>Subtotal</i>	<b><i>1,269,133.52</i></b>
Section 8 Program Vouchers	
Checks - #610830-#611195	267,730.10
ACH - #320650-#323734	9,780,356.03
<i>Subtotal</i>	<b><i>10,048,086.13</i></b>
Purchase Card / ACH Withdrawal	175,789.41
<i>Subtotal</i>	<b><i>175,789.41</i></b>
<b>GRAND TOTAL</b>	<b>19,935,978.42</b>

##### **BOND PROPERTIES**

Bond Properties Total (30 different properties)	<b>4,376,293.24</b>
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On motion by Commissioner Brown, seconded by Commissioner Stewart, the Board approved the Consent items.

## VIII. RESOLUTIONS FOR DISCUSSION AND POSSIBLE ACTION

### A. Resolution No. 5512: Approval of the King County Housing Authority's Moving To Work Plan for Fiscal Year 2016

Katie Escudero, Moving to Work Analyst, briefed the Board on Resolution No. 5512. Ms. Escudero provided an update on the status of the plan, an overview of three new initiatives KCHA is proposing, and a summary of the public comments received in relation to the MTW Plan.

All questions raised by the Commissioners were satisfactorily addressed by staff.

On motion by Commissioner Stewart, seconded by Commissioner Brown, the Board unanimously approved Resolution No. 5512.

- B. Resolution No. 5513: Authorizing a change in the Administrative Pay Schedule of .5% effective October 31, 2015 and a one-time payment equal to .5% of Base Pay to all Administrative Employees to be paid in December 2015

Connie Davis, Deputy Executive Director, introduced and welcomed Tonya Harlan as the new Director of Human Resources.

Ms. Davis briefed the Board on Resolution No. 5513 and mentioned the approval would authorize a .5% increase in salaries for all Administrative employees, which represents 100% of the Consumer Price Index for Clerical Workers for the Seattle-Tacoma area annualized for the first six months of 2015. The resolution also authorizes a one-time payment equal to .5% of base salary. The resolution does not cover the 79 employees represented by the Seattle-King County Building and Construction Trades Council.

All questions raised by the Commissioners were satisfactorily addressed by staff.

On motion by Commissioner Stewart, seconded by Commissioner Brown, the Board unanimously approved Resolution No. 5513.

## **IX. BRIEFINGS & REPORTS**

- A. New Bank Accounts

Craig Violante, Director of Finance, reported that KCHA opened one new security deposit bank account, in relation to the Corinthian Apartments.

- B. Third Quarter 2015 Write-Offs Report

Mr. Violante also briefed the Board on the Third Quarter Write-Offs for 2015 and explained that they were lower than the previous year as a result of efforts to clean up old and past-due accounts.

- C. Tax Credit Financing for Spiritwood and Corinthian Apartments

Tim Walter, Senior Director of Acquisitions and Asset Management, briefed the board on the Low Income Housing Tax Credit program in preparation for the Boards' consideration next month of proposed financing for Spiritwood and the Corinthian Apartments.

- D. Housing Program Entry/Exit Report

Andrew Calkins, Senior Program Manager, presented the 2009-2014 Entry and Exit Report. Mr. Calkins provided an overview on household demographics both entering and exiting KCHA's Housing Choice Voucher and Public Housing programs.

**E. Tenmast Housing Management Computer Software Update**

Katie Fries, Administrative Program Manager, provided an update on the progress of converting to a new housing management software platform. Ms. Fries provided the Board with an overview of the project history, the work currently underway and efforts to mitigate project related risks. Ms. Fries informed the Board that KCHA plans to “go-live” in the new system the first week of November 2015.

**F. Vantage Point Property Update**

Dan Landes, Senior Development Manager, provided an update on the progress of the Vantage Point Senior Housing project. Mr. Landes presented new construction progress photographs and stated that the project is on schedule with a completion date of October 20, 2015.

**XI. EXECUTIVE DIRECTOR’S REPORT**

Stephen Norman, Executive Director, gave an update on the Moving to Work contract extension discussions with the U.S. Department of Housing and Urban Development.

**XII. KCHA in the News**

None.

**XIII. COMMISSIONER COMMENTS**

None.

**XIV. ADJOURNMENT**

On motion by Commissioner Palmer, seconded by Commissioner Stewart, the Board adjourned the meeting at 10:36 a.m.

**THE HOUSING AUTHORITY OF THE  
COUNTY OF KING, WASHINGTON**

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**DOUGLAS J. BARNES**, Chair  
Board of Commissioners

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**STEPHEN J. NORMAN**  
Secretary



# T A B N U M B E R



**To:** Board of Commissioners

**From:** Craig Violante, Director of Finance

**Date:** November 2, 2015

**Re:** **VOUCHER CERTIFICATION FOR SEPTEMBER 2015**

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I, Craig Violante, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered or the labor performed as described herein, and that the claims represented by the vouchers listed below were just obligations of the Housing Authority of the County of King, and that I am authorized to authenticate and certify said claims.

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Craig Violante  
Director of Finance  
November 2, 2015


Bank Wires / ACH Withdrawals		3,517,961.13
	<i>Subtotal</i>	<b>3,517,961.13</b>
Accounts Payable Vouchers		
US Bank Checks - #250907-#251463		4,616,363.61
Commerce Bank Direct Payment		1,476.79
	<i>Subtotal</i>	<b>4,617,840.40</b>
Payroll Vouchers		
Checks - #83937-#83936-#83969		37,646.16
Direct Deposit		1,224,922.80
	<i>Subtotal</i>	<b>1,262,568.96</b>
Section 8 Program Vouchers		
Checks - #611196-#611532		265,065.45
ACH - #323735-#326813		9,771,654.81
	<i>Subtotal</i>	<b>10,036,720.26</b>
Purchase Card / ACH Withdrawal		183,609.73
	<i>Subtotal</i>	<b>183,609.73</b>
	<b>GRAND TOTAL</b>	<b>19,618,700.48</b>

TO: THE BOARD OF COMMISSIONERS, HOUSING AUTHORITY OF  
THE COUNTY OF KING, WASHINGTON

FROM: Wen Xu

SUBJECT: VOUCHER CERTIFICATION FOR SEPTEMBER 2015

I, Wen Xu, do hereby certify under penalty of perjury that the claims represented by the transactions below were just, due, and unpaid obligations against the Housing Authority, and that I, and my designees, are authorized to authenticate and certify said claims.

  
Wen Xu  
Director, Managed Assets  
October 9, 2015

Property Sep-15	Date	\$	Wired to Operating Account(s) for Obligations of Property Claim	Notes:
<b>Bellepark East</b>	09/03/2015	\$ 18,992.35	A/P & Payroll	
	09/17/2015	\$ 14,626.21	A/P & Payroll	
	09/24/2015	\$ 27,747.61	A/P	
<b>Colonial Gardens</b>	09/03/2015	\$ 9,568.81	A/P & Payroll	
	09/17/2015	\$ 9,157.64	A/P & Payroll	
	09/24/2015	\$ 1,856.26	A/P	
<b>Corinthian</b>	09/03/2015	\$ 4,705.19	A/P & Payroll	
	09/11/2015	\$ 22,806.97	A/P	
	09/17/2015	\$ 595.58	Payroll	
<b>Cottonwood</b>	09/03/2015	\$ 39,640.25	A/P & Payroll	
	09/11/2015	\$ 7,216.36	A/P	
	09/17/2015	\$ 26,252.09	A/P & Payroll	
	09/24/2015	\$ 1,143.02	A/P	
<b>Cove East</b>	09/03/2015	\$ 23,584.07	A/P & Payroll	
	09/11/2015	\$ 3,774.54	A/P	
	09/17/2015	\$ 22,380.84	A/P & Payroll	
	09/24/2015	\$ 3,124.81	A/P	
<b>Landmark</b>	09/03/2015	\$ 26,426.66	A/P & Payroll	
	09/18/2015	\$ 18,953.61	A/P & Payroll	
	09/24/2015	\$ 67,216.81	A/P	
<b>Timberwood</b>	09/03/2015	\$ 22,905.39	A/P & Payroll	
	09/11/2015	\$ 64,175.86	A/P	
	09/18/2015	\$ 17,036.45	A/P & Payroll	
	09/24/2015	\$ 45,462.12	A/P	
<b>Woodland North</b>	09/03/2015	\$ 9,525.91	A/P & Payroll	
	09/17/2015	\$ 5,570.50	Payroll	
	09/24/2015	\$ 11,346.17	A/P	
<b>Woodside East</b>	09/03/2015	\$ 57,472.82	A/P & Payroll	
	09/11/2015	\$ 13,414.78	A/P	
	09/17/2015	\$ 36,470.94	A/P & Payroll	
<b>Alpine Ridge, Aspen Ridge, Auburn Square, Carriage House, Cascadian, Corinthian, Fairwood, Heritage Park, Laurelwood, Meadows, Newporter, Parkwood, Somerset East, Somerset West, Walnut Park, Windsor Heights, Woodridge Park</b>	09/11/2015	\$ 582,937.21	A/P & Payroll	
	09/11/2015	\$ 3,855.26	Corinthian Buffer & Payroll	
	09/11/2015	\$ 23,155.00	SOW Debt Service	
	09/11/2015	\$ 16,588.33	SOE Debt Service	
	09/24/2015	\$ 513,747.62	A/P & Payroll	
<b>Gilman Square</b>	09/09/2015	\$ 8,480.94	A/P	
	09/11/2015	\$ 7,393.90	A/P	
	09/22/2015	\$ 7,900.65	Payroll	
	09/24/2015	\$ 27,460.50	A/P	
<b>Meadowbrook</b>	09/09/2015	\$ 7,700.26	A/P	A/P funded from Royal to Madrona because no CashPro
	9/10/2015	\$ 8,753.56	A/P	This account is not set up on CashPro for reporting.
	9/22/2015	\$ 7,361.75	Payroll	This account is not set up on CashPro for reporting.
	9/24/2015	\$ 22,907.62	A/P	This account is not set up on CashPro for reporting.
	09/24/2015	\$ 8,216.98	A/P	"Final" Royal Payroll funding.
<b>Villages at South Station</b>	09/09/2015	\$ 12,061.89	A/P	
	09/11/2015	\$ 13,295.38	A/P	
	09/22/2015	\$ 10,518.54	Payroll	
	09/24/2015	\$ 47,585.32	A/P	
<b>Bellevue Manor</b>	09/17/2015	\$ 24,933.66	A/P	
<b>Charter House</b>	09/17/2015	\$ 10,483.81	A/P	
<b>Northwood Square</b>	09/17/2015	\$ 42,919.83	A/P	
<b>Patricia Harris</b>	09/17/2015	\$ 13,984.28	A/P	
<b>Vashon Terrace</b>	09/17/2015	\$ 7,457.72	A/P	
<b>Rainier View I</b>	09/11/2015	\$ 12,350.94	A/P	
	09/15/2015	\$ 12,303.35	A/P	
	09/24/2015	\$ 2,162.94	A/P	
<b>Rainier View II</b>	09/11/2015	\$ 16,845.10	A/P	
	09/15/2015	\$ 7,639.77	A/P	
	09/24/2015	\$ 1,323.99	A/P	
<b>Si View</b>	09/11/2015	\$ 4,130.80	A/P	
	09/15/2015	\$ 5,975.66	A/P	
	09/24/2015	\$ 2,484.44	A/P	
<b>Portfolio Total:</b>		<b>\$ 2,126,067.62</b>		

# T A B N U M B E R

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**TO:** Board of Commissioners

**FROM:** Tim Baker, Senior Management Analyst

**DATE:** November 9, 2015

**RE:** **Resolution No. 5514: Authorizing the Executive Director to enter into Interlocal Purchasing Agreements with the Housing Authority of the City of Seattle**

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State Law RCW 39.34.030 authorizes local agencies to enter into intergovernmental or interlocal cooperative purchasing agreements. Referred to as the Interlocal Cooperation Act, this statute allows two or more public agencies to exercise powers jointly in the efficient and economical procurement of goods and services, and in the operation of programs and activities. Recipients of federal funds under HUD are also afforded this same opportunity under 24 CFR 85.36, which states in part that agencies such as King County Housing Authority (KCHA) and the Seattle Housing Authority (SHA) are encouraged to enter into Interlocal Agreements for the procurement of common goods and services.

In April 2007, KCHA and SHA entered into a blanket Interlocal Agreement for purchasing; however the KCHA Board at that time did not pass a formal Resolution for such an Agreement as required by RCW 39.34.030(2). Resolution No. 5514 will officially formalize a new blanket Interlocal Purchasing Agreement that will be signed by both parties once this Resolution is passed by KCHA's Board. Resolution 5514 is a housekeeping measure; there is no product or contract at this point that either Housing Authority wishes to procure using the interlocal process.

Entering into this Agreement will not relieve KCHA from complying with the applicable laws and regulations which govern our procurement activities. KCHA can only enter into an Interlocal Purchasing Agreement with SHA if the bidding and award process used by them in vendor selection complies with our own procurement policies.

**THE HOUSING AUTHORITY OF THE COUNTY OF KING**

**RESOLUTION No. 5514**

**AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO  
INTERLOCAL PURCHASING AGREEMENTS WITH THE HOUSING  
AUTHORITY OF THE CITY OF SEATTLE**

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**WHEREAS**, the Revised Code of Washington (RCW) 39.34.030 allows for the establishment of cooperative or intergovernmental agreements or contracts between public agencies, and

**WHEREAS**, RCW 39.34.0303 requires that such intergovernmental agreements be authorized by the governing body of each party to the contract, and that such contracts shall set forth fully the purposes, powers, rights, objectives and responsibilities of the contracting parties, and

**WHEREAS**, the Housing Authority of the City of Seattle and the King County Housing Authority may, from time to time wish to use the interlocal procurement process in a manner that is economical, efficient and in the best interest of either entity, and

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF THE COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING, THAT;**

The Executive Director is hereby authorized to enter into an Interlocal Cooperative Purchasing Agreement with the Housing Authority of the City of Seattle substantially in the form attached.

**ADOPTED AT A REGULAR MEETING OF THE BOARD OF THE COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING  
THIS 16TH DAY OF NOVEMBER 2015.**

**THE HOUSING AUTHORITY OF THE  
COUNTY OF KING, WASHINGTON**

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**DOUGLAS J. BARNES**, Chair  
Board of Commissioners

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**STEPHEN NORMAN**  
Secretary

## **INTERGOVERNMENTAL COOPERATIVE PURCHASING AGREEMENT**

Pursuant to Chapter 39.34 RCW and 2 CFR 200.318, the King County Housing Authority (KCHA), 600 Andover Park West, Tukwila, Washington 98188, and the Seattle Housing Authority (SHA), 190 Queen Anne Ave North, P.O. Box 19028, Seattle, Washington 98109-1028 hereby agree to the terms of this Intergovernmental Cooperative Purchasing Agreement.

### **RECITALS**

WHEREAS, the parties hereto desire to conserve resources and reduce procurement costs; and,

WHEREAS, the parties hereto desire to improve the efficiency, effectiveness and economy of the procurement of necessary products and services; and

WHEREAS, the cooperative purchasing agreement will serve both of those ends;

NOW, THEREFORE, in consideration of the mutual promises contained in this agreement, and of the mutual benefits to result therefrom, the parties agree as follows:

1. That each party will facilitate the cooperative procurement of products, supplies, materials, equipment and services.
2. That the procurement of any products, supplies, materials, equipment or services subject to this agreement shall be conducted in accordance with the relevant statutes, ordinances, rules and regulations that govern each party's procurement practices.
3. That the cooperative use of bids obtained by a party to this agreement shall be in accordance with the terms and conditions of the bid, except as modification of those terms and conditions is otherwise allowed by law.
4. That the parties will make available, upon reasonable request and subject to convenience, information which may assist in improving the effectiveness, efficiency and economy of each party's procurement.
5. That a procuring party will make timely payments to the vendor for products and services received in accordance with the terms and conditions of the procurement. Payment for products and services and inspections and acceptance of products and services ordered by the procuring party shall be the exclusive obligation of such procuring party.
6. The procuring party shall not use this agreement as a method for obtaining additional concessions or reduced prices for similar products or services.



7. The procuring party shall be responsible for the ordering of products or services under this agreement. A non-procuring party shall not be liable in any fashion for any violation by a procuring party, and the procuring party shall hold non-procuring party harmless from any liability, which may arise from action or inaction of the procuring party.

8. The exercise of any rights or remedies by the procuring party shall be the exclusive obligation of such procuring party.


9. This agreement shall remain in effect until termination by either party. Either party may terminate this agreement by giving 30 days written notice to the other party.

10. This agreement shall take effect after execution by both parties.

IN WITNESS WHEREOF, the parties to this agreement have caused their names to be affixed hereto by their proper officers on the dates indicated.

Seattle Housing Authority  
190 Queen Anne Avenue North  
P.O. Box 19028  
Seattle, WA 98109-1028

King County Housing Authority  
600 Andover Park West  
Tukwila, WA 98188

By  \_\_\_\_\_  
Signature Date

Andrew J. Lofton  
Executive Director

By \_\_\_\_\_  
Signature Date

Stephen J. Norman  
Executive Director

# T A B N U M B E R

## **CERTIFICATE**

I, the undersigned, the duly chosen, qualified and acting Executive Director of the Housing Authority of the County of King (the "Authority") and keeper of the records of the Authority, CERTIFY:

1. That the attached Resolution No. 5515 (the "Resolution") is a true and correct copy of the resolution of the Board of Commissioners of the Authority, as adopted at a meeting of the Authority held on November 16, 2015, and duly recorded in the minute books of the Authority.

2. That such meeting was duly convened and held in all respects in accordance with law; that a quorum was present throughout the meeting and a majority of the members of the Board of Commissioners of the Authority present at the meeting voted in the proper manner for the adoption of the Resolution; that all other requirements and proceedings incident to the proper adoption of the Resolution have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this Certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 16<sup>th</sup> day of November, 2015.

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Secretary and Executive Director of the Authority



**TO:** Board of Commissioners

**FROM:** Tim Walter, Senior Director of Acquisitions & Asset Management

**DATE:** November 9, 2015

**RE:** **Resolution No. 5515: A Resolution of the Housing Authority of the County of King (the “Authority”) authorizing (i) the transfer of Village at Overlake Station project (the “Project”) to the Authority through the acquisition of the subleasehold interest of limited partnership (the “Partnership”) in the Premises (as hereinafter defined) by the Authority and/or the acquisition of the interests of the limited partner of the Partnership by the Authority; (ii) the submission to the Washington State Housing Finance Commission of a request for consent to transfer the Project; (iii) the assignment and assumption by the Authority of the obligations of the Partnership with respect to the Project and bonds issued to finance the Project; (iv) the approval, execution and delivery of all documents necessary to effectuate the foregoing; and (v) determining related matters**

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The attached resolution authorizes the Executive Director to take all actions necessary for KCHA to acquire the investor limited partner’s and the special limited partner’s interests in the Overlake TOD Housing Limited Partnership, which owns the Village at Overlake Station Apartments in Redmond. KCHA is the sole general partner in this tax credit limited partnership. The exit of the limited partners results in the termination of their involvement in the partnership and reconveys full ownership of the apartment complex back to KCHA.

The Village at Overlake Station Apartments is a 308 unit transit oriented development constructed over a King County bus park and ride facility by the Housing Authority in 2001. All housing units are affordable for households earning up to 60 percent area median income and 30 units are wheelchair accessible. A significant number of Section 8 voucher holders live on the site. No change is housing affordability will occur because of this transfer.

KCHA currently serves or has served as the managing general partner or managing member of 26 different tax credit partnerships and limited liability companies. KCHA forms these entities to generate equity from the sale of low income housing tax credits to help finance the development of affordable housing. The tax credit equity has been an invaluable tool without which the Housing Authority would not

have been able to develop most of the housing it has developed or redeveloped over the last 21 years.

The tax credit model is structured to pass through tax credits and tax deductions to passive investors in exchange for their investment of capital into affordable housing. The tax credits are generally distributed over a 10 to 15 year window and it is over this time period that the investor expects to receive their full investment return. The basic assumption in the “non-profit managing general partner” investment model is that the investor will step in on day one, make their investment up front, a non-profit managing general partner will operate the property for 15 years over which time the investor will claim their tax benefits and, after the 15 year window, the primary investment return having been realized, the investor will deed the property over to the non-profit general partner (“GP”). Unfortunately, while from the non-profit GP’s perspective this is how these transactions should work, there are numerous technical tax and legal issues and investment motives that complicate the ability of a non-profit managing partner to step in and take over the property without incurring significant costs.

In general, for a real estate transaction to be arm’s length, partners cannot negotiate up front to sell the property to one or more of the partners at a future point in time at a below market price without creating negative tax consequences to the partnership. There is an exception, however, in the current tax code for non-profit and government general partners to acquire tax credit properties back from their limited partners (“LP”) at no cost other than the simple assumption of the partnership’s debt plus a payment to the investor sufficient to cover any tax liability they may incur by exiting the partnership. This exemption is not an absolute right of the GP but may be agreed to by the partners and is generally negotiated at the time the partnership agreement is originally executed.

The investor in the Overlake TOD Housing Limited Partnership is an investment fund managed by a tax credit syndicator, PNC Multifamily Capital. The proposed structure of the transfer of the property to KCHA is consistent with the terms of KCHA’s prior transactions with PNC. KCHA anticipates the transfer to occur on or around December 31, 2015.

Staff recommends passage of Resolution No. 5515.

**THE HOUSING AUTHORITY OF THE COUNTY OF KING**

**RESOLUTION NO. 5515**

*(Project Transfer Resolution – Village at Overlake Station)*

A RESOLUTION of the Housing Authority of the County of King (the “Authority”) authorizing (i) the transfer of Village at Overlake Station project (the “Project”) to the Authority through the acquisition of the subleasehold interest of limited partnership (the “Partnership”) in the Premises (as hereinafter defined) by the Authority and/or the acquisition of the interests of the limited partner of the Partnership by the Authority; (ii) the submission to the Washington State Housing Finance Commission of a request for consent to transfer the Project; (iii) the assignment and assumption by the Authority of the obligations of the Partnership with respect to the Project and bonds issued to finance the Project; (iv) the approval, execution and delivery of all documents necessary to effectuate the foregoing; and (v) determining related matters.

**WHEREAS**, the Housing Authority of the County of King (the “Authority”) seeks to encourage the provision of long-term housing for low-income persons residing within King County, Washington; and

**WHEREAS**, RCW 35.82.070(2) provides that a housing authority may, among other things, “prepare, carry out, acquire, lease and operate housing projects; . . .” and

**WHEREAS**, RCW 35.82.020 defines “housing project” to include, among other things, “any work or undertaking . . . to provide decent, safe and sanitary urban or rural dwellings, apartments, mobile home parks or other living accommodations for persons of low income;” and

**WHEREAS**, RCW 35.82.070(5) provides that a housing authority may, among other things, and if certain conditions are met, “own, hold, and improve real or personal property” and “sell, lease, exchange, transfer, assign, pledge, or dispose of any real or personal property or any interest therein;” and

**WHEREAS**, RCW 35.82.080(1) provides that a housing authority may, among other things, “make and execute contracts and other instruments, . . . necessary or convenient to the exercise of the powers of the authority;” and

**WHEREAS**, RCW 35.82.040 authorizes the Authority to “delegate to one or more of its agents or employees such powers or duties as it may deem proper”; and

**WHEREAS**, the Authority is the general partner of Overlake TOD Housing Limited Partnership, a Washington limited partnership (the “Partnership”), and Columbia Housing/PNC Institutional Fund V Limited Partnership, a Delaware limited partnership (“Investment Limited Partner”), and Columbia Housing SLP Corporation, an Oregon corporation (“Special Limited Partner,” together with Investment Limited Partner, the “Limited Partner”) is the limited partner; and

**WHEREAS**, King County (the “County”) is the fee owner of the real property located at 2580 152<sup>nd</sup> Avenue N.E., Redmond, Washington (the “Property”), and pursuant to the terms of that certain Ground Lease between the County and the Authority dated as of July 17, 2000 (the “Lease”), the Authority has a long-term leasehold interest in the Property and that certain 308-unit multi-family apartment complex located on the Property now commonly known as Village at Overlake Station (the “Project,” and together with the Property, the “Premises”); and

**WHEREAS**, the Authority entered into that certain Sublease Agreement with the Partnership dated July 7, 2000 (the “Sublease”), thereby subleasing the Premises to the Partnership with the intent that the Partnership would be treated as the owner of the Premises for federal income tax purposes and that the full burdens and benefits

associated with the Premises would pass to the Partnership during the term of the Sublease; and

**WHEREAS**, the Project was financed in part with low income housing tax credits (“LIHTC”) and proceeds of the Authority’s Variable Rate Demand Revenue Bonds, 2000 (Overlake TOD Project) and Variable Rate Demand Revenue Bonds, 2000, Series B (Overlake TOD Project) (together, the “Bonds”); and

**WHEREAS**, the Project has been operating as “qualified low income housing” pursuant to Section 42 of the Internal Revenue Service Code (“Code”) and, as such, the Partnership has been receiving accelerated LIHTC during the compliance period pursuant to the Code (“Compliance Period”); and

**WHEREAS**, the Compliance Period for the Project has or will soon expire; and

**WHEREAS**, the Authority desires to own the Project and continue its operation as affordable low income housing; and

**WHEREAS**, the Authority has determined that the Limited Partner is willing to transfer its interest in the Partnership (the “Limited Partnership Interests”) to the Authority; and it is in the best interest of the Authority to acquire such Limited Partnership Interests and/or to acquire the Partnership’s subleasehold interest in the Premises, resulting in a transfer of the Project to the Authority; and

**WHEREAS**, the Authority, in its own capacity and as general partner of the Partnership, desires to take such steps as are reasonably necessary to acquire the subleasehold interest of the Partnership in the Premises and/or to acquire the Limited Partnership Interests, for consideration of the assumption of the debt encumbering the Project, including the Bonds (the “Debt”); and



**WHEREAS**, the Authority, in its own capacity and as general partner of the Partnership, desires to take such steps as are reasonably necessary to obtain consents necessary to effect the Authority's assumption of the Debt, and to negotiate, execute and deliver such documents as may be required in connection with the foregoing, including, without limitation, any loan assumption documents; and

**WHEREAS**, the Washington State Housing Finance Commission ("Commission") must approve the transfer of the Premises from the Partnership to the Authority.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING;THAT:**

Section 1. Approval of Transfer of Subleasehold Interest and/or Limited Partnership Interests. The Authority, in its own capacity and as general partner of the Partnership, is authorized, empowered and directed to take such steps that are reasonably necessary to effectuate the transfer of the subleasehold interest in the Premises from the Partnership to the Authority, resulting in a transfer of the Project to the Authority, or, in the alternative, to acquire the Limited Partnership Interests with respect to the Partnership, and to negotiate, execute, and deliver such documents as may be reasonably required to effectuate such transfer.

Section 2. Authorization of Assignment and Assumption. The Authority, in its own capacity and as general partner of the Partnership, is authorized, empowered and directed to take such steps as may be necessary or desirable for (1) the Authority to assume all of the Partnership's obligations with respect to the Debt, including, without

limitation, the Partnership's obligations under any financing lease, hazardous substances agreement, continuing disclosure agreement, loan agreement, and any other document executed in connection with the applicable series of Bonds (the "Bond Documents"); and (2) the Partnership to assign to the Authority all of its rights and obligations under the Bond Documents. The Authority, in its own capacity and as general partner of the Partnership, is authorized, empowered and directed to take such steps as may be necessary or desirable to obtain consent of the lenders of the Debt, the trustee for the Bonds, King County, Washington, as a provider of credit enhancement for the Bonds, or other necessary parties, and to negotiate, execute and deliver such documents as may be required of such parties in connection with the foregoing, including, without limitation, any loan assumption documents.

Section 3. Lease and Bond Document Amendments. The Authority, in its own capacity and as general partner of the Partnership, is authorized, empowered and directed to make any amendments to the Lease and Sublease or the other Bond Documents as may be necessary or desirable in connection with the transaction contemplated by this resolution.

Section 4. Commission Approval. The Authority, in its own capacity and as general partner of the Partnership, is authorized, empowered and directed to take such steps as may be necessary to obtain the Commission's approval of the transfer of the Project from the Partnership to the Authority, and to negotiate, execute and deliver such documents as may be required by the Commission in connection with the foregoing, including, without limitation, submitting a request to the Commission for the

Commission's consent to transfer the Project from the Partnership to the Authority, and paying any transfer fee required by the Commission.

Section 5. Documents to be Executed by Executive Director. Any and all documents contemplated by this resolution which are authorized to be executed by or on behalf of the Authority, in its own capacity or as general partner of a Partnership, are authorized to be executed by the Executive Director of the Authority.

Section 6. Governmental Filings; Other Agreements. The Executive Director is further authorized to execute, deliver and, if applicable, file (or cause to be executed, delivered and, if applicable, filed) on behalf of the Authority, in its own capacity and as general partner of the Partnership, any government forms, affidavits, certificates, letters, documents, agreements and instruments that he determines to be necessary or advisable to give effect to this resolution and to consummate the transaction contemplated herein.

Section 7. Acting Officers Authorized. Any action required by this resolution to be taken by the Executive Director of the Authority may in the absence of such person be taken by a Deputy Executive Director of the Authority.

Section 8. Expenditures. The Authority, in its own capacity and as general partner of the Partnership, is authorized, empowered and directed to make any reasonable expenditures, including, but not limited to, attorney's fees and costs necessary or required in conjunction with actions authorized by this resolution.

Section 9. Ratification and Confirmation. Any actions of the Authority or its officers prior to the date hereof and consistent with the terms of this resolution are ratified and confirmed.

Section 10. Effective Date. This resolution shall be in full force and effect from and after its adoption and approval.

**ADOPTED by the Board of Commissioners of the Housing Authority  
of the County of King at an open public meeting this 16th day of November,  
2015.**

HOUSING AUTHORITY  
OF THE COUNTY OF KING

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By: Douglas J. Barnes, Chair  
Board of Commissioners

ATTEST:

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Stephen J. Norman, Secretary

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**To:** Board of Commissioners

**From:** Craig Violante, Director of Finance

**Date:** November 9, 2015

**Re: Resolution 5516: Acceptance of Washington State Auditor's Office Report on Financial Statements and Federal Single Audit (No. 1015201) and the Accountability Audit Report (No. 1015501), both for the Period Ended December 31, 2014**

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Annual audits of the King County Housing Authority are conducted by the State of Washington, Office of the State Auditor. The audits are prepared and transmitted for filing by the State Auditor's Division of Municipal Corporations pursuant to RCW 43.09.260. Board receipt and acknowledgement of the attached reports is required.

On September 28, 2015 the Washington State Auditor's Office (SAO) issued Financial and Single Audit Report Number 1015201, and on November 5, 2015 the SAO issued Accountability Audit Report Number 1015501. Both reports relate to KCHA's fiscal year which ended on December 31, 2014.

Report No. 1015201 covers the Housing Authority's financial statements and related disclosures along with the Federal "Single Audit" for the period January 1, 2014 through December 31, 2014. Report No. 1015501 is a separate "Accountability Audit Report" for the period January 1, 2014 through December 31, 2014, which reports on KCHA's compliance with State laws and regulations and its own policies and procedures.

There were no findings in this year's Financial Audit report or Accountability Audit Report, and there were no management letter items.

An exit conference with the SAO took place on October 29, 2015 and was attended by several KCHA staff members. The SAO expressed their appreciation for the responsiveness of KCHA staff toward the SAO audit staff.

Resolution No. 5516 is a required element of KCHA's audit compliance requirements.

Board passage is recommended.



# Washington State Auditor's Office

Independence • Respect • Integrity

## Financial Statements and Federal Single Audit Report

# Housing Authority of the County of King (King County Housing Authority)

For the period January 1, 2014 through December 31, 2014

Published September 28, 2015

Report No. 1015201





## Washington State Auditor's Office

September 28, 2015

Board of Commissioners  
King County Housing Authority  
Tukwila, Washington

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

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

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

Sincerely,

JAN M. JUTTE, CPA, CGFM  
ACTING STATE AUDITOR  
OLYMPIA, WA



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## FEDERAL SUMMARY

### **King County Housing Authority King County January 1, 2014 through December 31, 2014**

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

#### **Financial Statements**

An unmodified opinion was issued on the financial statements of the business-type activities and the 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 unmodified opinion on the Housing Authority's compliance with requirements applicable to its major federal program.

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

## Identification of Major Programs:

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

<u>CFDA No.</u>	<u>Program Title</u>
14.881	Moving to Work Demonstration Program

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by OMB Circular A-133, was \$3,000,000.

The Housing Authority did not qualify as a low-risk auditee under OMB Circular A-133.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

**King County Housing Authority  
King County  
January 1, 2014 through December 31, 2014**

Board of Commissioners  
King County Housing Authority  
Tukwila, Washington

We have audited, 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, the financial statements of the business-type activities and the aggregate discretely presented component units of the King County Housing Authority, King County, Washington, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements, and have issued our report thereon dated September 21, 2015.

Our report includes a reference to other auditors who audited the financial statements of the tax credit partnerships as described in our report on the Housing Authority's financial statements. This report includes our consideration of the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of other auditors. The financial statements of the tax credit partnerships identified in Note 8 of the financial statements were not audited in accordance with *Governmental Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the tax credit partnerships.

## **INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit of the financial statements, we considered the Housing Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority's internal control.

*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. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Housing Authority's financial statements are free from 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*.

## PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority's internal control and compliance. Accordingly, this communication is not suitable for

any other purpose. 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.



JAN M. JUTTE, CPA, CGFM  
ACTING STATE AUDITOR  
OLYMPIA, WA

September 21, 2015

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB  
CIRCULAR A-133**

**King County Housing Authority  
King County  
January 1, 2014 through December 31, 2014**

Board of Commissioners  
King County Housing Authority  
Tukwila, Washington

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM**

We have audited the compliance of the King County Housing Authority, King County, Washington, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014. The Housing Authority's major federal programs are identified in the accompanying Federal Summary.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Housing Authority's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. Our audit does not provide a legal determination on the Housing Authority's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, the Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

## **REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

Management of the Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Housing Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control



that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **PURPOSE OF THIS REPORT**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose. 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.



JAN M. JUTTE, CPA, CGFM  
ACTING STATE AUDITOR  
OLYMPIA, WA

September 21, 2015

# INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

## **King County Housing Authority King County January 1, 2014 through December 31, 2014**

Board of Commissioners  
King County Housing Authority  
Tukwila, Washington

### **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the King County Housing Authority, King County, Washington, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements as listed on page 16.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the tax credit partnerships identified in Note 8 to the financial statements, which represents 100 percent of the assets, net positions, revenues and expenses of the aggregate discretely presented component units. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the tax credit partnerships, is based solely on the reports 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 from material misstatement. The financial statements of the tax credit partnerships identified in Note 8 to the financial statements were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Housing Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinion**

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 the aggregate discretely presented component units of the King County Housing Authority, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 17 through 23 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 our 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.

### ***Supplementary and Other Information***

Our audit was conducted 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 Actual Modernization Cost Certificates 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 basic 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 basic financial statements or to the basic 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.

## **OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2015 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 internal control over financial reporting or on compliance. That

report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority's internal control over financial reporting and compliance.



JAN M. JUTTE, CPA, CGFM  
ACTING STATE AUDITOR  
OLYMPIA, WA

September 21, 2015

## FINANCIAL SECTION

### **King County Housing Authority January 1, 2014 through December 31, 2014**

#### **REQUIRED SUPPLEMENTARY INFORMATION**

Management's Discussion and Analysis – 2014

#### **BASIC FINANCIAL STATEMENTS**

Statement of Net Position – 2014

Statement of Revenues, Expenses and Changes in Net Position – 2014

Statement of Cash Flows – 2014

Notes to Financial Statements – 2014

#### **SUPPLEMENTARY AND OTHER INFORMATION**

Schedule of Expenditures of Federal Awards and Notes – 2014

Financial Data Schedule – 2014

Actual Modernization Cost Certificate – WA00200010109E

Actual Modernization Cost Certificate – WA00200015209R

Actual Modernization Cost Certificate – WA00200015309E

Actual Modernization Cost Certificate – WA00200020109R

Actual Modernization Cost Certificate – WA00200020309E

Actual Modernization Cost Certificate – WA00200020709E

Actual Modernization Cost Certificate – WA00200025109E

Actual Modernization Cost Certificate – WA00200035009R

Actual Modernization Cost Certificate – WA00200035209E

Actual Modernization Cost Certificate – WA00200035409E

Actual Modernization Cost Certificate – WA00200040109E

Actual Modernization Cost Certificate – WA00200040309E

Actual Modernization Cost Certificate – WA00200045109E

Actual Modernization Cost Certificate – WA00200050509E

Actual Modernization Cost Certificate – WA00200055009E

Actual Modernization Cost Certificate – WA00200055209E

# **Housing Authority of the County of King**

## **Management's Discussion and Analysis**

This first section of the annual financial report presents a discussion and analysis of King County Housing Authority's (KCHA) financial performance during the year ended December 31, 2014. It should be read in conjunction with the Authority's financial statements, which immediately follow this section.

In its entirety, KCHA administers a broad range of federally and locally financed housing programs serving an area of over 2,134 square miles, covering all of King County outside of the cities of Seattle and Renton. The King County Housing Authority owns or manages 8,779 units of housing and provides rental subsidies to over 7,400 additional households. The majority of KCHA's program participants have incomes below 20% of area median income. KCHA's inventory includes 2,191 units of public housing in King County and in the city of Olympia, which lies outside of King County. In addition, KCHA manages two public housing sites with 80 units via contract in the City of Sedro-Woolley.

The financial performance discussed in the following analyses does not include tax credit partnerships. The tax credit partnerships, with 24 sites and 2,204 units, are owned by separate limited partnerships/corporations with the Authority acting as general partner/managing member. The tax credit properties are fee managed by outside private property management firms with the exception of Harrison House, Valley Park, Birch Creek, Egis, Zephyr, Green River Homes 2, and Fairwind which are managed by KCHA's Housing Management department. Because they are legally separate entities, their operations are not carried directly on the books of the Authority but are listed as component units on the Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position. As a result, neither these units, nor their financial data, are included in the analysis and financial reports that follow. More information about the component units can be found in Notes 1, 8, and 9.

### **2014 Financial Highlights**

- KCHA's participation in HUD's Moving to Work (MTW) program gives the Authority the ability to receive most of its Housing Choice Voucher revenue as a block grant and gives KCHA flexibility in how the funds can be spent.
- Total assets and deferred outflows of resources of the Authority exceeded total liabilities and deferred inflows of resources at December 31, 2014 by \$488.5 million.
- The change in net position for 2014 was an increase of \$27 million and includes approximately \$1 million in capital grant contributions.
- Operating expenses were \$194.2 million and include \$114.2 million in housing assistance payments made to landlords, or 59% of operating expenses.
- The Authority used proceeds from a \$23 million Bank of America line of credit to purchase Gilman Square Apartments.

- MTW reserves continued to serve the low and very-low income populace through an array of innovative programs and the rehabilitation and construction of affordable housing.

### **Authority-wide Financial Statements**

These Authority-wide financial statements include a Statement of Net Position. This statement reports all financial and capital resources for the Authority. The Statement of Net Position is presented in the format where assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources, equals net position. Assets and liabilities are presented in order of liquidity, and are classified as “current” (generally, those assets convertible into cash within one year), and “non-current”.

Net position represents the difference between all other elements in a statement of financial position. It is reported in three broad categories:

Net Investment in Capital Assets: This component of net position consists of all capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted: This component of net position consists of restricted assets when constraints are placed on the asset by external forces such as creditors (e.g. debt covenants), grantors, contributors, laws, regulations, etc., net of any offsetting, associated liabilities and/or deferred inflows of resources. Restrictions on assets imposed voluntarily by KCHA do not result in a restricted net position.

Unrestricted: This component of net position consists of assets, deferred outflow of resources, liabilities, and deferred inflows of resources that are not included in the determination of “Net Investment in Capital Assets” or “Restricted”.

The Authority-wide financial statements also include a Statement of Revenues, Expenses and Changes in Net Position (similar to an income statement). This statement includes operating revenues, such as rental income, operating expenses such as administrative, utilities, and maintenance, and non-operating revenue and expenses, such as grant revenue, investment income and interest expense. The focus of the Statement of Revenues, Expenses and Changes in Net Position is the “Change in Net Position” which is similar to Net Income or Loss.

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



## Financial Analysis of the Authority

### Condensed Statement of Net Position

Table A-1 presents the Authority's Condensed Statement of Net Position as of December 31, 2014 and 2013. The purpose of the statement is to provide a snapshot of the financial condition of the Authority at a certain point in time. Presented are the assets, liabilities, and net position of the Authority at the end of the year. Supplementary information is provided in the accompanying notes that further explain and support the data presented in table A-1.

**Table A-1, Condensed Statement of Net Position <sup>(1)</sup>**

	<u>2014</u>	<u>2013</u>
<b>Assets:</b>		
Current and other assets	\$ 415,232,606	\$ 445,426,094
Capital assets	384,992,197	332,639,880
Total Assets	<u>800,224,803</u>	<u>778,065,974</u>
 <b>Deferred Outflows of Resources:</b>		
Deferred charge for defeasance of debt	1,042,288	1,124,036
	<u>1,042,288</u>	<u>1,124,036</u>
 <b>Liabilities:</b>		
Current and other liabilities	28,411,663	56,418,162
Long-term debt, net of current	282,843,438	261,176,046
Total Liabilities	<u>311,255,101</u>	<u>317,594,208</u>
 <b>Deferred Inflows of Resources:</b>		
Unavailable revenue	1,467,000	-
	<u>1,467,000</u>	<u>-</u>
 <b>Net Position:</b>		
Net Investment in Capital Assets	198,453,108	160,857,574
Restricted	37,641,243	41,068,153
Unrestricted	252,450,639	259,670,074
Total Net Position	<u><b>\$ 488,544,990</b></u>	<u><b>\$ 461,595,801</b></u>

(1) Component units are not included.

Current and other assets, excluding capital assets, for the year ended December 31, 2014 total \$415.2 million and are comprised of \$137.5 million in cash, cash equivalents, and investments and \$275.1 million in accounts, interest, notes and financing lease receivables, and \$2.7 million of other assets. The \$30.1 million decrease from the prior year is primarily due to a \$28 million decrease in accounts, notes, and financing leases receivable in addition to a \$1.7 million decrease in cash, cash equivalents, and investments. The decrease in receivables was mainly attributable to the payment of lease receivables upon termination of two tax credit partnerships in 2014 as well as the payoff of a line of credit related to the Fairwind tax credit partnership.

Capital assets for the year ended December 31, 2014 are \$385 million. Included in this category are land and improvements, buildings and improvements, personal property, and construction-in-progress. Capital asset additions of \$70.6 million include acquisition of land and buildings from the Rural Preservation and KCHA - Seatac tax credit partnerships, the purchase of Gilman Square Apartments, and the acquisition of the Wiley Center. Capital asset disposals of \$8.8 million include the \$1.8 million sale of the Hopkins Building as well as \$5.4 million of lot sales from the Greenbridge and Seola Gardens projects to private builders for the construction of market-rate for-sale homes. More detailed information about the Authority's capital assets is presented in the notes to the financial statements.

Total liabilities, excluding the non-current portion of long-term debt, totaled \$28.4 million at December 31, 2014, a decrease of \$28 million from 2013. A \$26 million decrease in the current portion of long-term debt is mainly attributable to the payoff of the Fairwind line of credit (\$13.6 million) and the New Market Tax Credit line of credit (\$7.7 million), and the refinance of the Somerset Rasmussen bond (\$3.6 million).

Total net position increased by \$27 million during 2014. Net position represents the Authority's equity, a portion of which is restricted for certain uses. Restricted Net Position decreased \$2.7 million from 2013 primarily due to the sale of some investments in government bonds. The \$8 million decrease in Unrestricted Net Position resulted primarily from an \$18 million decrease in tax credit partnership related debt, a \$1 million decrease in contract retainage, as well as a \$28 million decrease in current and noncurrent receivables.

### Condensed Statement of Revenues, Expenses, and Changes in Net Position

The purpose of the "Condensed Statement of Revenues, Expenses and Changes in Net Position" is to present the revenues earned by the Authority (both operating and non-operating) and the expenses incurred (operating and non-operating), and any other revenues, expenses, gains and losses received or spent by the Authority.

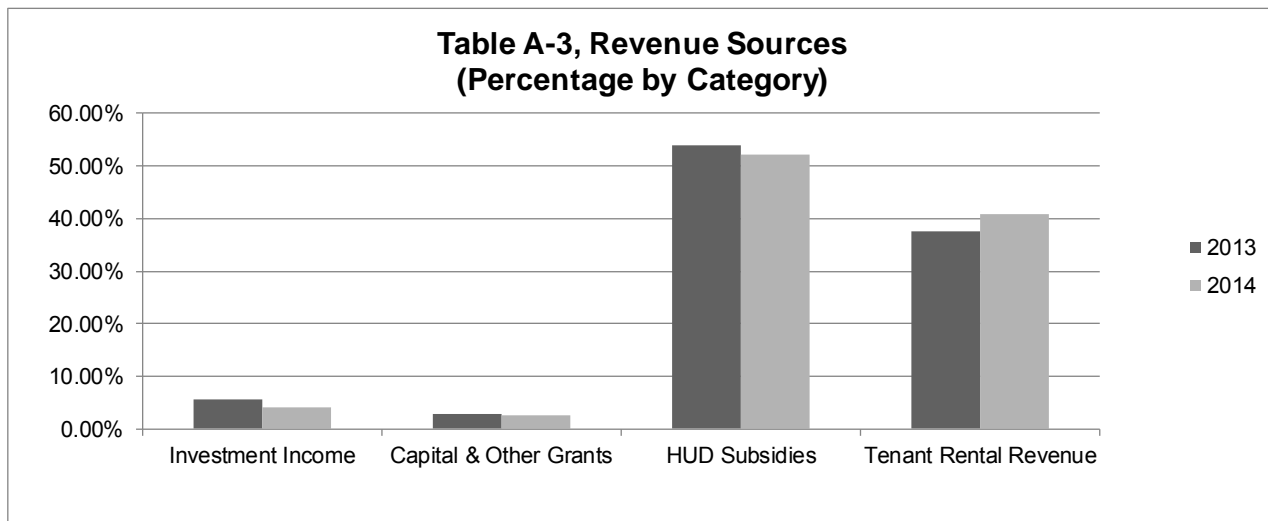
Table A-2 represents the Authority's Condensed Statement of Revenues, Expenses, and Changes in Net Position for 2014 and 2013:

**Table A-2, Condensed Statement of Revenues, Expense, and Changes in Net Position <sup>(1)</sup>**

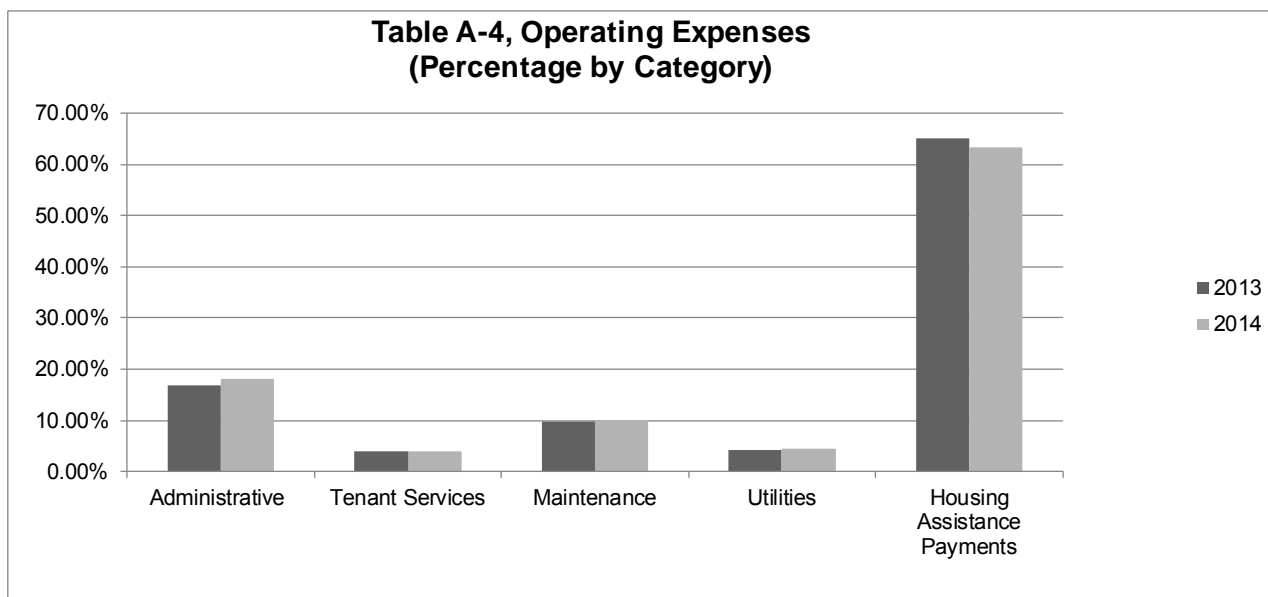
	<u>2014</u>	<u>2013</u>
Operating Revenues	\$ 94,882,300	\$ 79,276,611
Nonoperating revenues	135,931,482	130,508,611
Total Revenues	230,813,782	209,785,222
Operating expenses	194,247,413	185,558,205
Nonoperating expenses	10,613,660	10,895,571
Total Expenses	204,861,073	196,453,776
Excess or deficiency before contributions	25,952,709	13,331,446
Capital grant contributions	996,480	1,225,787
Change in Net Position	26,949,189	14,557,233
Beginning Net Position	461,595,801	447,038,568
Ending Net Position	<u>\$ 488,544,990</u>	<u>\$ 461,595,801</u>

(1) Component units are not included.

Revenues are classified as operating, non-operating or capital grant contributions. Table A-3 shows the sources of revenues for 2014 and 2013 as a percentage of all revenues. The overall contribution for each revenue type remained relatively constant from 2013 to 2014. However, tenant revenues increased in 2014 primarily due to the collection of rent at newly acquired properties. The Authority also continues to expend MTW funds in lieu of Capital Fund Program grant funds.



Operating expenses are amounts paid for providing housing services to the Authority's tenants and for administering the various programs. Total operating expenses for 2014 were \$184 million (excluding depreciation), a 4.4 percent increase from 2013. Each category remained relatively constant from 2013 to 2014.



## Net Capital Assets

During 2014, net capital assets increased by \$52.4 million. The net increase in capital assets from 2013 is primarily attributable to \$60.5 million in capital asset additions (net of accumulated depreciation) offset by \$8.1 million of disposals (net of accumulated depreciation.)

Capital asset additions include:

- \$23 million related to the purchase of Gilman Square Apartments,
- \$1.5 million related to the purchase of Charter House,
- \$8.5 million related to the acquisition of the Wiley Center,
- \$9.8 million related to the acquisition of assets from tax credit partnerships,
- \$14.3 million of construction-in-process,
- \$8.8 million related to building upgrades at various properties.

Capital asset disposals include:

- \$1.8 million representing the sale of the Hopkins Building,
- \$5.4 million in lot sales to private builders for the construction of market-rate for-sale homes

Information about the Authority's capital assets is further presented in the financial statements Note 5 – Capital Assets.

**Table A-5, Capital Assets, net of Accumulated Depreciation**

	<u><b>2014</b></u>	<u><b>2013</b></u>
Land	\$ 99,437,615	\$ 92,999,388
Buildings and improvements	328,513,836	282,415,426
Furniture, equipment & machinery	5,286,420	5,236,113
Construction in progress	<u>97,096,786</u>	<u>87,829,786</u>
	530,334,657	468,480,713
 Total accumulated depreciation	 <u>(145,342,460)</u>	 <u>(135,840,833)</u>
 <b>Net Capital Assets</b>	 <u><b>\$ 384,992,197</b></u>	 <u><b>\$ 332,639,880</b></u>

## Long-term Debt

The Authority has issued various forms of debt for the purpose of acquiring and rehabilitating projects located throughout King County. At year-end, the Authority had \$282.8 million in net long-term bonds and notes outstanding (as shown in table A-6) which represents a \$20.8 million increase over the prior year-end balance. For more information on the Authority's long-term debt, please see Note 6.

**Table A-6, Long Term Debt**

	<b>2014</b>	<b>2013</b>
Long-term, net of current portion	<u>\$ 282,843,438</u>	<u>\$ 261,176,046</u>

### **Economic Factors Affecting the Authority's Future**

The Authority receives the bulk of its operational funding from the United States Department of Housing and Urban Development (HUD) which, like all federal agencies, depends upon congressional appropriations. It is unknown if there will be a change in the level of appropriations for HUD with the change in leadership in the U.S. Senate in 2015.

Dramatically increasing rents in the Puget Sound area is a key concern for the Authority. At the end of 2014, the Seattle Times reported that the previous year saw the average rent for new leases (at properties with greater than 50 units) in King and Snohomish counties increase by 8 percent – four times the rate of inflation. With rents rising at such an alarming rate, the Authority expects to see a corresponding increase in the need for housing assistance.

It remains uncertain when the Federal Reserve will raise interest rates. However, general expectations are that interest rates will be raised sometime in 2015. When the cost of home ownership increases as a result, there should be increased demand for the Authority's services.

The Authority continues to work with HUD toward a 10-year extension of the Moving-to-Work contract which would continue to provide the Authority substantial financial flexibility to the year 2028.

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

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Housing Authority's finances and to demonstrate KCHA's accountability for its resources. Any questions about this report, or requests for additional information, should be directed to the Director of Finance of the King County Housing Authority.

**Housing Authority of the County of King**  
**Statement of Net Position**  
As of December 31, 2014

	AUTHORITY	COMPONENT UNITS
<b>ASSETS:</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 63,769,603	\$ 7,056,577
Restricted cash and cash equivalents	19,221,787	7,293,557
Receivables, net	4,383,112	119,056
Notes and leases receivable - current portion	2,801,584	-
Investments	33,447,159	563,150
Restricted investments	19,540,602	-
Other current assets	956,206	328,202
Total Current Assets	<u>144,120,053</u>	<u>15,360,542</u>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents	1,512,677	-
Land, buildings and equipment, net		
Nondepreciable	174,656,918	32,788,603
Depreciable	210,335,279	315,138,901
Intangible Assets, net	-	1,097,059
Interest receivable	14,231,469	-
Notes and leases receivable	253,689,952	-
Other noncurrent assets	1,678,455	-
Total Noncurrent Assets	<u>656,104,750</u>	<u>349,024,563</u>
Total Assets	<u>800,224,803</u>	<u>364,385,105</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred charge for defeasance of debt	1,042,288	-
Total Deferred Outflows	<u>1,042,288</u>	<u>-</u>
<b>LIABILITIES:</b>		
<b>Current Liabilities</b>		
Current portion of long-term debt	9,536,528	1,373,959
Other current liabilities	14,815,658	2,247,236
Total Current Liabilities	<u>24,352,186</u>	<u>3,621,195</u>
<b>Noncurrent Liabilities</b>		
Interest rate swaps - Fair Value	2,924,437	766,649
Long-term debt, net of current	282,843,438	240,460,423
Other noncurrent liabilities	1,135,040	17,544,085
Total Noncurrent Liabilities	<u>286,902,915</u>	<u>258,771,157</u>
Total Liabilities	<u>311,255,101</u>	<u>262,392,352</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue	1,467,000	-
Total Deferred Inflows	<u>1,467,000</u>	<u>-</u>
<b>NET POSITION:</b>		
Net investment in capital assets	198,453,108	106,093,122
Restricted	37,641,243	6,668,030
Unrestricted	252,450,639	(10,768,399)
Total Net Position	<u>\$ 488,544,990</u>	<u>\$ 101,992,753</u>

The accompanying notes are an integral part of these financial statements.

**Housing Authority of the County of King**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
For the 12 Month Period Ended December 31, 2014

	<u>AUTHORITY</u>	<u>COMPONENT UNITS</u>
<b>OPERATING REVENUES</b>		
Tenant revenue	\$ 54,886,504	\$ 19,516,182
Other revenue	39,995,796	1,736,078
Total Operating Revenues	<u>94,882,300</u>	<u>21,252,260</u>
<b>OPERATING EXPENSES</b>		
Administrative	32,708,099	4,399,745
Tenant services	7,249,590	1,728
Maintenance	18,337,183	4,458,178
Utilities	7,987,282	2,842,594
Housing assistance payments	114,171,441	-
Depreciation and amortization	10,172,786	11,986,340
Other expenses	3,621,032	3,461,305
Total Operating Expenses	<u>194,247,413</u>	<u>27,149,890</u>
Operating Income (Loss)	(99,365,113)	(5,897,630)
<b>NONOPERATING REVENUE (EXPENSE)</b>		
HUD subsidies and grant revenue	121,182,841	-
Other government grants	5,010,934	-
Investment income	9,737,707	30,561
Interest expense	(10,370,076)	(7,757,037)
Net gain (loss) on disposal of capital assets	(243,584)	(310,673)
Net Nonoperating Revenues (Expenses)	<u>125,317,822</u>	<u>(8,037,149)</u>
INCOME (LOSS) before contributions	25,952,709	(13,934,779)
Capital grant contributions	996,480	-
Partner contributions (disbursements)	<u>-</u>	<u>16,130,186</u>
CHANGE IN NET POSITION	26,949,189	2,195,407
Beginning Net Position	<u>461,595,801</u>	<u>106,082,248</u>
Change in Reporting Entity <sup>(1)</sup>	-	(6,284,902)
Ending Net Position	<u>\$ 488,544,990</u>	<u>\$ 101,992,753</u>

(1) Please see Footnote 1 for more information

The accompanying notes are an integral part of these financial statements.

**Housing Authority of the County of King**  
**Statement of Cash Flows**  
For the 12 Month Period Ended December 31, 2014

	AUTHORITY
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Receipts from tenants	\$ 59,746,709
Payments to employees	(23,599,581)
Payments to suppliers of goods and services	(43,355,333)
Payments to landlords	(108,690,862)
Payments received from (made to) other housing authorities	(4,165,416)
Other receipts (payments)	29,716,103
Net cash provided by (used in) operating activities	<u>(90,348,380)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Receipts from HUD	121,155,618
Receipts from other governments	4,616,704
Net cash provided by noncapital financing activities	<u>125,772,322</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Capital grant contributions	1,041,592
Purchase of capital assets	(61,829,981)
Net proceeds from capital asset disposal	(243,584)
Proceeds from issuance of capital debt	41,805,616
Principal payments on capital debt	(46,205,196)
Interest paid on capital debt	(10,589,698)
Other receipts (payments)	1,605,354
Net cash used in capital and related financing activities	<u>(74,415,897)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Net sale (purchase) of investments	5,197,340
Investment in notes and financing leases	(12,097,870)
Net increase in notes and financing leases	-
Payments received on notes and financing leases	41,884,879
Investment income -- notes and financing leases	6,677,378
Investment income -- other	1,131,007
Other receipts (payments)	(442,702)
Net cash provided by investing activities	<u>42,350,032</u>
Net Increase in Cash and Cash Equivalents	3,358,077
Cash and cash equivalents -- beginning of the year	81,145,990
Cash and cash equivalents -- end of the year	<u>\$ 84,504,067</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>	
Operating income (loss)	(99,365,113)
Adjustment to reconcile operating income to net cash:	
Depreciation expense	10,172,786
Change in assets and liabilities:	
Receivables and other assets	203,918
Accounts and other payables	(1,359,971)
Net cash provided by (used in) operating activities	<u>\$ (90,348,380)</u>

The accompanying notes are an integral part of these financial statements.



## **Note 1 – Reporting Entity and Summary of Significant Accounting Policies**

### **Reporting Entity**

#### **Primary Government**

The Housing Authority of the County of King (the “Authority”) was created in 1939 as a municipal corporation under the provisions of the State Housing Authorities Law (RCW 35.82) and the Housing Cooperation Law (RCW 35.83) in response to the Federal Housing Act of 1937. The Act created the United States Housing Authority, empowering it to make loans and annual contributions to local public housing agencies to assist in the development, acquisition and administration of low rent projects. The programs authorized under the Act, as amended, are now administered by the Department of Housing and Urban Development (HUD). The Authority is not a component unit of King County.

The Authority operates in all of King County (except within the city of Seattle) and in the city of Olympia. The Authority also serves as the management agent for the Housing Authority of the City of Sedro-Woolley in Skagit County. Of the State’s 39 counties, King County ranks eleventh in geographical size and first in population. The County is the financial, economic and industrial center of the entire Pacific Northwest region. The Authority’s jurisdiction encompasses an area of over 2,134 square miles and a population estimated at 1.9 million representing almost 30% of the state’s total population. The Authority has its central office in Tukwila. A five-member Board of Commissioners, appointed for five-year terms by the Metropolitan-King County Council, governs the Authority. The Authority’s commissioners serve without pay.

#### **Summary of Significant Programs**

The Authority has been granted a broad range of powers to provide housing assistance to low-income households. The nationally recognized definition of a low-income family is a household earning less than 80 percent of the area’s median income, adjusted for family size. The Authority administers federally and locally financed housing programs that serve a variety of housing needs including the following:

#### **Federally Assisted Housing Programs**

*Low Rent Public Housing* –The Authority owns, operates or maintains 36 housing projects consisting of 2,083 units of public housing of which 1,190 units are for the low-income elderly and disabled. The properties were acquired through bonds and notes guaranteed by HUD and through grants from HUD. Revenues consist of rents and other fees collected from tenants and an operating subsidy received from HUD. Typically residents pay 28.3% of their adjusted income in rents. Two thirds of public housing residents earn less than 20% of the area median income, with almost 80% having some form of entitlement payment as their main source of income. The Authority’s subsidy is received under an Annual Contributions Contract to offset the cost of operating the units. HUD also provides funds to maintain and improve the public housing projects under the Capital Fund Program. Historically, all additions to land, structures and equipment of public housing are accomplished through these capital grant funds.

*Tenant Based Housing Choice Vouchers*—The Authority provides rental assistance payments on behalf of approximately 7,489 households who live in private rental housing. Funded by HUD pursuant to Section 8 of the U.S. Housing Act, this program allows participating families and individuals to choose their own housing with the use of a housing voucher. Generally the participant pays no more than 28.3% of income towards rent and the Authority pays the remainder. The Authority targets this program to the elderly, disabled households and families that are homeless or at the risk of homelessness. Program participants average 15% of area median income.

*Project Based Section 8 Housing* - The Authority owns several developments where some or all of the units are subsidized under the Section 8 program. Under this program, subsidies attach to qualifying housing units rather than to qualifying individuals or families. There are currently 1,747 units subsidized under this program; 699 units owned by the Authority, 508 units leased to Moving King County Residents forward, and 540 units owned by tax credit partnerships.

### **Unassisted Locally Financed Housing Programs**

*Tax-Exempt Bond Financed* - The Authority owns 32 apartment complexes totaling 3,791 units through the issuance of tax-exempt bonds. These properties receive no operating subsidy from the Federal government or any other State or local source. The Authority acquired the properties in order to place selected housing developments within the public domain so that rents could be maintained as low as possible over time. Typically these units have a broad mix of residents with the majority having income below 80% of area median.

*Homeownership* - The Authority owns two mobile home parks located in South King County comprising 195 manufactured home sites. Under this program, the residents own their manufactured homes and pay rent to the Authority for the land on which the home sits.

*Tax Credit* - In 1994, the Authority began partnering with limited partnerships and limited liability corporations (hereafter referred to as “partnerships”) to acquire and develop additional affordable housing. The Authority is general partner/managing member (hereafter referred to as “general partner”) in 16 partnerships representing 24 housing complexes comprising 2,204 units.

*Miscellaneous Local Programs* - The Authority has an inventory of 17 different housing developments comprising 182 units of housing. The units are generally leased to non-profit service providers for the benefit of the economically disadvantaged, developmentally disabled, transitional, homeless and other groups who have traditionally experienced barriers in finding housing.

### **Other Programs**

*Housing Repair and Weatherization* - The Authority receives federal and state money to provide housing rehabilitation loans and weatherization grants to low-income homeowners and renters. The Authority has been administering these types of programs since 1975. In 2014, the Authority assisted 527 homes with structural upgrades, air quality improvements and energy efficiencies.

*Social and Human Service Programs* - The Authority serves a wide variety of people with special needs such as the elderly, the physically and developmentally disabled, the homeless and the mentally ill. The Authority provides resident focused programs in its developments by working in partnership with nearly 20 different agencies that provide social and human services programs including job and education training and self-sufficiency programs. For example, Head Start classrooms operate at two sites, Boys and Girls Club programs operate at four sites, and five career/computer centers are located in the Authority's developments. Counseling, educational, recreational, nutrition and transportation services are provided by community-based organizations like the YWCA, Senior Services, and Neighborhood House. These contracted services are partially funded using federal grants, which the Authority receives in a competitive process for periods of one to three years.

## **Development**

*Vantage Point* – In 2014, the Authority began construction of a 77-unit apartment complex for low-income seniors and persons with disabilities. The complex is located in the Benson Hill neighborhood in Renton in King County. Funding for Vantage Point comes from both private and public sources. Private investors are providing \$15.5 million of equity through competitively awarded federal low-income housing tax credits. King County's housing finance program will provide \$2 million. The Authority is contributing about \$5 million, including the value of the land, which it owns. The project is will be completed and leased in late 2015.

## **Component Units**

The governmental reporting entity consists of the Authority (the Primary Government) and its component units. Component units are legally separate organizations for which the Board is financially accountable, or other organizations whose nature and significant relationship with the Authority are such that exclusion would cause the Authority's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and (i) either the Authority's ability to impose its will on the organization or (ii) there is potential for the organization to provide a financial benefit to or impose a financial burden on the Authority.

The basic financial statements include both a blended component unit and discretely presented component units. The blended component unit is a legally separate entity, and should be, in substance, part of the Authority's operations, and so data from this unit is combined with data of the primary government. The discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the government.

Complete financial statements of individual component units can be obtained from the Finance Department of the Authority. Although the limited partnerships, limited liability companies, and non-profit corporations do not follow government accounting for presentation purposes, certain transactions may be reflected differently in these financial statements than in the separately issued information in order to conform to the presentation of the primary government.

## **Blended Component Unit**

**Moving King County Residents Forward (MKCRF)** - A legally separate, 501(c)(3), non-profit organization. During 2012, the Authority leased property to MKCRF through a 30-year capital lease with lease payments of one dollar per year. As a result of this transaction, the Authority swapped subsidy from the Public Housing program for subsidy from the Section 8 program. The increased Section 8 subsidy is being leveraged to complete \$18 million of capital improvements at all 22 housing locations. Due to the fact that the governing body of MKCRF is identical to the governing body of the Authority and the management of the Authority has operational responsibility for MKCRF, MKCRF's balances and transactions are "blended" into the Authority's financial statements.

## **Discretely Presented Component Units**

The discretely presented component units are low income housing tax credit partnerships whose limited partners or members have limited rights regarding the operations of the partnerships and the Authority as General Partner or Managing Member controls the day-to-day operations of the partnerships. As such, the Authority has certain rights and responsibilities which enable it to impose its will on the partnerships due to its significant influence as the General Partner or Managing Member and also its financial relationships with the partnerships. It is for this reason that they are discretely presented on the Authority's financial statements.

The partnerships are required to be operated in a manner necessary to qualify for federal low income housing tax credits and to be in compliance with regulations for tax exempt bonds as provided under Section 42 and 142 of the Internal Revenue Code. The Authority is allocated about .01% of all profits, losses, and tax credits pursuant to the terms of the partnership or operating agreement with the partnerships.

The following discretely presented component units have a December 31, 2014 year end:

- **Eastbridge Apartments LLC** – A Washington State limited liability company formed in March 2009 to construct and operate a 26-building, 91-unit housing project, known as Eastbridge Apartments in unincorporated King County, Washington. The Authority serves as sole Managing Member. Pursuant to the Amended and Restated Operating Agreement dated March 3, 2009, Bank of America, N.A. as the Investor Member and Banc of America CDC Special Holding Company, Inc. as the Special Member were admitted to the company.
- **Egis Housing Limited Partnership** – A Washington State partnership that was formed in May 2007, to acquire, develop, rehabilitate, own, maintain and operate a 439-unit apartment project, known as Egis Housing in King County and Thurston County, Washington. The project consists of Paramount House (70 units), Munro Manor (60 units), Brittany Park (43 units), Riverton Terrace (30 units), Mardi Gras (61 units), Plaza 17 (70 units), Casa Madrona (70 units), and Gustaves Manor (35 units). The Authority serves as the sole general partner, the Limited Partner is Egis-Apollo Housing Capital, LLC and the Special Limited Partner is RBC Tax Credit Manager II, Inc.

- **Fairwind Apartments LLLP** – A Washington State limited liability limited partnership that was formed in March 2012 to construct and operate an 87-unit apartment project, known as Fairwind Apartments in unincorporated King County, Washington. The Authority serves as its sole General Partner. Pursuant to the Partnership Agreement, BCP/Fairwind, LLC is the Investment Limited Partner and BCCC, Inc. is the Special Limited Partner.
- **Green River Homes LLC** – A Washington State limited liability company which was formed in June 2004 to acquire, rehabilitate and operate a 60-unit apartment project, known as Valley Park East and Valley Park West in Auburn, Washington. The Authority serves as the sole Managing Member. Its Investor Member is NEF Assignment Corporation.
- **Green River Homes 2 LLC** – A Washington State limited liability company that was formed on October 7, 2011 to acquire, construct, rehabilitate, develop, improve, maintain, operate, and lease a 59-unit apartment complex, known as Green River Homes in Auburn, Washington. The Authority serves as sole Managing Member. The Investor Member is RBC-Green River, LLC, a Delaware limited liability company and the Special Investor Member is RBC Tax Credit Manager II, Inc., a Delaware corporation.
- **Harrison House LLC** – A Washington State limited liability company which was formed in May 2004 to acquire rehabilitate and operate a 94-unit apartment project, known as Harrison House Apartments in Kent, Washington. The Authority serves as its sole Managing Member. Its Investor Member is NEF Assignment Corporation.
- **KCHA – Cones Limited Partnership** – A Washington State limited partnership that was formed in May 2002 to acquire, rehabilitate and operate a 96-unit apartment project, known as Arbor Heights Apartments in the City of Seattle, Washington. The Authority serves as its sole General Partner. John Hancock Corporate Tax Credit Fund VIII, L.P. serves as the Investor Limited Partner while John Hancock Realty Management, Inc. is a limited partner.
- **KCHA – Kona Village Limited Partnership** – A Washington State limited partnership formed on December 1, 1999, to acquire, rehabilitate and operate a real estate development consisting of low-income rental housing. The partnership operates two properties. The properties are Somerset Gardens East (formerly known as Kona Village – East) (90 units) and Somerset Gardens West (formerly known as Kona Village – West) (108 units). The authority serves as the partnership's sole General Partner. The partnership's Limited Partners are Columbia Housing/PNC Institutional Fund VI Limited partnership (the Investment Limited Partner) and Columbia Housing SLP Corporation (the Special Limited Partner).

- **KCHA – Southwood Square Limited Partnership** – A Washington State limited partnership that was formed in March 2001, to acquire, rehabilitate, and operate a 104-unit apartment project, known as Southwood Square Apartments in Kent, Washington. The Authority serves as the sole General Partner. Its initial Limited Partner was Common Ground, a Washington nonprofit corporation. Pursuant to the Amended and Restated Limited Partnership Agreement dated December 28, 2001, Common Ground withdrew from the partnership and John Hancock Realty Management, Inc. (the Special Limited Partner) and John Hancock Corporate Tax Credit Fund VI Limited Partnership (the Investor Limited Partner) were admitted to the partnership.
- **Nia Apartments LLC** – A Washington State limited liability company that was formed in March 2007 to construct and operate an 82-unit apartment project, known as Nia Apartments in the unincorporated King County, Washington. The Authority serves as its sole managing member. Pursuant to the Operating Agreement dated March 15, 2007, NIA-Apollo Housing Capital, LLC as the Investor Member and Apollo Housing Manager II, Inc. as the Special Member, were admitted to the company. Subsequently, Apollo Housing Manager II, Inc. changed its name to RBC Tax Credit Manager II, Inc.
- **Overlake TOD Housing Limited Partnership** – Overlake TOD Housing Limited Partnership is a Washington State limited partnership formed in July 2000 to construct and operate a 308-unit apartment complex known as The Village at Overlake Station, and a “Park and Ride” facility in Redmond, Washington. The Authority serves as its sole general partner. Its Limited Partners are Columbia Housing/PNC Institutional Fund V Limited Partnership (the Investment Limited Partner) and Columbia Housing SLP Corporation (the Special Limited Partner).
- **Salmon Creek Housing LLC** – Salmon Creek Housing LLC is a Washington State limited liability company formed in March 2008, to construct and operate an 88-unit apartment project, known as Salmon Creek Apartments in unincorporated King County, Washington. The Authority serves as its sole managing member. Pursuant to the Operating Agreement dated March 25, 2008, Salmon Creek-Apollo Housing Capital, LLC as the Investor Member and Apollo Housing Manager II, Inc., (which changed its name to RBC Tax Credit Manager II, Inc.) as the Special Member, were admitted to the company.
- **Seola Crossing LLC** – A Washington State limited liability company formed in November 2005 to construct and operate a 187-unit apartment project, known as Seola Crossing Apartments in unincorporated King County, Washington. Phase I of the project includes 82 units and Phase II includes 105 units. The Authority serves as the sole Managing Member. Pursuant to the Amended and Restated Operating Agreement dated March 23, 2006, Boston Financial Housing Investments VIII Limited Partnership as the Investor Member and BFIM Special Limited Partner, Inc. as the Special Member were admitted to the company.



- **Sixth Place Apartments LLLP** – A Washington State limited liability limited partnership that was formed in June 2010 to acquire, construct, rehabilitate, develop, improve, maintain, operate, and lease a 24-unit apartment complex, known as Sixth Place Apartments in unincorporated King County, Washington. The Authority serves as sole General Partner. The Investment Limited Partner is Boston Capital Corporate Tax Credit Fund XXXIII, A Limited Partnership, a Massachusetts limited partnership and the Special Limited Partner is BCCC, Inc., a Massachusetts corporation.
- **Soosette Creek LLC** – A Washington State limited liability company formed in October 2007, to lease, renovate, maintain and operate a 262-unit apartment complex in Kent, Washington, known as Birch Creek Apartments (formerly Springwood Apartments). The Authority serves as its sole Managing Member. Pursuant to the Operating Agreement dated April 1, 2008 and amended September 1, 2008, Soosette Creek-Apollo Housing Capital, LLC, a Delaware limited liability company as the Investor Member and RBC Tax Credit Manager II, Inc., a Delaware corporation as the Special Member were admitted to the company.
- **Zephyr Apartments LLLP** – A Washington State limited liability limited partnership that was formed in January 29, 2010 to acquire, hold, invest in, secure financing for, construct, rehabilitate, develop, improve, maintain, operate, and lease a 25-unit apartment complex, known as Zephyr Apartments in unincorporated King County, Washington. Pursuant to the partnership Agreement dated January 29, 2010, the Authority serves as sole General Partner. The Investment Limited Partner is Boston Capital Corporate Tax Credit Fund XXXII, a Limited Partnership, a Massachusetts limited partnership, and the Special Limited Partner is BCCC, Inc., a Massachusetts corporation.

### Change in Component Units

Changes to the Beginning Net Position on the Statement of Revenues, Expenses, and Changes in Net Position include:

- A decrease of \$6,310,491 resulting from the dissolution of two tax credit partnerships in 2014: KCHA – Rural Housing Limited Partnership and KCHA – Seatac Limited Partnership.
- An increase of \$25,589 resulting primarily from a correction related to the addition of Fairwind Apartments LLLP in the prior period.

The financial statements of the Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described below.

## **Basis of Accounting**

Accounting records are maintained according to the proprietary fund model that is similar to private business enterprises. The Authority applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

## **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

## **Revenues and Expenses**

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are tenant revenues. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The basis for recognition of revenues and expenses is the accrual basis of accounting. Revenues are recorded when earned. Expenses are recorded when incurred. Revenue from operating subsidies and grants is classified as non-operating revenue. Revenue from capital grants is classified as capital grant contributions.

## **Cash, Cash Equivalents, and Investments**

Cash consists of Federal Depository Insurance Corporation (FDIC) insurable deposits with original maturities of less than three months. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash. Investments include deposits with original maturities exceeding three months, and securities and other assets held by trustees.

## **Restricted Assets**

In accordance with bond resolutions (and certain related agreements) separate restricted accounts are required to be established. The assets held in these accounts are restricted for specific uses, including construction, debt service and other special reserve requirements. Restricted resources at December 31, 2014 include the following:



	Restricted		
	Cash & Cash Equivalents	Investments	Total
Replacement Reserves	\$ 6,019,334	\$ -	\$ 6,019,334
Debt Service	932,087	1,395,678	2,327,765
Tenant Security Deposits	1,874,145	-	1,874,145
Collateral Reserve	8,636,364	17,750,424	26,386,788
Other	3,272,534	394,500	3,667,034
	<u>\$ 20,734,464</u>	<u>\$ 19,540,602</u>	<u>\$ 40,275,066</u>

### Receivables

Receivables consist primarily of rents due from tenants, cost reimbursements due from grantors, and loans and accrued interest due from the tax credit properties. Annually, tenant receivables are analyzed and the allowance for doubtful accounts adjusted. Other receivable allowances are established for uncertain collectibles. No allowances existed at December 31 other than the allowance for tenant accounts receivable.

### Capital Assets

Capital assets are recorded at historical cost in the land, structures, and equipment accounts and at appraised fair market value at date of receipt if contributed. The Authority defines capital assets as tangible items with an initial individual cost of at least \$5,000 if the item is equipment and \$100,000 if the item is real property or a capital improvement. Capital assets are depreciated using the straight-line method with depreciation commencing in the acquisition year and ceasing in the disposal year. Capital project costs clearly associated with the acquisition, development, and construction of a real estate project, including indirect costs and interest, are capitalized as a cost of that project. See Note 6 for the capital asset components and balances at December 31, 2014 and fiscal year activity.

Depreciable lives for the capital asset categories follow:

Land	No depreciation
Buildings	20 – 40 years
Improvements	15 years
Equipment	3 – 10 years
Construction-in-process	No depreciation

Maintenance and repairs are charged to expense when incurred. At year-end some maintenance may be capitalized in accordance with the Authority's capital asset policy. Management reviews land, structures, and equipment for possible impairment whenever events or circumstances indicate the carrying amount of an asset may not be recoverable. If there is an indication of impairment, management prepares an estimate of future cash flows expected to result from the use of the asset and its eventual disposition. If these cash flows are less than the carrying amount of the asset, an impairment loss is recognized to write down the asset to its estimated fair value. Preparation of estimated expected future cash flows is inherently subjective and is based on management's best estimate of assumptions concerning expected future conditions.

### Tax Liability

The Authority is by law exempt from all federal, state, and local taxes and assessments. Several developments make a Payment in Lieu of Taxes (PILOT) based on contracts with local jurisdictions.

### **Compensated Absences**

It is the Authority's policy to pay 100% of accumulated annual leave when an employee terminates employment from the Authority. As such, the value of annual leave earned but not used at year-end is accrued. Sick leave does not vest and is only paid to those separating from the Authority as retirees as defined by the state pension system. Because the amount of such payments is difficult to estimate, an accrual is made only when an employee becomes eligible for retirement.

### **Inter-fund Accounts**

The Authority maintains a master paying and receiving account. All cash receipts and disbursements flow through this master account, except for disbursements to landlords under the Section 8 Voucher program, which flows through a separate checking account (Section 8 Fund). Inter-fund payables and receivables (due to/from relationships) are created and used to account for ownership of the funds.

### **Deferred Outflows/Inflows of Resources**

Transactions that result in the consumption or acquisition of net assets in one period that are applicable to future periods are presented as *deferred outflows of resources* and *deferred inflows of resources*, respectively, on the Statement of Net Position.

### **Derivative Financial Instruments**

The fair value of interest rate swap agreements (See Note 7) is determined by dealer quote. These values represent the estimated amount the Authority would receive or pay to terminate the agreements taking into consideration current interest rates.

### **Commitments**

The Authority has entered into various long-term contracts for the development of various housing projects. As of December 31, 2014, the Authority was obligated under these contracts to purchase approximately \$3.2 million of goods and services.

## **Note 2 – Accounting and Reporting Changes**

During 2014, the Authority has implemented the following new accounting standards issued by the GASB:

*Statement No. 67, Financial Reporting For Pension Plans – an amendment of GASB Statement 25*, improves financial reporting by state and local governmental pension plans to provide decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This guidance did not affect the Authority's financial statements as it applies to the administrator of the Authority's defined benefit pension plan, the State of Washington, and not the Authority itself.

*Statement No. 69, Government Combinations and Disposals of Government Operations*, provides new accounting and financial reporting standards for government mergers and acquisitions and for government operations that have been transferred or sold. This guidance did not affect the Authority's financial statements.

*Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees*, improves the accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This guidance did not affect the Authority's financial statements.

### **Note 3 – Cash Deposits and Investments**

The Authority is restricted in its cash deposits and investments to those allowed by RCW 35.82.070(6). In general, deposits must be made with qualified financial institutions whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC).

#### **Insurance and Collateralization**

Deposits that are in excess of the \$250,000 insured amount must be continuously and fully (100%) secured. Collateral comprised of identifiable U.S. Government securities as prescribed by HUD are pledged or set aside to secure these deposits. The Public Deposit Protection Act in effect in the State of Washington set up a multiple financial institution collateral pool to insure public deposits. This protection is in the form of securities pledged as collateral to the Public Deposit Protection Commission (PDPC) by all qualified depositories. In 1994, the Authority received a waiver from HUD that enabled it to make deposits in excess of \$250,000 in a qualified public depository because HUD determined that there were “adequate safeguards against the loss of Public Housing Authority funds.”

#### **Interest Rate Risk**

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority’s investment policy limits the maximum maturity of an investment to not greater than three years. Exceptions may be made for collateralization of repurchase agreements using investments not exceeding 30 years, for the investment of reserve funds, which can be invested up to 30 years if matched to an anticipated future cash flow, and for “step-investments” that increase interest payments at pre-defined times.

#### **Credit Risk**

The Department of Housing and Urban Development (HUD), Washington State law, and the Authority’s investment policy all limit the instruments in which the Authority may invest. Not all Authority funds have the same restrictions. Following are some of the instruments in which any Authority funds, including Federal funds, may be invested:

- 1) Direct obligations of the Federal government backed by the full faith and credit of the United States
  - a) U.S. Treasury Bills.
  - b) U.S. Treasury Notes and Bonds.
- 2) Obligations of Federal government agencies, such as:
  - a) Government National Mortgage Association (GNMA) mortgage-backed securities.
  - b) GNMA participation securities.
  - c) Maritime Administration Bonds.
  - d) Small Business Administration Bonds.
- 3) Securities of Government Sponsored Agencies, such as:
  - a) Federal Home Loan Mortgage Corporation (FHLMC) notes and bonds.
  - b) Federal National Mortgage Association (FNMA) notes and bonds.
  - c) Federal Home Loan Bank (FHLB) notes and bonds.
  - d) Federal Farm Credit Bank (FFCB) notes and bonds.
  - e) Student Loan Marketing Association (SLMA) notes and bonds.
- 4) Demand and savings accounts.
- 5) Money Market Deposit accounts.
- 6) Certain mutual funds.

In addition to the above, non-federal funds and federal funds subject to the Authority's Moving To Work Agreement with HUD may be invested in the following which are allowed by the State of Washington:

- 7) Banker's acceptances purchased on the secondary market.
- 8) Commercial paper.
- 9) Bonds of the State of Washington or any local government of the State of Washington that have one of the three highest credit ratings of a nationally recognized rating agency.
- 10) General obligation bonds of a state other than the State of Washington and general obligation bonds of a local government of a state other than the State of Washington that have one of the three highest credit ratings of a nationally recognized rating agency.
- 11) Utility revenues bonds or warrants of any city or town in the State of Washington.
- 12) Bonds or warrants of a local improvement district that is within the protection of the local improvement guaranty fund law.

### Concentration of Credit Risk

The Authority diversifies its investments by security type and institution. The investment policy states: "With the exception of U.S. Treasury securities, investment agreements for trustee held funds, and authorized pools, no more than 15% of the Authority's total investment portfolio will be invested in a single security type or with a single financial institution. There is no custodial credit risk for cash and investments.

In 2013, Moving King County Residents Forward made an 18-month, \$12 million investment in US Bank Commercial Paper. As a blended component unit and legally separate organization, this investment is an exception from the preceding policy statement. As of December 31, 2014, \$4 million of this investment remains.

### *Other Information:*

The Authority has established arrangements with Federal Home Loan Bank for safekeeping of investments.

### Valuation and Classification

Cash equivalents include deposits and investments that are readily convertible to cash. Instruments with an original maturity date of over 3 months are classified as investments. Cash and investments held for the future payment of long-term liabilities are classified as non-current assets. Cash and investments legally or contractually restricted as to use are classified as restricted.

Cash equivalents include an investment in Washington State's Local Government Investment Pool (the Pool). The Pool is not registered with the Securities and Exchange Commission (SEC), but adheres to SEC Rule 2(a)(7) of the Investment Company Act of 1940 that requires portfolio diversification, divestiture considerations and action if the market value of the portfolio deviates more than .5 percent from the amortized costs. Government pools that adhere to the SEC rule can report their investments at amortized costs if the remaining maturities of the debt securities are 90 days or less. As of December 31, 2014, the pool had an average days-to-maturity of 43 days and therefore is reported at cost. Government securities are reported at fair value.

A summary of cash and investments at December 31, 2014 follows:

	Unrestricted	Restricted	Total
<b>Cash and cash equivalents:</b>			
Cash on hand	\$ 11,000	\$ -	\$ 11,000
Depository	9,060,176	3,425,405	12,485,581
WA State Pool	53,821,345	2,052,204	55,873,549
U.S. Treasury Money Market	-	6,620,490	6,620,490
B of A Municipal Reserves Capital	877,082	8,636,365	9,513,447
Total Cash & Cash Equivalents	<u>\$ 63,769,603</u>	<u>\$ 20,734,464</u>	<u>\$ 84,504,067</u>
<b>Investments:</b>			
FNMA Bond Investments	\$ 27,405,255	\$ 17,990,187	\$ 45,395,442
Certificates of Deposit	-	671,825	671,825
US Bank Commercial Paper	6,041,904	-	6,041,904
Westdeutsche Landesbank Investment Agreement	-	156,160	156,160
HSBC Guaranteed Investment Certificate	-	722,430	722,430
Total Investments	<u>\$ 33,447,159</u>	<u>\$ 19,540,602</u>	<u>\$ 52,987,761</u>
<b>Total</b>	<u><b>\$ 97,216,762</b></u>	<u><b>\$ 40,275,066</b></u>	<u><b>\$ 137,491,828</b></u>

#### **Note 4 - Notes and Financing Lease Receivables**

The notes and financing leases held by the Authority are primarily the result of the Authority's transactions with the tax credit partnerships. At December 31, 2014, all of the developer fee notes, all of the financing leases, and \$193.0 million of the other notes were receivable from tax credit partnerships. The notes are received for fees earned by the Authority from developing the rental properties and for funds advanced to the partnerships to purchase and rehabilitate the properties. The notes earn interest at varying rates up 8.5% per annum. The Authority acquires financing leases when it purchases or develops rental properties then transfers substantially all of the risks and benefits of ownership to the partnerships under financing lease. See Note 8 – Component Units, for further discussion of the Authority's financial relationship with the partnerships.

A summary of the notes and direct financing leases receivable at December 31, 2014 follows.

	Beginning Balance	Additions	Payments	Ending Balance	Current Portion
<b>Developer fee notes</b>	\$ 1,027,006	\$ 200,000	\$ (671,177)	555,829	\$ 228,364
<b>Other Notes</b>					
Real Estate:					
Residential	1,006,462	-	(1,006,462)	-	-
Multifamily	177,736,091	9,759,629	(3,161,477)	184,334,243	1,043,580
Other	20,857,411	508,241	(7,892,316)	13,473,336	-
<b>Total Notes</b>	<u>200,626,970</u>	<u>10,467,870</u>	<u>(12,731,432)</u>	<u>198,363,408</u>	<u>1,271,944</u>
Financing Leases, net					
Real Estate: Multifamily	85,651,574	1,630,000	(29,153,446)	58,128,128	1,529,640
<b>Notes &amp; Financing Leases Receivable</b>	<u><b>\$ 286,278,544</b></u>	<u><b>\$ 12,097,870</b></u>	<u><b>\$ (41,884,878)</b></u>	<u><b>\$ 256,491,536</b></u>	<u><b>\$ 2,801,584</b></u>

The construction of Vantage Point Apartments resulted in a \$5.5M note receivable and a \$1.47M lease receivable from tax credit partner Vantage Point Apartments LLC. KCHA loaned \$3.78M to Park Villa LLC to refinance the Eastwood Square bond debt. See Note 8 for further information on the tax credit properties.

The maturity schedule for notes receivables is as follows:

<b>FISCAL YEAR</b>	<b>PRINCIPAL</b>	<b>INTEREST **</b>	<b>TOTAL</b>
2015	1,271,944	2,251,692	3,523,636
2016	60,846,713	2,245,073	63,091,786
2017	6,525,634	2,220,937	8,746,570
2018	508,147	2,162,915	2,671,063
2019	1,083,234	2,183,341	3,266,575
2020-2024	6,195,234	10,670,050	16,865,283
2025-2029	26,077,261	9,553,036	35,630,297
2030-2034	9,521,158	7,349,829	16,870,987
2035-2039	13,194,933	5,826,439	19,021,372
2040-2044	19,499,996	4,065,980	23,565,975
2045-2049	1,134,770	202,995	1,337,766
2050-2054	11,114,462	414,187	11,528,649
2055-2059	31,210,233	6,331,732	37,541,965
2060-2064	10,179,690	-	10,179,690
<b>NOTE RECEIVABLE BALANCE</b>	<b><u>\$ 198,363,408</u></b>	<b><u>\$ 55,478,206</u></b>	<b><u>\$ 253,841,614</u></b>

\*\* On amortizing notes.

The maturity schedule for financing lease receivables is as follows:

<b>FISCAL YEAR</b>	<b>PRINCIPAL</b>	<b>INTEREST **</b>	<b>TOTAL</b>
2015	1,529,640	677,235	2,206,875
2016	5,584,970	523,451	6,108,421
2017	535,285	501,176	1,036,461
2018	557,628	477,638	1,035,266
2019	380,000	452,988	832,988
2020-2024	2,285,000	1,862,106	4,147,106
2025-2029	18,296,619	1,074,362	19,370,981
2030-2034	1,495,869	137,220	1,633,089
2035-2039	20,008,118	-	20,008,118
2040-2044	3,000,000	-	3,000,000
2045-2049	-	-	-
2050-2054	955,000	-	955,000
2055-2059	-	-	-
2060-2064	3,500,000	-	3,500,000
<b>FINANCING LEASE RECEIVABLE BALANCE</b>	<b><u>\$ 58,128,128</u></b>	<b><u>\$ 5,706,175</u></b>	<b><u>\$ 63,834,303</u></b>

\*\* Unearned interest.

## **Note 5 - Capital Assets**

### **Primary Government**

The components and fiscal year activity of land, structures and equipment follow.

	<b>Beginning Balances</b>	<b>Additions</b>	<b>Disposals</b>	<b>Ending Balances</b>
<b>NONDEPRECIABLE:</b>				
Land	\$ 68,346,932	\$ 7,231,135	\$ (792,907)	\$ 74,785,160
Land Improvements	2,774,972	-	-	2,774,972
Construction-in-progress				
Greenbridge Project	43,992,537	396,537	(1,251,897)	43,137,177
Seola Gardens Project	13,999,037	728,402	(4,178,572)	10,548,867
Other	29,838,212	14,338,625	(766,095)	43,410,742
Total Nondepreciable	<u>158,951,690</u>	<u>22,694,699</u>	<u>(6,989,471)</u>	<u>174,656,918</u>
<b>DEPRECIABLE:</b>				
Land Improvements	21,877,484	-	-	21,877,484
Buildings	282,415,426	46,859,924	(1,527,609)	327,747,741
Equipment	5,236,114	325,002	(274,697)	5,286,419
Leasehold Improvements	-	766,095	-	766,095
Total Depreciable	<u>309,529,024</u>	<u>47,951,021</u>	<u>(1,802,306)</u>	<u>355,677,739</u>
<b>TOTAL CAPITAL ASSETS</b>	468,480,714	70,645,720	(8,791,777)	530,334,657
Accumulated Depreciation	<u>(135,840,834)</u>	<u>(10,172,786)</u>	<u>671,160</u>	<u>(145,342,460)</u>
<b>NET CAPITAL ASSETS</b>	<u><b>\$ 332,639,880</b></u>	<u><b>\$ 60,472,934</b></u>	<u><b>\$ (8,120,617)</b></u>	<u><b>\$ 384,992,197</b></u>

Capital asset activity resulted primarily from the acquisition of assets from the KCHA – Rural Housing Preservation and KCHA – Seatac tax credit partnerships, the purchase of Gilman Square and Charter House, as well as the acquisition of the Wiley Center and the sale of the Hopkins building.

Of the \$70.6 million of additions to the capital assets, \$42.8 million was related to the acquisition of land and buildings resulting from the following transactions: the acquisition of assets from KCHA – Rural Housing Preservation and KCHA – Seatac tax credit partnerships (\$9.8 million), the purchase of Gilman Square Apartments (\$23 million), the acquisition of the Wiley Center (\$8.5 million), and the purchase of Charter House (\$1.5 million). \$14.3 million of additions was attributable to the increase in construction- in- process. Another \$8.8 million of additions was the result of upgrades and rehabilitation at various properties.

Of the \$8.8 million net capital asset dispositions, \$1.8 million represents the sale of land and building associated with the Hopkins Building. \$5.4 million of disposals from the Greenbridge and Seola Gardens projects represent lot sales to private builders for the construction of market-rate for-sale homes.



## Discretely Presented Component Units

	Beginning Balances	Additions	Disposals	Ending Balances
<b>NONDEPRECIABLE:</b>				
Land	\$ 35,147,815	\$ -	\$ (2,373,668)	\$ 32,774,147
Construction-in-progress	135,604	9,112	(130,260)	14,456
Total Nondepreciable	35,283,419	9,112	(2,503,928)	32,788,603
<b>DEPRECIABLE:</b>				
Land Improvements	23,891,840	-	(520,124)	23,371,716
Buildings	388,663,458	778,887	(24,570,244)	364,872,101
Equipment	9,572,527	194,776	(994,013)	8,773,290
Off-site Work	5,846,645	-	-	5,846,645
Total Depreciable	427,974,470	973,663	(26,084,381)	402,863,752
Intangible Assets	4,424,753	-	(2,913,076)	1,511,677
<b>Total Capital Assets</b>	467,682,642	982,775	(31,501,385)	437,164,032
Accumulated Depreciation	(87,847,474)	(11,870,263)	11,992,886	(87,724,851)
Accumulated Amortization	(935,882)	(116,077)	637,341	(414,618)
	<b>\$ 378,899,286</b>	<b>\$ (11,003,565)</b>	<b>\$ (18,871,158)</b>	<b>\$ 349,024,563</b>

Additions to capital assets resulted primarily from rehabilitation work at properties belonging to the Egis Housing Limited Partnership.

Disposals of capital assets resulted primarily from the dissolution of two tax credit partnerships: KCHA – Rural Housing Preservation Limited Partnership and KCHA – Seatac Limited Partnership. The assets belonging to these partnerships were acquired by the Primary Government.

Intangible assets consist primarily of tax credit fees. Each intangible asset is amortized on a straight-line basis.

## Note 6 – Long Term Debt Obligations

Changes to the Authority's long-term obligations are as follows:

	Beginning Balance	Additions	Retirements/ Payments	Ending Balance	Current Portion
Revenue Bonds	\$ 85,408,800	\$ -	\$ (10,786,714)	\$ 74,622,086	\$ 4,092,182
Demand Bonds	82,880,000	-	(17,760,000)	65,120,000	1,305,984
Mortgage Notes	1,075,376	-	(27,437)	1,047,939	32,210
Financing Lease	769,272	-	(188,224)	581,048	180,349
Lines of Credit	36,053,389	23,379,491	(14,686,175)	44,746,704	-
Notes Payable	90,561,477	18,651,906	(2,951,194)	106,262,189	3,925,802
	<b>\$ 296,748,314</b>	<b>\$ 42,031,397</b>	<b>\$ (46,399,744)</b>	<b>\$ 292,379,966</b>	<b>\$ 9,536,528</b>



Additional debt incurred in 2014 consists of the following:

- An \$18.8 million increase to the 2013 Pool Note. The note has an original 20-year term and an interest rate of 3.57%. Proceeds from the additional draw were used refinance Heritage Park and Landmark bonds.
- A \$23 million line of credit from Bank of America. The line of credit matures on January 1, 2017 and has an interest rate of 1.51%. Proceeds from the loan were used to purchase Gilman Square.

Details of each issuance of long-term obligations follow:

	Fiscal Year Issued	Amount Issued	Interest Rates	Fiscal Year Maturity	Amount Outstanding	Current Portion
<b>Revenue Bonds:</b>						
<i>Tax Credit:</i>						
Windsor Heights	1998	10,650,000	4.00-5.40%	2028	6,904,061	345,000
Somerset	1999	3,605,000	5.41%	2016	3,605,000	-
Somerset (Kv)	1999	2,535,000	4.80-6.80%	2031	1,864,355	70,000
Somerset	2001	3,895,000	5.00%	2033	3,010,000	100,000
Southwood Square	2001	5,000,000	2.25-6.00%	2032	3,711,514	135,000
Greenbridge - Nia	2006	3,000,000	5.41-5.87%	2037	2,835,000	40,000
Seola Crossing 1	2006	1,650,000	6.38%	2047	1,604,440	8,619
Seola Crossing 2	2006	5,050,000	6.38%	2047	4,910,560	26,381
Soosette Creek	2008	37,500,000	0.00-0.65%	2058	28,965,000	2,170,000
Eastbridge Apts.	2008	7,120,000	5.65%	2029	6,930,000	70,000
Green River Homes II	2011	9,500,000	.75 -2%	2021	8,636,364	863,636
Total tax credit		<u>\$ 89,505,000</u>			<u>\$ 72,976,294</u>	<u>\$ 3,828,636</u>
<i>Other:</i>						
Rural Housing	1997	\$ 2,230,000	4.50-5.75%	2028	\$ 1,457,247	\$ 75,000
Central Office Building	2000	<u>2,000,000</u>	5.32%	2015	<u>188,546</u>	<u>188,546</u>
Total other		<u>\$ 4,230,000</u>			<u>\$ 1,645,793</u>	<u>\$ 263,546</u>
Total revenue bonds		<u>\$ 93,735,000</u>			<u>\$ 74,622,086</u>	<u>\$ 4,092,182</u>
<b>Demand Bonds:</b>						
<i>Tax Credit:</i>						
Overlake	2000	\$ 23,725,000	0.05-2.61%	2040	\$ 23,125,000	\$ 110,000
Salmon Creek	2008	<u>4,250,000</u>	0.05-2.61%	2047	<u>4,050,000</u>	<u>55,000</u>
Total tax credit		<u>\$ 27,975,000</u>			<u>\$ 27,175,000</u>	<u>\$ 165,000</u>
<i>Other:</i>						
2005 Pool	2005	<u>46,290,000</u>	0.05%	2035	<u>37,945,000</u>	<u>1,140,984</u>
Total other		<u>\$ 46,290,000</u>			<u>\$ 37,945,000</u>	<u>\$ 1,140,984</u>
Total demand bonds		<u>\$ 74,265,000</u>			<u>\$ 65,120,000</u>	<u>\$ 1,305,984</u>
<b>Mortgage Notes:</b>						
Rural Housing	1998	\$ 1,350,949	7.25%	2033	\$ 1,047,939	\$ 32,210
Total mortgage notes		<u>\$ 1,350,949</u>			<u>\$ 1,047,939</u>	<u>\$ 32,210</u>

	Fiscal Year Issued	Amount Issued	Interest Rates	Fiscal Year Maturity	Amount Outstanding	Current Portion
<b><u>Financing Lease:</u></b>						
ESCO	2005	\$ 3,900,000	3.90%	2018	\$ 581,048	\$ 180,349
Total financing leases		<u>\$ 3,900,000</u>			<u>\$ 581,048</u>	<u>\$ 180,349</u>
<b><u>Lines of Credit:</u></b>						
<i>Tax Credit:</i>						
New Market Tax Credit	2011	11,500,000	2.25%	2016	6,630,005	-
Total tax credit		<u>\$ 11,500,000</u>			<u>\$ 6,630,005</u>	<u>\$ -</u>
<i>Other:</i>						
Meadowbrook Apts.	2010	10,000,000	1.42%	2016	10,000,000	-
Meadowbrook Apts.	2011	5,000,000	2.25%	2016	2,180,554	-
Gilman Square	2014	23,016,962	1.51%	2017	23,016,962	-
Bank of America Line of Credit	2013	5,000,000	1.51%	2016	2,919,183	-
Chaussee					20,000	-
Vashon Terrace					1,539,800	-
Charter House					1,359,383	-
Total Other		<u>\$ 43,016,962</u>			<u>\$ 38,116,699</u>	<u>\$ -</u>
Total lines of credit		<u>\$ 54,516,962</u>			<u>\$ 44,746,704</u>	<u>\$ -</u>
<b><u>Notes Payable:</u></b>						
<i>Tax Credit:</i>						
Somerset - Bellevue	2000	\$ 700,000	1.00%	2030	\$ 700,000	\$ -
Somerset	2000	400,000	1.00%	2032	355,641	3,411
Overlake - 4	2001	1,500,000	1.00%	2050	1,500,000	-
Overlake - 5	2001	500,000	1.00%	2050	500,000	-
Southwood Square	2001	380,000	1.00%	2053	380,000	-
Greenbridge - Nia	2008	328,000	4.75%	2058	328,000	-
Seola Crossing II	2007	250,000	4.75%	2058	250,000	-
Soosette Creek	2010	1,950,000	0.65%	2060	1,950,000	-
Total tax credit		<u>\$ 6,008,000</u>			<u>\$ 5,963,641</u>	<u>\$ 3,411</u>
<i>Other:</i>						
Hidden Village - State	1992	292,157	5.00%	2044	292,157	-
Windsor Heights - State	1999	1,040,000	1.00%	2039	1,040,000	-
Windsor Heights - King County	1999	950,000	1.00%	2049	950,000	-
Windsor Heights - SeaTac	1999	90,000	1.00%	2049	90,000	-
Si View - CTED	1999	93,860	1.00%	2049	69,578	1,728
Rainier View 1 - CTED	1999	227,240	1.00%	2049	166,988	4,148
Rainier View 2 - CTED	1999	172,900	1.00%	2049	125,241	3,111
FHLB	2013	18,000,000	3.97%	2033	16,862,903	900,000
2013 Pool	2013	83,281,749	3.57%	2033	80,701,681	3,013,403
Total other		<u>\$ 104,147,906</u>			<u>\$ 100,298,548</u>	<u>\$ 3,922,391</u>
Total notes payable		<u>\$ 110,155,906</u>			<u>\$ 106,262,189</u>	<u>\$ 3,925,802</u>
<b>TOTAL LONG-TERM OBLIGATIONS</b>		<u><b>\$ 337,923,817</b></u>			<u><b>\$ 292,379,966</b></u>	<u><b>\$ 9,536,528</b></u>

The schedule of principal payments follows:

Debt Service - Principal	Revenue Bonds	Demand Bonds	Mortgage Notes	Financing Lease	Lines of Credit	Notes	Total
2015	4,092,182	1,305,984	32,210	180,349	-	3,925,802	9,536,528
2016	7,718,637	1,359,352	34,829	187,810	44,746,704	4,491,128	58,538,460
2017	3,938,637	1,435,217	37,440	194,955	-	4,223,275	9,829,523
2018	4,163,636	1,518,694	40,246	17,935	-	4,342,938	10,083,450
2019	4,398,636	1,749,907	43,263	-	-	4,472,864	10,664,670
2020-2024	14,373,182	10,142,752	270,101	-	-	24,710,415	49,496,450
2025-2029	17,026,307	12,964,428	351,481	-	-	28,279,933	58,622,150
2030-2034	7,910,869	16,585,259	238,369	-	-	25,856,314	50,590,811
2035-2039	8,110,000	7,093,406	-	-	-	309,431	15,512,838
2040-2044	1,930,000	10,145,000	-	-	-	201,141	12,276,141
2045-2049	960,000	820,000	-	-	-	1,078,949	2,858,949
2050-2054	-	-	-	-	-	2,169,998	2,169,998
2055-2059	-	-	-	-	-	250,000	250,000
2060-2064	-	-	-	-	-	1,950,000	1,950,000
<b>Total</b>	<b>\$ 74,622,086</b>	<b>\$ 65,120,000</b>	<b>\$ 1,047,939</b>	<b>\$ 581,048</b>	<b>\$ 44,746,704</b>	<b>\$ 106,262,189</b>	<b>\$ 292,379,966</b>

The schedule of interest payments follows:

Debt Service - Interest	Revenue Bonds	Demand Bonds	Mortgage Notes	Financing Lease	Lines of Credit	Notes	Total
2015	3,461,689	872,629	74,714	20,045	-	3,573,373	8,002,451
2016	3,311,662	871,254	72,286	12,884	-	3,436,620	7,704,705
2017	3,192,840	869,816	69,675	5,439	-	3,279,032	7,416,802
2018	3,038,589	868,316	66,869	162	-	3,124,782	7,098,717
2019	2,867,796	866,753	63,852	-	-	2,966,166	6,764,567
2020-2024	12,020,703	4,307,765	265,472	-	-	12,320,325	28,914,264
2025-2029	8,598,921	4,256,637	206,222	-	-	7,663,350	20,725,131
2030-2034	4,414,471	4,192,758	26,634	-	-	2,398,669	11,032,533
2035-2039	2,087,103	3,503,247	-	-	-	394,177	5,984,527
2040-2044	675,262	2,635,135	-	-	-	425,709	3,736,106
2045-2049	85,220	37,402	-	-	-	518,610	641,233
2050-2054	-	-	-	-	-	664,412	664,412
2055-2059	-	-	-	-	-	665,637	665,637
2060-2064	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 43,754,257</b>	<b>\$ 23,281,712</b>	<b>\$ 845,724</b>	<b>\$ 38,530</b>	<b>\$ -</b>	<b>\$ 41,430,863</b>	<b>\$ 109,351,086</b>

The schedule of debt service payments follows:

Debt Service - Total	Revenue Bonds	Demand Bonds	Mortgage Notes	Financing Lease	Lines of Credit	Notes	Total
2015	7,553,872	2,178,613	106,924	200,394	-	7,499,176	17,538,978
2016	11,030,299	2,230,606	107,115	200,694	44,746,704	7,927,748	66,243,165
2017	7,131,477	2,305,033	107,115	200,394	-	7,502,307	17,246,325
2018	7,202,225	2,387,010	107,115	18,097	-	7,467,720	17,182,167
2019	7,266,432	2,616,660	107,115	-	-	7,439,030	17,429,237
2020-2024	26,393,885	14,450,517	535,573	-	-	37,030,739	78,410,714
2025-2029	25,625,229	17,221,066	557,703	-	-	35,943,284	79,347,281
2030-2034	12,325,340	20,778,017	265,003	-	-	28,254,984	61,623,344
2035-2039	10,197,103	10,596,653	-	-	-	703,609	21,497,365
2040-2044	2,605,262	12,780,135	-	-	-	626,850	16,012,248
2045-2049	1,045,220	857,402	-	-	-	1,597,559	3,500,182
2050-2054	-	-	-	-	-	2,834,410	2,834,410
2055-2059	-	-	-	-	-	915,637	915,637
2060-2064	-	-	-	-	-	1,950,000	1,950,000
<b>Total</b>	<b>\$ 118,376,343</b>	<b>\$ 88,401,712</b>	<b>\$ 1,893,663</b>	<b>\$ 619,578</b>	<b>\$ 44,746,704</b>	<b>\$ 147,693,052</b>	<b>\$ 401,731,052</b>

The Authority had \$84.045 million in outstanding variable rate demand bonds on two projects and one 8-project bond pool. The Village at Overlake Station (Overlake) had \$23.125 million, Salmon Creek Apartments had \$4.050 million and the 2005 bond pool (comprised of the Carriage House, Cottonwood, Newporter, Timberwood, Cove East, Woodside East, Aspen Ridge and Bellepark East projects) had \$37.945 million outstanding, respectively, at December 31, 2014. The bonds for each have the following common characteristics:

- Credit enhancements have been obtained for each of the bond issuances. For Overlake the credit enhancement is in the form of a Letter of Credit (LOC) and is equal to the outstanding bond balance plus one interest payment, priced at 0.20% of the facility. For the 2005 Pool, the credit enhancement is in the form of a direct pay credit enhancement agreement issued by the Federal Home Loan Mortgage Corporation priced at 0.30% of the facility.
- The credit enhancements are intended to not only provide security to bondholders, but also to make periodic interest payments for which the Authority regularly reimburses the credit enhancement providers.
- The Banc of America Securities LLC acts as remarketing agent, reselling at market rates any bonds sold by bondholders. It has committed to repurchasing bonds for its own portfolio if the bonds cannot be resold on the open market.
- Interest rates are recalculated weekly, based on the rate at which bonds can be remarketed.
- The bonds are subject to an annual remarketing fee of 0.05% of the outstanding amount of the bonds or \$5,000 whichever is greater.
- Underlying source of repayment for the bonds is the revenues produced by the respective properties.
- In conjunction with the sale of these bonds, the Authority entered into interest rate swap agreements as a cash flow hedge to reduce the volatility related to variable rate interest debt.
- Bonds are convertible to fixed rate at the Authority's option.

The Overlake bonds mature in 2040. At December 31, 2014 the variable rate on the bonds was 0.07%. The Overlake variable rate demand note bonds have a year-end principal balance of \$23,125,000. The Letter of Credit expires on July 1, 2016 and supports the variable rate bonds only. The swap agreement expired on January 1, 2013 and was not renewed.

Salmon Creek Apartments bond matures in 2047. At December 31, 2014 the variable rate on the bond was 0.07%. The Salmon Creek variable rate demand bond had a year-end principal balance of \$4,050,000. This bond has a swap agreement in place, but not held by the Authority. The interest the Authority pays through the swap agreement is 3.988%.

The 2005 bond pool bonds mature in 2035. At December 31, 2014 the variable rate on the bonds was 0.038%. The credit enhancement agreement is for a fixed term of 15 years and, upon maturity of the credit facility, the Authority will either refinance the bond issue or obtain another credit enhancement. The Authority has entered into three swap contracts with respect to the bonds. Under the swap contract terms, the Authority pays a fixed rate of 3.87%; 3.459%; and 3.609% and receives a variable rate equal to the weekly weighted average of SIFMA resets for the respective period on the applicable notional amounts. As of December 31, 2014, the notional amounts were \$20,602,000, \$8,979,055 and \$8,241,000 respectively and the aggregate fair market value of the swaps was (\$2,924,437). Two of the swaps, \$8,979,000 and \$8,241,000, will mature on July 1, 2015 and KCHA does not plan to renew. The remaining swap will mature in 2020. KCHA will maintain all required cap agreements.

In 2005, the Authority entered into a lease agreement (the ESCO lease) for the financing of energy efficiency equipment. The lease agreement qualifies as a capital lease for accounting purposes and had been recorded at the present value of the future minimum lease payments as of the inception date.

## **Note 7 - Derivative Instruments**

### **Summary of Derivative Instruments**

At December 31, 2014, the Authority had the following derivative instruments outstanding:

	Changes in Fair Value		Fair Value at December 31, 2014		Notional
	Classification	Amount	Classification	Amount	
<b>Governmental Activities</b>					
Investment derivatives:					
Pay-fixed interest rate swaps					
Wachovia, 2005 Pool A	Investment Income	(129,131)	Investment	(2,580,465)	\$ 20,602,000
B of A, 2005 Pool B	Investment Income	280,927	Investment	(166,481)	\$ 8,241,000
B of A, 2005 Pool C	Investment Income	300,153	Investment	(177,491)	\$ 8,979,055
		<u>\$ 451,949</u>		<u>\$ (2,924,437)</u>	

1. Fair Value of derivatives is recorded in "Interest Rate Swaps - Fair Value" on Statement of Net Position
2. Changes in Fair Value of derivatives are recorded in "Investment Income" in Statement of Revenues, Expenses, and Changes in Net Position

### **Investment Derivative Risks**

- The credit ratings of the swap counterparties are as follows: Bank of America, N.A. (A/A2/A) and Wells Fargo Bank, N.A. (AA-/Aa3/AA-)
- There is no potential loss if the counterparties fail to fulfill their obligations.
- The swap providers' obligations under the swap are supported by contractual obligations of Bank of America, N.A. and Wells Fargo Bank, N.A., as successor in interest to Wachovia Bank, N.A.
- Significant concentration of credit risk exists with Bank of America as it holds three of the four swap contracts.

## **Note 8 – Component Units**

### **Blended Component Units**

#### **Moving King County Residents Forward (MKCRF)**

Due to the fact that the governing body of MKCRF is identical to the governing body of the Authority and the management of the Authority has operational responsibility for MKCRF, MKCRF's balances and transactions are "blended" with those of the Authority pursuant to GASB Statement 14, *The Financial Reporting Entity* and GASB Statement 61 *The Financial Reporting Entity: Omnibus*.

When combining MKCRF and the Authority's financial data, the capital lease was eliminated, as well as other payables to the Authority, in order to prevent overstatement of debt and receivables.

Following are the condensed financial statements of MKCRF:

### **Moving King County Residents Forward**

#### **Condensed Statement of Net Position As of December 31, 2014**

	<b>2014</b>	<b>2013</b>
<b>Assets:</b>		
Current and other assets	\$ 6,056,033	\$ 12,030,120
Capital assets	<u>31,198,934</u>	<u>25,510,055</u>
Total Assets	<u>37,254,967</u>	<u>37,540,175</u>
<b>Liabilities:</b>		
Current and other liabilities	2,103,895	2,096,530
Long-term debt, net of current	<u>16,882,192</u>	<u>17,400,333</u>
Total Liabilities	<u>18,986,087</u>	<u>19,496,863</u>
<b>Net Position:</b>		
Net Investment in Capital Assets	31,198,934	25,510,055
Restricted	-	-
Unrestricted	<u>(12,930,054)</u>	<u>(7,466,743)</u>
Total Net Position	<u>\$ 18,268,880</u>	<u>\$ 18,043,312</u>

**Condensed Statement of Revenues, Expense, and Changes in Net Position  
For the 12 Month Period Ended December 31, 2014**

	<b>2014</b>	<b>2013</b>
Operating Revenues	\$ 2,274,850	\$ 369,678
Nonoperating revenues	<u>9,241</u>	<u>1,711</u>
Total Revenues	2,284,091	371,389
Operating expenses	108,576	114,212
Nonoperating expenses	<u>1,949,947</u>	<u>1,014,603</u>
Total Expenses	2,058,523	1,128,815
Excess or deficiency before contributions	225,568	(757,426)
Capital contributions	<u>-</u>	<u>-</u>
Change in Net Position	225,568	(757,426)
Beginning Net Position	<u>18,043,312</u>	<u>18,800,738</u>
Ending Net Position	<u><u>\$ 18,268,880</u></u>	<u><u>\$ 18,043,312</u></u>

**Condensed Statement of Cash Flows  
For the 12 Month Period Ended December 31, 2014**

	<b>2014</b>	<b>2013</b>
<i>Net cash provided by (used in):</i>		
Operating activities	\$ (76,359)	\$ 99,108
Capital and related financing activities	(8,181,819)	11,932,188
Investing activities	<u>8,242,187</u>	<u>(12,000,000)</u>
Net increase in cash and cash equivalents	(15,991)	31,296
Cash and cash equivalents - beginning of the year	<u>30,120</u>	<u>(1,176)</u>
Cash and cash equivalents - end of the year	<u><u>\$ 14,129</u></u>	<u><u>\$ 30,120</u></u>

**Discretely Presented Component Units**

The discretely presented component units are Low Income Housing Tax Credit partnerships whose limited partners or members have limited rights regarding the operations of the partnerships and the Authority as General Partner or Managing Member controls the day-to-day operations of the partnerships. As such, the Authority has certain rights and responsibilities which enable it to impose its will on the partnerships due to its significant influence as the General Partner or Managing Member and also its financial relationships with the partnerships. It is for this reason that they are discretely presented on the Authority's financial statements.

Partnership Name	Eastbridge Apartments LLC	Egis Housing Limited Partnership	Fairwind Apartments LLLP	Green River Homes LLC
Fiscal Year Acquired / Sold	2010	2007	2013	2004
<b><u>ASSETS, LIABILITIES AND NET POSITION:</u></b>				
<b>ASSETS</b>				
Cash and investments	\$ 825,990	\$ 1,471,264	\$ 407,649	\$ 540,755
Receivables and other	23,226	76,110	17,502	11,268
Capital assets, net	18,548,691	60,337,271	19,565,049	6,267,051
<b>Total Assets</b>	<b>\$ 19,397,907</b>	<b>\$ 61,884,645</b>	<b>\$ 19,990,200</b>	<b>\$ 6,819,074</b>
<b>LIABILITIES</b>				
Current liabilities	\$ 37,487	\$ 292,463	\$ 36,710	\$ 58,427
Long-term liabilities	10,516,870	54,689,151	6,450,418	4,993,346
<b>NET POSITION</b>	<b>8,843,550</b>	<b>6,903,031</b>	<b>13,503,072</b>	<b>1,767,301</b>
<b>Total Liabilities &amp; Net Position</b>	<b>\$ 19,397,907</b>	<b>\$ 61,884,645</b>	<b>\$ 19,990,200</b>	<b>\$ 6,819,074</b>
<b><u>REVENUE, EXPENSES AND CHANGE IN NET POSITION:</u></b>				
<b>OPERATING REVENUES</b>	<b>\$ 1,188,130</b>	<b>\$ 2,561,141</b>	<b>\$ 562,684</b>	<b>\$ 613,307</b>
<b>OPERATING EXPENSES</b>				
Administrative	222,066	844,878	194,917	159,820
Operating and maintenance	421,703	1,667,719	358,297	338,450
Depreciation	1,011,787	1,752,490	605,839	339,957
<b>Total Operating Expense</b>	<b>1,655,556</b>	<b>4,265,087</b>	<b>1,159,053</b>	<b>838,227</b>
<b>Total Operating Income</b>	<b>(467,426)</b>	<b>(1,703,946)</b>	<b>(596,369)</b>	<b>(224,920)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	134	370	46	44
Interest expense	(614,039)	(1,015,416)	(420,125)	(190,973)
Gain (loss) on disposal of assets	-	-	-	-
<b>Total nonoperating revenues (expenses)</b>	<b>(613,905)</b>	<b>(1,015,046)</b>	<b>(420,079)</b>	<b>(190,929)</b>
<b>Total Net Income (Loss)</b>	<b>(1,081,331)</b>	<b>(2,718,992)</b>	<b>(1,016,448)</b>	<b>(415,849)</b>
Contributions (distributions)	-	-	11,344,562	-
<b>CHANGE IN NET POSITION</b>	<b>(1,081,331)</b>	<b>(2,718,992)</b>	<b>10,328,114</b>	<b>(415,849)</b>
Beginning Net Position	9,924,881	9,622,023	3,174,958	2,183,150
<b>Total Ending Net Position</b>	<b>8,843,550</b>	<b>\$ 6,903,031</b>	<b>\$ 13,503,072</b>	<b>\$ 1,767,301</b>



Partnership Name	Green River Homes 2 LLC	Harrison House Apartments LLC	KCHA -Cones Limited Partnership	KCHA -Kona Village Limited Partnership
Fiscal Year Acquired / Sold	2012	2004	2003	1999
<b><u>ASSETS, LIABILITIES AND NET POSITION:</u></b>				
<b>ASSETS</b>				
Cash and investments	\$ 538,140	\$ 732,523	\$ 502,007	\$ 1,401,130
Receivables and other	18,918	13,730	10,892	25,083
Capital assets, net	16,779,293	5,952,034	8,167,338	13,352,681
<b>Total Assets</b>	<b>\$ 17,336,351</b>	<b>\$ 6,698,287</b>	<b>\$ 8,680,237</b>	<b>\$ 14,778,894</b>
<b>LIABILITIES</b>				
Current liabilities	\$ 57,239	\$ 53,418	\$ 91,407	\$ 274,386
Long-term liabilities	12,729,352	6,236,287	5,299,051	10,225,099
<b>NET POSITION</b>	<b>4,549,760</b>	<b>408,582</b>	<b>3,289,779</b>	<b>4,279,409</b>
<b>Total Liabilities &amp; Net Position</b>	<b>\$ 17,336,351</b>	<b>\$ 6,698,287</b>	<b>\$ 8,680,237</b>	<b>\$ 14,778,894</b>
<b><u>REVENUE, EXPENSES AND CHANGE IN NET POSITION:</u></b>				
<b>OPERATING REVENUES</b>	<b>\$ 712,768</b>	<b>\$ 671,630</b>	<b>\$ 852,113</b>	<b>\$ 1,927,267</b>
<b>OPERATING EXPENSES</b>				
Administrative	172,580	154,284	193,762	267,986
Operating and maintenance	254,121	316,842	441,352	1,070,613
Depreciation	467,973	316,580	280,656	388,122
<b>Total Operating Expense</b>	<b>894,674</b>	<b>787,706</b>	<b>915,770</b>	<b>1,726,721</b>
<b>Total Operating Income</b>	<b>(181,906)</b>	<b>(116,076)</b>	<b>(63,657)</b>	<b>200,546</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	-	-	135	11,790
Interest expense	(88,510)	(248,189)	(185,437)	(517,758)
Gain (loss) on disposal of assets	-	-	-	-
<b>Total nonoperating revenues (expenses)</b>	<b>(88,510)</b>	<b>(248,189)</b>	<b>(185,302)</b>	<b>(505,968)</b>
<b>Total Net Income (Loss)</b>	<b>(270,416)</b>	<b>(364,265)</b>	<b>(248,959)</b>	<b>(305,422)</b>
Contributions (distributions)	4,798,867	-	(6,524)	-
<b>CHANGE IN NET POSITION</b>	<b>4,528,451</b>	<b>(364,265)</b>	<b>(255,483)</b>	<b>(305,422)</b>
Beginning Net Position	21,309	772,847	3,545,262	4,584,831
<b>Total Ending Net Position</b>	<b>\$ 4,549,760</b>	<b>\$ 408,582</b>	<b>\$ 3,289,779</b>	<b>\$ 4,279,409</b>

Partnership Name	KCHA - Southwood Square Limited Partnership	Nia Apartments LLC	Overlake TOD Housing Limited Partnership	Salmon Creek Housing LLC
Fiscal Year Acquired / Sold	2001	2008	2000	2009

# **ASSETS, LIABILITIES AND NET POSITION:**

## **ASSETS**

Cash and investments	\$ 902,946	\$ 347,960	\$ 2,202,705	\$ 453,319
Receivables and other	14,775	18,470	51,150	34,120
Capital assets, net	6,635,629	16,102,601	28,594,819	18,731,253
<b>Total Assets</b>	<b>\$ 7,553,350</b>	<b>\$ 16,469,031</b>	<b>\$ 30,848,674</b>	<b>\$ 19,218,692</b>

## **LIABILITIES & NET POSITION**

### **LIABILITIES**

Current liabilities	\$ 167,081	\$ 60,083	\$ 268,886	\$ 75,316
Long-term liabilities	5,220,456	8,874,307	26,150,514	9,438,519

### **NET POSITION**

<b>Total Liabilities &amp; Net Position</b>	<b>\$ 7,553,350</b>	<b>\$ 16,469,031</b>	<b>\$ 30,848,674</b>	<b>\$ 19,218,692</b>
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# **REVENUE, EXPENSES AND CHANGE IN NET POSITION:**

<b>OPERATING REVENUES</b>	<b>\$ 1,100,595</b>	<b>\$ 638,598</b>	<b>\$ 3,426,144</b>	<b>\$ 899,216</b>
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## **OPERATING EXPENSES**

Administrative	217,294	193,384	367,143	231,878
Operating and maintenance	419,214	382,477	1,384,955	714,771
Depreciation	209,439	580,698	963,222	605,288
<b>Total Operating Expense</b>	<b>845,947</b>	<b>1,156,559</b>	<b>2,715,320</b>	<b>1,551,937</b>

<b>Total Operating Income</b>	<b>254,648</b>	<b>(517,961)</b>	<b>710,824</b>	<b>(652,721)</b>
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## **NONOPERATING REVENUES (EXPENSES)**

Investment income	17,294	65	-	208
Interest expense	(264,015)	(351,041)	(1,187,246)	(414,896)
Gain (loss) on disposal of assets	(37,213)	-	(273,460)	-
<b>Total nonoperating revenues (expenses)</b>	<b>(283,934)</b>	<b>(350,976)</b>	<b>(1,460,706)</b>	<b>(414,688)</b>
<b>Total Net Income (Loss)</b>	<b>(29,286)</b>	<b>(868,937)</b>	<b>(749,882)</b>	<b>(1,067,409)</b>

Contributions (distributions)	(6,719)	-	-	-
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## **CHANGE IN NET POSITION**

Beginning Net Position	2,201,818	8,403,578	5,179,156	10,772,266
<b>Total Ending Net Position</b>	<b>\$ 2,165,813</b>	<b>\$ 7,534,641</b>	<b>\$ 4,429,274</b>	<b>\$ 9,704,857</b>

Partnership Name	Seola Crossing LLC	Sixth Place Apartments LLLP	Soosette Creek LLC	Zephyr Apartments LLLP	GRAND TOTAL
Fiscal Year Acquired / Sold	2007	2010	2008	2010	
<b><u>ASSETS, LIABILITIES AND NET POSITION:</u></b>					
<b>ASSETS</b>					
Cash and investments	\$ 1,158,086	\$ 337,215	\$ 2,885,879	\$ 205,716	\$ 14,913,284
Receivables and other	51,371	7,770	68,092	4,781	447,258
Capital assets, net	31,416,664	8,448,271	83,327,428	6,798,490	349,024,563
<b>Total Assets</b>	<b>\$ 32,626,121</b>	<b>\$ 8,793,256</b>	<b>\$ 86,281,399</b>	<b>\$ 7,008,987</b>	<b>\$ 364,385,105</b>
<b>LIABILITIES &amp; NET POSITION</b>					
<b>LIABILITIES</b>					
Current liabilities	\$ 131,508	\$ 6,874	\$ 1,995,559	\$ 14,351	\$ 3,621,195
Long-term liabilities	20,513,096	6,808,352	64,509,123	6,117,216	258,771,157
<b>NET POSITION</b>	<b>11,981,517</b>	<b>1,978,030</b>	<b>19,776,717</b>	<b>877,420</b>	<b>101,992,753</b>
<b>Total Liabilities &amp; Net Position</b>	<b>\$ 32,626,121</b>	<b>\$ 8,793,256</b>	<b>\$ 86,281,399</b>	<b>\$ 7,008,987</b>	<b>\$ 364,385,105</b>
<b><u>REVENUE, EXPENSES AND CHANGE IN NET POSITION:</u></b>					
<b>OPERATING REVENUES</b>	<b>\$ 1,804,346</b>	<b>\$ 142,344</b>	<b>\$ 3,927,729</b>	<b>\$ 224,248</b>	<b>\$ 21,252,260</b>
<b>OPERATING EXPENSES</b>					
Administrative	419,077	70,793	635,312	54,571	4,399,745
Operating and maintenance	938,058	85,090	1,814,586	155,558	10,763,805
Depreciation	1,298,949	364,575	2,563,691	237,074	11,986,340
<b>Total Operating Expense</b>	<b>2,656,084</b>	<b>520,458</b>	<b>5,013,589</b>	<b>447,203</b>	<b>27,149,890</b>
<b>Total Operating Income</b>	<b>(851,738)</b>	<b>(378,114)</b>	<b>(1,085,860)</b>	<b>(222,955)</b>	<b>(5,897,632)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment income	241	-	215	19	30,561
Interest expense	(992,964)	(4,817)	(1,250,459)	(11,150)	(7,757,037)
Gain (loss) on disposal of assets	-	-	-	-	(310,673)
<b>Total nonoperating revenues (expenses)</b>	<b>(992,723)</b>	<b>(4,817)</b>	<b>(1,250,244)</b>	<b>(11,131)</b>	<b>(8,037,149)</b>
<b>Total Net Income (Loss)</b>	<b>(1,844,461)</b>	<b>(382,931)</b>	<b>(2,336,104)</b>	<b>(234,086)</b>	<b>(13,934,779)</b>
Contributions (distributions)	-	-	-	-	16,130,186
<b>CHANGE IN NET POSITION</b>	<b>(1,844,461)</b>	<b>(382,931)</b>	<b>(2,336,104)</b>	<b>(234,086)</b>	<b>2,195,407</b>
Beginning Net Position	13,825,978	2,360,961	22,112,821	1,111,506	99,797,346
<b>Total Ending Net Position</b>	<b>\$ 11,981,517</b>	<b>\$ 1,978,030</b>	<b>\$ 19,776,717</b>	<b>\$ 877,420</b>	<b>\$ 101,992,753</b>

## **Note 9 – Related Party Transactions**

### **Low Income Housing Tax Credit (LIHTC)**

The tax credit program is the result of Federal legislation, which allows investors certain tax incentives for investing in low-income housing. Investors also are allowed to deduct any losses passed through to them from the partnerships. The Authority is allocated about .01% of all profits, losses, and tax credits pursuant to the terms of the partnership or operating agreement. Under terms of the tax code, the buildings must continue to serve the targeted population for 15 years. The Authority has the option to purchase them at the expiration of this compliance period.

Typically, at the time of closing, the Authority will earn a developer's fee for its role in bringing the project to fruition. Developer fees are paid primarily from available cash flows and development proceeds. Under the various partnership agreements, any outstanding developer fees are generally required to be paid within 10 to 15 years of the project's placed-in-service date and may accrue interest on unpaid balances. Certain tax credit projects also incur a management fee and sometimes a construction management fee owed to the general partner. These incurred fees and interest are reflected in the Authority's operating income and totaled \$619,323 in 2014.

The financing for the tax credit partnerships was structured as direct financing leases from the Authority to the partnerships. Upon issuance of the bonds, the Authority purchases the projects. The Authority retains ownership of the buildings, and leases them to the partnerships under terms of a long term financing lease, which is treated as a sale for tax purposes. Payments from the Partnerships are sufficient to pay the outstanding bonds, but the Authority remains contingently liable for their payment. The debt interest expense and an offsetting amount of interest income are reflected on the Authority's books and total \$2,432,313 for the year.

Although the bonds are the primary source of funds for the purchase of the developments, other funding is usually required. Lines of credit, both taxable and non-taxable, are secured by the Authority to pay some of the acquisition costs and most of the rehabilitation costs. These lines are retired primarily using proceeds from the sale of Low Income Housing Tax Credits to the limited partners usually within two to three years of the partnership's inception. The Authority also may receive grant funds or other loans to assist in purchasing the properties and in preserving affordability within the projects. Because of limitations posed by the Internal Revenue Service, all such funds are lent to the partnerships. These advances are accounted for as part of the financing lease if the proceeds are used for purchasing the property and are accounted for as notes receivable from the partnerships if the proceeds are used for rehabilitating the property. A summary of the Authority's long-term debt is presented in Note 6. A summary of notes receivable and investments in direct financing leases with the partnerships is presented in Note 4.

### **Eastbridge Apartments, LLC**

#### **Financing Lease**

On March 3, 2009, Eastbridge Apartments, LLC ("the Company") entered into a financing lease agreement with the Authority to lease the buildings and other improvements constructed or to be constructed thereon comprising the project. The lease agreement was amended on December 30, 2010 and February 9, 2011 (collectively, the "Lease Agreement"). The Lease Agreement is for the period from March 3, 2009 (inception) through December 31, 2097. The Lease Agreement is treated as a capital lease.

Pursuant to the Lease Agreement, the base rent is one dollar (\$1) per year. Eastbridge Apartments agreed to make additional payments of up to \$24,885,000 in installments tied to the possession of the project. The required additional lease payments were paid in full in 2011.

### Bonds Payable

In November 2008, the Authority as Managing Member entered into a tax-exempt revenue bond trust indenture (the "Revenue Bonds") with The Bank of New York Mellon Trust Company, N.A. The aggregate principal amount of the Revenue Bonds is \$7,120,000, with an interest rate equal to approximately 3.50 to 5.625 percent per annum. The Revenue Bonds proceeds were loaned to Eastbridge Apartments, LLC by the Authority through the Financing Agreement (the "Financing Agreement"). The Financing Agreement is secured by a leasehold deed of trust encumbering Eastbridge Apartments' interests in the property and will be nonrecourse to the Company and its members. Interest is payable semiannually on each June 1 and December 1, commencing June 1, 2009, to maturity or earlier redemption of the Revenue Bonds, as set forth in the trust indenture.

As of December 31, 2014, the outstanding principal balance on the Bonds Payable, net of unamortized original issue discount was \$6,828,183. Minimum future annual principal payments are as follows:

Year Ending December 31,		
2015	\$	70,000
2016		70,000
2017		75,000
2018		75,000
2019		80,000
Thereafter		6,560,000
Subtotal	\$	6,930,000
Less: Bond Issue discount; net		(101,817)
Total	\$	6,828,183

### Loan

On March 9, 2009, the Company received a loan of \$3,800,000 from the Authority to finance the construction of the project. The loan accrues interest at an annual rate of 6.5 percent and is compounded annually if interest is not paid in full. Interest is payable from Net Cash Flow, as defined in the Operating Agreement, in the order set forth in the Operating Agreement. The principal and accrued interests are due and payable on the maturity date of March 31, 2059. The KCHA Loan is secured by a single leasehold deed of trust encumbering the Company's interests in the property and will be nonrecourse to the Company and its members. As of December 31, 2014, the outstanding balance on the loan was \$2,811,182.

### Hope VI Loan

The Authority received a HOPE VI grant of \$470,556 from the Department of Housing and Urban Development. On February 19, 2010, the Authority loaned the proceeds of the HOPE VI grant (the "Hope VI Loan") to the Company. The loan accrues interest at an annual rate of 6.5 percent and is compounded if interest is not paid in full. Interest is payable from Net Cash Flow, as defined in the Operating Agreement, in the order set forth in the Operating Agreement. The principal and accrued interests are due and payable at maturity. The Hope VI Loan matures on March 31, 2059. The Hope VI Loan is secured by a single leasehold deed of trust encumbering the Company's interests in the property and is nonrecourse to the Company and its members.

As of December 31, 2014, the outstanding balance on the Hope VI Loan was \$470,556 and interest payable was \$129,770.

### Project-based rental assistance payment contract

In 2009, the Company entered into a project-based rental assistance payment contract (the "HAP Contract") with the Authority for a period of ten years. Pursuant to the HAP Contract, the Authority will make rental assistance payments on behalf of residents for 31 units. The rental assistance payments are included in rental income in the accompanying statement of operations.

### Regulatory and Operating Agreement

On March 3, 2009, the Company entered into a Regulatory and Operating Agreement (the "R&O Agreement") with the Authority. Pursuant to the R&O Agreement, 13 units are obligated to be maintained and operated continuously as public housing units in accordance with applicable public housing requirements, as defined in the R&O Agreement. The Authority will make operating subsidy payments to the Project up to the amount it receives from U.S. Department of Housing of Urban Development with respect to the project, provided the units remain in compliance with applicable public housing requirements. For the year ended December 31, 2014, operating subsidy payments of \$62,400 was received by the Company from the Authority.

## **Egis Housing Limited Partnership**

### Lease Agreement

On May 25, 2007, Egis Housing Limited Partnership ("the Partnership") entered into a financing lease agreement with the Authority to lease the land, buildings, land improvements, and personal property, comprising the Project. The Lease Agreement is for the period from May 25, 2007 through December 31, 2096. Pursuant to the guidance for accounting for leases, the Lease Agreement is treated as an operating lease from May 25, 2007 to July 25, 2007, the date of HUD approval of the transfer and the termination of a reversionary interest in favor of the Authority as Authority, and as a capital lease thereafter.

Pursuant to the Lease Agreement, the base rent is one dollar (\$1) per year. The Partnership agrees to make additional lease payments of \$34,740,000 in installments (the "Lease Payable").

The Partnership's Lease Payable bears interest at a rate of 5.15% per annum, compounded annually. As of December 31, 2014, the outstanding Lease Payable balance was \$15,196,619. The principal and accrued interest is payable out of equity contribution and cash flows as defined in the Operating Agreement. For the year ended December 31, 2014, accrued interest on the Lease Payable was \$4,892,532. For the year ended December 31, 2014, interest paid to the Authority on the Lease Payable was \$983,920.

#### Rehabilitation Loan A

During September 2007, the Partnership entered into a loan agreement in the maximum amount of \$3,768,000 (the "Rehabilitation Loan A") with the Authority to finance the rehabilitation of the Project. The Authority will make the loan in installments, with an initial installment in the amount of \$2,800,000 and the subsequent installments made from the requests of the Partnership for documented project costs approved by the Authority. The Rehabilitation Loan A bears no interest. Payments of principal are to be made annually from cash flow as defined by the Partnership Agreement. The Rehabilitation Loan A matures on December 31, 2057, and is secured by the project.

As of December 31, 2014, the outstanding principal balance on the Rehabilitation Loan A was \$2,800,000.

#### Rehabilitation Loan B

During September 2007, the Partnership entered into a loan agreement in the amount of \$22,550,000 (the "Rehabilitation Loan B") with the Authority to finance the rehabilitation of the Project. The Rehabilitation Loan B bears no interest. Payments of principal are to be made annually from cash flow as defined by the Partnership Agreement. The Rehabilitation Loan B matures on December 31, 2057 and is secured by the project.

As of December 31, 2014, the outstanding principal balance on the Rehabilitation Loan B was \$22,550,000.

#### Rehabilitation Loan C

During September 2007, the Partnership entered into a loan agreement in the amount of \$9,250,000 (the "Rehabilitation Loan C") with the Authority to finance the rehabilitation of the project. The Rehabilitation Loan C bears no interest. Payments of principal are to be made annually from cash flow as defined by the Partnership Agreement. The Rehabilitation Loan C matures on December 31, 2057 and is secured by the Project.

As of December 31, 2014, the outstanding principal balance on the Rehabilitation Loan C was \$9,250,000.

#### Property management fee

Pursuant to the property management agreement, the Authority as Authority will receive a monthly fee for its management services. The monthly property management fee will be \$40 for each unit or such other amount as permitted by HUD and will be paid on the 15th of the month following the month in which the services were rendered. For the year ended December 31, 2014, the property management fee was \$252,944.

### Advances payable

The Authority paid expenses on behalf of the Partnership. The advances were unsecured and did not bear interest. As of December 31, 2014, the balance payable to the Authority was \$80,655.

### Regulatory and Operating Agreement

On July 30, 2007, the Partnership entered a Regulatory and Operating Agreement with the Authority. Pursuant to the R&O Agreement, all of the Project units shall be maintained and operated continuously as public housing units in conformity with applicable public housing requirements, as defined in the R&O Agreement. The Authority will make operating subsidy payments to the Project up to the amount it receives from HUD with respect to the Project, provided the units remain in compliance with applicable public housing requirements. For the year ended December 31, 2014, the Partnership received operating subsidy of \$1,393,860.

### **Fairwind Apartments LLLP**

#### Financing Lease

On March 30, 2012, Fairwind Apartments LLLP (“the Partnership”) entered into a financing lease agreement with the Authority to lease the buildings and other improvements constructed or to be constructed thereon comprising the project. The lease agreement was amended on April 8, 2014 (collectively, the “Lease Agreement”). The Lease Agreement is for the period from March 30, 2012 (inception) through December 31, 2101. The Lease Agreement is treated as a capital lease.

Pursuant to the Lease Agreement, the base rent is one dollar (\$1) per year. Fairwind Apartments LLLP agreed pay a Lease Acquisition Amount in the total estimated amount of \$21,607,000. The principal balance of the Lease Acquisition Amount at December 31, 2013 was \$10,862,348 with accrued interest of \$744. As of December 31, 2014 the Financing Lease and all accrued interest were paid off in full.

#### Hope VI Loan

The Authority received a HOPE VI grant of \$3,600,000 from the Department of Housing and Urban Development. On March 30, 2012, the Authority loaned the proceeds of the HOPE VI grant (the “Hope VI Loan”) to the Partnership. The loan accrues interest at an annual rate of 5.75 percent and is compounded if interest is not paid in full. Payments of principal and interest shall be made annually from cash flow available for such purpose in accordance with the Partnership agreement. The principal and accrued interests are due and payable at maturity. The Hope VI Loan matures on March 30, 2062. The Hope VI Loan is secured by a single leasehold deed of trust encumbering the Partnership's interests in the property and is nonrecourse to the Partnership and its partners.

As of December 31, 2014, the outstanding balance on the Hope VI Loan was \$3,600,000. For the year ended December 31, 2014, interest expense on the Hope VI Loan was \$207,000.

### Advances payable

The Authority paid expenses on behalf of the Partnership. The advances were unsecured and did not bear interest. As of December 31, 2014, the balance payable to the Authority was \$23,157.



### Regulatory and Operating Agreement

On March 30, 2012, the Partnership entered a Regulatory and Operating Agreement with the Authority. Pursuant to the R&O Agreement, all of the Project units shall be maintained and operated continuously as public housing units in conformity with applicable public housing requirements, as defined in the R&O Agreement. The Authority will make operating subsidy payments to the Project up to the amount it receives from HUD with respect to the Project, provided the units remain in compliance with applicable public housing requirements. For the year ended December 31, 2014, the Partnership received operating subsidy of \$287,100.

### **Green River Homes LLC**

#### Financing lease

During June 2004, Green River Homes LLC ("the Company") entered into a \$3,000,000 financing lease (the "Financing Lease") with the Authority to acquire, develop, and rehabilitate the project for its use as a low income housing project. Interest shall accrue on the unpaid balance of \$3,000,000 at an interest rate equal to 4.65 percent per annum, compounded annually. Within 90 days following the end of each calendar year commencing on December 31, 2004 through December 31, 2019, the Company shall make interest only payments from Available Cash Flow, if any, as defined by the Operating Agreement and in the order set forth in the Operating Agreement. Within 90 days following the end of each calendar year commencing on December 31, 2020 through December 31, 2044, payments of principal and interest in the amount sufficient to amortize the remaining principal and interest balance are due and payable. Within 90 days following the end of each calendar year commencing December 31, 2044, through the maturity date the Company shall make a minimum rent payment in the amount of \$100. The maturity date on the Financing Lease is June 1, 2079. As of December 31, 2014 the outstanding principal balance on the Financing Lease was \$3,000,000.

#### Weatherization note

During 2005 the Company entered into a \$126,742 Weatherization Loan agreement with the Authority. The note bears interest at the rate of 4.35% compounded annually. Payments of principal and interest commence on July 31, 2020 and are due in full on July 31, 2045. As of December 31, 2014 the outstanding principal balance on the note was \$126,742.

#### Development fee note

During June 2004 the Company entered into a Developer Services Agreement with the Authority. The Company is obligated to pay a development fee of \$886,493 for services performed in connection with the development of the project. Any unpaid portion of the fee is unsecured and bears no interest. The development fee is to be repaid only to the extent of available project development proceeds as defined by the Operating Agreement. Any balance of the developer fee shall be paid in equal amounts over a period of ten years commencing in 2006 from Cash Flow, if any, as defined in the Operating Agreement and in the order set forth in the Operating Agreement. Any unpaid deferred developer fee shall be paid in full no later than March 15, 2017. As of December 31, 2014 the outstanding balance on the developer fee was \$72,999.

### Master loan and regulatory agreement

During June 2004 the Company entered into a master loan and regulatory agreement regarding the subordinate loans (the “Master Loan Agreement”) with the Authority. The loan is secured by a deed of trust on the project. Pursuant to the terms of the Master Loan Agreement, interest accrues on the Term Loan at a rate equal to 4.65 percent per annum, compounded annually. Within ninety days following the end of the each calendar year commencing on December 31, 2005, the Company shall make a payment within 90 days of year-end of principal and accrued interest from Cash Flow, if any, as defined by the Operating Agreement and in the order set forth in the Operating Agreement. The balance of the Term Loan is due on or before December 31, 2055. As of December 31, 2014 the Company had drawn \$49,900 on the Term Loan.

### Advances payable to the Authority

As of December 31, 2014, advances payable to the Authority totaled \$30,953. The Authority periodically advances to the Company to finance various operating and development costs. The advances do not bear interest and are unsecured.

### Property management fee

During June 2004 the Company and the Authority entered into a Property Management Agreement (the “Property Management Agreement”). Pursuant to the Property Management Agreement the Authority is entitled to an annual management fee equal to 7 percent of the gross revenues received, as defined in the Property Management Agreement. For the year ended December 31, 2014, the Company’s property management fee expense was \$42,875.

## **Green River Homes 2 LLC**

### Lease agreement

On November 28, 2011, Green River Homes 2 LLC (“the Company”) entered into a financing lease agreement (the “Lease Agreement”) with the Authority to lease the land, building, and improvements. The Lease Agreement is for the period from November 28, 2011 through December 31, 2086. Pursuant to the guidance for accounting for leases, the Lease Agreement is treated as a capital lease.

Pursuant to the Lease Agreement, the base rent is one dollar (\$1) per year, payable on January 1 of each year commencing January 1, 2012. In addition, the Company is responsible for all costs related to constructing the project.

The Company is also required to make additional lease payment in the total amount of \$4,500,000. The Company made a payment of \$470,000 upon the commencement of the Lease Agreement. The Company entered into a lease payable with the Authority for the remaining \$4,030,000 (the “Lease Payable”) to pay the balance of the lease payment. The Lease Payable bears compounded interest at a rate of 0.25% per annum. The Lease Payable is secured by the property. The remaining balance plus accrued interest is due and payable upon the earlier to occur of three business days after the Investor Member’s second equity contribution pursuant to the Operating Agreement or November 1, 2014.

The Lease Payable amount of \$4,030,000 was paid in 2014.

### Developer fee

On November 1, 2011, the Company entered into a development agreement (the “Development Agreement”) with the Authority. Pursuant to the Development Agreement, the Company will pay the Authority \$500,000 for services rendered in connection with the development and rehabilitation of the project (the “Developer Fee”). The developer fee payable bears no interest. Payments of the Developer Fee and reimbursements of costs are made from equity contributions of the Investor Member and Net Cash Flows, as defined in the Operating Agreement. The developer fee of \$500,000 was paid in 2014.

### KCHA Loan 1

On December 29, 2011, the Authority issued tax-exempt bonds in the amount of \$9,500,000 (the “KCHA Loan 1”) and loaned the proceeds to the Company. The KCHA Loan 1 bears simple interest rate equal to 0.6% per annum with a maturity date of January 1, 2067. The KCHA Loan 1 is not secured by the property. As of December 31, 2014, the outstanding principal on the KCHA Loan 1 was \$9,500,000.

### KCHA Loan 2

On December 29, 2011, the Authority loaned \$3,500,000 (the “KCHA Loan 2”) to the Company. The KCHA Loan 2 bears simple interest rate equal 0.6% per annum with a maturity date of January 1, 2067. The KCHA Loan 2 is not secured by the property. As of December 31, 2014, the outstanding principal on the KCHA Loan 2 was \$3,000,000.

### Property management fee

On May 1, 2012 the Company entered into a property management agreement with the Authority (the “Property Management Agreement”). Pursuant to the Property Management Agreement, the Company will pay the Authority for its management services. The fee will be paid by the 15th of the month following the month in which the services were rendered. The monthly fee will be the greater of 7% of collected rents. For the year ended December 31, 2014, the property management fee was \$50,399.

### Property purchase option

The Authority has an option to purchase the project at the end of the low-income housing tax compliance period at a price specified in the Operating Agreement. In order to exercise this option, the Authority must meet certain requirements outlined in the Operating Agreement.

### Housing assistance subsidy

On February 1, 2013, the Company entered into a Project-based Rental Assistance Contract (the “Assistance Contract”) with the Authority. Under the terms of the contract, the Authority will provide rental assistance on behalf of all 59 units at the property. The rental assistance is included in rental revenue on the accompanying statements of operations.

### Due to KCHA

The Authority pays certain miscellaneous expenses on behalf of the Company. The advances bear no interest and are repayable on demand. The advances are not secured. As of December 31, 2014, \$24,346 was due to the Authority.

## **Harrison House Apartments LLC**

### Financing lease

During May 2004, Harrison House Apartments LLC (“the Company”) entered into a \$4,100,000 financing lease (the “Financing Lease”) with the Authority to acquire, develop, and rehabilitate the project for its use as a low-income housing project. Upon execution of the Financing Lease the Company made an initial payment of \$600,000. Interest shall accrue on the unpaid balance of \$3,500,000 at an interest rate equal to 4.65 percent per annum, compounded annually. Within 90 days following the end of each calendar year commencing on December 31, 2005 through December 31, 2020 the Company shall make interest only payments from Cash Flow, as defined by the Operating Agreement and in the order set forth in the Operating Agreement. Within 90 days following the end of each calendar year commencing on December 31, 2021 through December 31, 2044, payments of principal and interest in the amount sufficient to amortize the remaining principal and interest balance are due and payable. Within 90 days following the end of each calendar year commencing December 31, 2044, through the maturity date the Company shall make a minimum rent payment in the amount of \$100. The maturity date on the Financing Lease is June 1, 2079. As of December 31, 2014 the outstanding principal balance on the Financing Lease was \$3,500,000. For the year ended December 31, 2014, total interest incurred on the Financing Lease was \$193,396. AS of December 31, 2014, interest payable was \$765,781.

### Weatherization note

During April 2005 the Company entered into a weatherization note payable with the Authority. The note accrued interest equal to 4.75 percent per annum, compounded annually. No payments are required until February 15, 2020 at which time the note requires annual payments of \$17,233. As of December 31, 2014 the outstanding principal balance on the note was \$125,445.

### Development fee note

During May 2004 the Company entered into a Developer Services Agreement with the Authority. The Company is obligated to pay a development fee of \$915,541 for services performed in connection with the development of the project. Any unpaid portion of the fee is unsecured and bears no interest. The development fee is to be repaid only to the extent of available project development proceeds as defined by the Operating Agreement. Any balance of the developer fee shall be paid in equal amounts over a period of ten years commencing in 2006 from Cash Flow, if any, as defined in the Operating Agreement and in the order set forth in the Operating Agreement. Any unpaid deferred developer fee shall be paid in full no later than March 15, 2017. As of December 31, 2014 the outstanding balance on the developer fee was \$73,163.

### Master loan and regulatory agreement

The Company entered into a master loan and regulatory agreement regarding the subordinate loans (the “Master Loan Agreement”) with the Authority. The loan is secured by a deed of trust on the project. Pursuant to the terms of the Master Loan Agreement, interest accrues on the \$550,000 Term Loan at a rate equal to 4.65 percent per annum, compounded annually. Within ninety days following the end of the each calendar year commencing on December 31, 2013, the Company shall make a payment within 90 days of year-end of principal and accrued interest from Cash Flow, if any, as defined by the Operating Agreement and in the order set forth in the Operating Agreement. The balance of the Term Loan is due on or before December 31, 2055. As of December 31, 2014 the Company had drawn \$550,000 on the Term Loan.

### Advances and Fees payable to the Authority

The Authority periodically advances funds to the Company to finance various operating costs. The Authority is also entitled to certain property management and asset management fees. The advances and fees payable do not bear interest and are unsecured. As of December 31, 2014, advances and fees payable to the Authority totaled \$28,388.

### Property management fee

During May 2004 the Company and the Authority entered into a Property Management Agreement (the “Property Management Agreement”). Pursuant to the Property Management Agreement the Authority is entitled to an annual management fee equal to 7 percent of the gross revenues received, as defined in the Property Management Agreement. For the year ending December 31, 2014, property management fee paid to the Authority was \$46,867.

## **KCHA – Cones Limited Partnership**

### Weatherization/Energy Loans

During October 2003, the Authority as General Partner made loans to KCHA – Cones Limited Partnership (“the Partnership”) in the total maximum principal amount of \$362,116 to finance the rehabilitation of the Project (the “Weatherization/Energy Loans”). One loan in the amount of \$124,116 bears interest at a rate of 1 percent per annum, compounded annually. The other loan in the amount of \$238,000 bears interest at a rate of 4.75 percent per annum, compounded annually. Beginning in March of 2019, the Partnership is required to make annual principal and interest payments to the Authority in the amount of \$43,061. However, this amount will be adjusted due to pre-payment of loan principal from net cash flow. The loans mature on March 15, 2044, and are secured by a subordinated deed of trust against the Project.

As of December 31, 2014, the outstanding principal balance on the loans was \$362,115. For the year ended December 31, 2014, interest expense on the loans was \$17,232.

### Notes Payable

During July 2004, the Authority issued a \$3,200,000 loan to the Partnership to finance the acquisition and rehabilitation of the Project. The note bears interest at a rate of 4.75% per annum, compounded annually. The Partnership is required to make annual interest only payments to the Authority beginning January 5, 2005, until the maturity date, at which date the Partnership must repay the outstanding balance and all accrued interest. The note matures on July 30, 2044, and is secured by a deed of trust against the Project.

As of December 31, 2014, the outstanding balance on the note was \$3,200,000. For the year ended December 31, 2014, interest expense on the KCHA Loan was \$152,000.

### **KCHA – Kona Village Limited Partnership**

#### Financing leases and loan and regulatory agreements

In August 2000, KCHA- Kona Village Limited Partnership (“the Partnership”) entered into capital lease agreements (the “Financing Leases”) with the Authority for the land, building and improvements, and personal property of the project. The Financing Leases require the Partnership to pay in full all amounts due on all sources of financing obtained by the Authority for the acquisition and rehabilitation of the project. The Financing Leases are for the period from January 1, 2000 through December 31, 2008. Pursuant to the Financing Leases, the Partnership is also required to pay rent in the amount of \$24 per annum commencing in January 2001. The Partnership has the option to purchase the project at any time. As of December 31, 2014 rents payable due to the Authority was \$312.

In December 2000, the Partnership entered into loan and regulatory agreements (the “Loan and Regulatory Agreements”) with the Authority. The Loan and Regulatory Agreements require the Partnership to pay in full all amounts due on all sources of funds obtained by the Authority for the purpose of financing the acquisition and rehabilitation of the project.

#### Revenue bonds

During December 1999, the Authority issued revenue bonds in an original principal amount of \$2,535,000 (the “Revenue Bonds 1999”) to finance the acquisition and rehabilitation of the project. The Revenue Bonds 1999 were issued with an original issuance discount of \$46,897. Amortization of original issuance discount included in interest expense during the year ended December 31, 2014 was \$1,563. The Revenue Bonds 1999 accrue interest, beginning on July 1, 2000, at varying rates from 4.80 percent to 6.80 percent per annum. The Revenue Bonds 1999 accrue interest, beginning on July 1, 2010, at 6.70 percent per annum through January 1, 2020, at 6.75 percent per annum through January 1, 2025, and at 6.80 percent per annum through January 1, 2030, with the bond maturing completely in 2030.

The terms of the Revenue Bonds 1999 call for semiannual interest payments on July 1 and January 1 of each year. The Revenue Bonds 1999 mature on January 1, 2030. The Revenue Bonds 1999 are secured by lease payments, certain funds under the trust indenture, general funds of the Authority, and a leasehold deed of trust on Somerset Gardens East.

As of December 31, 2014, the outstanding principal balance, net of unamortized original issue discount was \$1,880,252, and accrued interest payable was \$64,374. For the year ended December 31, 2014, interest expense was \$128,750.



During September 2002, the Authority issued revenue bonds in an original principal amount of \$3,895,000 (the "Revenue Bonds 2002") to provide funds to redeem the remaining principal outstanding of the Kona Village Revenue Bond 1999 Series A ("Seller Note A"). The Revenue Bonds 2002 accrue interest, beginning on January 1, 2003, at varying rates from 2.25 percent to 6 percent per annum. The Revenue Bonds 2002 mature in varying amounts annually through January 1, 2012, after which the remaining scheduled principal payments in the amounts of \$1,155,000 and \$2,040,000 are due on July 1, 2022 and July 1, 2032, respectively. The terms of the Revenue Bonds 2002 call for semiannual interest payments on January 1 and July 1 of each year. The Revenue Bonds 2002 mature on January 1, 2032. To secure the Revenue Bonds 2002 the Authority has assigned its rights, title and interest in, and delegated its duties under the Financing Leases without recourse to Wells Fargo Bank Northwest, National Association (the "Trustee"). As of December 31, 2014, the principal balance was \$3,010,000. For the year ended December 31, 2014, interest expense was \$181,415.

#### Notes payable

In September 1999, the Authority issued Kona Village Revenue Bond, 1999 Series B ("Seller Note B") for the purpose of providing financing for the acquisition of the property. Seller Note B is in the amount of \$3,605,000, and has a stated simple interest rate of 5.41 percent per annum. Interest payments are due at the beginning of each month. Principal is due on its maturity date of September 22, 2014, and Seller Note B is not subject to prepayment penalties. Seller Note B is secured by the general revenues of the Authority. As of December 31, 2014, the principal balance remaining was \$3,605,000 and accrued interest payable was \$16,238. For the year ended December 31, 2014, interest expense was \$195,030.

In addition, the Authority executed a note in the amount of \$700,000 with City of Bellevue (the "City") and loaned the proceeds to the Partnership. The City note accrues simple interest at a rate of 1 percent per annum, compounded annually, beginning in 2001. Annual interest payments of \$7,000 are made through 2015, after which annual payments of \$50,487 are made on principal and interest until 2029. The City note is secured by a Deed of Trust on the Project. As of December 31, 2014, the outstanding principal balance was \$700,000. For the year ended December 31, 2014, interest expense was \$7,000.

#### Minimum future lease payments

Minimum future lease payments on the revenue bonds and the notes payable are as follows:

	Revenue Bonds	Notes Payable	Total
Year ending December 31,			
2015	\$ 477,410	\$ 202,031	\$ 679,441
2016	476,920	3,801,760	4,278,680
2017	475,805	50,487	526,292
2018	474,065	50,487	524,552
2019	476,700	50,487	527,187
Thereafter	5,786,718	555,352	6,342,070
	8,167,618	4,710,604	12,878,222
Less: Interest	(3,252,618)	(405,604)	(3,658,222)
	4,915,000	4,305,000	9,220,000
Less: Bond Issue Discount	(24,748)		(24,748)
Total minimum future lease payments	<u>\$ 4,890,252</u>	<u>\$ 4,305,000</u>	<u>\$ 9,195,252</u>

## **KCHA – Southwood Square Limited Partnership**

### Financing lease

In October 2001, KCHA – Southwood Square (“the Partnership”) entered into a capital lease agreement (the “Financing Lease”) with the Authority to lease the land, building and improvements, and personal property. The Financing Lease period is from October 2001 through December 2099. The Partnership has an option to purchase the property at any time.

Pursuant to the Financing Lease and the Loan and Regulatory Agreement, the Partnership is required to pay in full all sources of funds obtained by the Authority for the purpose of financing the acquisition and rehabilitation of the Project.

### Revenue Bonds

During October 2001, the Authority issued revenue bonds on behalf of the Partnership in an original principal amount of \$5,000,000 (the “Revenue Bonds”) to finance the acquisition and rehabilitation of the Project. \$4,115,000 of the Revenue Bonds were issued at a discount, priced to yield varying rates of interest from 6.2 percent to 6.3 percent, with a total original issuance discount of \$52,416. During the year ended December 31, 2014, amortization of original issuance discount included in interest expense was \$1,752. The Revenue Bonds accrue interest, beginning on October 1, 2001, at varying rates from 3.25 percent per annum to 6.20 percent per annum. The terms of the Revenue Bonds call for annual principal payments on October 1 of each year made in increasing amounts over the term of the bonds, and for semiannual interest payments on April 1 and October 1 of each year. The Revenue Bonds mature on October 1, 2031. The Revenue Bonds are secured by a deed of trust on the Partnership’s interest in the project, certain partnership trust accounts and a noncurrent debt security.

As of December 31, 2014, the principal balance, net of unamortized original issuance discount was \$3,730,640. For the year ended December 31, 2014, interest expense was \$237,724.

### Notes Payable

The Partnership secured two notes payable (the “Notes Payable”) from the Authority to finance the acquisition and rehabilitation of the Project. The first note (the “First Note”) is in the amount of \$380,000, and bears simple interest at a rate of 1 percent per annum. The First Note repayment terms call for interest only payments for the first 15 years, and payment of principal and interest over the remaining 35 years of the loan. The First Note matures in January 2052. As of December 31, 2014, the principal balance on the First Note was \$380,000 and accrued interest payable was \$950. For the year ended December 31, 2014, interest expense was \$3,800.

The second loan from the Authority (the “Second Note”) is in the amount of \$575,000 and bears interest at a rate of 1 percent per annum, compounded annually. The Second Note requires principal and interest payments to commence in the 16th year of the note term. The Second Note matures in January 2052. As of December 31, 2014, the principal balance on the Second Note was \$575,000. For the year ended December 31, 2014, interest expense was \$6,479.



### Minimum revenue bond and note payable payments

Minimum future lease payments on the Revenue Bonds and the Notes Payable pursuant to the Financing Lease and the Loan and Regulatory Agreement are as follows:

Year ending December 31,	Revenue Bonds	Notes Payable	Total
2015	\$ 367,005	\$ 3,800	\$ 370,805
2016	363,770	3,800	367,570
2017	365,230	3,800	369,030
2018	366,080	32,621	398,701
2019	361,320	32,621	393,941
Thereafter	4,352,985	1,210,563	5,563,548
	6,176,390	1,287,205	7,463,595
Less: Interest	(2,416,390)	(370,205)	(2,786,595)
	3,760,000	917,000	4,677,000
Less: Bond Issue Discount	(39,360)		(39,360)
Total minimum future lease payments	<u>\$ 3,720,640</u>	<u>\$ 917,000</u>	<u>\$ 4,637,640</u>

### Development note

The Partnership is obligated to pay the Authority a development fee of \$1,100,000 for services rendered in connection with the acquisition and rehabilitation of the Project. The development note bears compound interest at 6 percent. Principal and interest payments are to be made from net cash flow and net proceeds, as defined in the Partnership Agreement. In the event any portion of the development note remains unpaid by the thirteenth anniversary of the completion date, as defined in the Partnership Agreement, such amount is to be paid from the proceeds of the additional capital contributions required by the Authority. As of December 31, 2014, unpaid principal on the development note was \$209,666. For the year ended December 31, 2014, interest expense was \$14,260.

### **Nia Apartments LLC**

#### Financing Lease

In March 2007, Nia Apartments LLC ("the Company") entered into a capital lease agreement (the "Financing Lease") with the Authority for the land, building and improvements, and personal property. The Financing Lease is for the period from March 15, 2007 through December 31, 2096. The Financing Lease is secured by the property. The Financing Lease is treated as a capital lease. Pursuant to the Financing Lease, the Company is required to pay rent in the amount of \$1 per annum commencing in January 2008. In addition, the Company is responsible for all cost related to construction of the property.

## Revenue Bonds

During December 2006, the Authority entered into tax-exempt revenue bond trust indenture (the "Revenue Bonds") with U.S. Bank National Association. The aggregate principal amount of the Revenue Bonds is \$3,000,000, with a simple interest ranging from 4.45 percent to 4.75 percent per annum. The weighted average interest rate at December 31, 2014 was 4.71 percent per annum. The Revenue Bonds are secured by the general revenue of the Authority and bond proceeds were loaned to the Company by the Authority through the Financing Agreement. Interest is payable on each January 1 and July 1 through the later of the maturity date or redemption as set forth in the trust indenture of the Revenue Bonds. Interest payments commenced on July 1, 2007. The maturity date is January 1, 2037.

As of December 31, 2014, the outstanding balance on the Revenue Bonds was \$2,835,000. For the year ended December 31, 2014, interest expense on the Revenue Bonds was \$133,597.

Future minimum principal payments over each of the next five years and thereafter are due as follows:

Year ending December 31,		
2015	\$	40,000
2016		40,000
2017		40,000
2018		45,000
2019		45,000
Thereafter		2,625,000
	\$	<u>2,835,000</u>

## Note Payable

The Company obtained a note payable (the "Note Payable") from the Authority to finance the construction of the project. The Note Payable is in the amount of \$328,000 and bears compounded interest at the greater of 4.75 percent or the long term applicable federal rate in effect as of the day of this loan, which was 4.60 percent. The Note Payable requires principal and interest payments to be deferred until the maturity date of March 15, 2058. The Note Payable is secured by the Project. As of December 31, 2014, the principal balance on the Note Payable was \$328,000. For the year ended December 31, 2014, interest expense was \$20,081.

## HOPE VI Loan

The Authority received a HOPE VI grant of \$3,200,000 from the Department of Housing and Urban Development and loaned the proceeds of the HOPE VI grant (the "HOPE VI Loan") to the Company through a Master Loan Agreement dated March 15, 2007. The Hope VI Loan bears compounded interest at a rate of 4.60 percent per annum. Interest is payable from Cash Flow, as defined in the Operating Agreement, in the order set forth in the Operating Agreement. The principal and accrued interest is to be payable at the end of the loan term at March 1, 2059. The HOPE VI Loan is secured by the project. As of December 31, 2014, the outstanding balance on the HOPE VI Loan was \$3,200,000. For the year ended December 31, 2014, interest expense on the HOPE VI Loan was \$1,003,625.

### Project-based rental assistance payment contract

In 2007, the Company entered a project-based rental assistance payment contract (the “HAP Contract”) with the Authority for an initial minimum term of 10 years. Pursuant to the HAP Contract, the Authority will make rental assistance payments on behalf of residents for 41 units. The rental assistance payments are included in rental income in the accompanying statement of operations.

### Regulatory and Operating Agreement

In 2007 the Company entered into a Regulatory and Operating Agreement (the “R&O Agreement”) with the Authority. Pursuant to the R&O Agreement, 40 of the total 82 units will be maintained and operated continuously as public housing units in accordance with Applicable Public Housing requirements, as defined in the R&O Agreement. The Authority will make operating subsidy payments to the project up to the amount it receives from the U.S. Department of Housing and Urban Development with respect to the project, provided the 40 units remain in compliance with Applicable Public Housing Requirements. For the year ended December 31, 2014, operating subsidy payments of \$114,000 were received each year from the Authority.

### **Overlake TOD Housing Limited Partnership**

#### Lease agreement

In July 2000, the Authority as General Partner entered into a lease agreement (the “Ground Lease”) with King County, Washington for the land. The Authority subsequently leased the land to Overlake TOD Housing Limited Partnership (“the Partnership”) through a sub-lease agreement (the “Sub-lease”) for construction and operation of the project. Both the Ground Lease and Sub-lease are for the period of July 2002 through July 2050 with an option to extend them for one additional 25-year term. A minimum lease payment is due to King County in the amount of \$30,000 beginning in 2003, increasing thereafter by 3% per annum. Payments are to be made from net cash flow and net proceeds, as defined in the Ground Lease. As of December 31, 2014, the Sub-lease payable was \$41,527. For the year ended December 31, 2014, Sub-lease expense was \$41,527.

#### Notes payable to General Partner

The Authority has loaned to the Partnership various notes payable detailed below. As of December 31, 2014, the total outstanding balance of notes payable due to the Authority was \$2,660,000.

The King County Department of Transportation (“DOT”) Loan #3 in the amount of \$750,000 accrues simple interest at a rate of 1% per annum. Payments are payable solely from net cash flow pursuant to the Partnership Agreement. The full balance will be due and payable on or before January 1, 2042. As of December 31, 2014, the outstanding principal balance was paid in full.

The Washington State Convention Center Award Loan in the amount of \$1,500,000 accrues simple interest at a rate of 1% per annum, compounded annually. Payment of principal and interest is deferred until April 1, 2016. Beginning on April 1, 2017, the Partnership is obligated to pay to the Authority annual principal and interest payments in the amount of \$58,416 payable solely from net cash flow. The full balance will be due and payable on or before April 1, 2051. As of December 31, 2014, the outstanding principal balance was \$1,500,000.

The County Award Loan in the amount of \$500,000 accrues simple interest at a rate of 1% per annum, compounded annually. Payment of principal and interest is deferred until April 1, 2016. Beginning on April 1, 2017, the Partnership is obligated pay to the Authority annual principal and interest payments in the amount of \$19,552 payable solely from net cash flow. The full balance will be due and payable on or before April 1, 2051. As of December 31, 2014, the outstanding principal balance was \$500,000.

The King County Housing Authority Loan in the amount of \$660,000 accrues simple interest at a rate of 1% per annum. Payments are payable solely from net cash flow pursuant to the Partnership Agreement. The full balance will be due and payable on or before January 1, 2042. As of December 31, 2014, the outstanding principal balance was \$660,000.

The above payables are secured by a mortgage or deed of trust against the project. For the year ended December 31, 2014, interest expense for the above loans was \$30,996.

#### Revenue bonds

In July 2000 and June 2001, the Authority as General Partner issued Variable Rate Demand Revenue Bonds, 2000 in the principal amount of \$21,525,000 and Variable Rate Demand Revenue Bonds, 2001, Series B in the principal amount of \$6,475,000 (collectively, the "Revenue Bonds"). The Authority used the proceeds of the Revenue Bonds to make a loan to the Partnership. The Revenue Bonds mature on January 1, 2043 and the loan from the Authority accrues interest at a rate of 6.3% per year. Beginning November 1, 2003, the interest rate was decreased to 5%, and effective November 2003, the Authority forgave interest payable of \$303,333, which is equal to the difference between the previous interest rate of 6.3% and the currently prevailing rate of 5% for the period from January 1, 2003 through October 31, 2003. To secure the payment of the Revenue Bonds, the Authority has assigned its rights, title and interests in the loan and regulatory agreement to the U.S. Bank Trust National Association (the "Trustee"). The Revenue Bonds are also secured by a deed of trust against the project. Monthly payments of principal and interest on the Revenue Bonds are due to the Authority, with the principal payments made to a sinking fund, as outlined below.

As of December 31, 2014, principal on the Revenue Bonds was \$23,125,000. As of December 31, 2014, accrued interest on the Revenue Bonds was \$0. For the year ended December 31, 2014, interest expense was \$1,156,250.

Pursuant to the First Amendment to the Loan and Regulatory Agreement dated December 23, 2003, and the First Amendment to Reimbursement Agreement dated December 18, 2003, the Partnership is required to make monthly mandatory sinking fund payments into the Interest Rate Stabilization Fund beginning November 2005 in the amount of 1/12 of the principal amount of the Revenue Bonds coming due on the next January 1. The Interest Rate Stabilization Fund is owned by the Authority, and payments made by the Partnership are pledged irrevocably to repay the principal of the Revenue Bonds as they come due. The mandatory sinking fund payments made by the Partnership but not yet used by the Authority to repay the Revenue Bonds are classified as sinking fund deposits. As of December 31, 2014, the balance in the sinking fund deposits account was \$122,904.

Future minimum principal payments on the Revenue Bonds are due as follows:

Year ending December 31,		
2015	\$	110,000
2016		110,000
2017		125,000
2018		150,000
2019		150,000
Thereafter		22,480,000
	\$	<u>23,125,000</u>

### Section 8 contract

The Authority has contracted with the Partnership to make housing assistance payments to the Partnership on behalf of qualified tenants under two contracts. The first contract includes a combination of 8 studio and one-bedroom units and expired on April 30, 2008. In 2008, the first contract was extended for an additional 5 years to 2013. In 2013, the first contract was extended for an additional 3 years to May 1, 2016. The second contract includes 12 two-bedroom units and has an initial term of ten years, automatically renewed for successive terms of ten years, not to exceed 30 years.

### **Salmon Creek Housing LLC**

#### Bonds Payable

During March 2008, the Authority as Managing Member entered into tax-exempt revenue bond trust indenture (the "Revenue Bond") with U.S. Bank National Association. The aggregate principal amount of the Revenue Bond is \$4,250,000. The Revenue Bond is secured by the general revenue of the Authority. The Revenue Bonds proceeds were loaned to Salmon Creek Housing LLC ("the Company") by the Authority (the "Bonds Payable") through the Financing Agreement (the "Financing Agreement"). The Financing Agreement is secured by the project. The Bonds Payable bears interest at a variable rate and interest is payable on the first business day of each month. Interest was subsequently fixed at 3.988 percent through an interest rate swap agreement. The Bonds Payable matures on December 1, 2047. The Company is required to reimburse the Authority for all out of pocket expenses in connection with the Bonds Payable. For the year ended December 31, 2014, there were no reimbursements made to the Authority.

As of December 31, 2014, the outstanding balance on the Bonds Payable was \$4,050,000. For the year ended December 31, 2014, interest expense on the Bonds Payable was \$162,567.

Future minimum principal payment requirements over the next five years are as follows:

Year ending December 31,		
2015	\$	55,000
2016		55,000
2017		60,000
2018		60,000
2019		65,000
Thereafter		3,755,000
	\$	<u>4,050,000</u>

#### Note payable

The Company obtained a note payable (the "Note Payable") dated March 26, 2008, from the Authority to finance the construction of the project. The Note Payable is in the amount up to \$5,650,000 and bears interest at the greater of the Applicable Federal Rate at the time the proceeds of the Note Payable are disbursed to the Company or 5.75 percent compounded annually. The Note Payable matures on December 31, 2058. The Note Payable is payable from Net Cash Flow, as defined in the Operating Agreement, and is secured by the project. As of December 31, 2014, the outstanding principal balance on the Note Payable was \$2,530,000. For the year ended December 31, 2014, interest expense was \$181,614.

#### HOPE VI Loan

The Authority received a HOPE VI grant of \$1,045,595 from the Department of Housing and Urban Development and loaned the proceeds of the HOPE VI grant (the "HOPE VI Loan") to the Company. The HOPE VI Loan bears interest at the greater of the Applicable Federal Rate or 5.75 percent compounded annually. Interest is payable from Net Cash Flow, as defined in the Operating Agreement, and the principal and accrued interest is due and payable at the end of the loan term, December 31, 2058. The HOPE VI Loan is secured by the Project. As of December 31, 2014, the outstanding principal balance on the HOPE VI Loan was \$1,045,595. For the year ended December 31, 2014, interest expense on the HOPE VI Loan was \$70,715.

#### Lease agreement

On March 26, 2008, the Company entered into a financing lease agreement (the "Lease Agreement") with the Authority to lease the buildings and other improvements constructed or to be constructed thereon comprising the project. The Lease Agreement is for the period from March 26, 2008 through December 31, 2097. Pursuant to the guidance for accounting for leases, the Company accounts for the lease of the project as a capital lease. Pursuant to the Lease Agreement, the base rent is one dollar (\$1) per year. The Company agrees to make additional payments of up to \$24,856,978 in installments tied to the possession of the project. The required additional lease payments were paid off in 2010.

### Project-based rental assistance payment contract

On July 15, 2009, the Company entered into a project-based rental assistance payment contract (the HAP Contract) with the Authority for a period of ten years. Pursuant to the HAP Contract, the Authority will make rental assistance payments on behalf of residents for nine units, which has been included in rental income on the accompanying statement of operations.

### Regulatory and Operating Agreement

In 2008, the Company entered a Regulatory and Operating Agreement (the “R&O Agreement”) with the Authority. Pursuant to the R&O Agreement, 50 of the total 88 units are to be maintained and operated continuously as public housing units in accordance with Applicable Public Housing Requirements, as defined in the R&O Agreement. The Authority will make operating subsidy payments to the project up to the amount it receives from HUD with respect to the project, provided the 50 units remain in compliance with Applicable Public Housing Requirements. For the year ended December 31, 2014, operating subsidy payments of \$175,200 was received from the Authority.

### **Seola Crossing LLC**

#### Lease agreement

On March 23, 2006, Seola Crossing LLC (“the Company”) entered into a financing lease agreement (the “Lease Agreement”) with the Authority to lease the land, building, land improvements, off-site work, and personal property, constructed or to be constructed thereon, comprising the project. The Lease Agreement is for the period from March 23, 2006 through December 31, 2095. Pursuant to the guidance for accounting for leases, the Company accounts for the lease of the project as a capital lease.

Pursuant to the Lease Agreement, the base rent is one dollar (\$1) per year. The Company agrees to make additional payments of up to \$44,475,000 in installments tied to the completion of the project. The required additional lease payments were paid off in 2008.

#### Master Loan Agreement

On March 23, 2006, the Company entered into a master loan agreement with the Authority (the “Master Loan Agreement”). Pursuant to the Master Loan Agreement, the Authority will issue revenue bonds and loan the bond proceeds and a portion of its HOPE VI grant to the Company.

#### Revenue Bond

During April 2006, the Authority entered into taxable revenue bond trust indenture (the “Revenue Bond”) with U.S. Bank National Association. The aggregate principal amount of the Revenue Bond is \$6,700,000, with an interest equal to 6.375% per annum. The Revenue Bond is secured by the project and bond proceeds are loaned to the Company through the Master Loan Agreement. Interest is payable semiannually on each June 30 and December 31, commencing on December 31, 2006. Annual principal payments are required in increasing amounts beginning December 31, 2008. Pursuant to the Master Loan Agreement, the Company is required to reimburse the Authority for all out of pocket expenses in connection with the loan. The Revenue Bond matures on December 31, 2046. For the year ended December 31, 2014, the amount reimbursed to the managing member was \$0.



As of December 31, 2014, the outstanding principal balance on the Revenue Bond was \$6,515,000. As of December 31, 2014, accrued interest on the Revenue Bond was \$0. For the year ended December 31, 2014, interest expense on the Revenue Bond was \$417,244.

Minimum future principal payments are as follows:

Year ending December 31,		
2015	\$	35,000
2016		35,000
2017		40,000
2018		40,000
2019		45,000
Thereafter		6,320,000
	\$	<u>6,515,000</u>

#### Note payable

The Company secured a note payable (the "Note Payable") from the Authority to finance the acquisition and construction of the project. The Note Payable is in the amount of \$250,000 and bears interest at the greater of 4.75 percent compounded annually or the long term applicable federal rate as of the day of the loan. As of the day of the loan, the long term applicable federal rate was 5.31 percent.

The Note Payable requires principal and interest payments to be deferred until the maturity date of December 2058. The Note Payable is secured by the project. As of December 31, 2014, the principal balance on the Note Payable was \$250,000. For the year ended December 31, 2014, interest expense was \$18,428.

#### HOPE VI loan

The Authority received a HOPE VI grant from the Department of Housing and Urban Development. Pursuant to the Master Loan Agreement, the Authority will loan up to \$7,925,000 of the proceeds of the HOPE VI grant (the "HOPE VI Loan") to the Company. The loan bears compound interest at the long term applicable federal rate as of the date of each loan draw. Interest rates range from 5.02% to 5.36%. Interest is payable from cash flow, and the principal and accrued interest are due and payable at the end of the loan term, December 31, 2058. The HOPE VI Loan is secured by the project. As of December 31, 2014, the outstanding principal balance was \$7,925,000. For the year ended December 31, 2014, interest expense on the HOPE VI Loan was \$527,292.

#### Project-based rental assistance payment contract

In 2006, the Company entered a project-based rental assistance payment contract (the "HAP Contract") with the Authority. Pursuant to the HAP Contract, the Authority will make temporary rental assistance payments on behalf of residents for 71 units and permanent payments for 39 units. As of December 31, 2014, there were 38 units receiving temporary rental assistance.



### Regulatory and operating agreement

On March 23, 2006, the Company entered a Regulatory and Operating Agreement (the “R&O Agreement”) with the Authority. Pursuant to the R&O Agreement, 77 of the total 187 units are obligated to be maintained and operated continuously as public housing units in accordance with applicable public housing requirements, as defined in the R&O Agreement. The Authority will make operating subsidy payments to the project up to the amount it receives from HUD with respect to the project, provided the 77 units remain in compliance with applicable public housing requirements. For the year ended December 31, 2014, operating subsidy payments of \$232,200 were received from the Authority.

### **Sixth Place Apartments LLLP**

#### Lease Agreement

On June 22, 2010, Sixth Place Apartments LLLP (“the Partnership”) entered into a financing lease agreement (the “Lease Agreement”) with the Authority to lease buildings and other improvements comprising the project. The Lease Agreement is for the period from January 29, 2010 through December 31, 2098. The Lease Agreement is treated as a capital lease.

Pursuant to the Lease Agreement, the base rent is one dollar (\$1) per year, payable on January 1 of each year commencing January 1, 2011. In addition, the Partnership is responsible for all cost related to constructing the project.

#### KCHA First Loan and KCHA Second Loan

The Authority received a grant from the Department of Housing and Urban Development. On June 22, 2010, the Authority entered into a master loan agreement (the “Master Loan Agreement”) with the Partnership. Pursuant to the Master Loan Agreement, the Authority made two loans (the “KCHA First Loan” and the “KCHA Second Loan”) to the Partnership in an amount not to exceed \$300,000 and \$6,679,129, respectively. The KCHA First Loan and the KCHA Second Loan are evidenced by two promissory notes and are secured by a single leasehold deed of trust. The KCHA First Loan accrues interest at 4.0% compounded annually. The KCHA First Loan is payable from the available Cash Flow, as defined in the Partnership Agreement. The KCHA First Loan matures on June 22, 2060. The KCHA Second Loan accrues no interest and the outstanding principal is due on June 22, 2060.

As of December 31, 2014, the outstanding principal balance and accrued interest on the KCHA First Loan was \$113,525 and \$11,719, respectively. For the year ended December 31, 2014, interest expense on the KCHA First Loan was \$4,817. As of December 31, 2014, the outstanding principal balance on the KCHA Second Loan was \$6,679,129.

### Regulatory and Operating Agreement

On June 22, 2010, the Partnership entered into a Regulatory and Operating Agreement (“R&O Agreement”) with the Authority. Pursuant to the R&O Agreement, all of the project units are obligated to be maintained and operated continuously as public housing units in accordance with applicable public housing requirements, as defined in the R&O Agreement. The Authority will make operating subsidy payments to the project up to the amount it receives from U.S. Department of Housing and Urban Development with respect to the project, provided the units remain in compliance with applicable public housing requirements. For the year ended December 31, 2014, operating subsidy payments of \$62,991 was received from the Authority.

## **Soosette Creek LLC**

### Lease Agreement

On April 30, 2008, Soosette Creek LLC (“the Company”) entered into a financing lease agreement (the “Lease Agreement”) with the Authority to lease the land, building, land improvements, off-site work, and personal property, constructed or to be constructed thereon, comprising the project. The Lease Agreement is for the period from April 30, 2008 through December 31, 2097. Pursuant to the Lease Agreement, the base rent is one dollar (\$1) per year. The Company agrees to make additional payments of up to \$24,675,000 in installments equal to \$2,500,000 on or before April 30, 2008, and the remaining balance is payable annually from the net cash flow no later than April 1, 2039. As of December 31, 2014, the outstanding principal balance was \$21,042,076. As of December 31, 2014, accrued interest on the lease payable to the Authority was \$703,857. The Lease bears simple interest at a rate of 4.46% per annum, compounded annually. For the year ended December 31, 2014, interest expense on the lease liability was \$963,969.

### Loan A

During August 2008, the Authority entered into tax-exempt revenue bond trust indenture (Housing Authority of the County of King, Revenue Bonds, 2008 Birch Creek Apartments Project) (the “Revenue Bonds”) with The Bank of New York Mellon Trust Company, N.A. The proceeds of the Revenue Bonds were loaned by the Authority to the Company (“Loan A”). Loan A is secured by the project. The principal amount of Loan A is \$37,500,000. Loan A bears simple interest on the unpaid principal balance at a rate equal to 0.65% per annum. Payments are made from available cash flow, as set forth in the Operating Agreement. Loan A was issued at a discount of \$36,178. For the year ended December 31, 2014, amortization of the issuance discount included in interest expense was \$724. All unpaid principal and accrued interest on Loan A is due and payable on September 1, 2058. As of December 31, 2014, the outstanding balance, net of unamortized original issuance discount, was \$37,468,407. For the year ended December 31, 2014, interest expense on Loan A was \$243,750.

### Loan B

During 2009, the Company entered into a master loan agreement from the Authority (“Loan B”) in the maximum amount of \$6,000,000 for a term not to exceed 55 years. Loan B accrues simple interest at 0.65% per annum. As of December 31, 2014, the outstanding balance was \$3,387,037. For the year ended December 31, 2014, interest expense on Loan B was \$22,016.

### DOC Loan

During 2009, the Authority entered into a master loan agreement (“DOC Loan”) with the State of Washington in the amount of \$2,000,000. The Authority then loaned the amount to the Company. The DOC Loan accrues simple interest at 1.00% per annum, commencing July 1, 2010 and continuing through June 30, 2045, at which point interest is accrued at 1.00%, compounded annually through June 30, 2050. Payments of simple interest in the amount of \$20,000 are due and payable beginning June 30, 2011 and each June 30<sup>th</sup> thereafter through June 30, 2045. Annual payments in the amount of \$412,079.60 are due and payable beginning June 30, 2046, and each June 30 thereafter through June 30, 2050. As of December 31, 2014, the outstanding balance was \$2,000,000. For the year ended December 31, 2014, interest expense on the DOC Loan was \$20,000.

### HAP contract

In 2008, the Company entered a project-based rental assistance payment contract ("HAP Contract") with the Authority. Pursuant to the HAP Contract, the Authority will make rental assistance payments on behalf of residents for up to 262 units. The contract was executed in stages as the units were renovated and occupied by eligible households. The term of the HAP Contract is ten (10) years from the date of the first stage. The HAP Contract is renewable subject to the availability of sufficient appropriated federal funds and program requirement. As of December 31, 2014, 262 units were under contract. For the year ended December 31, 2014, payments received under the HAP Contract were \$2,825,376.

### Due to Managing Member

The Authority as Managing Member pays certain miscellaneous expenses on behalf of the Company. The advances bear no interest and are repayable on demand. The advances are not secured. As of December 31, 2014, due to the Authority was \$72,007.

### **Zephyr Apartments LLLP**

#### Lease Agreement

On January 29, 2010, Zephyr Apartments LLLP ("the Partnership") entered into a financing lease agreement (the "Lease Agreement") with the Authority to lease buildings and other improvements comprising the project. The Lease Agreement is for the period from January 29, 2010 through December 31, 2098. The Lease Agreement is treated as a capital lease.

Pursuant to the Lease Agreement, the base rent is one dollar (\$1) per year. In addition, the Partnership is responsible for all cost related to constructing the Project.

### HOPE VI Funds

The Authority received a HOPE VI grant in the amount of \$20,000,000 from the Department of Housing and Urban Development. On January 29, 2010, the Authority entered into a master loan agreement (the "Master Loan Agreement") with the Partnership. Pursuant to the Master Loan Agreement, the Authority made two loans (the "KCHA Second Loan" and the "KCHA Third Loan") to the Partnership in an amount not to exceed \$5,300,000 and \$500,000, respectively. The KCHA Second Loan and the KCHA Third Loan mature on January 31, 2050 and are secured by a single leasehold deed of trust. The KCHA Second Loan and the KCHA Third Loan are evidenced by two promissory notes and accrue interest at 0.2% annually. Interest is paid from available cash flow, as defined in the Partnership Agreement.

As of December 31, 2014, the outstanding principal balance and accrued interest on the KCHA Second Loan was \$5,300,000 and \$35,294, respectively. For the year ended December 31, 2014, interest expense on the KCHA Second Loan was \$10,600.

As of December 31, 2014, the outstanding principal balance and accrued interest on the KCHA Third Loan was \$275,000 and \$1,381, respectively. For the year ended December 31, 2014, interest expense on the KCHA Third Loan was \$550.

## Regulatory and Operating Agreement

On January 29, 2010, the Partnership entered a Regulatory and Operating Agreement ("R&O Agreement") with the Authority. Pursuant to the R&O Agreement, all of the project units shall be maintained and operated continuously as public housing units in accordance with applicable public housing requirements, as defined in the R&O Agreement. The Authority will make operating subsidy payments to the project up to the amount it receives from HUD with respect to the project, provided the units remain in compliance with applicable public housing requirements. For the year ended December 31, 2014, operating subsidy payments of \$138,000 was received from the Authority.

## **Note 10 – Supplemental Financial Information**

Following are details of selected financial statement line items.

### ***Current Receivables:***

Grants: DOE	\$	46,251
Grants: HUD, Section 8 program		56,941
Grants: HUD, ROSS		16,859
Grants: HHS		394,829
Grants: State of Washington Matchmaker		71,865
Grants: Bellevue CDBG		28,966
Grants: Puget Sound Energy		442,698
Grants: Multifamily Housing Service Coordinator		3,370
Grants: Other		36,380
Interest: Notes and financing lease		1,934,354
Other Housing Authorities - Portability		549,692
Tenants		229,731
Tax Credit Partnerships		372,834
Other		198,346
<b>Total</b>	<b>\$</b>	<b>4,383,112</b>

### ***Other Current Assets:***

Prepaid insurance and other	\$	817,047
Materials & mobile home inventory		139,159
<b>Total</b>	<b>\$</b>	<b>956,206</b>

### ***Other Noncurrent Assets:***

Investment in tax credit properties	\$	1,625,526
Other		52,929
	<b>\$</b>	<b>1,678,455</b>

### ***Other Current Liabilities:***

Accounts payable	\$	5,339,280
Interest payable		1,306,573
Accrued compensated absences		2,092,214
Tenant security deposits		1,873,853
Accrued wages and benefits		1,426,423
Family Self Sufficiency escrow		333,580
Contract Retentions		1,309,237
Unearned rent		157,983
Other		976,515
<b>Total</b>	<b>\$</b>	<b>14,815,658</b>

**Other Noncurrent Liabilities:**

Noncurrent interest	126,795
Family Self Sufficiency escrow	471,356
Unearned revenue	536,889
<b>Total</b>	<b>\$ 1,135,040</b>

**Other Revenue:**

Portability administrative fee from other authorities	\$ 1,407,015
Other portability income	26,435,029
Non-dwell rent	591,349
Home and lot sales revenue	4,856,873
Property management fees	1,032,564
Developer fees	200,000
Conduit loan fees	137,171
Unit upgrade	2,816,666
Weatherization owner contributions	278,170
Other	2,240,959
<b>Total</b>	<b>39,995,796</b>

**Net Gain (Loss) on Disposal of Capital Assets:**

Vehicles and Equipment	\$ 26,462
Hopkins Building	(187,514)
Parcel of Vantage Glen land	(82,532)
<b>Total</b>	<b>\$ (243,584)</b>

**Note 11 – Pension Plan**

Substantially all the Authority's full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit retirement plans. The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to: Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98504-8380; or it may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov).

**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; employees of legislative committees; employees of district and municipal courts; and employees of local governments. Membership also includes higher education employees not participating in higher education retirement programs. Approximately 49 percent of PERS salaries are accounted for by state employment. 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 Plan 3. The option must be exercised within 90 days of employment. Employees who fail to choose within 90 days default to Plan 3.

PERS is comprised of and reported as three separate plans for accounting purposes: Plan 1, Plan 2/3, and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members, and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered to be a single plan for accounting purposes.

PERS Plan 1 and Plan 2 retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Employee contributions to the PERS Plan 1 and Plan 2 defined benefit plans accrue interest at a rate specified by the Director of DRS. During DRS' Fiscal Year 2013, the rate was five and one-half percent compounded quarterly. Members in PERS Plan 1 and Plan 2 can elect to withdraw total employee contributions and interest thereon, in lieu of any retirement benefit, upon separation from PERS-covered employment.

PERS Plan 1 members are vested after the completion of five years of eligible service.

PERS Plan 1 members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with 25 years of service, or at age 60 with at least 5 years of service. Plan 1 members retiring from inactive status prior to the age of 65 may receive actuarially reduced benefits.

The monthly benefit is 2 percent of the average final compensation (AFC) per year of service, but the benefit may not exceed 60 percent of the AFC. The AFC is the monthly average of the 24 consecutive highest-paid service credit months.

PERS Plan 1 retirement benefits are actuarially reduced to reflect the choice, if made, of a survivor option.

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. The benefit 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, at which time the benefit is converted to the member's service retirement amount.



A member with five years of covered employment is eligible for non-duty disability retirement. Prior to the age of 55, the benefit amount is 2 percent of the AFC for each year of service reduced by 2 percent for each year that the member's age is less than 55. The total benefit is limited to 60 percent of the AFC and is actuarially reduced to reflect the choice of a survivor option. Plan 1 members may elect to receive an optional COLA amount (based on the Consumer Price Index), capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 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. The AFC is the monthly average of the 60 consecutive highest-paid service months. 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 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, if hired prior to May 1, 2013:

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

PERS Plan 2 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of 5 percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service.

PERS Plan 2 retirement benefits are actuarially reduced to reflect the choice, if made, of a survivor option.

PERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component and member contributions finance a defined contribution component. As established by Chapter 41.34 RCW, employee contribution rates to the defined contribution component range from 5 percent to 15 percent of salaries, based on member choice. Members who do not choose a contribution rate default to a 5 percent rate. There are currently no requirements for employer contributions to the defined contribution component of PERS Plan 3.

PERS Plan 3 defined contribution retirement benefits are dependent upon the results of investment activities. Members may elect to self-direct the investment of their contributions. Any expenses incurred in conjunction with self-directed investments are paid by members. Absent a member's self-direction, PERS Plan 3 contributions are invested in the Retirement Strategy Fund that assumes the member will retire at age 65.

For DRS' Fiscal Year 2013, PERS Plan 3 employee contributions were \$99.0 million, and plan refunds paid out were \$69.4 million.

The defined benefit portion of PERS Plan 3 provides members a monthly benefit that is 1 percent of the AFC per year of service. The AFC is the monthly average of the 60 consecutive highest-paid service months. There is no cap on years of service credit, and Plan 3 provides the same cost-of-living allowance as Plan 2.

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 by June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan.

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

- If they have at least ten service credit years and are 55 years old, the benefit is reduced by an ERF that varies with age, for each year before age 65.
- If they have 30 service credit years and are at least 55 years old, and were hired before May 1, 2013, 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.
- If they have 30 service credit years, are at least 55 years old, and were hired after May 1, 2013, they have the option to retire early by accepting a reduction of 5 percent for each year before age 65.

PERS Plan 3 benefits are actuarially reduced to reflect the choice, if made, of a survivor option.

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 members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors.

A one-time duty-related death benefit is provided to the beneficiary or the estate of a PERS member who dies 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 the member's covered employment, if found eligible by the Department of Labor and Industries.

From January 1, 2007 through December 31, 2007, judicial members of PERS were given the choice to elect participation in the Judicial Benefit Multiplier (JBM) Program enacted in 2006. Justices and judges in PERS Plan 1 and Plan 2 were able to make an irrevocable election to pay increased contributions that would fund a retirement benefit with a 3.5 percent multiplier. The benefit would be capped at 75 percent of AFC. Judges in PERS Plan 3 could elect a 1.6 percent of pay per year of service benefit, capped at 37.5 percent of AFC.

Newly elected or appointed justices and judges who chose to become PERS members on or after January 1, 2007, or who had not previously opted into PERS membership, were required to participate in the JBM Program.



There are 1,176 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2013:

Retirees and Beneficiaries Receiving Benefits	85,328
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	31,047
Active Plan Members Vested	150,706
Terminated Plan Members Nonvested	101,191
<b>Total</b>	<b>368,272</b>

### 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. 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.

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

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

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2014, are as follows:

	<b>PERS Plan 1</b>	<b>PERS Plan 2</b>	<b>PERS Plan 3</b>
Employer*	9.21%**	9.21%**	9.21%***
Employee	6.00%****	4.92%****	*****

\* The employer rates include the employer administrative expense fee currently set at 0.18%.

\*\* The employer rate for state elected officials is 13.73% for Plan 1 and 9.21% for Plan 2 and Plan 3.

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

\*\*\*\* The employee rate for state elected officials is 7.50% for Plan 1 and 4.92% for Plan 2.

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

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

	PERS Plan 1	PERS Plan 2	PERS Plan 3
2014	\$ 76,168	\$ 1,698,798	\$ 260,171
2013	\$ 77,368	\$ 1,429,851	\$ 231,536
2012	\$ 67,080	\$ 1,182,664	\$ 201,423

#### **Note 12 – Risk Management**

The King County Housing Authority (KCHA) has the responsibility to systematically and continuously identify potential exposure to losses in terms of frequency and severity probability, and to apply sound risk control and financing techniques to minimize the impact of those potential losses. KCHA Risk Management has implemented programs to protect the Housing Authority against accidental and criminal losses that would significantly affect personnel, property, or budget by using a combination of loss control programs, purchased commercial insurance, voluntary self-insurance, participation in a risk-sharing pool or group, and contractual risk transfer via indemnification agreements.

For Public Housing, KCHA secures third-party liability insurance primarily through the Housing Authority Insurance Group (HAIG), a public entity risk-sharing pool. The General Liability limit, including Washington Stop-Gap or Employer's Liability, is \$2,000,000 per occurrence on an occurrence basis with a \$1,000 deductible. Contractor's Pollution Liability and Errors & Omissions limit is \$1,000,000 on a claims-made basis with a \$5,000 per claim deductible provided through Crum & Forster Specialty Insurance Company. Automobile Liability insurance is \$5,000,000 in total limits provided through a combination of Continental Western Insurance Company with \$1,000,000 liability limit and excess liability of \$4,000,000 provided by Ohio Casualty Insurance Company. Property insurance including Rental Income coverage is placed through the Housing Authority Risk & Retention Pool (HARRP) which a standard limit of \$3,000,000 replacement cost basis, with higher limits available upon request. Property deductible is \$25,000 per loss. The Authority has secured Fidelity coverage through HARRP for \$100,000 per occurrence for all employees, and \$500,000 for employees with greater exposure.

Bond Financed Projects are covered for property insurance through HARRP. The general liability is covered through the Housing Authority Insurance Group (HAIG) with a \$5,000,000 per occurrence limit. Additionally, liability sub-limits are provided for fire damage liability and athletic sports liability, at \$50,000 and \$250,000, respectively.

Tax Credit Partnership properties are covered for general liability with total limits of \$5,000,000 per occurrence basis provided by Great American Specialty Insurance (\$1,000,000 each occurrence, \$2,000,000 general aggregate, per designated location) on the primary level, and \$4,000,000 aggregate limit excess of the primary, with a \$10,000 self-insured retention. Lexington Landmark provides property insurance for buildings and Contents values on replacement cost basis, with Business Income including Extra Expense covered according to reported values, all subject to a \$10,000 deductible, except as respects Flood at noted locations, for a deductible of \$250,000 which are covered under National Flood Insurance Policies, subject to \$1,000 deductibles.

Excess Liability limit of \$10,000,000 is provided over all of the above liability coverage except the Contractors Pollution, which brings total liability coverage to a limit of \$15,000,000. This coverage is placed with Lexington Insurance Company.

Public Officials Errors and Omissions and Employment Practices Liability is provided on all properties with a \$5,000,000 limit and a \$75,000 Self-Insured Retention from Ironshore Speciality Insurance Company.

No active claims are anticipated to exceed the applicable limits of insurance secured from any of the listed providers.

### **Note 13 – Conduit Debt Obligations**

The Authority has issued debt instruments for the purpose of providing capital financing for specific nongovernmental corporations that are not part of the Authority's financial reporting entity. In general, the Authority issues such conduit debt, but the Authority is not responsible for the payment of the original debt. That debt is secured solely by payments received by the Authority from the various non-governmental corporations, and by the Deeds of Trust to the underlying properties. Owners of the debt have no recourse to any other revenues of the Authority.

Non-governmental Corporation	Project Description	Date of Issue	Dec 31 Balance
Auburn North Associates Limited Partnership	Purchase of land and construction of a 296-unit complex for elderly or disabled, low-income persons in Auburn Washington, known as Auburn Court Apartments.	December 1, 1997	\$11,445,000
Manufactured Housing Community Preservationists	Acquisition and rehabilitation of a 93-unit mobile home park in the city of Redmond, Washington, known as Avon Villa Mobile Home Park.	December 2, 1997	\$1,589,820
Seaview Apartments Limited Partnership	Acquisition and rehabilitation of a 72-unit multifamily development in Des Moines, Washington.	December 1, 1998	\$1,775,000
St. Andrews Housing Group	Acquisition of a 59-unit apartment complex located on Mercer Island, Washington, known as Ellsworth House.	October 20, 1999	\$2,331,253
Evergreen Court Associates Ltd	Acquisition and rehabilitation of 111-unit Washington Court assisted living in Bellevue to be rehabilitated into a 82-unit complex known as Evergreen Court	September 7, 2001	\$5,553,351

Non-governmental Corporation	Project Description	Date of Issue	Dec 31 Balance
Angle Lake Apartments	Construction of an 80-unit independent living, senior housing facility located in SeaTac.	November 14, 2002	\$3,400,811
Radcliffe Place, LLC	Construction of a 135 unit senior housing facility located in Kent know as Radcliffe Place Senior Apartments	December 22, 2004	\$9,360,409
Wild Garden Housing LLC-DASH	Refinancing of three affordable housing projects owned by DASH that comprise a total of 136 apartment units in Bellevue known as Glendale, Wildwood Court and Garden Grove.	August 1, 2005	\$6,840,253
Summerfield	Acquisition of an existing 52 unit affordable apartment complex in the City of Bellevue known as Summerfield Apartments	September 1, 2005	\$2,875,000
Eernisse Apartments	Construction of a 26 unit affordable rental townhouse project on Vashon Island known as Eernisse Apartments.	December 20, 2005	\$1,516,528
280 Clark Limited Partnership	To finance or refinance a portion of the costs of acquiring, constructing and rehabilitating the 280 Clark Apartments to provide housing for low-income persons in King County	November 1, 2007	\$2,534,375
Young Women's Association of Seattle, King and Snohomish County (YWCA)	Construction of 98 rental dwelling units as part of the YWCA Family Village in Issaquah	December 23, 2009	\$8,415,000

#### **Note 14 – Construction Commitments**

At December 31, 2014 the Authority had the following contractual obligations on construction projects:

Project	Spent to Date	Remaining Commitment
Boulevard Manor Common Area Ventilation Upgrade	\$ 75,864	\$ 4,000
Burndale Homes Roof Replacement	250,144	38,856
Cascade Homes Sewer Line Replacement	292,419	22,327
Cedarwood Envelope Upgrade	54,691	741,014
Evergreen Court Site Upgrades	127,943	87,007
Forest Grove Building Envelope	378,449	677,715
Hidden Village Ventilation	221,702	136,595
Hidden Village Site Upgrades	233,799	30,000
Island Crest Storm Water Upgrades	90,306	6,094
Island Crest Walkway Upgrades	250,516	183,484
Juanita Court Building Envelope	1,804,036	4,042
Kings Court Roofing/Attic/Crawlspace	297,353	117,047
Newport Site Improvements	141,541	8,581
Northridge Site Upgrades	105,098	726,472
Pickering Court Deck Replacement and Building Envelope	1,198,097	229,965
Riverton Terrace Building Envelope	1,191,915	173,197
<b>Total</b>	<b>\$ 6,713,874</b>	<b>\$ 3,186,396</b>

### **Note 15 – Subsequent Events**

In March 2015, a note receivable from the Authority's blended component unit (Moving King County Residents Forward) was substituted as collateral against the loan from Federal Home Loan Bank to the Authority, thus removing an external restriction on investments of \$9.8 million.

On April 15, 2015, the KCHA – Kona Village Limited Partnership was dissolved. The Authority acquired the partnership's assets.

The Authority has entered into purchase and sale agreements to purchase Corinthian Apartments in SeaTac, Washington for \$10.1 million and The Villages at South Station in Tukwila, Washington for \$23.9 million. The purchases were financed with a \$50 million line of credit and closed in June 2014.

**HOUSING AUTHORITY OF THE COUNTY OF KING**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended December 31, 2014

Federal Program Name	CFDA Number	Other Identification Number	Pass-through Entity	Expenditures		Debt Liability Balance
				Pass-through Awards	Direct Awards	
<b>U.S. Department of Agriculture</b>						
Rural Rental Housing Loans	10.415	56-017-647765210		\$ -	\$ 60,297	\$ 1,047,939
Rural Rental Assistance Payments	10.427	56-017-647765210		-	561,751	-
				-	<b>622,048</b>	<b>1,047,939</b>
<b>U.S. Department of Housing and Urban Development (HUD)</b>						
<i>Multifamily Housing Service Coordinators</i>						
Multifamily Housing Service Coordinators	14.191	WA19HS13001		-	3,370	-
<i>Section 8 Project-based Programs</i>						
Section 8 Housing Assistance Payment Program	14.195	WA19M00203		-	348,770	-
Lower Income Housing Assistance Program-Section 8 Moderate Rehabilitation	14.856	WA002MR0002		-	96,606	-
<i>CDBG - Entitlement Grants</i>						
Community Development Block Grant/Entitlement Grants - 2013	14.218	CDBG-251	1	89,530	-	-
Community Development Block Grant/Entitlement Grants - 2014	14.218	CDBG-251	1	197,569	-	-
<i>Housing Vouchers</i>						
Section 8 Housing Choice Vouchers	14.871	WA002		-	8,274,600	-
Section 8 Mainstream Vouchers	14.879	WA002DV0022		-	2,646,193	-
<i>Moving to Work Demonstration Program</i>						
Section 8 Housing Choice Vouchers	14.881	WA002		-	101,950,377	-
Public Housing Operating Subsidy	14.881	WA002		-	7,770,076	-
Capital Fund Program-2010	14.881	WA19P002501-10		-	529,593	-
Capital Fund Program-2014	14.881	WA19P002501-14		-	325,788	-
Capital Fund Program-2013 Replacement Housing Factor Funds	14.881	WA19R002501-13		-	132,234	-
<i>Resident Opportunity and Supportive Services</i>						
Resident Opportunity and Supportive Services - Service Coordinators	14.870	WA002RPS112A013		-	10,290	-
Public Housing Family Self Sufficiency Under Resident Opportunity and Support Services	14.877	WA002RFS029A012		-	16,313	-
Public Housing Family Self Sufficiency Under Resident Opportunity and Support Services	14.877	WA002RFS29A013		-	66,245	-
Economic Development Initiative: Special Project, Neighborhood Initiative, and Miscellaneous Grants	14.251	B10-SP-WA-0234		-	8,621	-
Capital Fund Education and Training Community Facilities	14.890	WA19C002502-10		-	244	-
				<b>287,119</b>	<b>122,179,320</b>	<b>122,466,439</b>
<b>U.S. Department of Energy</b>						
Weatherization Assistance for Low Income Persons	81.042	F13-43103-413 DOE	2	157,266	-	-
Weatherization Assistance for Low Income Persons	81.042	F13-43104-413 BPA	2	60,969	-	-
				<b>218,235</b>	<b>-</b>	<b>-</b>
<b>U.S. Department of Health and Human Services</b>						
Low-Income Home Energy Assistance-2013	93.568	F13-43101-413 HHS	2	1,541,158	-	-
				<b>1,541,158</b>	<b>-</b>	<b>-</b>
<b>Corporation for National and Community Service</b>						
Americorps	94.006	ESD K1798	3	1,689	-	-
				<b>1,689</b>	<b>-</b>	<b>-</b>
<b>Pass-through Entities:</b>						
1 City of Bellevue, WA				\$ 2,048,201	\$ 122,801,368	\$ 124,849,569
2 Washington State Department of Commerce						
3 Washington State Employment Security Department						
<b>Total Federal Expenditures</b>				<b>\$ 2,048,201</b>	<b>\$ 122,801,368</b>	<b>\$ 124,849,569</b>

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

**NOTE 1 - BASIS OF ACCOUNTING**

The Schedule of Financial Assistance is prepared on the same basis of accounting as the King County Housing Authority's financial statements. (See Note 1 in the Notes to the Financial Statements.)

**NOTE 2 - PROGRAM COSTS**

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

Housing Authority of the County of King  
Financial Data Schedule (FDS)  
Statement of Net Position  
As of December 31, 2014

Line Item #	Account Description	10.415 Rural Rental Housing Loans	10.427 Rural Rental Assistance Payments	14.191 Multifamily Housing Service Coordinator	14.195 Section 8 - Special Allocation	14.218 Community Development Block Grants/Entitlement Grants	14.856 Section 8 - Moderate Rehabilitation
111	Cash - unrestricted	\$ -	\$ -	\$ -	\$ 38,106	\$ -	\$ 88,689
113	Cash - other restricted	-	-	-	900,774	-	-
114	Cash - tenant security deposits	-	-	-	12,809	-	-
115	Cash - restricted for payment of current liability	-	-	-	-	-	-
100	Total cash	-	-	-	951,689	-	88,689
121	AR - PHA projects	-	-	3,370	-	-	-
122	AR - HUD other projects	-	-	-	-	-	-
124	Accounts receivable - other government	-	-	-	-	28,996	-
125	Accounts receivable - miscellaneous	-	-	-	-	-	-
126	Accounts receivable- tenants	-	-	-	1,112	-	-
126	Allowance for doubtful accounts - tenants	-	-	-	(376)	-	-
127	Notes and mortgages receivable- current	-	-	-	-	-	-
129	Accrued interest receivable	-	-	-	-	-	-
120	Total receivables, net of allowances	-	-	3,370	736	28,996	-
131	Investments - unrestricted	-	-	-	-	-	-
132	Investments - restricted	-	-	-	-	-	-
142	Prepaid expenses and other assets	-	-	-	3,470	-	6
143	Inventories	-	-	-	-	-	-
150	Total Current Assets	-	-	3,370	955,895	28,996	88,695
161	Land	-	-	-	521,854	-	-
162	Buildings	-	-	-	1,851,271	-	-
163	Furniture, equipment & machinery - dwellings	-	-	-	-	-	-
164	Furniture, equipment & machinery - administration	-	-	-	-	-	-
165	Leasehold improvements	-	-	-	-	-	-
166	Accumulated depreciation	-	-	-	(1,588,866)	-	-
167	Work in progress	-	-	-	-	-	-
168	Infrastructure	-	-	-	10,600	-	-
160	Total capital assets, net of depreciation	-	-	-	794,859	-	-
171	Notes and mortgages receivable - non-current	-	-	-	-	-	-
174	Other assets	-	-	-	-	-	-
180	Total Noncurrent Assets	-	-	-	794,859	-	-
190	Total Assets	-	-	3,370	1,750,754	28,996	88,695
200	Deferred Outflows of Resources	-	-	-	-	-	-
290	Total Assets and Deferred Outflows of Resources	\$ -	\$ -	\$ 3,370	\$ 1,750,754	\$ 28,996	\$ 88,695
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts payable < 90 days	-	-	-	4,822	-	3,294
321	Accrued wage/payroll taxes payable	-	-	-	5,518	-	290
322	Accrued compensated absences	-	-	-	5,473	-	-
325	Accrued interest payable	-	-	-	-	-	-
332	Accounts Payable - PHA projects	-	-	-	-	-	-
341	Tenant security deposits	-	-	-	12,809	-	-
342	Unearned revenue	-	-	-	2,514	-	-
343	Current portion of L-T debt - capital projects	32,210	-	-	-	-	-
344	Current portion of L-T debt - operating borrowings	-	-	-	-	-	-
345	Other current liabilities	-	-	-	72,160	4,087	-
346	Accrued liabilities - other	-	-	-	5,135	-	-
310	Total Current Liabilities	32,210	-	-	108,431	4,087	3,584
351	Long-term debt, net of current - capital projects	1,015,729	-	-	-	-	-
352	Long-term debt, net of current - operating borrowings	-	-	-	-	-	-
353	Non-current liabilities- other	-	-	-	1,187,160	-	-
350	Total Noncurrent Liabilities	1,015,729	-	-	1,187,160	-	-
300	Total Liabilities	1,047,939	-	-	1,295,591	4,087	3,584
400	Deferred Inflows of Resources	-	-	-	-	-	-
508.4	Net Investment in Capital Assets	(1,047,939)	-	-	794,859	-	-
511.4	Restricted Net Position	-	-	-	900,774	-	-
512.4	Unrestricted Net Position	-	-	3,370	(1,240,470)	24,909	85,111
513	Total Equity - Net Assets/Position	(1,047,939)	-	3,370	455,163	24,909	85,111
600	Total Liabilities, Deferred Inflows of Resources, and Equity - Net Assets/Position	\$ -	\$ -	\$ 3,370	\$ 1,750,754	\$ 28,996	\$ 88,695

Housing Authority of the County of King  
Financial Data Schedule (FDS)  
Statement of Net Position  
As of December 31, 2014

Line Item #	Account Description	14.866 Hope VI	14.871 Section 8 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services - Service Coordinators	14.877 Public Housing Family Self Sufficiency Under Resident Opportunity and Support Services	14.879 Mainstream Vouchers
111	Cash - unrestricted	\$ -	\$ 25,262	\$ -	\$ 5,892	\$ -
113	Cash - other restricted	-	333,864	-	-	-
114	Cash - tenant security deposits	-	-	-	-	-
115	Cash - restricted for payment of current liability	-	-	-	-	-
100	Total cash	-	359,126	-	5,892	-
121	AR - PHA projects	-	-	-	-	-
122	AR - HUD other projects	-	45,971	10,290	6,569	10,970
124	Accounts receivable - other government	-	-	-	-	-
125	Accounts receivable - miscellaneous	-	-	-	-	-
126	Accounts receivable- tenants	-	-	-	-	-
126	Allowance for doubtful accounts - tenants	-	-	-	-	-
127	Notes and mortgages receivable- current	-	-	-	-	-
129	Accrued interest receivable	-	-	-	-	-
120	Total receivables, net of allowances	-	45,971	10,290	6,569	10,970
131	Investments - unrestricted	-	-	-	-	-
132	Investments - restricted	-	-	-	-	-
142	Prepaid expenses and other assets	-	-	-	149	208
143	Inventories	-	-	-	-	-
150	Total Current Assets	-	405,097	10,290	12,610	11,178
161	Land	-	-	-	-	-
162	Buildings	-	-	-	-	-
163	Furniture, equipment & machinery - dwellings	-	-	-	-	-
164	Furniture, equipment & machinery - administration	-	-	-	-	-
165	Leasehold improvements	-	-	-	-	-
166	Accumulated depreciation	-	-	-	-	-
167	Work in progress	-	-	-	-	-
168	Infrastructure	-	-	-	-	-
160	Total capital assets, net of depreciation	-	-	-	-	-
171	Notes and mortgages receivable - non-current	-	-	-	-	-
174	Other assets	-	-	-	-	-
180	Total Noncurrent Assets	-	-	-	-	-
190	Total Assets	-	405,097	10,290	12,610	11,178
200	Deferred Outflows of Resources	-	-	-	-	-
290	Total Assets and Deferred Outflows of Resources	\$ -	\$ 405,097	\$ 10,290	\$ 12,610	\$ 11,178
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts payable < 90 days	-	-	-	13,393	-
321	Accrued wage/payroll taxes payable	-	-	-	-	3,142
322	Accrued compensated absences	-	-	-	-	3,653
325	Accrued interest payable	-	-	-	-	-
332	Accounts Payable - PHA projects	-	-	-	-	-
341	Tenant security deposits	-	-	-	-	-
342	Unearned revenue	-	-	-	-	-
343	Current portion of L-T debt - capital projects	-	-	-	-	-
344	Current portion of L-T debt - operating borrowings	-	-	-	-	-
345	Other current liabilities	-	-	-	-	-
346	Accrued liabilities - other	-	-	-	-	-
310	Total Current Liabilities	-	-	-	13,393	6,795
351	Long-term debt, net of current - capital projects	-	-	-	-	-
352	Long-term debt, net of current - operating borrowings	-	-	-	-	-
353	Non-current liabilities- other	-	-	-	-	-
350	Total Noncurrent Liabilities	-	-	-	-	-
300	Total Liabilities	-	-	-	13,393	6,795
400	Deferred Inflows of Resources	-	-	-	-	-
508.4	Net Investment in Capital Assets	-	-	-	-	-
511.4	Restricted Net Position	-	333,864	-	-	-
512.4	Unrestricted Net Position	(0)	71,233	10,290	(782)	4,383
513	Total Equity - Net Assets/Position	(0)	405,097	10,290	(782)	4,383
600	Total Liabilities, Deferred Inflows of Resources, and Equity - Net Assets/Position	\$ (0)	\$ 405,097	\$ 10,290	\$ 12,611	\$ 11,178



Housing Authority of the County of King  
Financial Data Schedule (FDS)  
Statement of Net Position  
As of December 31, 2014

Line Item #	Account Description	14.881 Moving-To- Work Demonstration Program	14.890 Capital Fund Education and Training Community Facilities	State/Local Programs	Business Activities	93.568 Low Income Home Energy Assistance	94.006 Americorp
111	Cash - unrestricted	\$ 4,496,762	\$ -	\$ 172,567	\$ 51,618,170	\$ -	\$ 8,882
113	Cash - other restricted	8,773,856	-	-	8,480,837	-	-
114	Cash - tenant security deposits	-	-	-	1,696,812	-	-
115	Cash - restricted for payment of current liability	288,613	-	-	-	-	-
100	Total cash	13,559,231	-	172,567	61,795,819	-	8,882
121	AR - PHA projects	203,252	-	-	-	-	-
122	AR - HUD other projects	-	-	-	-	-	-
124	Accounts receivable - other government	-	-	560,783	94,497	394,829	1,880
125	Accounts receivable - miscellaneous	266,949	-	58,092	2,338,512	-	-
126	Accounts receivable- tenants	-	-	-	202,097	-	-
126	Allowance for doubtful accounts - tenants	-	-	-	(21,036)	-	-
127	Notes and mortgages receivable- current	-	-	-	3,319,644	-	-
129	Accrued interest receivable	-	-	-	1,934,354	-	-
120	Total receivables, net of allowances	470,201	-	618,875	7,868,067	394,829	1,880
131	Investments - unrestricted	1,007,170	-	-	26,327,161	-	-
132	Investments - restricted	9,003,898	-	-	10,536,703	-	-
142	Prepaid expenses and other assets	78,852	-	7,484	486,249	-	145
143	Inventories	-	-	-	130,460	-	-
150	Total Current Assets	24,119,352	-	798,926	107,144,459	394,829	10,907
161	Land	-	-	-	55,796,601	-	-
162	Buildings	-	-	-	192,193,122	-	-
163	Furniture, equipment & machinery - dwellings	-	-	-	35,400	-	-
164	Furniture, equipment & machinery - administration	-	-	-	139,713	-	-
165	Leasehold improvements	-	-	-	766,095	-	-
166	Accumulated depreciation	-	-	-	(70,682,663)	-	-
167	Work in progress	600,868	-	-	62,551,143	-	-
168	Infrastructure	-	-	-	7,287,437	-	-
160	Total capital assets, net of depreciation	600,868	-	-	248,086,849	-	-
171	Notes and mortgages receivable - non-current	3,784,629	-	209,641	280,809,341	-	-
174	Other assets	14,348,269	-	-	2,864,516	-	-
180	Total Noncurrent Assets	18,733,766	-	209,641	531,760,706	-	-
190	Total Assets	42,853,118	-	1,008,567	638,905,165	394,829	10,907
200	Deferred Outflows of Resources	-	-	-	1,042,288	-	-
290	Total Assets and Deferred Outflows of Resources	\$ 42,853,118	\$ -	\$ 1,008,567	\$ 639,947,453	\$ 394,829	\$ 10,907
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts payable < 90 days	715,273	-	204,290	3,305,641	-	255
321	Accrued wage/payroll taxes payable	329,131	-	97	317,108	-	-
322	Accrued compensated absences	478,832	-	50	735,308	-	-
325	Accrued interest payable	-	-	-	1,306,573	-	-
332	Accounts Payable - PHA projects	4,941	-	-	-	-	-
341	Tenant security deposits	-	-	-	1,696,812	-	-
342	Unearned revenue	-	-	-	163,595	-	-
343	Current portion of L-T debt - capital projects	-	-	-	5,483,374	-	-
344	Current portion of L-T debt - operating borrowings	-	-	-	3,652,048	-	-
345	Other current liabilities	288,613	-	16,158	1,169,556	-	-
346	Accrued liabilities - other	280,200	-	-	386,920	-	-
310	Total Current Liabilities	2,096,990	-	220,595	18,216,934	-	255
351	Long-term debt, net of current - capital projects	-	-	-	179,238,183	-	-
352	Long-term debt, net of current - operating borrowings	-	-	-	102,188,826	-	-
353	Non-current liabilities- other	471,356	-	-	18,040,309	-	-
350	Total Noncurrent Liabilities	471,356	-	-	299,467,318	-	-
300	Total Liabilities	2,568,346	-	220,595	317,684,252	-	255
400	Deferred Inflows of Resources	-	-	-	1,467,000	-	-
508.4	Net Investment in Capital Assets	600,868	-	-	63,365,292	-	-
511.4	Restricted Net Position	17,306,397	-	-	19,017,540	-	-
512.4	Unrestricted Net Position	22,377,508	-	787,972	238,413,370	394,830	10,652
513	Total Equity - Net Assets/Position	40,284,773	-	787,972	320,796,202	394,830	10,652
600	Total Liabilities, Deferred Inflows of Resources, and Equity - Net Assets/Position	\$ 42,853,118	\$ -	\$ 1,008,567	\$ 639,947,453	\$ 394,830	\$ 10,907

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Line Item #	Account Description	14.251 Other Federal Programs	COMPONENT UNITS - BLENDED	COCC	Ballinger Homes WA002000101	Park Royal Apartments WA002000105
111	Cash - unrestricted	\$ -	\$ 14,129	\$ 2,178,265	\$ 478,920	\$ 46,020
113	Cash - other restricted	-	-	-	5,627	-
114	Cash - tenant security deposits	-	-	-	22,750	3,725
115	Cash - restricted for payment of current liability	-	-	-	-	-
100	Total cash	-	14,129	2,178,265	507,297	49,745
121	AR - PHA projects	-	-	-	-	-
122	AR - HUD other projects	-	-	-	-	-
124	Accounts receivable - other government	-	-	-	-	-
125	Accounts receivable - miscellaneous	-	-	127,460	-	-
126	Accounts receivable- tenants	-	-	-	13,814	4,131
126	Allowance for doubtful accounts - tenants	-	-	-	(5,204)	(1,975)
127	Notes and mortgages receivable- current	-	-	-	-	-
129	Accrued interest receivable	-	-	-	-	-
120	Total receivables, net of allowances	-	-	127,460	8,610	2,156
131	Investments - unrestricted	-	6,041,904	70,925	-	-
132	Investments - restricted	-	-	-	-	-
142	Prepaid expenses and other assets	-	-	125,493	15,914	1,913
143	Inventories	-	-	7,841	-	-
150	Total Current Assets	-	6,056,033	2,509,984	531,821	53,814
161	Land	-	5,376,321	4,529,093	1,960,510	541,000
162	Buildings	-	32,957,485	11,000,309	9,087,447	1,301,657
163	Furniture, equipment & machinery - dwellings	-	-	-	-	-
164	Furniture, equipment & machinery - administration	-	-	5,029,866	13,766	-
165	Leasehold improvements	-	6,697,974	-	-	-
166	Accumulated depreciation	-	(23,766,924)	(6,690,469)	(6,032,370)	(194,448)
167	Work in progress	-	9,934,079	338,778	704,343	42,086
168	Infrastructure	-	-	34,438	2,408,304	-
160	Total capital assets, net of depreciation	-	31,198,935	14,242,015	8,142,000	1,690,295
171	Notes and mortgages receivable - non-current	-	-	-	-	-
174	Other assets	-	-	174,039	-	-
180	Total Noncurrent Assets	-	31,198,935	14,416,054	8,142,000	1,690,295
190	Total Assets	-	37,254,968	16,926,038	8,673,821	1,744,109
200	Deferred Outflows of Resources	-	-	-	-	-
290	Total Assets and Deferred Outflows of Resources	\$ -	\$ 37,254,968	\$ 16,926,038	\$ 8,673,821	\$ 1,744,109
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts payable < 90 days	-	1,585,837	457,847	38,285	3,550
321	Accrued wage/payroll taxes payable	-	-	587,702	18,430	2,428
322	Accrued compensated absences	-	-	656,006	17,495	1,976
325	Accrued interest payable	-	-	-	-	-
332	Accounts Payable - PHA projects	-	-	-	-	-
341	Tenant security deposits	-	-	-	22,750	3,725
342	Unearned revenue	-	-	-	8,256	2,034
343	Current portion of L-T debt - capital projects	-	-	188,546	26,829	-
344	Current portion of L-T debt - operating borrowings	-	518,061	-	-	-
345	Other current liabilities	-	-	6,570	17,599	-
346	Accrued liabilities - other	-	-	2,256	10,016	151
310	Total Current Liabilities	-	2,103,898	1,898,927	159,660	13,864
351	Long-term debt, net of current - capital projects	-	-	-	59,211	-
352	Long-term debt, net of current - operating borrowings	-	16,882,190	-	-	-
353	Non-current liabilities- other	-	-	-	-	-
350	Total Noncurrent Liabilities	-	16,882,190	-	59,211	-
300	Total Liabilities	-	18,986,088	1,898,927	218,871	13,864
400	Deferred Inflows of Resources	-	-	-	-	-
508.4	Net Investment in Capital Assets	-	31,198,935	14,053,469	8,055,960	1,690,295
511.4	Restricted Net Position	-	-	-	5,627	-
512.4	Unrestricted Net Position	-	(12,930,056)	973,642	393,363	39,950
513	Total Equity - Net Assets/Position	-	18,268,879	15,027,111	8,454,950	1,730,245
600	Total Liabilities, Deferred Inflows of Resources, and Equity - Net Assets/Position	\$ -	\$ 37,254,967	\$ 16,926,038	\$ 8,673,821	\$ 1,744,109

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Line Item #	Account Description	Paramount House II WA002000150	The Lake House WA002000152	Northridge II WA002000153	Westminster WA002000156	Forest Glen WA002000201
111	Cash - unrestricted	\$ -	\$ 349,545	\$ 394,291	\$ 64,369	\$ 110,272
113	Cash - other restricted	-	-	-	-	-
114	Cash - tenant security deposits	-	10,775	12,525	8,912	2,950
115	Cash - restricted for payment of current liability	-	-	-	-	-
100	Total cash	-	360,320	406,816	73,281	113,222
121	AR - PHA projects	-	-	-	-	-
122	AR - HUD other projects	-	-	-	-	-
124	Accounts receivable - other government	-	-	-	-	-
125	Accounts receivable - miscellaneous	-	-	-	-	-
126	Accounts receivable- tenants	-	3,435	5,721	127	826
126	Allowance for doubtful accounts - tenants	-	(910)	(2,767)	(21)	(380)
127	Notes and mortgages receivable- current	-	-	-	-	-
129	Accrued interest receivable	-	-	-	-	-
120	Total receivables, net of allowances	-	2,525	2,954	107	446
131	Investments - unrestricted	-	-	-	-	-
132	Investments - restricted	-	-	-	-	-
142	Prepaid expenses and other assets	-	9,714	11,094	2,002	2,387
143	Inventories	-	-	-	-	-
150	Total Current Assets	-	372,559	420,864	75,390	116,055
161	Land	-	246,728	224,064	291,228	32,191
162	Buildings	-	9,142,521	6,896,090	1,057,544	2,810,440
163	Furniture, equipment & machinery - dwellings	-	-	-	-	-
164	Furniture, equipment & machinery - administration	-	-	-	-	6,467
165	Leasehold improvements	-	-	-	-	-
166	Accumulated depreciation	-	(3,652,856)	(3,170,889)	(180,611)	(1,080,643)
167	Work in progress	-	99,272	1,765,014	23,621	93,150
168	Infrastructure	-	143,913	347,939	-	132,157
160	Total capital assets, net of depreciation	-	5,979,578	6,062,218	1,191,781	1,993,762
171	Notes and mortgages receivable - non-current	-	-	-	-	-
174	Other assets	-	-	-	-	-
180	Total Noncurrent Assets	-	5,979,578	6,062,218	1,191,781	1,993,762
190	Total Assets	-	6,352,137	6,483,082	1,267,171	2,109,817
200	Deferred Outflows of Resources	-	-	-	-	-
290	Total Assets and Deferred Outflows of Resources	\$ -	\$ 6,352,137	\$ 6,483,082	\$ 1,267,171	\$ 2,109,817
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts payable < 90 days	-	13,883	25,902	2,853	15,208
321	Accrued wage/payroll taxes payable	-	15,783	16,317	3,090	5,429
322	Accrued compensated absences	-	15,071	11,215	3,075	6,947
325	Accrued interest payable	-	-	-	-	-
332	Accounts Payable - PHA projects	-	-	-	-	-
341	Tenant security deposits	-	10,775	12,525	8,912	2,950
342	Unearned revenue	-	1,431	4,779	415	663
343	Current portion of L-T debt - capital projects	-	10,806	13,414	-	6,894
344	Current portion of L-T debt - operating borrowings	-	-	-	-	-
345	Other current liabilities	-	-	58,379	-	-
346	Accrued liabilities - other	-	7,238	6,214	1,493	1,924
310	Total Current Liabilities	-	74,987	148,745	19,839	40,015
351	Long-term debt, net of current - capital projects	-	23,896	29,837	-	15,664
352	Long-term debt, net of current - operating borrowings	-	-	-	-	-
353	Non-current liabilities- other	-	-	-	-	-
350	Total Noncurrent Liabilities	-	23,896	29,837	-	15,664
300	Total Liabilities	-	98,883	178,582	19,839	55,679
400	Deferred Inflows of Resources	-	-	-	-	-
508.4	Net Investment in Capital Assets	-	5,944,876	6,018,967	1,191,781	1,971,204
511.4	Restricted Net Position	-	-	-	-	-
512.4	Unrestricted Net Position	-	308,379	285,532	55,550	82,934
513	Total Equity - Net Assets/Position	-	6,253,255	6,304,499	1,247,331	2,054,138
600	Total Liabilities, Deferred Inflows of Resources, and Equity - Net Assets/Position	\$ -	\$ 6,352,138	\$ 6,483,081	\$ 1,267,171	\$ 2,109,817

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Line Item #	Account Description	College Place WA002000203	Kirkland Place WA002000210	Casa Juanita WA002000251	Seola Crossing WA002000340	Eastbridge WA002000341
111	Cash - unrestricted	\$ 598,926	\$ 36,146	\$ 215,767	\$ -	\$ -
113	Cash - other restricted	4,489	-	-	-	-
114	Cash - tenant security deposits	15,925	2,800	6,200	-	-
115	Cash - restricted for payment of current liability	-	-	-	-	-
100	Total cash	619,340	38,946	221,967	-	-
121	AR - PHA projects	-	-	-	-	-
122	AR - HUD other projects	-	-	-	-	-
124	Accounts receivable - other government	-	-	-	-	-
125	Accounts receivable - miscellaneous	-	-	-	-	-
126	Accounts receivable- tenants	6,350	535	1,708	-	-
126	Allowance for doubtful accounts - tenants	(289)	(30)	(707)	-	-
127	Notes and mortgages receivable- current	-	-	-	-	-
129	Accrued interest receivable	-	-	-	-	-
120	Total receivables, net of allowances	6,061	505	1,001	-	-
131	Investments - unrestricted	-	-	-	-	-
132	Investments - restricted	-	-	-	-	-
142	Prepaid expenses and other assets	9,398	904	4,995	-	-
143	Inventories	-	-	-	-	-
150	Total Current Assets	634,799	40,355	227,963	-	-
161	Land	901,525	1,064,290	62,146	-	-
162	Buildings	6,767,648	290,680	3,732,848	-	-
163	Furniture, equipment & machinery - dwellings	-	-	-	-	-
164	Furniture, equipment & machinery - administration	-	-	-	-	-
165	Leasehold improvements	-	-	-	-	-
166	Accumulated depreciation	(4,634,692)	(26,561)	(2,171,146)	-	-
167	Work in progress	2,642,940	-	-	-	-
168	Infrastructure	2,473,313	-	758,293	-	-
160	Total capital assets, net of depreciation	8,150,734	1,328,409	2,382,141	-	-
171	Notes and mortgages receivable - non-current	-	-	-	-	-
174	Other assets	-	-	-	-	-
180	Total Noncurrent Assets	8,150,734	1,328,409	2,382,141	-	-
190	Total Assets	8,785,533	1,368,764	2,610,104	-	-
200	Deferred Outflows of Resources	-	-	-	-	-
290	Total Assets and Deferred Outflows of Resources	\$ 8,785,533	\$ 1,368,764	\$ 2,610,104	\$ -	\$ -
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts payable < 90 days	29,597	1,954	10,550	-	-
321	Accrued wage/payroll taxes payable	14,418	1,569	10,206	-	-
322	Accrued compensated absences	11,131	973	8,999	-	-
325	Accrued interest payable	-	-	-	-	-
332	Accounts Payable - PHA projects	-	-	-	-	-
341	Tenant security deposits	15,925	2,800	6,200	-	-
342	Unearned revenue	13,289	1,025	1,303	-	-
343	Current portion of L-T debt - capital projects	25,525	-	24,220	-	-
344	Current portion of L-T debt - operating borrowings	-	-	-	-	-
345	Other current liabilities	242,043	-	-	-	-
346	Accrued liabilities - other	8,260	3,110	6,476	-	-
310	Total Current Liabilities	360,188	11,431	67,954	-	-
351	Long-term debt, net of current - capital projects	56,743	-	53,644	-	-
352	Long-term debt, net of current - operating borrowings	-	-	-	-	-
353	Non-current liabilities- other	-	-	-	-	-
350	Total Noncurrent Liabilities	56,743	-	53,644	-	-
300	Total Liabilities	416,931	11,431	121,598	-	-
400	Deferred Inflows of Resources	-	-	-	-	-
508.4	Net Investment in Capital Assets	8,068,466	1,328,409	2,304,277	-	-
511.4	Restricted Net Position	4,489	-	-	-	-
512.4	Unrestricted Net Position	295,647	28,925	184,229	-	-
513	Total Equity - Net Assets/Position	8,368,602	1,357,334	2,488,506	-	-
600	Total Liabilities, Deferred Inflows of Resources, and Equity - Net Assets/Position	\$ 8,785,533	\$ 1,368,765	\$ 2,610,104	\$ -	\$ -

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Line Item #	Account Description	Salmon Creek WA002000343	Zephyr WA002000344	Sixth Place Apartments WA002000345	Fairwind WA002000346	Boulevard Manor WA002000350
111	Cash - unrestricted	\$ -	\$ -	\$ -	\$ -	\$ 207,320
113	Cash - other restricted	-	-	-	-	-
114	Cash - tenant security deposits	-	-	-	-	6,050
115	Cash - restricted for payment of current liability	-	-	-	-	-
100	Total cash	-	-	-	-	213,370
121	AR - PHA projects	-	-	-	-	-
122	AR - HUD other projects	-	-	-	-	-
124	Accounts receivable - other government	-	-	-	-	-
125	Accounts receivable - miscellaneous	-	-	-	-	-
126	Accounts receivable- tenants	-	-	-	-	2,703
126	Allowance for doubtful accounts - tenants	-	-	-	-	(296)
127	Notes and mortgages receivable- current	-	-	-	-	-
129	Accrued interest receivable	-	-	-	-	-
120	Total receivables, net of allowances	-	-	-	-	2,407
131	Investments - unrestricted	-	-	-	-	-
132	Investments - restricted	-	-	-	-	-
142	Prepaid expenses and other assets	-	-	-	-	4,114
143	Inventories	-	-	-	-	-
150	Total Current Assets	-	-	-	-	219,891
161	Land	-	-	-	-	72,003
162	Buildings	-	-	-	-	5,474,898
163	Furniture, equipment & machinery - dwellings	-	-	-	-	-
164	Furniture, equipment & machinery - administration	-	-	-	-	-
165	Leasehold improvements	-	-	-	-	-
166	Accumulated depreciation	-	-	-	-	(2,148,283)
167	Work in progress	-	-	-	-	102,071
168	Infrastructure	-	-	-	-	797,337
160	Total capital assets, net of depreciation	-	-	-	-	4,298,026
171	Notes and mortgages receivable - non-current	-	-	-	-	-
174	Other assets	-	-	-	-	-
180	Total Noncurrent Assets	-	-	-	-	4,298,026
190	Total Assets	-	-	-	-	4,517,917
200	Deferred Outflows of Resources	-	-	-	-	-
290	Total Assets and Deferred Outflows of Resources	\$ -	\$ -	\$ -	\$ -	\$ 4,517,917
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts payable < 90 days	-	-	-	-	16,449
321	Accrued wage/payroll taxes payable	-	-	-	-	9,371
322	Accrued compensated absences	-	-	-	-	13,695
325	Accrued interest payable	-	-	-	-	-
332	Accounts Payable - PHA projects	-	-	-	-	-
341	Tenant security deposits	-	-	-	-	6,050
342	Unearned revenue	-	-	-	-	1,705
343	Current portion of L-T debt - capital projects	-	-	-	-	5,403
344	Current portion of L-T debt - operating borrowings	-	-	-	-	-
345	Other current liabilities	-	-	-	-	3,793
346	Accrued liabilities - other	-	-	-	-	2,170
310	Total Current Liabilities	-	-	-	-	58,636
351	Long-term debt, net of current - capital projects	-	-	-	-	11,948
352	Long-term debt, net of current - operating borrowings	-	-	-	-	-
353	Non-current liabilities- other	-	-	-	-	-
350	Total Noncurrent Liabilities	-	-	-	-	11,948
300	Total Liabilities	-	-	-	-	70,584
400	Deferred Inflows of Resources	-	-	-	-	-
508.4	Net Investment in Capital Assets	-	-	-	-	4,280,675
511.4	Restricted Net Position	-	-	-	-	-
512.4	Unrestricted Net Position	-	-	-	-	166,658
513	Total Equity - Net Assets/Position	-	-	-	-	4,447,333
600	Total Liabilities, Deferred Inflows of Resources, and Equity - Net Assets/Position	\$ -	\$ -	\$ -	\$ -	\$ 4,517,917

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Line Item #	Account Description	Yardley Arms WA002000352	Riverton Terrace WA002000354	Nia WA002000355	Valli Kee Homes WA002000401	Springwood Apartments WA002000402
111	Cash - unrestricted	\$ 203,698	\$ 27,703	\$ -	\$ 762,616	\$ -
113	Cash - other restricted	-	37,700	-	3,672	-
114	Cash - tenant security deposits	5,900	3,900	-	17,771	-
115	Cash - restricted for payment of current liability	-	-	-	-	-
100	Total cash	209,598	69,303	-	784,059	-
121	AR - PHA projects	-	-	-	-	-
122	AR - HUD other projects	-	-	-	-	-
124	Accounts receivable - other government	-	-	-	-	-
125	Accounts receivable - miscellaneous	-	-	-	-	-
126	Accounts receivable- tenants	561	1,694	-	7,122	-
126	Allowance for doubtful accounts - tenants	(254)	(450)	-	-	-
127	Notes and mortgages receivable- current	-	-	-	-	-
129	Accrued interest receivable	-	-	-	-	-
120	Total receivables, net of allowances	307	1,244	-	7,122	-
131	Investments - unrestricted	-	0	-	-	-
132	Investments - restricted	-	(0)	-	-	-
142	Prepaid expenses and other assets	4,538	2,689	-	14,461	-
143	Inventories	-	-	-	-	-
150	Total Current Assets	214,443	73,236	-	805,642	-
161	Land	227,040	463,210	-	160,827	-
162	Buildings	4,590,391	3,487,260	-	10,366,481	-
163	Furniture, equipment & machinery - dwellings	-	-	-	-	-
164	Furniture, equipment & machinery - administration	-	-	-	26,394	-
165	Leasehold improvements	-	-	-	-	-
166	Accumulated depreciation	(2,299,507)	(719,272)	-	(4,103,189)	-
167	Work in progress	580,258	-	-	6,041,266	-
168	Infrastructure	160,031	-	-	2,147,083	-
160	Total capital assets, net of depreciation	3,258,213	3,231,198	-	14,638,862	-
171	Notes and mortgages receivable - non-current	-	-	-	-	-
174	Other assets	-	-	-	-	-
180	Total Noncurrent Assets	3,258,213	3,231,198	-	14,638,862	-
190	Total Assets	3,472,656	3,304,434	-	15,444,504	-
200	Deferred Outflows of Resources	-	-	-	-	-
290	Total Assets and Deferred Outflows of Resources	\$ 3,472,656	\$ 3,304,434	\$ -	\$ 15,444,504	\$ -
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts payable < 90 days	47,266	12,887	-	147,671	-
321	Accrued wage/payroll taxes payable	7,946	4,931	-	18,789	-
322	Accrued compensated absences	13,423	5,359	-	21,708	-
325	Accrued interest payable	-	-	-	-	-
332	Accounts Payable - PHA projects	-	-	-	-	-
341	Tenant security deposits	5,900	3,900	-	17,771	-
342	Unearned revenue	483	2,977	-	2,334	-
343	Current portion of L-T debt - capital projects	5,030	-	-	-	-
344	Current portion of L-T debt - operating borrowings	-	-	-	-	-
345	Other current liabilities	-	-	-	125,127	-
346	Accrued liabilities - other	3,063	2,611	-	8,057	-
310	Total Current Liabilities	83,111	32,665	-	341,457	-
351	Long-term debt, net of current - capital projects	11,628	-	-	-	-
352	Long-term debt, net of current - operating borrowings	-	-	-	-	-
353	Non-current liabilities- other	-	-	-	69,020	-
350	Total Noncurrent Liabilities	11,628	-	-	69,020	-
300	Total Liabilities	94,739	32,665	-	410,477	-
400	Deferred Inflows of Resources	-	-	-	-	-
508.4	Net Investment in Capital Assets	3,241,555	3,231,198	-	14,638,862	-
511.4	Restricted Net Position	-	37,700	-	3,672	-
512.4	Unrestricted Net Position	136,362	2,871	-	391,493	-
513	Total Equity - Net Assets/Position	3,377,917	3,271,769	-	15,034,027	-
600	Total Liabilities, Deferred Inflows of Resources, and Equity - Net Assets/Position	\$ 3,472,656	\$ 3,304,434	\$ -	\$ 15,444,504	\$ -

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Line Item #	Account Description	Cascade Apartments WA002000403	Mardis Gras II WA002000450	Firwood Circle WA002000503	Burndale Homes WA002000504	Wayland Arms WA002000550
111	Cash - unrestricted	\$ 463,674	\$ -	\$ 263,456	\$ 473,335	\$ 192,841
113	Cash - other restricted	108	-	14,864	16,206	-
114	Cash - tenant security deposits	16,925	-	8,025	7,975	5,250
115	Cash - restricted for payment of current liability	-	-	-	-	-
100	Total cash	480,707	-	286,345	497,516	198,091
121	AR - PHA projects	-	-	-	-	-
122	AR - HUD other projects	-	-	-	-	-
124	Accounts receivable - other government	-	-	-	-	-
125	Accounts receivable - miscellaneous	-	-	-	-	-
126	Accounts receivable- tenants	8,316	-	2,397	3,145	638
126	Allowance for doubtful accounts - tenants	(231)	-	(915)	(1,352)	(33)
127	Notes and mortgages receivable- current	-	-	-	-	-
129	Accrued interest receivable	-	-	-	-	-
120	Total receivables, net of allowances	8,085	-	1,482	1,793	605
131	Investments - unrestricted	-	-	-	-	-
132	Investments - restricted	-	-	-	-	-
142	Prepaid expenses and other assets	11,086	-	4,817	5,300	4,806
143	Inventories	-	-	-	-	-
150	Total Current Assets	499,878	-	292,644	504,609	203,502
161	Land	1,909,523	-	113,808	154,682	70,350
162	Buildings	6,303,970	-	3,975,120	3,359,161	3,225,740
163	Furniture, equipment & machinery - dwellings	-	-	-	-	-
164	Furniture, equipment & machinery - administration	7,303	-	14,189	13,320	-
165	Leasehold improvements	-	-	-	-	-
166	Accumulated depreciation	(3,408,474)	-	(2,121,438)	(1,992,403)	(1,721,031)
167	Work in progress	6,362,334	-	1,611,465	2,067,234	1,536,863
168	Infrastructure	352,940	-	322,380	303,723	127,940
160	Total capital assets, net of depreciation	11,527,596	-	3,915,524	3,905,717	3,239,862
171	Notes and mortgages receivable - non-current	-	-	-	-	-
174	Other assets	-	-	-	-	-
180	Total Noncurrent Assets	11,527,596	-	3,915,524	3,905,717	3,239,862
190	Total Assets	12,027,474	-	4,208,168	4,410,326	3,443,364
200	Deferred Outflows of Resources	-	-	-	-	-
290	Total Assets and Deferred Outflows of Resources	\$ 12,027,474	\$ -	\$ 4,208,168	\$ 4,410,326	\$ 3,443,364
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts payable < 90 days	58,721	-	40,533	154,832	6,605
321	Accrued wage/payroll taxes payable	20,907	-	7,647	7,324	8,027
322	Accrued compensated absences	23,466	-	9,749	9,059	11,816
325	Accrued interest payable	-	-	-	-	-
332	Accounts Payable - PHA projects	-	-	-	-	-
341	Tenant security deposits	16,925	-	8,025	7,975	5,250
342	Unearned revenue	1,762	-	2,938	341	451
343	Current portion of L-T debt - capital projects	24,779	-	11,738	12,110	7,266
344	Current portion of L-T debt - operating borrowings	-	-	-	-	-
345	Other current liabilities	14,729	-	14,864	28,713	62,925
346	Accrued liabilities - other	7,472	-	5,117	7,007	3,438
310	Total Current Liabilities	168,761	-	100,611	227,361	105,778
351	Long-term debt, net of current - capital projects	54,964	-	25,829	26,987	16,530
352	Long-term debt, net of current - operating borrowings	-	-	-	-	-
353	Non-current liabilities- other	-	-	-	-	-
350	Total Noncurrent Liabilities	54,964	-	25,829	26,987	16,530
300	Total Liabilities	223,725	-	126,440	254,348	122,308
400	Deferred Inflows of Resources	-	-	-	-	-
508.4	Net Investment in Capital Assets	11,447,853	-	3,877,957	3,866,620	3,216,066
511.4	Restricted Net Position	108	-	14,864	16,206	-
512.4	Unrestricted Net Position	355,788	-	188,906	273,152	104,989
513	Total Equity - Net Assets/Position	11,803,749	-	4,081,727	4,155,978	3,321,055
600	Total Liabilities, Deferred Inflows of Resources, and Equity - Net Assets/Position	\$ 12,027,474	\$ -	\$ 4,208,167	\$ 4,410,326	\$ 3,443,363

**Housing Authority of the County of King**  
**Financial Data Schedule (FDS)**  
**Statement of Net Position**  
As of December 31, 2014

Line Item #	Account Description	Plaza Seventeen II WA002000551	Southridge House WA002000552	Casa Madrona II WA002000553
111	Cash - unrestricted	\$ -	\$ 233,980	\$ -
113	Cash - other restricted	-	-	-
114	Cash - tenant security deposits	-	5,875	-
115	Cash - restricted for payment of current liability	-	-	-
100	Total cash	-	239,855	-
121	AR - PHA projects	-	-	-
122	AR - HUD other projects	-	-	-
124	Accounts receivable - other government	-	-	-
125	Accounts receivable - miscellaneous	-	-	-
126	Accounts receivable- tenants	-	224	-
126	Allowance for doubtful accounts - tenants	-	(76)	-
127	Notes and mortgages receivable- current	-	-	-
129	Accrued interest receivable	-	-	-
120	Total receivables, net of allowances	-	148	-
131	Investments - unrestricted	-	-	-
132	Investments - restricted	-	-	-
142	Prepaid expenses and other assets	-	5,719	-
143	Inventories	-	-	-
150	Total Current Assets	-	245,722	-
161	Land	-	66,167	-
162	Buildings	-	7,875,661	-
163	Furniture, equipment & machinery - dwellings	-	-	-
164	Furniture, equipment & machinery - administration	-	-	-
165	Leasehold improvements	-	-	-
166	Accumulated depreciation	-	(2,955,726)	-
167	Work in progress	-	-	-
168	Infrastructure	-	146,656	-
160	Total capital assets, net of depreciation	-	5,132,758	-
171	Notes and mortgages receivable - non-current	-	-	-
174	Other assets	-	-	-
180	Total Noncurrent Assets	-	5,132,758	-
190	Total Assets	-	5,378,480	-
200	Deferred Outflows of Resources	-	-	-
290	Total Assets and Deferred Outflows of Resources	\$ -	\$ 5,378,480	\$ -
311	Bank overdraft	\$ -	\$ -	\$ -
312	Accounts payable < 90 days	-	27,230	-
321	Accrued wage/payroll taxes payable	-	10,975	-
322	Accrued compensated absences	-	27,578	-
325	Accrued interest payable	-	-	-
332	Accounts Payable - PHA projects	-	-	-
341	Tenant security deposits	-	5,875	-
342	Unearned revenue	-	180	-
343	Current portion of L-T debt - capital projects	-	6,335	-
344	Current portion of L-T debt - operating borrowings	-	-	-
345	Other current liabilities	-	-	-
346	Accrued liabilities - other	-	3,933	-
310	Total Current Liabilities	-	82,106	-
351	Long-term debt, net of current - capital projects	-	13,819	-
352	Long-term debt, net of current - operating borrowings	-	-	-
353	Non-current liabilities- other	-	-	-
350	Total Noncurrent Liabilities	-	13,819	-
300	Total Liabilities	-	95,925	-
400	Deferred Inflows of Resources	-	-	-
508.4	Net Investment in Capital Assets	-	5,112,604	-
511.4	Restricted Net Position	-	-	-
512.4	Unrestricted Net Position	-	169,951	-
513	Total Equity - Net Assets/Position	-	5,282,555	-
600	Total Liabilities, Deferred Inflows of Resources, and Equity - Net Assets/Position	\$ -	\$ 5,378,480	\$ -



Housing Authority of the County of King  
Financial Data Schedule (FDS)  
Statement of Net Position  
As of December 31, 2014

Line Item #	Account Description	Subtotal	Elimination	Total Authority	COMPONENT UNITS
					- DISCRETELY PRESENTED
111	Cash - unrestricted	\$ 63,769,603	\$ -	\$ 63,769,603	\$ 7,056,577
113	Cash - other restricted	18,571,997	-	18,571,997	6,668,030
114	Cash - tenant security deposits	1,873,854	-	1,873,854	625,527
115	Cash - restricted for payment of current liability	288,613	-	288,613	-
100	Total cash	84,504,067	-	84,504,067	14,350,134
121	AR - PHA projects	206,622	-	206,622	-
122	AR - HUD other projects	73,800	-	73,800	-
124	Accounts receivable - other government	1,080,985	-	1,080,985	-
125	Accounts receivable - miscellaneous	2,791,013	(1,933,019)	857,994	38,452
126	Accounts receivable- tenants	266,656	-	266,656	80,660
126	Allowance for doubtful accounts - tenants	(37,302)	-	(37,302)	(56)
127	Notes and mortgages receivable- current	3,319,644	(518,061)	2,801,583	-
129	Accrued interest receivable	1,934,354	-	1,934,354	-
120	Total receivables, net of allowances	9,635,772	(2,451,080)	7,184,692	119,056
131	Investments - unrestricted	33,447,160	-	33,447,160	563,150
132	Investments - restricted	19,540,601	-	19,540,601	-
142	Prepaid expenses and other assets	817,907	-	817,907	328,202
143	Inventories	138,301	-	138,301	-
150	Total Current Assets	148,083,808	(2,451,080)	145,632,728	15,360,542
161	Land	74,785,161	-	74,785,161	23,485,046
162	Buildings	327,747,744	-	327,747,744	398,933,691
163	Furniture, equipment & machinery - dwellings	35,400	-	35,400	3,458,781
164	Furniture, equipment & machinery - administration	5,251,018	-	5,251,018	9,337,445
165	Leasehold improvements	7,464,069	-	7,464,069	-
166	Accumulated depreciation	(145,342,461)	-	(145,342,461)	(87,724,851)
167	Work in progress	97,096,785	-	97,096,785	14,456
168	Infrastructure	17,954,484	-	17,954,484	422,936
160	Total capital assets, net of depreciation	384,992,200	-	384,992,200	347,927,504
171	Notes and mortgages receivable - non-current	284,803,611	(16,882,190)	267,921,421	-
174	Other assets	17,386,824	(15,708,369)	1,678,455	1,097,059
180	Total Noncurrent Assets	687,182,635	(32,590,559)	654,592,076	349,024,563
190	Total Assets	835,266,443	(35,041,639)	800,224,806	364,385,105
200	Deferred Outflows of Resources	1,042,288	-	1,042,288	-
290	Total Assets and Deferred Outflows of Resources	\$ 836,308,731	\$ (35,041,639)	\$ 801,267,092	\$ 364,385,105
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -
312	Accounts payable < 90 days	6,944,628	(1,585,837)	5,358,791	362,311
321	Accrued wage/payroll taxes payable	1,426,575	-	1,426,575	7,655
322	Accrued compensated absences	2,092,057	-	2,092,057	477
325	Accrued interest payable	1,306,573	-	1,306,573	713,857
332	Accounts Payable - PHA projects	4,941	-	4,941	-
341	Tenant security deposits	1,873,854	-	1,873,854	625,527
342	Unearned revenue	212,475	-	212,475	64,523
343	Current portion of L-T debt - capital projects	5,884,479	-	5,884,479	1,373,959
344	Current portion of L-T debt - operating borrowings	4,170,109	(518,061)	3,652,048	-
345	Other current liabilities	2,125,316	(347,182)	1,778,134	299,973
346	Accrued liabilities - other	762,261	-	762,261	172,913
310	Total Current Liabilities	26,803,268	(2,451,080)	24,352,188	3,621,195
351	Long-term debt, net of current - capital projects	180,654,612	-	180,654,612	240,460,423
352	Long-term debt, net of current - operating borrowings	119,071,016	(16,882,190)	102,188,826	-
353	Non-current liabilities- other	19,767,845	(15,708,369)	4,059,476	18,310,734
350	Total Noncurrent Liabilities	319,493,473	(32,590,559)	286,902,914	258,771,157
300	Total Liabilities	346,296,741	(35,041,639)	311,255,102	262,392,352
400	Deferred Inflows of Resources	1,467,000	-	1,467,000	-
508.4	Net Investment in Capital Assets	198,453,108	-	198,453,108	106,093,122
511.4	Restricted Net Position	37,641,243	-	37,641,243	6,668,030
512.4	Unrestricted Net Position	252,450,639	-	252,450,639	(10,768,399)
513	Total Equity - Net Assets/Position	488,544,990	-	488,544,990	101,992,753
600	Total Liabilities, Deferred Inflows of Resources, and Equity - Net Assets/Position	\$ 836,308,731	\$ (35,041,639)	\$ 801,267,092	\$ 364,385,105

**Housing Authority of the County of King**  
**Financial Data Schedule (FDS)**  
Statement of Revenues, Expenses, and Changes in Net Position  
For the 12 Month Period Ending December 31 , 2014

Line Item #	Account Description	14.CFP Capital Fund Program	14.HCV Section 8 Housing Choice Voucher	14.OPS Low Rent Public Housing	10.415 Rural Rental Housing Loans	10.427 Rural Rental Assistance Payments	14.191 Multifamily Housing Service Coordinators
70300	Net tenant rental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
70400	Tenant revenue - other	-	-	-	-	-	-
70500	Total tenant revenue	-	-	-	-	-	-
70600	HUD PHA Operating Grants	-	101,950,377	7,770,076	-	-	3,370
70610	Capital Grants	987,615	-	-	-	-	-
70710	Management Fee	-	-	-	-	-	-
70720	Asset Management Fee	-	-	-	-	-	-
70730	Book-keeping Fee	-	-	-	-	-	-
70750	Other Fees	-	-	-	-	-	-
70750-010	From PHA Administered Program	-	-	-	-	-	-
70750-020	From Third/Outside Party	-	-	-	-	-	-
70700	Total Fee Revenue	-	-	-	-	-	-
70800	Other Government Grants	-	-	-	60,297	561,751	-
71100	Investment Income - unrestricted	-	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-	-
71310	Cost of Sale of Assets	-	-	-	-	-	-
71500	Other Revenue	-	-	-	-	-	-
71600	Gain (loss) on the sale of capital assets	-	-	-	-	-	-
72000	Investment income - restricted	-	-	-	-	-	-
70000	Total Revenue	987,615	101,950,377	7,770,076	60,297	561,751	3,370
91100	Administrative salaries	-	-	-	-	-	-
91200	Auditing fees	-	-	-	-	-	-
91300	Management fees	-	-	-	-	-	-
91300-010	To PHA Administered Program	-	-	-	-	-	-
91300-020	To a Third Party/Outside Entity	-	-	-	-	-	-
91310	Book-keeping Fee	-	-	-	-	-	-
91400	Advertising and Marketing	-	-	-	-	-	-
91500	Employee benefit contributions - administrative	-	-	-	-	-	-
91600	Office Expenses	-	-	-	-	-	-
91700	Legal expense	-	-	-	-	-	-
91800	Travel	-	-	-	-	-	-
91900	Other	-	-	-	-	-	-
91000	Total Operating - Administrative	-	-	-	-	-	-
92000	Asset Management Fee	-	-	-	-	-	-
92100	Tenant services - salaries	-	-	-	-	-	2,212
92200	Relocation costs	-	-	-	-	-	-
92300	Employee benefits	-	-	-	-	-	1,158
92400	Tenant services - other	-	-	-	-	-	-
92500	Total Tenant Services	-	-	-	-	-	3,370
93100	Water	-	-	-	-	-	-
93200	Electricity	-	-	-	-	-	-
93300	Gas	-	-	-	-	-	-
93400	Fuel	-	-	-	-	-	-
93600	Sewer	-	-	-	-	-	-
93800	Other utilities expense	-	-	-	-	-	-
93000	Total Utilities	-	-	-	-	-	-
94100	Ordinary maintenance and operations - labor	-	-	-	-	-	-
94200	Ordinary maintenance and operations - material and other	-	-	-	-	-	-
94300	Ordinary maintenance and operations - contracts	-	-	-	-	-	-
94500	Employee benefit contributions - ordinary maintenance	-	-	-	-	-	-
94000	Total Maintenance	-	-	-	-	-	-
95200	Other contract costs	-	-	-	-	-	-
95000	Total Protective Services	-	-	-	-	-	-
96110	Property Insurance	-	-	-	-	-	-
96120	Liability Insurance	-	-	-	-	-	-
96130	Workmen's compensation	-	-	-	-	-	-
96100	Total Insurance Premiums	-	-	-	-	-	-

Housing Authority of the County of King  
Financial Data Schedule (FDS)  
Statement of Revenues, Expenses, and Changes in Net Position  
For the 12 Month Period Ending December 31 , 2014

Line Item #	Account Description	14.CFP Capital Fund Program	14.HCV Section 8 Housing Choice Voucher	14.OPS Low Rent Public Housing	10.415 Rural Rental Housing Loans	10.427 Rural Rental Assistance Payments	14.191 Multifamily Housing Service Coordinators
96200	Other General Expenses	-	-	-	-	-	-
96210	Compensated absences	-	-	-	-	-	-
96300	Payments in lieu of taxes	-	-	-	-	-	-
96400	Bad debt - tenant rents	-	-	-	-	-	-
96500	Bad debt- mortgages	-	-	-	-	-	-
96600	Bad debt - other	-	-	-	-	-	-
96800	Severance expense	-	-	-	-	-	-
96000	Total Other General Expenses	-	-	-	-	-	-
96710	Interest on mortgage (or bonds) payable	-	-	-	-	-	-
96720	Interest on notes payable (short and long term)	-	-	-	-	-	-
96730	Amortization of bond issue costs	-	-	-	-	-	-
96700	Total interest expense and amortization cost	-	-	-	-	-	-
96900	Total Operating Expenses	-	-	-	-	-	3,370
97000	Excess Operating Revenue over Operating Expenses	987,615	101,950,377	7,770,076	60,297	561,751	-
97200	Casualty losses - non-capitalized	-	-	-	-	-	-
97300	Housing assistance payments	-	-	-	-	-	-
97350	HAP Portability-In	-	-	-	-	-	-
97400	Depreciation expense	-	-	-	-	-	-
90000	Total Expenses	-	-	-	-	-	3,370
10010	Operating transfers in	-	-	-	27,437	-	3,370
10020	Operating transfers out	(987,615)	(101,950,377)	(7,770,076)	(60,297)	(561,751)	-
10100	Total Other Financing Sources	(987,615)	(101,950,377)	(7,770,076)	(32,860)	(561,751)	3,370
10000	Excess (Deficiency) Of Total Revenue Over (Under) Total Expenses	\$ -	\$ -	\$ -	\$ 27,437	\$ -	\$ 3,370
11020	Required annual debt principal payments	-	-	-	-	-	-
11030	Beginning of year equity	-	-	-	(1,075,376)	-	-
11040	Prior period adjustments, equity transfers	-	-	-	-	-	-
11170	Administrative Fee Equity	-	-	-	-	-	-
11180	Housing Assistance Fee Equity	-	-	-	-	-	-
11190	Unit Months Available	-	-	-	-	-	-
11210	Number of unit months leased	-	-	-	-	-	-
11270	Excess cash	-	-	-	-	-	-
11620	Building Purchases	-	-	-	-	-	-

Housing Authority of the County of King  
Financial Data Schedule (FDS)  
Statement of Revenues, Expenses, and Changes in Net Position  
For the 12 Month Period Ending December 31 , 2014

Line Item #	Account Description	14.195 Section 8 - Special Allocation	14.218 Community Development Block Grants/Entitlement Grants	14.856 Section 8 - Moderate Rehabilitation	14.866 Hope VI	14.871 Section 8 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services - Service Coordinators
70300	Net tenant rental revenue	\$ 182,610	\$ -	\$ -	\$ -	\$ -	\$ -
70400	Tenant revenue - other	6,755	-	-	-	10,688	-
70500	Total tenant revenue	189,365	-	-	-	10,688	-
70600	HUD PHA Operating Grants	348,770	-	96,606	-	8,274,600	10,290
70610	Capital Grants	-	-	-	-	-	-
70710	Management Fee	-	-	-	-	-	-
70720	Asset Management Fee	-	-	-	-	-	-
70730	Book-keeping Fee	-	-	-	-	-	-
70750	Other Fees	-	-	-	-	-	-
70750-010	From PHA Administered Program	-	-	-	-	-	-
70750-020	From Third/Outside Party	-	-	-	-	-	-
70700	Total Fee Revenue	-	-	-	-	-	-
70800	Other Government Grants	-	287,118	-	-	-	-
71100	Investment Income - unrestricted	-	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-	-
71310	Cost of Sale of Assets	-	-	-	-	-	-
71500	Other Revenue	457	-	19	-	26,435,029	-
71600	Gain (loss) on the sale of capital assets	-	-	-	-	-	-
72000	Investment income - restricted	174	-	22	-	29	-
70000	Total Revenue	538,766	287,118	96,647	-	34,720,346	10,290
91100	Administrative salaries	59,898	10	1,839	0	262,216	-
91200	Auditing fees	-	-	39	-	-	-
91300	Management fees	-	-	-	-	-	-
91300-010	To PHA Administered Program	37,615	-	2,247	-	-	-
91300-020	To a Third Party/Outside Entity	3,466	-	-	-	-	-
91310	Book-keeping Fee	-	-	1,350	-	72,530	-
91400	Advertising and Marketing	-	-	-	-	134	-
91500	Employee benefit contributions - administrative	19,449	7	678	-	96,785	-
91600	Office Expenses	1,901	44	490	-	28,169	-
91700	Legal expense	12,241	-	4	-	660	-
91800	Travel	316	-	1	-	551	-
91900	Other	3,781	-	478	-	64,009	-
91000	Total Operating - Administrative	138,666	61	7,126	0	525,054	-
92000	Asset Management Fee	-	-	-	-	-	-
92100	Tenant services - salaries	1,893	-	75	-	15,847	-
92200	Relocation costs	-	-	-	-	7,497	-
92300	Employee benefits	826	-	38	-	6,759	-
92400	Tenant services - other	3	-	-	-	7,265	17,791
92500	Total Tenant Services	2,722	-	113	-	37,368	17,791
93100	Water	6,961	-	-	-	204	-
93200	Electricity	3,345	-	-	-	1,133	-
93300	Gas	9	-	-	-	-	-
93400	Fuel	-	-	-	-	-	-
93600	Sewer	15,409	-	-	-	88	-
93800	Other utilities expense	20,665	-	-	-	195	-
93000	Total Utilities	46,389	-	-	-	1,620	-
94100	Ordinary maintenance and operations - labor	38,671	-	-	-	-	-
94200	Ordinary maintenance and operations - material and other	10,254	242,724	-	-	111	-
94300	Ordinary maintenance and operations - contracts	47,638	596	-	-	3,994	-
94500	Employee benefit contributions - ordinary maintenance	19,463	-	-	-	(4)	-
94000	Total Maintenance	116,025	243,320	-	-	4,102	-
95200	Other contract costs	700	-	-	-	-	-
95000	Total Protective Services	700	-	-	-	-	-
96110	Property Insurance	1,865	-	4	-	220	-
96120	Liability Insurance	2,573	-	12	-	2,861	-
96130	Workmen's compensation	2,526	-	7	-	1,129	-
96100	Total Insurance Premiums	6,964	-	23	-	4,210	-

**Housing Authority of the County of King**  
**Financial Data Schedule (FDS)**  
Statement of Revenues, Expenses, and Changes in Net Position  
For the 12 Month Period Ending December 31, 2014

Line Item #	Account Description	14.195 Section 8 - Special Allocation	14.218 Community Development Block Grants/Entitlement Grants	14.856 Section 8 - Moderate Rehabilitation	14.866 Hope VI	14.871 Section 8 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services - Service Coordinators
96200	Other General Expenses	1	-	-	-	-	-
96210	Compensated absences	8,283	-	-	-	16,878	-
96300	Payments in lieu of taxes	-	-	-	-	-	-
96400	Bad debt - tenant rents	-	-	-	-	-	-
96500	Bad debt - mortgages	-	-	-	-	-	-
96600	Bad debt - other	-	-	-	-	-	-
96800	Severance expense	-	-	-	-	-	-
96000	Total Other General Expenses	8,284	-	-	-	16,878	-
96710	Interest on mortgage (or bonds) payable	-	-	-	-	-	-
96720	Interest on notes payable (short and long term)	81,025	-	-	-	-	-
96730	Amortization of bond issue costs	-	-	-	-	-	-
96700	Total interest expense and amortization cost	81,025	-	-	-	-	-
96900	Total Operating Expenses	400,776	243,381	7,262	0	589,232	17,791
97000	Excess Operating Revenue over Operating Expenses	137,990	43,737	89,385	(0)	34,131,114	(7,501)
97200	Casualty losses - non-capitalized	29	-	-	-	-	-
97300	Housing assistance payments	-	-	80,801	-	7,167,314	-
97350	HAP Portability-In	-	-	-	-	26,435,029	-
97400	Depreciation expense	5,109	-	-	-	-	-
90000	Total Expenses	405,914	243,381	88,063	0	34,191,575	17,791
10010	Operating transfers in	-	-	-	-	250,744	-
10020	Operating transfers out	-	(18,828)	-	-	-	-
10100	Total Other Financing Sources	-	(18,828)	-	-	250,744	-
10000	Excess (Deficiency) Of Total Revenue Over (Under) Total Expenses	\$ 132,852	\$ 24,909	\$ 8,584	\$ (0)	\$ 779,515	\$ (7,501)
11020	Required annual debt principal payments	-	-	-	-	-	-
11030	Beginning of year equity	322,311	-	76,527	47,479,838	223,037	-
11040	Prior period adjustments, equity transfers	-	-	-	(47,479,838)	(597,455)	17,791
11170	Administrative Fee Equity	-	-	-	-	71,233	-
11180	Housing Assistance Fee Equity	-	-	-	-	333,864	-
11190	Unit Months Available	492	-	-	-	10,666	-
11210	Number of unit months leased	468	-	-	-	9,678	-
11270	Excess cash	-	-	-	-	-	-
11620	Building Purchases	-	-	-	-	-	-

**Housing Authority of the County of King**  
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Statement of Revenues, Expenses, and Changes in Net Position  
For the 12 Month Period Ending December 31, 2014

Line Item #	Account Description	14.877 Public Housing Family Self Sufficiency Under Resident Opportunity and Support Services	14.879 Mainstream Vouchers	14.881 Moving-To-Work Demonstration Program	14.890 Capital Fund Education and Training Community Facilities	State/Local Programs
70300	Net tenant rental revenue	\$ -	\$ -	\$ -	\$ -	\$ -
70400	Tenant revenue - other	-	4,832	139,148	-	-
70500	Total tenant revenue	-	4,832	139,148	-	-
70600	HUD PHA Operating Grants	82,558	2,646,193	-	-	-
70610	Capital Grants	-	-	-	244	-
70710	Management Fee	-	-	-	-	-
70720	Asset Management Fee	-	-	-	-	-
70730	Book-keeping Fee	-	-	-	-	-
70750	Other Fees	-	-	-	-	-
70750-010	From PHA Administered Program	-	-	-	-	-
70750-020	From Third/Outside Party	-	-	-	-	-
70700	Total Fee Revenue	-	-	-	-	-
70800	Other Government Grants	-	-	57,394	-	1,339,259
71100	Investment Income - unrestricted	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-
71310	Cost of Sale of Assets	-	-	-	-	-
71500	Other Revenue	-	223	1,459,890	-	278,576
71600	Gain (loss) on the sale of capital assets	-	-	126	-	-
72000	Investment income - restricted	-	157	112,117	-	-
70000	Total Revenue	82,558	2,651,405	1,768,675	244	1,617,835
91100	Administrative salaries	-	113,562	3,746,396	-	643,094
91200	Auditing fees	-	902	23,483	-	1,952
91300	Management fees	-	-	-	-	-
91300-010	To PHA Administered Program	-	51,711	1,727,505	-	34,822
91300-020	To a Third Party/Outside Entity	-	-	-	-	-
91310	Book-keeping Fee	-	31,413	975,701	-	-
91400	Advertising and Marketing	-	63	2,167	-	2,716
91500	Employee benefit contributions - administrative	-	42,051	1,439,096	-	254,181
91600	Office Expenses	-	12,255	393,360	-	10,438
91700	Legal expense	-	304	10,084	-	5,814
91800	Travel	-	238	16,464	-	8,923
91900	Other	-	28,069	1,080,284	-	10,864
91000	Total Operating - Administrative	-	280,568	9,414,540	-	972,804
92000	Asset Management Fee	-	-	-	-	-
92100	Tenant services - salaries	50,366	6,860	587,255	-	-
92200	Relocation costs	-	3,280	100,737	-	-
92300	Employee benefits	27,335	2,946	225,940	-	-
92400	Tenant services - other	-	3,174	2,243,032	-	83
92500	Total Tenant Services	77,701	16,260	3,156,964	-	83
93100	Water	-	92	2,840	-	593
93200	Electricity	-	495	15,215	-	2,969
93300	Gas	-	-	-	-	-
93400	Fuel	-	-	-	-	-
93600	Sewer	-	39	1,198	-	250
93800	Other utilities expense	-	84	2,587	-	541
93000	Total Utilities	-	710	21,840	-	4,353
94100	Ordinary maintenance and operations - labor	-	-	-	-	-
94200	Ordinary maintenance and operations - material and other	-	51	1,360	-	1,232,960
94300	Ordinary maintenance and operations - contracts	-	1,722	52,903	-	99,608
94500	Employee benefit contributions - ordinary maintenance	-	156	-	-	-
94000	Total Maintenance	-	1,929	54,263	-	1,332,568
95200	Other contract costs	-	-	-	-	-
95000	Total Protective Services	-	-	-	-	-
96110	Property Insurance	-	95	2,924	-	113
96120	Liability Insurance	207	1,282	41,571	-	5,736
96130	Workmen's compensation	235	490	17,574	-	2,112
96100	Total Insurance Premiums	442	1,867	62,069	-	7,961

Housing Authority of the County of King  
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Line Item #	Account Description	14.877 Public Housing Family Self Sufficiency Under Resident Opportunity and Support Services	14.879 Mainstream Vouchers	14.881 Moving-To- Work Demonstration Program	14.890 Other Federal Programs	State/Local Programs
96200	Other General Expenses	-	-	15,681	-	-
96210	Compensated absences	4,622	7,881	373,934	-	74,046
96300	Payments in lieu of taxes	-	-	-	-	-
96400	Bad debt - tenant rents	-	-	-	-	-
96500	Bad debt- mortgages	-	-	-	-	-
96600	Bad debt - other	-	-	-	-	-
96800	Severance expense	-	-	-	-	-
96000	Total Other General Expenses	4,622	7,881	389,615	-	74,046
96710	Interest on mortgage (or bonds) payable	-	-	-	-	-
96720	Interest on notes payable (short and long term)	-	-	-	-	-
96730	Amortization of bond issue costs	-	-	-	-	-
96700	Total interest expense and amortization cost	-	-	-	-	-
96900	Total Operating Expenses	82,765	309,215	13,099,291	-	2,492,880
97000	Excess Operating Revenue over Operating Expenses	(207)	2,342,190	(11,330,616)	244	(656,810)
97200	Casualty losses - non-capitalized	-	-	-	-	-
97300	Housing assistance payments	-	2,354,064	78,134,232	-	-
97350	HAP Portability-In	-	-	-	-	-
97400	Depreciation expense	-	-	260	-	-
90000	Total Expenses	82,765	2,663,279	91,233,783	-	2,492,880
10010	Operating transfers in	10,624	15,876	112,967,890	-	1,764,376
10020	Operating transfers out	-	(14)	(28,465,598)	(244)	(585,565)
10100	Total Other Financing Sources	10,624	15,862	84,502,292	(244)	1,178,811
10000	Excess (Deficiency) Of Total Revenue Over (Under) Total Expenses	\$ 10,417	\$ 3,988	\$ (4,962,816)	\$ -	\$ 522,001
11020	Required annual debt principal payments	-	-	-	-	-
11030	Beginning of year equity	6,592	395	44,650,133	-	481,345
11040	Prior period adjustments, equity transfers	(17,791)	-	597,455	-	(215,374)
11170	Administrative Fee Equity	-	-	-	-	-
11180	Housing Assistance Fee Equity	-	-	-	-	-
11190	Unit Months Available	-	4,200	95,160	-	-
11210	Number of unit months leased	-	4,195	97,416	-	-
11270	Excess cash	-	-	-	-	-
11620	Building Purchases	-	-	-	-	-

**Housing Authority of the County of King**  
**Financial Data Schedule (FDS)**  
Statement of Revenues, Expenses, and Changes in Net Position  
For the 12 Month Period Ending December 31 , 2014

Line Item #	Account Description	Business Activities	93.568 Low Income Home Energy Assistance	94.006 Americorp	14.251 Other Federal Programs	COMPONENT UNITS - BLENDED
70300	Net tenant rental revenue	\$ 48,990,053	\$ -	\$ -	\$ -	\$ -
70400	Tenant revenue - other	1,298,297	-	-	-	-
70500	Total tenant revenue	50,288,350	-	-	-	-
70600	HUD PHA Operating Grants	-	-	-	-	-
70610	Capital Grants	-	-	-	8,621	-
70710	Management Fee	-	-	-	-	-
70720	Asset Management Fee	-	-	-	-	-
70730	Book-keeping Fee	-	-	-	-	-
70750	Other Fees	-	-	-	-	-
70750-010	From PHA Administered Program	-	-	-	-	-
70750-020	From Third/Outside Party	-	-	-	-	-
70700	Total Fee Revenue	-	-	-	-	-
70800	Other Government Grants	924,865	1,541,158	1,689	-	-
71100	Investment Income - unrestricted	94,814	-	-	-	-
71300	Proceeds from disposition of assets held for sale	9,669,617	-	-	-	-
71310	Cost of Sale of Assets	(4,812,744)	-	-	-	-
71500	Other Revenue	3,875,249	-	9,000	-	2,274,850
71600	Gain (loss) on the sale of capital assets	(270,172)	-	-	-	-
72000	Investment income - restricted	10,466,420	-	-	-	9,241
70000	Total Revenue	70,236,400	1,541,158	10,689	8,621	2,284,091
91100	Administrative salaries	4,736,514	3,451	-	-	-
91200	Auditing fees	23,450	-	-	-	9,365
91300	Management fees	-	-	-	-	-
91300-010	To PHA Administered Program	1,021,266	-	-	-	-
91300-020	To a Third Party/Outside Entity	1,558,738	-	-	-	-
91310	Book-keeping Fee	192,705	-	-	-	-
91400	Advertising and Marketing	197,808	-	-	-	-
91500	Employee benefit contributions - administrative	2,019,754	1,234	-	-	-
91600	Office Expenses	345,678	-	268	-	-
91700	Legal expense	163,057	-	-	-	5,861
91800	Travel	41,633	3,242	3,105	-	-
91900	Other	3,526,682	2,439	33,562	-	93,351
91000	Total Operating - Administrative	13,827,285	10,366	36,935	-	108,577
92000	Asset Management Fee	637,356	-	-	-	-
92100	Tenant services - salaries	813,792	-	53,847	-	-
92200	Relocation costs	60,206	-	-	-	-
92300	Employee benefits	309,646	-	24,971	-	-
92400	Tenant services - other	1,078,684	-	2,456	-	-
92500	Total Tenant Services	2,262,328	-	81,274	-	-
93100	Water	1,446,069	-	-	-	-
93200	Electricity	662,907	-	-	-	-
93300	Gas	45,378	-	-	-	-
93400	Fuel	10,112	-	-	-	-
93600	Sewer	2,297,132	-	-	-	-
93800	Other utilities expense	1,566,382	-	-	-	-
93000	Total Utilities	6,027,980	-	-	-	-
94100	Ordinary maintenance and operations - labor	2,907,663	-	-	-	-
94200	Ordinary maintenance and operations - material and other	4,167,207	692,726	-	-	-
94300	Ordinary maintenance and operations - contracts	2,409,427	301,127	-	-	-
94500	Employee benefit contributions - ordinary maintenance	379,645	-	-	-	-
94000	Total Maintenance	9,863,943	993,853	-	-	-
95200	Other contract costs	156,910	-	-	-	-
95000	Total Protective Services	156,910	-	-	-	-
96110	Property Insurance	367,030	-	-	-	-
96120	Liability Insurance	328,570	-	237	-	-
96130	Workmen's compensation	205,140	10	197	-	-
96100	Total Insurance Premiums	900,740	10	434	-	-



**Housing Authority of the County of King**  
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For the 12 Month Period Ending December 31 , 2014

Line Item #	Account Description	Business Activities	93.568 Low Income Home Energy Assistance	94.006 Americorp	14.251 Other Federal Programs	COMPONENT UNITS - BLENDED
96200	Other General Expenses	4,858,274	-	-	-	-
96210	Compensated absences	364,186	-	13,432	-	-
96300	Payments in lieu of taxes	105,722	-	-	-	-
96400	Bad debt - tenant rents	-	-	-	-	-
96500	Bad debt- mortgages	-	-	-	-	-
96600	Bad debt - other	-	-	-	-	-
96800	Severance expense	-	-	-	-	-
96000	Total Other General Expenses	5,328,182	-	13,432	-	-
96710	Interest on mortgage (or bonds) payable	5,786,222	-	-	-	1,060,006
96720	Interest on notes payable (short and long term)	4,674,550	-	-	-	-
96730	Amortization of bond issue costs	-	-	-	-	-
96700	Total interest expense and amortization cost	10,460,772	-	-	-	1,060,006
96900	Total Operating Expenses	49,465,495	1,004,229	132,075	-	1,168,583
97000	Excess Operating Revenue over Operating Expenses	20,770,904	536,929	(121,386)	8,621	1,115,508
97200	Casualty losses - non-capitalized	219,609	-	-	-	-
97300	Housing assistance payments	-	-	-	-	-
97350	HAP Portability-In	-	-	-	-	-
97400	Depreciation expense	5,792,639	-	-	-	889,941
90000	Total Expenses	55,477,744	1,004,229	132,075	-	2,058,524
10010	Operating transfers in	56,736,432	54,279	130,386	-	-
10020	Operating transfers out	(52,154,869)	(489,257)	-	(30,371)	-
10100	Total Other Financing Sources	4,581,563	(434,978)	130,386	(30,371)	-
10000	Excess (Deficiency) Of Total Revenue Over (Under) Total Expenses	\$ 19,340,219	\$ 101,951	\$ 9,000	\$ (21,750)	\$ 225,567
11020	Required annual debt principal payments	18,324,422	-	-	-	487,486
11030	Beginning of year equity	108,497,821	77,505	1,652	21,750	18,043,312
11040	Prior period adjustments, equity transfers	192,958,162	215,374	-	-	-
11170	Administrative Fee Equity	-	-	-	-	-
11180	Housing Assistance Fee Equity	-	-	-	-	-
11190	Unit Months Available	36,924	-	-	-	-
11210	Number of unit months leased	36,407	-	-	-	-
11270	Excess cash	-	-	-	-	-
11620	Building Purchases	-	-	-	-	-

**Housing Authority of the County of King**
**Financial Data Schedule (FDS)**

 Statement of Revenues, Expenses, and Changes in Net Position  
 For the 12 Month Period Ending December 31 , 2014

Line			Ballinger Homes	Park Royal Apartments	Paramount House II	The Lake House
Item #	Account Description	COCC	WA002000101	WA002000105	WA002000150	WA002000152
70300	Net tenant rental revenue	\$ -	\$ 545,829	\$ 60,944	\$ -	\$ 326,684
70400	Tenant revenue - other	-	11,203	9,180	-	9,367
70500	Total tenant revenue	-	557,032	70,124	-	336,051
70600	HUD PHA Operating Grants	-	-	-	-	-
70610	Capital Grants	-	-	-	-	-
70710	Management Fee	4,849,473	-	-	-	-
70720	Asset Management Fee	799,716	-	-	-	-
70730	Book-keeping Fee	1,391,878	-	-	-	-
70740	Frontline Service Fee	-	-	-	-	-
70750	Other Fees	-	-	-	-	-
70750-010	From PHA Adminstered Program	-	-	-	-	-
70750-020	From Third/Outside Party	685,014	-	-	-	-
70700	Total Fee Revenue	7,726,081	-	-	-	-
70800	Other Government Grants	5,000	-	-	-	-
71100	Investment Income - unrestricted	93,402	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-
71310	Cost of Sale of Assets	-	-	-	-	-
71500	Other Revenue	3,089,376	33,196	19	-	2,356
71600	Gain (loss) on the sale of capital assets	26,462	-	-	-	-
72000	Investment income - restricted	16,268	651	56	-	408
70000	Total Revenue	10,956,589	590,879	70,199	-	338,815
91100	Administrative salaries	4,619,311	102,991	14,210	-	76,369
91200	Auditing fees	22,646	3,757	617	-	3,757
91300	Management fees	-	-	-	-	-
91300-010	To PHA Administered Program	-	156,778	22,964	-	287,613
91300-020	To a Third Party/Outside Entity	-	-	9	-	-
91310	Book-keeping Fee	-	11,932	1,808	-	12,585
91400	Advertising and Marketing	12,471	43	7	-	43
91500	Employee benefit contributions - administrative	1,828,634	44,582	4,811	-	36,055
91600	Office Expenses	323,421	10,156	1,098	-	7,958
91700	Legal expense	37,710	443	1,047	-	457
91800	Travel	378,710	2,211	137	-	1,896
91900	Other	924,534	22,261	3,549	-	14,899
91000	Total Operating - Administrative	8,147,437	355,154	50,257	-	441,632
92000	Asset Management Fee	-	16,800	2,760	-	16,800
92100	Tenant services - salaries	-	37,857	5,859	-	51,606
92200	Relocation costs	-	3,183	-	-	2,640
92300	Employee benefits	-	12,829	2,124	-	22,340
92400	Tenant services - other	375	54,411	773	-	4,430
92500	Total Tenant Services	375	108,280	8,756	-	81,016
93100	Water	6,541	66,553	5,114	-	28,619
93200	Electricity	58,127	15,668	1,503	-	21,407
93300	Gas	-	-	-	-	-
93400	Fuel	-	-	-	-	-
93600	Sewer	3,461	61,015	9,203	-	45,577
93800	Other utilities expense	17,262	61,886	5,600	-	24,917
93000	Total Utilities	85,391	205,122	21,420	-	120,520
94100	Ordinary maintenance and operations - labor	1,432,282	154,741	11,078	-	76,500
94200	Ordinary maintenance and operations - material and other	50,774	75,022	7,091	-	24,673
94300	Ordinary maintenance and operations - contracts	149,200	44,600	7,478	-	84,851
94500	Employee benefit contributions - ordinary maintenance	498,130	44,156	4,740	-	35,627
94000	Total Maintenance	2,130,386	318,519	30,387	-	221,651
95200	Other contract costs	-	-	-	-	-
95000	Total Protective Services	-	-	-	-	-
96110	Property Insurance	7,706	10,468	1,068	-	4,654
96120	Liability Insurance	151,592	8,668	1,170	-	7,511
96130	Workmen's compensation	101,463	8,134	579	-	4,304
96100	Total Insurance Premiums	260,761	27,270	2,817	-	16,469

**Housing Authority of the County of King**  
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Line			Ballinger Homes	Park Royal Apartments	Paramount House II	The Lake House
Item #	Account Description	COCC	WA002000101	WA002000105	WA002000150	WA002000152
96200	Other General Expenses	43,713	-	-	-	-
96210	Compensated absences	882,579	12,729	3,351	-	15,063
96300	Payments in lieu of taxes	-	-	-	-	-
96400	Bad debt - tenant rents	-	-	-	-	-
96500	Bad debt- mortgages	-	-	-	-	-
96600	Bad debt - other	-	-	-	-	-
96800	Severance expense	-	-	-	-	-
96000	Total Other General Expenses	926,292	12,729	3,351	-	15,063
96710	Interest on mortgage (or bonds) payable	-	-	-	-	-
96720	Interest on notes payable (short and long term)	15,977	4,295	-	-	1,730
96730	Amortization of bond issue costs	-	-	-	-	-
96700	Total interest expense and amortization cost	15,977	4,295	-	-	1,730
96900	Total Operating Expenses	11,566,619	1,048,169	119,748	-	914,882
97000	Excess Operating Revenue over Operating Expenses	(610,030)	(457,290)	(49,549)	-	(576,067)
97200	Casualty losses - non-capitalized	-	84,717	-	-	-
97300	Housing assistance payments	-	-	-	-	-
97350	HAP Portability-In	-	-	-	-	-
97400	Depreciation expense	537,496	335,365	50,855	-	264,423
90000	Total Expenses	12,104,115	1,468,251	170,603	-	1,179,305
10010	Operating transfers in	8,211,705	996,788	94,979	-	846,621
10020	Operating transfers out	(1,344,134)	(118,125)	(3,583)	-	(80,037)
10100	Total Other Financing Sources	6,867,571	878,663	91,396	-	766,584
10000	Excess (Deficiency) Of Total Revenue Over (Under) Total Expenses	\$ 5,720,045	\$ 1,291	\$ (9,008)	\$ -	\$ (73,906)
11020	Required annual debt principal payments	1,300,704	25,804	-	-	10,393
11030	Beginning of year equity	51,899,482	8,453,659	1,739,253	2,848,678	6,327,161
11040	Prior period adjustments, equity transfers	(42,592,416)	-	-	(2,848,678)	-
11170	Administrative Fee Equity	-	-	-	-	-
11180	Housing Assistance Fee Equity	-	-	-	-	-
11190	Unit Months Available	-	1,631	244	-	1,676
11210	Number of unit months leased	-	1,578	232	-	1,649
11270	Excess cash	-	264,869	28,321	-	226,800
11620	Building Purchases	-	19,152	3,150	-	182,185

**Housing Authority of the County of King**  
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Line Item #	Account Description	Northridge II WA002000153	Westminster WA002000156	Forest Glen WA002000201	College Place WA002000203	Kirkland Place WA002000210
70300	Net tenant rental revenue	\$ 339,839	\$ 160,505	\$ 72,651	\$ 397,156	\$ 57,058
70400	Tenant revenue - other	8,697	7,954	2,426	9,251	1,997
70500	Total tenant revenue	348,536	168,459	75,077	406,407	59,055
70600	HUD PHA Operating Grants	-	-	-	-	-
70610	Capital Grants	-	-	-	-	-
70710	Management Fee	-	-	-	-	-
70720	Asset Management Fee	-	-	-	-	-
70730	Book-keeping Fee	-	-	-	-	-
70750	Other Fees	-	-	-	-	-
70750-010	From PHA Adminstered Program	-	-	-	-	-
70750-020	From Third/Outside Party	-	-	-	-	-
70700	Total Fee Revenue	-	-	-	-	-
70800	Other Government Grants	-	14,169	-	-	-
71100	Investment Income - unrestricted	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-
71310	Cost of Sale of Assets	-	-	-	-	-
71500	Other Revenue	2,469	186	551	9,667	-
71600	Gain (loss) on the sale of capital assets	-	-	-	-	-
72000	Investment income - restricted	452	70	91	469	27
70000	Total Revenue	351,457	182,883	75,719	416,543	59,082
91100	Administrative salaries	72,120	13,696	27,693	87,450	5,624
91200	Auditing fees	3,757	-	1,073	2,711	242
91300	Management fees	-	-	-	-	-
91300-010	To PHA Adminstered Program	214,050	3,919	45,632	98,146	8,806
91300-020	To a Third Party/Outside Entity	-	-	-	-	-
91310	Book-keeping Fee	12,532	2,434	3,600	8,812	480
91400	Advertising and Marketing	43	-	12	31	3
91500	Employee benefit contributions - administrative	35,070	7,807	15,274	45,562	5,882
91600	Office Expenses	8,239	1,138	2,215	9,028	384
91700	Legal expense	18,167	180	2,254	1,549	159
91800	Travel	1,574	277	1,388	1,200	386
91900	Other	18,083	4,157	1,891	10,884	668
91000	Total Operating - Administrative	383,635	33,607	101,032	265,372	22,633
92000	Asset Management Fee	16,800	5,040	4,800	12,120	1,080
92100	Tenant services - salaries	53,885	8,001	7,134	25,772	1,089
92200	Relocation costs	4,607	-	-	-	1,096
92300	Employee benefits	20,170	3,407	2,208	9,329	367
92400	Tenant services - other	8,098	2,212	3,900	11,350	616
92500	Total Tenant Services	86,760	13,619	13,242	46,451	3,168
93100	Water	21,561	6,128	6,210	52,496	2,842
93200	Electricity	25,333	17,251	4,431	7,703	953
93300	Gas	2,307	2,033	-	-	-
93400	Fuel	-	-	-	-	-
93600	Sewer	38,041	8,325	10,504	58,003	4,265
93800	Other utilities expense	30,420	13,277	12,630	61,747	4,022
93000	Total Utilities	117,662	47,014	33,775	179,949	12,082
94100	Ordinary maintenance and operations - labor	77,458	15,855	39,836	106,599	18,212
94200	Ordinary maintenance and operations - material and other	37,252	18,249	10,057	42,541	7,201
94300	Ordinary maintenance and operations - contracts	39,033	9,947	14,033	99,789	21,891
94500	Employee benefit contributions - ordinary maintenance	34,642	7,807	15,152	41,245	5,875
94000	Total Maintenance	188,385	51,858	79,078	290,173	53,178
95200	Other contract costs	-	-	-	-	-
95000	Total Protective Services	-	-	-	-	-
96110	Property Insurance	6,793	900	1,163	5,573	580
96120	Liability Insurance	6,762	1,492	2,041	5,578	422
96130	Workmen's compensation	4,264	947	2,165	5,590	903
96100	Total Insurance Premiums	17,819	3,339	5,369	16,741	1,905

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Line Item #	Account Description	Northridge II WA002000153	Westminster WA002000156	Forest Glen WA002000201	College Place WA002000203	Kirkland Place WA002000210
96200	Other General Expenses	-	-	-	-	-
96210	Compensated absences	26,522	8,824	4,119	23,293	2,072
96300	Payments in lieu of taxes	-	-	-	-	-
96400	Bad debt - tenant rents	-	-	-	-	-
96500	Bad debt- mortgages	-	-	-	-	-
96600	Bad debt - other	-	-	-	-	-
96800	Severance expense	-	-	-	-	-
96000	Total Other General Expenses	26,522	8,824	4,119	23,293	2,072
96710	Interest on mortgage (or bonds) payable	-	-	-	-	-
96720	Interest on notes payable (short and long term)	2,147	-	1,103	4,086	-
96730	Amortization of bond issue costs	-	-	-	-	-
96700	Total interest expense and amortization cost	2,147	-	1,103	4,086	-
96900	Total Operating Expenses	839,730	163,302	242,517	838,186	96,119
97000	Excess Operating Revenue over Operating Expenses	(488,273)	19,582	(166,798)	(421,643)	(37,037)
97200	Casualty losses - non-capitalized	-	-	-	-	-
97300	Housing assistance payments	-	-	-	-	-
97350	HAP Portability-In	-	-	-	-	-
97400	Depreciation expense	216,459	39,203	87,577	218,207	10,958
90000	Total Expenses	1,056,189	202,504	330,094	1,056,393	107,077
10010	Operating transfers in	1,688,493	89,166	308,361	870,071	95,242
10020	Operating transfers out	(119,514)	(59,518)	(1,795)	(146,696)	(14,172)
10100	Total Other Financing Sources	1,568,979	29,648	306,566	723,375	81,070
10000	Excess (Deficiency) Of Total Revenue Over (Under) Total Expenses	\$ 864,247	\$ 10,027	\$ 52,191	\$ 83,525	\$ 33,075
11020	Required annual debt principal payments	12,902	-	6,630	24,550	-
11030	Beginning of year equity	5,440,252	-	2,001,947	8,285,077	1,324,259
11040	Prior period adjustments, equity transfers	-	1,237,304	-	-	-
11170	Administrative Fee Equity	-	-	-	-	-
11180	Housing Assistance Fee Equity	-	-	-	-	-
11190	Unit Months Available	1,677	318	480	1,212	72
11210	Number of unit months leased	1,625	318	465	1,175	64
11270	Excess cash	192,644	39,940	53,899	192,027	20,010
11620	Building Purchases	19,162	-	5,472	13,820	-

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Line		Casa Juanita	Seola	Eastbridge	Salmon Creek	Zephyr
Item #	Account Description	WA002000251	WA002000340	WA002000341	WA002000343	WA002000344
70300	Net tenant rental revenue	\$ 226,199	\$ -	\$ -	\$ -	\$ -
70400	Tenant revenue - other	4,796	-	-	-	-
70500	Total tenant revenue	230,995	-	-	-	-
70600	HUD PHA Operating Grants	-	-	-	-	-
70610	Capital Grants	-	-	-	-	-
70710	Management Fee	-	-	-	-	-
70720	Asset Management Fee	-	-	-	-	-
70730	Book-keeping Fee	-	-	-	-	-
70750	Other Fees	-	-	-	-	-
70750-010	From PHA Administered Program	-	-	-	-	-
70750-020	From Third/Outside Party	-	-	-	-	-
70700	Total Fee Revenue	-	-	-	-	-
70800	Other Government Grants	-	-	-	-	-
71100	Investment Income - unrestricted	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-
71310	Cost of Sale of Assets	-	-	-	-	-
71500	Other Revenue	1,065	-	-	-	-
71600	Gain (loss) on the sale of capital assets	-	-	-	-	-
72000	Investment income - restricted	264	-	-	-	-
70000	Total Revenue	232,324	-	-	-	-
91100	Administrative salaries	49,454	-	-	-	-
91200	Auditing fees	2,147	-	-	-	-
91300	Management fees	-	-	-	-	-
91300-010	To PHA Administered Program	68,726	-	-	-	-
91300-020	To a Third Party/Outside Entity	31	-	-	-	-
91310	Book-keeping Fee	7,200	-	-	-	-
91400	Advertising and Marketing	24	-	-	-	-
91500	Employee benefit contributions - administrative	19,293	-	-	-	-
91600	Office Expenses	4,116	-	-	-	-
91700	Legal expense	327	-	-	-	-
91800	Travel	1,100	-	-	-	-
91900	Other	10,215	-	-	-	-
91000	Total Operating - Administrative	162,632	-	-	-	-
92000	Asset Management Fee	9,600	-	-	-	-
92100	Tenant services - salaries	19,991	-	-	-	-
92200	Relocation costs	883	-	-	-	-
92300	Employee benefits	6,188	-	-	-	-
92400	Tenant services - other	4,687	-	-	-	-
92500	Total Tenant Services	31,749	-	-	-	-
93100	Water	23,065	-	-	-	-
93200	Electricity	37,855	-	-	-	-
93300	Gas	18,462	-	-	-	-
93400	Fuel	-	-	-	-	-
93600	Sewer	45,987	-	-	-	-
93800	Other utilities expense	14,209	-	-	-	-
93000	Total Utilities	139,578	-	-	-	-
94100	Ordinary maintenance and operations - labor	60,127	-	-	-	-
94200	Ordinary maintenance and operations - material and other	26,875	-	-	-	-
94300	Ordinary maintenance and operations - contracts	33,523	-	-	-	-
94500	Employee benefit contributions - ordinary maintenance	19,048	-	-	-	-
94000	Total Maintenance	139,572	-	-	-	-
95200	Other contract costs	-	-	-	-	-
95000	Total Protective Services	-	-	-	-	-
96110	Property Insurance	2,391	-	-	-	-
96120	Liability Insurance	4,068	-	-	-	-
96130	Workmen's compensation	3,523	-	-	-	-
96100	Total Insurance Premiums	9,982	-	-	-	-

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Line Item #	Account Description	Casa Juanita WA002000251	Seola Crossing WA002000340	Eastbridge WA002000341	Salmon Creek WA002000343	Zephyr WA002000344
96200	Other General Expenses	-	-	-	-	-
96210	Compensated absences	6,935	-	-	-	-
96300	Payments in lieu of taxes	-	-	-	-	-
96400	Bad debt - tenant rents	-	-	-	-	-
96500	Bad debt- mortgages	-	-	-	-	-
96600	Bad debt - other	-	-	-	-	-
96800	Severance expense	-	-	-	-	-
96000	Total Other General Expenses	6,935	-	-	-	-
96710	Interest on mortgage (or bonds) payable	-	-	-	-	-
96720	Interest on notes payable (short and long term)	3,877	-	-	-	-
96730	Amortization of bond issue costs	-	-	-	-	-
96700	Total interest expense and amortization cost	3,877	-	-	-	-
96900	Total Operating Expenses	503,925	-	-	-	-
97000	Excess Operating Revenue over Operating Expenses	(271,601)	-	-	-	-
97200	Casualty losses - non-capitalized	-	-	-	-	-
97300	Housing assistance payments	-	-	-	-	-
97350	HAP Portability-In	-	-	-	-	-
97400	Depreciation expense	124,415	-	-	-	-
90000	Total Expenses	628,340	-	-	-	-
10010	Operating transfers in	361,754	-	-	-	-
10020	Operating transfers out	(38,864)	-	(47,350)	-	-
10100	Total Other Financing Sources	322,890	-	(47,350)	-	-
10000	Excess (Deficiency) Of Total Revenue Over (Under) Total Expenses	\$ (73,126)	\$ -	\$ (47,350)	\$ -	\$ -
11020	Required annual debt principal payments	23,295	-	-	-	-
11030	Beginning of year equity	2,561,632	10,154,657	3,726,706	4,822,830	5,602,340
11040	Prior period adjustments, equity transfers	-	(10,154,657)	(3,679,356)	(4,822,830)	(5,602,340)
11170	Administrative Fee Equity	-	-	-	-	-
11180	Housing Assistance Fee Equity	-	-	-	-	-
11190	Unit Months Available	960	-	-	-	-
11210	Number of unit months leased	954	-	-	-	-
11270	Excess cash	113,933	-	-	-	-
11620	Building Purchases	10,950	-	-	-	-

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Line Item #	Account Description	Sixth Place Apartments WA002000345	Fairwind WA002000346	Boulevard Manor WA002000350	Yardley Arms WA002000352	Riverton Terrace WA002000354
70300	Net tenant rental revenue	\$ -	\$ -	\$ 179,538	\$ 170,167	\$ 79,710
70400	Tenant revenue - other	-	-	5,216	4,035	713
70500	Total tenant revenue	-	-	184,754	174,202	80,423
70600	HUD PHA Operating Grants	-	-	-	-	-
70610	Capital Grants	-	-	-	-	-
70710	Management Fee	-	-	-	-	-
70720	Asset Management Fee	-	-	-	-	-
70730	Book-keeping Fee	-	-	-	-	-
70750	Other Fees	-	-	-	-	-
70750-010	From PHA Administered Program	-	-	-	-	-
70750-020	From Third/Outside Party	-	-	-	-	-
70700	Total Fee Revenue	-	-	-	-	-
70800	Other Government Grants	-	-	-	-	-
71100	Investment Income - unrestricted	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-
71310	Cost of Sale of Assets	-	-	-	-	-
71500	Other Revenue	-	-	712	676	7,489
71600	Gain (loss) on the sale of capital assets	-	-	-	-	-
72000	Investment income - restricted	-	-	166	262	108
70000	Total Revenue	-	-	185,632	175,140	88,020
91100	Administrative salaries	-	-	38,733	30,527	22,902
91200	Auditing fees	-	-	1,879	1,798	859
91300	Management fees	-	-	-	-	-
91300-010	To PHA Administered Program	-	-	84,971	90,410	28,582
91300-020	To a Third Party/Outside Entity	-	-	-	-	-
91310	Book-keeping Fee	-	-	6,255	6,015	2,955
91400	Advertising and Marketing	-	-	21	20	10
91500	Employee benefit contributions - administrative	-	-	20,911	19,221	12,904
91600	Office Expenses	-	-	7,088	2,851	2,018
91700	Legal expense	-	-	3,097	605	5,001
91800	Travel	-	-	694	547	93
91900	Other	-	-	10,478	8,269	3,669
91000	Total Operating - Administrative	-	-	174,127	160,263	78,993
92000	Asset Management Fee	-	-	8,400	8,040	3,840
92100	Tenant services - salaries	-	-	24,878	24,124	3,801
92200	Relocation costs	-	-	1,182	-	-
92300	Employee benefits	-	-	8,268	8,104	1,307
92400	Tenant services - other	-	-	3,670	4,084	1,062
92500	Total Tenant Services	-	-	37,998	36,312	6,170
93100	Water	-	-	16,241	17,335	9,896
93200	Electricity	-	-	8,785	18,342	2,787
93300	Gas	-	-	-	5,675	-
93400	Fuel	-	-	-	-	-
93600	Sewer	-	-	38,514	7,298	19,328
93800	Other utilities expense	-	-	12,435	11,977	7,443
93000	Total Utilities	-	-	75,975	60,627	39,454
94100	Ordinary maintenance and operations - labor	-	-	56,104	56,317	35,970
94200	Ordinary maintenance and operations - material and other	-	-	19,209	19,217	13,557
94300	Ordinary maintenance and operations - contracts	-	-	68,354	67,043	23,251
94500	Employee benefit contributions - ordinary maintenance	-	-	20,694	19,014	12,802
94000	Total Maintenance	-	-	164,361	161,591	85,580
95200	Other contract costs	-	-	15,449	8,583	61,992
95000	Total Protective Services	-	-	15,449	8,583	61,992
96110	Property Insurance	-	-	2,451	2,622	1,465
96120	Liability Insurance	-	-	3,519	3,252	1,636
96130	Workmen's compensation	-	-	2,677	2,629	1,505
96100	Total Insurance Premiums	-	-	8,647	8,503	4,606



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Line Item #	Account Description	Sixth Place Apartments WA002000345	Fairwind WA002000346	Boulevard Manor WA002000350	Yardley Arms WA002000352	Riverton Terrace WA002000354
96200	Other General Expenses	-	-	-	-	-
96210	Compensated absences	-	-	9,634	10,106	6,570
96300	Payments in lieu of taxes	-	-	-	-	-
96400	Bad debt - tenant rents	-	-	-	-	-
96500	Bad debt- mortgages	-	-	-	-	-
96600	Bad debt - other	-	-	-	-	-
96800	Severance expense	-	-	-	-	-
96000	Total Other General Expenses	-	-	9,634	10,106	6,570
96710	Interest on mortgage (or bonds) payable	-	-	-	-	-
96720	Interest on notes payable (short and long term)	-	-	865	805	-
96730	Amortization of bond issue costs	-	-	-	-	-
96700	Total interest expense and amortization cost	-	-	865	805	-
96900	Total Operating Expenses	-	-	495,456	454,830	287,205
97000	Excess Operating Revenue over Operating Expenses	-	-	(309,824)	(279,690)	(199,185)
97200	Casualty losses - non-capitalized	-	-	-	-	-
97300	Housing assistance payments	-	-	-	-	-
97350	HAP Portability-In	-	-	-	-	-
97400	Depreciation expense	-	-	204,859	133,992	126,818
90000	Total Expenses	-	-	700,315	588,822	414,023
10010	Operating transfers in	-	-	655,784	609,423	150,401
10020	Operating transfers out	-	-	(61,752)	(287)	(57,231)
10100	Total Other Financing Sources	-	-	594,032	609,136	93,170
10000	Excess (Deficiency) Of Total Revenue Over (Under) Total Expenses	\$ -	\$ -	\$ 79,349	\$ 195,454	\$ (232,833)
11020	Required annual debt principal payments	-	-	5,197	4,838	-
11030	Beginning of year equity	6,797,088	16,658,491	4,367,984	5,751,628	40,133,883
11040	Prior period adjustments, equity transfers	(6,797,088)	(16,658,491)	-	(2,569,165)	(36,629,281)
11170	Administrative Fee Equity	-	-	-	-	-
11180	Housing Assistance Fee Equity	-	-	-	-	-
11190	Unit Months Available	-	-	840	1,524	384
11210	Number of unit months leased	-	-	816	1,501	384
11270	Excess cash	-	-	116,652	89,656	(23,387)
11620	Building Purchases	-	-	9,583	9,169	4,378

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Line		Nia	Valli Kee	Springwood	Cascade	Mardis Gras
Item #	Account Description	WA002000355	WA002000401	WA002000402	WA002000403	WA002000450
70300	Net tenant rental revenue	\$ -	\$ 339,033	\$ -	\$ 372,062	\$ -
70400	Tenant revenue - other	\$ -	4,948	-	22,587	-
70500	Total tenant revenue	-	343,981	-	394,649	-
70600	HUD PHA Operating Grants	-	-	-	-	-
70610	Capital Grants	-	-	-	-	-
70710	Management Fee	-	-	-	-	-
70720	Asset Management Fee	-	-	-	-	-
70730	Book-keeping Fee	-	-	-	-	-
70750	Other Fees	-	-	-	-	-
70750-010	From PHA Administered Program	-	-	-	-	-
70750-020	From Third/Outside Party	-	-	-	-	-
70700	Total Fee Revenue	-	-	-	-	-
70800	Other Government Grants	-	-	-	-	-
71100	Investment Income - unrestricted	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-
71310	Cost of Sale of Assets	-	-	-	-	-
71500	Other Revenue	-	714	-	1,627	-
71600	Gain (loss) on the sale of capital assets	-	-	-	-	-
72000	Investment income - restricted	-	516	-	377	-
70000	Total Revenue	-	345,211	-	396,653	-
91100	Administrative salaries	-	87,513	-	111,717	-
91200	Auditing fees	-	3,059	-	2,898	-
91300	Management fees	-	-	-	-	-
91300-010	To PHA Administered Program	-	453,452	-	121,263	-
91300-020	To a Third Party/Outside Entity	-	-	-	-	-
91310	Book-keeping Fee	-	10,162	-	9,254	-
91400	Advertising and Marketing	-	35	-	33	-
91500	Employee benefit contributions - administrative	-	51,534	-	51,620	-
91600	Office Expenses	-	11,296	-	7,003	-
91700	Legal expense	-	367	-	5,764	-
91800	Travel	-	1,184	-	913	-
91900	Other	-	9,541	-	11,958	-
91000	Total Operating - Administrative	-	628,143	-	322,423	-
92000	Asset Management Fee	-	13,680	-	12,960	-
92100	Tenant services - salaries	-	36,904	-	35,488	-
92200	Relocation costs	-	4,152	-	-	-
92300	Employee benefits	-	15,209	-	13,894	-
92400	Tenant services - other	-	124,752	-	118,982	-
92500	Total Tenant Services	-	181,017	-	168,364	-
93100	Water	-	42,371	-	29,718	-
93200	Electricity	-	22,684	-	14,755	-
93300	Gas	-	17,853	-	391	-
93400	Fuel	-	-	-	-	-
93600	Sewer	-	65,138	-	74,914	-
93800	Other utilities expense	-	59,607	-	40,846	-
93000	Total Utilities	-	207,653	-	160,624	-
94100	Ordinary maintenance and operations - labor	-	127,412	-	124,991	-
94200	Ordinary maintenance and operations - material and other	-	50,003	-	51,211	-
94300	Ordinary maintenance and operations - contracts	-	68,812	-	65,806	-
94500	Employee benefit contributions - ordinary maintenance	-	51,188	-	51,290	-
94000	Total Maintenance	-	297,415	-	293,297	-
95200	Other contract costs	-	-	-	-	-
95000	Total Protective Services	-	-	-	-	-
96110	Property Insurance	-	10,230	-	6,649	-
96120	Liability Insurance	-	7,032	-	6,215	-
96130	Workmen's compensation	-	7,630	-	6,733	-
96100	Total Insurance Premiums	-	24,892	-	19,597	-

**Housing Authority of the County of King**  
**Financial Data Schedule (FDS)**  
Statement of Revenues, Expenses, and Changes in Net Position  
For the 12 Month Period Ending December 31 , 2014

Line Item #	Account Description	Nia WA002000355	Valli Kee Homes WA002000401	Springwood Apartments WA002000402	Cascade Apartments WA002000403	Mardis Gras II WA002000450
96200	Other General Expenses	-	-	-	-	-
96210	Compensated absences	-	33,674	-	21,437	-
96300	Payments in lieu of taxes	-	16,315	-	16,928	-
96400	Bad debt - tenant rents	-	-	-	-	-
96500	Bad debt- mortgages	-	-	-	-	-
96600	Bad debt - other	-	-	-	-	-
96800	Severance expense	-	-	-	-	-
96000	Total Other General Expenses	-	49,989	-	38,365	-
96710	Interest on mortgage (or bonds) payable	-	-	-	-	-
96720	Interest on notes payable (short and long term)	-	3,053	-	3,967	-
96730	Amortization of bond issue costs	-	-	-	-	-
96700	Total interest expense and amortization cost	-	3,053	-	3,967	-
96900	Total Operating Expenses	-	1,405,842	-	1,019,597	-
97000	Excess Operating Revenue over Operating Expenses	-	(1,060,631)	-	(622,944)	-
97200	Casualty losses - non-capitalized	-	-	-	-	-
97300	Housing assistance payments	-	-	-	-	-
97350	HAP Portability-In	-	-	-	-	-
97400	Depreciation expense	-	376,907	-	194,720	-
90000	Total Expenses	-	1,782,749	-	1,214,317	-
10010	Operating transfers in	-	5,681,298	-	1,027,479	-
10020	Operating transfers out	-	(475,079)	(25,464)	(40,553)	-
10100	Total Other Financing Sources	-	5,206,219	(25,464)	986,926	-
10000	Excess (Deficiency) Of Total Revenue Over (Under) Total Expenses	\$ -	\$ 3,768,681	\$ (25,464)	\$ 169,262	\$ -
11020	Required annual debt principal payments	-	-	-	23,833	-
11030	Beginning of year equity	4,366,035	11,265,346	25,464	11,634,487	2,600,115
11040	Prior period adjustments, equity transfers	(4,366,035)	-	-	-	(2,600,115)
11170	Administrative Fee Equity	-	-	-	-	-
11180	Housing Assistance Fee Equity	-	-	-	-	-
11190	Unit Months Available	-	1,223	-	1,284	-
11210	Number of unit months leased	-	1,083	-	1,233	-
11270	Excess cash	-	330,198	-	236,188	-
11620	Building Purchases	-	522,122	-	14,781	-

**Housing Authority of the County of King**  
**Financial Data Schedule (FDS)**  
Statement of Revenues, Expenses, and Changes in Net Position  
For the 12 Month Period Ending December 31 , 2014

Line		Firwood	Burndale	Wayland	Plaza	Southridge
Item #	Account Description	Circle	Homes	Arms	Seventeen II	House
		WA002000503	WA002000504	WA002000550	WA002000551	WA002000552
70300	Net tenant rental revenue	\$ 214,858	\$ 242,160	\$ 166,043	\$ -	\$ 181,639
70400	Tenant revenue - other	6,399	5,358	3,834	-	4,088
70500	Total tenant revenue	221,257	247,518	169,877	-	185,727
70600	HUD PHA Operating Grants	-	-	-	-	-
70610	Capital Grants	-	-	-	-	-
70710	Management Fee	-	-	-	-	-
70720	Asset Management Fee	-	-	-	-	-
70730	Book-keeping Fee	-	-	-	-	-
70750	Other Fees	-	-	-	-	-
70750-010	From PHA Administered Program	-	-	-	-	-
70750-020	From Third/Outside Party	-	-	-	-	-
70700	Total Fee Revenue	-	-	-	-	-
70800	Other Government Grants	-	-	-	-	-
71100	Investment Income - unrestricted	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-
71310	Cost of Sale of Assets	-	-	-	-	-
71500	Other Revenue	381	414	922	-	14,855
71600	Gain (loss) on the sale of capital assets	-	-	-	-	-
72000	Investment income - restricted	353	263	241	-	297
70000	Total Revenue	221,991	248,195	171,040	-	200,879
91100	Administrative salaries	34,943	26,292	27,408	-	39,083
91200	Auditing fees	1,342	1,342	1,798	-	2,147
91300	Management fees	-	-	-	-	-
91300-010	To PHA Administered Program	57,789	91,262	63,176	-	76,767
91300-020	To a Third Party/Outside Entity	-	-	-	-	-
91310	Book-keeping Fee	4,462	4,478	6,030	-	7,185
91400	Advertising and Marketing	15	15	20	-	24
91500	Employee benefit contributions - administrative	22,495	21,428	16,246	-	25,090
91600	Office Expenses	3,998	2,944	2,512	-	3,660
91700	Legal expense	266	183	1,178	-	459
91800	Travel	433	231	967	-	1,473
91900	Other	20,386	14,546	7,050	-	11,256
91000	Total Operating - Administrative	146,128	162,721	126,385	-	167,143
92000	Asset Management Fee	6,000	6,000	8,040	-	9,600
92100	Tenant services - salaries	11,863	11,057	32,788	-	44,029
92200	Relocation costs	1,861	-	-	-	3,421
92300	Employee benefits	3,468	3,468	14,221	-	16,184
92400	Tenant services - other	89,163	133,658	2,078	-	2,105
92500	Total Tenant Services	106,355	148,183	49,087	-	65,739
93100	Water	17,231	22,140	8,529	-	22,810
93200	Electricity	7,000	10,172	9,343	-	21,688
93300	Gas	20,008	25,977	15,165	-	10,779
93400	Fuel	-	-	-	-	-
93600	Sewer	35,048	40,923	20,392	-	10,233
93800	Other utilities expense	29,711	29,726	11,879	-	8,784
93000	Total Utilities	108,998	128,938	65,308	-	74,294
94100	Ordinary maintenance and operations - labor	53,429	54,241	48,930	-	76,137
94200	Ordinary maintenance and operations - material and other	22,057	15,583	11,636	-	20,216
94300	Ordinary maintenance and operations - contracts	46,691	21,613	55,585	-	69,917
94500	Employee benefit contributions - ordinary maintenance	22,343	21,276	16,042	-	24,842
94000	Total Maintenance	144,519	112,712	132,193	-	191,111
95200	Other contract costs	-	-	-	-	-
95000	Total Protective Services	-	-	-	-	-
96110	Property Insurance	2,808	3,433	2,757	-	3,366
96120	Liability Insurance	3,099	3,067	3,638	-	3,906
96130	Workmen's compensation	2,462	2,725	2,219	-	3,144
96100	Total Insurance Premiums	8,369	9,225	8,614	-	10,416

**Housing Authority of the County of King**  
**Financial Data Schedule (FDS)**  
Statement of Revenues, Expenses, and Changes in Net Position  
For the 12 Month Period Ending December 31 , 2014

Line Item #	Account Description	Firwood Circle WA002000503	Burndale Homes WA002000504	Wayland Arms WA002000550	Plaza Seventeen II WA002000551	Southridge House WA002000552
96200	Other General Expenses	-	12,090	-	-	-
96210	Compensated absences	18,891	25,189	14,675	-	13,368
96300	Payments in lieu of taxes	5,843	5,594	5,852	-	-
96400	Bad debt - tenant rents	-	-	-	-	-
96500	Bad debt- mortgages	-	-	-	-	-
96600	Bad debt - other	-	-	-	-	-
96800	Severance expense	-	-	-	-	-
96000	Total Other General Expenses	24,734	42,873	20,527	-	13,368
96710	Interest on mortgage (or bonds) payable	-	-	-	-	-
96720	Interest on notes payable (short and long term)	1,879	1,939	1,163	-	1,014
96730	Amortization of bond issue costs	-	-	-	-	-
96700	Total interest expense and amortization cost	1,879	1,939	1,163	-	1,014
96900	Total Operating Expenses	546,983	612,591	411,317	-	532,685
97000	Excess Operating Revenue over Operating Expenses	(324,992)	(364,396)	(240,277)	-	(331,806)
97200	Casualty losses - non-capitalized	-	-	-	-	-
97300	Housing assistance payments	-	-	-	-	-
97350	HAP Portability-In	-	-	-	-	-
97400	Depreciation expense	128,065	101,400	88,667	-	244,451
90000	Total Expenses	675,048	713,991	499,984	-	777,136
10010	Operating transfers in	412,120	981,248	399,346	-	399,549
10020	Operating transfers out	(71,224)	(2,187)	(5,316)	-	(53,497)
10100	Total Other Financing Sources	340,896	979,061	394,030	-	346,052
10000	Excess (Deficiency) Of Total Revenue Over (Under) Total Expenses	\$ (112,161)	\$ 513,265	\$ 65,086	\$ -	\$ (230,205)
11020	Required annual debt principal payments	11,289	11,648	6,989	-	6,093
11030	Beginning of year equity	4,193,888	3,642,713	4,806,009	2,840,866	5,512,760
11040	Prior period adjustments, equity transfers	-	-	(1,550,040)	(2,840,866)	-
11170	Administrative Fee Equity	-	-	-	-	-
11180	Housing Assistance Fee Equity	-	-	-	-	-
11190	Unit Months Available	600	600	1,224	-	958
11210	Number of unit months leased	591	588	1,207	-	949
11270	Excess cash	127,340	205,263	59,406	-	114,419
11620	Building Purchases	6,840	6,840	9,169	-	10,950

**Housing Authority of the County of King**  
**Financial Data Schedule (FDS)**  
Statement of Revenues, Expenses, and Changes in Net Position  
For the 12 Month Period Ending December 31, 2014

Line Item #	Account Description	Casa Madrona II WA002000553			TOTAL AUTHORITY	COMPONENT UNITS - DISCRETELY PRESENTED
			SUBTOTAL	Elimination		
70300	Net tenant rental revenue	\$ -	\$ 53,304,738	\$ -	\$ 53,304,738	\$ 19,159,890
70400	Tenant revenue - other	-	1,581,769	-	1,581,769	356,292
70500	Total tenant revenue	-	54,886,507	-	54,886,507	19,516,182
70600	HUD PHA Operating Grants	-	121,182,840	-	121,182,840	-
70610	Capital Grants	-	996,480	-	996,480	-
70710	Management Fee	-	4,849,473	(4,849,473)	-	-
70720	Asset Management Fee	-	799,716	(799,716)	-	-
70730	Book-keeping Fee	-	1,391,878	(1,391,878)	-	-
70750	Other Fees	-	-	-	-	-
70750-010	From PHA Administered Program	-	-	-	-	-
70750-020	From Third/Outside Party	-	685,014	-	685,014	-
70700	Total Fee Revenue	-	7,726,081	(7,041,067)	685,014	-
70800	Other Government Grants	-	5,010,935	-	5,010,935	-
71100	Investment Income - unrestricted	-	188,216	-	188,216	29,776
71300	Proceeds from disposition of assets held for sale	-	9,669,617	-	9,669,617	-
71310	Cost of Sale of Assets	-	(4,812,744)	-	(4,812,744)	-
71500	Other Revenue	-	37,499,968	(3,046,060)	34,453,908	17,879,507
71600	Gain (loss) on the sale of capital assets	-	(243,584)	-	(243,584)	(310,673)
72000	Investment income - restricted	-	10,609,499	(1,060,006)	9,549,493	785
70000	Total Revenue	-	242,713,815	(11,147,133)	231,566,682	37,115,577
91100	Administrative salaries	-	15,055,686	-	15,055,686	1,237,298
91200	Auditing fees	-	117,020	-	117,020	72,094
91300	Management fees	-	-	-	-	1,090,940
91300-010	To PHA Administered Program	-	4,849,473	(4,849,473)	-	-
91300-020	To a Third Party/Outside Entity	-	1,562,244	-	1,562,244	-
91310	Book-keeping Fee	-	1,391,878	(1,391,878)	-	86,353
91400	Advertising and Marketing	-	215,758	-	215,758	16,123
91500	Employee benefit contributions - administrative	-	6,157,910	-	6,157,910	807,779
91600	Office Expenses	-	1,203,726	-	1,203,726	580,564
91700	Legal expense	-	277,238	-	277,238	27,940
91800	Travel	-	472,440	-	472,440	9,474
91900	Other	-	5,954,710	-	5,954,710	471,180
91000	Total Operating - Administrative	-	37,258,081	(6,241,351)	31,016,730	4,399,745
92000	Asset Management Fee	-	799,716	(799,716)	-	-
92100	Tenant services - salaries	-	1,968,275	-	1,968,275	-
92200	Relocation costs	-	194,745	-	194,745	741
92300	Employee benefits	-	762,704	-	762,704	-
92400	Tenant services - other	-	3,922,894	-	3,922,894	987
92500	Total Tenant Services	-	6,848,618	-	6,848,618	1,728
93100	Water	-	1,862,159	-	1,862,159	804,397
93200	Electricity	-	991,851	-	991,851	340,872
93300	Gas	-	164,037	-	164,037	142,505
93400	Fuel	-	10,112	-	10,112	-
93600	Sewer	-	2,910,285	-	2,910,285	937,355
93800	Other utilities expense	-	2,048,832	-	2,048,832	617,465
93000	Total Utilities	-	7,987,276	-	7,987,276	2,842,594
94100	Ordinary maintenance and operations - labor	-	5,572,553	-	5,572,553	1,458,278
94200	Ordinary maintenance and operations - material and other	-	6,948,991	-	6,948,991	1,032,418
94300	Ordinary maintenance and operations - contracts	-	3,923,939	-	3,923,939	1,731,732
94500	Employee benefit contributions - ordinary maintenance	-	1,345,168	-	1,345,168	235,750
94000	Total Maintenance	-	17,790,651	-	17,790,651	4,458,178
95200	Other contract costs	-	243,634	-	243,634	74,406
95000	Total Protective Services	-	243,634	-	243,634	74,406
96110	Property Insurance	-	449,328	-	449,328	410,695
96120	Liability Insurance	-	607,717	-	607,717	67,568
96130	Workmen's compensation	-	393,018	-	393,018	-
96100	Total Insurance Premiums	-	1,450,063	-	1,450,063	478,263

Housing Authority of the County of King  
Financial Data Schedule (FDS)  
Statement of Revenues, Expenses, and Changes in Net Position  
For the 12 Month Period Ending December 31 , 2014

Line Item #	Account Description	Casa Madrona II WA002000553	SUBTOTAL	Elimination	TOTAL AUTHORITY	COMPONENT UNITS - DISCRETELY PRESENTED
96200	Other General Expenses	-	4,929,759	(3,046,060)	1,883,699	2,770,989
96210	Compensated absences	-	2,002,293	-	2,002,293	-
96300	Payments in lieu of taxes	-	156,254	-	156,254	69,553
96400	Bad debt - tenant rents	-	-	-	-	-
96500	Bad debt- mortgages	-	-	-	-	-
96600	Bad debt - other	-	-	-	-	-
96800	Severance expense	-	-	-	-	-
96000	Total Other General Expenses	-	7,088,305	(3,046,060)	4,042,245	2,840,542
96710	Interest on mortgage (or bonds) payable	-	6,846,228	-	6,846,228	1,948,653
96720	Interest on notes payable (short and long term)	-	4,803,475	(1,060,006)	3,743,469	5,808,382
96730	Amortization of bond issue costs	-	-	-	-	-
96700	Total interest expense and amortization cost	-	11,649,703	(1,060,006)	10,589,697	7,757,035
96900	Total Operating Expenses	-	91,116,048	(11,147,133)	79,968,915	22,852,491
97000	Excess Operating Revenue over Operating Expenses	-	151,597,767	-	151,597,767	14,263,086
97200	Casualty losses - non-capitalized	-	304,355	-	304,355	81,338
97300	Housing assistance payments	-	87,736,411	-	87,736,411	-
97350	HAP Portability-In	-	26,435,029	-	26,435,029	-
97400	Depreciation expense	-	10,172,786	-	10,172,786	11,986,340
90000	Total Expenses	-	215,764,629	(11,147,133)	204,617,496	34,920,169
10010	Operating transfers in	-	195,841,242	(195,841,242)	-	-
10020	Operating transfers out	-	(195,841,242)	195,841,242	-	-
10100	Total Other Financing Sources	-	0	-	0	-
10000	Excess (Deficiency) Of Total Revenue Over (Under) Total Expenses	\$ -	\$ 26,949,189	\$ -	\$ 26,949,189	\$ 2,195,407
11020	Required annual debt principal payments	-	20,286,073	-	20,286,073	14,400,449
11030	Beginning of year equity	3,004,270	461,595,802	-	461,595,802	106,082,248
11040	Prior period adjustments, equity transfers	(3,004,270)	-	-	-	(6,284,902)
11170	Administrative Fee Equity	-	71,233	-	71,233	-
11180	Housing Assistance Fee Equity	-	333,864	-	333,864	-
11190	Unit Months Available	-	164,349	-	164,349	22,356
11210	Number of unit months leased	-	164,576	-	164,576	22,043
11270	Excess cash	-	2,388,176	-	2,388,176	-
11620	Building Purchases	-	847,723	-	847,723	-

# Actual Modernization Cost Certificate

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

OMB 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:

HA COUNTY OF KING

Modernization Project Number:

WA00200010109E

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	\$ 281,145.00
B. Funds Disbursed	\$ 281,145.00
C. Funds Expended (Actual Modernization Cost)	\$ 281,145.00
D. Amount to be Recaptured (A-C)	\$ 0.00
E. Excess of Funds Disbursed (B-C)	\$ 0.00

2. That all modernization work in connection with the Modernization Grant has been completed;

3. That the entire Actual Modernization Cost or liabilities therefor incurred by the HA have been fully paid;

4. That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work; and

5. That the time in which such liens could be filed has expired.

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

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

Signature of Executive Director & Date:

X



2/20/2014

For HUD Use Only

The Cost Certificate is approved for audit:

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

Date:

X



09.15.2014

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official)

Date:

X

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

Date:

X

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



# Actual Modernization Cost Certificate

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

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

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

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HA Name: <b>HA COUNTY OF KING</b>	Modernization Project Number: <b>WA00200015209R</b>
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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	\$ 1,706,245.00
B. Funds Disbursed	\$ 1,706,245.00
C. Funds Expended (Actual Modernization Cost)	\$ 1,706,245.00
D. Amount to be Recaptured (A-C)	\$ 0.00
E. Excess of Funds Disbursed (B-C)	\$ 0.00

2. That all modernization work in connection with the Modernization Grant has been completed;

3. That the entire Actual Modernization Cost or liabilities therefor incurred by the HA have been fully paid;

4. That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work; and

5. That the time in which such liens could be filed has expired.

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

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

Signature of Executive Director & Date:

X



2/20/2014

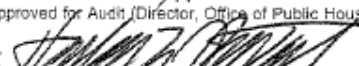
For HUD Use Only

The Cost Certificate is approved for audit:

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

Date:

X



10/15/2014

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official)

Date:

X

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

Date:

X

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

# Actual Modernization Cost Certificate

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

OMB 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: <b>HA COUNTY OF KING</b>	Modernization Project Number: <b>WA00200015309E</b>
--------------------------------------	--

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

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

A. Original Funds Approved	\$ 841,805.00
B. Funds Disbursed	\$ 841,805.00
C. Funds Expended (Actual Modernization Cost)	\$ 841,805.00
D. Amount to be Recaptured (A-C)	\$ 0.00
E. Excess of Funds Disbursed (B-C)	\$ 0.00

2. That all modernization work in connection with the Modernization Grant has been completed;

3. That the entire Actual Modernization Cost or liabilities therefor incurred by the HA have been fully paid;

4. That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work; and

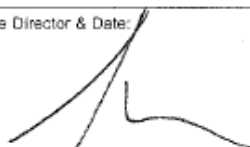
5. That the time in which such liens could be filed has expired.

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

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

Signature of Executive Director & Date:

X



1/20/2014

For HUD Use Only

The Cost Certificate is approved for audit:

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

X



Date:

01/15/2014

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official)

X

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

X

Date:

Date:

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

# Actual Modernization Cost Certificate

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

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

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

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HA Name: <b>HA COUNTY OF KING</b>	Modernization Project Number: <b>WA00200020109R</b>
--------------------------------------	--

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

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

A. Original Funds Approved	\$ 1,504,784.00
B. Funds Disbursed	\$ 1,504,784.00
C. Funds Expended (Actual Modernization Cost)	\$ 1,504,784.00
D. Amount to be Recaptured (A-C)	\$ 0.00
E. Excess of Funds Disbursed (B-C)	\$ 0.00

2. That all modernization work in connection with the Modernization Grant has been completed;

3. That the entire Actual Modernization Cost or liabilities therefor incurred by the HA have been fully paid;

4. That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work; and

5. That the time in which such liens could be filed has expired.

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

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Signature of Executive Director & Date:

X  12/20/2014

For HUD Use Only

The Cost Certificate is approved for audit:

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

X  Date: 09.15.2014

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official)

X Date:

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

X Date:

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

# Actual Modernization Cost Certificate

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

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

Comprehensive Improvement Assistance Program (CIAP)  
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HA Name: <b>HA COUNTY OF KING</b>	Modernization Project Number: <b>WA00200020309E</b>
--------------------------------------	--

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

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

A. Original Funds Approved	\$ 138,915.00
B. Funds Disbursed	\$ 138,915.00
C. Funds Expended (Actual Modernization Cost)	\$ 138,915.00
D. Amount to be Recaptured (A-C)	\$ 0.00
E. Excess of Funds Disbursed (B-C)	\$ 0.00

2. That all modernization work in connection with the Modernization Grant has been completed;

3. That the entire Actual Modernization Cost or liabilities therefor incurred by the HA have been fully paid;

4. That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work; and

5. That the time in which such liens could be filed has expired.

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

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

Signature of Executive Director & Date:

X 

2/20/2014

For HUD Use Only

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

X 

Date:

09/15/2014

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Verified: (Designated HUD Official)

X

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

X

Date:

Date:

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



# Actual Modernization Cost Certificate

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

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

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HA Name:

HA COUNTY OF KING

Modernization Project Number:

WA00200020709E

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	\$ 82,610.00
B. Funds Disbursed	\$ 82,610.00
C. Funds Expended (Actual Modernization Cost)	\$ 82,610.00
D. Amount to be Recaptured (A-C)	\$ 0.00
E. Excess of Funds Disbursed (B-C)	\$ 0.00

2. That all modernization work in connection with the Modernization Grant has been completed;

3. That the entire Actual Modernization Cost or liabilities therefor incurred by the HA have been fully paid;

4. That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work; and

5. That the time in which such liens could be filed has expired.

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Signature of Executive Director & Date:

X



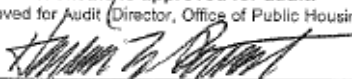
2/20/2014

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X



Date:

09.15.2014

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Verified: (Designated HUD Official)

X

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

Date:

Date:

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

# Actual Modernization Cost Certificate

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

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

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HA Name: HA COUNTY OF KING Modernization Project Number: WA00200025109E

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	\$ 495,660.00
B. Funds Disbursed	\$ 495,660.00
C. Funds Expended (Actual Modernization Cost)	\$ 495,660.00
D. Amount to be Recaptured (A-C)	\$ 0.00
E. Excess of Funds Disbursed (B-C)	\$ 0.00

2. That all modernization work in connection with the Modernization Grant has been completed;

3. That the entire Actual Modernization Cost or liabilities therefor incurred by the HA have been fully paid;

4. That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work; and

5. That the time in which such liens could be filed has expired.

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

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

Signature of Executive Director & Date:

X



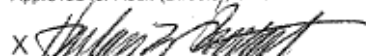
2/20/2014

For HUD Use Only

The Cost Certificate is approved for audit:

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

Date:

X 

09.15.2014

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official)

Date:

X

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

Date:

X

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

# Actual Modernization Cost Certificate

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

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

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

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HA Name:

HA COUNTY OF KING

Modernization Project Number:

WA00200035009R

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	\$ 1,467,312.00
B. Funds Disbursed	\$ 1,467,312.00
C. Funds Expended (Actual Modernization Cost)	\$ 1,467,312.00
D. Amount to be Recaptured (A-C)	\$ 0.00
E. Excess of Funds Disbursed (B-C)	\$ 0.00

2. That all modernization work in connection with the Modernization Grant has been completed;

3. That the entire Actual Modernization Cost or liabilities therefor incurred by the HA have been fully paid;

4. That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work; and

5. That the time in which such liens could be filed has expired.

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

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

Signature of Executive Director & Date:

X



2/20/2014

For HUD Use Only

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

Date:

X



09.15.2014

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Verified: (Designated HUD Official)

Date:

X

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

Date:

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

# Actual Modernization Cost Certificate

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

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

Comprehensive Improvement Assistance Program (CIAP)  
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HA Name: HA COUNTY OF KING	Modernization Project Number: WA00200035209E
-------------------------------	---

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	\$ 495,660.00
B. Funds Disbursed	\$ 495,660.00
C. Funds Expended (Actual Modernization Cost)	\$ 495,660.00
D. Amount to be Recaptured (A-C)	\$ 0.00
E. Excess of Funds Disbursed (B-C)	\$ 0.00

2. That all modernization work in connection with the Modernization Grant has been completed;

3. That the entire Actual Modernization Cost or liabilities therefor incurred by the HA have been fully paid;

4. That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work; and

5. That the time in which such liens could be filed has expired.

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Signature of Executive Director & Date:

X  2/20/2014

For HUD Use Only

The Cost Certificate is approved for audit:

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

X  Date: 09.15.2014

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official)

X Date:

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

X Date:

form HUD-53001 (10/96)  
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# Actual Modernization Cost Certificate

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

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

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HA Name:

HA COUNTY OF KING

Modernization Project Number:

WA00200035409E

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	\$ 743,440.00
B. Funds Disbursed	\$ 743,440.00
C. Funds Expended (Actual Modernization Cost)	\$ 743,440.00
D. Amount to be Recaptured (A-C)	\$ 0.00
E. Excess of Funds Disbursed (B-C)	\$ 0.00

2. That all modernization work in connection with the Modernization Grant has been completed;

3. That the entire Actual Modernization Cost or liabilities therefor incurred by the HA have been fully paid;

4. That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work; and

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Signature of Executive Director & Date:

X



2/20/2014

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Date:

X



09/15/2014

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official)

Date:

X

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

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HA Name: HA COUNTY OF KING Modernization Project Number: WA00200040109E

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	\$ 355,440.00
B. Funds Disbursed	\$ 355,440.00
C. Funds Expended (Actual Modernization Cost)	\$ 355,440.00
D. Amount to be Recaptured (A-C)	\$ 0.00
E. Excess of Funds Disbursed (B-C)	\$ 0.00

2. That all modernization work in connection with the Modernization Grant has been completed;

3. That the entire Actual Modernization Cost or liabilities therefor incurred by the HA have been fully paid;

4. That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work; and

5. That the time in which such liens could be filed has expired.

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

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

Signature of Executive Director & Date:

X

For HUD Use Only

The Cost Certificate is approved for audit:

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

X

Date:

09/15/2014

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official)

Date:

X

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

Date:

X

form HUD-53001 (10/98)  
ref Handbooks 7485.1 & 3

# Actual Modernization Cost Certificate

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

OMB Approval No. 2577-0157 (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: <b>HA COUNTY OF KING</b>	Modernization Project Number: <b>WA00200040309E</b>
--------------------------------------	--

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

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

A. Original Funds Approved	\$ 165,220.00
B. Funds Disbursed	\$ 165,220.00
C. Funds Expended (Actual Modernization Cost)	\$ 165,220.00
D. Amount to be Recaptured (A-C)	\$ 0.00
E. Excess of Funds Disbursed (B-C)	\$ 0.00

2. That all modernization work in connection with the Modernization Grant has been completed;

3. That the entire Actual Modernization Cost or liabilities therefor incurred by the HA have been fully paid;

4. That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work; and

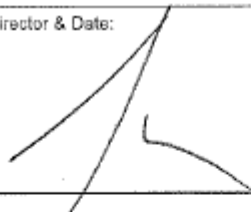
5. That the time in which such liens could be filed has expired.

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

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

Signature of Executive Director & Date:

X



2/20/2014

For HUD Use Only

The Cost Certificate is approved for audit:

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

X



Date:

09/15/2014

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official)

X

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

Date:

Date:

X

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

# Actual Modernization Cost Certificate

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

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

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

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HA Name: <b>HA COUNTY OF KING</b>	Modernization Project Number: <b>WA00200045109E</b>
--------------------------------------	--

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

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

A. Original Funds Approved	\$ 253,935.00
B. Funds Disbursed	\$ 253,935.00
C. Funds Expended (Actual Modernization Cost)	\$ 253,935.00
D. Amount to be Recaptured (A-C)	\$ 0.00
E. Excess of Funds Disbursed (B-C)	\$ 0.00

2. That all modernization work in connection with the Modernization Grant has been completed;

3. That the entire Actual Modernization Cost or liabilities therefor incurred by the HA have been fully paid;

4. That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work; and

5. That the time in which such liens could be filed has expired.

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Signature of Executive Director & Date:

X

For HUD Use Only

The Cost Certificate is approved for audit:

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

X

Date:

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official)

Date:

X

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

Date:

X

form HUD-53001 (10/95)  
ref Handbooks 7485.1 & 3



# Actual Modernization Cost Certificate

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

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

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Comprehensive Grant Program (CGP)

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HA Name: HA COUNTY OF KING Modernization Project Number: WA00200050509E

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	\$ 82,610.00
B. Funds Disbursed	\$ 82,610.00
C. Funds Expended (Actual Modernization Cost)	\$ 82,610.00
D. Amount to be Recaptured (A-C)	\$ 0.00
E. Excess of Funds Disbursed (B-C)	\$ 0.00

2. That all modernization work in connection with the Modernization Grant has been completed;

3. That the entire Actual Modernization Cost or liabilities therefor incurred by the HA have been fully paid;

4. That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work; and

5. That the time in which such liens could be filed has expired.

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Signature of Executive Director & Date:

X

For HUD Use Only

The Cost Certificate is approved for audit:

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

X

Date:

09/15/2014

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official)

X

Date:

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

Date:

X

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

# Actual Modernization Cost Certificate

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

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

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Comprehensive Grant Program (CGP)

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HA Name: HA COUNTY OF KING	Modernization Project Number: WA00200055009E
-------------------------------	---

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	\$ 247,830.00
B. Funds Disbursed	\$ 247,830.00
C. Funds Expended (Actual Modernization Cost)	\$ 247,830.00
D. Amount to be Recaptured (A-C)	\$ 0.00
E. Excess of Funds Disbursed (B-C)	\$ 0.00

2. That all modernization work in connection with the Modernization Grant has been completed;

3. That the entire Actual Modernization Cost or liabilities therefor incurred by the HA have been fully paid;

4. That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work; and

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Signature of Executive Director & Date:

X  1/20/2014

For HUD Use Only

The Cost Certificate is approved for audit:

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

X 

Date:

09.15.2014

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official)

X

Date:

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

X

Date:

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

# Actual Modernization Cost Certificate

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

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

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HA Name: <b>HA COUNTY OF KING</b>	Modernization Project Number: <b>WA00200055209E</b>
--------------------------------------	--

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

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

A. Original Funds Approved	\$ 495,660.00
B. Funds Disbursed	\$ 495,660.00
C. Funds Expended (Actual Modernization Cost)	\$ 495,660.00
D. Amount to be Recaptured (A-C)	\$ 0.00
E. Excess of Funds Disbursed (B-C)	\$ 0.00

2. That all modernization work in connection with the Modernization Grant has been completed;

3. That the entire Actual Modernization Cost or liabilities therefor incurred by the HA have been fully paid;

4. That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work; and

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Signature of Executive Director & Date:

X



1/20/2014

For HUD Use Only

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

X



Date:

1/15/2014

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official)

X

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

X

Date:

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

## ABOUT THE STATE AUDITOR'S OFFICE

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

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

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

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

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

Contact information for the State Auditor's Office	
<b>Deputy Director for Communications</b>	Thomas Shapley <a href="mailto:Thomas.Shapley@sao.wa.gov">Thomas.Shapley@sao.wa.gov</a> (360) 902-0367
<b>Public Records requests</b>	(360) 725-5617
<b>Main telephone</b>	(360) 902-0370
<b>Toll-free Citizen Hotline</b>	(866) 902-3900
<b>Website</b>	<a href="http://www.sao.wa.gov">www.sao.wa.gov</a>





# Washington State Auditor's Office

Independence • Respect • Integrity

## Accountability Audit Report

# Housing Authority of the County of King (King County Housing Authority)

For the period January 1, 2014 through December 31, 2014

Published November 5, 2015

Report No. 1015501





## Washington State Auditor's Office

November 5, 2015

Board of Commissioners  
Housing Authority of the County of King  
Tukwila, Washington

### Report on Accountability

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The State Auditor's Office takes seriously our role of providing state and local governments with assurance and accountability as the independent auditor of public accounts. In this way, we strive to help government work better, cost less, deliver higher value and earn greater public trust.

Independent audits provide essential accountability and transparency for Housing Authority operations. This information is valuable to management, the governing body and public stakeholders when assessing the government's stewardship of public resources.

The attached comprises our report on the Housing Authority's compliance and safeguarding of public resources. Our independent audit report describes the overall results and conclusions for areas we examined. We appreciate the opportunity to work with your staff and we value your cooperation during the audit.

Sincerely,

A handwritten signature in blue ink, reading "Jan M. Jutte".

JAN M. JUTTE, CPA, CGFM  
ACTING STATE AUDITOR  
OLYMPIA, WA

## TABLE OF CONTENTS

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About The State Auditor's Office .....	7

## AUDIT SUMMARY

### Results in brief

In the areas we audited, Housing Authority operations complied with applicable requirements and provided adequate safeguarding of public resources. The Housing Authority also complied with state laws and regulations and its own policies and procedures in the areas we examined.

### About the audit

This report contains the results of our independent accountability audit of the Housing Authority of the County of King from January 1, 2014 through December 31, 2014.

Management is responsible for ensuring compliance and adequate safeguarding of public resources from fraud, loss or abuse. This includes the design, implementation and maintenance of internal controls relevant to these objectives.

Our audit involved performing procedures to obtain evidence about the Housing Authority's uses of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters.

In keeping with general auditing practices, we do not examine every transaction, activity or area. Instead, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. The following areas were examined during this audit period:

- Loss reporting
- Sub leasing of housing units
- Credit cards and accounts
- Property management billing and cash receipting
- Procurement (bidding/prevaling wage)
- General disbursements
- Bond compliance
- Low income tenant requirements
- Payroll disbursements
- Financial condition
- Credit cards and accounts
- Investments
- Tenant revenues
- Information technology/data security

## RELATED REPORTS

### **Financial**

Our opinion on the Housing Authority's financial statements and compliance with federal grant program requirements is provided in a separate report issued in September 2015, which includes the Housing Authority's financial statements. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

### **Federal grant programs**

We evaluated internal controls and tested compliance with the federal program requirements, as applicable, for the Housing Authority's major federal program, which is listed in the Federal Summary section of the financial statement and single audit report issued in September 2015. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

## INFORMATION ABOUT THE HOUSING AUTHORITY

The Housing Authority of the County of King, doing business as King County Housing Authority, was created in 1939 in response to the Federal Housing Act of 1937. The Housing Authority's jurisdiction encompasses an area exceeding 2,134 square miles throughout King County, except within the cities of Seattle and Renton, which have their own housing authorities. The Housing Authority operates out of a central office in Tukwila and several other offices throughout the county.

The Housing Authority's purpose is to provide housing assistance to low-income households. A five-member Board of Commissioners governs the Housing Authority. Commissioners are appointed by the King County Executive and confirmed by the King County Council to serve five-year terms. The Board appoints management to oversee the Housing Authority's daily operations as well as its approximately 360 employees. For fiscal year 2014, the Housing Authority operated on an annual budget of approximately \$211.7 million.

Contact information related to this report	
Address:	Housing Authority of the County of King 600 Andover Park West Tukwila, WA 98188-3326
Contact:	Craig Violante, Director of Finance
Telephone:	(206) 574-1274
Website:	<a href="http://www.kcha.org">www.kcha.org</a>

*Information current as of report publish date.*

### Audit history

You can find current and past audit reports for the Housing Authority of the County of King at <http://portal.sao.wa.gov/ReportSearch>.

## ABOUT THE STATE AUDITOR'S OFFICE

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<b>Public Records requests</b>	<a href="mailto:PublicRecords@sao.wa.gov">PublicRecords@sao.wa.gov</a>
<b>Main telephone</b>	(360) 902-0370
<b>Toll-free Citizen Hotline</b>	(866) 902-3900
<b>Website</b>	<a href="http://www.sao.wa.gov">www.sao.wa.gov</a>

**THE HOUSING AUTHORITY OF THE COUNTY OF KING**

**RESOLUTION NO. 5516**

**ACKNOWLEDGING RECEIPT OF THE POST AUDIT REPORTS FOR  
THE PERIOD JANUARY 1, 2014 THROUGH DECEMBER 31, 2014**

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**WHEREAS**, the State of Washington, Office of the State Auditor, Division of Audit Services, has conducted a Fiscal Audit of the Housing Authority of the County of King for the period January 1, 2014 through December 31, 2014 and has transmitted same to the Housing Authority; and

**WHEREAS**, the State of Washington, Office of the State Auditor, Division of Audit Services, has conducted an Accountability Audit of the Housing Authority of the County of King for the period January 1, 2014 through December 31, 2014 and has transmitted same to the Housing Authority; and

**WHEREAS**, a formal acceptance of the Audit is required by the Board of Commissioners; and

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING, THAT;**

Receipt of the official examination, Financial Statements and Federal Single Audit Report No. 1015201 for the period January 1, 2014 through December 31, 2014, and Accountability Audit Report No. 1015501 of the Housing Authority of the County of King for the period January 1, 2014 through December 31, 2014 prepared and transmitted for filing by the State Auditor's Division of Municipal Corporations pursuant to RCW 43.09.260, is hereby acknowledged and formally accepted by the Board of Commissioners of the Housing Authority of the County of King.



**ADOPTED AT THE REGULAR MEETING OF THE BOARD OF  
COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING  
THIS 16<sup>th</sup> DAY OF NOVEMBER 2015.**

**THE HOUSING AUTHORITY OF THE  
COUNTY OF KING, WASHINGTON**

---

**DOUG BARNES**, Chair  
Board of Commissioners

---

**STEPHEN J. NORMAN**  
Secretary-Treasurer

# T A B N U M B E R

6



**To:** Board of Commissioners

**From:** Craig Violante, Director of Finance

**Date:** November 6, 2015

**Re: Resolution No. 5517: Modifications to the King County Housing Authority's Investment Policy**

---

The King County Housing Authority has adopted an Investment Policy for the prudent investment of funds being held in the Authority's accounts, which is amended from time to time by the Board of Commissioners. The Policy was last amended in April of 2012 with the Board's approval of Resolution No. 5376. While Housing Authorities are typically restricted to investing their HUD funds in HUD approved investment instruments, KCHA sought and received HUD approval in 2003 to use its MTW flexibility to enable use of Washington State eligible investment guidelines in considering investment of its funds. Copies of both the HUD and Washington State investment guidelines are attached.

In support of furthering KCHA's mission to expand the supply of affordable housing, as well as to prudently maximize the return on investment of the Authority's available funds, staff is proposing to broaden its Investment Policy to include investments in loans that provide affordable housing as permitted for housing authorities under state law.

### **Background**

One of the main purposes of the investment policy is to set the priority of competing objectives when selecting investments for purchase and to define strict guidelines for such purchases. The order of priorities, as described in the current policy, is:

- Legality of investments
- Safety of principal balances
- Liquidity
- Return on Investments (ROI)

Absent from the current investment policy has been an acknowledgement that investments that support KCHA's mission to increase the region's supply of affordable housing can be a component of the policy.

Revised Code of Washington (RCW) 35.82.070 details the powers granted to housing authorities within the state. One of the powers specifically granted is to "invest any funds held in reserves or sinking funds, or any funds not required for immediate

disbursement, in property or securities in which savings banks may legally invest funds subject to their control”. RCW 32.20.450, in the context of investments allowed for savings banks, details the Legislative Finding regarding the nature of investment risks and returns:

*“The legislature finds there is a shortage of adequate housing in a suitable environment in many parts of this state for people of modest means, which shortage adversely affects the public in general and the mutual savings banks of this state and their depositors. The legislature further finds that the making of loans or investments to alleviate this problem which may provide a less than market rate of return and entail a higher degree of risk than might otherwise be acceptable, will benefit this state, the banks, and their depositors.”*

### **Proposed Changes**

To incorporate both the Legislative Finding and KCHA’s mission focus into the KCHA investment policy, three changes are being proposed.

- 1) In Section 4-Objective (which lists the priority order of investment activities), the following amendment is proposed:

**Safety:** Safety of the principal is the foremost objective of the investment program while also recognizing, in accordance with RCW 32.20.450, that investing in vehicles with a higher degree of risk may be acceptable under certain circumstances. Investments of KCHA shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To obtain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

- 2) In Section 12-Maximum Maturities, a new Exception 5 is proposed:

Exception 5: RCW 35.82.070(6) grants to housing authorities the power to “invest any funds held in reserves or sinking funds, or any funds not required for immediate disbursement, in property or securities in which savings banks may legally invest funds subject to their control”. RCW 32.20.450, in the context of investments allowed by state savings banks, details the Legislative Finding as “The legislature finds there is a shortage of adequate housing in a suitable environment in many parts of this state for people of modest means, which shortage adversely affects the public in general and the mutual savings banks of this state and their depositors. The legislature further finds that the making of loans or investments to alleviate this problem which may provide a less than market rate of return and entail a higher degree of risk than might otherwise be acceptable, will benefit this state, the banks, and their depositors”. Therefore, investments made in accordance with the Legislative Finding as detailed above may have maturities greater than three years.

- 3) In Appendix B, “Washington State Eligible Investments”, a new section is proposed:

To invest any funds held in reserves or sinking funds, or any funds not required for immediate disbursement, in property or securities in which savings banks may legally invest funds subject to their control; to purchase its bonds at a price not more than the principal amount thereof and accrued interest, all bonds so purchased to be canceled.

The first planned investment supported by this new policy would be the investment of up to \$2 million in the Regional Equitable Development Initiative (REDI) Fund, a new investment vehicle with the mission of promoting equitable development within transit communities in the central Puget Sound region. The Enterprise Community Loan Fund (ECLF), a subsidiary of Enterprise Community Partners (ECP), with support from ECP (collectively ECP and ECLF referred to hereafter as Enterprise), will serve as the administrative agent. Enterprise has significant experience in establishing and administering similar funds in other regions of the country. King County, the City of Seattle and A Regional Coalition for Housing (ARCH) are all anticipated to invest in this fund as well.

By financing strategic acquisitions of both land and existing buildings, the Fund will support development and preservation of affordable housing and mixed-use projects that serve both low- and moderate-income households and are located within walking distance of frequent transit service. The fund will include a “top loss” provision, funded by the other government partners that will significantly mitigate the risk potential of this investment for KCHA.

KCHA staff will evaluate the risk potential of all real estate investments carefully and will advise the Board before moving forward with any additional investments.

The entire investment policy, with the proposed changes, is attached.

Staff recommends adoption of Resolution No. 5517.

# **King County Housing Authority**

## **Investment Policy**

### **1. Policy**

It is the policy of the King County Housing Authority to invest public funds in a manner which will provide maximum security with the highest investment return while meeting the daily cash flow demands of KCHA and conforming to all Federal, state and local statutes governing the investment of public funds.

### **2. Scope**

This investment policy applies to all financial assets of KCHA. These funds are accounted for in the Authority's Annual Financial Report and include unrestricted cash and investments held directly by KCHA or by its trustee(s).

### **3. Prudence**

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

### **4. Objective**

The primary objectives, in priority order, of the Authority's investment activities shall be:

- **Legality:** Conforms with all applicable Federal, state and local government requirements.
- **Safety:** Safety of the principal is the foremost objective of the investment program while also recognizing, in accordance with RCW 32.20.450, that investing in vehicles with a higher degree of risk may be acceptable under certain circumstances. Investments of KCHA shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To obtain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

- **Liquidity:** the Authority's investment portfolio will remain sufficiently liquid to enable KCHA to meet all operating requirements that might be reasonably anticipated.
- **Return on Investment:** the Authority's investment portfolio shall be designated with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the Authority's investment risk constraints and the cash flow characteristics of the portfolio.

## **5. Delegation of Authority**

Authority to manage the Authority's investment program is derived from the Board of Commissioners. Management responsibility for the investment program is hereby delegated to the Executive Director who shall establish written procedures for the operation of the investment program consistent with this investment policy. Procedures should include reference to: safekeeping, PSA master repurchase agreements, wire transfer agreements, custody agreements and investment related banking services contracts. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Executive Director. He/she shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

## **6. Ethics and Conflicts of Interest**

Officers and employees involved in the investment process shall refrain from personal business activity that may conflict with the proper execution of the investment program, or may impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the Executive Director or the Board of Commissioners (as appropriate) any material financial interests in financial institutions that conduct business within this jurisdiction, and they shall further disclose any personal financial/investment positions that could be related to the performance of the Authority's portfolio. Employees and officers shall subordinate their personal investment transactions to those of KCHA, particularly with regard to the timing of purchases and sales.

## **7. Authorized Financial Dealers and Institutions**

The Chief Administrative Officer (CAO) will maintain a list of financial institutions authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by credit worthiness. These may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1(uniform net capital rule). No public deposits shall be made except in qualified public

depositories as provided in Chapter 39.58 RCW. All brokers/dealers and financial institutions who desire to do business with KCHA must supply the CAO with the following: annual audited financial statements, quarterly financial statements, proof of National Association of Securities Dealers certification and certification of having read the Authority's investment policy. The CAO will conduct an annual review of the financial condition of firms. A current audited financial statement is required to be on file for each financial institution and broker/dealer with whom KCHA invests.

### **8. Authorized and Suitable Investments**

KCHA is empowered to invest its Federally sourced funds in the Investment Instruments attached to this policy as Appendix A. It is empowered to invest its locally sourced funds in the Investment Instruments listed in RCW 43.84.080 which is attached to this policy as Appendix B.

During the term of the Moving to Work demonstration, KCHA shall be authorized to invest in those instruments outlined in Appendix B for all funds.

### **9. Master Repurchase Agreement**

If repurchase agreements are legal or authorized, a Master Repurchase Agreement must be signed with the bank or dealer.

### **10. Collateralization**

Collateralization is required on repurchase agreements. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be 102% of market value of principal and accrued interest. KCHA chooses to limit collateral to direct U.S. Treasury obligations or agency securities listed in Appendix B.

Collateral will always be held by an independent third party with whom the Authority has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to KCHA and retained. The right of substitution is granted.

### **10. Safekeeping and Custody**

All security transactions, including collateral for repurchase agreements, entered into by KCHA shall be conducted on a delivery-versus-payment (DVP) basis. Securities purchased by the Authority will be delivered against payment and held in a custodial safekeeping account. The CAO will designate a third party custodian and safekeeping receipts will evidence all transactions.



## **11. Diversification**

KCHA will diversify its investments by security type and institution. With the exception of U.S. Treasury securities, investment agreements for trustee held funds, and authorized pools, no more than 15% of the Authority's total investment portfolio will be invested in a single security type or with a single financial institution.

## **12. Maximum Maturities**

Except for the exceptions detailed below, KCHA will not directly invest in securities maturing more than 3 years from the date of purchase.

Exception 1: 50% of the portfolio may be in “step” investments which increase interest payments at pre-determined amounts and times with maturities up to five years, primarily to provide a hedge against future interest rate increases.

Exception 2: An additional 5% of the portfolio may be in investments without step features and with maturities of up to five years.

Exception 3: Investments matched against anticipated cash flow needs may be invested beyond three years and are not included in the limits set forth in Exceptions 1 or 2.

Exception 4: KCHA may collateralize repurchase agreements using longer-dated investments not to exceed 30 years to maturity. Reserve funds may be invested in securities exceeding 30 years if the maturity of such investments are made to coincide as nearly as practical with the expected use of the funds.

Exception 5: RCW 35.82.070(6) grants to housing authorities the power to “invest any funds held in reserves or sinking funds, or any funds not required for immediate disbursement, in property or securities in which savings banks may legally invest funds subject to their control”. RCW 32.20.450, in the context of investments allowed by state savings banks, details the Legislative Finding as “The legislature finds there is a shortage of adequate housing in a suitable environment in many parts of this state for people of modest means, which shortage adversely affects the public in general and the mutual savings banks of this state and their depositors. The legislature further finds that the making of loans or investments to alleviate this problem which may provide a less than market rate of return and entail a higher degree of risk than might otherwise be acceptable, will benefit this state, the banks, and their depositors”. Therefore, investments made in accordance with the Legislative Finding as detailed above may have maturities greater than three years.

Exceptions 1 and 2 above apply to the time when investments are made. It is not a violation of this policy if the limits in exceptions 1 and 2 are exceeded due subsequent investments maturing or being called.

### **13. Internal Controls**

The CAO shall establish an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures.

### **14. Performance Standards**

The investment portfolio will be designed to obtain an average rate of return during budgetary and economic cycles, consistent with the investment objectives and cash flow needs. The basis used by the CAO to determine performance levels on KCHA managed, non-investment agreement resources will be the six-month Treasury bill rate.

### **15. Reporting**

Semi-annually, the CAO shall provide the Board of Commissioners with a full report on the performance of the Authority's investments. . These reports shall provide an accurate and complete description of the investment portfolio, its performance versus the established benchmark, and proof of compliance with the investment policy. Reports will include:

- A listing of individual securities held at the end of the reporting period.
- Average life and final maturity of all investments listed.
- Coupon, discount or earnings rate.
- Percentage of the portfolio in each investment category.

### **16. Investment Policy Adoption**

The Authority's investment policy shall be adopted by resolution of the Board of Commissioners. The Board shall review the policy on an annual basis. The Board must approve any modifications.

# Appendix A

## **HUD Approved Investment Instruments <sup>(1)</sup>**

1. Direct Obligations of the Federal Government Backed by the Full Faith and Credit of the United States
  - a. U.S. Treasury Bills
  - b. U.S. Treasury Notes and Bonds
2. Obligations of Federal Government Agencies
  - a. Federal Financing Bank
  - b. Government National Mortgage Association (GNMA), Mortgage-Backed Securities
  - c. GNMA Participation Certificates
  - d. Maritime Administration Merchant Marine Bonds, Notes and Obligations
  - e. Small Business Administration (SBA), Small Business Investment Corporation (SBIC) Debentures
  - f. Tennessee Valley Authority (TVA) Power Bonds and Notes
3. Securities of Government Sponsored Agencies
  - a. Farm Credit Consolidated System Wide Discount Notes
  - b. Federal Farm Credit Bank Consolidated System-wide Bonds
  - c. Federal Home Loan Banks Consolidated Obligations (Bonds, Notes and Discount Notes).
  - d. FHLMC Participation Certificates Guaranteed
  - e. FHMLC Collateralized Mortgage Obligations
  - f. Federal National Mortgage Association Debentures
  - g. FNMA Notes
  - h. FNMA Short Term Discount Notes
  - i. FNMA Capital Debentures
  - j. Student Loan Marketing Associations (SLMA) Obligations
    - (1) Floating Rate and Master Notes
    - (2) The Series E and F Floating Rate Notes
    - (3) Zero Coupon Notes
4. Demand and Savings Deposits
5. Money Market Deposit Accounts
6. Municipal Depository Fund
7. Super NOW Accounts
8. Certificates of Deposit
9. Repurchase Agreements (subject to certain restrictions, see PIH 95-27 for detail)
10. Sweep Accounts
11. Separate Trading of Registered Interest and Principal of Securities
12. Mutual Funds (subject to certain restrictions, see PIH 95-27 for detail)

(1) Reference PIH 95-27 issued May 11, 1995

# Appendix B

## WA State Eligible Investments

### RCW [39.59.020](#):

- Bonds of the State of Washington and any local government in the State of Washington, which bonds have at the time of investment one of the three highest credit ratings of a nationally recognized rating agency.
- General obligation bonds of a state other than the State of Washington and general obligation bonds of a local government of a state other than the State of Washington, which bonds have at the time of investment one of the three highest credit ratings of a nationally recognized rating agency.
- Any investments authorized by law for the Treasurer of the State of Washington or any local government of the State of Washington other than a metropolitan municipal corporation but, except as provided in chapter [39.58](#) RCW, such investments shall not include certificates of deposit of banks or bank branches not located in the State of Washington.

### RCW [35.39.030](#)

- Utility revenue bonds or warrants of any city or town in the State of Washington.
- Bonds or warrants of a local improvement district which are within the protection of the local improvement guaranty fund law.
- In addition to any other investment authority granted by law, the State of Washington and local governments in the State of Washington are authorized to invest their funds and money in their custody or possession, eligible for investment and **subject to the arbitrage provisions of section 148 of the federal internal revenue code** or similar provision concerning the investment of state and local money and funds, in:
  1. Shares of mutual funds with portfolios consisting of only United States government bonds or United States government guaranteed bonds issued by federal agencies with average maturities less than four years, or bonds described in RCW [39.59.020](#) (1) or (2), except that bonds otherwise described in RCW [39.59.020](#) (1) or (2) shall have one of the four highest credit ratings of a nationally recognized rating agency;
  2. Shares of money market funds with portfolios consisting of only bonds of states and local governments or other issuers authorized by law for investment by local governments, which bonds have at the time of investment one of the two highest credit ratings of a nationally recognized rating agency; or,
  3. Shares of money market funds with portfolios consisting of securities otherwise authorized by law for investment by local governments.

**RCW 35.82.070(6):**

To invest any funds held in reserves or sinking funds, or any funds not required for immediate disbursement, in property or securities in which savings banks may legally invest funds subject to their control; to purchase its bonds at a price not more than the principal amount thereof and accrued interest, all bonds so purchased to be canceled.

**RCW 43.84.080:**

- Treasury Bills
- Treasury Bonds
- Federal Home Loan Bank Bonds
- Federal Home Loan Bank Discount Notes
- Federal National Mortgage Association Bonds
- Federal National Mortgage Association Discount Notes
- Federal Farm Credit Banks Consolidated System-Wide Bonds
- Federal Farm Credit Banks Consolidated System-Wide Discount Notes
- Federal Home Loan Mortgage Corporation Bonds
- Federal Home Loan Mortgage Corporation Discount Notes
- Government National Mortgage Association Bonds
- Student Loan Marketing Association Bonds
- Student Loan Marketing Association Discount Notes
- Small Business Administration Bonds
- Export-Import Bank Bonds
- Maritime Administration Bonds
- Obligations of any other government sponsored corporation whose obligations are or may become eligible as collateral for advances to member banks as determined by the board of governors of the federal reserve system.
- Bankers' acceptances purchased on the secondary market.
- Commercial paper: provided that the Treasurer shall adhere to the investment policies and procedures adopted by the State Investment Board.

- State, county, municipal, or school district bonds, or in warrants of taxing districts of the state. Such bonds and warrants shall be only those found to be within the limit of indebtedness prescribed by law for the taxing district issuing them and to be general obligations.
- Motor vehicle fund warrants when authorized by agreement between the State Treasurer and the department of transportation requiring repayment of invested funds from any moneys in the motor vehicle fund available for state highway construction.

**THE HOUSING AUTHORITY OF THE COUNTY OF KING**

**RESOLUTION NO. 5517**

**A RESOLUTION AUTHORIZING A CHANGE TO THE KING COUNTY  
HOUSING AUTHORITY INVESTMENT POLICY**

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**WHEREAS**, it is in the best interests of the King County Housing Authority to invest excess funds in a prudent and fiscally responsible manner

**WHEREAS**, The Board of Commissioners previously adopted a written Investment Policy; and

**WHEREAS**, any changes to the Investment Policy requires Board authorization, and;

**NOW THEREFORE, BE IT RESOLVED, BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING, THAT:**

The Board of Commissioners hereby authorizes the changes in the King County Housing Authority Investment Policy as highlighted in the attached document.

**ADOPTED AT A MEETING OF THE BOARD OF COMMISSIONERS  
OF THE HOUSING AUTHORITY OF THE COUNTY OF KING, THIS 16<sup>th</sup>  
DAY OF NOVEMBER 2015.**

**THE HOUSING AUTHORITY OF THE  
COUNTY OF KING WASHINGTON**

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**DOUG BARNES**, Chair  
Board of Commissioners

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**STEPHEN J. NORMAN**  
Secretary

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**TO:** Board of Commissioners

**FROM:** Connie Davis, Deputy Executive Director

**DATE:** November 9, 2015

**RE: Resolution No. 5518: Relating to the Salary Schedule for Housing Authority Employees represented by the Seattle/King County Building And Construction Trades Council; authorizing a pay adjustment of \$.12 per hour and a .5 % Cost Of Living Increase effective October 31, 2015 and a one-time payment equal to .5% of Base Pay to all Bargaining Unit Members to be paid in December 2015**

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On October 30, 2015 the Authority and the Seattle-King County Building and Construction Trades Council ("Council") successfully concluded their 2015 negotiations for wages and benefits for Bargaining Unit Members ("Members") who perform essential maintenance and upgrade work for KCHA managed properties.

The Agreement largely parallels the cost of living ("COLA") and one-time payment terms given to the Administrative employees as approved by the Board in October 2015 in Resolution No. 5513. Wages for the Members will increase by .5% effective October 31, 2015 which represents 100% of the Consumer Price Index for Clerical Workers (CPI-W) for the Seattle-Tacoma area annualized for the first six months of 2015. Members are also eligible for a one-time payment of .5% of their base pay to be paid on December 18, 2015 in the same manner as for Administrative employees.

KCHA has also reviewed the base pay of the maintenance workers. Currently, each title within the Unit has a five-step wage progression, with steps given based on performance. Although the Members do have wage progression through the step system, other than COLA, those wages have not been adjusted for any other reason for at least 10 years. In consequence, staff is also recommending an across-the-board wage rate increase of \$.12 per hour.

In reviewing the impact on KCHA's finances, it is important to note that there has been significant turnover due to retirements in the Unit, which has slowed the growth in maintenance wage expenses at the Authority as replacements are largely Site Based Maintenance Mechanics or Landscaper/Cleaners, whose wages are lower than those of the Laborers or Regional Maintenance Mechanics they are replacing. This "right sizing" is a long planned transition which began with the HUD mandated move to the private

sector asset management model. As a result, the negotiating team recommends the following increases as acceptable costs to the Authority:

Current Wages, 10/30/2015	4,259,549
Impact of Base Pay Change	19,219
Impact of COLA	<u>40,768</u>
Total Base Pay	<u>4,319,536</u>
One-Time Payment	<u>21,549</u>

In addition to the budgetary impact of the base pay changes, the same factors driving the 2016 Administrative Payroll budget are affecting projections for Maintenance Payroll:

- Medical insurance is provided by the Washington State Health Care Authority's Public Employee Benefits Board (PEBB). Rates have slightly declined for CY 2016 and as a result, employees are not being asked to pay any increase in premiums next year. In addition, there are no plan design changes which would increase employee out of pocket expenses. In 2016, KCHA anticipates its average medical plan cost for employee to be \$12,542.
- KCHA also will continue to offer its popular Deductible Reimbursement Plan or DRP, which pays the employee's plan deductible up to \$250 per employee and \$750 per family.
- The Washington State Public Employee Retirement System (PERS) has required significantly higher contributions from both employees and employers in recent years. 2016's rates are 6.12% and 11.18% respectively while the rate in 2011 was 4.59% and 7.07%. This will result in an increase of \$85 thousand paid to PERS in 2016, for a total of \$483 thousand. While an increasing burden on both parties, these rates have strengthened the financial viability of PERS; it is now rated in the top five of public pensions in the United States. New and prospective employees are specifically mentioning the existence of a defined benefit plan as a reason to work at KCHA.

Passage of Resolution No. 5518 is recommended.

**Exhibit A**  
**Maintenance Wage Rates October 31, 2015-November 11, 2016**  
**.5% Increase**

POSITION	POS #	Term	% of RMM2	HOURLY	Per Year
Landscaper/Cleaner - Grade 1 - Step 1	20713			17.67	36,753.60
Landscaper/Cleaner - Grade 1 - Step 2				18.41	38,292.80
Landscaper/Cleaner - Grade 1 - Step 3				19.13	39,790.40
Landscaper/Cleaner - Grade 1 - Step 4				19.87	41,329.60
Landscaper/Cleaner - Grade 1 - Step 5				20.57	42,785.60
Laborer - Grade 2 - Step 1	20704			23.10	48,048.00
Laborer - Grade 2 - Step 2				23.87	49,649.60
Laborer - Grade 2 - Step 3				24.62	51,209.60
Laborer - Grade 2 - Step 4				25.35	52,728.00
Laborer - Grade 2 - Step 5				26.10	54,288.00
Site Based Maintenance Mechanic - Grade 3 - Step 1	20700			24.74	51,459.20
Site Based Maintenance Mechanic - Grade 3 - Step 2				25.38	52,790.40
Site Based Maintenance Mechanic - Grade 3 - Step 3				26.02	54,121.60
Site Based Maintenance Mechanic - Grade 3 - Step 4				26.70	55,536.00
Site Based Maintenance Mechanic - Grade 3 - Step 5				27.39	56,971.20
Regional Maintenance Mechanic Apprentice 1	20712	0-6 mos	60%	18.07	37,585.60
Regional Maintenance Mechanic Apprentice 2		7-12 mos	65%	19.57	40,705.60
Regional Maintenance Mechanic Apprentice 3		13-18 mos	70%	21.06	43,804.80
Regional Maintenance Mechanic Apprentice 4		19-24 mos	75%	22.56	46,924.80
Regional Maintenance Mechanic Apprentice 5		25-30 mos	80%	24.06	50,044.80
Regional Maintenance Mechanic Apprentice 6		31-36 mos	85%	25.56	53,164.80
Regional Maintenance Mechanic Apprentice 7		37-42 mos	90%	27.04	56,243.20
Regional Maintenance Mechanic Apprentice 8		43-48 mos	95%	28.54	59,363.20
Regional Maintenance Mechanic - Grade 4 - Step 1	20702			29.28	60,902.40
Regional Maintenance Mechanic - Grade 4 - Step 2				30.04	62,483.20
Regional Maintenance Mechanic - Grade 4 - Step 3				30.76	63,980.80
Regional Maintenance Mechanic - Grade 4 - Step 4				31.52	65,561.60
Regional Maintenance Mechanic - Grade 4 - Step 5				32.27	67,121.60
Maintenance Operations Specialist - Grade 5 - Step 1	20703			33.88	70,470.40

**THE HOUSING AUTHORITY OF THE COUNTY OF KING**

**RESOLUTION NO. 5518**

**RELATING TO THE SALARY SCHEDULE FOR HOUSING AUTHORITY  
EMPLOYEES REPRESENTED BY THE SEATTLE/KING COUNTY  
BUILDING AND CONSTRUCTION TRADES COUNCIL AUTHORIZING A  
PAY ADJUSTMENT OF \$.12 PER HOUR AND A .5 % COST OF LIVING  
INCREASE EFFECTIVE OCTOBER 31, 2015 AND A ONE-TIME PAYMENT  
EQUAL TO .5% OF BASE PAY TO ALL BARGAINING UNIT MEMBERS TO  
BE PAID IN DECEMBER 2015**

---

**WHEREAS**, on October 30, 2015 the King County Housing Authority and the Seattle/King County Building and Construction Trades Council ("Council") reached an agreement ("Agreement") which governs wages and benefits for employees performing maintenance functions in the Authority-managed housing developments ("Members"); and,

**WHEREAS**, this agreement has been recommended by the Council and approved by the Members; and,

**WHEREAS**, pursuant to the Agreement, the wages and benefits paid to Members shall be increased by .5% which is 100% of the Consumer Price Index for Clerical Workers (CPI-W) for the Seattle-Tacoma area based on first half of calendar year 2015; and,

**WHEREAS**, pursuant to the Agreement, an additional one-time payment equal to .5 percent of base pay will be paid in December 2015 to all Members. Such payment will not be included in future base pay; and,

**WHEREAS**, pursuant to the Agreement, there will be a base pay adjustment of \$.12 per hour applied across the board for all Members; and,

**NOW, THEREFORE, BE IT RESOLVED, BY THE BOARD OF COMMISSIONERS  
OF THE HOUSING AUTHORITY OF THE COUNTY OF KING, THAT:**

**SECTION 1:** All active Members represented by the Seattle/King County Building and Construction Trades Council shall receive a \$.12 per hour adjustment in base pay, a Cost of Living increase of .5% based on the CPI-W annualized as of June 2015 effective October 31, 2015 and a one-time payment equal to .5% of base pay in the paychecks dated December 18, 2015.

**SECTION 2:** Exhibit A, "Maintenance Wage Rates October 31, 2015 to November 11, 2016" reflecting this change is attached hereto and made a part hereof.

**ADOPTED BY THE BOARD OF COMMISSIONERS OF THE  
HOUSING AUTHORITY OF THE COUNTY OF KING AT A MEETING THEREOF  
THIS 16th DAY OF NOVEMBER 2015.**

**THE HOUSING AUTHORITY OF THE  
COUNTY OF KING, WASHINGTON**

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**DOUGLAS J. BARNES, Chair**  
Board of Commissioners

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**STEPHEN J. NORMAN**  
Secretary

# T A B N U M B E R

8



**TO:** Board of Commissioners

**FROM:** Tim Walter, Senior Director of Acquisitions & Asset Management

**DATE:** November 9, 2015

**RE:** **Resolution No. 5519: A Resolution of the Housing Authority of the County of King authorizing the Executive Director to approve, execute and deliver all documents relating to the Corinthian rental housing project including but not limited to Limited Liability Limited Partnership Documents, Lease Documents, Low Income Housing Tax Credit Documents, Lease Documents, Low Income Housing Tax Credit Documents, Authority Loan Documents and Deferred Development Fee Documents**

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### **Executive Summary**

This memorandum details the financial and related transactions authorized by Resolution No. 5519, and outlines the proposed financing structure intended to both repay the Line of Credit KCHA used to acquire the Corinthian Apartments and to finance the planned capital improvements at the property. The memorandum also identifies the need for interim and permanent financing from KCHA. Additional information about the project, including the strategic rationale and development and financing risks, is provided in the attached Project Profile.

The Corinthian Apartments were built in 1968 and require approximately \$5.5 million in renovations and upgrades to extend the useful life of the property for another 40 years. KCHA used a similar approach to finance the Springwood/Birch Creek renovations – involving the issuance of tax exempt private activity bonds to generate the 4% Low Income Housing Tax Credits that provided an additional funding source for the renovation of the property.

Resolution No. 5519 authorizes the formation of a Limited Liability Limited Partnership, which will have KCHA as its general partner, and which will own, renovate, and operate the Corinthian Apartments through the 15 year tax credit compliance period. The resolution also authorizes the submission of financing applications for the project including the solicitation of proposals from tax credit equity investors, the selection and admission of a tax credit equity investor into the partnership, and the submission of a tax credit application to the Washington State Housing Finance Commission. In addition, the resolution authorizes KCHA to provide interim seller financing through its lease with the Partnership and a

permanent loan of up to \$6,500,000 in KCHA funds into the project as subordinate financing.

### **Tax Exempt Private Activity Bonds and 4% Low Income Tax Credits**

Leverage for the renovation will be created by issuing short and long term tax exempt private activity bonds which, as of right, generate 4% Low Income Housing Tax Credits when more than 50% of the project cost for a qualifying low income housing project is paid for using the proceeds of the bond issuance. At the Corinthian Apartments, KCHA expects to issue up to \$12.5 million in private activity bonds to generate approximately \$7.4 million in tax credit equity. Approximately \$6 million of the private activity bonds will remain in the project as permanent debt, which is the amount that staff anticipates can be repaid through property cash flow. The balance of the tax exempt financing will be paid off with other permanent sources.

#### **Sources and Uses**

The estimated sources and uses are as follows:

##### **SOURCES**

Permanent Bond Debt	\$5,900,000
Tax Credit Equity	\$7,400,000
KCHA Subordinate Loan/KC Lodging Tax	\$4,500,000
KCHA Additional Subordinate Loan	\$1,358,000
KCHA Weatherization	\$400,000
KCHA Deferred Development Fee	\$644,000
Cash from Operations	\$386,000
TOTAL	<u><u>\$20,588,000</u></u>

##### **USES**

Acquisition	\$10,250,000
Rehab Costs	\$5,500,000
Professional Fees & Other Soft Costs	\$551,000
Financing Costs	\$1,167,000
Tax Credit Costs	\$155,000
Relocation	\$355,000
Developer Fee	\$2,600,000
Start up costs	\$10,000
Reserves	\$0
TOTAL	<u><u>\$20,588,000</u></u>

### **KCHA Financing**

KCHA will be playing the following roles in financing the project:



Line of Credit: KCHA will secure a \$6.5 million line of credit using tax-exempt bonds and re-loan the proceeds to the Partnership to provide interim financing for the acquisition, rehab and development activities. This loan to the partnership will be repaid with tax credit equity and subordinate debt from KCHA.

KCHA Seller Financing: At the closing with the Partnership, only a small portion of the total lease payment due will be made by the Partnership. KCHA will carry the rest of this debt as Seller Financing. The tax exempt bond debt, tax credit equity and KCHA subordinate loan will pay off the Seller Financing in full at the time the final equity installment is received from the tax credit investor.

KCHA Subordinate Loan: KCHA will provide a \$4.5 million subordinate loan to the Partnership which will finance acquisition and rehab activities. This loan will be subordinate to the Permanent Bond Debt and to the payment of the Deferred Developer Fee. KCHA will be seeking \$4.5 million from King County which, if it is awarded, will replace this KCHA loan.

Additional KCHA Subordinate Loan: KCHA will provide up to \$2 million in additional subordinate financing to finance rehab and development activities. This loan will be subordinate to the Permanent Bond Debt and to the payment of the Deferred Developer Fee.

Weatherization: KCHA will use proceeds from its weatherization program to provide weatherization upgrades to the Corinthian.

Deferred Developer Fee: KCHA will earn approximately \$2,600,000 in Developer Fee for the development of the Corinthian. \$1,956,000 of this will be paid in cash to KCHA and the balance will be paid to KCHA out of project cash flow over the first 10 years of operations.

### **Preliminary Project Schedule**

The preliminary schedule for the project is as follows:

1. October - November: Submit a private activity bond application to Washington State Dept. of Commerce. Submit tax credit application to the Washington State Housing Finance Commission (WSHFC). Select tax credit equity investor and begin negotiation of deal terms.
2. November: Request board approval of financing resolution.

3. December: Close tax credit partnership and equity financing. Execute lease and loan agreements with LLC.
4. January – March 2016: Secure building permit, solicit and receive construction bids. Select contractor. Complete relocation and start construction. Issue private activity bonds.
5. November 2016: Completion of rehab activities.
6. October 2017: Investor equity disbursement.

Board of Commissioner Actions:

The following resolutions will need to be considered and approved in order for the project to proceed using this structure:

1. September: Inducement Resolution No. 5510 (already approved) stating KCHA's intent to issue private activity bonds.
2. November: Resolution No. 5519 authorizing formation of the tax credit partnership, authorizing submission of the 4% Low Income Housing Tax Credit application to the WSHFC, and authorizing all financing transactions. A full project financial briefing will be undertaken in connection with this resolution at the Board meeting.

Passage of Resolution No. 5519 is recommended.

# **Corinthian Apartments Project Profile**

The Corinthian Apartments are located in the City of SeaTac and approximately 1000 feet due west of the Tukwila light rail station. Built in 1968, the Corinthian Apartments provide 95 units in 4 three-story buildings, consisting of 14 studio, 55 one bedroom and 26 two bedroom apartment homes. The property is an excellent Low Income Housing Tax Credit acquisition/rehab development opportunity targeting affordable housing for low-income households at or below 60% of the area median income who would benefit from easy access to public light rail and bus transportation.

## **Purchase Status**

KCHA purchased the Corinthian from a subsidiary of Kauri Investments for \$10,120,000 (\$107,895/unit) on 6/30/15. The acquisition was financed with a line of credit from Key Bank.

## **Property Description & Building Condition**

The Corinthian Apartments is a multifamily development located at 3039 S. 154<sup>th</sup> Street in SeaTac. The property consists of two irregularly-shaped parcels totaling 2.45 acres. It is developed for multifamily residential use consistent with its Urban High-High Density zoning.

The development includes 4 three-story residential buildings with 69,511 rentable square feet, a one-story clubhouse/leasing office, an outdoor swimming pool, a sport court and landscaped areas. There are 30 covered and 95 surface parking spaces (1.32 spaces/unit, or just over 1 space per bedroom). The buildings provide secured entrances, common laundry facilities and extra storage for the tenants. Three of the residential buildings were built in 1968 and the fourth was added in 1976. They are of wood frame construction with a brick veneer siding. A June 2015 Phase I Environmental Site Assessment identified no environmental concerns at the property.

As part of the due diligence associated with KCHA's purchase of the property, a third party capital needs assessment was completed in June 2015 that identified nearly \$3 million in critical repairs. Specifically identified were the lack of a fire alarm system, the need for new electrical panels, rotting decks, needed handrail replacements, water intrusion issues, ventilation concerns, and aging unit interiors. KCHA's Asset Management Construction staff has also inspected and reviewed the condition of the units and has put together a scope of work that includes all of the work identified in the capital needs assessment as well as some additional improvements. Staff anticipates the property will require a construction budget of approximately \$5,500,000 to address the issues identified above.

## **Unit Configuration**

The unit mix includes:

- 14 studio units with one bath of approximately 531 square feet each,
- 55 one-bedroom, one bath units of approximately 688 square feet,
- 14 two-bedroom, one bath units of approximately 936 square feet,
- 12 two-bedroom, one and one-half bath units of approximately 936 square feet.

# **Corinthian Apartments Project Profile**

## **Neighborhood Description**

The Corinthian Apartments are located in the City of SeaTac, just north of Highway 518 and one block west of International Boulevard (Highway 99) and are approximately 1000 feet from the Tukwila International Blvd Light Rail/Rapid Ride Station. The neighborhood currently consists of a mix of single family and multi-family uses, with retail, public and institutional uses congregated around International Boulevard. A parking facility serving SeaTac Airport is just to the east of the site and the Crystal Manor Apartments are across the street. The Rapid Ride F line stops on 154<sup>th</sup> St in front of the property and offers direct access to the retail hubs of Burien's Town Center and Southcenter in Tukwila.

The site is located within the planning radius of the City of SeaTac's South 154<sup>th</sup> St. Station Area Action Plan, which was adopted in December 2006. This plan calls for substantial redevelopment of the neighborhood:

The South 154th Street Station Area will be a vibrant, mixed use residential neighborhood that connects people of various backgrounds. The station area will be pedestrian-oriented, visually pleasing, easily accessible and integrated with high capacity transit.

The City of SeaTac envisions the South 154th Street Station Area to be a regional example of transit-oriented development that generates and encourages transit use. The station area will accommodate future growth by providing high quality residential and mixed use developments with good access to employment centers.

These attributes create a good place for families, an interesting place for visitors, a profitable place for businesses and a special gathering place to celebrate cultural diversity.

## **Proposed Financing**

To repay the Line of Credit used to acquire the Corinthian and to finance the needed capital improvements, KCHA staff is proposing to utilize tax exempt private activity bond financing and 4% Low Income Housing Tax Credits, along with additional investment from KCHA. KCHA will also add weatherization upgrades which will be overseen by KCHA's Weatherization Program staff.

In order to comply with the IRS affordability requirements for use of Low Income Housing Tax Credits, KCHA will restrict occupancy to residents earning less than 60 percent of the area median income. KCHA's staff estimates that more than half of the existing residents have incomes in excess of the tax credit limits. KCHA is providing these residents with relocation assistance and help finding other housing in the area.

**Interim Financing** – KCHA will issue approximately \$11,500,000 in tax-exempt bond financing for this project. \$5.5 million of this amount will be interim-only financing and the rest will be long-term debt on the property. Ownership of the property will be transferred to the tax credit partnership via a long term financing lease. The total lease price will be \$10,250,000. The lease payments will be made in three installments: approximately 2-5% to be paid at closing with a second payment in October 2016 and a final payment in 2017. The partnership will use funds from the interim and permanent tax exempt bond financing and Low Income Housing Tax Credit equity to make the payments, and KCHA will use the proceeds to pay down its line of credit. The rehab costs during construction will be paid with interim tax-exempt bond financing and, once that source has been exhausted, with KCHA funds. Weatherization funds will also come in during construction.

# Corinthian Apartments Project Profile

**Long-term Financing** – Approximately \$6 million of the tax-exempt bonds will remain in the project as long-term debt, which is the amount that staff anticipates can be repaid through property cash flow. LIHTC equity will be available in the last quarter of 2017 to pay down the lease financing and pay off any outstanding interim financing. The Weatherization funding will stay in the project, and KCHA will ultimately need to contribute \$5,858,000 in additional financing to cover the gap in long term financing. KCHA will be applying for credit enhancement from King County, which would allow the amount of permanent tax-exempt bond debt to increase by about \$500,000 and correspondingly reduce the need for KCHA gap financing. In addition, KCHA will seek \$4,500,000 from the newly created King County Lodging Tax program to offset the amount of funds that KCHA would otherwise need to contribute. However, this money is not yet available and KCHA will not be able to apply for it until after closing with the partnership and starting the rehab work. Should this money be awarded to the project, the net amount of the KCHA contribution will be approximately \$1,358,000. This would be subordinate financing and be repaid from project cash flow after the long-term tax-exempt debt and any deferred developer fee is paid. The total cash developer fee KCHA is expecting on this project is \$1,956,000.

**Developer Fee** – The total developer fee earned by KCHA on this project will be approximately \$2,600,000. \$1,956,000 of this will be paid in cash, the majority of which will then be reinvested as part of KCHA's additional financing. The balance will be paid to KCHA out of project cash flow.

## **Sources & Uses**

### **USES**

Acquisition	\$10,250,000
Rehab Costs	\$5,500,000
Professional Fees & Other Soft Costs	\$551,000
Financing Costs	\$1,167,000
Tax Credit Costs	\$155,000
Relocation	\$355,000
Developer Fee	\$2,600,000
Start up costs	\$10,000
Reserves	\$0
<b>TOTAL</b>	<b>\$20,588,000</b>

### **SOURCES**

Permanent Bond Debt	\$5,900,000
Tax Credit Equity	\$7,400,000
KCHA Subordinate Loan/KC Lodging Tax	\$4,500,000
KCHA Additional Subordinate Loan	\$1,358,000
KCHA Weatherization	\$400,000
KCHA Deferred Development Fee	\$644,000
Operations	\$386,000
<b>TOTAL</b>	<b>\$20,588,000</b>

# **Corinthian Apartments Project Profile**

## **Strategic Justification**

This property was in the process of being put on the market by the owner when KCHA tendered its purchase offer. Rents in this neighborhood are rapidly increasing. The age of the complex and current condition made it highly likely that any new owner would seek to recapitalize the property in order to finance necessary upgrades and repairs. We have identified over \$50,000 per unit in necessary repairs that need to be performed, including life safety and code upgrades. A private sector owner would have done this through borrowing funds against the higher priced rent structure that this market can support. This would have resulted in the economic dislocation of many of the lower income households currently living on the property. These households would receive no relocation assistance or benefits.

KCHA's purchase of the property preserves housing affordability for the lower income households on-site and for the entire property over the long term. This site is considered an important strategic location for preserving housing affordability because of its proximity to light rail and bus transit connections and to the large concentration of lower wage employment opportunities at Sea-Tac airport and the surrounding hospitality and warehousing clusters. The only way in which necessary repairs can be financed is through utilization of the LIHTC program.

## **Project Risks & Mitigations**

### **Financing Risks and Mitigations**

- (Risk) Over 50% of the current households are over-income for the LIHTC program and will need to be relocated from the property. The risk to KCHA is that replacement housing will be difficult to secure and that relocation costs will be more than expected.
- (Mitigation) KCHA has budgeted \$355,000 for potential relocation expenditures, which should be adequate to cover relocation for up to 50% of the existing residents. Based on past experience, this amount should be adequate since comparable rental housing is available in the Tukwila/SeaTac market and some households may choose to waive relocation benefits and relocate on their own.
- (Risk) No King County Lodging Tax money is awarded to the project or is awarded in a significantly reduced amount.
- (Mitigation) The King County Lodging Tax funding was established by the State Legislature to finance Transit-Oriented workforce housing. The Corinthian project is in full alignment with the program's goals, which explicitly include acquisition/rehab, and should successfully compete for funding. KCHA staff has worked with the County as a part of a stakeholder group reviewing the proposed policies for the Lodging Tax. There is expected to be considerable competition for these funds however. Aside from the risk of not being awarded funding at all, the risk also exists that the amount awarded is considerably less than the \$4.5 million needed. KCHA expects to generate approximately \$2 million in net developer fee from the redevelopment of Spiritwood, which could be used, if needed, to partially off-set any shortfall in requested County contributions at the Corinthian.
- (Risk) King County credit enhancement is not available for this project.
- (Mitigation) The proposed financing for the Corinthian does not assume any credit enhancement, so if the application is successful, it will be a net benefit project and reduce the

# **Corinthian Apartments Project Profile**

need for long-term KCHA financing. If the application is unsuccessful, the project income is sufficient to pay debt service on a \$6 million loan without credit enhancement.

## **Project Construction Risks and Mitigations**

- (Risk) Additional repair and improvement costs are needed beyond what is visible from due diligence inspections.
- (Mitigation) KCHA has completed Phase 1 environmental studies, a capital needs assessment, and staff has walked through each of the units. Based upon these investigations, we estimate investing approximately \$58,000 per unit into repairs and improvements at the property. The scope includes addressing all issues identified in the capital needs assessment, and additional money has been set aside for either unforeseen conditions or additional unit upgrade work, as funds allow. Unanticipated but necessary additional repairs and improvements will be addressed by reprioritizing the projected work, such as undertaking fewer unit upgrades as part of the initial rehab, or by increasing the amount of the KCHA soft financing into the property. KCHA has extensive experience in the assessment and upgrading of this type of property.
- (Risk) KCHA does not have firm contractor bids in hand for the proposed work. The actual cost may come in higher than budgeted.
- (Mitigation) The KCHA development budgets are based on current market information from other recent similar KCHA projects. The work to be performed at the Corinthian Apartments is very similar to the types of projects KCHA completes each year in its aging bond and tax credit portfolio and staff has a significant amount of experience, including recent bid results, in accurately estimating the cost of this type of work. KCHA has also added a 15% contingency to allow for higher bids as well as unforeseen conditions.

## **Ongoing Operating Risks & Mitigations**

- (Risk) KCHA will be providing an operating deficit guarantee on this project, and there is a risk that the rental income will be insufficient to cover both the operating costs and permanent debt.
- (Mitigation) KCHA currently operates other properties in the area and is very familiar with the surrounding rental market. Staff has used conservative rents and expense information in establishing the project pro forma.

HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5519

(Corinthian)

A RESOLUTION of the Housing Authority of the County of King authorizing the Executive Director to approve, execute and deliver all documents relating to the Corinthian rental housing project including but not limited to Limited Liability Limited Partnership Documents, Lease Documents, Low Income Housing Tax Credit Documents, Authority Loan Documents and Deferred Development Fee Documents.

ADOPTED November 16, 2015



HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5519

(Corinthian)

A RESOLUTION of the Housing Authority of the County of King authorizing the Executive Director to approve, execute and deliver all documents relating to the Corinthian rental housing project including but not limited to Limited Liability Limited Partnership Documents, Lease Documents, Low Income Housing Tax Credit Documents, Authority Loan Documents and Deferred Development Fee Documents.

WHEREAS, the Housing Authority of the County of King (the “Authority”) seeks to encourage the provision of long-term housing for low-income persons residing within King County, Washington; and

WHEREAS, RCW 35.82.070(5) provides that a housing authority may, among other things and if certain conditions are met, “lease or rent any dwellings . . . buildings, structures or facilities embraced in any housing project”; and

WHEREAS, RCW 35.82.020 defines “housing project” to include, among other things, “any work or undertaking . . . to provide decent, safe and sanitary urban or rural dwellings, apartments, mobile home parks or other living accommodations for persons of low income”; and

WHEREAS, RCW 35.82.070(18) provides that a housing authority may, among other things and if certain conditions are met, “make . . . loans for the . . . acquisition, construction . . . rehabilitation, improvement . . . or refinancing of land, buildings, or developments for housing for persons of low income” (the “Development Costs”); and

WHEREAS, the Authority is the fee owner of certain real property located at 3039 South 154<sup>th</sup> Street, Seatac, Washington containing 95 units of low income housing which the Authority desires to renovate (the “Project”); and

WHEREAS, the Authority desires to utilize low income housing tax credits (“Tax Credits”) to finance a portion of the costs of the rehabilitation of the Project; and

**Resolution No. 5519 Corinthian**  
**November 16, 2015 KCHA Board Meeting**  
**Page 3 of 7**

WHEREAS, the utilization of Tax Credits to provide a portion of the financing for the rehabilitation of the Project will require the creation of a limited liability limited partnership to acquire and own (for federal tax purposes) the Project; and

WHEREAS, the Authority desires to apply to the Washington State Housing Finance Commission (the Commission”) for a reservation of Tax Credits; and

WHEREAS, the Authority desires to form Corinthian TOD LLLP, a Washington limited liability limited partnership (the “Partnership”); and

WHEREAS, the Authority will serve as the general partner of the Partnership; and

WHEREAS, the Authority desires to enter into a long term Financing Lease (the “Lease”) of the Project with the Partnership for a term of up to 99 years, pursuant to which the Partnership will acquire for federal tax purposes ownership of the Project; and;

WHEREAS, the total lease payment (the “Lease Payments”) under the terms of the Lease will be in a principal amount equal to the fair market value of the property. Interest will accrue on any unpaid portion of Lease Payments at the long term applicable federal rate. Terms of the Lease including the timing and amounts of the payments under the Lease (“Seller Financing”) shall be determined by the Authority; and

WHEREAS, in addition to the Seller Financing, debt financing of the Project will be provided by the Authority through the issuance of private activity tax exempt bonds or notes in the principal amount of up to \$12,500,000 (the “Bonds”) the proceeds of which will be used to make one or more loans to the Partnership; and

WHEREAS, subordinate financing from the Authority will be made to the Project estimated at \$6,500,000 (the “Authority Loan”) at an interest rate approximately equal to long term applicable federal rate; and

WHEREAS, the deferred developer fee payable to the Authority shall not exceed 15% of the Development Costs of the Project (the “Deferred Development Fee”); and

WHEREAS, the Authority desires to seek an equity investment from a low income housing tax credit investor (the "Tax Credit Investor") pursuant to which the Tax Credit Investor will acquire a 99.99% limited partnership interest in the Partnership in exchange for a capital contribution in an amount to be determined by the Authority which will provide a significant source of financing for the Project; and

WHEREAS, the Authority wishes to undertake any and all steps as may be necessary to accomplish the foregoing.

**BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING, THAT:**

Section 1.     Formation of Limited Liability Limited Partnership. The Authority is authorized and directed to (i) participate in the formation of, and become the general partner of, the Partnership, and (ii) execute such documents as may be required to do so, including but not limited to a certificate of limited liability limited partnership, and such other documents as may be deemed reasonable by the Executive Director with respect to formation of the Limited Liability Limited Partnership.

Section 2.     Low Income Housing Tax Credits and Tax Credit Investor. The Authority is authorized and directed to (i) apply to the Commission for a reservation of low income housing tax credits and (ii) seek and select the Tax Credit Investor. The Executive Director is authorized and directed to take any other action and to execute such other documents as may be required to be taken or executed by the Authority, on behalf of itself or as general partner of the Partnership in connection with the tax credit application, the selection of the Tax Credit Investor and the admission of the Tax Credit Investor into the Partnership as a limited partner, such documents including but not limited to an Agreement of Limited Partnership (or Amended and Restated Agreement of Limited Liability Limited Partnership), Development Agreement, Property Management Agreement, Investor Services Agreement, Purchase Option and Right of First Refusal and such other documents as may be deemed reasonable by the Executive Director with respect to the foregoing.

Section 3.     Lease and Seller Financing. The Authority is authorized and directed to enter

into the Lease substantially in accordance with the terms set forth above and the Executive Director of the Authority is authorized and directed to take any other action and to execute such other documents as may be required to be taken or executed by the Authority, on behalf of itself as Lessor or as general partner of the Partnership, as Lessee in connection with the Lease and the execution of such documents as may be required to with respect to the Seller Financing and such other documents as may be deemed reasonable by the Executive Director with respect to the foregoing.

Section 4.     Bonds.   The Authority is authorized and directed to take such steps as are necessary for the issuance of the Bonds and to loan the proceeds of the sale of the Bonds to the Partnership. The Executive Director is further authorized and directed to take any other action and to execute such other documents as may be required to be taken or executed by the Authority to facilitate the issuance and loaning of the Bond proceeds to the Partnership.

Section 5.     Authority Loan.   The Authority is authorized and directed to take such steps on behalf of itself as lender and as general partner of the Partnership in connection with the Authority Loan. The Executive Director of the Authority is authorized and directed to execute and deliver as lender or in its capacity as general partner of the Partnership those documents reasonably required to close on the Authority Loan including but not limited to such loan agreements, notes, leasehold deeds of trust regulatory agreements and such other documents as may be deemed reasonable by the Executive Director with respect to the Authority Loan.

Section 6.     Deferred Development Fee.   The Authority is authorized and directed to take such steps on behalf of itself as lender and as general partner of the Partnership in connection with the Deferred Development Fee. The Executive Director of the Authority is authorized and directed to execute and deliver as lender or in its capacity as general partner of the Partnership those documents reasonably required with respect to the Deferred Development Fee including but not limited to such development agreements, notes and leasehold deeds of trust and such other documents as may be deemed reasonable by the Executive Director with respect to the Deferred Development Fee.

**Resolution No. 5519 Corinthian**  
**November 16, 2015 KCHA Board Meeting**  
**Page 6 of 7**

Section 7. Governmental Filings; Other Agreements. The Executive Director is further authorized to take such further actions including but not limited to the execution, delivery and, if applicable, file (or cause to be executed, delivered and, if applicable, filed), on behalf of the Authority and/or the Partnership, any government forms, affidavits, certificates, letters, documents, agreements and instruments that he determines to be necessary or advisable to give effect to this resolution and to consummate the transactions contemplated herein.

Section 8. Expenditures. The Authority is authorized to expend such funds as are necessary to pay for all filing fees, application fees, registration fees, legal fees and other costs relating to the actions authorized by this resolution.

Section 9. Acting Officers Authorized. Any action required by this resolution to be taken by the Chair of the Board or Executive Director of the Authority may be taken in the absence of each person respectively by the duly authorized acting Chair of the Board or a Deputy Executive Director of the Authority.

Section 10. Ratification and Confirmation. Any actions of the Authority or its officers prior to the date hereof and consistent with the terms of this resolution are ratified and confirmed.

Section 11. Effective Date. This resolution shall be in full force and effect from and after its adoption and approval.

ADOPTED by the Board of Commissioners of the Housing Authority of the County of King at an open public meeting this 16th day of November, 2015.

HOUSING AUTHORITY OF THE COUNTY OF  
KING

By: \_\_\_\_\_  
Chair

ATTEST:

\_\_\_\_\_  
Executive Director

## CERTIFICATE

I, the undersigned, the duly chosen, qualified and acting Executive Director of the Housing Authority of the County of King (the “Authority”) and keeper of the records of the Authority, CERTIFY:

1. That the attached Resolution No. 5519 (the “Resolution”) is a true and correct copy of the resolution of the Board of Commissioners (the “Board”) of the Authority, as adopted at a meeting of the Authority held on November 16, 2015, and duly recorded in the minute books of the Authority.

2. That such meeting was duly convened and held in all respects in accordance with law, and, to the extent required by law, due and proper notice of such meeting was given; that a quorum was present throughout the meeting and a majority of the members of the Board of Commissioners of the Authority present at the meeting voted in the proper manner for the adoption of the Resolution; that all other requirements and proceedings incident to the proper adoption of the Resolution have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this Certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 16<sup>th</sup> day of November 2015.

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Executive Director of the Authority

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**TO:** Board of Commissioners

**FROM:** Tim Walter, Senior Director of Acquisitions & Asset Management

**DATE:** November 9, 2015

**RE:** **Resolution No. 5520: A Resolution of the Housing Authority of the County of King authorizing the Executive Director to approve, execute and deliver all documents relating to the Spiritwood Manor rental housing project including but not limited to Limited Liability Limited Partnership Documents, Lease Documents, Low Income Housing Tax Credit Documents, Loan Authority Debt Documents and Deferred Development Fee Documents**

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### **Executive Summary**

This memorandum details the financial and related transactions authorized by Resolution No. 5520, outlines the proposed financing structure intended to finance the planned capital improvements for Spiritwood Manor renovation project. The memorandum also identifies the need for interim and permanent financing from KCHA. Additional information about the project, including the strategic rationale and development and financing risks, is provided in the attached Project Profile.

Spiritwood Manor was built in 1968 and requires approximately \$10 million in renovations and upgrades to extend the useful life of the property for another 40 years. KCHA used a similar approach to finance the Springwood / Birch Creek renovation – involving the issuance of tax exempt private activity bonds to generate 4% Low Income Housing Tax Credits to provide an additional funding source for the renovation of the property.

Resolution No. 5520 authorizes the formation of a Limited Liability Limited Partnership, which will have KCHA as its general partner, and which will own, renovate, and operate Spiritwood Manor through the 15 year tax credit compliance period. The resolution also authorizes the submission of financing applications for the project including the solicitation of proposals from tax credit equity investors, the selection of a tax credit equity investor, admission of the investor into the partnership, and the submission of a tax credit application to the Washington State HOusing Finance Commission. In addition, the resolution authorizes KCHA to provide seller financing through its lease with the Partnership and a long-term loan into the project as subordinate financing.



### **Tax Exempt Private Activity Bonds and 4% Low Income Tax Credits**

Leverage for the renovation will be created by issuing short and long term tax exempt private activity bonds which, as of right, generate 4% Low Income Housing Tax Credits when more than 50% of the project cost for a qualifying low income housing project is paid for using the proceeds of the bond issuance. At Spiritwood Manor, KCHA expects to issue up to \$25 million in private activity bonds to generate approximately \$15 million in tax credit equity. All of the tax exempt debt will be interim financing to be repaid with tax credit equity and KCHA's subordinate loan.

#### **Sources and Uses**

The estimated sources and uses are as follows:

##### **SOURCES**

Tax Credit Equity	\$15,185,000
KCHA Seller Financing	\$14,500,000
KCHA Subordinate Loan	\$11,500,000
KCHA Weatherization	\$700,000
KCHA Development Fee	\$2,900,000
Cash from operations	\$1,400,000
<b>TOTAL</b>	<b>\$46,185,000</b>

##### **USES**

Acquisition	\$26,600,000
Rehab Costs	\$10,100,000
Professional Fees & Other Soft Costs	\$700,000
Financing Costs	\$2,250,000
Tax Credit Costs	\$292,000
Relocation	\$430,000
Developer Fee	\$5,800,000
Start up costs	\$13,000
Reserves	\$0
<b>TOTAL</b>	<b>\$46,185,000</b>

### **KCHA Financing**

KCHA will have the following roles in financing the project:

Line of Credit: KCHA will secure a \$25 million line of credit using tax-exempt bonds and re-loan the proceeds to the Partnership to provide interim financing for the acquisition, rehab and development activities. This loan to the partnership will be repaid with tax credit equity and the Authority Loan discussed below.

KCHA Seller Financing: At the closing with the Partnership, only a small portion of the total lease payment due will be made by the Partnership. KCHA will carry the rest of this debt as Seller Financing. The tax exempt bond debt, tax credit equity and KCHA subordinate loan will make additional installment payments on the lease and approximately \$14,500,000 will remain in the project to be repaid out of operating cash flow. These lease payments will be subordinate only to the Deferred Developer Fee and should be made in full over the 15 year tax credit compliance period.

Authority Loan: KCHA will provide up to \$13 million as a subordinate loan to the Partnership which will finance acquisition and rehab activities. This loan will be subordinate to the lease payments and to the payment of the Deferred Developer Fee. The cost to KCHA in making this loan will be offset by lease payments from the partnership.

Weatherization: KCHA will use proceeds from its weatherization program to provide weatherization upgrades to Spiritwood Manor.

Deferred Developer Fee: KCHA will earn approximately \$5,800,000 in Developer Fee for the development of Spiritwood Manor. \$2,900,000 of this will be paid in cash to KCHA in late 2017, and the balance will be paid to KCHA out of project cash flow over the first 10 years of operations.

### **Preliminary Project Schedule**

The preliminary schedule for the project is as follows:

1. October - November: Submit a private activity bond application to Washington State Dept. of Commerce. Submit tax credit application to the Washington State Housing Finance Commission (WSHFC). Select tax credit equity investor and begin negotiation of deal terms.
2. November: Board approval of financing resolution.
3. December: Close tax credit partnership and equity financing. Execute lease and loan agreements with Partnership.
4. January – March 2016: Secure building permit, solicit and receive construction bids. Select contractor. Complete relocation and start construction. Issue private activity bonds.
5. November 2016: Completion of rehab activities.
6. October 2017: Investor equity disbursement.

HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5520

(SPIRITWOOD MANOR)

A RESOLUTION of the Housing Authority of the County of King authorizing the Executive Director to approve, execute and deliver all documents relating to the Spiritwood Manor rental housing project including but not limited to Limited Liability Limited Partnership Documents, Lease Documents, Low Income Housing Tax Credit Documents, Loan Authority Debt Documents and Deferred Development Fee Documents.

ADOPTED November 16, 2015

HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5520

(SPIRITWOOD MANOR)

A RESOLUTION of the Housing Authority of the County of King authorizing the Executive Director to approve, execute and deliver all documents relating to the Spiritwood Manor rental housing project including but not limited to Limited Liability Limited Partnership Documents, Lease Documents, Seller Financing Low Income Housing Tax Credit Documents, Authority Debt Documents and Deferred Development Fee Documents.

**WHEREAS**, the Housing Authority of the County of King (the “Authority”) seeks to encourage the provision of long-term housing for low-income persons residing within King County, Washington; and

**WHEREAS**, RCW 35.82.070(5) provides that a housing authority may, among other things and if certain conditions are met, “lease or rent any dwellings . . . buildings, structures or facilities embraced in any housing project”; and

**WHEREAS**, RCW 35.82.020 defines “housing project” to include, among other things, “any work or undertaking . . . to provide decent, safe and sanitary urban or rural dwellings, apartments, mobile home parks or other living accommodations for persons of low income”; and

**WHEREAS**, RCW 35.82.070(18) provides that a housing authority may, among other things and if certain conditions are met, “make . . . loans for the . . . acquisition, construction . . . rehabilitation, improvement . . . or refinancing of land, buildings, or developments for housing for persons of low income”; (the “Development Costs”); and

**WHEREAS**, the Authority is the fee owner of certain real property located at 1414 148<sup>th</sup> Ave. SE, Bellevue, Washington containing 127 units of low income housing which the Authority desires to renovate (the “Project”); and

**WHEREAS**, the Authority desires to utilize low income housing tax credits (“Tax Credits”) to finance a portion of the costs of the rehabilitation of the Project; and

**WHEREAS**, the Authority desires to apply to the Washington State Housing Finance Commission (the Commission”) for a reservation of Tax Credits; and

**WHEREAS**, the utilization of Tax Credits to provide a portion of the financing for the rehabilitation of the Project will require the creation of a limited liability limited partnership to acquire and own (for federal tax purposes) the Project; and

**WHEREAS**, the Authority desires to form Spiritwood Manor Limited Liability Limited Partnership (the “Partnership”); and

**WHEREAS**, the Authority will serve as the general partner of the Partnership; and

**WHEREAS**, the Authority desires to enter into a long term Financing Lease (the “Lease”) of the Project with the Partnership for a term of up to 99 years, pursuant to which the Partnership will acquire for federal tax purposes ownership of the Project; and

**WHEREAS**, the total lease payment (the “Lease Payments”) under the terms of the Lease will be in a principal amount equal to the fair market value of the property. Interest will accrue on any unpaid portion of Lease Payments at the long term applicable federal rate. Terms of the Lease including the timing and amounts of the Lease payments (“Seller Financing”) shall be determined by the Authority (“Seller Financing”); and

**WHEREAS**, in addition to the Seller Financing, debt financing of the Project will be provided by the Authority through the issuance of private activity tax exempt bonds or notes in the principal amount of up to \$25,000,000 (the “Bonds”) the proceeds of which will be used to make one or more loans to the Partnership; and

**WHEREAS**, subordinate financing from the Authority will be made to the Project estimated at \$13,000,000 (the “Authority Loan”) at an interest rate approximately equal to the long term applicable federal rate; and

**WHEREAS**, the deferred developer fee payable to the Authority shall not exceed 15% of the Development Costs of the Project(the “Deferred Development Fee”); and

**WHEREAS**, the Authority desires to seek an equity investment from a low income housing tax credit investor (the “Tax Credit Investor”) pursuant to which the Tax Credit Investor will acquire a 99.99% limited partnership interest in the Partnership in exchange for a capital contribution in an amount to be determined by the Authority which will provide a significant source of financing for the Project; and

**WHEREAS**, the Authority wishes to undertake any and all steps as may be necessary to accomplish the foregoing.

**BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING, THAT:**

Section 1. Formation of Limited Liability Limited Partnership. The Authority is authorized and directed to (i) participate in the formation of, and become the general partner of, the Partnership, and (ii) execute such documents as may be required to do so, including but not limited to a certificate of limited liability limited partnership, and such other documents as may be deemed reasonable by the Executive Director with respect to formation of the Limited Liability Limited Partnership.

Section 2. Low Income Housing Tax Credits and Tax Credit Investor. The Authority is authorized and directed to (i) apply to the Commission for a reservation of low income housing tax credits and (ii) seek and select the Tax Credit Investor. The Executive Director of the Authority is authorized and directed to take any other action and to execute such other documents as may be required to be taken or executed by the Authority, on behalf of itself or as general partner of the Partnership in connection with the tax credit application, the selection of the Tax Credit Investor and the admission of the Tax Credit Investor into the Partnership as a limited partner, such documents including but not limited to an Agreement of Limited Partnership (or Amended and Restated Agreement of Limited Liability Limited Partnership), Development Agreement, Property Management Agreement, Investor Services Agreement, Purchase Option and Right of First Refusal and such other documents as may be deemed reasonable by the Executive Director with respect to the foregoing.

Section 3. Lease and Seller Financing. The Authority is authorized and directed to enter into the Lease substantially in accordance with the terms set forth above and the Executive Director of the Authority is authorized and directed to take any other action and to execute such other documents as may be required to be taken or executed by the Authority, on behalf of itself as Lessor or as general partner of the Partnership, as Lessee in connection with the Lease and the execution of such documents as may be required to with respect to the Seller and such other documents as may be deemed reasonable by the Executive Director with respect to the foregoing.

Section 4. Bonds. The Authority is authorized and directed to take such steps as are necessary for the issuance of the Bonds and to loan the proceeds of the sale of the Bonds to the Partnership. The Executive Director is further authorized and directed to take any other action and to execute such other documents as may be required to be taken or executed by the Authority to facilitate the issuance and loaning of the Bond proceeds to the Partnership.

Section 5. Authority Loan. The Authority is authorized and directed to take such steps on behalf of itself as lender and as general partner of the Partnership in connection with the Authority Loan. The Executive Director of the Authority is authorized and directed to execute and deliver as lender or in its capacity as general partner of the Partnership those documents reasonably required to close on the Authority Loan including but not limited to such loan agreements, , notes, leasehold deeds of trust, regulatory agreements and such other documents as may be deemed reasonable by the Executive Director with respect to the Authority Loan.

Section 6. Deferred Development Fee. The Authority is authorized and directed to take such steps on behalf of itself as lender and as general partner of the Partnership in connection with the Deferred Development Fee. The Executive Director of the Authority is authorized and directed to execute and deliver as lender or in its capacity as general partner of the Partnership those documents reasonably required with respect to the Deferred Development Fee including but not limited to such development

Board of Commissioner Actions:

The following resolutions will need to be considered and approved by the Board in order for the project to proceed using this structure:

1. September: Inducement Resolution No 5511 (already approved) stating KCHA's intent to issue private activity bonds.
2. November: Resolution No. 5520 authorizing formation of the tax credit partnership, authorizing submission of the 4% Low Income Housing Tax Credit application to the WSHFC, and authorizing all financing transactions. A full project financial briefing will be undertaken in connection with this resolution at the Board meeting.

Passage of Resolution No. 5520 is recommended.



agreements, notes and leasehold deeds of trust and such other documents as may be deemed reasonable by the Executive Director with respect to the Deferred Development Fee.

Section 7. Governmental Filings; Other Agreements. The Executive Director is further authorized to take such further actions including but not limited to the execution, delivery and, if applicable, file (or cause to be executed, delivered and, if applicable, filed), on behalf of the Authority and/or the Partnership, any government forms, affidavits, certificates, letters, documents, agreements and instruments that he determines to be necessary or advisable to give effect to this resolution and to consummate the transactions contemplated herein.

Section 8. Expenditures. The Authority is authorized to expend such funds as are necessary to pay for all filing fees, application fees, registration fees, legal fees and other costs relating to the actions authorized by this resolution.

Section 9. Acting Officers Authorized. Any action required by this resolution to be taken by the Chair of the Board or Executive Director of the Authority may be taken in the absence of each person respectively by the duly authorized acting Chair of the Board or a Deputy Executive Director of the Authority.

Section 10. Ratification and Confirmation. Any actions of the Authority or its officers prior to the date hereof and consistent with the terms of this resolution are ratified and confirmed.

Section 11. Effective Date. This resolution shall be in full force and effect from and after its adoption and approval.

**ADOPTED** by the Board of Commissioners of the Housing Authority of the County of King at  
an open public meeting this 16th day of November, 2015.

HOUSING AUTHORITY OF THE COUNTY OF  
KING

By: \_\_\_\_\_  
Chair

ATTEST:

\_\_\_\_\_  
Executive Director

## CERTIFICATE

I, the undersigned, the duly chosen, qualified and acting Executive Director of the Housing Authority of the County of King (the “Authority”) and keeper of the records of the Authority, CERTIFY:

1. That the attached Resolution No. 5520 (the “Resolution”) is a true and correct copy of the resolution of the Board of Commissioners (the “Board”) of the Authority, as adopted at a meeting of the Authority held on November 16, 2015, and duly recorded in the minute books of the Authority.

2. That such meeting was duly convened and held in all respects in accordance with law, and, to the extent required by law, due and proper notice of such meeting was given; that a quorum was present throughout the meeting and a majority of the members of the Board of Commissioners of the Authority present at the meeting voted in the proper manner for the adoption of the Resolution; that all other requirements and proceedings incident to the proper adoption of the Resolution have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this Certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 16<sup>th</sup> day of November 2015.

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Executive Director of the Authority

CERTIFICATE

# **Spiritwood Manor Project Profile**

Spiritwood Manor is located in Bellevue, one mile north of Bellevue College and three quarters of a mile west of the new Lake Hills Library. Built in 1968, Spiritwood Manor provides 128 units in 14 two-story buildings, consisting of 12 one-bedroom, 61 two-bedroom and 55 three-bedroom apartment homes. The property offers an excellent Low Income Housing Tax Credit acquisition/rehab development opportunity. Spiritwood Manor will provide affordable housing for low-income households at or below 60% of the area median income in a location with easy access to bus transportation and good schools.

## **Purchase Status**

The property is owned and managed by KCHA. KCHA purchased Spiritwood Manor in 1992, which had been developed as a privately owned Section 8 project, with financing from a HUD insured loan under the Low Income Housing Preservation and Resident Homeownership Act (LIPHRA), supplemented by City of Bellevue and State of Washington Housing Trust Funds. As of the end of 2014, KCHA had paid off all of the existing indebtedness and the long term HUD Section 8 contract had expired, enabling KCHA to shift the property to a project-based Section 8 subsidy structure.

## **Property Description & Building Condition**

Spiritwood Manor is a multifamily development located at 1424 148<sup>TH</sup> Ave SE in Bellevue. The property consists of a square shaped parcel totaling 6 acres. It was developed for multifamily residential use consistent with its zoning.

The development includes 14 two-story residential buildings with 116,313 rentable square feet, a children's playground, basketball court, and landscaped areas. There are 150 surface parking spaces (1.17 spaces/unit, or 0.5 space per bedroom). Amenities include laundry facilities and a Boys & Girls Club with youth programs. All of the residential buildings were built in 1968. They are wood frame construction with vinyl siding.

A capital needs assessment (CNA) and Phase I Environmental Site Assessment were conducted at Spiritwood in October 2015. KCHA staff has also completed a sampling inspection of the interior of the units. Conditions normal to buildings of this age were observed. The electrical panels and sections of the galvanized plumbing lines were recommended for replacement. The CNA also included recommendations for new siding, new windows, stair replacement, new railings, kitchen cabinet replacements, flooring upgrades, roof repairs, sidewalk repairs, site drainage improvements, and perimeter fencing repairs. Bath fans and appliances are generally in poor condition. Staff recommends a fence by the basketball court to protect nearby windows. As funds allow, the dumpster enclosures will be reconfigured. Staff anticipates the property will require a construction budget of approximately \$10,000,000 (\$78,128/unit) to address the issues identified above.

## **Unit Configuration**

The 128 unit mix includes:

- 12 one-bedroom units with one bath of approximately 682 square feet each
- 61 two-bedroom, one bath units of approximately 834 square feet
- 55 three-bedroom, one bath units of approximately 1014 square feet

# **Spiritwood Manor Project Profile**

## **Neighborhood Description**

Spiritwood Manor is located in the City of Bellevue, just east of 148<sup>th</sup> Avenue SE and one block south of SE Lake Hills Boulevard. The Boys & Girls Club has a recently constructed youth center on site as well as a larger facility a half mile northeast by the Lake Hills Greenbelt Park. The Lake Hills Library is located three quarters of a mile northeast of the property. Lake Hills Elementary School is a half mile to the northwest, with Tillicum Middle School one mile east, and Sammamish High School just over a mile to the northwest. According to SchoolDigger.com, the Bellevue School District is among the top ten ranked public school districts out of 245 districts in the State (based on standardized test scores). U.S. News and World Reports ranks Sammamish High School as the 9<sup>th</sup> best high school in the State. Bellevue College is located one mile south along 148<sup>th</sup> Avenue. The neighborhood currently consists of a mix of single family and multi-family uses, with retail, public and institutional uses congregated around the Lake Hills Library. The Metro bus route number 226 provides service every half hour from 6 AM to 11 PM along 148<sup>th</sup> and Lake Hills Boulevard.

## **Proposed Financing**

KCHA staff propose to finance the rehabilitation of Spiritwood Manor by using 4% Low Income Housing Tax Credits as well as funds administered by KCHA's Weatherization Department. Because of the ability to leverage KCHA's equity in a high value property, KCHA can fully finance the rehab of Spiritwood without requiring any new public funds, or permanent financing from KCHA, including additional long-term debt. Short-term interim financing combined with the equity from the LIHTC program will fully fund this rehabilitation.

In order comply with the IRS affordability requirements for the use of Low Income Housing Tax Credits, KCHA will restrict occupancy to residents earning less than 60 percent of the area median income. KCHA's staff estimates that 10 – 20 of the households at Spiritwood have incomes in excess of the tax credit limits. KCHA is providing these residents with relocation assistance and will help find housing in other KCHA properties or other apartments in the area.

KCHA will issue approximately \$24,000,000 in tax exempt bonds to provide interim financing during construction. Ownership of the property will be transferred to the tax credit partnership via a long term lease. The total lease price will be \$26,500,000. KCHA will receive approximately \$12 million in lease payments from the partnership primarily using loan proceeds received from KCHA during the development period. These payments to KCHA will be loaned back to the Partnership to cover development costs. KCHA will provide seller financing for the remaining lease payments, and this seller financing will be paid down out of operating cash flow over time. The rehab and development costs will be paid using the rest of the bond proceeds and with some of the additional financing provided by KCHA.

In 2017, the \$24 million in bond financing will be paid down with \$12.5 million in 4% Low Income Housing Tax Credits equity and \$11.5 million of the KCHA loan. Another \$2.7 million of LIHTC equity will be contributed by the investor to pay for developer fee. The weatherization funds will stay in the project.

**Developer Fee** – The total developer fee earned by KCHA on this project will be approximately \$5,800,000. \$2,900,000 of this will be paid in cash to KCHA in late 2017, and the balance will be paid to KCHA out of project cash flow over the first 10 years of operations. In addition to the

# Spiritwood Manor Project Profile

developer fee, staff currently projects that the lease proceeds will provide as much as \$500,000 more than KCHA will need to loan back to the project.

## **Sources & Uses**

### **USES**

Acquisition	\$26,600,000
Rehab Costs	\$10,100,000
Professional Fees & Other Soft Costs	\$700,000
Financing Costs	\$2,250,000
Tax Credit Costs	\$292,000
Relocation	\$430,000
Developer Fee	\$5,800,000
Start up costs	\$13,000
Reserves	\$0
TOTAL	<u><u>\$46,185,000</u></u>

### **SOURCES**

Tax Credit Equity	\$15,185,000
KCHA Seller Financing	\$14,500,000
KCHA Subordinate Loan	\$11,500,000
KCHA Weatherization	\$700,000
KCHA Development Fee	\$2,900,000
Cash from operations	\$1,400,000
TOTAL	<u><u>\$46,185,000</u></u>

## **Strategic Justification**

Spiritwood Manor was built in 1968 and many of the building systems are in need of replacement. Because of the current high appraised value of the property and the relatively high pricing on Low-Income Housing Tax Credits, it is an ideal time to use the Low-Income Housing Tax Credit program to finance these capital improvements. The high appraised value allows Spiritwood to generate a large number of acquisition credits, and the proceeds from the sale of these credits can help fund the rehab work. KCHA has received multiple proposals from tax credit syndicators offering more than \$1.10 for each \$1.00 of tax credits, which greatly increases the value of the credits.

## **Project Risks & Mitigations**

### **Financing Risks and Mitigations**

- (Risk) Some households are over-income and will need to be permanently relocated and a significant number of the households will need to be temporarily relocated during the rehab period. Alternate lodging may be difficult to find for these households.

# **Spiritwood Manor Project Profile**

- (Mitigation) KCHA has budgeted \$430,000 for potential relocation expenditures which should be adequate to cover both permanent and temporary relocation costs. The permanently relocated households either have Section 8 vouchers or will be given a project-based Section 8 unit in another of KCHA's properties. KCHA has extensive experience re-housing residents in tight markets and will look to its own broad portfolio in Bellevue for vacancies, if necessary.

## **Project Construction Risks and Mitigations**

- (Risk) Additional repair and improvement costs may be needed beyond what is visible from due diligence inspections.
- (Mitigation) KCHA has operated the property for years and has done extensive exploration into the condition of the property. The LIHTC financing allows for nearly \$80,000 per unit in rehab expenditures, which is a very healthy amount of rehab for a property that is in as good of condition as Spiritwood. The budget currently has a 15% contingency, which will allow for both unforeseen conditions and higher than expected bid costs. KCHA will also add weatherization upgrades which will be overseen by KCHA's Weatherization Department. Unanticipated but necessary additional repairs and improvements will be addressed by reprioritizing the projected work, such as undertaking fewer unit upgrades as part of the initial rehab. KCHA has extensive experience in the assessment and upgrading of this type of property.
- (Risk) KCHA does not have firm contractor bids in hand for the proposed work. The actual cost may come in higher than budgeted.
- (Mitigation) The KCHA development budgets are based on current market information from other recent similar KCHA projects. The work to be performed at the Spiritwood is very similar to the types of projects KCHA completes each year in its aging bond and tax credit portfolio and staff has a significant amount of experience, including recent bid results, in accurately estimating the cost of this type of work. KCHA has also added a 15% contingency to allow for higher bids as well as unforeseen conditions.

## **Ongoing Operating Risks & Mitigations**

- (Risk) KCHA will be providing an operating deficit guarantee on this project, and there is a risk that the rental income will be insufficient to cover both the operating costs and permanent debt.
- (Mitigation) KCHA has operated Spiritwood Manor since 1992, and the current level of Section 8 subsidy produces over \$1,000,000 in annual operating income. The deal proposes no new third party debt, so it is extremely unlikely that the income will be insufficient, even if the amount of Section 8 subsidy is significantly lower.

# T A B N U M B E R

10





**TO:** Board of Commissioners

**FROM:** Tim Walter, Senior Director of Asset Management and Development

**DATE:** November 10, 2015

**RE:** **Resolution No. 5521: A Resolution of the Housing Authority of the County of King authorizing the submission of an application for, and execution and delivery of, a Contingent Loan Agreement in connection with the financing and refinancing of the costs of acquisition and preservation of the Corinthian Apartments and the Villages at South Station**

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Resolution No. 5521 authorizes KCHA to submit an application and enter into one or more contingent loan agreements with King County, which effectively provide loan guarantees (credit enhancement) for the long-term financing of the Corinthian and Villages at South Station Apartments. KCHA acquired both the 95-unit Corinthian Apartments located in SeaTac and the 191-unit Villages at South Station located in Tukwila in June, 2015 by drawing on its line of credit financing with KeyBank.

#### **King County Loan Guarantees**

King County has provided credit enhancement for 15 different KCHA projects over the past 20 years, including most recently the Meadowbrook and Gilman Square acquisitions, which has allowed KCHA to secure financing at a lower interest cost than KCHA would otherwise be able to secure without the County's loan guarantee. The lower interest cost translates into lower debt service payments, which in turn allows KCHA to reduce rents for low-income households by an amount that approximates the savings.

#### **Long-Term Refinancing**

KCHA desires to refinance the two properties by issuing up to \$40 million in tax-exempt bonds that will be credit enhanced pursuant to a contingent loan agreement with King County. The County's loan guarantee acts as a credit enhancement for the projects' debt. This allows KCHA to secure beneficial borrowing rates and terms based on the strong AAA credit rating of King County.

If KCHA is able to enter into contingent loan agreement(s) with the County for these properties, staff estimates that credit enhancement of the permanent financing will save up to an estimated .70% in annual interest rate costs, which equates to approximately \$5 million over the life of this financing. KCHA staff estimate that these savings will allow KCHA to reduce rents to 60% of the AMI on approximately 95 units.

Staff recommends passage of Resolution No. 5521.

HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5521

(SeaTac/Tukwila Affordable Housing TOD Project)

A RESOLUTION authorizing the submission of an application for and execution and delivery of a contingent loan agreement in connection with the financing or refinancing of the costs of acquisition and preservation of the Corinthian Apartments located in SeaTac, Washington and the Villages at South Station Apartments located in Tukwila, Washington.

ADOPTED November 16, 2015

HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5521  
(SeaTac/Tukwila Affordable Housing TOD Project)

A RESOLUTION authorizing the submission of an application for, and execution and delivery of, a contingent loan agreement in connection with the financing or refinancing of the costs of acquisition and preservation of the Corinthian Apartments located in SeaTac, Washington and the Villages at South Station Apartments located in Tukwila, Washington.

WHEREAS, the Housing Authority of the County of King (the “Authority”) seeks to encourage the provision of housing for low-income persons residing in King County, Washington; and

WHEREAS, the Authority has acquired the Corinthian Apartments located in SeaTac, Washington and the Villages at South Station Apartments located in Tukwila, Washington (collectively the “Project”) with short-term financing; and

WHEREAS, RCW 35.82.020(11) and 35.82.130 together provide that a housing authority may issue bonds, notes or other obligations for any of its corporate purposes; and

WHEREAS, credit enhancement provided by King County, Washington (the “County”) will ensure the Authority is able provide the maximum number of housing units for households at 60% of the Area Median Income with the balance of the housing units affordable to households at 80% of the Area Median Income; and

WHEREAS, it is anticipated that the County will agree to provide credit enhancement for the obligations of the Authority relating to the Project and other projects, in the form of a Contingent Loan Agreement with the Authority;

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Housing Authority of the County of King as follows:

Section 1.     Definitions.   As used in this resolution, the following words have the following meanings:

“Authority” means the Housing Authority of the County of King, a public body corporate and politic duly organized and existing under and by virtue of the laws of the State of Washington.

“Board” means the Board of Commissioners of the Authority.

“Bond” or “Bonds” means one or more of the lines of credit and/or series of bonds, together with direct loans to provide financing for the Project, and any Refunding Bonds, all in an aggregate principal amount outstanding at any one time not to exceed \$40,000,000.

“Contingent Loan Agreement” means one or more Contingent Loan Agreements between the Authority and the County providing credit enhancement for the Bonds.

“County” means King County, Washington.

“General Revenues” means all revenues of the Authority from any source, but only to the extent that those revenues are available to repay loans from the County pursuant to the Contingent Loan Agreement and are not now or hereafter pledged or restricted, by law, regulation, contract, covenant, resolution, deed of trust or otherwise (including restrictions relating to funds made available to the Authority under the U.S. Housing Act of 1937), solely to another particular purpose.

“Project” means the Corinthian Apartments located 3039 South 154<sup>th</sup> Street SeaTac, Washington and the Villages at South Station located at 3724 South 154<sup>th</sup> Street, Tukwila, Washington.

“Refunding Bonds” means any Bonds issued to refund all or a portion of the Bonds, including any pooled bonds or other obligations issued to finance or refinance the Project and other projects.

All capitalized terms used but not defined herein shall have the meanings assigned to them in the Contingent Loan Agreement.

Section 2. Authorization to Submit an Application for Credit Enhancement. The Board approves the submission to the County of an application for credit enhancement for the Project.

Section 3. Authorization of Contingent Loan Agreement and Execution Thereof. Subject to the receipt of an award of credit enhancement for the Project, the Board approves entering into the Contingent Loan Agreement, with such changes as the Executive Director of the Authority shall deem necessary or appropriate. The Authority authorizes and approves the execution and delivery of, and the performance by the Authority of its obligations contained in, the Contingent Loan Agreement and this resolution and the consummation by the Authority of all other transactions contemplated by this resolution in connection with the Contingent Loan Agreement. The Executive Director of the Authority is authorized and directed to execute and deliver, on behalf of the Authority, the Contingent Loan Agreement and any other documents that may be useful or necessary in connection therewith, or that may be required by the County as a condition to delivery of the Contingent Loan Agreement.

Section 4. Security for the Repayment of Loans Under the Contingent Loan Agreement. The Authority pledges its General Revenues as security for the repayment of the loans made by the County under the Contingent Loan Agreement. The Authority reserves without limitation the right to issue other obligations, the principal of and interest on which are

Resolution No. 5521 SeaTac/Tukwila Affordable Housing TOD Project

November 16, 2015 Board Meeting

Page 4 of 6

to be paid from the General Revenues on parity with payments under the Contingent Loan Agreement. At its option, the Authority may pledge any revenues that comprise a portion of the General Revenues to the payment of other obligations, such payments to have priority over the payments to be made under the Contingent Loan Agreement with respect to that portion of the General Revenues.

Section 5.     Acting Officers Authorized. Any action required by this resolution to be taken by the Executive Director of the Authority may in the absence of such person be taken by a Deputy Executive Director of the Authority.

Section 6.     Ratification and Confirmation. Any actions of the Authority or its officers prior to the date hereof and consistent with the terms of this resolution are ratified and confirmed.

Section 7.     Effective Date. This resolution shall be in full force and effect from and after its adoption and approval.

ADOPTED by the Board of Commissioners of the Housing Authority of the County of King at a regular open public meeting thereof this 16<sup>th</sup> day of November, 2015.

HOUSING AUTHORITY OF THE COUNTY OF  
KING

By: \_\_\_\_\_  
Chair

ATTEST:

\_\_\_\_\_  
Executive Director

## CERTIFICATE

I, the undersigned, the duly chosen, qualified and acting Executive Director of the Housing Authority of the County of King (the “Authority”) and keeper of the records of the Authority, CERTIFY:

1. That the attached Resolution No. \_\_\_\_ (the “Resolution”) is a true and correct copy of the resolution of the Board of Commissioners (the “Board”) of the Authority, as adopted at a meeting of the Authority held on November 16, 2015, and duly recorded in the minute books of the Authority.

2. That such meeting was duly convened and held in all respects in accordance with law, and, to the extent required by law, due and proper notice of such meeting was given; that a quorum was present throughout the meeting and a majority of the members of the Board of Commissioners of the Authority present at the meeting voted in the proper manner for the adoption of the Resolution; that all other requirements and proceedings incident to the proper adoption of the Resolution have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this Certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 16<sup>th</sup> day of November, 2015.

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Executive Director of the Authority

# T A B N U M B E R





**To:** Board of Commissioners

**From:** Craig Violante, Director of Finance

**Date:** November 9, 2015

**Re: New Bank Accounts**

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*Since the last Board meeting KCHA has opened 1 new bank account.*

**Vantage Point Apartments**

- Vantage Point Apartments LLC Replacement Reserves Account

Bank: KeyBank

Purpose: The Authority has opened a full business checking account with KeyBank that will be used to hold replacement reserves for the Vantage Point tax credit partnership. Transactions will include and be limited to deposits from and transfers to the operating account. KCHA practice is to hold non KCHA replacement reserve deposits in a separate bank account.

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**To:** Board of Commissioners

**From:** Craig Violante, Director of Finance

**Date:** November 3, 2015

**Re:** **Third Quarter 2015 Financial Statements**

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### ***EXECUTIVE SUMMARY***

The fiscal outlook for 2015 continues to be stable. KCHA is receiving Section 8 block grant funding at 101.25% of eligibility while the budget assumed 96%, resulting in additional unbudgeted revenues of \$5.4 million. Through the first nine months, this additional funding has resulted in a positive Section 8 subsidy variance of \$3.6 million. Beyond 2015, this funding will be influenced by a number of factors including Congressional appropriations, Annual Adjustment Factor (inflation) eligibility and the number of vouchers leased nation-wide.

A portion of the increased 2015 block grant revenues is being targeted toward the higher average HAP payments resulting from the new payment standards adopted by the Board in December 2014. While the budget assumed the new payment standards would increase 2015 HAP costs by \$750,000, the midyear financial projection, presented to the Board in June, raised this estimate to \$1.65 million.

On the Public Housing side, the U.S. Department of Housing and Urban Development (HUD) announced the final proration for 2015 is 85.36%. Compared to the budget assumption of 83.5%, this increased proration, paired with higher subsidy eligibility resulting from adjustments to KCHA's utility baseline, has resulted in \$533,000 more in subsidy receipts through the first nine months than originally forecast. It is anticipated that the variance will reach \$635,000 by the end of the year.

### ***QUARTERLY HIGHLIGHTS***

Excluding the increased Section 8 block grant receipts and newly-acquired properties, operating income for the third quarter and year-to-date was 3.4% and 1.6% ahead of budget projections, respectively, driven primarily by the increased Public Housing Operating Fund Subsidy payments from HUD and unbudgeted grant receipts from the Gates Foundation. Tenant revenues are right on target.

Excluding newly-acquired properties, operating expenses for the third quarter and year-to-date were 1.0% and 1.6% below budget projections, respectively. The primary

drivers for the lower expense levels include multiple unfilled positions, some maintenance projects that have not yet been undertaken, and several billings from Homeless program partners that have not yet been received.

During the quarter, Woodcreek Lane, located in Woodinville, was acquired by KCHA. Woodcreek Lane sits directly adjacent to Wellswood, a 30-unit MKCRF-owned apartment complex. It has 20 2-bedroom units and was purchased for \$4,750,000 or \$237,500 per unit. It will be managed internally by KCHA's Wellswood staff.

An unbudgeted sale of 24 lots at Greenbridge closed during the quarter, totaling nearly \$1 million.

KCHA went live with Tenmast software on November 5<sup>th</sup>. Although there will be additional modules and features that will continue to be implemented well into 2016, the overall project is still expected to be completed within the approved budget.

During the third quarter, total working capital, defined as the difference between short-term assets and short-term liabilities, and the basis on which the attached financial statements are prepared, declined by \$0.4 million:

Change to KCHA-Wide Working Capital		A decline of \$0.4 million
Description	Fund Group	Amount
Section 8 subsidy from HUD	MTW	\$4.4
Vantage Point construction expenditures	Development	(\$6.5)
Lot sales proceeds	Development	\$1.0
Net of all other sources/(uses)	All others	\$0.7

## ***CASH AND INVESTMENT SUMMARIES***

Overall cash balances decreased by \$1.4 million during the quarter, driven predominantly by the use of committed reserves for property rehabilitation projects and the Tenmast conversion. Other increases such, as a \$6.1 million additional block grant receipt were largely cancelled by other decreases, such as the \$6.5 million loan to Vantage Point. Loans made to the Vantage Point partnership currently total \$11.4 million and will be repaid in 2016 when the investor equity is received. For a complete report on KCHA's overall cash position, please see page 10.

The overall Return on Investment (ROI) on KCHA investments, including loans made for low income housing purposes, was 0.69%, up slightly from 0.68% last quarter. The Washington State Treasurer's Local Government Investment Pool (LGIP) average interest rate for the quarter was 0.16%, while the projected rate as of October 23<sup>rd</sup> was 0.18%.

Third Quarter 2015 Financial Report  
November 16, 2015 Board Meeting  
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**Investment Summaries (in millions)**

	Amount	Yield	% of Total
Invested in the Local Government Investment Pool	\$36.2	0.15%	26.5%
Invested by KCHA	53.4	1.07%	39.0%
Cash held by trustees	16.4	0.10% *	12.0%
Cash held in checking and savings accounts	25.1	0.10% *	18.4%
Invested by KCHA	\$131.1	0.51%	95.9%
Cash loaned for low income housing purposes	5.7	4.91%	4.1%
Loaned by KCHA	5.7	4.91%	4.1%
Total	\$136.8	0.69%	100.0%

\*Estimate

Using the Total Rate of Return (TRR) approach, KCHA periodically sells investments prior to maturity to either secure a gain or increase interest rates. This approach has increased KCHA's overall quarterly yield, exclusive of gains earned on the swaps, by .11% or approximately \$12,600. Since inception in 2014, 17 trades have been executed with a total gain of \$40,300.

Balances and quarterly activity for MTW and COCC cash reserves are:

**MTW Reserve Balances**

*(in millions of dollars)*

MTW Cash, Beginning of Quarter	\$25.8
--------------------------------	--------

*Quarterly change:*

Block grant subsidy payments from HUD in excess of direct expenses	4.6
Capital construction projects	(0.5)
Direct social service expenses	(1.5)
Tenmast Software expenses	(0.5)
Other net changes	(0.3)
MTW Cash, End of Quarter	\$27.6

*Less Reserves:*

Restricted Reserve-Green River Collateral	(8.6)
Construction Reserve	(1.8)
HAP Reserve (\$6.0 M is pledged as FHLB collateral)	(6.9)
Additional investments pledged as collateral with the FHLB	(1.1)
Supportive Housing Reserve	(2.8)
Technology Reserve	(1.1)
MTW Working Capital Cash, End of Quarter	\$5.2

Third Quarter 2015 Financial Report  
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COCC Reserve Balances

*(in millions of dollars)*

COCC Cash, Beginning of Quarter	\$30.1
---------------------------------	--------

*Quarterly change:*

Vantage Point Bridge Loan	(5.8)
Excess cash transferred in from tax credit partnerships and bond proper	0.5
Other net change	(1.2)
COCC Cash, End of Quarter	\$23.6

*Less Reserves:*

Liquidity Reserves for King County credit enhancement	(9.0)
---	-------

COCC Working Capital Cash, End of Quarter	\$14.6
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### ***CAPITAL INVESTMENTS (Including tax credit partnerships)***

The following schedule shows the budget versus actual costs of both KCHA-owned properties and KCHA-managed tax credit partnerships' capital projects through the first nine months of 2015.

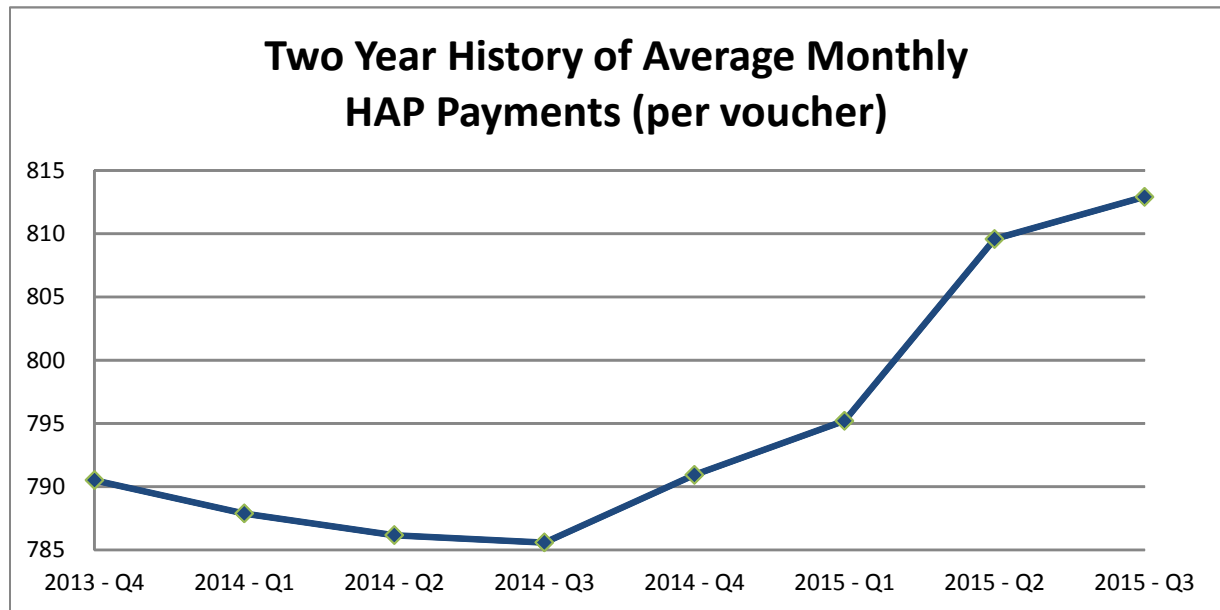
	Actuals Thru 9/30/2015	Budget Thru 9/30/2015	YTD Variance	Percent of Annual Budget	2015 Annual Budget
<b>CONSTRUCTION ACTIVITIES</b>					
<i>Managed by Capital Construction Department</i>					
Public Housing	\$2,554,511	\$2,678,400	(\$123,889)	69.4%	\$3,680,900
509 Properties	2,744,807 (1)	5,368,880	(2,624,073)	47.7%	5,757,480
Other Properties	1,476,566	1,768,400	(291,834)	74.6%	1,978,400
Community Buildings	-	-	\$0	N/A	0
	6,775,884	9,815,680	(3,039,796)	59.4%	11,416,780
<i>Managed by Housing Management Department</i>					
Unit Upgrade Program	2,775,609 (2)	3,190,669	(415,060)	65.2%	4,254,190
Other Projects	922,699	1,090,755	(168,056)	72.8%	1,268,066
	3,698,308	4,281,424	(583,116)	67.0%	5,522,256
<i>Managed by Asset Management Department</i>					
Bond Properties-managed by KCHA staff	3,189,733	3,375,000	(185,267)	79.4%	4,015,000
Bond Properties-managed by external property managers	4,589,516 (3)	6,459,003	(1,869,487)	57.2%	8,019,313
Other Properties	339,026	593,000	(253,974)	50.5%	671,000
	8,118,274	10,427,003	(2,308,729)	63.9%	12,705,313
<b>Subtotal Construction Activities</b>	<b>18,592,466</b>	<b>24,524,107</b>	<b>(5,931,641)</b>	<b>62.7%</b>	<b>29,644,349</b>
<b>DEVELOPMENT ACTIVITY</b>					
<i>Managed by Hope VI Department</i>					
Seola Gardens	365,542 (4)	443,797	(78,255)	62.8%	582,328
Greenbridge	346,785 (5)	536,046	(189,261)	49.4%	702,329
Salmon Creek/Nia	- (6)	561,375	(561,375)	0.0%	748,500
	712,327	1,541,218	(828,891)	35.0%	2,033,157
<i>Managed by Development Department</i>					
Vantage Point	14,168,271 (7)	12,362,430	1,805,841	93.0%	15,233,948
Spiritwood	218	-		N/A	
Notch	117,593 (8)	426,563	(308,970)	22.1%	531,232
	14,286,083	12,788,993	1,496,872	90.6%	15,765,180
<b>Subtotal Development Activity</b>	<b>14,998,409</b>	<b>14,330,211</b>	<b>668,198</b>	<b>84.3%</b>	<b>17,798,337</b>
<b>TOTAL CONSTRUCTION &amp; DEVELOPMENT</b>	<b>\$33,590,876</b>	<b>\$38,854,318</b>	<b>(\$5,263,442)</b>	<b>70.8%</b>	<b>\$47,442,686</b>
<b>PROPERTY ACQUISITIONS &amp; OTHER ASSETS</b>					
Acquisitions	53,072,567				
Software	767,694				
Other Assets	410,799				
<b>TOTAL PER WORKING CAPITAL REPORT</b>	<b>\$87,841,935</b>				

- 1) \$1.9 million of variance is a permanent reduction of costs due to a combination of scope changes and favorable bid responses. Remainder is due to the deferral of some projects to 2016
- 2) The Unit Upgrade program is still on target to complete 150 units by the end of the year. The variance is related to a reduction in per unit costs as more one bedroom units, which are less expensive to rehab than larger bedroom sizes, have been finished than originally anticipated.
- 3) Most of budgeted capital work is done upon unit turns, and sites have experienced lower turnover than anticipated
- 4) Expected 2015 expenditures reduced by \$20k
- 5) Expected 2015 expenditures reduced by \$140k
- 6) Deferred to a future year
- 7) 2015 variance is due to the inclusion of some costs that were expected to be paid at the end of 2014 and were therefore not included in the 2015 budget. The overall project budget is still within original budget parameters.
- 8) Expected 2015 expenditures reduced by \$120k

## ***PROGRAM ACTIVITIES***

### ***HOUSING CHOICE VOUCHERS***

The average quarterly HAP payment to landlords for all HCV vouchers was \$812.91, compared to \$809.58 last quarter and \$785.59 one year ago.



KCHA's average HAP cost per voucher bottomed out in the third quarter of 2014 and has since been steadily rising, influenced in 2015 by the new payment standards adopted by the Board at the December 2014 meeting.

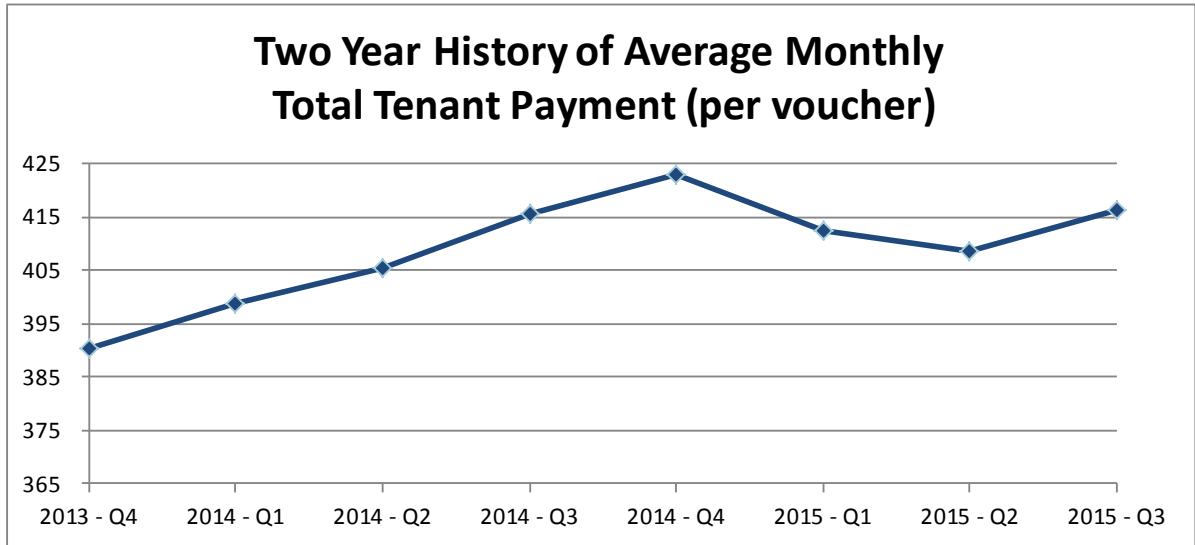
Prior to the December 2014 payment standards adjustment, households had been shouldering an increasingly higher Total Tenant Payment (TTP). The TTP is the tenant's monthly contribution towards rent and utilities and is benchmarked at 28.3% of their income. The market has continued to rise however, and voucher holder TTP and shelter burdens are on the rise again.

The data below shows how the number of families who are paying more than 30%, 40% and 50% of their income towards rent has changed over the past two years.

Families Paying More Than 30%		Families Paying More Than 40%		Families Paying More Than 50%	
Sep-14	Sep-15	Sep-14	Sep-15	Sep-14	Sep-15
3,039	2,890	1,280	1,072	1,234	1,149



Average TTP during the quarter was \$416.31, up from \$408.47 the previous quarter.



This graph illustrates how, over the first six months of 2015, TTP had been declining, influenced by the new payment standards that went into effect in January. Starting in July however, TTP began to rise, with an increase of 3.1% in only three months. It is likely that the new payment standards are not keeping up with the rapid rise in rental rates experienced by voucher holders. Staff is actively reviewing this issue and it is anticipated that revised standards will be brought to the Board in January, 2016.

### ***MTW PROGRAM***

In the *MOVING TO WORK (MTW) FUND*, KCHA combines certain HUD Public Housing revenues with Housing Choice Vouchers (HCV) Block Grant funding. Out of these aggregated revenues, there are five distinct uses:

#### ***1. Transfers to the Section 8 program to pay for Housing Assistance Payments to landlords and administrative expenses***

2015 Block Grant funding will be \$5.4 million greater than anticipated in the budget as the actual prorate is 101.25% vs. the budget of 96%.

(In thousands of dollars)

	Actual	Budget	Variance	% Var	
HCV Block Grant Revenue	\$78,533.0	\$74,521.6	\$4,011.4	5.4%	(1)
Funding of HAP Payments to Landlords	(61,068.2)	(60,541.0)	527.2	(0.9%)	
Funding of Section 8 Administrative Costs	(5,529.9)	(5,639.3)	(109.4)	1.9%	
Excess of HCV Block Grant Funding over Expenses	<u>\$11,934.9</u>	<u>\$8,341.3</u>	<u>\$3,593.6</u>	<u>43.1%</u>	

- 1) Standard monthly block grant payments from HUD are based on prior years leasing levels. Additional amounts are requested by KCHA as HUD receives specific funding authority. Consequently the monthly cash receipts vary.

## **2. Payments to Public Housing sites to subsidize the difference between operating costs and tenant revenue**

Through the first three quarters, the transfer of MTW revenue (consisting of certain Public Housing revenues and block-granted Housing Choice Voucher subsidy) from MTW to Public Housing has been below target as the public housing program is receiving more direct subsidy than anticipated.

*(In thousands of dollars)*

	Actual	Budget	Variance	% Var	
Public Housing Asset Repositioning Fees (ARF)	\$212.0	\$189.8	\$22.3	11.7%	
Additional Transfers to PH AMPs Based on Need	(763.1)	(1,048.1)	(285.1)	37.4%	(1)
Net Flow of Cash(from)/to MTW from/(to) PH	(\$551.0)	(\$858.4)	(\$262.8)	30.6%	

- 1) The need for additional MTW cash transfers to public housing funds was less than anticipated in the budget through the third quarter but is expected to be closer to target by year-end.

## **3. Expenditures for homeless and resident service programs**

MTW dollars support nearly all resident service programs and various initiatives designed to alleviate and prevent homelessness:

*(In thousands of dollars)*

	Actual	Budget	Variance	% Var	
Homeless Initiatives	\$1,134.4	\$1,884.2	(\$749.8)	(39.8%)	(1)
Resident Services	3,999.6	4,221.3	(\$221.7)	(5.3%)	
Use of MTW Funds for Special Programs	\$5,134.0	\$6,105.5	(\$971.5)	(15.9%)	

- 1) Variance is due to slow billing by partner agencies and a delay in getting contracts executed for the Domestic Violence and PACT programs. Billing by some partners did increase during the third quarter.

## **4. Other uses of MTW funds**

MTW working capital is used for a variety of other purposes. Year-to-date expenditures include:

*(In thousands of dollars)*

	Actual	Budget	Variance	% Var	
Construction Activity & Management Fees	\$1,865.30	\$3,202.45	(\$1,337.1)	(71.7%)	(1)
Misc. Other Uses	532.7	577.0	(44.4)	(8.3%)	
	\$2,398.0	\$3,779.5	(\$1,381.5)	(57.6%)	

- 1) Some MTW-funded construction costs budgeted for 2015 were actually incurred in late-2014. In addition, expenditures for unit upgrades are under target as more one-bedroom units have been rehabilitated than originally forecast resulting in lower costs

## 5. ***Costs to administer the MTW program***

Administrative costs are primarily salaries and benefits of those who manage or analyze MTW-funded programs, with year-to-date expenses of \$305,500 or 0.39% of program gross revenues. Expenses are below the budget of \$408,300.

### ***AGENCY OVERHEAD***

The Central Office Cost Center (COCC) aggregates overhead costs for the Authority. The COCC is supported by fees charged to both Federal and non-Federal programs and housing properties, and by transfers of excess cash from non-Federal housing programs. KCHA continues to administer its programs in a fiscally-prudent manner and within HUD guidelines. The chart below reflects a summary of COCC activity, excluding Regional Maintenance crews, as Regional Maintenance activity is accounted for in a business-like fund and is not considered part of KCHA's general overhead.

*(In thousands of dollars)*

	YTD Actual	YTD Budget	Variance	% Var	
<b><i>Revenues</i></b>					
Management fees	\$5,832.5	\$5,614.3	\$218.2	3.7%	
Cash transferred-in from local properties	3,165.6	2,660.8	504.8	15.9%	(1)
Investment income	1,078.2	977.8	100.4	9.3%	
Other income	865.1	829.5	35.6	4.1%	
	<u>\$10,941.5</u>	<u>\$10,082.4</u>	<u>\$859.1</u>	<u>7.9%</u>	
<b><i>Expenses</i></b>					
Salaries & Benefits	\$7,233.2	\$7,262.2	(\$29.0)	(0.4%)	
Administrative Expenses	1,403.1	2,053.4	(650.3)	(46.4%)	(2)
Occupancy Expenses	187.3	150.0	37.4	20.0%	
Other Expenses	499.3	494.5	4.8	1.0%	
	<u>\$9,322.9</u>	<u>\$9,960.1</u>	<u>(\$637.2)</u>	<u>(6.8%)</u>	
Net Change in Available COCC Resources	<u><u>\$1,618.5</u></u>	<u><u>\$122.3</u></u>	<u><u>\$1,496.3</u></u>		

1) Includes an unbudgeted \$561k transfer of excess cash from the Green River pre-development fund

2) Administrative contracts and professional services have been less than anticipated in the budget

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**King County Housing Authority**  
**Consolidated Cash Report**  
**As of 9/30/2015**

	KCHA-Owned Cash					Cash of Other Entities 9/30/2015
	Oper Cash & State Pool 9/30/2015	Outside Investments 9/30/2015	Other Cash Accounts 9/30/2015	Total Cash 9/30/2015	Total Cash 6/30/2015	
<b>Cash-Unrestricted</b>						
COCC	(\$2,109,217)	\$16,640,098	\$50	\$14,530,930	\$21,017,610	\$0
Other Funds	7,589,801	2,501,751	11,050,521	21,142,072	17,132,298	3,056,286
Total Cash-Unrestricted	5,480,584	19,141,848	11,050,571	35,673,003	38,149,908	3,056,286
<b>Cash for Use Within Specific Programs</b>						
MTW	3,207,733	2,011,068	0	5,218,801	2,111,825	0
Public Housing	3,910,332	0	0	3,910,332	4,107,650	393,869
Section 8	(6,973,454)	0	7,171,805	198,351	14,905	0
Other Funds	1,939,807	1,000,000	0	2,939,807	3,173,109	0
Total Cash for Use Within Specific Programs	2,084,417	3,011,068	7,171,805	12,267,290	9,407,489	393,869
<b>Cash Set-aside to Pay Short-term Debt (P &amp; I Reserves)</b>						
Other Funds	2,247,758	239,763	688,688	3,176,209	3,269,461	0
Total Cash Set-aside to Pay Short-term Debt	2,247,758	239,763	688,688	3,176,209	3,269,461	0
<b>Cash Dedicated for Specific Purposes</b>						
MTW	5,752,393	0	0	5,752,393	7,022,154	0
COCC	2,067,394	7,006,732	0	9,074,126	9,074,126	0
Other Funds	15,911,917	15,297,990	3,615,000	34,824,907	35,366,173	2,607,463
Total Cash Dedicated for Specific Purposes	23,731,704	22,304,722	3,615,000	49,651,426	51,462,454	2,607,463
<b>Cash Restricted by Outside Entities</b>						
MTW	0	8,000,000	8,636,364	16,636,364	16,636,364	0
Public Housing	240,645	0	0	240,645	235,697	9,349
Section 8	796,722	0	0	796,722	808,361	0
COCC	0	0	6,800	6,800	6,800	0
Other Funds	1,665,381	671,825	10,332,248	12,669,455	12,494,819	3,009,027
Total Cash Restricted by Outside Entities	2,702,749	8,671,825	18,975,413	30,349,986	30,182,041	3,018,375
<b>TOTAL CASH BALANCES</b>	<b>\$36,247,212</b>	<b>\$53,369,226</b>	<b>\$41,501,476</b>	<b>\$131,117,913</b>	<b>\$132,471,353</b>	<b>\$9,075,993</b>
<b>Detail of Cash Dedicated for Specific Purposes</b>						
Rehab Reserves				\$1,848,500	\$2,358,500	
Cash at Former PH Sites-Set Aside for Future Use				6,800,000	6,800,000	
Project Reserves				3,615,000	3,615,000	
Exit Tax Designation-Reserves				6,052,827	6,052,827	
Program Income from Hope VI Loans				743,666	743,666	
Revenue				246,261	246,261	
Program Income from Hope VI Lot Sales				5,250,502	5,250,502	
Replacement Reserves				12,116,651	12,657,918	
Technology Reserves				1,131,438	1,599,955	
Liquidity Reserves				9,006,732	9,006,732	
Supportive Housing Reserves				2,772,455	3,063,699	
State Gas Tax Rebate				67,394	67,394	
Total Cash-Dedicated for Specific Purposes				<b>\$49,651,426</b>	<b>\$51,462,454</b>	
<b>Detail of Restricted Cash</b>						
Excess Cash Reserves-Overlake				\$1,993,771	1,764,870	
Project Reserves				0	50	
Endowment Reserves				544,565	544,565	
Replacement Reserves				6,645,016	6,351,831	
Operations Reserves				389,230	389,201	
Bond Reserves-1 Yr Payment				635,659	1,076,846	
Residual Receipt Reserves				564,899	564,899	
FSS-Reserves				842,689	849,192	
Collateral Reserves				9,736,364	10,036,364	
HAP Reserves Used as Collateral				6,900,000	6,600,000	
Security Deposits & Escrow Accounts				2,097,792	2,004,222	
Total Restricted Cash				<b>\$30,349,986</b>	<b>\$30,182,041</b>	

KING COUNTY HOUSING AUTHORITY  
Statements of Financial Position  
(In \$1,000's; excludes non-KCHA-managed  
component units)  
For the Period Ended September 30, 2015

	FEDERALLY-SUPPORTED PROGRAMS (managed by KCHA)						LOCAL PROGRAMS						Memo: KCHA COMBINED
	Public Housing		Other Housing		Other Programs		KCHA	Outside	Tax Credit				
	KCHA Owned	Outside Owned	KCHA Owned	Outside Owned	Section 8 Program	MTW Program	Owned Housing	Owned Housing	Gen Ptnr Activity	Develop Activity	Other	COCC	
<b>ASSETS</b>													
<b>Working Capital Assets</b>													
Cash-Unrestricted	\$0	\$1,092.1	\$4,816.2	\$3,225.4	\$0	\$0	\$12,103.3	\$1,160.7	\$366.4	\$(106.3)	\$1,285.0	\$14,531.0	\$38,473.9
Cash-Restricted Within Program	3,910.3	393.9	.0	.0	198.4	5,219.1	.0	.0	.0	3,152.3	(212.5)	.0	12,661.5
Cash-Restricted for WC Purposes	.0	.0	.0	2,487.5	.0	.0	593.2	.0	95.4	.0	.0	.0	3,176.2
Accounts Receivables	746.9	4,822.2	22.5	2,013.8	334.2	200.0	232.5	559.2	899.1	95.1	534.5	12,540.0	23,000.1
Prepaid Assets & Inventory	.1	12.8	(.1)	1.0	6.8	(.3)	122.4	.0	(.0)	.0	3.3	24.7	170.8
Total Working Capital Assets	4,657.3	6,320.9	4,838.6	7,727.7	539.4	5,418.8	13,051.6	1,719.9	1,361.0	3,141.1	1,610.4	27,095.7	77,482.5
<b>Liabilities Offsetting Working Capital Assets</b>													
Accounts Payable	(71.6)	(144.2)	(42.6)	(598.3)	(4.1)	(15.2)	(1,036.8)	(46.6)	(1.9)	(751.1)	(778.2)	(53.0)	(3,543.7)
Payroll Liabilities	(390.2)	(226.1)	(106.9)	(269.8)	(745.0)	(70.1)	(63.8)	(48.7)	(.5)	(11.8)	(518.8)	(1,604.5)	(4,055.9)
Accrued Liabilities	(16.6)	(198.1)	(14.7)	(1,048.4)	(71.2)	(876.9)	(366.3)	(224.1)	(269.9)	(310.1)	(86.1)	.0	(3,482.4)
Deferrals	.0	(75.0)	(72.2)	.0	.0	.0	(90.9)	.0	(95.4)	.0	(4.5)	.0	(338.0)
Current Portion of Long-term debt	(180.3)	(3,206.0)	(59.3)	(4,837.0) (1)	.0	.0	(8,739.2) (2)	(73.1)	(730.4)	(15,645.0) (3)	.0	(948.4)	(34,418.7)
Total Offsetting Liabilities	(658.7)	(3,849.3)	(295.6)	(6,753.5)	(820.3)	(962.2)	(10,297.0)	(392.5)	(1,098.1)	(16,718.1)	(1,387.6)	(2,605.9)	(45,838.7)
Working Capital	3,998.6	2,471.6	4,543.1	974.2	(280.9)	4,456.7	2,754.6 (2)	1,327.4	262.9	(13,577.0) (3)	222.8	24,489.8	31,643.8
<b>Other Assets</b>													
Cash-Designated	.0	3,300.6	2,785.1	12,501.3	.0	5,752.4	12,595.9	.0	.0	5,994.2	246.3	9,074.1	52,249.9
Cash-Restricted	240.6	1,231.0	1,067.5	859.6	796.7	16,636.4	8,940.0	786.5	1,993.8	587.2	.0	6.8	33,146.0
Receivables	.0	120,407.2	.0	74,021.4	.0	17,068.4	536.9	22,758.0	33,199.6	362.6	209.6	21,217.4	289,781.2
Capital Assets	63,285.9	86,181.8	25,977.1	159,588.4	.0	.0	205,039.4	11,672.1	.0	3,241.0	.0	14,179.8	569,165.6
Work-in-Process	26,204.8	201.9	4,957.6	7,424.1	.0	1,369.0	3,570.9	9.7	.0	78,001.0	1.4	.0	121,740.3
Suspense	.0	.2	(10.1)	.1	4.0	.0	4.2	.0	.0	.0	.0	(115.6)	(117.3)
Other Assets	.0	2,151.2	.0	881.4	.0	.0	(2,941.4) (4)	105.5	16.0	49.6	.0	.0	262.3
Total Other Assets	89,731.4	213,473.8	34,777.3	255,276.4	800.7	40,826.2	227,745.8	35,331.8	35,209.4	88,235.5	457.3	44,362.6	1,066,228.1
<b>TOTAL ASSETS (net of WC offsets)</b>	<b>\$93,730.0</b>	<b>\$215,945.4</b>	<b>\$39,320.4</b>	<b>\$256,250.6</b>	<b>\$519.8</b>	<b>\$45,282.8</b>	<b>\$230,500.4</b>	<b>\$36,659.2</b>	<b>\$35,472.3</b>	<b>\$74,658.5</b>	<b>\$680.1</b>	<b>\$68,852.4</b>	<b>\$1,097,871.9</b>
<b>LIABILITIES &amp; EQUITY</b>													
<b>Other Liabilities</b>													
Deferrals-Related to Restr Cash	\$562.1	\$277.8	\$102.1	\$133.9	\$796.7	\$21.0	\$1,801.7	\$34.8	\$0	\$40.0	\$0	\$6.8	\$3,777.0
Debt	280.9	82,688.9	6,445.3	124,808.9	.0	.0	203,930.2	15,482.1	28,486.1	6,687.0	.0	15,287.9	484,097.2
Other Liabilities	53.7	7,726.4	1,133.0	1,882.0	.0	.0	536.9	2,013.1	67.8	13,699.7	.0	.0	27,112.6
	896.7	90,693.1	7,680.5	126,824.8	796.7	21.0	206,268.7	17,530.0	28,553.9	20,426.7	.0	15,294.7	514,986.8
<b>Equity</b>													
Equity	92,833.3	125,252.3	31,639.9	129,425.8	(276.9)	45,261.9	24,231.6	19,129.2	6,918.4	54,231.8	680.1	53,557.7	582,885.0
	92,833.3	125,252.3	31,639.9	129,425.8	(276.9)	45,261.9	24,231.6	19,129.2	6,918.4	54,231.8	680.1	53,557.7	582,885.0
<b>TOTAL LIAB &amp; EQ (net of curr liab)</b>	<b>\$93,730.0</b>	<b>\$215,945.4</b>	<b>\$39,320.4</b>	<b>\$256,250.6</b>	<b>\$519.8</b>	<b>\$45,282.8</b>	<b>\$230,500.4</b>	<b>\$36,659.2</b>	<b>\$35,472.3</b>	<b>\$74,658.5</b>	<b>\$680.1</b>	<b>\$68,852.4</b>	<b>\$1,097,871.9</b>

1) \$2.4M Birch Creek bonds; \$1M Birch Creek Lease; \$863K Green River Homes II bonds. Expected sources of repayments include CFP, site operations and investor equity currently held in reserve. \$3M is due on a Vantage Point Line of Credit in 2015 but is expected to be extended to 2016 with ultimate repayment from tax credit equity investments. Also includes the current portion of the KCHA loan due to MKCRF.

2) Current portion of bond payments; source of funding will be P & I reserves

3) \$15.5M Vantage Point Bridge loan which will be repaid with tax credit equity contributions expected in 2016.

4) Fair market value of derivatives at year-end 2014 was a negative \$2.9 million-required by Generally Accepted Accounting Principles (GAAP)

## KING COUNTY HOUSING AUTHORITY

## Working Capital Statements

(In \$1,000's; excludes non-KCHA-managed component units)

For the Period Ended September 30, 2015

For the Period Ended September 30, 2015	FEDERALLY-SUPPORTED PROGRAMS (managed by KCHA)						LOCAL PROGRAMS						Memo: KCHA COMBINED
	Public Housing		Other Housing		Other Programs		KCHA	Outside	Tax Credit	Develop	Other	COCC	
	KCHA Owned	Outside Owned	KCHA Owned	Outside Owned	Section 8 Program	MTW Program	Owned Housing	Owned Housing	Gen Prtnr Activity				
Revenues													
Tenant Revenue	\$3,184.5	\$1,306.7	\$3,823.4	\$8,474.8	\$93.5	\$0	\$34,841.1	\$1,089.4	\$0	\$0	\$0	\$0	\$52,813.4
Operating Fund Subsidy from HUD	3,435.9	3,331.1	.0	.0	.0	212.0	10.9	.0	.0	.0	.0	.0	6,989.9
Section 8 Subsidy from HUD	.0	.0	287.2	.0	74,600.6	11,934.9	.0	.0	.0	.0	.0	.0	86,822.7
Other Operating Revenue	50.7	29.0	264.2	1,407.7	22,354.8	9.2	170.7	124.8	721.5	28.8	2,990.2	8,895.3	37,046.8
Non-operating Revenue	1,870.4	3,012.9	29.1	3,868.3	.0	229.7	367.4	595.4	1,278.2	398.1	.0	1,123.8	12,773.3
Total Revenues	8,541.5	7,679.7	4,403.9	13,750.7	97,048.9	12,385.8	35,390.0	1,809.6	1,999.7	426.9	2,990.2	10,019.1	196,446.2
Expenses													
Salaries & Benefits	1,475.1	736.2	490.8	1,127.7	4,399.2	902.4	3,000.9	240.9	1.3	164.2	703.0	8,018.1	21,259.8
Routine Maintenance, Utilities, Taxes & Insurance	3,134.5	1,451.9	1,237.4	2,173.4	208.2	.8	8,294.9	379.9	7.5	.3	11.2	1,424.8	18,324.9
Direct Social Service Salaries & Benefits	.0	.0	.0	.0	90.7	1,456.2	.0	.0	.0	20.1	146.9	.0	1,713.9
Other Social Service Support Expenses & HAP	84.0	1,868.0	16.6	2.5	89,278.0	2,812.7	95.6	92.0	.0	132.8	2,116.0	.0	96,498.2
Administrative Support Expenses	1,778.3	668.4	395.2	890.4	2,670.7	275.9	3,532.7	165.1	286.6	.7	71.5	1,596.1	12,331.8
Non-operating Expenses	15.5	1,804.0	99.9	4,278.4	.0	.0	4,528.4	446.6	1,846.5 (a)	192.9	2.9	767.4	13,982.7
Total Expenses	6,487.4	6,528.4	2,240.0	8,472.4	96,646.8	5,448.1	19,452.5	1,324.6	2,142.0	511.0	3,051.6	11,806.5	164,111.2
Net Income	2,054.1	1,151.3	2,164.0	5,278.3	402.1	6,937.7	15,937.5	485.0	(142.3)	(84.1)	(61.4)	(1,787.4)	32,334.9
Other Sources/(Uses) of Working Capital													
(Increase) in Restricted/Designated Cash	(6.8)	(132.2)	(84.1)	(2,086.6)	(36.8)	.0	(2,106.2)	(48.5)	(693.0)	(315.5)	.0	(.0)	(5,509.7)
Decrease in Restricted/Designated Cash	4.1	.0	23.4	3,904.1	.0	4,790.7	1,842.2	.0	277.3	715.5	.0	8,918.0 (b)	20,475.3
(Increase) in LT Receivables	.0	(2,712.4)	.0	(255.2)	.0	.0	.0	(323.6)	(32.6)	(.6)	.0	(670.8)	(3,995.1)
Decrease in LT Receivables	.0	1,402.8	.0	1,463.9	.0	1,064.5	.0	321.4	9,977.7	.0	.0	495.7	14,725.9
Acquisition of Capital Assets	(2,900.4)	(19.3)	(5,280.1)	(3,056.9)	.0	(768.1)	(48,953.5)	.0	.0	(14,995.5)	(1.4)	(385.2)	(76,360.4)
Maintenance Projects	(741.1)	(719.7)	(936.1)	(829.5)	(9.5)	(2.0)	(8,457.7)	(111.4)	.0	.0	(1.6)	(16.8)	(11,825.4)
Acquisition of Capital Assets	(3,641.5)	(739.0)	(6,216.2)	(3,886.5)	(9.5)	(770.1)	(57,411.2) (1)	(111.4)	.0	(14,995.5) (4)	(3.0)	(402.0)	(88,185.8)
Disposition of Capital Assets	.0	.0	.0	.0	.0	.0	343.8	.0	.0	1,153.2	.0	6.5	1,503.5
Change in Suspense	.9	.4	10.4	(.1)	(4.0)	.0	(4.1)	.0	.0	.0	.0	116.7	120.3
Change in Other Assets	.0	61.2	.0	(.0)	.0	.0	15.2	(.0)	1,672.0	.1	.0	.0	1,748.5
Change in Deferrals	361.8	210.6	(3.4)	1.7	36.8	21.0	234.3	.4	.0	27.4	.0	.0	890.5
Increase in LT Debt	.0	.0	4,669.5	.5	.0	.0	86,500.2 (1)	.0	.0	.0	.0	.0	91,170.2
(Decrease) in LT Debt	(119.8)	(4.0)	(44.4)	(3,955.2)	.0	.0	(44,989.6) (1)	(73.1)	(9,847.0)	(550.0)	.0	(675.0)	(60,258.0)
Change in Other Liabilities	(15.3)	899.0	(54.1)	10.8	.0	.0	.0	87.7	(59.0)	(648.5)	.0	.0	220.5
Other Non-Working Capital Inc/Exp	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
Non Income/Expense Change in Equity	337.1	.0	.0	(2.5)	(.0)	65.3	556.8	.0	(918.7)	(.7)	(9.0)	7.9	36.2
Total Other Sources/(Uses) of Working Capital	(3,079.5)	(1,013.5)	(1,698.9)	(4,805.0)	(13.5)	5,171.3	(15,018.5)	(147.2)	376.7	(14,614.7)	(12.0)	7,797.0	(27,057.6)
Transfer In from (Out to) Other Funds													
Transfers In from Other Funds	1,682.1	1,435.1	455.8	790.4	.0	313.7	9,212.0	.0	281.8	157.2	759.9	3,165.6 (b)	18,253.7
Transfers Out to Other Funds	.0	(202.2)	(335.3)	(545.4)	(313.7)	(3,122.8)	(9,761.8)	(368.0) (2)	(1,079.9)	(561.3) (4)	(664.8)	(1,298.5)	(18,253.7)
Net Transfer In/(Out)	1,682.1	1,232.9	120.5	245.0	(313.7)	(2,809.1)	(549.8)	(368.0)	(798.1)	(404.1)	95.1	1,867.1	-
Net Change in Working Capital	656.8	1,370.7	585.6	718.3	75.0	9,299.9	369.3	(30.2) (2)	(563.7) (3)	(15,102.8) (5)	21.7	7,876.7 (6)	5,277.3
Working Capital, 12/31/2013	3,341.8	1,100.9	3,957.4	255.8	(355.9)	(4,843.2)	2,385.3	1,357.6	826.6	1,525.8	201.1	16,613.2	26,366.5
Working Capital, 9/30/2015	\$3,998.6	\$2,471.6	\$4,543.1	\$974.2	\$(280.9)	\$4,456.7	\$2,754.6	\$1,327.4	\$262.9	\$(13,577.0)	\$222.8	\$24,489.8	\$31,643.8

1) New debt was issued to purchase Corinthian Apts and Villages at South Station as well as refinance Windsor Heights, Meadowbrook and Gilman Square debt. Somerset Gardens capital assets and bond liabilities were acquired from the tax credit partnership in the second quarter.

2) Excess cash transferred to COCC from Harrison House and Valley Park.

3) The investment in the Somerset Gardens tax credit partnership was written off as the property was acquired by KCHA, resulting in a non-cash book loss.

4) Vantage Point construction costs. Also, the Green River Homes 2 Pre-development fund was closed resulting in a transfer of \$561K of cash to the COCC

5) Development expenditures are being funded via a short term loan, resulting in a reduction of working capital

6) \$8.8 M of investments no longer pledged as collateral plus \$7.4M of excess cash from local properties

**KCHA Combined  
Working Capital Budget vs. Actual Report  
For the Period Ended 9/30/2015**

	Quarter Ended September 30, 2015				Year-to-Date				2015 Annual Budget	Remainder to Receive/ Spend	(n/m= not meaningful) Percent of Annual Budget
<b>Revenues</b>	Actual	Budget	\$ Var	% Var	Actual	Budget	\$ Var	% Var			
Tenant Revenue	\$18,622,410	\$17,254,124	\$1,368,286	7.9%	\$52,813,410	\$51,457,373	\$1,356,037	2.6%	\$68,788,209	\$15,974,799	76.8%
Operating Fund Subsidy from HUD	2,475,064	2,152,251	322,813	15.0%	6,989,891	6,456,730	533,161	8.3%	8,608,981	1,619,090	81.2%
Section 8 Subsidy from HUD	29,525,242	27,608,313	1,916,929	6.9%	86,822,665	82,607,184	4,215,481	5.1%	110,215,811	23,393,146	78.8%
Other Operating Revenue	12,884,385	11,937,389	946,996	7.9%	37,046,837	35,897,881	1,148,956	3.2%	48,190,117	11,143,280	76.9%
Non-operating Revenue	3,217,836	5,108,349	(1,890,513)	(37.0%)	12,773,348	14,581,414	(1,808,066)	(12.4%)	18,657,799	5,884,451	68.5%
<b>Total Revenues</b>	<b>66,724,937</b>	<b>64,060,426</b>	<b>2,664,511</b>	<b>4.2%</b>	<b>196,446,151</b>	<b>191,000,582</b>	<b>5,445,569</b>	<b>2.9%</b>	<b>254,460,917</b>	<b>58,014,766</b>	<b>77.2%</b>
<b>Expenses</b>											
Salaries & Benefits	7,587,804	7,590,373	(2,569)	(0.0%)	21,259,793	22,043,873	(784,080)	(3.6%)	28,975,044	7,715,251	73.4%
Routine Maintenance, Utilities, Taxes & Insurance	6,170,127	6,824,736	(654,609)	(9.6%)	18,324,880	19,318,987	(994,107)	(5.1%)	25,930,593	7,605,713	70.7%
Direct Social Service Salaries & Benefits	653,105	638,905	14,200	2.2%	1,713,899	1,825,456	(111,557)	(6.1%)	2,373,094	659,195	72.2%
Other Social Service Support Expenses & HAP	32,799,674	32,495,871	303,803	0.9%	96,498,224	96,459,919	38,305	0.0%	129,562,069	33,063,845	74.5%
Administrative Support Expenses	4,259,313	4,077,725	181,588	4.5%	12,331,765	12,578,489	(246,724)	(2.0%)	16,668,287	4,336,522	74.0%
Non-operating Expenses	4,066,900	4,274,885	(207,985)	(4.9%)	13,982,677	13,788,053	194,624	1.4%	18,010,802	4,028,125	77.6%
<b>Total Expenses</b>	<b>55,536,922</b>	<b>55,902,495</b>	<b>(365,573)</b>	<b>(0.7%)</b>	<b>164,111,237</b>	<b>166,014,777</b>	<b>(1,903,540)</b>	<b>(1.1%)</b>	<b>221,519,889</b>	<b>57,408,652</b>	<b>74.1%</b>
<b>Net Income</b>	<b>11,188,015</b>	<b>8,157,931</b>	<b>3,030,084</b>	<b>37.1%</b>	<b>32,334,914</b>	<b>24,985,805</b>	<b>7,349,109</b>	<b>29.4%</b>	<b>32,941,028</b>	<b>606,114</b>	<b>98.2%</b>
<b>Other Sources/(Uses) of Working Capital</b>											
(Increase) in Restricted/Designated Cash	(1,239,783)	(843,534)	(396,249)	47.0%	(5,509,668)	(4,698,962)	(810,706)	17.3%	(5,263,959)	245,709	104.7%
Decrease in Restricted/Designated Cash	4,173,934	4,103,399	70,535	1.7%	20,475,318	10,790,362	9,684,956	89.8%	19,141,283	(1,334,035)	107.0%
(Increase) in LT Receivables	(1,039,351)	(3,549,825)	2,510,474	(70.7%)	(3,995,142)	(6,049,478)	2,054,337	(34.0%)	(7,599,295)	(3,604,154)	52.6%
Decrease in LT Receivables	1,157,075	195,186	961,889	492.8%	14,725,944	12,014,032	2,711,912	22.6%	12,852,184	(1,873,760)	114.6%
Acquisition of Capital Assets	(19,338,424)	(13,322,541)	(6,015,883)	45.2%	(88,185,778)	(63,077,489)	(25,108,289)	39.8%	(85,791,166)	2,394,612	102.8%
Disposition of Capital Assets	1,326,425	0	1,326,425	n/m	1,503,544	0	1,503,544	n/m	0	(1,503,544)	n/m
Change in Suspense	82,153	0	82,153	n/m	120,337	0	120,337	n/m	0	(120,337)	n/m
Change in Other Assets	20,437	0	20,437	n/m	1,748,503	1,421,976	326,527	23.0%	1,146,976	(601,527)	152.4%
Change in Other Deferrals	728,107	0	728,107	n/m	890,480	0	890,480	n/m	0	(890,480)	n/m
Increase in LT Debt	39,475,443	2,000,181	37,475,262	1873.6%	91,170,211	11,402,772	79,767,439	699.5%	21,402,953	(69,767,258)	426.0%
(Decrease) in LT Debt	(36,638,785)	(1,714,477)	(34,924,308)	2037.0%	(60,257,995)	(17,845,078)	(42,412,917)	237.7%	(22,380,593)	37,877,402	269.2%
Change in Other Liabilities	(277,236)	934,813	(1,212,049)	n/m	220,494	2,009,449	(1,788,955)	(89.0%)	2,945,438	2,724,944	7.5%
Other Non-Working Capital Income/Expense Items	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Non Income/Expense Change in Equity	(17,279)	0	(17,279)	n/m	36,157	610,000	(573,843)	(94.1%)	610,000	573,843	5.9%
<b>Total Other Sources/(Uses) of Working Capital</b>	<b>(11,587,283)</b>	<b>(12,196,798)</b>	<b>609,515</b>	<b>(5.0%)</b>	<b>(27,057,594)</b>	<b>(53,422,416)</b>	<b>26,364,822</b>	<b>(49.4%)</b>	<b>(62,936,179)</b>	<b>(35,878,585)</b>	<b>43.0%</b>
<b>Transfer In from (Out to) Other Funds</b>											
Transfers In from Other Funds	10,797,199	3,345,224	7,451,975	222.8%	18,253,709	11,734,035	6,519,674	55.6%	18,645,551	391,842	97.9%
Transfers Out to Other Funds	(10,797,199)	(3,345,224)	(7,451,975)	222.8%	(18,253,709)	(11,734,035)	(6,519,674)	55.6%	(18,645,551)	(391,842)	97.9%
<b>Net Transfer In/(Out)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>n/m</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>n/m</b>	<b>0</b>	<b>(0)</b>	<b>n/m</b>
<b>Net Change in Working Capital</b>	<b>(\$399,268)</b>	<b>(\$4,038,867)</b>	<b>\$3,639,599</b>	<b>(90.1%)</b>	<b>\$5,277,320</b>	<b>(\$28,436,611)</b>	<b>\$33,713,931</b>	<b>n/m</b>	<b>(\$29,995,151)</b>	<b>(\$35,272,471)</b>	<b>n/m</b>
Working Capital, Beginning of Period	32,043,089				26,366,501						
<b>Working Capital, 9/30/2015</b>	<b>\$31,643,821</b>				<b>\$31,643,821</b>						

- Block grant prorate budget at 96%, actual was 101.25%
- Restriction removed from \$9.75M of collateral investments as note between KCHA and MKCRF was pledged with the FHLB in lieu of the investments. Was budgeted in 2014.
- A \$2M King County grant To KCHA, a component of the Vantage Point financing plan, was to be loaned to the partnership in the third quarter. As the grant is now forecast the be received in December, the loan to the partnership is also expected to be made in December. Also, the budgeted draw from RHF grant for the Birch Creek bond payment occurred in October.
- Due to unbudgeted reclassification of interest on the Vantage Point \$5M loan from short term to long term. Also, an internal loan totaling \$963K was repaid from lot sales proceeds which was unbudgeted.
- \$14M was budgeted for new acquisitions in 2015. However, the acquisition of Corinthian Apartments and Villages at South Station exceeded the budgeted amount by \$26M. Plus the \$4.5M acquisition of Woodcreek Lane Apts. was unbudgeted.
- \$40M of new debt (Key Bank LOC) was issued to purchase Corinthian Apts & Villages at South Station; \$40M of new debt (2015 Pool) was issued to refinance Windsor Heights, Gilman Square and Meadowbrook
- Windsor Heights, Gilman Square & Meadowbrook debt was refinanced.
- An increase in the Greenbridge Internal Loan from the MTW fund to Development was budgeted but no draws have been made through September. Only payments on the existing loan balance have been recorded. Also, an unbudgeted net cash flow distribution of \$185K from Green River Homes 2 Partnership was applied to interest on notes receivable
- The transfer of equity related to the acquisition of Somerset Gardens was less than budgeted and offset by the Shelcor transfer of equity to public housing.
- Debt at Gilman Square, Windsor Heights, and Meadowbrook was refinanced and reallocated resulting in an unbudgeted \$8M transfer between funds. This amount was partially offset by unit upgrade expenditures being less than anticipated (however, the unit upgrade program is still on target to rehab 150 units during 2015).



**Public Housing (KCHA)**  
**Working Capital Budget vs. Actual Report**  
**For the Period Ended 9/30/2015**

	Quarter Ended September 30, 2015				Year-to-Date				2015 Annual Budget	Remainder to Receive/ Spend	Percent of Annual Budget
<b>Revenues</b>	Actual	Budget	\$ Var	% Var	Actual	Budget	\$ Var	% Var			
Tenant Revenue	\$1,074,421	\$1,027,603	\$46,818	4.6%	\$3,184,507	\$3,082,816	\$101,691	3.3%	\$4,110,416	\$925,909	77.5%
Operating Fund Subsidy from HUD	1,244,896	1,028,202	216,694	21.1%	3,435,890	3,084,599	351,291	11.4%	4,112,801	676,911	83.5% (1)
Section 8 Subsidy from HUD	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Other Operating Revenue	37,592	5,295	32,297	610.0%	50,735	15,890	34,845	219.3%	40,207	(10,528)	126.2% (2)
Non-operating Revenue	850,936	238,982	611,954	256.1%	1,870,416	1,277,947	592,469	46.4%	2,075,522	205,106	90.1% (3)
<b>Total Revenues</b>	<b>3,207,846</b>	<b>2,300,082</b>	<b>907,764</b>	<b>39.5%</b>	<b>8,541,548</b>	<b>7,461,252</b>	<b>1,080,296</b>	<b>14.5%</b>	<b>10,338,946</b>	<b>1,797,398</b>	<b>82.6%</b>
<b>Expenses</b>											
Salaries & Benefits	488,060	509,398	(21,338)	(4.2%)	1,475,071	1,474,987	84	0.0%	1,931,034	455,963	76.4%
Routine Maintenance, Utilities, Taxes & Insurance	861,702	1,233,558	(371,856)	(30.1%)	3,134,472	3,230,574	(96,102)	(3.0%)	4,376,273	1,241,801	71.6%
Direct Social Service Salaries & Benefits	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Other Social Service Support Expenses & HAP	34,611	19,777	14,834	75.0%	84,008	59,349	24,659	41.5%	79,262	(4,746)	106.0% (4)
Administrative Support Expenses	513,187	503,900	9,287	1.8%	1,778,323	1,809,275	(30,952)	(1.7%)	2,285,919	507,596	77.8%
Non-operating Expenses	5,338	9,449	(4,111)	(43.5%)	15,545	28,349	(12,804)	(45.2%)	37,795	22,250	41.1%
<b>Total Expenses</b>	<b>1,902,897</b>	<b>2,276,082</b>	<b>(373,185)</b>	<b>(16.4%)</b>	<b>6,487,418</b>	<b>6,602,534</b>	<b>(115,116)</b>	<b>(1.7%)</b>	<b>8,710,283</b>	<b>2,222,865</b>	<b>74.5%</b>
<b>Net Income</b>	<b>1,304,948</b>	<b>24,000</b>	<b>1,280,948</b>	<b>5337.3%</b>	<b>2,054,130</b>	<b>858,718</b>	<b>1,195,412</b>	<b>139.2%</b>	<b>1,628,663</b>	<b>(425,467)</b>	<b>126.1%</b>
<b>Other Sources/(Uses) of Working Capital</b>											
(Increase) in Restricted/Designated Cash	(4,948)	(804)	(4,144)	515.4%	(6,793)	(2,416)	(4,377)	181.2%	(3,220)	3,573	211.0%
Decrease in Restricted/Designated Cash	0	0	0	n/m	4,135	0	4,135	n/m	0	(4,135)	n/m
(Increase) in LT Receivables	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Decrease in LT Receivables	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Acquisition of Capital Assets	(1,580,261)	(1,105,024)	(475,237)	43.0%	(3,641,495)	(4,367,361)	725,866	(16.6%)	(5,911,786)	(2,270,291)	61.6% (5)
Disposition of Capital Assets	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Change in Suspense	330	0	330	n/m	932	0	932	n/m	0	(932)	n/m
Change in Other Assets	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Change in Deferrals	364,094	0	364,094	n/m	361,773	0	361,773	n/m	0	(361,773)	n/m (6)
Increase in LT Debt	0	0	0	n/m	0	0	0	n/m	0	0	n/m
(Decrease) in LT Debt	(45,305)	(43,006)	(2,299)	5.3%	(119,839)	(129,027)	9,188	(7.1%)	(172,034)	(52,195)	69.7%
Change in Other Liabilities	(5,145)	(5,324)	179	(3.4%)	(15,280)	(15,971)	691	(4.3%)	(21,294)	(6,014)	71.8%
Other Non-Working Capital Income/Expense Items	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Non Income/Expense Change in Equity	0	0	0	n/m	337,075	0	337,075	n/m	0	(337,075)	n/m (7)
<b>Total Other Sources/(Uses) of Working Capital</b>	<b>(1,271,234)</b>	<b>(1,154,158)</b>	<b>(117,076)</b>	<b>10.1%</b>	<b>(3,079,492)</b>	<b>(4,514,775)</b>	<b>1,435,283</b>	<b>(31.8%)</b>	<b>(6,108,334)</b>	<b>(3,028,842)</b>	<b>50.4%</b>
<b>Transfer In from (Out to) Other Funds</b>											
Transfers In from Other Funds	574,791	1,150,102	(575,311)	(50.0%)	1,682,146	3,527,531	(1,845,385)	(52.3%)	4,622,615	2,940,469	36.4% (5)
Transfers Out to Other Funds	0	0	0	n/m	0	0	0	n/m	0	0	n/m
<b>Net Transfer In/(Out)</b>	<b>574,791</b>	<b>1,150,102</b>	<b>(575,311)</b>	<b>(50.0%)</b>	<b>1,682,146</b>	<b>3,527,531</b>	<b>(1,845,385)</b>	<b>(52.3%)</b>	<b>4,622,615</b>	<b>2,940,469</b>	<b>36.4%</b>
<b>Net Change in Working Capital</b>	<b>\$608,505</b>	<b>\$19,944</b>	<b>\$588,561</b>	<b>2951.1%</b>	<b>\$656,784</b>	<b>(\$128,526)</b>	<b>\$785,310</b>	<b>n/m</b>	<b>\$142,944</b>	<b>(\$513,840)</b>	<b>459.5%</b>
Working Capital, Beginning of Period	3,390,107				3,341,828						
<b>Working Capital, 9/30/2015</b>	<b>\$3,998,612</b>				<b>\$3,998,612</b>						

- 1) Public Housing subsidy higher than target due to increased interim proration and higher subsidy eligibility than originally estimated.
- 2) Due to unbudgeted cell tower lease income.
- 3) CFP draws for Valli Kee PSE Gas line project were higher than anticipated in the budget. The estimate provided by PSE for use in KCHA budget was significantly lower than the actual cost billed.
- 4) FSS program expenses are being accounted for differently than budgeted. The 2016 budget will be adjusted accordingly.
- 5) Unit upgrade expenditures less than anticipated in this fund group (unit upgrade program is still on target to rehab 150 units during 2015); capital construction activity under target due to late start of some projects while others (such as Forest Glen water waste line project) have been postponed to 2016. This also results in fewer management fees charged and reduced transfers-in from MTW.
- 6) October Public Housing subsidy was received in September and booked to deferred revenue. It will be recognized in October.
- 7) Equity adjustment due to transfer of Shelcor to Public Housing.

**Public Housing (Other)**  
**Working Capital Budget vs. Actual Report**  
**For the Period Ended 9/30/2015**

	Quarter Ended September 30, 2015				Year-to-Date				2015 Annual Budget	Remainder to Receive/ Spend	Percent of Annual Budget
<b>Revenues</b>	Actual	Budget	\$ Var	% Var	Actual	Budget	\$ Var	% Var			
Tenant Revenue	\$443,642	\$416,268	\$27,374	6.6%	\$1,306,731	\$1,248,739	\$57,992	4.6%	\$1,664,943	\$358,212	78.5%
Operating Fund Subsidy from HUD	1,149,409	1,056,846	92,563	8.8%	3,331,100	3,170,519	160,581	5.1%	4,227,365	896,265	78.8%
Section 8 Subsidy from HUD	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Other Operating Revenue	1,237	195,339	(194,102)	(99.4%)	29,013	617,698	(588,685)	(95.3%)	813,036	784,023	3.6%
Non-operating Revenue	982,044	3,058,277	(2,076,233)	(67.9%)	3,012,888	5,068,594	(2,055,706)	(40.6%)	6,076,874	3,063,986	49.6%
<b>Total Revenues</b>	<b>2,576,333</b>	<b>4,726,730</b>	<b>(2,150,397)</b>	<b>(45.5%)</b>	<b>7,679,732</b>	<b>10,105,550</b>	<b>(2,425,818)</b>	<b>(24.0%)</b>	<b>12,782,218</b>	<b>5,102,486</b>	<b>60.1%</b>
<b>Expenses</b>											
Salaries & Benefits	249,429	261,833	(12,404)	(4.7%)	736,214	756,471	(20,257)	(2.7%)	989,167	252,953	74.4%
Routine Maintenance, Utilities, Taxes & Insurance	406,177	482,992	(76,815)	(15.9%)	1,451,885	1,452,767	(882)	(0.1%)	1,979,293	527,408	73.4%
Direct Social Service Salaries & Benefits	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Other Social Service Support Expenses & HAP	567,263	648,711	(81,448)	(12.6%)	1,868,013	1,946,099	(78,086)	(4.0%)	2,594,953	726,940	72.0%
Administrative Support Expenses	204,456	235,727	(31,271)	(13.3%)	668,351	699,399	(31,048)	(4.4%)	916,443	248,092	72.9%
Non-operating Expenses	570,790	609,765	(38,975)	(6.4%)	1,803,983	1,812,430	(8,447)	(0.5%)	2,422,194	618,211	74.5%
<b>Total Expenses</b>	<b>1,998,114</b>	<b>2,239,028</b>	<b>(240,914)</b>	<b>(10.8%)</b>	<b>6,528,446</b>	<b>6,667,166</b>	<b>(138,720)</b>	<b>(2.1%)</b>	<b>8,902,050</b>	<b>2,373,604</b>	<b>73.3%</b>
<b>Net Income</b>	<b>578,219</b>	<b>2,487,702</b>	<b>(1,909,483)</b>	<b>(76.8%)</b>	<b>1,151,287</b>	<b>3,438,384</b>	<b>(2,287,097)</b>	<b>(66.5%)</b>	<b>3,880,168</b>	<b>2,728,881</b>	<b>29.7%</b>
<b>Other Sources/(Uses) of Working Capital</b>											
(Increase) in Restricted/Designated Cash	(44,789)	(43,742)	(1,047)	2.4%	(132,189)	(131,214)	(975)	0.7%	(174,960)	(42,771)	75.6%
Decrease in Restricted/Designated Cash	0	0	0	n/m	0	0	0	n/m	0	0	n/m
(Increase) in LT Receivables	(680,339)	(2,681,513)	2,001,174	(74.6%)	(2,712,371)	(4,044,540)	1,332,169	(32.9%)	(4,726,047)	(2,013,676)	57.4%
Decrease in LT Receivables	(0)	0	(0)	n/m	1,402,770	183,391	1,219,379	664.9%	383,391	(1,019,379)	365.9%
Acquisition of Capital Assets	(332,458)	(366,107)	33,649	(9.2%)	(738,950)	(1,049,482)	310,532	(29.6%)	(1,356,498)	(617,548)	54.5%
Disposition of Capital Assets	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Change in Suspense	41	0	41	n/m	412	0	412	n/m	0	(412)	n/m
Change in Other Assets	20,437	0	20,437	n/m	61,211	0	61,211	n/m	0	(61,211)	n/m
Change in Deferrals	210,764	0	210,764	n/m	210,612	0	210,612	n/m	0	(210,612)	n/m
Increase in LT Debt	0	0	0	n/m	0	0	0	n/m	0	0	n/m
(Decrease) in LT Debt	(1,498)	(1,549)	51	(3.3%)	(3,962)	(4,649)	687	(14.8%)	(206,199)	(202,237)	1.9%
Change in Other Liabilities	299,485	305,310	(5,825)	(1.9%)	898,965	915,935	(16,970)	(1.9%)	1,221,245	322,280	73.6%
Other Non-Working Capital Income/Expense Items	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Non Income/Expense Change in Equity	0	0	0	n/m	0	0	0	n/m	0	0	n/m
<b>Total Other Sources/(Uses) of Working Capital</b>	<b>(528,358)</b>	<b>(2,787,601)</b>	<b>2,259,243</b>	<b>(81.0%)</b>	<b>(1,013,502)</b>	<b>(4,130,559)</b>	<b>3,117,057</b>	<b>(75.5%)</b>	<b>(4,859,068)</b>	<b>(3,845,566)</b>	<b>20.9%</b>
<b>Transfer In from (Out to) Other Funds</b>											
Transfers In from Other Funds	254,354	441,476	(187,122)	(42.4%)	1,435,127	1,324,437	110,690	8.4%	1,765,916	330,789	81.3%
Transfers Out to Other Funds	0	0	0	n/m	(202,205)	(155,000)	(47,205)	30.5%	(155,000)	47,205	130.5%
<b>Net Transfer In/(Out)</b>	<b>254,354</b>	<b>441,476</b>	<b>(187,122)</b>	<b>(42.4%)</b>	<b>1,232,921</b>	<b>1,169,437</b>	<b>63,484</b>	<b>5.4%</b>	<b>1,610,916</b>	<b>377,995</b>	<b>76.5%</b>
<b>Net Change in Working Capital</b>	<b>\$304,215</b>	<b>\$141,577</b>	<b>\$162,638</b>	<b>114.9%</b>	<b>\$1,370,706</b>	<b>\$477,262</b>	<b>\$893,444</b>	<b>187.2%</b>	<b>\$632,016</b>	<b>(\$738,690)</b>	<b>216.9%</b>
Working Capital, Beginning of Period	2,167,399				1,100,908						
<b>Working Capital, 9/30/2015</b>	<b>\$2,471,614</b>				<b>\$2,471,614</b>						

- Commercial rent from Nia and Salmon Creek tenants is being paid directly to the partnership instead of through KCHA where it was budgeted. The 2016 budget will be adjusted accordingly.
- A \$2M King County grant To KCHA, a component of the Vantage Point financing plan, was to be loaned to the partnership in the third quarter. As the grant is now forecast to be received in December, the loan to the partnership is also expected to be made in December. This amount was partially offset by a \$650K unbudgeted Vantage Point bridge loan draw.
- Variance due to reclassification of \$1.2M Vantage Point bridge loan amount to short-term.
- Budgeted tenant improvements will not occur in 2015 as related space has not yet been leased.
- October Public Housing subsidy was received in September and booked to deferred revenue. It will be recognized in October.
- Transfer of COCC funding for tenant improvements will not occur in 2015 as related space has not yet been leased.
- A HOPE VI loan interest payment from the Salmon Creek and Seola Crossing tax credit partnerships net cash flow was higher than anticipated in the budget. Loan terms allow payments to vary according to the size of the net cash flow.

**Other Federally-supported (KCHA)**  
**Working Capital Budget vs. Actual Report**  
**For the Period Ended 9/30/2015**

	Quarter Ended September 30, 2015				Year-to-Date				2015	Remainder	(n/m= not meaningful)
	Actual	Budget	\$ Var	% Var	Actual	Budget	\$ Var	% Var	Annual Budget	to Receive/ Spend	Percent of Annual Budget
<b>Revenues</b>											
Tenant Revenue	\$1,295,413	\$1,307,242	(\$11,829)	(0.9%)	\$3,823,428	\$3,921,718	(\$98,290)	(2.5%)	\$5,228,949	\$1,405,521	73.1%
Operating Fund Subsidy from HUD	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Section 8 Subsidy from HUD	90,454	99,488	(9,034)	(9.1%)	287,156	298,464	(11,308)	(3.8%)	397,952	110,796	72.2%
Other Operating Revenue	88,604	93,427	(4,823)	(5.2%)	264,208	280,281	(16,073)	(5.7%)	380,188	115,980	69.5%
Non-operating Revenue	12,060	5,452	6,608	121.2%	29,149	16,319	12,830	78.6%	21,775	(7,374)	133.9%
<b>Total Revenues</b>	<b>1,486,530</b>	<b>1,505,609</b>	<b>(19,079)</b>	<b>(1.3%)</b>	<b>4,403,940</b>	<b>4,516,782</b>	<b>(112,842)</b>	<b>(2.5%)</b>	<b>6,028,864</b>	<b>1,624,924</b>	<b>73.0%</b>
<b>Expenses</b>											
Salaries & Benefits	185,882	184,409	1,473	0.8%	490,795	533,242	(42,447)	(8.0%)	697,617	206,822	70.4% (1)
Routine Maintenance, Utilities, Taxes & Insurance	398,181	419,908	(21,727)	(5.2%)	1,237,440	1,243,104	(5,664)	(0.5%)	1,664,135	426,695	74.4%
Direct Social Service Salaries & Benefits	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Other Social Service Support Expenses & HAP	9,824	4,266	5,558	130.3%	16,619	12,799	3,820	29.8%	17,065	446	97.4%
Administrative Support Expenses	150,638	130,727	19,911	15.2%	395,165	392,201	2,964	0.8%	522,915	127,750	75.6%
Non-operating Expenses	33,332	35,855	(2,523)	(7.0%)	99,937	107,563	(7,626)	(7.1%)	143,416	43,479	69.7%
<b>Total Expenses</b>	<b>777,858</b>	<b>775,165</b>	<b>2,693</b>	<b>0.3%</b>	<b>2,239,956</b>	<b>2,288,909</b>	<b>(48,953)</b>	<b>(2.1%)</b>	<b>3,045,148</b>	<b>805,192</b>	<b>73.6%</b>
<b>Net Income</b>	<b>708,672</b>	<b>730,444</b>	<b>(21,772)</b>	<b>(3.0%)</b>	<b>2,163,984</b>	<b>2,227,873</b>	<b>(63,889)</b>	<b>(2.9%)</b>	<b>2,983,716</b>	<b>819,732</b>	<b>72.5%</b>
<b>Other Sources/(Uses) of Working Capital</b>											
(Increase) in Restricted/Designated Cash	(25,398)	(21,526)	(3,872)	18.0%	(84,150)	(64,567)	(19,583)	30.3%	(86,097)	(1,947)	97.7%
Decrease in Restricted/Designated Cash	3,006	0	3,006	n/m	23,368	0	23,368	n/m	0	(23,368)	n/m
(Increase) in LT Receivables	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Decrease in LT Receivables	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Acquisition of Capital Assets	(5,385,226)	(717,963)	(4,667,263)	650.1%	(6,216,151)	(1,629,886)	(4,586,265)	281.4%	(1,892,843)	4,323,308	328.4% (2)
Disposition of Capital Assets	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Change in Suspense	10,120	0	10,120	n/m	10,419	0	10,419	n/m	0	(10,419)	n/m
Change in Other Assets	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Change in Deferrals	(1,283)	0	(1,283)	n/m	(3,352)	0	(3,352)	n/m	0	3,352	n/m
Increase in LT Debt	4,669,491	0	4,669,491	n/m	4,669,491	0	4,669,491	n/m	0	(4,669,491)	n/m (3)
(Decrease) in LT Debt	(14,769)	(18,722)	3,953	(21.1%)	(44,366)	(49,237)	4,871	(9.9%)	(64,694)	(20,328)	68.6%
Change in Other Liabilities	(18,040)	(19,201)	1,161	(6.0%)	(54,120)	(57,602)	3,482	(6.0%)	(76,802)	(22,682)	70.5%
Other Non-Working Capital Income/Expense Items	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Non Income/Expense Change in Equity	0	0	0	n/m	0	0	0	n/m	0	0	n/m
<b>Total Other Sources/(Uses) of Working Capital</b>	<b>(762,099)</b>	<b>(777,412)</b>	<b>15,313</b>	<b>(2.0%)</b>	<b>(1,698,860)</b>	<b>(1,801,292)</b>	<b>102,432</b>	<b>(5.7%)</b>	<b>(2,120,436)</b>	<b>(421,576)</b>	<b>80.1%</b>
<b>Transfer In from (Out to) Other Funds</b>											
Transfers In from Other Funds	217,969	190,000	27,969	14.7%	455,779	630,000	(174,221)	(27.7%)	700,000	244,221	65.1% (4)
Transfers Out to Other Funds	(177,918)	(150,000)	(27,918)	18.6%	(335,267)	(510,000)	174,733	(34.3%)	(540,000)	(204,733)	62.1% (4)
<b>Net Transfer In/(Out)</b>	<b>40,051</b>	<b>40,000</b>	<b>51</b>	<b>0.1%</b>	<b>120,512</b>	<b>120,000</b>	<b>512</b>	<b>0.4%</b>	<b>160,000</b>	<b>39,488</b>	<b>75.3%</b>
<b>Net Change in Working Capital</b>	<b>(\$13,375)</b>	<b>(\$6,968)</b>	<b>(\$6,407)</b>	<b>92.0%</b>	<b>\$585,636</b>	<b>\$546,581</b>	<b>\$39,055</b>	<b>7.1%</b>	<b>\$1,023,280</b>	<b>\$437,644</b>	<b>57.2%</b>
Working Capital, Beginning of Period	4,556,438				3,957,427						
<b>Working Capital, 9/30/2015</b>	<b>\$4,543,063</b>				<b>\$4,543,063</b>						

1) Senior Property Manager position for the Preservation portfolio was budgeted starting January 2015 but the position was not filled until late June 2015.

2) Due to the unbudgeted acquisition of Woodcreek Lane Apartments for \$4.7 million.

3) Due to the unbudgeted draw on the Key bank LOC to finance the acquisition of Woodcreek Lane Apartments.

4) Due to a delayed start, costs related to the Hidden Village lighting & fire alarm replacement project have been less than budgeted. As a result, funds transferred from Spiritwood for the project were less than budgeted. Actual expense and related transfers are expected to catch up to budget by year-end.

**Other Federally-supported (Other)**  
**Working Capital Budget vs. Actual Report**  
**For the Period Ended 9/30/2015**

	Quarter Ended September 30, 2015				Year-to-Date				2015 Annual Budget	Remainder to Receive/ Spend	(n/m= not meaningful) Percent of Annual Budget
<b>Revenues</b>	Actual	Budget	\$ Var	% Var	Actual	Budget	\$ Var	% Var			
Tenant Revenue	\$2,845,087	\$2,764,205	\$80,882	2.9%	\$8,474,781	\$8,298,132	\$176,649	2.1%	\$11,101,117	\$2,626,336	76.3%
Operating Fund Subsidy from HUD	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Section 8 Subsidy from HUD	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Other Operating Revenue	632,603	643,188	(10,585)	(1.6%)	1,407,674	1,419,618	(11,944)	(0.8%)	1,825,357	417,683	77.1% (1)
Non-operating Revenue	327,243	682,309	(355,066)	(52.0%)	3,868,253	4,217,230	(348,977)	(8.3%)	4,898,858	1,030,605	79.0% (2)
<b>Total Revenues</b>	<b>3,804,933</b>	<b>4,089,702</b>	<b>(284,769)</b>	<b>(7.0%)</b>	<b>13,750,709</b>	<b>13,934,980</b>	<b>(184,271)</b>	<b>(1.3%)</b>	<b>17,825,332</b>	<b>4,074,623</b>	<b>77.1%</b>
<b>Expenses</b>											
Salaries & Benefits	399,628	386,409	13,219	3.4%	1,127,668	1,119,388	8,280	0.7%	1,465,842	338,174	76.9%
Routine Maintenance, Utilities, Taxes & Insurance	738,667	1,186,779	(448,112)	(37.8%)	2,173,432	2,768,192	(594,760)	(21.5%)	3,663,211	1,489,779	59.3% (3)
Direct Social Service Salaries & Benefits	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Other Social Service Support Expenses & HAP	1,526	2,830	(1,304)	(46.1%)	2,459	8,487	(6,028)	(71.0%)	11,314	8,855	21.7%
Administrative Support Expenses	283,486	303,005	(19,519)	(6.4%)	890,429	899,484	(9,055)	(1.0%)	1,175,455	285,026	75.8%
Non-operating Expenses	1,567,764	1,611,566	(43,802)	(2.7%)	4,278,373	4,324,697	(46,324)	(1.1%)	5,691,261	1,412,888	75.2%
<b>Total Expenses</b>	<b>2,991,070</b>	<b>3,490,589</b>	<b>(499,519)</b>	<b>(14.3%)</b>	<b>8,472,361</b>	<b>9,120,248</b>	<b>(647,887)</b>	<b>(7.1%)</b>	<b>12,007,083</b>	<b>3,534,722</b>	<b>70.6%</b>
<b>Net Income</b>	<b>813,863</b>	<b>599,113</b>	<b>214,750</b>	<b>35.8%</b>	<b>5,278,348</b>	<b>4,814,732</b>	<b>463,616</b>	<b>9.6%</b>	<b>5,818,249</b>	<b>539,901</b>	<b>90.7%</b>
<b>Other Sources/(Uses) of Working Capital</b>											
(Increase) in Restricted/Designated Cash	(64,116)	(59,914)	(4,202)	7.0%	(2,086,556)	(2,180,910)	94,354	(4.3%)	(2,240,593)	(154,037)	93.1%
Decrease in Restricted/Designated Cash	1,384,455	1,462,605	(78,150)	(5.3%)	3,904,094	5,354,785	(1,450,691)	(27.1%)	8,643,385	4,739,291	45.2% (4)
(Increase) in LT Receivables	(85,064)	(66,442)	(18,622)	28.0%	(255,192)	(199,325)	(55,867)	28.0%	(265,766)	(10,574)	96.0% (5)
Decrease in LT Receivables	0	0	0	n/m	1,463,915	1,036,105	427,810	41.3%	1,036,105	(427,810)	141.3% (6)
Acquisition of Capital Assets	(985,334)	(1,846,926)	861,592	(46.7%)	(3,886,464)	(6,805,787)	2,919,323	(42.9%)	(7,534,196)	(3,647,732)	51.6% (7)
Disposition of Capital Assets	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Change in Suspense	90	0	90	n/m	(108)	0	(108)	n/m	0	108	n/m
Change in Other Assets	0	0	0	n/m	(0)	0	(0)	n/m	0	0	n/m
Change in Deferrals	1,073	0	1,073	n/m	1,658	0	1,658	n/m	0	(1,658)	n/m
Increase in LT Debt	181	181	(0)	(0.0%)	543	543	(0)	(0.0%)	724	181	75.0%
(Decrease) in LT Debt	(130,469)	(137,460)	6,991	(5.1%)	(3,955,171)	(3,748,192)	(206,979)	5.5%	(5,922,015)	(1,966,844)	66.8%
Change in Other Liabilities	85,064	66,442	18,622	28.0%	10,826	199,325	(188,499)	(94.6%)	265,766	254,940	4.1% (8)
Other Non-Working Capital Income/Expense Items	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Non Income/Expense Change in Equity	0	0	0	n/m	(2,542)	0	(2,542)	n/m	0	2,542	n/m
<b>Total Other Sources/(Uses) of Working Capital</b>	<b>205,881</b>	<b>(581,514)</b>	<b>787,395</b>	<b>n/m</b>	<b>(4,804,999)</b>	<b>(6,343,456)</b>	<b>1,538,457</b>	<b>(24.3%)</b>	<b>(6,016,590)</b>	<b>(1,211,591)</b>	<b>79.9%</b>
<b>Transfer In from (Out to) Other Funds</b>											
Transfers In from Other Funds	469,310	502,207	(32,897)	(6.6%)	790,421	1,016,622	(226,201)	(22.3%)	1,273,816	483,395	62.1% (9)
Transfers Out to Other Funds	(224,310)	(257,207)	32,897	(12.8%)	(545,421)	(771,622)	226,201	(29.3%)	(1,028,816)	(483,395)	53.0% (9)
<b>Net Transfer In/(Out)</b>	<b>245,000</b>	<b>245,000</b>	<b>0</b>	<b>0.0%</b>	<b>245,000</b>	<b>245,000</b>	<b>0</b>	<b>0.0%</b>	<b>245,000</b>	<b>0</b>	<b>100.0%</b>
<b>Net Change in Working Capital</b>	<b>\$1,264,744</b>	<b>\$262,599</b>	<b>\$1,002,145</b>	<b>381.6%</b>	<b>\$718,349</b>	<b>(\$1,283,724)</b>	<b>\$2,002,073</b>	<b>n/m</b>	<b>\$46,659</b>	<b>(\$671,690)</b>	<b>1539.6%</b>
Working Capital, Beginning of Period	(290,551)				255,844						
<b>Working Capital, 9/30/2015</b>	<b>\$974,193</b>				<b>\$974,193</b>						

- The Vantage Point developer fee income was budgeted evenly throughout the year but is expected to be earned when the project is completed. Of the entire \$800k developer fee, \$200k was earned in 2014, \$400k will be earned during the fourth quarter, and the remainder in March 2016. The cash is expected to be received late in 2016.
- Receipt of a \$2M King County grant to KCHA, a component of the Vantage Point financing package, was budgeted for the third quarter but is now forecast for December. Also, a draw from the Replacement Housing Factor (RHF) grant for the semi-annual Birch Creek bond payment was budgeted for September but actually occurred in October.
- Most maintenance categories are under target but expected to catch up in the fourth quarter, although some projects have been delayed to 2016.
- The draw from restricted loan proceeds held by MKCRF to reimburse KCHA for construction costs at MKCRF properties was less than originally budgeted.
- Net Cash Flow from Green River Homes 2 was greater than anticipated in the budget enabling unbudgeted principal and interest payments.
- Some interest receivable on Green River Homes 2 notes was not budgeted.
- \$5.8 million was budgeted in 2015 for various MKCRF site upgrade and building envelope projects. Current forecasts now show that 2015 total spending will be closer to \$3.9 million due to a combination of scope changes and favorable bid responses.
- The year-to-date budget of \$188,499 represents the budgeted increase of interest payable from the Birch Creek partnership to KCHA. The actual increase is exactly on target with the budget. However, this budgeted increase is offset by an unbudgeted net cash flow distribution of \$185K from the Green River Homes 2 Partnership that was applied to the interest on notes receivable.
- Due to equity transfer of \$650K for bridge loan to Vantage Point General Partner that was budgeted in 2014 but occurred in 2015. Also, internal transfer of funds for MKCRF unit upgrade costs have been less than anticipated in the budget as fewer MKCRF units have been available to be upgraded than originally anticipated.

**Section 8**
**Working Capital Budget vs. Actual Report  
For the Period Ended 9/30/2015**

	Quarter Ended September 30, 2015				Year-to-Date				2015 Annual Budget	Remainder to Receive/ Spend	(n/m= not meaningful) Percent of Annual Budget
<b>Revenues</b>	Actual	Budget	\$ Var	% Var	Actual	Budget	\$ Var	% Var			
Tenant Revenue	\$36,710	\$43,750	(\$7,040)	(16.1%)	\$93,537	\$131,250	(\$37,713)	(28.7%)	\$175,000	\$81,463	53.4% (1)
Operating Fund Subsidy from HUD	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Section 8 Subsidy from HUD	25,066,032	24,857,558	208,474	0.8%	74,600,566	73,967,414	633,152	0.9%	98,985,953	24,385,387	75.4%
Other Operating Revenue	7,631,332	7,355,545	275,787	3.7%	22,354,787	21,964,260	390,527	1.8%	29,374,583	7,019,796	76.1%
Non-operating Revenue	4	729	(725)	(99.5%)	36	2,190	(2,154)	(98.4%)	2,919	2,883	1.2%
<b>Total Revenues</b>	<b>32,734,077</b>	<b>32,257,582</b>	<b>476,495</b>	<b>1.5%</b>	<b>97,048,926</b>	<b>96,065,114</b>	<b>983,812</b>	<b>1.0%</b>	<b>128,538,455</b>	<b>31,489,529</b>	<b>75.5%</b>
<b>Expenses</b>											
Salaries & Benefits	1,605,884	1,584,710	21,174	1.3%	4,399,153	4,567,167	(168,014)	(3.7%)	5,964,885	1,565,732	73.8% (2)
Routine Maintenance, Utilities, Taxes & Insurance	81,486	64,082	17,404	27.2%	208,230	192,277	15,953	8.3%	256,369	48,139	81.2%
Direct Social Service Salaries & Benefits	31,484	37,226	(5,742)	(15.4%)	90,691	106,361	(15,670)	(14.7%)	138,269	47,578	65.6%
Other Social Service Support Expenses & HAP	30,025,016	29,805,726	219,290	0.7%	89,278,044	88,733,456	544,588	0.6%	118,729,241	29,451,197	75.2%
Administrative Support Expenses	898,736	883,847	14,889	1.7%	2,670,686	2,618,057	52,629	2.0%	3,478,904	808,218	76.8%
Non-operating Expenses	0	0	0	n/m	0	0	0	n/m	0	0	n/m
<b>Total Expenses</b>	<b>32,642,606</b>	<b>32,375,591</b>	<b>267,015</b>	<b>0.8%</b>	<b>96,646,805</b>	<b>96,217,318</b>	<b>429,487</b>	<b>0.4%</b>	<b>128,567,668</b>	<b>31,920,863</b>	<b>75.2%</b>
<b>Net Income</b>	<b>91,472</b>	<b>(118,009)</b>	<b>209,481</b>	<b>n/m</b>	<b>402,121</b>	<b>(152,204)</b>	<b>554,325</b>	<b>n/m</b>	<b>(29,213)</b>	<b>(431,334)</b>	<b>n/m</b>
<b>Other Sources/(Uses) of Working Capital</b>											
(Increase) in Restricted/Designated Cash	11,639	0	11,639	n/m	(36,753)	0	(36,753)	n/m	0	36,753	n/m (3)
Decrease in Restricted/Designated Cash	0	0	0	n/m	0	0	0	n/m	0	0	n/m
(Increase) in LT Receivables	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Decrease in LT Receivables	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Acquisition of Capital Assets	(8,658)	(318)	(8,340)	2622.7%	(9,503)	(953)	(8,550)	897.2%	(1,270)	8,233	748.3% (4)
Disposition of Capital Assets	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Change in Suspense	(4,071)	0	(4,071)	n/m	(3,971)	0	(3,971)	n/m	0	3,971	n/m
Change in Other Assets	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Change in Deferrals	(11,639)	0	(11,639)	n/m	36,753	0	36,753	n/m	0	(36,753)	n/m (3)
Increase in LT Debt	0	0	0	n/m	0	0	0	n/m	0	0	n/m
(Decrease) in LT Debt	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Change in Other Liabilities	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Other Non-Working Capital Income/Expense Items	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Non Income/Expense Change in Equity	(0)	0	(0)	n/m	(0)	0	(0)	n/m	0	0	n/m
<b>Total Other Sources/(Uses) of Working Capital</b>	<b>(12,729)</b>	<b>(318)</b>	<b>(12,411)</b>	<b>3902.9%</b>	<b>(13,474)</b>	<b>(953)</b>	<b>(12,521)</b>	<b>1313.9%</b>	<b>(1,270)</b>	<b>12,204</b>	<b>1061.0%</b>
<b>Transfer In from (Out to) Other Funds</b>											
Transfers In from Other Funds	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Transfers Out to Other Funds	0	0	0	n/m	(313,671)	(295,000)	(18,671)	6.3%	(295,000)	18,671	106.3%
<b>Net Transfer In/(Out)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>n/m</b>	<b>(313,671)</b>	<b>(295,000)</b>	<b>(18,671)</b>	<b>6.3%</b>	<b>(295,000)</b>	<b>18,671</b>	<b>106.3%</b>
<b>Net Change in Working Capital</b>	<b>\$78,743</b>	<b>(\$118,327)</b>	<b>\$197,070</b>	<b>n/m</b>	<b>\$74,976</b>	<b>(\$448,157)</b>	<b>\$523,133</b>	<b>n/m</b>	<b>(\$325,483)</b>	<b>(\$400,459)</b>	<b>n/m</b>
Working Capital, Beginning of Period	(359,618)				(355,852)						
<b>Working Capital, 9/30/2015</b>	<b>(\$280,876)</b>				<b>(\$280,876)</b>						

- 1) Collections of retro-rent are less than anticipated in the budget
- 2) Due to three unfilled positions . Of the three positions, two were filled in June while the third one was filled in September.
- 3) The change in FSS reserve accounts are not budgeted.
- 4) Due to unbudgeted fence installation project at the 700 building-a portion of the coding was automatically charged to Section 8.

**MTW**
**Working Capital Budget vs. Actual Report  
For the Period Ended 9/30/2015**

	Quarter Ended September 30, 2015				Year-to-Date				2015 Annual Budget	Remainder to Receive/ Spend	(n/m= not meaningful) Percent of Annual Budget
<b>Revenues</b>	Actual	Budget	\$ Var	% Var	Actual	Budget	\$ Var	% Var			
Tenant Revenue	\$0	\$0	\$0	n/m	\$0	\$0	\$0	n/m	\$0	\$0	n/m
Operating Fund Subsidy from HUD	76,819	63,258	13,561	21.4%	212,027	189,773	22,254	11.7%	253,031	41,004	83.8%
Section 8 Subsidy from HUD	4,368,756	2,651,267	1,717,489	64.8%	11,934,944	8,341,306	3,593,638	43.1%	10,831,906	(1,103,038)	110.2% (1)
Other Operating Revenue	2,723	2,723	(1)	(0.0%)	9,168	8,168	1,000	12.2%	10,890	1,723	84.2%
Non-operating Revenue	78,234	69,122	9,112	13.2%	229,678	208,917	20,761	9.9%	277,387	47,709	82.8%
<b>Total Revenues</b>	<b>4,526,532</b>	<b>2,786,370</b>	<b>1,740,162</b>	<b>62.5%</b>	<b>12,385,816</b>	<b>8,748,164</b>	<b>3,637,652</b>	<b>41.6%</b>	<b>11,373,214</b>	<b>(1,012,602)</b>	<b>108.9%</b>
<b>Expenses</b>											
Salaries & Benefits	283,666	404,135	(120,469)	(29.8%)	902,403	1,171,567	(269,164)	(23.0%)	1,534,821	632,418	58.8% (2)
Routine Maintenance, Utilities, Taxes & Insurance	795	0	795	n/m	795	0	795	n/m	0	(795)	n/m
Direct Social Service Salaries & Benefits	550,879	543,506	7,373	1.4%	1,456,246	1,552,883	(96,637)	(6.2%)	2,018,748	562,502	72.1% (3)
Other Social Service Support Expenses & HAP	1,098,671	1,300,262	(201,591)	(15.5%)	2,812,742	3,523,183	(710,441)	(20.2%)	4,823,440	2,010,698	58.3% (4)
Administrative Support Expenses	98,211	75,423	22,788	30.2%	275,898	230,775	45,123	19.6%	436,691	160,793	63.2% (5)
Non-operating Expenses	0	0	0	n/m	0	0	0	n/m	0	0	n/m
<b>Total Expenses</b>	<b>2,032,223</b>	<b>2,323,326</b>	<b>(291,103)</b>	<b>(12.5%)</b>	<b>5,448,085</b>	<b>6,478,408</b>	<b>(1,030,323)</b>	<b>(15.9%)</b>	<b>8,813,700</b>	<b>3,365,615</b>	<b>61.8%</b>
<b>Net Income</b>	<b>2,494,309</b>	<b>463,044</b>	<b>2,031,265</b>	<b>438.7%</b>	<b>6,937,731</b>	<b>2,269,756</b>	<b>4,667,975</b>	<b>205.7%</b>	<b>2,559,514</b>	<b>(4,378,217)</b>	<b>271.1%</b>
<b>Other Sources/(Uses) of Working Capital</b>											
(Increase) in Restricted/Designated Cash	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Decrease in Restricted/Designated Cash	1,269,761	981,574	288,187	29.4%	4,790,652	3,072,198	1,718,454	55.9%	7,019,888	2,229,236	68.2% (6)
(Increase) in LT Receivables	0	(174,175)	174,175	(100.0%)	0	(522,525)	522,525	(100.0%)	(696,700)	(696,700)	0.0% (7)
Decrease in LT Receivables	981,788	19,025	962,763	5060.5%	1,064,463	57,074	1,007,389	1765.1%	76,098	(988,365)	1398.8% (8)
Acquisition of Capital Assets	(484,745)	(180,327)	(304,418)	168.8%	(770,100)	(653,137)	(116,963)	17.9%	(747,706)	22,394	103.0%
Disposition of Capital Assets	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Change in Suspense	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Change in Other Assets	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Change in Deferrals	22,159	0	22,159	n/m	20,971	0	20,971	n/m	0	(20,971)	n/m
Increase in LT Debt	0	0	0	n/m	0	0	0	n/m	0	0	n/m
(Decrease) in LT Debt	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Change in Other Liabilities	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Other Non-Working Capital Income/Expense Items	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Non Income/Expense Change in Equity	0	0	0	n/m	65,283	0	65,283	n/m	0	(65,283)	n/m (9)
<b>Total Other Sources/(Uses) of Working Capital</b>	<b>1,788,963</b>	<b>646,097</b>	<b>1,142,866</b>	<b>176.9%</b>	<b>5,171,269</b>	<b>1,953,610</b>	<b>3,217,659</b>	<b>164.7%</b>	<b>5,651,580</b>	<b>480,311</b>	<b>91.5%</b>
<b>Transfer In from (Out to) Other Funds</b>											
Transfers In from Other Funds	0	0	0	n/m	313,671	295,000	18,671	6.3%	295,000	(18,671)	106.3%
Transfers Out to Other Funds	(1,177,135)	(1,753,158)	576,023	(32.9%)	(3,122,793)	(4,802,703)	1,679,910	(35.0%)	(6,266,841)	(3,144,048)	49.8% (10)
<b>Net Transfer In/(Out)</b>	<b>(1,177,135)</b>	<b>(1,753,158)</b>	<b>576,023</b>	<b>(32.9%)</b>	<b>(2,809,121)</b>	<b>(4,507,703)</b>	<b>1,698,582</b>	<b>(37.7%)</b>	<b>(5,971,841)</b>	<b>(3,162,720)</b>	<b>47.0%</b>
<b>Net Change in Working Capital</b>	<b>\$3,106,137</b>	<b>(\$644,017)</b>	<b>\$3,750,154</b>	<b>n/m</b>	<b>\$9,299,879</b>	<b>(\$284,337)</b>	<b>\$9,584,216</b>	<b>n/m</b>	<b>\$2,239,253</b>	<b>(\$7,060,626)</b>	<b>415.3%</b>
Working Capital, Beginning of Period	1,350,513				(4,843,229)						
<b>Working Capital, 9/30/2015</b>	<b>\$4,456,650</b>				<b>\$4,456,650</b>						

- This line reflects the amount of block grant funding "retained" by the MTW fund after paying monthly HAP and administrative fees and varies monthly depending on how much cash was actually received from HUD vs. how much was used for expenses. Due to federal cash management procedures, standard monthly block grant payments from HUD are based on prior years leasing levels. Additional amounts are periodically requested by KCHA as HUD receives specific spending authority. KCHA requested and received an additional \$6.1 million in August, resulting in the increased variance. The amount "retained" is used for a variety of programmatic purposes.
- 65% of the salary and benefit for the Director of Policy and Intergovernmental Affairs was budgeted to MTW. However, it was later determined to charge the entire amount to the COCC. Also, one employee was on unpaid leave for three months. Finally, an adjustment was made in the third quarter to reclassify two Resident Services employees' salaries to "Direct Social Service Salaries & Benefits" where they were budgeted.
- The AmeriCorps project director retired but the salary remains budgeted throughout the year. In addition, the salary for Resident Services Assistant Director was budgeted starting January 2015 but the position wasn't filled until April 2015.
- The 2015 Homeless programs expenses were below target mostly due to timing of invoicing and delay in getting contracts executed for new programs (i.e. New PACT, Flat Rent PBA and New DV Programs).
- Variance due to unbudgeted professional services fee paid for fair market rent survey.
- Release from restriction of collateral for FHLB loan was budgeted in 2014 but occurred in 2015. Also, due to delay in the Tenmast software project, most of the budgeted draws from Technology Reserve occurred in the third quarter.
- MTW funding for 2015 Greenbridge internal loan was budgeted evenly throughout the year but is expected to occur in the fourth quarter.
- In the third quarter, internal loan totaling \$963K was repaid from lot sales proceeds. Unbudgeted.
- Due to prior period equity adjustment for invoice that was overpaid in 2014.
- Capital construction activity was under target due to late starts of some projects while others (such as Forest Glen water waste line project) have been postponed to 2016 which results in fewer management fees charged and lower MTW transfers.

**Local Properties (KCHA)**  
**Working Capital Budget vs. Actual Report**  
**For the Period Ended 9/30/2015**

	Quarter Ended September 30, 2015				Year-to-Date				2015 Annual Budget	Remainder to Receive/ Spend	(n/m= not meaningful) Percent of Annual Budget	
<b>Revenues</b>	Actual	Budget	\$ Var	% Var	Actual	Budget	\$ Var	% Var				
Tenant Revenue	\$12,569,982	\$11,345,104	\$1,224,878	10.8%	\$34,841,051	\$33,725,034	\$1,116,017	3.3%	\$45,108,427	\$10,267,376	77.2%	(1)
Operating Fund Subsidy from HUD	3,940	3,945	(5)	(0.1%)	10,874	11,839	(965)	(8.2%)	15,784	4,910	68.9%	
Section 8 Subsidy from HUD	0	0	0	n/m	0	0	0	n/m	0	0	n/m	
Other Operating Revenue	(583,608)	45,882	(629,490)	n/m	170,750	137,895	32,855	23.8%	245,208	74,458	69.6%	(2)
Non-operating Revenue	(303,705)	125,263	(428,968)	n/m	367,365	1,022,938	(655,573)	(64.1%)	1,533,980	1,166,615	23.9%	(3)
<b>Total Revenues</b>	<b>11,686,609</b>	<b>11,520,194</b>	<b>166,415</b>	<b>1.4%</b>	<b>35,390,041</b>	<b>34,897,706</b>	<b>492,335</b>	<b>1.4%</b>	<b>46,903,399</b>	<b>11,513,358</b>	<b>75.5%</b>	
<b>Expenses</b>												
Salaries & Benefits	1,095,063	996,316	98,747	9.9%	3,000,932	3,075,372	(74,440)	(2.4%)	4,166,631	1,165,699	72.0%	
Routine Maintenance, Utilities, Taxes & Insurance	3,079,877	2,828,391	251,486	8.9%	8,294,862	8,668,798	(373,936)	(4.3%)	11,682,693	3,387,831	71.0%	
Direct Social Service Salaries & Benefits	0	0	0	n/m	0	0	0	n/m	0	0	n/m	
Other Social Service Support Expenses & HAP	38,213	33,382	4,831	14.5%	95,560	100,045	(4,485)	(4.5%)	133,126	37,566	71.8%	
Administrative Support Expenses	1,347,595	1,011,035	336,560	33.3%	3,532,723	3,131,268	401,455	12.8%	4,148,015	615,292	85.2%	(4)
Non-operating Expenses	1,509,008	1,618,827	(109,819)	(6.8%)	4,528,449	4,674,764	(146,315)	(3.1%)	6,286,240	1,757,791	72.0%	
<b>Total Expenses</b>	<b>7,069,756</b>	<b>6,487,951</b>	<b>581,805</b>	<b>9.0%</b>	<b>19,452,525</b>	<b>19,650,247</b>	<b>(197,722)</b>	<b>(1.0%)</b>	<b>26,416,705</b>	<b>6,964,180</b>	<b>73.6%</b>	
<b>Net Income</b>	<b>4,616,853</b>	<b>5,032,243</b>	<b>(415,390)</b>	<b>(8.3%)</b>	<b>15,937,516</b>	<b>15,247,459</b>	<b>690,057</b>	<b>4.5%</b>	<b>20,486,694</b>	<b>4,549,178</b>	<b>77.8%</b>	
<b>Other Sources/(Uses) of Working Capital</b>												
(Increase) in Restricted/Designated Cash	(836,856)	(349,158)	(487,698)	139.7%	(2,106,172)	(1,936,655)	(169,517)	8.8%	(2,284,834)	(178,662)	92.2%	(5)
Decrease in Restricted/Designated Cash	1,517,009	1,262,750	254,259	20.1%	1,842,225	1,559,250	282,975	18.1%	1,778,500	(63,725)	103.6%	(6)
(Increase) in LT Receivables	0	0	0	n/m	0	0	0	n/m	0	0	n/m	
Decrease in LT Receivables	0	0	0	n/m	0	0	0	n/m	0	0	n/m	
Acquisition of Capital Assets	(4,016,190)	(4,340,518)	324,328	(7.5%)	(57,411,220)	(34,385,250)	(23,025,970)	67.0%	(36,879,300)	20,531,920	155.7%	(7)
Disposition of Capital Assets	343,843	0	343,843	n/m	343,843	0	343,843	n/m	0	(343,843)	n/m	(8)
Change in Suspense	(4,180)	0	(4,180)	n/m	(4,054)	0	(4,054)	n/m	0	4,054	n/m	
Change in Other Assets	0	0	0	n/m	15,216	0	15,216	n/m	0	(15,216)	n/m	
Change in Deferrals	114,875	0	114,875	n/m	234,302	0	234,302	n/m	0	(234,302)	n/m	
Increase in LT Debt	34,805,771	0	34,805,771	n/m	86,500,177	9,402,229	77,097,948	820.0%	9,402,229	(77,097,948)	920.0%	(9)
(Decrease) in LT Debt	(36,221,746)	(1,288,740)	(34,933,006)	2710.6%	(44,989,595)	(3,763,690)	(41,225,905)	1095.4%	(5,390,368)	39,599,227	834.6%	(10)
Change in Other Liabilities	0	0	0	n/m	0	0	0	n/m	0	0	n/m	
Other Non-Working Capital Income/Expense Items	0	0	0	n/m	0	0	0	n/m	0	0	n/m	
Non Income/Expense Change in Equity	834,129	0	834,129	n/m	556,806	560,000	(3,194)	(0.6%)	560,000	3,194	99.4%	(11)
<b>Total Other Sources/(Uses) of Working Capital</b>	<b>(3,463,344)</b>	<b>(4,715,666)</b>	<b>1,252,322</b>	<b>(26.6%)</b>	<b>(15,018,471)</b>	<b>(28,564,116)</b>	<b>13,545,645</b>	<b>(47.4%)</b>	<b>(32,813,773)</b>	<b>(17,795,302)</b>	<b>45.8%</b>	
<b>Transfer In from (Out to) Other Funds</b>												
Transfers In from Other Funds	8,216,720	203,955	8,012,765	3928.7%	9,211,981	1,181,585	8,030,396	679.6%	1,396,535	(7,815,446)	659.6%	(12)
Transfers Out to Other Funds	(8,726,833)	(518,934)	(8,207,899)	1581.7%	(9,761,758)	(1,556,817)	(8,204,941)	527.0%	(2,075,754)	7,686,004	470.3%	(13)
<b>Net Transfer In/(Out)</b>	<b>(510,114)</b>	<b>(314,979)</b>	<b>(195,135)</b>	<b>62.0%</b>	<b>(549,777)</b>	<b>(375,232)</b>	<b>(174,545)</b>	<b>46.5%</b>	<b>(679,219)</b>	<b>(129,442)</b>	<b>80.9%</b>	
<b>Net Change in Working Capital</b>	<b>\$643,395</b>	<b>\$1,598</b>	<b>\$641,797</b>	<b>40162.5%</b>	<b>\$369,268</b>	<b>(\$13,691,889)</b>	<b>\$14,061,157</b>	<b>n/m</b>	<b>(\$13,006,298)</b>	<b>(\$13,375,566)</b>	<b>n/m</b>	
Working Capital, Beginning of Period	2,111,191				2,385,318							
<b>Working Capital, 9/30/2015</b>	<b>\$2,754,586</b>				<b>\$2,754,586</b>							

- 1) Unbudgeted dwell rent from newly acquired properties, Villages at South Station and Corinthian Apartments.
- 2) Technical accounting adjustment related to Somerset Gardens being acquired from the tax credit partnership.
- 3) Funds from a King County grant for Bellevue Manor, Patricia Harris, Northwood Square and Vashon Terrace were budgeted in the second quarter but are now expected in the fourth quarter. Also due to a technical accounting adjustment related to the Somerset Gardens being acquired from the tax credit partnership.
- 4) Unbudgeted fees related to the issuance of the 2015 Pool Bonds (Meadowbrook, Gilman Square & Windsor Heights)
- 5) Unbudgeted funding of Windsor Heights replacement reserves
- 6) Unbudgeted release of Windsor Heights bond reserves due to bond pay off.
- 7) \$14M was budgeted for new acquisitions in 2015. However, the acquisition of Corinthian Apartments and Villages at South Station exceeded the budgeted amount by \$25M while various maintenance categories are under target.
- 8) Unbudgeted transfer of Shelcor to Public Housing.
- 9) \$40M of new debt (Key Bank LOC) was issued to purchase Corinthian Apts & Villages at South Station; \$40M of new debt (2015 Pool) was issued to refinance Windsor Heights, Gilman Square and Meadowbrook.
- 10) Unbudgeted refinance of Windsor Heights, Gilman Square & Meadowbrook.
- 11) Unbudgeted equity adjustment to transfer Shelcor to Public Housing.
- 12) 2015 Pool debt allocation in third quarter: Gilman Square \$5.8M, Meadowbrook \$2.1M decrease, unbudgeted
- 13) 2015 Pool debt allocation in third quarter: Windsor Heights \$8.4M increase, unbudgeted.



**Local Properties (Other)**  
**Working Capital Budget vs. Actual Report**  
**For the Period Ended 9/30/2015**

	Quarter Ended September 30, 2015				Year-to-Date				2015	Remainder	(n/m= not meaningful)
	Actual	Budget	\$ Var	% Var	Actual	Budget	\$ Var	% Var	Annual Budget	to Receive/ Spend	Percent of Annual Budget
<b>Revenues</b>											
Tenant Revenue	\$357,156	\$349,952	\$7,204	2.1%	\$1,089,374	\$1,049,684	\$39,690	3.8%	\$1,399,357	\$309,983	77.8%
Operating Fund Subsidy from HUD	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Section 8 Subsidy from HUD	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Other Operating Revenue	65,250	45,683	19,567	42.8%	124,813	135,998	(11,185)	(8.2%)	180,273	55,460	69.2%
Non-operating Revenue	198,432	198,498	(66)	(0.0%)	595,434	595,495	(61)	(0.0%)	793,995	198,561	75.0%
<b>Total Revenues</b>	<b>620,838</b>	<b>594,133</b>	<b>26,705</b>	<b>4.5%</b>	<b>1,809,621</b>	<b>1,781,177</b>	<b>28,444</b>	<b>1.6%</b>	<b>2,373,625</b>	<b>564,004</b>	<b>76.2%</b>
<b>Expenses</b>											
Salaries & Benefits	110,487	81,842	28,645	35.0%	240,947	236,290	4,657	2.0%	308,877	67,930	78.0%
Routine Maintenance, Utilities, Taxes & Insurance	126,295	124,414	1,881	1.5%	379,938	370,159	9,779	2.6%	491,633	111,695	77.3%
Direct Social Service Salaries & Benefits	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Other Social Service Support Expenses & HAP	30,667	30,667	0	0.0%	92,001	92,001	0	0.0%	122,668	30,667	75.0%
Administrative Support Expenses	46,628	48,182	(1,554)	(3.2%)	165,134	169,012	(3,878)	(2.3%)	217,192	52,058	76.0%
Non-operating Expenses	150,101	155,478	(5,377)	(3.5%)	446,607	466,437	(19,830)	(4.3%)	621,915	175,308	71.8%
<b>Total Expenses</b>	<b>464,179</b>	<b>440,583</b>	<b>23,596</b>	<b>5.4%</b>	<b>1,324,627</b>	<b>1,333,899</b>	<b>(9,272)</b>	<b>(0.7%)</b>	<b>1,762,285</b>	<b>437,658</b>	<b>75.2%</b>
<b>Net Income</b>	<b>156,659</b>	<b>153,550</b>	<b>3,109</b>	<b>2.0%</b>	<b>484,994</b>	<b>447,278</b>	<b>37,716</b>	<b>8.4%</b>	<b>611,340</b>	<b>126,346</b>	<b>79.3%</b>
<b>Other Sources/(Uses) of Working Capital</b>											
(Increase) in Restricted/Designated Cash	(16,408)	(16,047)	(361)	2.3%	(48,495)	(48,141)	(354)	0.7%	(64,190)	(15,695)	75.5%
Decrease in Restricted/Designated Cash	(297)	0	(297)	n/m	0	0	0	n/m	0	0	n/m
(Increase) in LT Receivables	(107,864)	(107,864)	(0)	0.0%	(323,593)	(323,593)	0	(0.0%)	(431,457)	(107,864)	75.0%
Decrease in LT Receivables	0	0	0	n/m	321,383	321,383	0	0.0%	514,352	192,969	62.5%
Acquisition of Capital Assets	(49,272)	(1,000)	(48,272)	4827.2%	(111,372)	(54,000)	(57,372)	106.2%	(54,000)	57,372	206.2%
Disposition of Capital Assets	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Change in Suspense	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Change in Other Assets	(0)	0	(0)	n/m	(0)	0	(0)	n/m	0	0	n/m
Change in Deferrals	664	0	664	n/m	364	0	364	n/m	0	(364)	n/m
Increase in LT Debt	0	0	0	n/m	0	0	0	n/m	0	0	n/m
(Decrease) in LT Debt	0	0	0	n/m	(73,109)	(73,054)	(55)	0.1%	(73,054)	55	100.1%
Change in Other Liabilities	111,979	111,978	1	0.0%	87,662	140,937	(53,275)	(37.8%)	252,915	165,253	34.7%
Other Non-Working Capital Income/Expense Items	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Non Income/Expense Change in Equity	0	0	0	n/m	0	0	0	n/m	0	0	n/m
<b>Total Other Sources/(Uses) of Working Capital</b>	<b>(61,198)</b>	<b>(12,933)</b>	<b>(48,265)</b>	<b>373.2%</b>	<b>(147,160)</b>	<b>(36,468)</b>	<b>(110,692)</b>	<b>303.5%</b>	<b>144,566</b>	<b>291,726</b>	<b>n/m</b>
<b>Transfer In from (Out to) Other Funds</b>											
Transfers In from Other Funds	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Transfers Out to Other Funds	0	0	0	n/m	(368,000)	(368,000)	0	0.0%	(368,000)	0	100.0%
<b>Net Transfer In/(Out)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>n/m</b>	<b>(368,000)</b>	<b>(368,000)</b>	<b>0</b>	<b>0.0%</b>	<b>(368,000)</b>	<b>0</b>	<b>100.0%</b>
<b>Net Change in Working Capital</b>	<b>\$95,461</b>	<b>\$140,617</b>	<b>(\$45,156)</b>	<b>(32.1%)</b>	<b>(\$30,166)</b>	<b>\$42,810</b>	<b>(\$72,976)</b>	<b>n/m</b>	<b>\$387,906</b>	<b>\$418,072</b>	<b>n/m</b>
Working Capital, Beginning of Period	1,231,962				1,357,590						
<b>Working Capital, 9/30/2015</b>	<b>\$1,327,423</b>				<b>\$1,327,423</b>						

- 1) Variance due to the unbudgeted rehabilitation of YWCA emergency housing units at Valley Park.
- 2) Unbudgeted reclass of lease interest payments from long term to short term for Harrison House and Green River Homes.



**Local Properties Tax Credit GP**  
**Working Capital Budget vs. Actual Report**  
**For the Period Ended 9/30/2015**

	Quarter Ended September 30, 2015				Year-to-Date				2015 Annual Budget	Remainder to Receive/ Spend	(n/m= not meaningful) Percent of Annual Budget
<b>Revenues</b>	Actual	Budget	\$ Var	% Var	Actual	Budget	\$ Var	% Var			
Tenant Revenue	\$0	\$0	\$0	n/m	\$0	\$0	\$0	n/m	\$0	\$0	n/m
Operating Fund Subsidy from HUD	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Section 8 Subsidy from HUD	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Other Operating Revenue	647,717	0	647,717	n/m	721,482	73,765	647,717	878.1%	73,765	(647,717)	978.1% (1)
Non-operating Revenue	479,796	397,281	82,515	20.8%	1,278,212	1,191,847	86,365	7.2%	1,589,127	310,915	80.4%
<b>Total Revenues</b>	<b>1,127,513</b>	<b>397,281</b>	<b>730,232</b>	<b>183.8%</b>	<b>1,999,694</b>	<b>1,265,612</b>	<b>734,082</b>	<b>58.0%</b>	<b>1,662,892</b>	<b>(336,802)</b>	<b>120.3%</b>
<b>Expenses</b>											
Salaries & Benefits	(4,097)	0	(4,097)	n/m	1,286	0	1,286	n/m	0	(1,286)	n/m
Routine Maintenance, Utilities, Taxes & Insurance	2,719	3,809	(1,090)	(28.6%)	7,532	11,430	(3,898)	(34.1%)	15,241	7,709	49.4%
Direct Social Service Salaries & Benefits	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Other Social Service Support Expenses & HAP	4	0	4	n/m	25	0	25	n/m	0	(25)	n/m
Administrative Support Expenses	90,225	88,593	1,632	1.8%	286,635	271,264	15,371	5.7%	359,848	73,213	79.7%
Non-operating Expenses	58,578	69,106	(10,528)	(15.2%)	1,846,534	1,879,296	(32,762)	(1.7%)	1,948,401	101,867	94.8%
<b>Total Expenses</b>	<b>147,430</b>	<b>161,508</b>	<b>(14,078)</b>	<b>(8.7%)</b>	<b>2,142,012</b>	<b>2,161,990</b>	<b>(19,978)</b>	<b>(0.9%)</b>	<b>2,323,490</b>	<b>181,478</b>	<b>92.2%</b>
<b>Net Income</b>	<b>980,083</b>	<b>235,773</b>	<b>744,310</b>	<b>315.7%</b>	<b>(142,317)</b>	<b>(896,378)</b>	<b>754,061</b>	<b>(84.1%)</b>	<b>(660,598)</b>	<b>(518,281)</b>	<b>21.5%</b>
<b>Other Sources/(Uses) of Working Capital</b>											
(Increase) in Restricted/Designated Cash	(228,901)	(352,325)	123,424	(35.0%)	(693,032)	(225,000)	(468,032)	208.0%	(300,000)	393,032	231.0% (2)
Decrease in Restricted/Designated Cash	0	277,325	(277,325)	(100.0%)	277,325	277,325	0	0.0%	577,325	300,000	48.0%
(Increase) in LT Receivables	(18,783)	(7,393)	(11,390)	154.1%	(32,553)	(22,182)	(10,371)	46.8%	(29,575)	2,978	110.1%
Decrease in LT Receivables	7,932	0	7,932	n/m	9,977,698	9,887,598	90,100	0.9%	10,137,598	159,900	98.4%
Acquisition of Capital Assets	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Disposition of Capital Assets	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Change in Suspense	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Change in Other Assets	0	0	0	n/m	1,671,976	1,671,976	0	0.0%	1,671,976	(0)	100.0%
Change in Deferrals	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Increase in LT Debt	0	0	0	n/m	0	0	0	n/m	0	0	n/m
(Decrease) in LT Debt	0	0	0	n/m	(9,846,953)	(9,402,229)	(444,724)	4.7%	(9,652,229)	194,724	102.0%
Change in Other Liabilities	(4,890)	1,433	(6,323)	n/m	(59,029)	4,300	(63,329)	n/m	5,733	64,762	n/m
Other Non-Working Capital Income/Expense Items	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Non Income/Expense Change in Equity	(851,408)	0	(851,408)	n/m	(918,697)	50,000	(968,697)	n/m	50,000	968,697	n/m (1)
<b>Total Other Sources/(Uses) of Working Capital</b>	<b>(1,096,050)</b>	<b>(80,960)</b>	<b>(1,015,090)</b>	<b>1253.8%</b>	<b>376,735</b>	<b>2,241,788</b>	<b>(1,865,053)</b>	<b>(83.2%)</b>	<b>2,460,828</b>	<b>2,084,093</b>	<b>15.3%</b>
<b>Transfer In from (Out to) Other Funds</b>											
Transfers In from Other Funds	281,816	0	281,816	n/m	281,816	0	281,816	n/m	0	(281,816)	n/m
Transfers Out to Other Funds	(160,545)	0	(160,545)	n/m	(1,079,929)	(1,061,325)	(18,604)	1.8%	(1,061,325)	18,604	101.8%
<b>Net Transfer In/(Out)</b>	<b>121,271</b>	<b>0</b>	<b>121,271</b>	<b>n/m</b>	<b>(798,113)</b>	<b>(1,061,325)</b>	<b>263,212</b>	<b>(24.8%)</b>	<b>(1,061,325)</b>	<b>(263,212)</b>	<b>75.2%</b>
<b>Net Change in Working Capital</b>	<b>\$5,303</b>	<b>\$154,813</b>	<b>(\$149,510)</b>	<b>(96.6%)</b>	<b>(\$563,696)</b>	<b>\$284,085</b>	<b>(\$847,781)</b>	<b>n/m</b>	<b>\$738,905</b>	<b>\$1,302,601</b>	<b>n/m</b>
Working Capital, Beginning of Period	257,598				826,597						
<b>Working Capital, 9/30/2015</b>	<b>\$262,901</b>				<b>\$262,901</b>						

- 1) Technical accounting adjustment related to Somerset Gardens being acquired from the tax credit partnership.
- 2) Deposits to Overlake excess cash reserves were greater than anticipated in the budget

**Local-Development**  
**Working Capital Budget vs. Actual Report**  
**For the Period Ended 9/30/2015**

	Quarter Ended September 30, 2015				Year-to-Date				2015 Annual Budget	Remainder to Receive/ Spend	(n/m= not meaningful) Percent of Annual Budget
<b>Revenues</b>	Actual	Budget	\$ Var	% Var	Actual	Budget	\$ Var	% Var			
Tenant Revenue	\$0	\$0	\$0	n/m	\$0	\$0	\$0	n/m	\$0	\$0	n/m
Operating Fund Subsidy from HUD	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Section 8 Subsidy from HUD	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Other Operating Revenue	13,850	5,000	8,850	177.0%	28,771	5,000	23,771	475.4%	5,000	(23,771)	575.4%
Non-operating Revenue	189,969	24	189,945	791436.6%	398,110	77	398,033	516925.8%	89	(398,021)	447314.5%
<b>Total Revenues</b>	<b>203,819</b>	<b>5,024</b>	<b>198,795</b>	<b>3956.9%</b>	<b>426,880</b>	<b>5,077</b>	<b>421,803</b>	<b>8308.1%</b>	<b>5,089</b>	<b>(421,791)</b>	<b>8388.3%</b>
<b>Expenses</b>											
Salaries & Benefits	71,911	77,549	(5,638)	(7.3%)	164,198	222,778	(58,580)	(26.3%)	290,453	126,255	56.5%
Routine Maintenance, Utilities, Taxes & Insurance	0	0	0	n/m	269	0	269	n/m	0	(269)	n/m
Direct Social Service Salaries & Benefits	7,184	7,054	130	1.8%	20,104	20,155	(51)	(0.3%)	26,202	6,098	76.7%
Other Social Service Support Expenses & HAP	44,760	44,000	760	1.7%	132,760	132,000	760	0.6%	176,000	43,240	75.4%
Administrative Support Expenses	(59)	1,753	(1,812)	n/m	727	5,263	(4,536)	(86.2%)	7,015	6,288	10.4%
Non-operating Expenses	6,467	0	6,467	n/m	192,894	0	192,894	n/m	200,225	7,331	96.3%
<b>Total Expenses</b>	<b>130,262</b>	<b>130,356</b>	<b>(94)</b>	<b>(0.1%)</b>	<b>510,952</b>	<b>380,196</b>	<b>130,756</b>	<b>34.4%</b>	<b>699,895</b>	<b>188,943</b>	<b>73.0%</b>
<b>Net Income</b>	<b>73,556</b>	<b>(125,332)</b>	<b>198,888</b>	<b>n/m</b>	<b>(84,072)</b>	<b>(375,119)</b>	<b>291,047</b>	<b>(77.6%)</b>	<b>(694,806)</b>	<b>(610,734)</b>	<b>12.1%</b>
<b>Other Sources/(Uses) of Working Capital</b>											
(Increase) in Restricted/Designated Cash	(30,005)	(18)	(29,987)	166595.4%	(315,528)	(110,059)	(205,469)	186.7%	(110,065)	205,463	286.7%
Decrease in Restricted/Designated Cash	0	119,145	(119,145)	(100.0%)	715,507	355,318	360,189	101.4%	700,699	(14,808)	102.1%
(Increase) in LT Receivables	(206)	0	(206)	n/m	(619)	0	(619)	n/m	0	619	n/m
Decrease in LT Receivables	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Acquisition of Capital Assets	(6,449,340)	(4,583,427)	(1,865,913)	40.7%	(14,995,502)	(13,768,836)	(1,226,666)	8.9%	(31,049,837)	(16,054,335)	48.3%
Disposition of Capital Assets	976,086	0	976,086	n/m	1,153,205	0	1,153,205	n/m	0	(1,153,205)	n/m
Change in Suspense	71	0	71	n/m	0	0	0	n/m	0	0	n/m
Change in Other Assets	0	0	0	n/m	100	0	100	n/m	0	(100)	n/m
Change in Deferrals	27,400	0	27,400	n/m	27,400	0	27,400	n/m	0	(27,400)	n/m
Increase in LT Debt	0	2,000,000	(2,000,000)	(100.0%)	0	2,000,000	(2,000,000)	(100.0%)	12,000,000	12,000,000	0.0%
(Decrease) in LT Debt	0	0	0	n/m	(550,000)	0	(550,000)	n/m	0	550,000	n/m
Change in Other Liabilities	(745,688)	474,175	(1,219,863)	n/m	(648,529)	822,525	(1,471,054)	n/m	1,297,875	1,946,404	n/m
Other Non-Working Capital Income/Expense Items	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Non Income/Expense Change in Equity	0	0	0	n/m	(699)	0	(699)	n/m	0	699	n/m
<b>Total Other Sources/(Uses) of Working Capital</b>	<b>(6,221,682)</b>	<b>(1,990,125)</b>	<b>(4,231,557)</b>	<b>212.6%</b>	<b>(14,614,665)</b>	<b>(10,701,052)</b>	<b>(3,913,613)</b>	<b>36.6%</b>	<b>(17,161,328)</b>	<b>(2,546,663)</b>	<b>85.2%</b>
<b>Transfer In from (Out to) Other Funds</b>											
Transfers In from Other Funds	0	0	0	n/m	157,205	110,000	47,205	42.9%	4,110,000	3,952,795	3.8%
Transfers Out to Other Funds	0	0	0	n/m	(561,287)	0	(561,287)	n/m	0	561,287	n/m
<b>Net Transfer In/(Out)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>n/m</b>	<b>(404,081)</b>	<b>110,000</b>	<b>(514,081)</b>	<b>n/m</b>	<b>4,110,000</b>	<b>4,514,081</b>	<b>n/m</b>
<b>Net Change in Working Capital</b>	<b>(\$6,148,126)</b>	<b>(\$2,115,457)</b>	<b>(\$4,032,669)</b>	<b>190.6%</b>	<b>(\$15,102,818)</b>	<b>(\$10,966,171)</b>	<b>(\$4,136,647)</b>	<b>37.7%</b>	<b>(\$13,746,134)</b>	<b>\$1,356,684</b>	<b>109.9%</b>
Working Capital, Beginning of Period	(7,428,876)				1,525,816						
<b>Working Capital, 9/30/2015</b>	<b>(\$13,577,002)</b>				<b>(\$13,577,002)</b>						

- 1) Unbudgeted Greenbridge and Seola Gardens lot sales price participation.
- 2) Development Manager position was budgeted beginning in January but wasn't filled until May.
- 3) Unbudgeted write-off of Green River Homes II work-in-process not acquired by the tax credit partnership.
- 4) Unbudgeted program income from lot sales and \$30k security deposit from home builder.
- 5) Due to technical accounting adjustment required to close the Vantage Point Pre-development fund. Unbudgeted.
- 6) Unbudgeted lot sales.
- 7) A \$2M grant from King County will be loaned to the Vantage Point tax credit partnership and will be reflected as a long-term payable by the partnership. This loan was expected to be made in the third quarter but is now forecast for December, coinciding with the revised estimate for the receipt of the grant.
- 8) Due to unbudgeted Vantage Point bridge loan reclassification from long term to short-term.
- 9) Both new internal loans to Greenbridge as well as payments from Greenbridge on existing loans were budgeted in 2015. To date, no new internal loans have been made, but the loan repayments have been received.
- 10) A HOPE VI loan interest payment from the Salmon Creek and Seola Crossing tax credit partnerships net cash flow was higher than anticipated in the budget. Loan terms allow payments to vary according to the size of the net cash flow.
- 11) Unbudgeted transfer of cash to COCC from the Green River Homes pre-development fund.

**Local-Other Funds**  
**Working Capital Budget vs. Actual Report**  
**For the Period Ended 9/30/2015**

	Quarter Ended September 30, 2015				Year-to-Date				2015 Annual Budget	Remainder to Receive/ Spend	(n/m= not meaningful) Percent of Annual Budget
<b>Revenues</b>	Actual	Budget	\$ Var	% Var	Actual	Budget	\$ Var	% Var			
Tenant Revenue	\$0	\$0	\$0	n/m	\$0	\$0	\$0	n/m	\$0	\$0	n/m
Operating Fund Subsidy from HUD	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Section 8 Subsidy from HUD	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Other Operating Revenue	1,555,552	800,340	755,212	94.4%	2,990,155	2,617,021	373,134	14.3%	3,875,597	885,442	77.2% (1)
Non-operating Revenue	0	0	0	n/m	0	0	0	n/m	75,000	75,000	0.0%
<b>Total Revenues</b>	<b>1,555,552</b>	<b>800,340</b>	<b>755,212</b>	<b>94.4%</b>	<b>2,990,155</b>	<b>2,617,021</b>	<b>373,134</b>	<b>14.3%</b>	<b>3,950,597</b>	<b>960,442</b>	<b>75.7%</b>
<b>Expenses</b>											
Salaries & Benefits	266,534	301,185	(34,651)	(11.5%)	703,005	866,555	(163,550)	(18.9%)	1,130,718	427,713	62.2% (2)
Routine Maintenance, Utilities, Taxes & Insurance	6,415	3,027	3,388	111.9%	11,226	9,079	2,147	23.6%	12,105	879	92.7%
Direct Social Service Salaries & Benefits	63,559	51,119	12,440	24.3%	146,857	146,057	800	0.5%	189,875	43,018	77.3%
Other Social Service Support Expenses & HAP	949,111	606,250	342,861	56.6%	2,115,985	1,852,500	263,485	14.2%	2,875,000	759,015	73.6%
Administrative Support Expenses	27,987	27,691	296	1.1%	71,548	91,156	(19,608)	(21.5%)	136,887	65,339	52.3%
Non-operating Expenses	751	0	751	n/m	2,935	0	2,935	n/m	0	(2,935)	n/m
<b>Total Expenses</b>	<b>1,314,358</b>	<b>989,272</b>	<b>325,086</b>	<b>32.9%</b>	<b>3,051,555</b>	<b>2,965,347</b>	<b>86,208</b>	<b>2.9%</b>	<b>4,344,585</b>	<b>1,293,030</b>	<b>70.2%</b>
<b>Net Income</b>	<b>241,194</b>	<b>(188,932)</b>	<b>430,126</b>	<b>n/m</b>	<b>(61,400)</b>	<b>(348,326)</b>	<b>286,926</b>	<b>(82.4%)</b>	<b>(393,988)</b>	<b>(332,588)</b>	<b>15.6%</b>
<b>Other Sources/(Uses) of Working Capital</b>											
(Increase) in Restricted/Designated Cash	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Decrease in Restricted/Designated Cash	0	0	0	n/m	0	0	0	n/m	250,000	250,000	0.0%
(Increase) in LT Receivables	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Decrease in LT Receivables	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Acquisition of Capital Assets	(2,993)	(60)	(2,933)	4887.8%	(2,993)	(180)	(2,813)	1562.6%	(240)	2,753	1246.9%
Disposition of Capital Assets	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Change in Suspense	(58,880)	0	(58,880)	n/m	0	0	0	n/m	0	0	n/m
Change in Other Assets	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Change in Deferrals	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Increase in LT Debt	0	0	0	n/m	0	0	0	n/m	0	0	n/m
(Decrease) in LT Debt	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Change in Other Liabilities	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Other Non-Working Capital Income/Expense Items	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Non Income/Expense Change in Equity	0	0	0	n/m	(8,987)	0	(8,987)	n/m	0	8,987	n/m
<b>Total Other Sources/(Uses) of Working Capital</b>	<b>(61,872)</b>	<b>(60)</b>	<b>(61,812)</b>	<b>103020.5%</b>	<b>(11,979)</b>	<b>(180)</b>	<b>(11,799)</b>	<b>6555.2%</b>	<b>249,760</b>	<b>261,739</b>	<b>n/m</b>
<b>Transfer In from (Out to) Other Funds</b>											
Transfers In from Other Funds	263,299	338,550	(75,251)	(22.2%)	759,943	988,043	(228,100)	(23.1%)	1,301,915	541,972	58.4%
Transfers Out to Other Funds	(239,327)	(303,800)	64,473	(21.2%)	(664,828)	(883,793)	218,965	(24.8%)	(1,162,915)	(498,087)	57.2%
<b>Net Transfer In/(Out)</b>	<b>23,972</b>	<b>34,750</b>	<b>(10,778)</b>	<b>(31.0%)</b>	<b>95,115</b>	<b>104,250</b>	<b>(9,135)</b>	<b>(8.8%)</b>	<b>139,000</b>	<b>43,885</b>	<b>68.4%</b>
<b>Net Change in Working Capital</b>	<b>\$203,294</b>	<b>(\$154,242)</b>	<b>\$357,536</b>	<b>n/m</b>	<b>\$21,735</b>	<b>(\$244,256)</b>	<b>\$265,991</b>	<b>n/m</b>	<b>(\$5,228)</b>	<b>(\$26,963)</b>	<b>n/m</b>
Working Capital, Beginning of Period	19,530				201,089						
<b>Working Capital, 9/30/2015</b>	<b>\$222,824</b>				<b>\$222,824</b>						

- 1) The Gates Foundation grant award to KCHA was higher than anticipated in the budget as the Authority received funds that were historically sent directly from the Foundation to schools. KCHA will likely pass the extra funds through to the intended schools.
- 2) Fund 701 Rehab/Weatherization salaries are under budget by \$194k, due to majority of director position now being coded to Capital Construction department; also due to salary adjustment for technical grant accounting reasons.

## COCC

Working Capital Budget vs. Actual Report  
For the Period Ended 9/30/2015

	Quarter Ended September 30, 2015				Year-to-Date				2015 Annual Budget	Remainder to Receive/ Spend	(n/m= not meaningful) Percent of Annual Budget
<b>Revenues</b>	Actual	Budget	\$ Var	% Var	Actual	Budget	\$ Var	% Var			
Tenant Revenue	\$0	\$0	\$0	n/m	\$0	\$0	\$0	n/m	\$0	\$0	n/m
Operating Fund Subsidy from HUD	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Section 8 Subsidy from HUD	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Other Operating Revenue	2,791,532	2,744,967	46,565	1.7%	8,895,282	8,622,287	272,995	3.2%	11,366,013	2,470,731	78.3%
Non-operating Revenue	402,825	332,412	70,413	21.2%	1,123,805	979,860	143,945	14.7%	1,312,273	188,468	85.6%
<b>Total Revenues</b>	<b>3,194,357</b>	<b>3,077,379</b>	<b>116,978</b>	<b>3.8%</b>	<b>10,019,087</b>	<b>9,602,147</b>	<b>416,940</b>	<b>4.3%</b>	<b>12,678,286</b>	<b>2,659,199</b>	<b>79.0%</b>
<b>Expenses</b>											
Salaries & Benefits	2,835,358	2,802,587	32,771	1.2%	8,018,120	8,020,056	(1,936)	(0.0%)	10,494,999	2,476,879	76.4%
Routine Maintenance, Utilities, Taxes & Insurance	467,813	477,776	(9,963)	(2.1%)	1,424,800	1,372,607	52,193	3.8%	1,789,640	364,840	79.6%
Direct Social Service Salaries & Benefits	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Other Social Service Support Expenses & HAP	7	0	7	n/m	7	0	7	n/m	0	(7)	n/m
Administrative Support Expenses	598,222	767,842	(169,620)	(22.1%)	1,596,147	2,261,335	(665,188)	(29.4%)	2,983,003	1,386,856	53.5%
Non-operating Expenses	164,770	164,839	(69)	(0.0%)	767,420	494,517	272,903	55.2%	659,355	(108,065)	116.4%
<b>Total Expenses</b>	<b>4,066,169</b>	<b>4,213,044</b>	<b>(146,875)</b>	<b>(3.5%)</b>	<b>11,806,495</b>	<b>12,148,515</b>	<b>(342,020)</b>	<b>(2.8%)</b>	<b>15,926,997</b>	<b>4,120,502</b>	<b>74.1%</b>
<b>Net Income</b>	<b>(871,813)</b>	<b>(1,135,665)</b>	<b>263,852</b>	<b>(23.2%)</b>	<b>(1,787,407)</b>	<b>(2,546,368)</b>	<b>758,961</b>	<b>(29.8%)</b>	<b>(3,248,711)</b>	<b>(1,461,304)</b>	<b>55.0%</b>
<b>Other Sources/(Uses) of Working Capital</b>											
(Increase) in Restricted/Designated Cash	(0)	0	(0)	n/m	(0)	0	(0)	n/m	0	0	n/m
Decrease in Restricted/Designated Cash	0	0	0	n/m	8,918,011	171,486	8,746,525	5100.4%	171,486	(8,746,525)	5200.4%
(Increase) in LT Receivables	(147,095)	(512,438)	365,343	(71.3%)	(670,814)	(937,313)	266,499	(28.4%)	(1,449,750)	(778,936)	46.3%
Decrease in LT Receivables	167,355	176,161	(8,806)	(5.0%)	495,715	528,481	(32,766)	(6.2%)	704,640	208,925	70.4%
Acquisition of Capital Assets	(43,947)	(180,871)	136,924	(75.7%)	(402,028)	(362,617)	(39,411)	10.9%	(363,490)	38,538	110.6%
Disposition of Capital Assets	6,495	0	6,495	n/m	6,495	0	6,495	n/m	0	(6,495)	n/m
Change in Suspense	138,632	0	138,632	n/m	116,707	0	116,707	n/m	0	(116,707)	n/m
Change in Other Assets	0	0	0	n/m	0	(250,000)	250,000	(100.0%)	(525,000)	(525,000)	0.0%
Change in Deferrals	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Increase in LT Debt	0	0	0	n/m	0	0	0	n/m	0	0	n/m
(Decrease) in LT Debt	(225,000)	(225,000)	0	0.0%	(675,000)	(675,000)	0	0.0%	(900,000)	(225,000)	75.0%
Change in Other Liabilities	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Other Non-Working Capital Income/Expense Items	0	0	0	n/m	0	0	0	n/m	0	0	n/m
Non Income/Expense Change in Equity	0	0	0	n/m	7,918	0	7,918	n/m	0	(7,918)	n/m
<b>Total Other Sources/(Uses) of Working Capital</b>	<b>(103,560)</b>	<b>(742,148)</b>	<b>638,588</b>	<b>(86.0%)</b>	<b>7,797,004</b>	<b>(1,524,963)</b>	<b>9,321,967</b>	<b>n/m</b>	<b>(2,362,114)</b>	<b>(10,159,118)</b>	<b>n/m</b>
<b>Transfer In from (Out to) Other Funds</b>											
Transfers In from Other Funds	518,940	518,934	6	0.0%	3,165,619	2,660,817	504,802	19.0%	3,179,754	14,135	99.6%
Transfers Out to Other Funds	(91,130)	(362,125)	270,995	(74.8%)	(1,298,549)	(1,329,775)	31,226	(2.3%)	(5,691,900)	(4,393,351)	22.8%
<b>Net Transfer In/(Out)</b>	<b>427,810</b>	<b>156,809</b>	<b>271,001</b>	<b>172.8%</b>	<b>1,867,070</b>	<b>1,331,042</b>	<b>536,028</b>	<b>40.3%</b>	<b>(2,512,146)</b>	<b>(4,379,216)</b>	<b>n/m</b>
<b>Net Change in Working Capital</b>	<b>(\$547,563)</b>	<b>(\$1,721,004)</b>	<b>\$1,173,441</b>	<b>(68.2%)</b>	<b>\$7,876,667</b>	<b>(\$2,740,289)</b>	<b>\$10,616,956</b>	<b>n/m</b>	<b>(\$8,122,971)</b>	<b>(\$15,999,638)</b>	<b>n/m</b>
Working Capital, Beginning of Period	25,037,395				16,613,164						
<b>Working Capital, 9/30/2015</b>	<b>\$24,489,831</b>				<b>\$24,489,831</b>						

- 1) Various categories are under target (Administrative Contracts, Professional Services, Transportation-Vehicle Fuel & Communications ). Although costs will continue to be incurred through the end of the year, this category will likely be under budget at year end.
- 2) The Plum Court apartments purchase option fee of \$250K was expensed as the cost will not be recovered. The amount was originally budgeted as an increase to other assets.
- 3) Restriction removed from \$8.8M of collateral investments as note between KCHA and MKCRF was pledged with the FHLB in lieu of the investments. Was budgeted in 2014.
- 4) \$300k in budgeted HomeSight loans deferred to 2016.
- 5) Sales Tax Refund from Washington State will be cleared from suspense in the fourth quarter.
- 6) Variance due to cash transferred to COCC from the Green River Homes pre-development fund which was closed.

# T A B N U M B E R



**TO:** Board of Commissioners

**FROM:** Connie Davis, Deputy Executive Director

**DATE:** November 5, 2015

**RE:** **Draft Calendar Year 2016 Operating Budget**

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At the November Board meeting staff will be discussing the broad outlines of the CY 2016 KCHA budget. The final budget will be presented for Board passage at the December meeting.

KCHA's vision statement is "All King County residents have quality, affordable housing". Based on current market conditions and funding limitations, this vision is becoming even more challenging to achieve. Most Authority departments are being impacted in some way by the tightening of the real estate market, be it through the lack of affordable private sector units, increasing homelessness in the community or much higher per unit property acquisition costs for KCHA. The CY 2016 budget reflects these concerns - with the most pressing issue being the increasingly inadequate Section 8 resources available to support extremely low income households in a rising rental market.

Since 2003 KCHA has been a participant in the federal Moving to Work (MTW) program. One of the most important outcomes of our participation is the receipt of funding for both Public Housing (PH) and the Housing Choice Voucher (HCV) programs as a block grant, with significant flexibility in how the funds are used. While non-MTWs receive their funding based on the prior year's utilization, MTWs receive a level block grant calculated in the base year of the contract, which allows for longer range planning due to a relatively predictable stream of funding via the block grant.

As part of the block granting, MTW Housing Authorities receive annual adjustments in HCV funding through an inflation factor calculated by HUD. Prior to 2012, local market conditions were the primary sources for the calculation of this factor and KCHA regularly received an annual uptick in funding. In 2012, this changed. An inflation factor driven by changes in national voucher costs was substituted for one reliant on local market conditions. This significantly reduced KCHA's opportunity for an inflation adjustment. In 2015 the national per unit cost declined and no inflation adjustments were awarded to any housing authority in the nation. At the same time HUD increased the fair market rents in King County by 26%; however, the lack of any inflation factor

meant there was no related compensation to KCHA to pay these higher rents. As a result rising housing costs are rapidly eroding the savings in per unit voucher costs over funding levels that we have been using to support other mission critical activities, including Section 8 over-leasing. This budget does not project any increase in voucher funding due to an inflation factor in 2016.

Also impacting federal funding is insufficient Congressional appropriations to fully fund either the PH or the HCV programs. The CY 2016 budget currently projects receipt of 83.5% of funding eligibility for the PH program and 96% for the HCV program. This results in a funding shortfall to these programs of \$1.369 million and \$3.1 million respectively. These estimates do not include any changes resulting from the recent budget agreement between Congress and the President for the 2016 year. It is possible that the pro-rations will be slightly better as a result.

## **PUBLIC HOUSING AND SECTION 8**

The budget for Public Housing is fairly steady state. Turnover is very low, which assists the site staff in maintaining properties, but does not allow for additional families to be assisted as residents are not moving up and out. Three properties will have a full year of operations added to this portfolio in 2016: Vantage Point, Island Crest and Shelcor. This will add an additional \$209 thousand in HUD subsidy payments to the budget. The Authority continues to review other existing buildings as possible candidates for conversion to public housing. In addition, in 2016 the Housing Management department will assume management responsibilities for 131 units of the Chausee portfolio from a third party property manager, with operations fully integrated into the department's budget.

We have commissioned a study regarding the feasibility of a portfolio wide conversion of our public housing to the Rental Assistance Demonstration (RAD) program. This would potentially stabilize PH subsidies by transforming them into RAD vouchers, which are subject to the more favorable HCV prorate as well as reliable annual inflation factors. We expect to make a decision on this approach sometime in 2016.

The budget projects minimal increases in tenant income of approximately 1% across both the HCV and PH programs. A review of newly admitted households shows that an increasing number are coming into these programs with very little or no income. The percentage of households reporting \$0 income upon admission has risen from 2.7% in 2010 to 19.1% in 2014. This trend, and the large number of households on fixed incomes, is helping flatten overall tenant income projections despite an improving economy. As a result tenant contributions to housing costs are projected to be essentially flat next year and will not offset subsidy losses in either program.

The Housing Choice Voucher (HCV) or Section 8 program is the Authority's largest housing program. The current contract baseline is 9,336 units per month plus an additional (net of port outs) 1,910 units administered by KCHA which have ported-in to the KCHA's jurisdiction from other housing authorities. In recent years, with the

assistance of MTW block grant funds, KCHA has been able to over-lease this program by roughly 275 additional units. The 2016 budget contains a projected average overleasing of around 230 units; as more funds are directed to locally designed rental assistance programs outside of the Section 8 (such as rapid rehousing) fewer traditional vouchers will be issued but the net number of actual families being served remains about the same. The Section 8 overleasing target may be further reduced in the final budget if proposals to expand rapid rehousing efforts are approved.

The most pressing issue for the HCV program, as mentioned above, relates to planned Payment Standards (PS) increases which determine the maximum amount of rent plus utilities that KCHA will provide subsidy for. With the continuing run up in market rents in KCHA's jurisdiction, especially in the high opportunity areas on the Eastside, it is clear that our payment standards, last increased in January 2015, are already lagging local markets.

The Authority uses local survey information to set the PS. Market data is currently being analyzed to inform recommendations for further increases in payment standards, along with proposals to increase the number of PS areas from the current two to as many as eight areas. This more granular approach should prevent overpayment to landlords in less expensive areas, and incent residents to move to higher opportunity zones with their higher rents. It may also assist in deconcentrating poverty as tenants will be less incented to move to poor areas where a too-high PS buys a better unit. Current projections of the impact of an increase in payment standards estimate a budgetary impact of at least \$2.0 million, reflecting a 6% increase in housing assistance costs, in 2016. This preliminary budget includes an additional \$2.0 million in subsidy payments as a placeholder for higher standards, which we anticipate bringing to the Board for review in January.

## **LOCAL PROGRAMS**

KCHA has a robust portfolio of non-federally funded units. These include former public housing developments converted to project based rental assistance; bond properties acquired with tax-exempt financing; and current or former Low Income Housing Tax Credit (LIHTC) financed projects. With higher rents, this portfolio can cover operating costs, debt service and capital work with cash flow remaining to support the rest of KCHA's operations. Current projections estimate this cash flow at \$5.5 million in 2016, with \$3.5 million designated as unrestricted. When reviewing the operations of this portfolio, it is clear that the unsubsidized workforce housing properties are also sensitive to current market conditions. Over time, they have maintained affordability by a deliberate strategy of pegging rent changes to expense increases rather than the market. For 2016, the portfolio has projected an average rent increase of 2.8%, excluding newly added properties. Overall, however, portfolio revenues have jumped more than 4% as vacancies have fallen to near record lows. In October, the Asset Management portfolio reported a 98% occupancy level. Two new property acquisitions, The Villages at South Station and the Wood Creek Lane in Woodinville have had their revenues and expenses included in the 2016 projections.



Other statistics monitored by the Asset Management Department include relative affordability, which now tracks in some neighborhoods at 25% below market. Nearly 300 tenant based voucher holders reside in the Authority's eastside bond properties, as these properties have rent levels more in line with current payment standards than the market-rate developments in these same neighborhoods, enabling voucher holders to live in these communities without incurring excessive shelter burdens.

## **HOMELESS ASSISTANCE**

At the most critical end of the housing spectrum are KCHA's programs providing housing and services to homeless individuals and families. In 2014, 398 homeless households entered the HCV and PH programs, comprising 42% of all entries and 50% of all HCV entries. This trend is continuing. The Homeless Housing Initiatives (HHI) department is focused on homeless services. It currently oversees 410 vouchers dedicated to supportive or transitional housing, and is budgeting \$1.1 million in 2016 for approximately 130 sponsor-based households in its PACT, FACT, Coming Up and Housing First programs. The department is requesting \$809 thousand next year for its rapid rehousing program. This program, run in concert with the Highline School district, serves homeless students and their families referred by the district. The requested \$473 thousand increase in program costs would be funded through an additional decrease of some 48 units from our Section 8 over-leasing target. The rapid rehousing goal for 2016 is to house 100 households and 250 children through short term rental assistance and case management. This expansion tracks with the Board's five year stretch goal to significantly reduce the number of homeless school children in the County.

## **DEVELOPMENT**

With rent escalation dramatically reducing the supply of privately owned affordable units in the region it is more important than ever that KCHA preserve and upgrade its existing housing inventory and where possible, acquire or build new units to add to its portfolio. 2016 will see major preservation activities at Spiritwood Manor in Bellevue and at the Corinthian Apartments in Sea-Tac through LIHTC financing. The Development department has also budgeted \$14 million for new acquisitions, assuming that they will be fully financed through debt.

Beginning in 2007, KCHA has increasingly relied on short term lines of credit to acquire properties and bridge tax-credit equity pay-ins from investors. Interest rates have been at historic lows during this period as the Federal Reserve used interest rates as a stimulus to the economy. The Fed is now signaling that it may gradually increase rates. With the \$85 million Key Bank pooled refinance executed in January of 2014, the Authority began to move away from a dependency on short term variable rate funding, locking in fixed, longer-term rates on a significant portion of its outstanding debt. During 2015, approximately \$35 million of additional variable rate debt was refinanced into fixed rate instruments. New acquisitions, such as the Villages and the Corinthian

Apartments continue to be supported by variable rate lines of credit as do tax credit equity bridges for next years proposed LIHTC financings at Spiritwood and the Corinthian Apartments. Higher rates may impact not only this debt, but also future acquisitions and changes in the long term rate environment will need to be factored into debt load calculations for future long term financing vehicles. It is not believed that projected changes in lending environment will significantly impact 2016 interest exposure.

## **PERSONAL SERVICE COSTS**

Aside from housing assistance payments, salaries and benefits are the single largest operating expense at KCHA. Total internal payroll in 2016 is currently projected at \$34 million, an increase of 5.2% when compared to 2015 levels. Several new hires are included in the 2016 request; including staffing for the Chausee portfolio, which is shifting from a fee manager to in-house property management; a full year of staffing for the newly constructed Vantage Point; 2 additional research and evaluation personnel; and support staff for the Tenmast software project. Several factors have assisted KCHA in maintaining reasonable increases in personal service costs. Medical benefits are unchanged from 2015, with the Washington State PEBB providers requesting virtually no rate increases. Cost of Living adjustments based upon 100% of CPI in 2015 (impacting 2016) were very low at .5%; 2016's projection is for a 2.5% adjustment effective next November. KCHA maintains a merit pool at 2% of eligible payroll.

The market continues to indicate that KCHA is a good place to work based on our hiring experiences. More difficult to quantify is the growing impact of long-time staff turnover, and their replacement with less senior and lower-compensated employees. In 2015 (to date) 33 regular employees have exited the Authority (roughly 10%) and have been replaced. These positions, plus a number of internal promotions and temporary assignments have resulted in more than 75 hiring requisitions managed by Human Resources this year. This trend is expected to accelerate for the next few years as retirements increase. Fully 14% of existing staff will be eligible to retire by 2017.

The Board has already been apprised of the negative impact of the Washington State Department of Retirement rate increases. In 2016, this rate is 11.18% of eligible payroll. Ten years ago the rate was 2.44%. KCHA makes sure that employees see this largely invisible contribution to their retirement on each pay check. It also appears that a healthy retirement system such as PERS is a good recruiting tool, even for younger staff.

## **CAPITAL BUDGET**

Several departments have capital responsibilities for various parts of the portfolio:

- Capital Construction and Weatherization estimates \$11.3 million in expenditures funded primarily by the Public Housing Capital Fund Program (CFP), bond proceeds (MCKRF properties) and operations. Scopes of work include site improvements, envelope upgrades and plumbing improvements. Note that the

funding source for this department has shifted from primarily MTW funding in 2015 to the Public Housing Capital Fund Program (CFP) in the coming year. CFP funds must be spent within a certain time frame and some funds currently held by HUD in our account will expire this year. This also reflects a trend towards lessening the use of our Section 8 MTW funding to support public housing as rising HAP costs increasingly consume a larger percentage of Section 8 revenues.

- Asset Management, in addition to the \$11.4 million in work at Spiritwood, is projecting \$11.8 million in capital expenditures for the rest of its portfolio. In acknowledgement of capacity constraints in the Asset Management construction shop, this will reduce capital work to the existing inventory by roughly 50%, but result in a total Department capital budget of some \$23 million, roughly equal to last year.
- Housing Management is continuing its successful unit upgrade program for another year, projecting an additional 150 units. The cost of this program is projected at \$4.0 million or \$27,022 per unit. This is higher than 2015 actuals as it is assumed that a greater number of larger size bedroom units will be upgraded. In 2015, the department formed a second force account crew (internally staffed) to perform smaller projects which site staff could not undertake on their own, but were too small to include in the Capital Construction department work plan. Housing Management is asking for a significant increase in the force account crew budget to \$2.7 million from \$1.3 million; this proposal is still being reviewed.
- Administrative Services expects to initiate capital work related to the Energy Performance Contract (EPC) with Johnson Controls in 2016. Currently the budget reflects \$13 million in work performed next year, all of it debt financed. This represents approximately half of the scoped work by JCI. Firmer numbers are expected to be included in the final 2016 budget, with the Board having a presentation on the entire EPC project at the December meeting.

As this complex budget continues to come together, staff will be working on the year end 2016 cash projections for the major MTW and COCC fund groups as well as tracking developments on the Congressional appropriations front. There will be preliminary estimates of these balances included in the presentation made at the November Board meeting.

# T A B N U M B E R



**TO:** Board of Commissioners

**FROM:** Tim Baker, Senior Management Analyst

**DATE:** November 9, 2015

**RE: Third Quarter CY 2015 Procurement Report**

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In order to update the Board concerning KCHA's procurement activities, staff is presenting the attached Quarterly Procurement Report. This report covers all procurement activities from July through September 2015 that involved the award of contracts valued over the amount of \$100,000 and change orders that have cumulatively exceeded 10% of the original or not to exceed contract amount.

**Awarded Contracts Over \$100,000:**

The awarded contracts section of the report lists the issuing department, contract type, the company awarded the contract, the award and estimate/budgeted amounts, procurement process involved, the number of bids received and notes about the procurement.

In the third quarter, there were 16 contracts awarded and valued at more than \$100,000, representing 91% of the contracts executed in the quarter. The largest contract executed for construction work was for \$692,000 awarded to Faber Construction for the Wells Wood building envelope project. The largest non-construction contract executed was for \$2,966,373 awarded to Navos, a local non-profit organization which has successfully been providing housing and supportive housing for PACT (Program for Assertive Community Treatment) clients. This program, which KCHA has funded since 2007, provides housing and supportive services for disabled individuals with mental illness who are high utilizers of psychiatric hospitals. KCHA's funding covers rental assistance payments under the sponsor-based housing model. Under the Authority's procurement policy, this contract was not eligible for additional extensions and a new contract with an end date of 2021 was let.

**Contract Change Orders Exceeding 10%:**

KCHA's internal procedures require heightened oversight and review once a contract has incurred change orders valued at more than 10% of the original contract amount. The change order section of the report includes the issuing department, contract type, company awarded the contract, the original amount awarded, as well as the number of change orders, the amounts of the total change orders to date expressed

both in dollars and percentages above the original contract value, and notes about the procurement. Per the Board's request, this section was divided between change orders issued in response to unforeseen field conditions or expanded project scopes, and change orders which were foreseen at the time the initial contract was let (primarily through contract extensions on multi-year contracts). The not-to-exceed total for the "foreseen" change order section is the projected total amount of the contract once all the foreseen change orders are completed.

There were 3 "field condition" or "scope" change orders on contracts where the total contract value has exceeded 10% of the initial contract amount this quarter. Most notably:

1. The rate of expenditure for civil maintenance services being conducted by Puget Paving has been significantly higher than anticipated when the contract was executed due to the numerous asphalt paving jobs performed in order to meet REAC standards. In order to meet inspection timetables, this contract was increased by \$250,000.
2. The largest percentage increase (267%) was with Eden Advanced Pest Control to expand their service area. KCHA has procured the services of multiple pest control companies to address bed bug problems. Eden's contract was increased when one of the other firms under contract was terminated due to poor performance.

There were also 2 "anticipated" change orders this quarter involving contract extensions as allowed in the original contract. Both were for non-profit organizations providing educational services for KCHA tenants. Both change orders were anticipated at the time the original contracts were executed.

KING COUNTY HOUSING AUTHORITY  
QUARTERLY PROCUREMENT REPORT  
July-September 2015 (Third Quarter)

Awarded Contracts Over \$100,000

Issuing Department	Contract type	Contract Awarded to	Estimate/Budget Amount	Initial Contract Amount	NTE with extensions	Procurement Process	# of bids	Notes
Administrative Services	telecom (cell tower) consulting	Gunnerson	\$25,000	\$100,000	\$100,000	RFP	4	new contractor for KCHA. NTE based on services provided.
Administrative Services	energy performance measures	Johnson Controls	\$436,945	\$436,945	\$436,945	sole source	n/a	Cooperative purchase using State of WA contract. Investment Grade Audit fee.
Asset Management	Corinthian apartments A&E services	RMC Architects	\$111,426	\$122,000	\$122,000	RFQ	6	new consultant for KCHA
Asset Management	Woodland North building envelope	Bates Roofing	\$137,749	\$143,500	\$143,500	sealed bid	4	Contractor has performed on several KCHA projects with success
Asset Management	Timberwood & Woodside East fire alarm systems	Accord Contractors	\$361,769	\$393,500	\$393,500	sealed bid	3	Contractor has performed on several KCHA projects with success
Capital Construction-WX	Island Crest building envelope	CDK Construction	\$377,214	\$189,408	\$189,408	sealed bid	7	Contractor has performed on several KCHA projects with success
Capital Construction-WX	Riverton Terrace management office	CE & C	\$183,837	\$198,963	\$198,963	sealed bid	5	New contractor for KCHA. Original contractor Danneko removed from project.
Capital Construction-WX	noise assessment services	The Greenbusch Group	\$250,000	\$250,000	\$250,000	RFQ	3	Contractor has performed on several KCHA projects with success
Capital Construction-WX	Burien Park drainage improvements	Accord Contractors	\$338,284	\$323,650	\$323,650	sealed bid	3	Section 3 company, successfully performed on many prior KCHA projects
Capital Construction-WX	Wells Wood building envelope	Faber Construction	\$764,679	\$692,000	\$692,000	sealed bid	6	new contractor for KCHA. Will self perform majority of work, which will keep costs down
Homeless Housing	Domestic Violence rapid rehousing program	LifeWire	\$483,333	\$483,333	\$1,200,000	sole source	n/a	longstanding non-profit partner agency providing unique service
Homeless Housing	PACT sponsor based supportive housing	Navos	\$2,966,373	\$2,966,373	\$2,966,373	sole source	n/a	non-profit procured by King County through Interlocal Agreement
Housing Management-Maint	roofing task order contract	Wayne's Roofing	\$250,000	\$250,000	\$500,000	RFP	2	new contractor for KCHA
Information Technology	cloud backup services	Net2Vault	\$150,000	\$129,761	\$129,761	sole source	n/a	Unique provider of cloud based back up which works seamlessly with existing net app storage device.
Resident Services	Greenbridge learning/engagement advocacy	Highline Public Schools	\$144,500	\$144,500	\$867,000	sole source	n/a	school district named in grant application for this initiative
Resident Services	educational initiatives	Bellevue Boys & Girls Club	\$180,500	\$180,500	\$1,083,000	sole source	n/a	non-profit named in grant application for this initiative
			\$7,161,609	\$7,004,433	\$9,596,100			

Contracts exceeding 10% cumulative change order-Condition Changes

Issuing Department	Contract type	Contract awarded to	Initial Contract Amount/NTE*	Change Order Amount & No. This Quarter	Total Contract Value to Date	% Change from Original	Notes (Current Quarter Change Orders)
Capital Construction-WX	Wells Wood roofing	Bates Roofing	\$348,000	\$120,551 (3)	\$509,010	146%	mold remediation needed in the attic spaces of all 12 buildings
Housing Management-Maint	civil maintenance services	Puget Paving	\$250,000	\$250,000 (1)	\$500,000	200%	rate of expenditure on contract accelerated due to REAC inspections
Housing Management-Maint	pest control services	Eden Advanced Pest Control	\$150,000	\$250,000 (1)	\$400,000	267%	Eden's service area expanding due to other pest vendor contract being terminated
Total			\$748,000		\$1,409,010		

Contracts with contract extensions or other foreseen change orders

Issuing Department	Contract type	Contract awarded to	Initial Contract Amount/NTE*	Change Order Amount & No. This Quarter	Current Contract Value	% of NTE*	Notes (Current Quarter Change Orders)
Resident Services	increasing academic performance for children	Kent Youth & Family Services	\$862,500	\$89,750 (3)	\$329,885	38%	third extension to the contract
Resident Services	learning programs technical assistance	Northstar Education Network	\$50,079	\$7,000 (2)	\$24,380	49%	last extension to the contract
Total			\$912,579		\$354,265		













\*NTE = Not To Exceed

# T A B N U M B E R



# King County Housing Authority Executive Dashboard

3rd Quarter Dashboard: July 1 - September 30, 2015

	actuals sept 12 - sept 15	September 2015	target	3-yr avg	3-yr high	3-yr low
<b>Finance</b>						
LGIP Rate		0.15%	0.16%	0.14%	0.24%	0.09%
Non-LGIP Investment Rate		1.09%	0.65%	0.83%	1.10%	0.67%
Revenue to Budget (Budgeted \$210.1m)		104%	100%	100%	104%	93%
Expenditures to Budget (Budgeted \$187.0m)		99%	100%	98%	99%	93%
<b>Property Management</b>						
Public Housing Occupancy Rate (3,360 units)		98.7%	98.0%	98.6%	99.3%	97.9%
Local Program Occupancy Rate (5,703 units)		97.8%	96.5%	98.6%	100.0%	97.8%
KCHA Units Owned Online		9,293	9,293 <sup>1</sup>	8,850	9,293	8,523
<b>Section 8 Operations</b>						
Utilization Rate <sup>2</sup> (Vouchers Leased: 9,356)		102%	102%	103%	106%	96.2%
Households Paying >40% Income to Rent (n = 2,221)		19%	<25%	20%	23%	18%
<b>Exit Data</b>						
Positive Exits		31%	>25%	33%	64%	15%
Negative Exits		12%	<20%	20%	31%	9%
Total Monthly Exits		58	–	61	113	26

 Denotes indicators of interest

<sup>1</sup> Projected total units by 12/31/15

<sup>2</sup> Adjusted for 12-month incremental lease-up of new vouchers