



**Office of the Washington State Auditor**  
**Pat McCarthy**

**Financial Statements and Federal Single Audit  
Report**

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

**For the period January 1, 2017 through December 31, 2017**

**Published September 27, 2018**

**Report No. 1022298**





## Office of the Washington State Auditor

**Pat McCarthy**

September 27, 2018

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,

A handwritten signature in cursive script that reads "Pat McCarthy".

Pat McCarthy  
State Auditor  
Olympia, WA

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

### King County Housing Authority January 1, 2017 through December 31, 2017

#### SECTION I – SUMMARY OF AUDITOR’S RESULTS

The results of our audit of the King County Housing Authority are summarized below in accordance with Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

##### Financial Statements

We issued an unmodified opinion on the fair presentation of the financial statements of the business-type activities and the aggregate discretely presented component units in accordance with accounting principles generally accepted in the United States of America (GAAP).

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 in accordance with 2 CFR 200.516(a).

### **Identification of Major Federal Programs:**

The following program was selected as a major program in our audit of compliance in accordance with the Uniform Guidance.

<u>CFDA No.</u>	<u>Program or Cluster 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 the Uniform Guidance, was \$3,000,000.

The Housing Authority qualified as a low-risk auditee under the Uniform Guidance.

## **SECTION II – FINANCIAL STATEMENT FINDINGS**

None reported.

## **SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None reported.

**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  
January 1, 2017 through December 31, 2017**

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, as of and for the year ended December 31, 2017, 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 17, 2018.

Our report includes a reference to other auditors who audited the financial statements of the Corinthian TOD LLLP, Eastbridge Apartments LLC, Egis Housing Limited Partnership, Fairwind Apartments LLLP, Green River Homes LLC, Green River Homes 2 LLC, Nia Apartments LLC, Salmon Creek Housing LLC, Seola Crossing LLC, Sixth Place Apartments LLLP, Soosette Creek LLC, Spiritwood Manor LLLP, Vantage Point Apartments LLC and Zephyr Apartments LLLP (the partnerships), as described in our report on the Housing Authority's financial statements. This report includes our consideration of the results of the other auditors' 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 the other auditors. The financial statements of the partnerships were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with these 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.

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Pat McCarthy  
State Auditor  
Olympia, WA

September 17, 2018



# INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

## **King County Housing Authority January 1, 2017 through December 31, 2017**

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, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Housing Authority's major federal programs for the year ended December 31, 2017. The Housing Authority's major federal programs are identified in the accompanying Schedule of Findings and Questioned Costs.

#### **Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2017.

## **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 the Uniform Guidance, 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 the Uniform Guidance. 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.

A handwritten signature in black ink, reading "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy  
State Auditor  
Olympia, WA

September 17, 2018

# INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

## **King County Housing Authority January 1, 2017 through December 31, 2017**

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, as of and for the year ended December 31, 2017, 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 Corinthian TOD LLLP, Eastbridge Apartments LLC, Egis Housing Limited Partnership, Fairwind Apartments LLLP, Green River Homes LLC, Green River Homes 2 LLC, Nia Apartments LLC, Salmon Creek Housing LLC, Seola Crossing LLC, Sixth Place Apartments LLLP, Soosette Creek LLC, Spiritwood Manor LLLP, Vantage Point Apartments LLC and Zephyr Apartments LLLP (the partnerships) which represent 100 percent of the assets, net position and revenues 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 these 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 partnerships 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 reports of 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, 2017, 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 and required supplementary information listed on page 16 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 Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The accompanying Financial Data Schedule and HUD forms 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 17, 2018 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.

A handwritten signature in cursive script that reads "Pat McCarthy".

Pat McCarthy

State Auditor

Olympia, WA

September 17, 2018

## **FINANCIAL SECTION**

### **King County Housing Authority January 1, 2017 through December 31, 2017**

#### **REQUIRED SUPPLEMENTARY INFORMATION**

Management's Discussion and Analysis – 2017

#### **BASIC FINANCIAL STATEMENTS**

Statement of Net Position – 2017

Statement of Revenues, Expenses and Changes in Net Position – 2017

Statement of Cash Flows – 2017

Notes to Financial Statements – 2017

#### **REQUIRED SUPPLEMENTARY INFORMATION**

Schedule of Proportionate Share of Net Pension Liability – PERS 1, PERS 2/3 – 2017

Schedule of Employer Contributions – PERS 1, PERS 2/3 – 2017

Notes to Required Supplementary Information - 2017

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

Schedule of Expenditures of Federal Awards – 2017

Notes to the Schedule of Expenditures of Federal Awards – 2017

Financial Data Schedule – 2017

Actual Modernization Cost Certificate, form HUD-53001 WA19P002501-13 – 2017

Actual Modernization Cost Certificate, form HUD-53001 WA19R002501-13 – 2017



# **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, 2017. 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 10,073 units of housing and provides rental subsidies to over 9,200 additional households. The majority of KCHA's program participants have incomes below 20 percent of area median income. KCHA's inventory includes 2,407 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 21 sites and 1,704 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 Birch Creek, Egis sites, Fairwind, Green River Homes, Spiritwood Manor, Valley Park, Vantage Point, and Zephyr, 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 and 7.

### **2017 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, 2017 by \$550.1 million.
- The change in net position for 2017 was an increase of \$27 million and includes approximately \$3 million in capital grant contributions.
- Operating expenses were \$247.3 million and include \$142.3 million in housing assistance payments made to landlords, or 58 percent of operating expenses.
- The purchase of Ballinger Commons for \$130.9 million and the purchase of Friendly Village for \$25 million.
- 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, 2017 and 2016. 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, deferred outflows of resources, liabilities, deferred inflows of resources, 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>2017</u>	<u>2016</u>
<b>Assets:</b>		
Current and other assets	\$ 484,541,836	\$484,244,172
Capital assets	657,611,709	482,102,582
Total Assets	<u>1,142,153,545</u>	<u>966,346,754</u>
<b>Deferred Outflows of Resources:</b>		
Deferred charge for defeasance of debt	797,044	878,792
Related to pensions	2,962,966	4,625,712
	<u>3,760,010</u>	<u>5,504,504</u>
<b>Liabilities:</b>		
Current and other liabilities	49,333,901	64,782,330
Long-term debt, net of current	542,966,228	383,585,594
Total Liabilities	<u>592,300,129</u>	<u>448,367,924</u>
<b>Deferred Inflows of Resources:</b>		
Related to pensions	3,364,542	435,762
	<u>3,364,542</u>	<u>435,762</u>
<b>Net Position:</b>		
Net Investment in Capital Assets	214,937,689	189,150,173
Restricted	67,337,367	36,282,926
Unrestricted	267,973,829	297,614,473
Total Net Position	<u>\$ 550,248,885</u>	<u>\$523,047,572</u>

(1) Component units are not included.

Current and other assets, excluding capital assets, for the year ended December 31, 2017 total \$484.5 million and are comprised of \$208.7 million in cash, cash equivalents, and investments and \$273.9 million in accounts, interest, notes and financing lease receivables, and \$1.9 million of other assets. Cash, cash equivalents and investments increased \$29 million while accounts, notes, financing leases receivable, and other assets decreased \$28.7 million. The decrease in receivables and corresponding increase in cash was mainly attributable to payment of a \$24 million note receivable and \$4.4 million developer fee receivable by the Spiritwood Manor tax credit partnership.

Capital assets for the year ended December 31, 2017 are \$657.6 million. Included in this category are land and improvements, buildings and improvements, personal property, and construction-in-progress. Capital asset additions of \$206.6 million include the acquisition of assets from KCHA – Southwood Square Limited Partnership (\$3.9 million), the purchase of Ballinger Commons (\$130.9 million), and the purchase of Friendly Village (\$25 million). \$25.3 million of additions were also attributable to the increase in construction-in-process while another \$21.2 million of additions was the result of upgrades and rehabilitation at various properties.

Capital asset disposals of \$12.6 million include \$8.1 million of capitalized building upgrades reclassified from construction-in-progress, \$4.3 million of lot sales to private builders for the construction of market-rate for-sale homes, and \$200,000 in equipment disposals.

Total liabilities, excluding the non-current portion of long-term debt, totaled \$49.3 million at December 31, 2017, a decrease of \$15.4 million from 2016. Notable decreases to current liabilities were \$8.2 million of unearned HAP revenue that was recognized in 2017, and a \$6.3 million decrease in Net Pension Liability.

The Authority's current ratio reflects the relationship between current assets and current liabilities and is a measure of the Authority's ability to pay short-term obligations. At December 31, 2017, the Authority's current ratio was 7.78:1 an increase from the previous year's current ratio of 5.29:1. This means that for every dollar in current liabilities there is \$7.76 in current assets.

Total net position increased by \$27.2 million during 2017. Net position represents the Authority's equity, a portion of which is restricted for certain uses. Restricted Net Position increased \$31 million from 2016 primarily due to \$45 million of proceeds from bonds issued to fund the rehabilitation of Somerset Gardens Apartments and Highland Village properties. Additionally, \$10.4 million of bond proceeds received in 2016 to finance capital work related to the Energy Performance Contract were fully expended in 2017. Unrestricted net position decreased 10% from \$297.6 million to \$267.9 million primarily due to \$29 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.

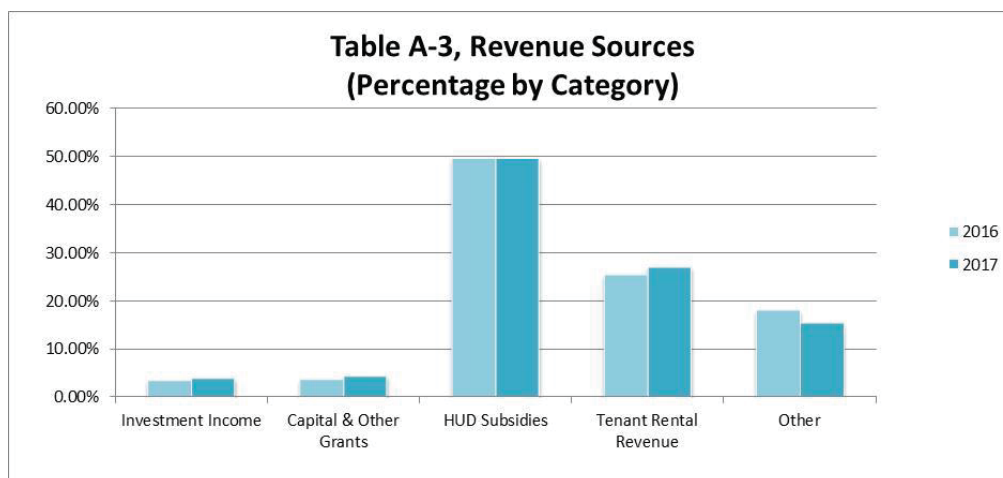
Table A-2 represents the Authority's Condensed Statement of Revenues, Expenses, and Changes in Net Position for 2017 and 2016.

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

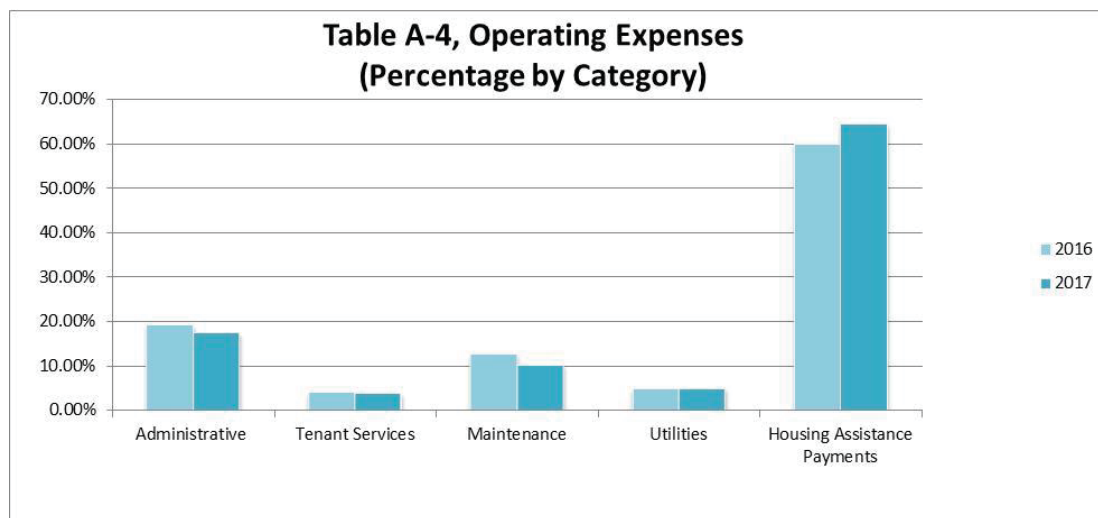
	<u>2017</u>	<u>2016</u>
Operating Revenues	\$ 262,046,052	\$ 255,656,919
Nonoperating revenues	20,392,172	40,283,248
Total Revenues	282,438,224	295,940,167
Operating expenses	247,305,491	227,512,503
Nonoperating expenses	10,926,632	10,331,948
Total Expenses	258,232,123	237,844,451
Excess or deficiency before contributions	24,206,101	58,095,716
Capital grant contributions	2,995,212	2,341,655
Change in Net Position	27,201,313	60,437,371
Beginning Net Position	523,047,572	458,376,813
Change in Reporting Entity	-	4,233,388
Ending Net Position	<u>\$ 550,248,885</u>	<u>\$ 523,047,572</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 2017 and 2016 as a percentage of all revenues. The overall contribution for each revenue type remained relatively constant from 2016 to 2017 with Other Revenue decreasing due the Authority receiving \$8.4 million of Developer Fees in 2016 and none in 2017.



Operating expenses are amounts paid for providing housing services to the Authority's tenants and for administering the various programs. Total operating expenses for 2017 were \$229 million (excluding depreciation and amortization), an 8.5 percent increase from 2016. Each category remained relatively constant from 2016 to 2017 with HAP payments increasing due to rising rents in King County.



## Net Capital Assets

During 2017, net capital assets increased by \$175.5 million. This net increase is primarily attributable to \$188.1 million in capital asset additions (net of accumulated depreciation) offset by \$12.6 million of disposals (net of accumulated depreciation.)

Capital asset additions include:

- \$130.9 million related to the purchase of Ballinger Commons,
- \$25 million related to the purchase of Friendly Village,
- \$3.9 million related to the acquisition of assets from tax credit partnerships,
- \$25.3 million of construction-in-process,
- \$21.2 million related to building upgrades at various properties.

Capital asset disposals include:

- \$8.1 million of construction-in-process representing capitalized work related to construction projects completed in 2017,
- \$4.3 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 4 – Capital Assets.

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

	<u>2017</u>	<u>2016</u>
Land	\$ 198,854,691	\$ 129,401,526
Buildings and improvements	611,789,559	500,988,725
Furniture, equipment & machinery	8,197,516	8,054,312
Construction in progress	40,164,271	26,709,001
	<u>859,006,037</u>	<u>665,153,564</u>
Total accumulated depreciation and amortization	(201,394,329)	(183,050,982)
<b>Net Capital Assets</b>	<b><u>\$ 657,611,708</u></b>	<b><u>\$ 482,102,582</u></b>

## 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 \$543 million in net long-term bonds and notes outstanding (as shown in table A-6) which represents a \$159.4 million increase over the prior year-end balance. For more information on the Authority's long-term debt, please see Note 5.

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

	<u>2017</u>	<u>2016</u>
Long-term, net of current portion	<u>\$ 542,966,228</u>	<u>\$ 383,585,594</u>

Additions to long-term debt include \$157.5 million drawn on KeyBank lines of credit to purchase Ballinger Commons and Friendly Village. \$45 million was also drawn on Bank of America lines of credit to finance the rehabilitation of Somerset Gardens Apartments and Highland Village. Finally, a \$3 million line-of-credit was acquired from the KCHA- Southwood Square Limited Partnership.

The Authority's debt service coverage ratio is a measure of the cash flow available to pay current debt obligations. As of December 31, 2017, the Authority had a debt service coverage ratio of 2.519 which exceeds the minimum requirements of certain loan agreements.

### **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. The current administration advocates severe funding cuts to programs administered by HUD; including completely defunding the Capital Fund Program. Much like the prior year, it is uncertain how much congress will appropriate.

Though the pace of rent increases in the region has recently shown signs of slowing, rents remain among the highest in the nation. A study by Washington State University commissioned by the Authority projected a Fair Market Rent for a two-bedroom unit in the Seattle-Bellevue area to be \$1,837.

The Seattle area also remains one of the hottest housing markets in the nation with housing prices continuing to surge with no slowdown in sight. As of January 2018, the single-family median home price was \$628,000 in King County.

As market pressures continue to increase, the need for the Authority's services remain in high demand at a time when funding is, by all indications, a low priority of the federal government.

### **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, 2017

	<u>AUTHORITY</u>	<u>COMPONENT UNITS</u>
<b>ASSETS:</b>		
<b><i>Current Assets</i></b>		
Cash and cash equivalents	\$ 87,788,910	\$ 10,709,479
Restricted cash and cash equivalents	59,110,448	4,509,719
Receivables, net	5,812,255	261,361
Notes and leases receivable - current portion	4,809,947	-
Investments	50,133,579	-
Restricted investments	10,071,463	-
Other current assets	1,515,423	240,066
Total Current Assets	<u>219,242,025</u>	<u>15,720,625</u>
<b><i>Noncurrent Assets</i></b>		
Restricted cash and cash equivalents	1,491,425	-
Restricted investments	156,160	-
Land, buildings and equipment, net	-	-
Nondepreciable	204,444,118	19,210,196
Depreciable	453,167,591	329,373,439
Intangible assets, net	-	1,311,677
Interest receivable	20,478,757	-
Notes and leases receivable	242,803,936	-
Other noncurrent assets	369,533	-
Total Noncurrent Assets	<u>922,911,520</u>	<u>349,895,312</u>
Total Assets	<u>1,142,153,545</u>	<u>365,615,937</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>		
Deferred charge for defeasance of debt	797,044	-
Related to pensions	2,962,966	-
Total Deferred Outflows	<u>3,760,010</u>	<u>-</u>
<b>LIABILITIES:</b>		
<b><i>Current Liabilities</i></b>		
Tenant security deposits	2,620,183	348,571
Current portion of long-term debt	12,583,414	412,821
Other current liabilities	12,986,438	13,923,595
Total Current Liabilities	<u>28,190,035</u>	<u>14,684,987</u>
<b><i>Noncurrent Liabilities</i></b>		
Interest rate swaps - fair value	1,048,680	-
Long-term debt, net of current	542,966,228	236,400,407
Net pension liability	18,279,457	-
Other noncurrent liabilities	1,815,729	13,274,394
Total Noncurrent Liabilities	<u>564,110,094</u>	<u>249,674,801</u>
Total Liabilities	<u>592,300,129</u>	<u>264,359,788</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
Related to pensions	3,364,542	-
Total Deferred Inflows	<u>3,364,542</u>	<u>-</u>
<b>NET POSITION:</b>		
Net investment in capital assets	214,937,689	111,770,407
Restricted	67,337,367	4,161,148
Unrestricted	267,973,829	(14,675,406)
Total Net Position	<u>\$ 550,248,885</u>	<u>\$ 101,256,149</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, 2017

	AUTHORITY	COMPONENT UNITS
<b>OPERATING REVENUES</b>		
HUD subsidies and grant revenue	\$ 141,507,106	\$ -
Tenant revenue	77,052,260	20,634,595
Other revenue	43,486,686	163,359
Total Operating Revenues	262,046,052	20,797,954
<b>OPERATING EXPENSES</b>		
Administrative	38,205,384	3,307,007
Tenant services	8,076,314	-
Maintenance	22,311,069	2,434,960
Utilities	10,624,182	2,551,158
Housing assistance payments	142,247,787	-
Depreciation and amortization	18,463,354	12,081,198
Other expenses	7,377,401	636,986
Total Operating Expenses	247,305,491	21,011,309
Operating Income (Loss)	14,740,561	(213,355)
<b>NONOPERATING REVENUE (EXPENSE)</b>		
Other government grants	9,149,198	-
Investment income	10,934,475	82,929
Interest expense	(10,926,632)	(7,139,583)
Net gain (loss) on disposal of capital assets	308,499	-
Net Nonoperating Revenues (Expenses)	9,465,540	(7,056,654)
INCOME (LOSS) before contributions and special items	24,206,101	(7,270,009)
Capital grant contributions	2,995,212	-
Partner contributions (disbursements)	-	24,571,144
CHANGE IN NET POSITION	27,201,313	17,301,135
Beginning Net Position	523,047,572	86,082,919
Change in Reporting Entity <sup>(1)</sup>	-	(2,127,905)
Ending Net Position	\$ 550,248,885	\$ 101,256,149

(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, 2017

	AUTHORITY
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Receipts from tenants	\$ 78,156,361
Receipts from HUD	135,959,402
Payments to employees	(29,702,152)
Payments to suppliers of goods and services	(57,788,476)
Payments to landlords	(136,252,430)
Payments made to other housing authorities	(3,255,943)
Other receipts	41,141,740
Other payments	(2,945,456)
Net cash provided by (used in) operating activities	<u>25,313,046</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Receipts from other governments	7,406,121
Net cash provided by noncapital financing activities	<u>7,406,121</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Capital grant contributions	4,945,212
Purchase of capital assets	(194,002,305)
Net proceeds from capital asset disposal	310,999
Proceeds from issuance of capital debt	206,001,512
Principal payments on capital debt	(46,961,876)
Interest paid on capital debt	(10,925,066)
Other receipts	515,905
Net cash used in capital and related financing activities	<u>(40,115,619)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Net sale of investments	815,039
Investment in notes and financing leases	(17,500,872)
Payments received on notes and financing leases	46,697,754
Investment income -- notes and financing leases	3,979,627
Investment income -- other	4,057,538
Other payments	(405,320)
Net cash provided by investing activities	<u>37,643,766</u>
Net Increase in Cash and Cash Equivalents	30,247,314
Cash and cash equivalents -- beginning of the year	118,278,495
Cash and cash equivalents -- end of the year	<u>\$ 148,390,783</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>	
Operating income (loss)	14,740,561
Adjustment to reconcile operating income to net cash:	
Depreciation and amortization expense	18,463,354
Change in assets and liabilities:	
Receivables and other assets	3,179,067
Accounts and other payables	(11,069,936)
Net cash provided by (used in) operating activities	<u>\$ 25,313,046</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 cities of Seattle and Renton) 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 percent 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. 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 43 housing projects consisting of 2,407 units of public housing of which 1,470 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 percent of their adjusted income in rents. Two thirds of public housing residents earn less than 20 percent of the area median income, with almost 80 percent 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 over 9,200 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 percent 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 percent 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 1,570 units subsidized under this program; 461 units owned by the Authority, 509 units leased to Moving King County Residents Forward, and 600 units owned by tax credit partnerships.

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

*Tax-Exempt Bond Financed* - The Authority owns 34 apartment complexes totaling 4,726 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 percent of area median.

*Homeownership* - The Authority owns three mobile home parks; two located in South King County and one located in Redmond, comprising 419 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 14 partnerships representing 21 housing complexes comprising 1,704 units.

*Miscellaneous Local Programs* - The Authority has an inventory of 15 different housing developments comprising 144 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 2017, the Authority assisted 604 homes with structural upgrades, air quality improvements and energy efficiencies.

*Social and Human Service Programs* - The Authority serves a wide variety of people including families with children as well as individuals with special needs such as the elderly, the physically and developmentally disabled, the homeless and the mentally ill. The Authority's programs and services are designed around a commitment to support and partner with individuals and families served by the Authority in ways that promote successful life outcomes with dignity and respect. Provided directly by the Authority's staff or through nearly 25 contracts with services providers, these services and programs fall into the following four broad categories: Housing Stability; Quality of Life; Workforce Development and Economic Independence; and Education Programs and Initiatives. 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, Sound Generations, and Neighborhood House. These contracted services are partially funded using federal and private grants, which the Authority receives in a competitive process for periods of one to three years.

### **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 blended component units and discretely presented component units. The blended component units are legally separate entities, and should be, in substance, part of the Authority's operations, and so data from these units are 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 was 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.

**Overlake TOD Housing Limited Partnership (Overlake)-** 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. Prior to March 31, 2016, its Limited Partners were Columbia Housing/PNC Institutional Fund V Limited Partnership (the Investment Limited Partner) and Columbia Housing SLP Corporation (the Special Limited Partner). Effective March 31, 2016 both limited partners withdrew, relinquishing their entire interest in the partnership, and were replaced by KCHA Initial Affiliate LLC, a Washington Limited Liability Company (the substitute Limited Partner). Due to the fact that KCHA Initial Affiliate LLC is 100% controlled by the Authority, the governing body of the Authority and the partnership are substantively the same which in turn gives the Authority operational responsibility for the Overlake partnership. Consequently, Overlake’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 percent 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, 2017 year end:

- **Corinthian TOD LLLP** – A Washington State limited liability limited partnership formed in December 2015 to acquire, rehabilitate, lease, maintain and operate a 95-unit apartment complex in SeaTac, Washington, known as Corinthian Apartments. The Authority serves as its sole Managing Member. Pursuant to the second amended and restated Operating Agreement January 27<sup>th</sup>, 2016, RBC-Corinthian, LLC, a Delaware limited liability company, as the Investor Limited Partner and RBC Tax Credit Manager II, Inc., a Delaware corporation, as the Special Limited Partner, were admitted to the partnership.
- **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, 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.
- **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.
- **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.
- **Spiritwood Manor LLLP** - A Washington State limited liability limited partnership formed in December 2015 to acquire, rehabilitate, lease, maintain and operate a 128-unit apartment complex in Bellevue, Washington, known as Spiritwood Manor Apartments. The Authority serves as its sole Managing Member. Pursuant to the second amended and restated Operating Agreement dated January 27<sup>th</sup>, 2016, RBC-Spiritwood, LLC, a Delaware limited liability company, as the Investor Limited Partner and RBC Tax Credit Manager II, Inc., a Delaware corporation, as the Special Limited Partner, were admitted to the partnership.
- **Vantage Point Apartments LLC** – A Washington State limited liability company formed in March 2013, to construct, lease, maintain and operate a 77-unit apartment complex in Renton, Washington, known as Vantage Point Apartments. The Authority serves as its sole Managing Member. Pursuant to the Operating Agreement dated June 2, 2014 and amended September 1, 2014, RBC-Vantage Point, LLC, a Delaware limited liability company as the Investor Member and RBC Tax Credit Manager II, Inc., a Delaware corporation as the Special Investor 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 \$2,127,905 due to the dissolution of KCHA – Southwood Square Limited Partnership tax credit partnerships.

### **Summary of Significant Accounting Policies**

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 in connection with a proprietary fund's principal ongoing operations. The principal operating expenses for KCHA are administrative and maintenance expenses, depreciation, and Housing Choice Voucher program Housing Assistance Payments to landlords. The principal operating revenues of the Authority are tenant revenues and HUD operating subsidies for the Public Housing and Housing Choice Voucher programs. 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, 2017 include the following:

	<b>Restricted</b>		
	<b>Cash &amp; Cash Equivalents</b>	<b>Investments</b>	<b>Total</b>
Project Reserves	\$ 45,000,000	\$ -	\$ 45,000,000
Collateral Reserves	-	9,831,700	9,831,700
Replacement Reserves	7,835,094	-	7,835,094
Debt Service Reserves	1,817,612	395,923	2,213,536
Tenant Security Deposits	2,620,184	-	2,620,184
Other	1,520,449		1,520,449
FSS Reserves	1,035,164		1,035,164
Excess Cash Reserves	773,369	-	773,369
	<u>\$ 60,601,873</u>	<u>\$ 10,227,623</u>	<u>\$ 70,829,496</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 4 for the capital asset components and balances at December 31, 2017 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.

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**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 percent 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 a portion of sick leave is 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 6) 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, 2017, the Authority was obligated under these contracts to purchase approximately \$2.1 million of goods and services.

**Note 2 – 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 and for the investment of reserve funds, which can be invested up to 30 years if matched to an anticipated future cash flow.

#### 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.

#### *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 a 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, 2017, the pool had an average days-to-maturity of 37 days and therefore is reported at cost. Government securities are reported at fair value.

A summary of cash and investments at December 31, 2017 follows:

	Unrestricted	Restricted	Total
<b>Cash and cash equivalents:</b>			
Cash on hand	\$ 11,300	\$ -	\$ 11,300
Depository	26,761,905	5,851,077	32,612,982
WA State Local Government Investment Pool	61,015,705	46,575,173	107,590,878
U.S. Treasury Money Market	-	8,175,623	8,175,623
Total Cash & Cash Equivalents	<u>\$ 87,788,910</u>	<u>\$ 60,601,873</u>	<u>\$ 148,390,783</u>
<b>Investments:</b>			
Government-Sponsored Entities	\$ 49,757,389	\$ 4,026,009	\$ 53,783,398
REDI Loan	376,190	-	376,190
Certificates of Deposit	-	6,045,454	6,045,454
Westdeutsche Landesbank Investment Agreement	-	156,160	156,160
Total Investments	<u>50,133,579</u>	<u>10,227,623</u>	<u>60,361,202</u>
<b>Total</b>	<u><b>\$ 137,922,489</b></u>	<u><b>\$ 70,829,496</b></u>	<u><b>\$ 208,751,985</b></u>

### **Investments Measured at Fair Value**

The Authority measures and reports investments at fair value using valuation input hierarchy established by generally accepted accounting principles, as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities;
- Level 2: These are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other quoted prices that are not observable;
- Level 3: Unobservable inputs for an asset or liability.

Investments by Fair Value Level	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Federal Agency Securities	53,783,398	53,783,398	-	-
Bank of America Certificate of Deposit	6,045,454	6,045,454	-	-
REDI Loan	376,190	376,190	-	-
Westdeutsche Landesbank Investment Agreement	156,160	156,160	-	-
	<u>60,361,202</u>	<u>60,361,202</u>	<u>-</u>	<u>-</u>

### Investments Measured at Amortized Costs

Investments in the State Treasurer's Local Government Investment Pool (LGIP), a qualified external investment pool, are valued at amortized cost, which approximates fair value. The LGIP is an unrated external investment external investment pool. The LGIP portfolio is invested in a manner that meets the maturity, quality, diversification and liquidity requirements set forth by the Governmental Accounting Standards Board in Statement No. 79 for external investment pools that elect to measure, for the financial reporting purposes, investments at amortized costs. The LGIP does not have any legally binding guarantees of share values. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals. Participants in the LGIP are offered 100 percent liquidity on a daily basis, provided notification is made within specified times. Each month, earnings from the LGIP are deposited to the entity's bank account.

The State Investment Pool was authorized by State statute Chapter 294, Laws of 1986, and is managed and operated by the State Treasurer. The State Finance Committee is the administrator of the statute that created the pool and adopts rules. The State Treasurer is responsible for establishing the investment policy for the pool and reviews the policy annually and proposed changes are reviewed by the LGIP advisory Committee.

The Office of the state Treasurer prepares a stand-alone LGIP financial report. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, online at <http://www.tre.wa.gov>.

### Note 3 - 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, 2017, all of the developer fee notes, all of the financing leases, and \$206.8 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 to 8.5 percent 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 9 – 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, 2017 follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Payments</b>	<b>Ending Balance</b>	<b>Current Portion</b>
<b>Developer fee notes</b>	\$ 8,433,000	\$ -	\$ (7,061,508)	\$ 1,371,492	\$ 1,371,492
<b>Other Notes</b>					
Real Estate:					
Residential	-	409,521	-	409,521	350,000
Multifamily	166,945,028	15,332,111	(764,340)	181,512,799	691,057
Construction	-	-	-	-	-
Other	41,612,373	32	(27,348,152)	14,264,253	-
<b>Total Notes</b>	216,990,401	15,741,664	(35,174,000)	197,558,065	2,412,549
Financing Leases, net					
Real Estate: Multifamily	59,139,697	-	(9,083,879)	50,055,818	2,397,398
<b>Notes &amp; Financing Leases Receivable</b>	<b>\$ 276,130,098</b>	<b>\$ 15,741,664</b>	<b>\$ (44,257,879)</b>	<b>\$ 247,613,883</b>	<b>\$ 4,809,947</b>

The maturity schedule for notes receivables is as follows:

<b>FISCAL YEAR</b>	<b>PRINCIPAL</b>	<b>INTEREST **</b>	<b>TOTAL</b>
2018	2,412,548	1,724,035	4,136,583
2019	52,848,986	1,706,792	54,555,778
2020	1,696,991	1,697,507	3,394,498
2021	913,424	1,672,162	2,585,586
2022	950,636	1,645,455	2,596,091
2023-2027	56,308,227	7,288,925	63,597,152
2028-2032	10,246,580	4,365,756	14,612,336
2033-2037	9,005,253	2,894,995	11,900,248
2038-2042	9,508,238	1,390,541	10,898,779
2043-2047	3,419,110	438,738	3,857,848
2048-2052	9,198,509	114,947	9,313,456
2053-2057	20,234,541	493,386	20,727,927
2058-2062	20,815,022	950,352	21,765,374
<b>NOTE RECEIVABLE BALANCE</b>	<b><u>\$ 197,558,065</u></b>	<b><u>\$ 26,383,590</u></b>	<b><u>\$ 223,941,655</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>
2018	2,397,398	2,143,379	4,540,777
2019	14,747,946	2,207,079	16,955,025
2020	1,000,000	2,309,040	3,309,040
2021	1,000,000	1,589,754	2,589,754
2022	1,000,000	-	1,000,000
2023-2027	20,196,619	-	20,196,619
2028-2032	5,000,000	-	5,000,000
2033-2037	1,713,855	-	1,713,855
2038-2042	-	-	-
2043-2047	3,000,000	-	3,000,000
<b>FINANCING LEASE RECEIVABLE BALANCE</b>	<b><u>\$ 50,055,818</u></b>	<b><u>\$ 8,249,252</u></b>	<b><u>\$ 58,305,070</u></b>

\*\* Unearned interest.



## **Note 4 – Capital Assets**

### **Primary Government**

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

	<b>Beginning Balances</b>	<b>Additions and Transfers-In</b>	<b>Disposals and Transfers Out</b>	<b>Ending Balances</b>
<b>NONDEPRECIABLE:</b>				
Land	\$ 93,135,767	\$ 68,848,628	\$ (452,847)	\$ 161,531,548
Land Improvements	2,748,299			2,748,299
Construction-in-progress				
Greenbridge Project	14,079,898	1,494,052	(3,943,277)	11,630,673
Energy Performance Contract	4,777,354	11,005,327		15,782,681
Other	7,851,749	13,093,078	(8,193,910)	12,750,917
Total Nondepreciable	<u>122,593,067</u>	<u>94,441,085</u>	<u>(12,590,034)</u>	<u>204,444,118</u>
<b>DEPRECIABLE:</b>				
Land Improvements	33,517,460	1,057,384		34,574,844
Buildings and Improvements	500,222,630	110,800,834		611,023,464
Personal Property and Equipment	8,054,312	271,541	(128,337)	8,197,516
Leasehold Improvements	766,095	-	-	766,095
Total Depreciable	<u>542,560,497</u>	<u>112,129,759</u>	<u>(128,337)</u>	<u>654,561,919</u>
<b>TOTAL CAPITAL ASSETS</b>	<b>665,153,564</b>	<b>206,570,844</b>	<b>(12,718,371)</b>	<b>859,006,037</b>
Accumulated Depreciation	(182,323,114)	(18,425,127)	120,007	(200,628,233)
Accumulated Amortization	(727,868)	(38,227)	-	(766,095)
Total accumulated depreciation and amortization	<u>(183,050,982)</u>	<u>(18,463,353)</u>	<u>120,007</u>	<u>(201,394,328)</u>
<b>NET CAPITAL ASSETS</b>	<b><u>\$ 482,102,582</u></b>	<b><u>\$188,107,490</u></b>	<b><u>\$ (12,598,364)</u></b>	<b><u>\$ 657,611,709</u></b>

Capital asset activity resulted primarily from the acquisition of assets from the KCHA – Southwood Square Limited Partnership and the purchase of Ballinger Commons and Friendly Village.

Of the \$206.6 million of additions to the capital assets, \$159.8 million was related to the acquisition of land and buildings resulting from the following transactions: the purchase of Ballinger Commons (\$130.9 million), the purchase of Friendly Village (\$25 million) and the acquisition of assets from KCHA – Southwood Square Limited Partnership (\$3.9 million). \$25.3 million of additions was attributable to the increase in construction-in-process. Another \$21.2 million of additions was the result of upgrades and rehabilitation at various properties.

Of the \$12.6 million of disposition of the capital assets, \$8.1 million represents capitalized building upgrades reclassified from construction-in-progress and \$4.3 million represents lot sales to private builders for the construction of market-rate for-sale homes.

Total interest cost for the Authority in 2017 was \$12,166,192 of which \$1,239,560 was capitalized.

There was no interest on qualifying assets in 2017.



## Discretely Presented Component Units

	Beginning Balances	Additions	Disposals	Ending Balances
<b>NONDEPRECIABLE:</b>				
Land	\$ 19,575,278	\$ -	\$ (953,197)	\$ 18,622,081
Construction-in-progress	750,762	81,932	(244,579)	588,115
Total Nondepreciable	20,326,040	81,932	(1,197,776)	19,210,196
<b>DEPRECIABLE:</b>				
Land Improvements	21,915,673	-	(282,830)	21,632,843
Buildings	385,064,497	3,716,331	(8,194,660)	380,586,168
Equipment	7,843,237	-	(130,992)	7,712,245
Off-site Work	9,453,202	-	-	9,453,202
Total Depreciable	424,276,609	3,716,331	(8,608,482)	419,384,458
Intangible Assets	2,321,562	-	-	2,321,562
<b>Total Capital Assets</b>	446,924,211	3,798,263	(9,806,258)	440,916,216
Accumulated Depreciation	(81,461,747)	(11,939,850)	3,390,578	(90,011,019)
Accumulated Amortization	(868,537)	(141,348)	-	(1,009,885)
	<b>\$ 364,593,927</b>	<b>\$ (8,282,935)</b>	<b>\$ (6,415,680)</b>	<b>\$ 349,895,312</b>

Additions to capital assets resulted primarily from rehabilitation work at various properties.

Disposals of capital assets resulted primarily from the dissolution of the KCHA – Southwood Square Limited Partnership. The assets belonging to the partnership were acquired by the Primary Government.

## **Note 5 – 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	\$ 69,640,866	\$ -	\$ (6,917,840)	\$ 62,723,026	\$ 3,568,636
Demand Bonds	61,489,708	-	(2,414,708)	59,075,000	2,083,679
Mortgage Notes	981,104	-	(37,219)	943,885	40,010
Lines of Credit	122,966,796	205,519,620	(33,902,665)	294,583,751	1,559,623
Notes Payable	141,750,863	2,000,000	(5,526,882)	138,223,981	5,331,466
	<b>\$ 396,829,337</b>	<b>\$ 207,519,620</b>	<b>\$ (48,799,315)</b>	<b>\$ 555,549,642</b>	<b>\$ 12,583,414</b>

Additional debt incurred in 2017 includes:

- \$132.5 million drawn on a KeyBank line-of-credit to purchase Ballinger Commons. The line of credit matures in 2020 and has an interest rate of 1.63 percent.
- \$25 million drawn on a KeyBank line-of credit to purchase Friendly Village. The line of credit matures in 2019 and has an interest rate of 1.75 percent.
- \$25 million drawn on a Bank of America line-of-credit to finance the rehabilitation of Highland Village. The line of credit matures in 2020 and has an interest rate of 2.72 percent.
- \$20 million drawn on a Bank of America line-of-credit to finance the rehabilitation of Somerset Gardens. The line of credit matures in 2019 and has an interest rate of 2.47 percent.
- A \$3 million line-of-credit was assumed when assets and liabilities of KCHA - Southwood Square Limited Partnership were acquired from the tax credit partnership.
- A \$3 million line-of-credit issued for Vantage Point matured in 2017 and \$2 million was refinanced with a long-term non-interest bearing note that matures in 2066.

	Fiscal Year Issued	Amount Issued	Interest Rates	Fiscal Year Maturity	Amount Outstanding	Current Portion
<b>Revenue Bonds:</b>						
<b>Tax Credit:</b>						
Greenbridge - Nia	2006	3,000,000	5.41-5.87%	2037	2,715,000	45,000
Seola Crossing 1	2006	1,650,000	6.38%	2047	1,577,351	9,851
Seola Crossing 2	2006	5,050,000	6.38%	2047	4,827,649	30,149
Soosette Creek	2008	37,500,000	0.00-0.65%	2058	22,325,000	2,290,000
Eastbridge Apts.	2008	7,120,000	5.65%	2029	6,715,000	75,000
Green River Homes II	2011	9,500,000	.75 -2%	2021	6,045,454	863,636
Corinthian	2016	7,000,000	.90 -3%	2031	6,820,000	170,000
Total tax credit		<u>\$ 70,820,000</u>			<u>\$ 51,025,454</u>	<u>\$ 3,483,636</u>
<b>Other:</b>						
Rural Housing	1997	\$ 2,230,000	4.50-5.75%	2028	\$ 1,233,043	\$ 85,000
EPC - Hannon Armstrong QECB	2016	10,464,529	4.23%	2037	10,464,529	-
Total other		<u>\$ 12,694,529</u>			<u>\$ 11,697,572</u>	<u>\$ 85,000</u>
Total revenue bonds		<u>\$ 83,514,529</u>			<u>\$ 62,723,026</u>	<u>\$ 3,568,636</u>

	Fiscal Year Issued	Amount Issued	Interest Rates	Fiscal Year Maturity	Amount Outstanding	Current Portion
<b><u>Demand Bonds:</u></b>						
<b><u>Tax Credit:</u></b>						
Overlake	2000	\$ 23,725,000	0.05-2.61%	2040	\$ 22,780,000	\$ 150,000
Salmon Creek	2008	4,250,000	0.05-2.61%	2047	3,880,000	60,000
Total tax credit		<u>\$ 27,975,000</u>			<u>\$ 26,660,000</u>	<u>\$ 210,000</u>
<b><u>Other:</u></b>						
2005 Pool	2005	\$ 46,290,000	0.05%	2035	\$ 32,415,000	1,873,679
Total other		<u>\$ 46,290,000</u>			<u>\$ 32,415,000</u>	<u>\$ 1,873,679</u>
Total demand bonds		<u>\$ 74,265,000</u>			<u>\$ 59,075,000</u>	<u>\$ 2,083,679</u>
<b><u>Mortgage Notes:</u></b>						
Rural Housing	1998	\$ 1,350,949	7.25%	2033	\$ 943,885	\$ 40,010
Total mortgage notes		<u>\$ 1,350,949</u>			<u>\$ 943,885</u>	<u>\$ 40,010</u>
<b><u>Lines of Credit:</u></b>						
Bank of America	2013	\$ 1,559,623		2018	\$ 1,559,623	\$ -
Chaussee			2.45%		19,823	19,823
Vashon Terrace			2.45%		1,539,800	1,539,800
KeyBank	2011	11,500,000		2020	11,054,127	-
New Market Tax Credit			3.00%		5,365,792	-
Highland Village			2.45%		2,841,564	-
Somerset			2.45%		2,495,711	-
Southwood Square			2.45%		351,060	-
KeyBank	2015	80,000,000		2020	79,470,000	-
Villages at South Station			1.61%		27,509,176	-
Corinthian			2.19%		3,076,377	-
Somerset			1.61%		4,546,012	-
Woodcreek Lane			1.61%		4,489,491	-
Highland Village			1.61%		16,965,721	-
Abbey Ridge			1.61%		20,214,664	-
Southwood Square			1.61%		2,668,560	-
KeyBank /Friendly Village	2017	25,000,000	1.75%	2019	25,000,000	-
KeyBank /Ballinger Commons	2017	135,000,000	1.63%	2020	132,500,000	-
Bank of America /Highland Village Development	2017	25,000,000	2.72%	2020	25,000,000	-
Bank of America/ Somerset Development	2017	20,000,000	2.47%	2019	20,000,000	-
Total Other		<u>\$ 298,059,623</u>			<u>\$ 294,583,750</u>	<u>\$ 1,559,623</u>
Total lines of credit		<u>\$ 298,059,623</u>			<u>\$ 294,583,750</u>	<u>\$ 1,559,623</u>
<b><u>Notes Payable:</u></b>						
<b><u>Tax Credit:</u></b>						
Somerset - Bellevue	2000	\$ 700,000	1.00%	2030	\$ 568,231	\$ 44,804
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	-
Vantage Point	2017	2,000,000	0.00%	2066	2,000,000	-
Total tax credit		<u>\$ 7,608,000</u>			<u>\$ 7,476,231</u>	<u>\$ 44,804</u>
<b><u>Other:</u></b>						
Hidden Village - State	1992	\$ 292,157	5.00%	2044	\$ 292,157	\$ -
Windsor Heights - State	1999	1,040,000	1.00%	2039	928,423	37,939
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 - DOC	1999	93,860	1.00%	2049	64,341	1,781
Rainier View 1 - DOC	1999	227,240	1.00%	2049	154,418	4,274
Rainier View 2 - DOC	1999	172,900	1.00%	2049	115,814	3,205
FHLB	2013	18,000,000	3.97%	2033	14,162,903	900,000
2013 Pool	2013	83,281,749	3.57%	2033	71,333,782	3,357,112
2015 Pool	2015	41,700,000	2.68%	2035	39,355,912	982,351
Bellevue Manor - ARCH Loan	2015	476,357	1.00%	2054	775,998	-
Patricia Harris - ARCH Loan	2015	224,002	1.00%	2054	224,002	-
Harrison House - King County	2015	750,000	1.00%	2054	750,000	-
Arbor Heights - WA State CTED	2004	775,000	1.00%	2043	775,000	-
Arbor Heights - King County HOME	2005	775,000	1.00%	2054	775,000	-
Total other		<u>\$ 148,848,265</u>			<u>\$ 130,747,750</u>	<u>\$ 5,286,662</u>
Total notes payable		<u>\$ 156,456,265</u>			<u>\$ 138,223,981</u>	<u>\$ 5,331,466</u>
<b>TOTAL LONG-TERM OBLIGATIONS</b>		<u><b>\$ 613,646,366</b></u>			<u><b>\$ 555,549,641</b></u>	<u><b>\$ 12,583,414</b></u>

The schedule of principal payments follows:

Debt Service - Principal	Revenue Bonds	Demand Bonds	Mortgage Notes	Financing Lease	Lines of Credit	Notes	Total
2018	3,568,636	2,083,679	40,010	-	1,559,623	5,331,466	12,583,414
2019	3,763,636	1,739,509	43,009	-	45,000,000	5,831,433	56,377,587
2020	2,623,636	1,823,099	46,233	-	248,024,127	5,655,872	258,172,967
2021	4,479,546	1,914,662	49,698	-	-	5,823,671	12,267,577
2022	1,070,000	2,014,339	53,424	-	-	6,318,901	9,456,664
2023-2027	15,239,141	11,681,408	333,533	-	-	32,705,589	59,959,671
2028-2032	16,060,771	14,947,645	377,978	-	-	37,725,538	69,111,932
2033-2037	11,042,660	9,455,659	-	-	-	28,908,436	49,406,755
2038-2042	3,070,000	6,725,000	-	-	-	668,921	10,463,921
2043-2047	1,805,000	6,470,000	-	-	-	255,361	8,530,361
2048-2052	-	220,000	-	-	-	3,128,113	3,348,113
2053-2057	-	-	-	-	-	1,670,679	1,670,679
2058-2062	-	-	-	-	-	2,200,000	2,200,000
2062-2066	-	-	-	-	-	2,000,000	2,000,000
<b>Total</b>	<b>\$ 62,723,026</b>	<b>\$ 59,075,000</b>	<b>\$ 943,885</b>	<b>\$ -</b>	<b>\$ 294,583,750</b>	<b>\$ 138,223,980</b>	<b>\$ 555,549,641</b>

The schedule of interest payments follows:

Debt Service - Interest	Revenue Bonds	Demand Bonds	Mortgage Notes	Financing Lease	Lines of Credit	Notes	Total
2018	2,867,566	1,603,683	66,869	-	-	4,191,786	8,729,904
2019	2,739,068	1,566,992	63,852	-	-	4,006,505	8,376,417
2020	2,602,719	1,154,480	60,609	-	-	3,822,291	7,640,099
2021	2,499,487	872,191	57,123	-	-	3,620,096	7,048,897
2022	2,382,444	861,979	53,376	-	-	3,418,541	6,716,340
2023-2027	10,672,369	4,139,744	200,066	-	-	13,922,051	28,934,230
2028-2032	6,410,071	3,803,960	21,734	-	-	7,928,703	18,164,468
2033-2037	3,332,488	3,429,739	-	-	-	1,938,009	8,700,236
2038-2042	976,504	3,295,335	-	-	-	508,707	4,780,546
2043-2047	282,587	706,674	-	-	-	561,740	1,551,001
2048-2052	-	276	-	-	-	681,412	681,688
2053-2057	-	-	-	-	-	795,563	795,563
2058-2062	-	-	-	-	-	179,538	179,538
2062-2066	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 34,765,303</b>	<b>\$ 21,435,053</b>	<b>\$ 523,629</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 45,574,942</b>	<b>\$ 102,298,927</b>

The schedule of debt service payments follows:

Debt Service - Total	Revenue Bonds	Demand Bonds	Mortgage Notes	Financing Lease	Lines of Credit	Notes	Total
2018	6,436,202	3,687,362	106,879	-	1,559,623	9,523,252	21,313,318
2019	6,502,704	3,306,501	106,861	-	45,000,000	9,837,938	64,754,004
2020	5,226,355	2,977,579	106,842	-	248,024,127	9,478,163	265,813,066
2021	6,979,033	2,786,853	106,821	-	-	9,443,767	19,316,474
2022	3,452,444	2,876,318	106,800	-	-	9,737,442	16,173,004
2023-2027	25,911,510	15,821,152	533,599	-	-	46,627,640	88,893,901
2028-2032	22,470,842	18,751,605	399,712	-	-	45,654,241	87,276,400
2033-2037	14,375,148	12,885,398	-	-	-	30,846,445	58,106,991
2038-2042	4,046,504	10,020,335	-	-	-	1,177,628	15,244,467
2043-2047	2,087,587	7,176,674	-	-	-	817,101	10,081,362
2048-2052	-	220,276	-	-	-	3,809,525	4,029,801
2053-2057	-	-	-	-	-	2,466,242	2,466,242
2058-2062	-	-	-	-	-	2,379,538	2,379,538
2062-2066	-	-	-	-	-	2,000,000	2,000,000
<b>Total</b>	<b>\$ 97,488,329</b>	<b>\$ 80,510,053</b>	<b>\$ 1,467,514</b>	<b>\$ -</b>	<b>\$ 294,583,750</b>	<b>\$ 183,798,922</b>	<b>\$ 657,848,568</b>

### **Demand Bonds**

The Authority had \$59.075 million in outstanding variable rate demand bonds on two projects and one 8-project bond pool. The Village at Overlake Station (Overlake) had \$22.780 million, Salmon Creek Apartments had \$3.880 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 \$32.415 million outstanding, respectively, at December 31, 2017. 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 percent 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 percent 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 percent 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, 2017 the variable rate on the bonds was 1.73 percent. The Overlake variable rate demand note bonds have a year-end principal balance of \$22,780,000. The Letter of Credit expires on July 1, 2018 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, 2017 the variable rate on the bond was 1.73 percent. The Salmon Creek variable rate demand bond had a year-end principal balance of \$3,880,000. 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 percent.

The 2005 bond pool bonds mature in 2035. At December 31, 2017 the variable rate on the bonds was 1.20097 percent. 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. Two of the swaps matured during 2015. Under the remaining swap contract terms, the Authority pays a fixed rate of 3.87 percent 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, 2017, the notional amount of the remaining swap was \$18,700,000 and the fair market value was (\$1,048,680). The remaining swap will mature in 2020. KCHA will maintain all required cap agreements.

#### **Recoverable Grants**

##### *Overlake 4 - Washington State Convention and Trade Center*

In 2001, the Authority received a \$1,500,000 recoverable grant from the Washington State Convention and Trade Center which was conditional on the Overlake Transit-Oriented Development constructing 300 units of affordable housing for low income households with annual gross income at or below 80 percent of the local median income for the Seattle, Bellevue, and Everett Primary Metropolitan Statistical Area. The length of commitment to serve the target population will be fifty years ending February 28, 2051. All funds are recoverable if the conditions are not met.

##### *Overlake 5 - King County Department of Community and Health Services*

In 2001, the Authority received a \$500,000 recoverable grant from the King County Department of Community and Health Services which is conditional on the Overlake project renting a minimum of 40 percent of their units to households that make less than 60 percent of area median income. Rents charged to tenants may not exceed 30 percent of the monthly income of the target population. This commitment to serve the target population matures on January 1, 2052. All funds are recoverable if conditions are not met.

## **Forgivable Loans**

### *Birch Creek*

In 2010, the Authority received a forgivable loan of \$1,950,000 from the King County Department of Community and Human Services which is conditional on the Birch Creek project renting a minimum of 40 percent of their units to households that make less than 60% of area median income. Rents charged to tenants may not exceed 30 percent of the monthly income of the target population. This commitment to serve the target population matures on August 31, 2064. The full amount of the loan is to be repaid if the conditions for forgiveness are not met.

### *Greenbridge - Nia*

In 2008, the Authority received a \$328,000 forgivable loan from Bank of America which is conditional on the Nia project renting units as follows: (a) at least 50 percent of the project's rental units to tenants whose income at the time of their initial occupancy of a unit in the project is no greater than 30 percent of the Area Median Income (the "AMI") in King County, Washington as published by HUD; (b) at least 10 percent of the project's rental units to tenants whose income at the time of their initial occupancy of a unit in the project is no greater than 50 percent of AMI; and (c) at least 40 percent of the project's rental units to tenants whose income at the time of their initial occupancy of a unit in the project is no greater than 60 percent of AMI. This commitment to serve the target population matures on April 1, 2022. The full amount of the loan is to be repaid if the conditions for forgiveness are not met.

### *Seola Crossing II*

In 2007, the Authority received a \$250,000 forgivable loan from Bank of America which is conditional on the Seola Crossing project renting as follows: (a) at least 50 percent of the Project's rental units to tenants whose income at the time of their initial occupancy of a unit in the Project is no greater than 30 percent of the Area Median Income in King County, Washington as published by HUD; (b) at least 10 percent of the Project's rental units to tenants whose income at the time of their initial occupancy of a unit in the project is no greater than 50 percent of AMI; and (c) at least 40 percent of the project's rental units to tenants whose income at the time of their initial occupancy of a unit in the project is no greater than 60 percent of AMI. This commitment to serve the target population matures on April 1, 2022. The full amount of the loan is to be repaid if the conditions for forgiveness are not met.

### *Windsor Heights*

In 1999, the Authority received a forgivable loan of \$1,040,000 from the King County Department of Community and Human Services which is conditional on the Windsor Heights project renting a minimum of 40 percent of their units to households that make less than 60 percent of area median income. Rents charged to tenants may not exceed 30 percent of the monthly income of the target population. This commitment to serve the target population matures on June 15, 2049. The full amount of the loan is to be repaid if the conditions for forgiveness are not met.

## **Note 6 - Derivative Instruments**

### **Summary of Derivative Instruments**

At December 31, 2017, the Authority had the following derivative instruments outstanding:

	Changes in Fair Value		Fair Value at December 31, 2016		Notional
	Classification	Amount	Classification	Amount	
<b>Business-type Activities</b>					
Investment derivatives:					
Pay-fixed interest rate swaps					
Wachovia, 2005 Pool A	Investment Income	517,591	Investment	(1,048,680)	\$ 18,700,000
		\$ 517,591		\$ (1,048,680)	

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: Wells Fargo Bank, N.A. (Aa2-/AA-(S&P)/AA-(Fitch))
- 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 Wells Fargo Bank, N.A, as successor in interest to Wachovia Bank, N.A.

## **Note 7 – Component Units**

### **Blended Component Units**

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

As 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.

#### **Overlake TOD Housing Limited Partnership (Overlake)**

The Authority serves as Overlake's sole general partner. Overlake's limited partner is KCHA Initial Affiliate LLC which is 100% controlled by the Authority. As such, the governing body of the Authority and the partnership are substantively the same which in turn gives the Authority operational responsibility for the Overlake partnership. Consequently, Overlake'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*.



	Moving King County Residents Forward	Overlake TOD Housing Limited Partnership
<b><u>CONDENSED STATEMENT OF NET POSITION</u></b>		
<b>ASSETS</b>		
Cash and investments	\$ -	\$ 3,255,073
Receivables and other	-	41,132
Capital assets, net	34,703,337	25,446,293
Total Assets	<u>\$ 34,703,337</u>	<u>\$ 28,742,498</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ -</u>	<u>\$ -</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u><b>\$ 34,703,337</b></u>	<u><b>\$ 28,742,498</b></u>
<b>LIABILITIES</b>		
Current liabilities	\$ 620,729	\$ 1,271,262
Long-term liabilities	15,128,294	22,954,833
Total Liabilities	<u>\$ 15,749,023</u>	<u>\$ 24,226,095</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>\$ -</u>	<u>\$ -</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	18,955,091	1,615,624
Restricted	-	1,891,121
Unrestricted	(777)	1,009,658
Total Net Position	<u>\$ 18,954,314</u>	<u>\$ 4,516,403</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<u><b>\$ 34,703,337</b></u>	<u><b>\$ 28,742,498</b></u>
<b><u>CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION:</u></b>		
<b>OPERATING REVENUES</b>	<b>\$ 2,960,421</b>	<b>\$ 3,782,833</b>
<b>OPERATING EXPENSES</b>		
Administrative	777	517,591
Operating and maintenance	-	1,411,932
Depreciation and amortization	1,518,074	1,099,458
Total Operating Expense	<u>1,518,851</u>	<u>3,028,981</u>
Total Operating Income	<u>1,441,570</u>	<u>753,852</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Grant Revenue	-	-
Interest expense	(964,044)	(703,848)
Gain (loss) on disposal of assets	-	-
Other revenue (expense)	-	35
Total nonoperating revenues (expenses)	<u>(964,044)</u>	<u>(703,813)</u>
Total Net Income (Loss)	<u>477,526</u>	<u>50,039</u>
<b>CHANGE IN NET POSITION</b>	<b>477,526</b>	<b>50,039</b>
Beginning Net Position	18,476,788	4,466,364
Total Ending Net Position	<u><b>\$ 18,954,314</b></u>	<u><b>\$ 4,516,403</b></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	Corinthian TOD LLLP	Eastbridge Apartments LLC	Egis Housing Limited Partnership	Fairwind Apartments LLLP	Green River Homes LLC
Fiscal Year Acquired / Sold	2016	2010	2007	2013	2004
<b>ASSETS, LIABILITIES AND NET POSITION:</b>					
<b>ASSETS</b>					
Cash and investments	\$ 490,283	\$ 904,440	\$ 3,030,580	\$ 639,263	\$ 417,846
Receivables and other	86,142	90,775	177,177	143,876	65,911
Capital assets, net	17,931,726	16,017,391	58,589,653	17,764,625	5,470,482
<b>Total Assets</b>	<b>\$ 18,508,151</b>	<b>\$ 17,012,606</b>	<b>\$ 61,797,410</b>	<b>\$ 18,547,764</b>	<b>\$ 5,954,239</b>
<b>LIABILITIES &amp; NET POSITION</b>					
<b>LIABILITIES</b>					
Current liabilities	\$ 201,252	\$ 753,250	\$ 524,839	\$ 1,105,041	\$ 1,151,924
Long-term liabilities	11,592,198	9,831,744	57,955,512	6,100,000	3,926,642
<b>NET POSITION</b>	<b>6,714,702</b>	<b>6,427,612</b>	<b>3,317,059</b>	<b>11,342,723</b>	<b>875,673</b>
<b>Total Liabilities &amp; Net Position</b>	<b>\$ 18,508,151</b>	<b>\$ 17,012,606</b>	<b>\$ 61,797,410</b>	<b>\$ 18,547,764</b>	<b>\$ 5,954,239</b>
<b>REVENUE, EXPENSES AND CHANGE IN NET POSITION:</b>					
<b>OPERATING REVENUES</b>	<b>\$ 1,099,020</b>	<b>\$ 1,337,377</b>	<b>\$ 4,640,696</b>	<b>\$ 745,577</b>	<b>\$ 675,778</b>
<b>OPERATING EXPENSES</b>					
Administrative	193,598	159,763	742,939	301,000	141,403
Operating and maintenance	228,732	278,486	1,062,139	192,754	208,657
Depreciation and amortization	527,645	916,797	1,814,723	608,057	346,356
Other	12,893	48,888	75,044	30,516	22,296
<b>Total Operating Expense</b>	<b>962,868</b>	<b>1,403,934</b>	<b>3,694,845</b>	<b>1,132,327</b>	<b>718,712</b>
<b>Total Operating Income</b>	<b>136,152</b>	<b>(66,557)</b>	<b>945,851</b>	<b>(386,750)</b>	<b>(42,934)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment income	-	768	-	13	-
Interest expense	(480,690)	(621,620)	(1,143,899)	(232,715)	(197,298)
Gain (loss) on disposal of assets	-	-	-	-	-
Other revenue (expense)	-	-	-	-	-
<b>Total nonoperating revenues (expenses)</b>	<b>(480,690)</b>	<b>(620,852)</b>	<b>(1,143,899)</b>	<b>(232,702)</b>	<b>(197,298)</b>
<b>Total Net Income (Loss)</b>	<b>(344,538)</b>	<b>(687,409)</b>	<b>(198,048)</b>	<b>(619,452)</b>	<b>(240,232)</b>
Contributions (distributions)	7,679,495	-	-	-	-
<b>CHANGE IN NET POSITION</b>	<b>7,334,957</b>	<b>(687,409)</b>	<b>(198,048)</b>	<b>(619,452)</b>	<b>(240,232)</b>
Beginning Net Position	(620,255)	7,115,021	3,515,107	11,962,175	1,115,905
<b>Total Ending Net Position</b>	<b>\$ 6,714,702</b>	<b>\$ 6,427,612</b>	<b>\$ 3,317,059</b>	<b>\$ 11,342,723</b>	<b>\$ 875,673</b>

Partnership Name	Green River Homes 2 LLC	Nia Apartments LLC	Salmon Creek Housing LLC	Seola Crossing LLC	Sixth Place Apartments LLLP
Fiscal Year Acquired / Sold	2012	2008	2009	2007	2010
<b>ASSETS, LIABILITIES AND NET POSITION:</b>					
<b>ASSETS</b>					
Cash and investments	\$ 498,612	\$ 509,914	\$ 675,344	\$ 1,687,804	\$ 447,148
Receivables and other	72,067	115,683	94,462	292,288	30,898
Capital assets, net	15,460,021	14,499,409	17,222,669	28,139,340	7,518,440
<b>Total Assets</b>	<b>\$ 16,030,700</b>	<b>\$ 15,125,006</b>	<b>\$ 17,992,475</b>	<b>\$ 30,119,432</b>	<b>\$ 7,996,486</b>
<b>LIABILITIES &amp; NET POSITION</b>					
<b>LIABILITIES</b>					
Current liabilities	\$ 373,693	\$ 1,944,017	\$ 1,696,028	\$ 199,206	\$ 154,236
Long-term liabilities	11,623,599	7,493,000	7,992,947	21,941,508	6,792,654
<b>NET POSITION</b>	<b>4,033,408</b>	<b>5,687,989</b>	<b>8,303,500</b>	<b>7,978,718</b>	<b>1,049,596</b>
<b>Total Liabilities &amp; Net Position</b>	<b>\$ 16,030,700</b>	<b>\$ 15,125,006</b>	<b>\$ 17,992,475</b>	<b>\$ 30,119,432</b>	<b>\$ 7,996,486</b>
<b>REVENUE, EXPENSES AND CHANGE IN NET POSITION:</b>					
<b>OPERATING REVENUES</b>	<b>\$ 770,300</b>	<b>\$ 785,021</b>	<b>\$ 1,037,615</b>	<b>\$ 1,892,327</b>	<b>\$ 292,783</b>
<b>OPERATING EXPENSES</b>					
Administrative	163,982	132,759	153,177	272,341	43,325
Operating and maintenance	193,651	205,342	199,262	534,179	76,602
Depreciation and amortization	465,693	584,134	574,545	1,228,819	366,342
Other	9,828	50,223	122,980	93,151	17,008
<b>Total Operating Expense</b>	<b>833,154</b>	<b>972,458</b>	<b>1,049,964</b>	<b>2,128,490</b>	<b>503,277</b>
<b>Total Operating Income</b>	<b>(62,854)</b>	<b>(187,437)</b>	<b>(12,349)</b>	<b>(236,163)</b>	<b>(210,494)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment income	-	-	81,741	348	-
Interest expense	(71,573)	(374,406)	(446,865)	(1,052,121)	(5,419)
Gain (loss) on disposal of assets	-	-	-	-	-
Other revenue (expense)	-	-	-	-	-
<b>Total nonoperating revenues (expenses)</b>	<b>(71,573)</b>	<b>(374,406)</b>	<b>(365,124)</b>	<b>(1,051,773)</b>	<b>(5,419)</b>
<b>Total Net Income (Loss)</b>	<b>(134,427)</b>	<b>(561,843)</b>	<b>(377,473)</b>	<b>(1,287,936)</b>	<b>(215,913)</b>
Contributions (distributions)	-	-	-	-	-
<b>CHANGE IN NET POSITION</b>	<b>(134,427)</b>	<b>(561,843)</b>	<b>(377,473)</b>	<b>(1,287,936)</b>	<b>(215,913)</b>
Beginning Net Position	4,167,835	6,249,832	8,680,973	9,266,654	1,265,509
<b>Total Ending Net Position</b>	<b>\$ 4,033,408</b>	<b>\$ 5,687,989</b>	<b>\$ 8,303,500</b>	<b>\$ 7,978,718</b>	<b>\$ 1,049,596</b>

Partnership Name	Soosette Creek LLC	Spiritwood Manor LLLP	Vantage Point Apartments LLC	Zephyr Apartments LLLP	GRAND TOTAL
Fiscal Year Acquired / Sold	2008	2016	2013	2010	
<b>ASSETS, LIABILITIES AND NET POSITION:</b>					
<b>ASSETS</b>					
Cash and investments	\$ 3,420,710	\$ 1,883,225	\$ 243,346	\$ 370,683	\$ 15,219,198
Receivables and other	247,443	187,871	141,929	66,582	1,813,104
Capital assets, net	76,326,779	42,489,134	24,959,855	6,194,111	348,583,635
<b>Total Assets</b>	<b>\$ 79,994,932</b>	<b>\$ 44,560,230</b>	<b>\$ 25,345,130</b>	<b>\$ 6,631,376</b>	<b>\$ 365,615,937</b>
<b>LIABILITIES &amp; NET POSITION</b>					
<b>LIABILITIES</b>					
Current liabilities	\$ 3,342,097	\$ 2,374,867	\$ 682,111	\$ 182,426	\$ 14,684,987
Long-term liabilities	60,775,936	26,495,000	11,160,000	5,994,062	249,674,801
<b>NET POSITION</b>	<b>15,876,899</b>	<b>15,690,363</b>	<b>13,503,019</b>	<b>454,888</b>	<b>101,256,149</b>
<b>Total Liabilities &amp; Net Position</b>	<b>\$ 79,994,932</b>	<b>\$ 44,560,230</b>	<b>\$ 25,345,130</b>	<b>\$ 6,631,376</b>	<b>\$ 365,615,937</b>
<b>REVENUE, EXPENSES AND CHANGE IN NET POSITION:</b>					
<b>OPERATING REVENUES</b>	<b>\$ 4,155,932</b>	<b>\$ 2,300,021</b>	<b>\$ 550,971</b>	<b>\$ 514,536</b>	<b>\$ 20,797,954</b>
<b>OPERATING EXPENSES</b>					
Administrative	482,315	259,647	175,474	85,284	3,307,007
Operating and maintenance	1,117,756	331,956	264,987	91,614	4,986,117
Depreciation and amortization	2,457,501	1,197,687	754,880	238,019	12,081,198
Other	76,964	27,895	30,930	18,371	636,987
<b>Total Operating Expense</b>	<b>4,134,536</b>	<b>1,817,185</b>	<b>1,226,271</b>	<b>433,288</b>	<b>21,011,309</b>
<b>Total Operating Income</b>	<b>21,396</b>	<b>482,836</b>	<b>(675,300)</b>	<b>81,248</b>	<b>(213,355)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment income	40	10	5	4	82,929
Interest expense	(1,105,019)	(1,188,128)	(208,830)	(11,000)	(7,139,583)
Gain (loss) on disposal of assets	-	-	-	-	-
Other revenue (expense)	-	-	-	-	-
<b>Total nonoperating revenues (expenses)</b>	<b>(1,104,979)</b>	<b>(1,188,118)</b>	<b>(208,825)</b>	<b>(10,996)</b>	<b>(7,056,654)</b>
<b>Total Net Income (Loss)</b>	<b>(1,083,583)</b>	<b>(705,282)</b>	<b>(884,125)</b>	<b>70,252</b>	<b>(7,270,009)</b>
Contributions (distributions)	-	16,891,649	-	-	24,571,144
<b>CHANGE IN NET POSITION</b>	<b>(1,083,583)</b>	<b>16,186,367</b>	<b>(884,125)</b>	<b>70,252</b>	<b>17,301,135</b>
Beginning Net Position	16,960,482	(496,004)	14,387,144	384,636	83,955,014
<b>Total Ending Net Position</b>	<b>\$ 15,876,899</b>	<b>\$ 15,690,363</b>	<b>\$ 13,503,019</b>	<b>\$ 454,888</b>	<b>\$ 101,256,149</b>

## **Note 8 – 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 percent 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 \$8.8 million in 2017.

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 \$3,831,188 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 5. A summary of notes receivable and investments in direct financing leases with the partnerships is presented in Note 3.

### **Corinthian TOD LLLP**

#### **Lease Agreement**

On January 27, 2016, Corinthian TOD LLLP ("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 January 2, 2016 through December 31, 2115. The Lease Agreement is treated as a capital lease. Pursuant to the Lease Agreement, the base rent is ten dollars (\$10) per year, payable on January 1 of each year commencing January 1, 2018.

#### Tax-Exempt Bridge Loan

On February 1, 2016, the Authority entered into a tax-exempt Non-Revolver Line of Credit Revenue Note in the maximum principal amount of \$5,500,000 with Bank of America. The proceeds of the Tax-Exempt Note were loaned to the partnership by the Authority. The tax-exempt bridge loan bears interest at a rate equal to 1.75% plus 70% of the LIBOR rate. The Tax-Exempt Bridge Loan is secured by a Deed of Trust, as defined in the Tax-Exempt Bridge Loan Agreement. Interest-only payments are made quarterly until its maturity on August 1, 2018. The Tax-Exempt Note and accrued interest were fully paid in 2017.

#### KCHA Subordinate Loan

On January 27, 2016 the partnership entered into a loan agreement with the Authority, in the maximum principal amount of \$6,500,000. The KCHA Subordinate Loan bears interest at 3.75%. The KCHA Subordinate Loan matures on December 31, 2057. The KCHA Subordinate Loan is secured by the Leasehold Deed of Trust, as defined in the KCHA Subordinate Loan Agreement. Payments of principal and interest will be made from Net Cash Flow, as defined and in accordance with the Partnership Agreement.

As of December 31, 2017, the outstanding principal and accrued interest on the KCHA Subordinate Loan was \$4,758,999 and \$130,023, respectively.

#### Tax-Exempt Permanent Loan

On September 29, 2016, the partnership entered into a loan agreement with the Authority, in the maximum principal amount of \$7,000,000. The Tax-Exempt Permanent Loan bears interest at 4%. The Tax-Exempt Permanent Loan is secured by Deed of Trust. Payments of principal and interest are made on the first business day of each calendar month commencing on November 1, 2016 in level principal and interest payments amortized over a 30-year period. The Tax-Exempt Permanent Loan matures on September 1, 2036. The Tax-Exempt Permanent Loan principal balance as of December 31, 2017 was \$6,833,199.

#### Partnership management fee

Pursuant to the Partnership Agreement, the Partnership will pay the Authority, an annual cumulative partnership management fee in the amount of \$6,250, increasing at 3% per annum. The Partnership Management Fee will be paid commencing in 2016. The Partnership Management Fee is to compensate the Authority for its services in connection with the oversight and management of the Partnership's business. As of December 31, 2017, Partnership Management Fee payable was \$6,438.

### **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, 2017, the outstanding principal balance on the Bonds Payable, net of unamortized original issue discount was \$6,625,006. Minimum future annual principal payments are as follows:

Year ending December 31,		
2018	\$	75,000
2019		80,000
2020		85,000
2021		90,000
2022		95,000
Thereafter		6,290,000
Subtotal		6,715,000
Less: Bond issue discount; net		(89,994)
Total	\$	<u>6,625,006</u>

#### 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, 2017, the outstanding balance on the loan was \$2,747,402.

### 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, 2017, the outstanding balance on the Hope VI Loan was \$470,556.

### 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, 2017, operating subsidy payments of \$84,000 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, 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 percent per annum, compounded annually. As of December 31, 2017, 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, 2017, accrued interest on the Lease Payable was \$8,158,893. For the year ended December 31, 2017, interest paid to the Authority on the Lease Payable was \$1,144,545.



#### 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, 2017, 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, 2017, 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, 2017, 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 General Partner 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, 2017, the property management fee was \$266,496.

#### Advances payable

The Authority paid expenses on behalf of the Partnership. The advances were unsecured and did not bear interest. As of December 31, 2017, the balance payable to the Authority was \$347,283.

In addition during 2017, the General Partner provided services related to unit upgrades and Energy Performance Contract ("EPC"). As of December 31, 2017 the outstanding payable for unit upgrade costs was \$43,391 and the outstanding payable for EPC costs was \$188,960.

### 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, 2017, the Partnership received operating subsidy of \$3,440,004.

### **Fairwind Apartments LLLP**

#### 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, 2017, the outstanding balance on the Hope VI Loan was \$3,600,000. For the year ended December 31, 2017, interest expense on the Hope VI Loan was \$207,000.

#### Property Management Fee

Pursuant to the Property Management Agreement, the Partnership will pay the Authority a property management fee. The monthly Property Management Fee is equal to the greater of \$43.72 per unit or other amount as permitted by HUD. The Property Management Fee is to compensate the General Partner for property management services provided to the project, including ensuring its compliance with applicable affordability requirements. For the year ended, December 31, 2017 Property Management Fee was \$53,348.

#### Advances payable

The Authority paid expenses on behalf of the Partnership. The advances were unsecured and did not bear interest. As of December 31, 2017, the balance payable to the Authority was \$39,675.

### 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, 2017, the Partnership received operating subsidy of \$362,004.

## **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, 2017 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 percent 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, 2017 the outstanding principal balance on the note was \$126,742.

### 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, 2017 the Company had drawn \$32,714 on the Term Loan.

### Advances payable to the Authority

As of December 31, 2017, advances payable to the Authority totaled \$10,025. 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, 2017, the Company’s property management fee expense was \$47,223.

## **Green River Homes 2 LLC**

### 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 percent per annum with a maturity date of January 1, 2067. The KCHA Loan 1 is not secured by the property. As of December 31, 2017, 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 to 0.6 percent per annum with a maturity date of January 1, 2067. The KCHA Loan 2 is not secured by the property. As of December 31, 2017, the outstanding principal on the KCHA Loan 2 was \$2,381,480.

### 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 percent of collected rents. For the year ended December 31, 2017, the property management fee was \$53,606.

### 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. For the year ended December 31, 2017, rental assistance of \$572,519 was received from the Managing Member.

### 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, 2017, \$21,272 was due to the Authority.

## **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, 2017 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, 2017, the outstanding balance on the Revenue Bonds was \$2,715,000. For the year ended December 31, 2017, interest expense on the Revenue Bonds was \$131,656.

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

Year ending December 31,		
2018	\$	45,000
2019		45,000
2020		45,000
2021		50,000
2022		50,000
Thereafter		2,480,000
Total	\$	<u>2,715,000</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, 2017, the principal balance on the Note Payable was \$328,000. For the year ended December 31, 2017, interest expense was \$23,081.

### 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, 2017, the outstanding balance on the HOPE VI Loan was \$3,200,000. For the year ended December 31, 2017, interest expense on the HOPE VI Loan was \$210,567.

### Company Management Fee

Pursuant to the Operating Agreement, the Authority is entitled to an annual company management fee in the amount of \$10,000 increasing annually by 3 percent. Payments are to be made from available cash flow, as defined in the Operating Agreement. For the year ended December 31, 2017, the Company Management Fee was \$12,668.

### 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, 2017, operating subsidy payments of \$185,880 were received each year from the Authority.

### **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, 2017, there were no reimbursements made to the Authority.

As of December 31, 2017, the outstanding balance on the Bonds Payable was \$3,880,000. For the year ended December 31, 2017, interest expense on the Bonds Payable was \$159,106.

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

Year ending December 31,		
2018	\$	60,000
2019		65,000
2020		65,000
2021		70,000
2022		75,000
Thereafter		3,545,000
Total	\$	<u>3,880,000</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, 2017, the outstanding principal balance on the Note Payable was \$2,530,000. For the year ended December 31, 2017, interest expense was \$198,092.

#### 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, 2017, the outstanding principal balance on the HOPE VI Loan was \$1,045,595. For the year ended December 31, 2017, interest expense on the HOPE VI Loan was \$93,583.

#### Company Management Fee

Pursuant to the Operating Agreement, the Authority is entitled to an annual company management fee in the amount of \$20,000 increasing annually by 3 percent. Payments are to be made from available cash flow, as defined in the Operating Agreement. For the year ended December 31, 2017, the Company Management Fee was \$25,335.

#### 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, 2017, operating subsidy payments of \$249,600 was received from the Authority.

### **Seola Crossing LLC**

#### 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 percent 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.

As of December 31, 2017, the outstanding principal balance on the Revenue Bond was \$6,445,000. As of December 31, 2017, accrued interest on the Revenue Bond was \$205,435. For the year ended December 31, 2017, interest expense on the Revenue Bond was \$411,822.

Minimum future principal payments are as follows:

Year ending December 31,	
2018	\$ 80,000
2019	45,000
2020	45,000
2021	50,000
2022	55,000
Thereafter	6,170,000
Total	<u>\$ 6,445,000</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, 2017, the principal balance on the Note Payable was \$250,000. For the year ended December 31, 2017, interest expense was \$21,523.

#### 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 percent to 5.36 percent. 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, 2017, the outstanding principal balance was \$7,925,000. For the year ended December 31, 2017, interest expense on the HOPE VI Loan was \$578,729.

#### Company Management Fee

Pursuant to the Operating Agreement, the Authority is entitled to an annual company management fee in the amount of \$7,500 increasing annually by 3 percent. Payments are to be made from available cash flow, as defined in the Operating Agreement. For the year ended December 31, 2017, was \$9,786.

#### 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, 2017, there were 22 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, 2017, operating subsidy payments of \$229,800 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 percent 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, 2017, the outstanding principal balance on the KCHA First Loan was \$113,525. For the year ended December 31, 2017, interest expense on the KCHA First Loan was \$5,425. As of December 31, 2017, 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, 2017, operating subsidy payments of \$189,000 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, 2017, the outstanding principal balance was \$19,019,481. As of December 31, 2017, accrued interest on the lease payable to the Authority was \$599,368. The Lease bears simple interest at a rate of 4.46 percent per annum, compounded annually. For the year ended December 31, 2017, interest expense on the lease liability was \$818,565.

### 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 percent 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, 2016, 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, 2017, the outstanding balance, net of unamortized original issuance discount, was \$37,470,579. For the year ended December 31, 2017, interest expense on Loan A was \$256,453.

### 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 percent per annum. As of December 31, 2017, the outstanding balance was \$3,387,037. For the year ended December 31, 2017, 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 percent per annum, commencing July 1, 2010 and continuing through June 30, 2045, at which point interest is accrued at 1.00 percent, 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, 2017, the outstanding balance was \$2,000,000. For the year ended December 31, 2017, interest expense on the DOC Loan was \$20,997.

### Property management fee

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. Pursuant to the first amendment to the property management agreement effective January 1, 2013, the monthly property management fee will be the greater of 4% of gross collections, as defined in the property management agreement, or \$8,000. For the year ended December 31, 2017, the property management fee was \$166,004.

### 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, 2017, 262 units were under contract. For the year ended December 31, 2017, payments received under the HAP Contract were \$2,990,136.

#### 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, 2017, due to the Authority was \$94,029.

#### **Spiritwood Manor LLLP**

##### Lease agreement

On January 27, 2016, the Partnership entered into a financing lease agreement with the Authority to lease land, buildings, and other improvements comprising the Project. The Lease Agreement is for the period from January 27, 2016 through December 31, 2115. The Lease Agreement is treated as a capital lease. The assets are depreciated over their estimated useful lives. Pursuant to the Lease Agreement, the base rent is ten dollars (\$10) per year, payable on January 1 of each year commencing January 1, 2018.

In addition to the annual base rent, the Partnership is required to make additional lease payment in the total amount of \$26,530,000. The total principal amount is payable in installments as follows: \$100 upon execution of the Lease Agreement, \$34,900 upon execution of the Lease Agreement on or before February 15, 2016, \$11,900,000 on or before October 15, 2016 but no later than the date the rehabilitation is placed in service, and with the remaining balance (the "Financing Lease Payable") due and payable no later than December 31, 2056. The Financing Lease Payable bears interest at a compounding rate of 3.35%. The Financing Lease Payable will be paid from Net Cash Flow, as defined and in accordance with the terms of the Partnership Agreement. As of December 31, 2017, the outstanding balance and interest expense on the Financing Lease Payable were \$13,495,000 and \$454,752, respectively.

##### Developer fee

On January 27, 2016, the Partnership entered into a development agreement with the Authority. Pursuant to the Development Agreement, the Developer will perform services in connection to the development and rehabilitation of the Project including additional duties and responsibilities within the general scope of services. The developer fee is \$5,801,986 and will be earned in accordance with Section 1 of the Development Agreement. As of December 31, 2016, the total developer fee has been earned.

Payment of the developer fee will be made from the Final Capital Contribution, as defined in the Partnership Agreement. Any unpaid developer fee will be paid from Net Cash Flow, as defined and in accordance with the terms of the Partnership Agreement. The unpaid developer fee bears no interest. Any unpaid developer fee will be paid in full by the end of the tax credit compliance period. As of December 31, 2017, developer fee payable was \$1,371,492.

##### Tax-exempt bridge loan

On January 27, 2017, the Authority entered into a tax-exempt Non-Revolving Line of Credit Revenue Note, 2016 in the amount of \$24,000,000 with Bank of America, N.A. The proceeds of the Tax-Exempt Note were loaned to the Partnership by the Authority. The Tax-Exempt Bridge Loan bears interest at a rate equal to 1.75% plus 70% of the LIBOR Rate. The Tax-Exempt Bridge Loan is secured by a Deed of Trust, as defined in the Tax-Exempt Bridge Loan Agreement. Interest-only payments are made quarterly until its maturity on August 1, 2018.

For the year ended December 31, 2017, interest on the Tax-Exempt Bridge Loan was \$352,249. As of December 31, 2017, the outstanding principal of the Tax-Exempt Bridge Loan was \$0.

#### KCHA subordinate loan

On January 27, 2016, the Partnership entered into a loan agreement with the Authority, in the maximum principal amount of \$13,000,000. The KCHA Subordinate Loan bears interest at 3.5%. The KCHA Subordinate Loan matures on December 31, 2057. The KCHA Subordinate Loan is secured by the Leasehold Deed of Trust, as defined in the KCHA Subordinate Loan Agreement. Payments of principal and interest will be made from Net Cash Flow, as defined and in accordance with the terms of the Partnership Agreement.

As of December 31, 2017, the outstanding principal and accrued interest on the KCHA Subordinate Loan was \$13,000,000 and \$360,444, respectively.

#### Property management fee

Pursuant to the Property Management Agreement, the Partnership will pay the Authority a property management fee. The monthly Property Management Fee is equal to 5% of Gross Collections, as defined in the Property Management Agreement. The Property Management Fee is to compensate the Authority for property management services provided to the Project, including ensuring its compliance with applicable affordability requirements. As of December 31, 2017, Property Management Fee payable was \$9,751.

#### Partnership management fee

Pursuant to the Partnership Agreement, the Partnership will pay the Authority, an annual cumulative partnership management fee in the amount of \$5,000, increasing at 3% per annum. The Partnership Management Fee will be paid commencing in 2016. The Partnership Management Fee is to compensate the Authority for its services in connection with the oversight and management of the Partnership's business. As of December 31, 2017, Partnership Management Fee payable was \$10,150. For the year ending December 31, 2017, Partnership Management Fee was \$5,150.

#### Due to KCHA

The Authority advanced funds to the Partnership to pay certain development and operational costs. Advances from the Authority do not bear interest and are to be reimbursed by operations. As of December 31, 2017, the total amount due to the Authority for funds advanced to pay certain development and operational costs was \$453,953.

#### Housing assistance subsidy

On January 27, 2016, the Partnership executed an Assignment, Assumption and Consent Agreement with the Authority related to the Housing Assistance Payments Contract between King County Housing Authority and Spiritwood Manor which was originally dated February 1, 2010 for a term of 10 years. Under the terms of the contract, the Authority will provide rental assistance on behalf of all 128 units at the property. For the year ended December 31, 2017, rental assistance of \$1,801,886 was received from the Authority and is included in rental revenue on the accompanying statement of operations.

## **Vantage Point Apartments LLC**

### Lease agreement

On June 2, 2014, the Vantage Point Apartments ("the Company") entered into a financing lease agreement (the "Lease Agreement") with the Managing Member to lease land, buildings, and other improvements comprising the project. The Lease Agreement is for the period from June 2, 2014 through December 31, 2113. The Lease Agreement is treated as a capital lease. The assets and liabilities under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair market value of the asset. The assets are depreciated over their estimated useful lives. Pursuant to the Lease Agreement, the base rent is ten dollars (\$10) per year, payable on January 1 of each year commencing January 1, 2018.

In addition to the annual base rent, the Company is required to make an additional lease payment in the total amount of \$1,630,000. The Company made a payment of \$163,000 upon the commencement of the Lease Agreement with the remaining balance of \$1,467,000 (the "Financing Lease Payable") due and payable no later than May 31, 2017. The Financing Lease Payable bears interest at a compounding rate of 0.32%, which is the short-term Applicable Federal Rate as of the date of the Lease Agreement, commencing on the lease term start date. As of December 31, 2016, the outstanding balance and accrued interest on the Financing Lease were fully paid.

### Master loans

On September 19, 2014, the Company entered into a master loan agreement (the "Master Loan Agreement") with the Managing Member. The Master Loan Agreement consists of four loans ("Master Loans"): Master Loan A in the amount of \$5,000,000 bearing 3.75% annual interest; Master Loan B in the amount of \$3,000,000 bearing 0.1% annual interest; Master Loan C in the amount of \$2,000,000 bearing 0.1% annual interest; and Master Loan D in the amount of up to \$2,500,000 bearing 0.1% annual interest. The Master Loans will be repaid from Net Cash Flow, as defined and in accordance with the Operating Agreement.

As of December 31, 2017, the outstanding principal and accrued interest on the Master Loan A was \$5,000,000 and \$607,123, respectively. For the year ended December 31, 2017, interest on the Master Loan A was \$202,667.

As of December 31, 2017, the outstanding principal and accrued interest on the Master Loan B was \$3,000,000 and \$4,501, respectively. For the year ended December 31, 2017, interest on the Master Loan B was \$3,001.

As of December 31, 2017, the outstanding principal and accrued interest on the Master Loan C was \$2,000,000 and \$3,001, respectively. For the year ended December 31, 2017, interest on the Master Loan C was \$2,001.

As of December 31, 2017, the outstanding principal and accrued interest on the Master Loan D was \$1,160,000 and \$1,741, respectively. For the period beginning March 7, 2013 (inception) and ending December 31, 2016, interest on the Master Loan D was \$1,161.

### Property management fee

Pursuant to the Property Management Agreement, the Company will pay the Authority for its management services. The monthly property management fee is equal to the greater of \$49.47 per unit or other amount as permitted by HUD. The property management fee is to compensate the Authority for property management services provided to the project, including ensuring compliance with applicable affordability requirements. For the year ended December 31, 2017, the property management fee was \$45,710.



#### Due to KCHA

The Authority advanced funds to the Company to pay certain operational costs. Advances from the Managing Member do not bear interest and are to be reimbursed by operations. As of December 31, 2017, the total amount due to the Managing Member was \$32,900.

#### Regulatory and Operating Agreement

On December 1, 2016, the Company entered a Regulatory and Operating Agreement (“R&O Agreement”) with the Authority. Pursuant to the R&O Agreement, all of the Project 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 Managing Member will make operating subsidy payments (the “Operating Subsidy”) 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 period ending December 31, 2017, Operating Subsidy of \$324,000 was received from the Authority.

### **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 percent annually. Interest is paid from available cash flow, as defined in the Partnership Agreement.

As of December 31, 2017, the outstanding principal balance and accrued interest on the KCHA Second Loan was \$5,300,000 and \$67,094, respectively. For the year ended December 31, 2017, interest expense on the KCHA Second Loan was \$11,274.

As of December 31, 2017, the outstanding principal balance and accrued interest on the KCHA Third Loan was \$194,062 and \$2,881, respectively. For the year ended December 31, 2017, interest expense on the KCHA Third Loan was \$435.

#### Property management fee

Pursuant to the Property Management Agreement, the Company will pay the Authority for its management services. The monthly property management fee will be the lesser of the fees offered by non-affiliated persons of the Partnership which are competitive in price and terms or 5% of gross revenues, as defined in the partnership agreement. For the year ended December 31, 2017, the property management fee was \$24,485.

### 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, 2017, operating subsidy payments of \$350,004 was received from the Authority.

### **Note 9 – Supplemental Financial Information**

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

Grants: DOE	\$	205,644
Grants: HUD, Section 8 program		62,130
Grants: HUD, ROSS		17,838
Grants: HUD, Capital Funds Program		92,425
Grants: HHS		186,849
Grants: USDA		11,483
Grants: State - Miscellaneous		34,120
Grants: Bellevue CDBG		35,364
Grants: BPA		147
Interest: Notes and financing lease		2,585,326
Manufactured Housing Community Preservation		500,000
Other Housing Authorities - Portability		821,237
Tenants		156,582
Tax Credit Partnerships		511,093
Other		592,015
<b>Total</b>	<b>\$</b>	<b>5,812,255</b>

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

Prepaid expense	\$	1,063,257
Materials & mobile home inventory		452,166
<b>Total</b>	<b>\$</b>	<b>1,515,423</b>

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

Prepaid Expense	\$	364,153
Other		5,380
	<b>\$</b>	<b>369,533</b>



**Other Current Liabilities:**

Accounts payable	\$ 4,344,834
Interest payable	812,609
Accrued compensated absences	2,610,479
Accrued wages and benefits	685,130
Family Self Sufficiency escrow	1,035,164
Contract Retentions	687,337
Unearned Revenue	464,028
Other	2,346,857
<b>Total</b>	<b>\$ 12,986,438</b>

**Other Noncurrent Liabilities:**

Noncurrent interest	\$ 566,074
Family Self Sufficiency escrow	754,236
Unearned revenue	489,615
Other	5,804
<b>Total</b>	<b>\$ 1,815,729</b>

**Other Revenue:**

Portability administrative fee from other authorities	\$ 1,893,276
Other portability income	33,987,368
Non-dwell rent	717,989
Home and lot sales revenue	471,693
Property management fees	958,206
Conduit loan fees	110,664
Unit upgrade	2,269,664
Central Maintenance Fees	616,742
Weatherization Owner Contributions	212,362
Other	2,248,724
<b>Total</b>	<b>\$ 43,486,686</b>

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

Southwood Square	\$ 300,727
Vehicles and equipment	7,772
<b>Total</b>	<b>\$ 308,499</b>

## **Note 10 – Pension Plans**

The following table represents the aggregate pension amounts for all plans subject to the requirements of the [GASB Statement 68, Accounting and Financial Reporting for Pensions](#) for the year 2017:

<b>Aggregate Pension Amounts – All Plans</b>	
Pension liabilities	\$ 18,279,456
Pension assets	\$ -
Deferred outflows of resources	\$ 2,962,968
Deferred inflows of resources	\$ 3,364,541
Pension expense/expenditures	\$ 1,379,073

### **State Sponsored Pension Plans**

Substantially all 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 and defined contribution retirement plans. The state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

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 98540-8380

Or the DRS CAFR may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov).

### **Public Employees' Retirement System (PERS)**

PERS members include elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of the legislature; employees of district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs. PERS is comprised of three separate pension plans for membership purposes. PERS plans 1 and 2 are defined benefit plans, and PERS plan 3 is a defined benefit plan with a defined contribution component.

**PERS Plan 1** provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

### Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2017 were as follows:

<b>PERS Plan 1</b>		
<b>Actual Contribution Rates</b>	<b>Employer</b>	<b>Employee*</b>
January – June 2017:		
PERS Plan 1	6.23%	6.00%
PERS Plan 1 UAAL	4.77%	
Administrative Fee	0.18%	
<b>Total</b>	<b>11.18%</b>	<b>6.00%</b>
July – December 2017:		
PERS Plan 1	7.49%	6.00%
PERS Plan 1 UAAL	5.03%	
Administrative Fee	0.18%	
<b>Total</b>	<b>12.70%</b>	<b>6.00%</b>

\* For employees participating in JBM, the contribution rate was 12.26%.

**PERS Plan 2/3** provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service for Plan 2 and 1 percent of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 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 benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

- With a benefit that is reduced by three 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 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of five 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 credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS 2 members are vested after completing five years of eligible service. 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 12 months of that service are earned after age 44.

**PERS Plan 3** defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. PERS Plan 3 members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. As established by statute, Plan 3 required defined contribution rates are set at a minimum of 5 percent and escalate to 15 percent with a choice of six options. Employers do not contribute to the defined contribution benefits. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

### Contributions

The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2017 were as follows:

<b>PERS Plan 2/3</b>		
<b>Actual Contribution Rates:</b>	<b>Employer 2/3</b>	<b>Employee 2*</b>
<b>January – June 2017:</b>		
PERS Plan 2/3	6.23%	6.12%
PERS Plan 1 UAAL	4.77%	-
Administrative Fee	0.18%	-
Employee PERS Plan 3	-	varies
<b>Total</b>	<b>11.18%</b>	<b>6.12%</b>
<b>July – December 2017:</b>		
PERS Plan 2/3	7.49%	7.38%
PERS Plan 1 UAAL	5.03%	-
Administrative Fee	0.18%	-
Employee PERS Plan 3	-	varies
<b>Total</b>	<b>12.70%</b>	<b>7.38%</b>

\* For employees participating in JBM, the contribution rate was 15.30% for January – June 2017 and 18.45% for July – December 2017.

The Authority's actual PERS plan contributions were \$1,271,540 to PERS Plan 1 and \$1,745,086 to PERS Plan 2/3 for the year ended December 31, 2017.

### **Actuarial Assumptions**

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2017 with a valuation date of June 30, 2016. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2007-2012 Experience Study* and the *2015 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2016 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2017. Plan liabilities were rolled forward from June 30, 2016, to June 30, 2017, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 3.0% total economic inflation; 3.75% salary inflation
- **Salary increases:** In addition to the base 3.75% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.5%

Mortality rates were based on the RP-2000 report's Combined Healthy Table and Combined Disabled Table, published by the Society of Actuaries. The OSA applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

There were minor changes in methods and assumptions since the last valuation.

- For all plans except the LEOFF Plan 1, how terminated and vested member benefits are valued was corrected.
- How the basic minimum COLA in PERS Plan 1 is valued for legal order payees was improved.
- For all plans, the average expected remaining service lives calculation was revised.

### **Discount Rate**

The discount rate used to measure the total pension liability for all DRS plans was 7.5 percent.

To determine that rate, an asset sufficiency test included an assumed 7.7 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. (All plans use 7.7 percent except LEOFF 2, which has assumed 7.5 percent). Consistent with the long-term expected rate of return, a 7.5 percent future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue being made at contractually required rates (including PERS 2/3, PSERS 2, SERS 2/3, and TRS 2/3 employers, whose rates include a component for the PERS 1, and TRS 1 plan liabilities). Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.5 percent was used to determine the total liability.

### **Long-Term Expected Rate of Return**

The long-term expected rate of return on the DRS pension plan investments of 7.5 percent was determined using a building-block-method. The Washington State Investment Board (WSIB) used a best estimate of expected future rates of return (expected returns, net of pension plan investment expense, including inflation) to develop each major asset class. Those expected returns make up one component of WSIB's capital market assumptions. The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns at various future times. The long-term expected rate of return of 7.5 percent approximately equals the median of the simulated investment returns over a 50-year time horizon.

### **Estimated Rates of Return by Asset Class**

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

<b>Asset Class</b>	<b>Target Allocation</b>	<b>% Long-Term Expected Real Rate of Return Arithmetic</b>
Fixed Income	20%	1.70%
Tangible Assets	5%	4.40%
Real Estate	15%	5.80%
Global Equity	37%	6.30%
Private Equity	23%	9.30%
	<b>100%</b>	

### **Sensitivity of the Net Pension Liability/(Asset)**

The table below presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5 percent) or 1-percentage point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
PERS 1	\$ 11,620,940	\$ 9,539,505	\$ 7,736,536
PERS 2/3	\$ 23,546,345	\$ 8,739,952	\$ (3,391,691)

### Pension Plan Fiduciary Net Position

Detailed information about the State's pension plans' fiduciary net position is available in the separately issued DRS financial report.

### Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the Authority reported a total pension liability of \$18,279,456 for its proportionate share of the net pension liabilities as follows:

	Liability (or Asset)
PERS 1	\$ 9,539,505
PERS 2/3	\$ 8,739,952

At June 30, the Authority's proportionate share of the collective net pension liabilities was as follows:

	Proportionate Share 6/30/16	Proportionate Share 6/30/17	Change in Proportion
PERS 1	.210564%	.201040%	(.009524)%
PERS 2/3	.262174%	.251544%	(.010630)%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Nonemployer Allocations* for all plans except LEOFF 1.

The collective net pension liability (asset) was measured as of June 30, 2017, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2016, with update procedures used to roll forward the total pension liability to the measurement date.

### Pension Expense

For the year ended December 31, 2017, the Authority recognized pension expense as follows:

	Pension Expense
PERS 1	\$ 81,244
PERS 2/3	\$ 1,297,829
TOTAL	\$ 1,379,073

### Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>PERS 1</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ 355,988
Changes of assumptions	\$ -	\$ -
Changes in proportion and differences between contributions and proportionate share of contributions	\$ -	\$ -
Contributions subsequent to the measurement date	\$ 656,638	\$ -
<b>TOTAL</b>	<b>\$ 656,638</b>	<b>\$ 355,988</b>

<b>PERS 2/3</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 885,563	\$ 287,442
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$2,329,861
Changes of assumptions	\$ 92,835	\$
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 367,495	\$391,251
Contributions subsequent to the measurement date	\$ 960,437	\$-
<b>TOTAL</b>	<b>\$ 2,306,330</b>	<b>\$ 3,008,554</b>



<b>Total of All Plans</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 885,563	\$ 287,442
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$2,685,848
Changes of assumptions	\$ 92,835	\$ -
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 367,495	\$ 391,251
Contributions subsequent to the measurement date	\$ 1,617,075	\$ -
<b>TOTAL</b>	<b>\$ 2,962,968</b>	<b>\$ 3,364,541</b>

Deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended December 31:</b>	<b>PERS 1</b>	<b>PERS 2/3</b>
2018	\$ (240,625)	\$ (816,718)
2019	\$ 75,969	\$ 348,327
2020	\$ (17,639)	\$ (233,355)
2021	\$ (173,693)	\$ (999,180)
2022	\$ -	\$ 16,637
Thereafter	\$ -	\$ 21,629

### **Note 11 – Risk Management**

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 and Bond Financed Projects, KCHA secures third-party liability insurance primarily through the Housing Authority Insurance Group (HAIG), a national housing authority risk-sharing pool. The General Liability limit, including Washington Stop-Gap/Employer's Liability, is \$5,000,000 per occurrence with a \$1,000 deductible. Automobile Liability insurance is carried with \$5,000,000 in total limits provided through a combination of Continental Western Insurance Company with a \$1,000,000 combined single limit and excess liability of \$4,000,000 provided by Philadelphia Insurance.

Property insurance, including Rental Income coverage, for Public Housing and Bond Properties is placed through the Housing Authority Risk & Retention Pool (HARRP) on a replacement cost basis. The property insurance deductible is \$25,000 per loss. The Authority also has secured Fidelity coverage through HARRP for \$100,000 per occurrence for all employees, and \$500,000 for employees with greater exposure.

KCHA carries a Contractor's Pollution Liability and Errors & Omissions for its Weatherization Program with a limit of \$1,000,000 on a claims-made basis with a \$5,000 per claim deductible provided through Crum & Forster Specialty Insurance Company.

Tax Credit Partnership properties are covered for commercial general liability with total limits of \$5,000,000 per occurrence provided by a combination of primary and excess policies from Philadelphia Insurance that provide total insured coverage of \$5,000,000 per occurrence and \$6,000,000 in aggregate.. Lexington Insurance provides property insurance for Tax Credit buildings and contents values on replacement cost basis subject to a \$10,000 deductible.

An Excess Liability policy of \$15,000,000 is provided over all of the above liability coverage except the Contractors Pollution, which brings total liability coverage to a limit of \$20,000,000. 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 aggregate limit and a 50,000 self-insured retention for employment practices and other covered claims from Ironshore Specialty Insurance Company.

No active claims are anticipated to exceed the applicable limits of insurance secured from any of the listed providers. Settled claims have not exceeded coverage purchased during the past five years.

## **Note 12 – 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	\$10,645,000
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	\$1,337,311

Non-governmental Corporation	Project Description	Date of Issue	Dec 31 Balance
Seaview Apartments Limited Partnership	Acquisition and rehabilitation of a 72-unit multifamily development in Des Moines, Washington.	December 1, 1998	\$1,515,000
St. Andrews Housing Group	Acquisition of a 59-unit apartment complex located on Mercer Island, Washington, known as Ellsworth House.	October 20, 1999	\$1,981,906
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	\$5,017,083
Angle Lake Apartments	Construction of an 80-unit independent living, senior housing facility located in SeaTac.	November 14, 2002	\$3,113,115
Radcliffe Place, LLC	Construction of a 135 unit senior housing facility located in Kent know as Radcliffe Place Senior Apartments	December 22, 2004	\$8,931,386
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	\$6,563,348
Eernisse Apartments	Construction of a 26 unit affordable rental townhouse project on Vashon Island known as Eernisse Apartments.	December 20, 2005	\$1,423,791
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	\$2,379,839
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	\$8,130,000
Ashwood Community Redevelopment LLLP-DASH	Acquisition and rehabilitation of a 51 unit senior housing project in the City of Bellevue known as Ashwood Court Apartments	April 1, 2015	\$2,315,314
Summerfield Rehab LLLP	Acquisition and rehabilitation of a 52 unit apartment complex in the City of Bellevue known as Summerfield Apartments	March 1, 2016	\$3,450,000

### **Note 13 –Construction Commitments**

At December 31, 2017 the Authority had the following contractual obligations on construction projects:

<b>Project</b>	<b>Spent to Date</b>	<b>Remaining Commitment</b>
Ballinger Homes Water Line	643,412	138,309
Boulevard Manor/Yardley Zinzco	50,140	26,733
Casa Juanita Roof Replacement	28,189	29,938
Cacade Water Line Replacement	702,036	99,563
College Place Envelope Upgrade	29,430	44,819
Eastridge House Reroof	20,852	54,762
Egis Elevators	88,000	55,065
EPC - (Elevators)	94,280	475,721
Forest Glen Site Improvements	65,373	16,009
Juanita Court Site Improvement	87,970	12,245
Juanita Trace Building Envelope	67,922	7,192
Kings Court Envelope Upgrade	1,076,359	7,263
Kirkland Place Roof Replacement	25,956	9,911
Kirkland Place Structure Stabilization	109,664	16,496
Lakehouse Site Upgrades (Phase 2)	68,377	6,284
Northridge I Envelope Upgrade	1,390,599	944,944
Northwood Decks (Emergency)	119,686	19,500
Paramount House Envelope & Deck	76,938	6,209
Valli Kee Site Improvements(P2)	835,380	103,829
Valli Kee Site Improvements(P3)	66,193	6,813
700 Building Space	26,050	52,559
<b>Total</b>	<b>\$ 5,672,805</b>	<b>\$ 2,134,161</b>

### **Note 14 –Subsequent Events**

In March 2018, a new tax credit partnership, Somerset Gardens Apartments LLLP, was formed to rehabilitate, lease, maintain and operate the Somerset Gardens and Highland Village complexes located in Bellevue, Washington. The Authority serves as the sole general partner with RBC-Somerset Highland LLC, KCHA Initial Affiliate LLC, and RBC Tax Credit Manager II, Inc. serving as limited partners.

In May 2018, the Authority issued \$162.5 million in tax exempt municipal bonds to refinance both the \$131.4 million Ballinger Commons line-of-credit and \$31.1 million pooled demand bond issue that supports outstanding debt on eight other KCHA properties (known as the 2005 Pool).

## Required Supplementary Information

**Housing Authority of the County of King**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**As of June 30, 2017**  
**Last 10 Fiscal Years\***

<b>PERS 1</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Housing Authority's proportion of the net pension liability (asset)	0.201040%	0.210564%	0.202009%	0.209922%	0.205670%
Housing Authority's proportionate share of the net pension liability (asset)	9,539,505	11,308,279	10,566,949	10,574,919	12,017,821
Housing Authority's covered-employee payroll	24,944,170	23,927,969	22,486,964	21,931,906	20,819,426
Housing Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	38.2%	47.3%	47.0%	48.2%	57.7%
Plan fiduciary net position as a percentage of the total pension liability	61.24%	57.03%	59.10%	61.19%	

<b>PERS 2/3</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Housing Authority's proportion of the net pension liability (asset)	0.251544%	0.262174%	0.246303%	0.244505%	0.239726%
Housing Authority's proportionate share of the net pension liability (asset)	8,739,952	13,200,254	8,800,547	4,942,329	10,236,336
Housing Authority's covered-employee payroll	24,502,301	23,468,939	21,905,257	20,951,638	19,872,164
Housing Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	35.7%	56.2%	40.2%	23.6%	51.5%
Plan fiduciary net position as a percentage of the total pension liability	90.97%	85.82%	89.20%	93.29%	

These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available

\* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year •

**Housing Authority of the County of King**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**As of December 31, 2017**  
**Last 10 Fiscal Years\***

<b>PERS 1</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Contractually required contribution	1,271,540	1,179,966	1,043,238	932,952	735,026
Contributions in relation to the contractually required contribution	(1,271,540)	(1,179,966)	(1,043,238)	(932,952)	(735,026)
Contribution deficiency (excess)	-	-	-	-	-
Housing Authority's covered-employee payroll	25,698,867	24,288,689	23,325,570	22,109,317	21,427,933
Contributions as a percentage of covered-employee payroll	4.95%	4.86%	4.47%	4.22%	3.43%

<b>PERS 2/3</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Contractually required contribution	1,745,086	1,491,788	1,293,314	1,063,522	990,321
Contributions in relation to the contractually required contribution	(1,745,086)	(1,491,788)	(1,293,314)	(1,063,522)	(990,321)
Contribution deficiency (excess)	-	-	-	-	-
Housing Authority's covered-employee payroll	25,367,142	23,860,193	22,813,433	21,289,453	20,469,150
Contributions as a percentage of covered-employee payroll	6.88%	6.25%	5.67%	5.00%	4.84%

Notes to Required Supplementary Information  
for the Year Ended December 31, 2017

**Changes of benefit terms:** There were no changes in the benefit terms for the Pension Plans.

**Changes of assumptions:** Actuarial results reported in the DRS Participating Employer Financial Information (PEFI) report reflect the following changes in assumptions and methods: 1) how terminated and vested member benefits are valued was corrected, 2) how the basic minimum COLA in PERS Plan 1 is valued for legal order payees was improved, and 3) the average expected remaining service lives calculation was revised. It is used to recognize the changes in pension expense to no longer discount future years of service back to the present day.

**HOUSING AUTHORITY OF THE COUNTY OF KING  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2017**

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures				Debt Liability Balance	Note
				From Pass-Through Awards	From Direct Awards	Total	Passed through to Subrecipients		
Rural Housing Service, Department Of Agriculture	Rural Rental Housing Loans	10.415	56-017-647765210	\$ -	\$ 59,915	\$ 59,915	\$ -	\$ 943,885	1,2,4
Rural Housing Service, Department Of Agriculture	Rural Rental Assistance Payments	10.427	56-017-647765210	-	531,487	531,487	-	-	1,2
	<b>Total U.S. Department of Agriculture</b>			-	<b>591,402</b>	<b>591,402</b>	-	<b>943,885</b>	
Office Of Housing-Federal Housing Commissioner, Department Of Housing And Urban Development	Multifamily Housing Service Coordinators	14.191	WA19HS13001	-	-	-	-	-	
<b>Section 8 Project-Based Cluster</b> Office Of Housing-Federal Housing Commissioner, Department Of Housing And Urban Development	Section 8 Housing Assistance Payment Program	14.195	WA19M002023	-	\$ 391,966	391,966	-	-	1,2
Office Of Public And Indian Housing, Department Of Housing And Urban Development	Lower Income Housing Assistance Program-Section 8 Moderate Rehabilitation	14.556	WA02DMR0002	-	98,308	98,308	-	-	1,2
	<b>Total Section 8 Project-Based Programs Cluster</b>			-	<b>490,274</b>	<b>490,274</b>	-	-	
Office Of Community Planning And Development, Department Of Housing And Urban Development (via City of Bellevue, WA)	Community Development Block Grant/Entitlement Grants - 2015	14.218	CDBG-251	-	-	-	-	-	1,2
Office Of Community Planning And Development, Department Of Housing And Urban Development (via City of Bellevue, WA)	Community Development Block Grant/Entitlement Grants - 2016	14.218	CDBG-251	309,297	-	309,297	-	-	1,2
	<b>Total CFDA 14.218</b>			309,297	-	309,297	-	-	
<b>Housing Voucher Cluster</b> Office Of Public And Indian Housing, Department Of Housing And Urban Development	Section 8 Housing Choice Vouchers	14.571	WA02	-	10,867,330	10,867,330	-	-	1,2
Office Of Public And Indian Housing, Department Of Housing And Urban Development	Mainstream Vouchers	14.579	WA02DMR0022	-	3,344,323	3,344,323	-	-	1,2
	<b>Total Housing Voucher Cluster</b>			-	<b>14,211,653</b>	<b>14,211,653</b>	-	-	
Office Of Public And Indian Housing, Department Of Housing And Urban Development	Moving To Work Demonstration Program	14.881	WA02	-	116,865,383	116,865,383	-	-	1,2
Office Of Public And Indian Housing, Department Of Housing And Urban Development	Moving To Work Demonstration Program	14.881	WA02	-	8,963,927	8,963,927	-	-	1,2
Office Of Public And Indian Housing, Department Of Housing And Urban Development	Moving To Work Demonstration Program	14.881	WA19P002501-13	-	1,555,730	1,555,730	-	-	1,2
Office Of Public And Indian Housing, Department Of Housing And Urban Development	Moving To Work Demonstration Program	14.881	WA19P002501-14	-	1,503,609	1,503,609	-	-	1,2
Office Of Public And Indian Housing, Department Of Housing And Urban Development	Moving To Work Demonstration Program	14.881	WA19P002501-17	-	428,674	428,674	-	-	1,2
	<b>Total CFDA 14.881</b>			-	<b>129,337,323</b>	<b>129,337,323</b>	-	-	

**HOUSING AUTHORITY OF THE COUNTY OF KING  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2017**

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Debt Liability Balance	Note
				From Pass-Through Awards	From Direct Awards	Total		
Economic Development Initiative: Special Project, Neighborhood Initiative, And Miscellaneous Grants	HUD EDI Special projects grant	14.251	B10-SP-WA-0234		\$ 4,620	4,620		1.2
Office Of Public And Indian Housing, Department Of Housing And Urban Development	Resident Opportunity and Supportive Services - Service Coordinators	14.870	WA02RPS112A013	-	23,556	23,556	-	1.2
Office Of Public And Indian Housing, Department Of Housing And Urban Development	Resident Opportunity and Supportive Services - Service Coordinators	14.870	ROSS171008	-	105,107	105,107	-	1.2
Office Of Public And Indian Housing, Department Of Housing And Urban Development	Family Self-Sufficiency Program	14.896	WA02FSH655A016	-	329,785	329,785	-	1.2
<b>Total U.S. Department of Housing and Urban Development</b>				<b>399,297</b>	<b>144,502,318</b>	<b>144,811,616</b>	<b>-</b>	
Department Of Energy (via Washington State Department of Commerce)	Weatherization Assistance for Low Income Persons	81.042	F16-43103-413 DOE	340,255	-	340,255	-	1.2
Department Of Energy (via Washington State Department of Commerce)	Weatherization Assistance for Low Income Persons	81.042	F17-53103-413 DOE	292,845	-	292,845	-	1.2
Department Of Energy (via Washington State Department of Commerce)	Weatherization Assistance for Low Income Persons	81.042	F17-53104-413 BPA	147	-	147	-	1.2
Department Of Energy (via Washington State Department of Commerce)	Weatherization Assistance for Low Income Persons	81.042	F15-43104-413 BPA	62,467	-	62,467	-	1.2
Department Of Energy (via Washington State Department of Commerce)	Weatherization Assistance for Low Income Persons		Total CFDA 81.042	695,713	-	695,713	-	
<b>Total U.S. Department of Energy</b>				<b>695,713</b>	<b>-</b>	<b>695,713</b>	<b>-</b>	
Administration For Children And Families, Department Of Health And Human Services (via Washington State Department of Commerce)	Low-Income Home Energy Assistance	93.568	F17-53101-413 HHS	339,724	-	339,724	-	
Administration For Children And Families, Department Of Health And Human Services (via Washington State Department of Commerce)	Low-Income Home Energy Assistance	93.568	F16-43101-413 HHS	942,348	-	942,348	-	
<b>Total U.S. Department of Health and Human Services</b>				<b>1,282,072</b>	<b>-</b>	<b>1,282,072</b>	<b>-</b>	1.2
<b>Total Federal Expenditures</b>				<b>\$ 2,287,083</b>	<b>\$ 145,093,720</b>	<b>\$ 147,380,803</b>	<b>\$ 943,885</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. Such expenditures are recognized following, as applicable, either the cost principles in the OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 4 - FEDERAL LOANS**

In 1998, the Authority was approved by the USDA Rural Housing Service to receive a loan totaling \$1,350,949 for the rehabilitation of rural housing. The amount listed on this schedule is the outstanding loan balance.

**NOTE 7 - INDIRECT COST RATE**

The Authority has not elected to use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance.

Housing Authority of the County of King  
Financial Data Schedule (FDS)  
Statement of Net Position  
As of December 31, 2017

Line Item #	Account Description	10.415 Rural Rental Housing Loans	10.427 Rural Rental Assistance Payments	14.195 Section 8 - Special Allocation	Development Block Grants/Entitlement Grants	14.251 Other Federal Programs
111	Cash - unrestricted	-	-	22,343	-	-
113	Cash - other restricted	-	-	914,622	-	-
114	Cash - tenant security deposits	-	-	15,138	-	-
100	Total cash	-	-	952,103	-	-
121	AR - PHA projects	-	-	-	-	-
122	AR - HUD other projects	-	-	-	-	-
124	Accounts receivable - other government	-	-	-	35,364	-
125	Accounts receivable - miscellaneous	-	-	-	-	-
126	Accounts receivable- tenants	-	-	3,115	-	-
126.1	Allowance for doubtful accounts - tenants	-	-	(954)	-	-
127	Notes and mortgages receivable- current	-	-	-	-	-
129	Accrued interest receivable	-	-	-	-	-
120	Total receivables, net of allowances	-	-	2,161	35,364	-
131	Investments - unrestricted	-	-	-	-	-
132	Investments - restricted	-	-	-	-	-
142	Prepaid expenses and other assets	-	-	4,044	-	-
143	Inventories	-	-	-	-	-
150	Total Current Assets	-	-	958,307	35,364	-
161	Land	-	-	521,854	-	-
162	Buildings	-	-	2,224,408	-	-
163	Furniture, equipment & machinery - dwellings	-	-	-	-	-
164	Furniture, equipment & machinery - administration	-	-	-	-	-
165	Leasehold improvements	-	-	-	-	-
166	Accumulated depreciation	-	-	(1,650,480)	-	-
167	Work in progress	-	-	513	-	-
168	Infrastructure	-	-	10,600	-	-
160	Total capital assets, net of depreciation	-	-	1,106,895	-	-
171	Notes and mortgages receivable - non-current	-	-	-	-	-
174	Other assets	-	-	-	-	-
180	Total Noncurrent Assets	-	-	1,106,895	-	-
190	Total Assets	-	-	2,065,202	35,364	-
200	Deferred Outflows of Resources	-	-	13,900	3,168	-
290	Total Assets and Deferred Outflows of Resources	\$ -	\$ -	\$ 2,079,102	\$ 38,532	\$ -
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts payable < 90 days	-	-	12,308	-	-
321	Accrued wage/payroll taxes payable	-	-	3,343	-	-
322	Accrued compensated absences	-	-	5,878	-	-
325	Accrued interest payable	-	-	-	-	-
341	Tenant security deposits	-	-	15,138	-	-
342	Unearned revenue	-	-	5,725	-	-
343	Current portion of L-T debt - capital projects	40,010	-	-	-	-
344	Current portion of L-T debt - operating borrowings	-	-	-	-	-
345	Other current liabilities	-	-	87,000	3,430	-
346	Accrued liabilities - other	-	-	-	-	-
347	Interprogram - due to	-	-	-	-	-
310	Total Current Liabilities	40,010	-	129,392	3,430	-
351	Long-term debt, net of current - capital projects	903,875	-	-	-	-
352	Long-term debt, net of current - operating borrowings	-	-	941,616	-	-
353	Non-current liabilities- other	-	-	-	-	-
357	Accrued pension and OPEB liabilities	-	-	85,756	19,547	-
350	Total Noncurrent Liabilities	903,875	-	1,027,372	19,547	-
300	Total Liabilities	943,885	-	1,156,764	22,977	-
400	Deferred Inflows of Resources	-	-	15,784	3,598	-
508.4	Net Investment in Capital Assets	(943,885)	-	1,106,895	-	-
511.4	Restricted Net Position	-	-	914,622	-	-
512.4	Unrestricted Net Position	-	-	(1,114,963)	11,957	-
513	Total Equity - Net Assets/Position	(943,885)	-	906,554	11,957	-
600	Total Liabilities, Deferred Inflows of Resources, and Equity - Net Assets/Position	\$ -	\$ -	\$ 2,079,102	\$ 38,532	\$ -



Housing Authority of the County of King  
Financial Data Schedule (FDS)  
Statement of Net Position  
As of December 31, 2017

Line Item #	Account Description	14.856 Lower Income Housing Assistance Program - Section 8 - Moderate Rehabilitation	14.870 Resident Opportunity and Supportive Services - Service Coordinators	14.871 Section 8 Housing Choice Vouchers	14.879 Mainstream Vouchers	14.881 Moving-To-Work Demonstration Program
111	Cash - unrestricted	\$ 121,464	\$ -	\$ 29,208	\$ 435,557	\$ (0)
113	Cash - other restricted	-	-	771,620	-	1,035,164
114	Cash - tenant security deposits	-	-	-	-	-
100	Total cash	121,464	-	800,828	435,557	1,035,164
121	AR - PHA projects	-	-	-	-	448,517
122	AR - HUD other projects	(0)	17,838	(0)	-	-
124	Accounts receivable - other government	-	-	-	-	-
125	Accounts receivable - miscellaneous	-	-	-	-	944,415
126	Accounts receivable- tenants	-	-	-	-	-
126.1	Allowance for doubtful accounts - tenants	-	-	-	-	-
127	Notes and mortgages receivable- current	-	-	-	-	84,084
129	Accrued interest receivable	-	-	-	-	46,258
120	Total receivables, net of allowances	(0)	17,838	(0)	-	1,523,274
131	Investments - unrestricted	-	-	-	-	6,224,822
132	Investments - restricted	-	-	-	-	9,831,700
142	Prepaid expenses and other assets	4	-	-	184	64,392
143	Inventories	-	-	-	-	-
150	Total Current Assets	121,469	17,838	800,828	435,741	18,679,352
161	Land	-	-	-	-	-
162	Buildings	-	-	-	-	-
163	Furniture, equipment & machinery - dwellings	-	-	-	-	-
164	Furniture, equipment & machinery - administration	-	-	-	-	-
165	Leasehold improvements	-	-	-	-	-
166	Accumulated depreciation	-	-	-	-	-
167	Work in progress	-	-	-	-	2,781
168	Infrastructure	-	-	-	-	-
160	Total capital assets, net of depreciation	-	-	-	-	2,781
171	Notes and mortgages receivable - non-current	-	-	-	-	21,254,553
172	Notes and mortgages receivable-non-current - past d	-	-	-	-	-
173	Grants receivable - non-current	-	-	-	-	-
174	Other assets	-	-	-	-	(0)
176	Investment in joint ventures	-	-	-	-	-
180	Total Noncurrent Assets	-	-	-	-	21,257,334
190	Total Assets	121,469	17,838	800,828	435,741	39,936,686
200	Deferred Outflows of Resources	143	-	46,649	16,148	924,847
290	Total Assets and Deferred Outflows of Resources	\$ 121,612	\$ 17,838	\$ 847,477	\$ 451,889	\$ 40,861,533
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ 1,473,123
312	Accounts payable < 90 days	3,623	663	-	60	602,373
321	Accrued wage/payroll taxes payable	29	282	-	699	213,162
322	Accrued compensated absences	120	-	-	2,851	618,933
325	Accrued interest payable	-	-	-	-	-
341	Tenant security deposits	-	-	-	-	-
342	Unearned revenue	-	-	-	6,936	-
343	Current portion of L-T debt - capital projects	-	-	-	-	-
344	Current portion of L-T debt - operating borrowings	-	-	-	-	-
345	Other current liabilities	-	9,068	-	-	280,928
346	Accrued liabilities - other	-	0	-	-	132,600
347	Interprogram - due to	-	-	-	-	-
310	Total Current Liabilities	3,772	10,013	-	10,545	3,321,119
351	Long-term debt, net of current - capital projects	-	-	-	-	-
352	Long-term debt, net of current - operating borrowings	-	-	-	-	-
353	Non-current liabilities- other	-	-	-	-	754,236
357	Accrued pension and OPEB liabilities	882	-	287,789	99,622	5,705,669
350	Total Noncurrent Liabilities	882	-	287,789	99,622	6,459,905
300	Total Liabilities	4,654	10,013	287,789	110,167	9,781,024
400	Deferred Inflows of Resources	162	-	52,971	18,337	1,050,193
508.4	Net Investment in Capital Assets	-	-	-	-	2,781
511.4	Restricted Net Position	-	-	771,620	-	9,831,700
512.4	Unrestricted Net Position	116,797	7,825	(264,903)	323,385	20,195,834
513	Total Equity - Net Assets/Position	116,797	7,825	506,717	323,385	30,030,316
600	Total Liabilities, Deferred Inflows of Resources, and Equity - Net Assets/Position	\$ 121,612	\$ 17,838	\$ 847,477	\$ 451,889	\$ 40,861,533

Housing Authority of the County of King  
Financial Data Schedule (FDS)  
Statement of Net Position  
As of December 31, 2017

Line Item #	Account Description	14.896 PIH Family Self- Sufficiency Program	State/Local Programs	Business Activities	81.042 Weatherization Assistance for Low Income Persons	93.568 Low Income Home Energy Assistance
111	Cash - unrestricted	\$ -	\$ 920,848	\$ 79,052,511	\$ -	\$ -
113	Cash - other restricted	-	-	53,331,375	-	-
114	Cash - tenant security deposits	-	-	2,231,235	-	-
100	Total cash	-	920,848	134,615,121	-	-
121	AR - PHA projects	-	-	35,375	-	-
122	AR - HUD other projects	62,130	-	-	-	-
124	Accounts receivable - other government	-	(0)	45,603	205,792	186,848
125	Accounts receivable - miscellaneous	-	140,836	1,334,623	-	-
126	Accounts receivable- tenants	-	-	418,892	-	-
126.1	Allowance for doubtful accounts - tenants	-	-	(27,092)	-	-
127	Notes and mortgages receivable- current	-	-	6,366,899	-	-
129	Accrued interest receivable	-	-	2,729,694	-	-
120	Total receivables, net of allowances	62,130	140,836	10,903,995	205,792	186,848
131	Investments - unrestricted	-	-	43,766,042	-	-
132	Investments - restricted	-	-	395,924	-	-
142	Prepaid expenses and other assets	-	25,919	625,506	-	-
143	Inventories	-	-	457,267	-	-
150	Total Current Assets	62,130	1,087,602	190,763,855	205,792	186,848
161	Land	-	-	138,149,359	-	-
162	Buildings	-	-	370,569,139	-	-
163	Furniture, equipment & machinery - dwellings	-	-	35,401	-	-
164	Furniture, equipment & machinery - administration	-	-	192,335	-	-
165	Leasehold improvements	-	-	766,095	-	-
166	Accumulated depreciation	-	0	(82,371,015)	-	-
167	Work in progress	-	-	32,566,225	-	-
168	Infrastructure	-	-	8,697,500	-	-
160	Total capital assets, net of depreciation	-	0	468,605,039	-	-
171	Notes and mortgages receivable - non-current	-	209,641	311,263,899	-	-
172	Notes and mortgages receivable-non-current - past d	-	-	-	-	-
173	Grants receivable - non-current	-	-	-	-	-
174	Other assets	-	0	369,534	-	-
176	Investment in joint ventures	-	-	-	-	-
180	Total Noncurrent Assets	-	209,642	780,238,471	-	-
190	Total Assets	62,130	1,297,244	971,002,326	205,792	186,848
200	Deferred Outflows of Resources	6,737	101,616	1,370,919	971	-
290	Total Assets and Deferred Outflows of Resources	\$ 68,867	\$ 1,398,860	\$ 972,373,245	\$ 206,763	\$ 186,848
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts payable < 90 days	-	71,029	3,580,235	-	-
321	Accrued wage/payroll taxes payable	-	2,189	131,959	-	-
322	Accrued compensated absences	-	61,495	963,312	-	-
325	Accrued interest payable	-	-	812,609	-	-
341	Tenant security deposits	-	-	2,231,235	-	-
342	Unearned revenue	-	-	435,154	-	-
343	Current portion of L-T debt - capital projects	-	-	8,849,768	-	-
344	Current portion of L-T debt - operating borrowings	-	-	3,693,636	-	-
345	Other current liabilities	-	13,633	1,308,531	174	16,117
346	Accrued liabilities - other	-	-	203,126	-	-
347	Interprogram - due to	-	-	-	-	-
310	Total Current Liabilities	-	148,346	22,209,565	174	16,117
351	Long-term debt, net of current - capital projects	-	-	393,301,449	-	-
352	Long-term debt, net of current - operating borrowings	-	-	179,327,567	-	-
353	Non-current liabilities- other	-	-	2,110,174	-	-
357	Accrued pension and OPEB liabilities	41,563	626,899	3,540,413	5,992	-
350	Total Noncurrent Liabilities	41,563	626,899	578,279,603	5,992	-
300	Total Liabilities	41,563	775,245	600,489,168	6,166	16,117
400	Deferred Inflows of Resources	7,650	115,388	651,653	1,103	-
508.4	Net Investment in Capital Assets	-	-	66,453,822	-	-
511.4	Restricted Net Position	-	-	53,727,299	-	-
512.4	Unrestricted Net Position	19,654	508,228	251,051,303	199,494	170,731
513	Total Equity - Net Assets/Position	19,654	508,228	371,232,424	199,494	170,731
600	Total Liabilities, Deferred Inflows of Resources, and Equity - Net Assets/Position	\$ 68,867	\$ 1,398,860	\$ 972,373,245	\$ 206,763	\$ 186,848

Housing Authority of the County of King  
Financial Data Schedule (FDS)  
Statement of Net Position  
As of December 31, 2017

Line Item #	Account Description	COMPONENT UNITS -		"Other Projects"	Ballinger Homes WA002000101	Park Royal Apartments WA002000105
		BLENDED	COCC			
111	Cash - unrestricted	\$ 1,179,935	\$ 1,023,027	-	477,051	\$ 49,695
113	Cash - other restricted	1,891,121	-	-	-	-
114	Cash - tenant security deposits	184,017	-	-	22,265	3,575
100	Total cash	3,255,073	1,023,027	-	499,316	53,270
121	AR - PHA projects	-	-	-	-	-
122	AR - HUD other projects	-	-	-	2,246	-
124	Accounts receivable - other government	45,378	-	-	-	-
125	Accounts receivable - miscellaneous	-	45,797	-	-	-
126	Accounts receivable- tenants	1,561	-	-	14,839	4,184
126.1	Allowance for doubtful accounts - tenants	-	-	-	(908)	(583)
127	Notes and mortgages receivable- current	-	-	-	-	-
129	Accrued interest receivable	-	-	-	-	-
120	Total receivables, net of allowances	46,939	45,797	-	16,178	3,601
131	Investments - unrestricted	-	39,079	-	-	-
132	Investments - restricted	-	-	-	-	-
142	Prepaid expenses and other assets	39,572	133,135	-	18,805	2,288
143	Inventories	-	-	-	-	-
150	Total Current Assets	3,341,584	1,241,038	-	534,300	59,158
161	Land	6,991,838	4,529,093	-	1,960,510	541,000
162	Buildings	89,477,580	11,330,268	-	10,875,784	1,469,915
163	Furniture, equipment & machinery - dwellings	-	-	-	-	-
164	Furniture, equipment & machinery - administration	405,719	7,291,600	-	13,766	-
165	Leasehold improvements	6,968,864	-	-	-	-
166	Accumulated depreciation	(45,219,302)	(8,910,331)	-	(7,183,403)	(359,304)
167	Work in progress	1,524,928	1,360	-	750,036	-
168	Infrastructure	-	34,438	-	2,408,304	-
160	Total capital assets, net of depreciation	60,149,627	14,276,429	-	8,824,997	1,651,611
171	Notes and mortgages receivable - non-current	-	2,000	-	-	-
172	Notes and mortgages receivable-non-current - past due	-	-	-	-	-
173	Grants receivable - non-current	-	-	-	-	-
174	Other assets	-	(0)	-	-	-
176	Investment in joint ventures	-	-	-	-	-
180	Total Noncurrent Assets	60,149,627	14,278,429	-	8,824,997	1,651,611
190	Total Assets	63,491,211	15,519,467	-	9,359,297	1,710,769
200	Deferred Outflows of Resources	-	939,661	-	32,009	3,275
290	Total Assets and Deferred Outflows of Resources	\$ 63,491,211	\$ 16,459,128	\$ -	\$ 9,391,306	\$ 1,714,044
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts payable < 90 days	777	621,053	-	58,469	7,179
321	Accrued wage/payroll taxes payable	-	249,789	-	7,700	933
322	Accrued compensated absences	-	750,202	-	21,039	1,465
325	Accrued interest payable	-	-	-	-	-
341	Tenant security deposits	184,017	-	-	22,265	3,575
342	Unearned revenue	5,203	-	-	14,271	1,003
343	Current portion of L-T debt - capital projects	1,641,036	-	-	-	-
344	Current portion of L-T debt - operating borrowings	-	-	-	-	-
345	Other current liabilities	106,336	-	-	27,964	-
346	Accrued liabilities - other	-	2,584	-	-	-
347	Interprogram - due to	-	-	-	-	-
310	Total Current Liabilities	1,937,369	1,623,627	-	151,708	14,155
351	Long-term debt, net of current - capital projects	37,937,878	-	-	-	-
352	Long-term debt, net of current - operating borrowings	-	-	-	144	-
353	Non-current liabilities- other	145,248	-	-	-	-
357	Accrued pension and OPEB liabilities	-	5,797,057	-	197,473	20,204
350	Total Noncurrent Liabilities	38,083,126	5,797,057	-	197,617	20,204
300	Total Liabilities	40,020,495	7,420,684	-	349,325	34,359
400	Deferred Inflows of Resources	-	1,067,014	-	36,347	3,719
508.4	Net Investment in Capital Assets	20,570,713	14,276,429	-	8,824,997	1,651,611
511.4	Restricted Net Position	2,054,339	-	-	-	-
512.4	Unrestricted Net Position	845,664	(6,304,999)	-	180,637	24,356
513	Total Equity - Net Assets/Position	23,470,716	7,971,430	-	9,005,634	1,675,967
600	Total Liabilities, Deferred Inflows of Resources, and Equity - Net Assets/Position	\$ 63,491,211	\$ 16,459,128	\$ -	\$ 9,391,306	\$ 1,714,044

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Line Item #	Account Description	Paramount House II WA002000150	The Lake House WA002000152	Northridge II WA002000153	Westminster WA002000156	Brookside WA002000180
111	Cash - unrestricted	\$ -	\$ 336,913	\$ 412,371	\$ 222,035	\$ 32,899
113	Cash - other restricted	-	-	-	-	-
114	Cash - tenant security deposits	-	10,700	11,339	12,159	-
100	Total cash	-	347,613	423,710	234,194	32,899
121	AR - PHA projects	-	7,872	-	-	-
122	AR - HUD other projects	-	-	5,149	-	-
124	Accounts receivable - other government	-	-	-	-	-
125	Accounts receivable - miscellaneous	-	-	-	-	16,177
126	Accounts receivable- tenants	-	1,886	5,798	782	6,672
126.1	Allowance for doubtful accounts - tenants	-	(837)	(2,311)	(187)	(1,112)
127	Notes and mortgages receivable- current	-	-	-	-	-
129	Accrued interest receivable	-	-	-	-	-
120	Total receivables, net of allowances	-	8,921	8,637	595	21,737
131	Investments - unrestricted	-	-	-	-	-
132	Investments - restricted	-	-	-	-	-
142	Prepaid expenses and other assets	-	11,566	13,319	4,943	5,119
143	Inventories	-	-	-	-	-
150	Total Current Assets	-	368,100	445,665	239,732	59,754
161	Land	-	246,728	224,064	624,059	114,959
162	Buildings	-	9,490,372	8,747,483	2,942,530	380,219
163	Furniture, equipment & machinery - dwellings	-	-	-	-	-
164	Furniture, equipment & machinery - administration	-	-	-	-	-
165	Leasehold improvements	-	-	-	-	-
166	Accumulated depreciation	-	(4,546,409)	(4,138,368)	(680,381)	(601,720)
167	Work in progress	-	114,647	1,583,275	176	-
168	Infrastructure	-	953,463	1,749,880	-	106,542
160	Total capital assets, net of depreciation	-	6,258,802	8,166,333	2,886,384	(0)
171	Notes and mortgages receivable - non-current	-	-	-	-	-
174	Other assets	-	-	-	-	-
180	Total Noncurrent Assets	-	6,258,802	8,166,333	2,886,384	(0)
190	Total Assets	-	6,626,901	8,611,999	3,126,116	59,754
200	Deferred Outflows of Resources	-	24,079	21,813	9,899	1,321
290	Total Assets and Deferred Outflows of Resources	\$ -	\$ 6,650,980	\$ 8,633,812	\$ 3,136,015	\$ 61,075
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts payable < 90 days	-	21,796	19,987	44,948	26,241
321	Accrued wage/payroll taxes payable	-	5,626	4,682	2,369	273
322	Accrued compensated absences	-	9,877	12,619	3,967	554
325	Accrued interest payable	-	-	-	-	-
341	Tenant security deposits	-	10,700	11,339	12,159	-
342	Unearned revenue	-	8,348	8,273	2,532	-
343	Current portion of L-T debt - capital projects	-	-	-	-	-
344	Current portion of L-T debt - operating borrowings	-	-	-	-	-
345	Other current liabilities	-	0	62,593	-	-
346	Accrued liabilities - other	-	-	-	-	-
347	Interprogram - due to	-	-	-	-	-
310	Total Current Liabilities	-	56,347	119,495	65,975	27,068
351	Long-term debt, net of current - capital projects	-	-	-	-	-
352	Long-term debt, net of current - operating borrowings	-	58	72	-	-
353	Non-current liabilities- other	-	-	-	-	-
357	Accrued pension and OPEB liabilities	-	148,553	134,573	61,070	8,151
350	Total Noncurrent Liabilities	-	148,611	134,645	61,070	8,151
300	Total Liabilities	-	204,958	254,140	127,045	35,219
400	Deferred Inflows of Resources	-	27,343	24,770	11,241	1,500
508.4	Net Investment in Capital Assets	-	6,258,802	8,166,333	2,886,384	(0)
511.4	Restricted Net Position	-	-	-	-	-
512.4	Unrestricted Net Position	-	159,878	188,569	111,345	24,356
513	Total Equity - Net Assets/Position	-	6,418,679	8,354,903	2,997,729	24,356
600	Total Liabilities, Deferred Inflows of Resources, and Equity - Net Assets/Position	\$ -	\$ 6,650,980	\$ 8,633,812	\$ 3,136,015	\$ 61,075

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Line Item #	Account Description	Norhtwood WA002000191	Forest Glen WA002000201	College Place WA002000203	Kirkland Place WA002000210	Island Crest WA002000213
111	Cash - unrestricted	\$ 35,014	\$ 213,786	\$ 337,620	\$ 53,920	\$ 103,580
113	Cash - other restricted	-	-	-	-	(0)
114	Cash - tenant security deposits	2,750	3,200	16,375	1,400	10,695
100	Total cash	37,764	216,986	353,995	55,320	114,275
121	AR - PHA projects	-	32	-	6,963	-
122	AR - HUD other projects	83,234	-	-	-	-
124	Accounts receivable - other government	-	-	-	-	-
125	Accounts receivable - miscellaneous	27,796	-	-	-	-
126	Accounts receivable- tenants	1,026	3,525	3,932	536	1,000
126.1	Allowance for doubtful accounts - tenants	(174)	(1,261)	(521)	(15)	(44)
127	Notes and mortgages receivable- current	-	-	-	-	-
129	Accrued interest receivable	-	-	-	-	-
120	Total receivables, net of allowances	111,881	2,296	3,411	7,484	956
131	Investments - unrestricted	-	-	-	-	-
132	Investments - restricted	-	-	-	-	-
142	Prepaid expenses and other assets	3,023	2,933	11,586	1,039	2,844
143	Inventories	-	-	-	-	-
150	Total Current Assets	152,669	222,215	368,992	63,843	118,074
161	Land	207,994	32,191	901,525	1,064,290	2,566,125
162	Buildings	1,899,561	4,162,078	9,707,939	421,947	2,532,192
163	Furniture, equipment & machinery - dwellings	-	-	-	-	-
164	Furniture, equipment & machinery - administration	-	6,467	-	-	-
165	Leasehold improvements	-	-	-	-	-
166	Accumulated depreciation	(1,190,275)	(1,485,703)	(5,531,771)	(67,857)	(466,834)
167	Work in progress	119,686	355,037	31,011	274,113	-
168	Infrastructure	150,696	1,315,518	2,829,237	-	593,430
160	Total capital assets, net of depreciation	1,187,662	4,385,587	7,937,941	1,692,493	5,224,914
171	Notes and mortgages receivable - non-current	-	-	-	-	-
174	Other assets	-	-	-	-	-
180	Total Noncurrent Assets	1,187,662	4,385,587	7,937,941	1,692,493	5,224,914
190	Total Assets	1,340,330	4,607,802	8,306,934	1,756,336	5,342,988
200	Deferred Outflows of Resources	7,206	8,213	18,854	1,804	7,166
290	Total Assets and Deferred Outflows of Resources	\$ 1,347,536	\$ 4,616,015	\$ 8,325,788	\$ 1,758,140	\$ 5,350,154
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts payable < 90 days	39,093	4,153	43,208	4,513	6,528
321	Accrued wage/payroll taxes payable	2,036	2,040	4,753	760	1,449
322	Accrued compensated absences	2,855	4,942	7,683	658	3,389
325	Accrued interest payable	-	-	-	-	-
341	Tenant security deposits	2,750	3,200	16,375	1,400	10,695
342	Unearned revenue	1,792	2,711	16,495	278	4,804
343	Current portion of L-T debt - capital projects	-	-	-	-	-
344	Current portion of L-T debt - operating borrowings	-	-	-	-	-
345	Other current liabilities	7,692	-	2,991	2,069	-
346	Accrued liabilities - other	-	-	-	-	-
347	Interprogram - due to	-	-	-	-	-
310	Total Current Liabilities	56,218	17,046	91,505	9,679	26,864
351	Long-term debt, net of current - capital projects	-	-	-	-	-
352	Long-term debt, net of current - operating borrowings	-	37	137	-	-
353	Non-current liabilities- other	-	-	-	-	-
357	Accrued pension and OPEB liabilities	44,459	50,666	116,317	11,131	44,207
350	Total Noncurrent Liabilities	44,459	50,703	116,454	11,131	44,207
300	Total Liabilities	100,677	67,749	207,959	20,810	71,071
400	Deferred Inflows of Resources	8,183	9,326	21,410	2,049	8,137
508.4	Net Investment in Capital Assets	1,187,662	4,385,587	7,937,941	1,692,493	5,224,914
511.4	Restricted Net Position	-	-	-	-	(0)
512.4	Unrestricted Net Position	51,014	153,353	158,477	42,788	46,033
513	Total Equity - Net Assets/Position	1,238,676	4,538,940	8,096,418	1,735,281	5,270,946
600	Total Liabilities, Deferred Inflows of Resources, and Equity - Net Assets/Position	\$ 1,347,536	\$ 4,616,015	\$ 8,325,788	\$ 1,758,140	\$ 5,350,154

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Line Item #	Account Description	Casa Juanita WA002000251	Northlake House WA002000290	Seola Crossing WA002000340	Eastbridge WA002000341	Salmon Creek WA002000343
111	Cash - unrestricted	\$ 216,457	\$ 22,662	\$ -	\$ -	\$ -
113	Cash - other restricted	-	-	-	-	-
114	Cash - tenant security deposits	6,125	3,350	-	-	-
100	Total cash	222,582	26,012	-	-	-
121	AR - PHA projects	7,642	-	-	-	-
122	AR - HUD other projects	-	-	-	-	-
124	Accounts receivable - other government	-	-	-	-	-
125	Accounts receivable - miscellaneous	-	26,293	-	-	-
126	Accounts receivable- tenants	1,097	909	-	-	-
126.1	Allowance for doubtful accounts - tenants	(501)	-	-	-	-
127	Notes and mortgages receivable- current	-	-	-	-	-
129	Accrued interest receivable	-	-	-	-	-
120	Total receivables, net of allowances	8,239	27,202	-	-	-
131	Investments - unrestricted	-	103,637	-	-	-
132	Investments - restricted	-	-	-	-	-
142	Prepaid expenses and other assets	5,841	3,584	-	-	-
143	Inventories	-	-	-	-	-
150	Total Current Assets	236,662	160,434	-	-	-
161	Land	62,146	104,054	-	-	-
162	Buildings	3,854,101	1,953,295	-	-	-
163	Furniture, equipment & machinery - dwellings	-	-	-	-	-
164	Furniture, equipment & machinery - administration	-	-	-	-	-
165	Leasehold improvements	-	-	-	-	-
166	Accumulated depreciation	(2,552,090)	(1,735,113)	-	-	-
167	Work in progress	28,189	1,419	-	-	-
168	Infrastructure	758,293	565,811	-	-	-
160	Total capital assets, net of depreciation	2,150,639	889,466	-	-	-
171	Notes and mortgages receivable - non-current	-	-	-	-	-
174	Other assets	-	-	-	-	-
180	Total Noncurrent Assets	2,150,639	889,466	-	-	-
190	Total Assets	2,387,301	1,049,900	-	-	-
200	Deferred Outflows of Resources	13,825	7,072	-	-	-
290	Total Assets and Deferred Outflows of Resources	\$ 2,401,126	\$ 1,056,972	\$ -	\$ -	\$ -
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts payable < 90 days	13,577	7,129	-	-	-
321	Accrued wage/payroll taxes payable	3,653	2,150	-	-	-
322	Accrued compensated absences	11,661	2,908	-	-	-
325	Accrued interest payable	-	-	-	-	-
341	Tenant security deposits	6,125	3,350	-	-	-
342	Unearned revenue	6,756	2,904	-	-	-
343	Current portion of L-T debt - capital projects	-	-	-	-	-
344	Current portion of L-T debt - operating borrowings	-	-	-	-	-
345	Other current liabilities	-	349	-	-	-
346	Accrued liabilities - other	-	-	-	-	-
347	Interprogram - due to	-	-	-	-	-
310	Total Current Liabilities	41,773	18,791	-	-	-
351	Long-term debt, net of current - capital projects	-	-	-	-	-
352	Long-term debt, net of current - operating borrowings	130	-	-	-	-
353	Non-current liabilities- other	-	-	-	-	-
357	Accrued pension and OPEB liabilities	85,288	43,628	-	-	-
350	Total Noncurrent Liabilities	85,418	43,628	-	-	-
300	Total Liabilities	127,191	62,419	-	-	-
400	Deferred Inflows of Resources	15,698	8,030	-	-	-
508.4	Net Investment in Capital Assets	2,150,639	889,466	-	-	-
511.4	Restricted Net Position	-	-	-	-	-
512.4	Unrestricted Net Position	107,598	97,058	-	-	-
513	Total Equity - Net Assets/Position	2,258,237	986,524	-	-	-
600	Total Liabilities, Deferred Inflows of Resources, and Equity - Net Assets/Position	\$ 2,401,126	\$ 1,056,972	\$ -	\$ -	\$ -

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Line Item #	Account Description	Zephyr WA002000344	Sixth Place Apartments WA002000345	Fairwind WA002000346	Boulevard Manor WA002000350	Yardley Arms WA002000352
111	Cash - unrestricted	\$ -	\$ -	\$ -	\$ 175,382	\$ 173,007
113	Cash - other restricted	-	-	-	-	-
114	Cash - tenant security deposits	-	-	-	6,150	5,825
100	Total cash	-	-	-	181,532	178,832
121	AR - PHA projects	-	-	-	-	(0)
122	AR - HUD other projects	-	-	-	-	-
124	Accounts receivable - other government	-	-	-	-	-
125	Accounts receivable - miscellaneous	-	-	-	-	-
126	Accounts receivable- tenants	-	-	-	982	9,610
126.1	Allowance for doubtful accounts - tenants	-	-	-	(34)	(710)
127	Notes and mortgages receivable- current	-	-	-	-	-
129	Accrued interest receivable	-	-	-	-	-
120	Total receivables, net of allowances	-	-	-	948	8,900
131	Investments - unrestricted	-	-	-	-	-
132	Investments - restricted	-	-	-	-	-
142	Prepaid expenses and other assets	-	-	-	5,524	5,512
143	Inventories	-	-	-	-	-
150	Total Current Assets	-	-	-	188,003	193,245
161	Land	-	-	-	72,003	227,040
162	Buildings	-	-	-	5,630,170	5,418,260
163	Furniture, equipment & machinery - dwellings	-	-	-	-	-
164	Furniture, equipment & machinery - administration	-	-	-	-	-
165	Leasehold improvements	-	-	-	-	-
166	Accumulated depreciation	-	-	-	(2,798,018)	(2,758,025)
167	Work in progress	-	-	-	94,626	29,377
168	Infrastructure	-	-	-	877,549	160,031
160	Total capital assets, net of depreciation	-	-	-	3,876,329	3,076,683
171	Notes and mortgages receivable - non-current	-	-	-	-	-
174	Other assets	-	-	-	-	-
180	Total Noncurrent Assets	-	-	-	3,876,329	3,076,683
190	Total Assets	-	-	-	4,064,333	3,269,927
200	Deferred Outflows of Resources	-	-	-	14,216	12,978
290	Total Assets and Deferred Outflows of Resources	\$ -	\$ -	\$ -	\$ 4,078,549	\$ 3,282,905
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts payable < 90 days	-	-	-	16,262	14,293
321	Accrued wage/payroll taxes payable	-	-	-	3,735	3,151
322	Accrued compensated absences	-	-	-	6,419	6,403
325	Accrued interest payable	-	-	-	-	-
341	Tenant security deposits	-	-	-	6,150	5,825
342	Unearned revenue	-	-	-	4,113	5,866
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	-	-	-	-	(0)
347	Interprogram - due to	-	-	-	-	-
310	Total Current Liabilities	-	-	-	36,678	35,537
351	Long-term debt, net of current - capital projects	-	-	-	-	-
352	Long-term debt, net of current - operating borrowings	-	-	-	29	27
353	Non-current liabilities- other	-	-	-	-	-
357	Accrued pension and OPEB liabilities	-	-	-	87,704	80,063
350	Total Noncurrent Liabilities	-	-	-	87,733	80,090
300	Total Liabilities	-	-	-	124,411	115,627
400	Deferred Inflows of Resources	-	-	-	16,143	14,737
508.4	Net Investment in Capital Assets	-	-	-	3,876,329	3,076,683
511.4	Restricted Net Position	-	-	-	-	-
512.4	Unrestricted Net Position	-	-	-	61,665	75,858
513	Total Equity - Net Assets/Position	-	-	-	3,937,995	3,152,541
600	Total Liabilities, Deferred Inflows of Resources, and Equity - Net Assets/Position	\$ -	\$ -	\$ -	\$ 4,078,549	\$ 3,282,905

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Line Item #	Account Description	Riverton Terrace WA002000354	Nia WA002000355	Burien Park WA002000390	Valli Kee Homes WA002000401	Springwood Apartments WA002000402
111	Cash - unrestricted	\$ 110,100	\$ -	\$ 219,266	\$ 413,595	\$ -
113	Cash - other restricted	37,787	-	-	-	-
114	Cash - tenant security deposits	2,850	-	7,785	18,075	-
100	Total cash	150,736	-	227,051	431,670	-
121	AR - PHA projects	-	-	4	3,571	-
122	AR - HUD other projects	-	-	-	662	-
124	Accounts receivable - other government	-	-	-	-	-
125	Accounts receivable - miscellaneous	-	-	62,276	-	-
126	Accounts receivable- tenants	959	-	612	10,447	-
126.1	Allowance for doubtful accounts - tenants	(84)	-	(198)	(2,988)	-
127	Notes and mortgages receivable- current	-	-	-	-	-
129	Accrued interest receivable	-	-	-	-	-
120	Total receivables, net of allowances	875	-	62,695	11,692	-
131	Investments - unrestricted	-	-	-	-	-
132	Investments - restricted	-	-	-	-	-
142	Prepaid expenses and other assets	3,345	-	8,501	16,775	-
143	Inventories	-	-	-	-	-
150	Total Current Assets	154,956	-	298,247	460,137	-
161	Land	463,210	-	623,280	160,827	-
162	Buildings	3,487,260	-	6,988,094	16,333,748	-
163	Furniture, equipment & machinery - dwellings	-	-	-	-	-
164	Furniture, equipment & machinery - administration	-	-	-	26,394	-
165	Leasehold improvements	-	-	-	-	-
166	Accumulated depreciation	(1,099,725)	-	(4,041,222)	(5,946,684)	-
167	Work in progress	-	-	228	1,647,885	-
168	Infrastructure	-	-	906,719	3,048,654	-
160	Total capital assets, net of depreciation	2,850,744	-	4,477,099	15,270,823	-
171	Notes and mortgages receivable - non-current	-	-	-	-	-
174	Other assets	-	-	-	-	-
180	Total Noncurrent Assets	2,850,744	-	4,477,099	15,270,823	-
190	Total Assets	3,005,700	-	4,775,346	15,730,961	-
200	Deferred Outflows of Resources	7,708	-	21,695	28,920	-
290	Total Assets and Deferred Outflows of Resources	\$ 3,013,408	\$ -	\$ 4,797,041	\$ 15,759,881	\$ -
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts payable < 90 days	26,906	-	17,261	50,652	-
321	Accrued wage/payroll taxes payable	1,856	-	5,075	7,239	-
322	Accrued compensated absences	4,248	-	16,936	16,019	-
325	Accrued interest payable	-	-	-	-	-
341	Tenant security deposits	2,850	-	7,785	18,075	-
342	Unearned revenue	4,723	-	6,145	5,071	-
343	Current portion of L-T debt - capital projects	-	-	-	-	-
344	Current portion of L-T debt - operating borrowings	-	-	-	-	-
345	Other current liabilities	-	-	-	49,729	-
346	Accrued liabilities - other	-	-	0	-	-
347	Interprogram - due to	-	-	-	-	-
310	Total Current Liabilities	40,582	-	53,202	146,786	-
351	Long-term debt, net of current - capital projects	-	-	-	-	-
352	Long-term debt, net of current - operating borrowings	-	-	-	273	-
353	Non-current liabilities- other	-	-	-	-	-
357	Accrued pension and OPEB liabilities	47,551	-	133,846	178,417	-
350	Total Noncurrent Liabilities	47,551	-	133,846	178,690	-
300	Total Liabilities	88,133	-	187,048	325,476	-
400	Deferred Inflows of Resources	8,752	-	24,636	32,840	-
508.4	Net Investment in Capital Assets	2,850,744	-	4,477,099	15,270,823	-
511.4	Restricted Net Position	37,787	-	-	-	-
512.4	Unrestricted Net Position	27,992	-	108,258	130,741	-
513	Total Equity - Net Assets/Position	2,916,523	-	4,585,356	15,401,565	-
600	Total Liabilities, Deferred Inflows of Resources, and Equity - Net Assets/Position	\$ 3,013,408	\$ -	\$ 4,797,041	\$ 15,759,881	\$ -



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Line Item #	Account Description	Cascade Apartments WA002000403	Shelcor WA002000409	Mardis Gras II WA002000450	Vantage Point WA002000452	Firwood Circle WA002000503
111	Cash - unrestricted	\$ 374,619	\$ 19,577	\$ -	\$ -	\$ 275,214
113	Cash - other restricted	-	-	-	-	-
114	Cash - tenant security deposits	17,275	1,200	-	-	7,550
100	Total cash	391,894	20,777	-	-	282,764
121	AR - PHA projects	-	-	-	-	-
122	AR - HUD other projects	1,486	-	-	-	-
124	Accounts receivable - other government	-	-	-	-	-
125	Accounts receivable - miscellaneous	-	-	-	-	-
126	Accounts receivable- tenants	9,429	204	-	-	1,627
126.1	Allowance for doubtful accounts - tenants	(1,938)	(73)	-	-	(142)
127	Notes and mortgages receivable- current	-	-	-	-	-
129	Accrued interest receivable	-	-	-	-	-
120	Total receivables, net of allowances	8,976	131	-	-	1,485
131	Investments - unrestricted	-	-	-	-	-
132	Investments - restricted	-	-	-	-	-
142	Prepaid expenses and other assets	12,927	896	-	-	6,083
143	Inventories	-	-	-	-	-
150	Total Current Assets	413,798	21,804	-	-	290,333
161	Land	1,909,523	50,000	-	-	113,808
162	Buildings	12,689,963	1,032,793	-	-	7,839,845
163	Furniture, equipment & machinery - dwellings	-	-	-	-	-
164	Furniture, equipment & machinery - administration	7,303	7,143	-	-	14,189
165	Leasehold improvements	-	-	-	-	-
166	Accumulated depreciation	(4,456,398)	(338,686)	-	-	(2,853,583)
167	Work in progress	704,800	1,934	-	-	133,598
168	Infrastructure	352,940	-	-	-	1,699,059
160	Total capital assets, net of depreciation	11,208,130	753,184	-	-	6,946,916
171	Notes and mortgages receivable - non-current	-	-	-	-	-
174	Other assets	-	-	-	-	-
180	Total Noncurrent Assets	11,208,130	753,184	-	-	6,946,916
190	Total Assets	11,621,928	774,989	-	-	7,237,249
200	Deferred Outflows of Resources	33,951	1,656	-	-	14,685
290	Total Assets and Deferred Outflows of Resources	\$ 11,655,879	\$ 776,645	\$ -	\$ -	\$ 7,251,934
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts payable < 90 days	66,251	821	-	-	22,969
321	Accrued wage/payroll taxes payable	8,395	348	-	-	3,770
322	Accrued compensated absences	26,486	1,420	-	-	9,411
325	Accrued interest payable	-	-	-	-	-
341	Tenant security deposits	17,275	1,200	-	-	7,550
342	Unearned revenue	5,829	-	-	-	2,450
343	Current portion of L-T debt - capital projects	-	-	-	-	-
344	Current portion of L-T debt - operating borrowings	-	-	-	-	-
345	Other current liabilities	31,347	-	-	-	61,448
346	Accrued liabilities - other	-	-	-	-	-
347	Interprogram - due to	-	-	-	-	-
310	Total Current Liabilities	155,583	3,789	-	-	107,598
351	Long-term debt, net of current - capital projects	-	-	-	-	-
352	Long-term debt, net of current - operating borrowings	133	-	-	-	63
353	Non-current liabilities- other	-	-	-	-	-
357	Accrued pension and OPEB liabilities	209,456	10,216	-	-	90,598
350	Total Noncurrent Liabilities	209,589	10,216	-	-	90,661
300	Total Liabilities	365,172	14,005	-	-	198,259
400	Deferred Inflows of Resources	38,553	1,880	-	-	16,676
508.4	Net Investment in Capital Assets	11,208,130	753,184	-	-	6,946,916
511.4	Restricted Net Position	-	-	-	-	-
512.4	Unrestricted Net Position	44,024	7,576	-	-	90,083
513	Total Equity - Net Assets/Position	11,252,154	760,760	-	-	7,036,999
600	Total Liabilities, Deferred Inflows of Resources, and Equity - Net Assets/Position	\$ 11,655,879	\$ 776,645	\$ -	\$ -	\$ 7,251,934

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Line Item #	Account Description	Burndale Homes WA002000504	Wayland Arms WA002000550	Plaza Seventeen II WA002000551	Southridge House WA002000552
111	Cash - unrestricted	\$ 271,830	\$ 245,283	\$ -	\$ 212,142
113	Cash - other restricted	-	-	-	-
114	Cash - tenant security deposits	8,000	5,050	-	6,100
100	Total cash	279,830	250,333	-	218,242
121	AR - PHA projects	1,058	832	-	113
122	AR - HUD other projects	-	-	-	-
124	Accounts receivable - other government	-	-	-	-
125	Accounts receivable - miscellaneous	-	-	-	-
126	Accounts receivable- tenants	3,276	2,447	-	124
126.1	Allowance for doubtful accounts - tenants	(956)	(356)	-	(5)
127	Notes and mortgages receivable- current	-	-	-	-
129	Accrued interest receivable	-	-	-	-
120	Total receivables, net of allowances	3,378	2,923	-	232
131	Investments - unrestricted	-	-	-	-
132	Investments - restricted	-	-	-	-
142	Prepaid expenses and other assets	6,196	5,867	-	6,882
143	Inventories	-	-	-	-
150	Total Current Assets	289,404	259,122	-	225,357
161	Land	154,682	70,350	-	66,167
162	Buildings	7,124,099	4,761,722	-	7,991,985
163	Furniture, equipment & machinery - dwellings	-	-	-	-
164	Furniture, equipment & machinery - administration	13,320	-	-	-
165	Leasehold improvements	-	-	-	-
166	Accumulated depreciation	(2,605,382)	(2,104,513)	-	(3,701,737)
167	Work in progress	197,546	881	-	-
168	Infrastructure	1,510,483	127,940	-	146,656
160	Total capital assets, net of depreciation	6,394,749	2,856,380	-	4,503,071
171	Notes and mortgages receivable - non-current	-	-	-	-
174	Other assets	-	-	-	-
180	Total Noncurrent Assets	6,394,749	2,856,380	-	4,503,071
190	Total Assets	6,684,152	3,115,502	-	4,728,428
200	Deferred Outflows of Resources	19,865	8,185	-	14,855
290	Total Assets and Deferred Outflows of Resources	\$ 6,704,017	\$ 3,123,687	\$ -	\$ 4,743,283
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -
312	Accounts payable < 90 days	17,784	12,013	-	7,427
321	Accrued wage/payroll taxes payable	5,769	2,183	-	3,733
322	Accrued compensated absences	12,713	4,794	-	19,223
325	Accrued interest payable	-	-	-	-
341	Tenant security deposits	8,000	5,050	-	6,100
342	Unearned revenue	3,889	4,377	-	3,584
343	Current portion of L-T debt - capital projects	-	-	-	-
344	Current portion of L-T debt - operating borrowings	-	-	-	-
345	Other current liabilities	70,433	-	-	-
346	Accrued liabilities - other	-	-	-	-
347	Interprogram - due to	-	-	-	-
310	Total Current Liabilities	118,588	28,417	-	40,068
351	Long-term debt, net of current - capital projects	-	-	-	-
352	Long-term debt, net of current - operating borrowings	65	39	-	34
353	Non-current liabilities- other	-	-	-	-
357	Accrued pension and OPEB liabilities	122,551	50,498	-	91,648
350	Total Noncurrent Liabilities	122,616	50,537	-	91,682
300	Total Liabilities	241,204	78,954	-	131,750
400	Deferred Inflows of Resources	22,557	9,295	-	16,869
508.4	Net Investment in Capital Assets	6,394,749	2,856,380	-	4,503,071
511.4	Restricted Net Position	-	-	-	-
512.4	Unrestricted Net Position	45,508	179,058	-	91,593
513	Total Equity - Net Assets/Position	6,440,257	3,035,438	-	4,594,664
600	Total Liabilities, Deferred Inflows of Resources, and Equity - Net Assets/Position	\$ 6,704,017	\$ 3,123,687	\$ -	\$ 4,743,283

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						COMPONENT UNITS - DISCRETELY PRESENTED
Line Item #	Account Description	Casa Madrona II WA002000553	Subtotal	Elimination	Total Authority	
111	Cash - unrestricted	\$ -	\$ 87,788,910	\$ -	\$ 87,788,910	\$ 10,709,479
113	Cash - other restricted	-	57,981,689	-	57,981,689	4,158,325
114	Cash - tenant security deposits	-	2,620,183	-	2,620,183	351,394
100	Total cash	-	148,390,782	-	148,390,782	15,219,198
121	AR - PHA projects	-	511,978	-	511,978	-
122	AR - HUD other projects	-	172,746	-	172,746	-
124	Accounts receivable - other government	-	518,985	-	518,985	-
125	Accounts receivable - miscellaneous	-	2,598,213	(1,122,756)	1,475,457	86,527
126	Accounts receivable- tenants	-	509,471	-	509,471	174,835
126.1	Allowance for doubtful accounts - tenants	-	(43,983)	-	(43,983)	-
127	Notes and mortgages receivable- current	-	6,450,983	(1,641,036)	4,809,947	-
129	Accrued interest receivable	-	2,775,952	(108,352)	2,667,600	-
120	Total receivables, net of allowances	-	13,494,345	(2,872,144)	10,622,201	261,362
131	Investments - unrestricted	-	50,133,579	-	50,133,579	-
132	Investments - restricted	-	10,227,624	-	10,227,624	-
142	Prepaid expenses and other assets	-	1,058,157	-	1,058,157	240,065
143	Inventories	-	457,267	-	457,267	-
150	Total Current Assets	-	223,761,756	(2,872,144)	220,889,611	15,720,625
161	Land	-	162,752,679	-	162,752,679	26,304,656
162	Buildings	-	611,336,750	-	611,336,750	383,216,015
163	Furniture, equipment & machinery - dwellings	-	35,401	-	35,401	-
164	Furniture, equipment & machinery - administration	-	7,978,236	-	7,978,236	9,752,760
165	Leasehold improvements	-	7,734,959	-	7,734,959	-
166	Accumulated depreciation	-	(201,394,330)	-	(201,394,330)	(90,011,019)
167	Work in progress	-	40,164,271	-	40,164,271	588,115
168	Infrastructure	-	29,003,741	-	29,003,741	18,733,108
160	Total capital assets, net of depreciation	-	657,611,708	-	657,611,708	348,583,635
171	Notes and mortgages receivable - non-current	-	332,730,092	(69,447,400)	263,282,692	-
172	Notes and mortgages receivable-non-current - past d	-	-	-	-	-
173	Grants receivable - non-current	-	-	-	-	-
174	Other assets	-	369,534	-	369,534	1,311,677
176	Investment in joint ventures	-	-	-	-	-
180	Total Noncurrent Assets	-	990,711,334	(69,447,400)	921,263,933	349,895,312
190	Total Assets	-	1,214,473,090	(72,319,545)	1,142,153,545	365,615,937
200	Deferred Outflows of Resources	-	3,760,010	-	3,760,010	-
290	Total Assets and Deferred Outflows of Resources	\$ -	\$ 1,218,233,100	\$ (72,319,545)	\$ 1,145,913,555	\$ 365,615,937
311	Bank overdraft	\$ -	\$ 1,473,123	-	\$ 1,473,123	-
312	Accounts payable < 90 days	-	5,441,582	-	5,441,582	407,113
321	Accrued wage/payroll taxes payable	-	685,130	-	685,130	-
322	Accrued compensated absences	-	2,610,479	-	2,610,479	-
325	Accrued interest payable	-	812,609	-	812,609	11,105,313
341	Tenant security deposits	-	2,620,183	-	2,620,183	351,394
342	Unearned revenue	-	569,232	-	569,232	76,908
343	Current portion of L-T debt - capital projects	-	10,530,814	(1,641,036)	8,889,778	412,821
344	Current portion of L-T debt - operating borrowings	-	3,693,636	-	3,693,636	-
345	Other current liabilities	-	2,141,833	(1,085,861)	1,055,972	56,452
346	Accrued liabilities - other	-	338,310	-	338,310	2,274,985
347	Interprogram - due to	-	-	-	-	-
310	Total Current Liabilities	-	30,916,930	(2,726,897)	28,190,032	14,684,986
351	Long-term debt, net of current - capital projects	-	432,143,201	(37,937,878)	394,205,323	236,400,407
352	Long-term debt, net of current - operating borrowings	-	180,270,424	(31,509,521)	148,760,903	-
353	Non-current liabilities- other	-	3,009,658	(145,248)	2,864,410	13,274,395
357	Accrued pension and OPEB liabilities	-	18,279,457	-	18,279,457	-
350	Total Noncurrent Liabilities	-	633,702,741	(69,592,647)	564,110,093	249,674,802
300	Total Liabilities	-	664,619,672	(72,319,545)	592,300,128	264,359,788
400	Deferred Inflows of Resources	-	3,364,542	-	3,364,542	-
508.4	Net Investment in Capital Assets	-	214,937,692	-	214,937,692	111,770,407
511.4	Restricted Net Position	-	67,337,367	-	67,337,367	4,161,148
512.4	Unrestricted Net Position	-	267,973,825	-	267,973,825	(14,675,406)
513	Total Equity - Net Assets/Position	-	550,248,885	-	550,248,885	101,256,149
600	Total Liabilities, Deferred Inflows of Resources, and Equity - Net Assets/Position	\$ -	\$ 1,218,233,100	\$ (72,319,545)	\$ 1,145,913,555	\$ 365,615,937

**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, 2017

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
70300	Net tenant rental revenue	\$ -	\$ -	\$ -	\$ -	\$ -
70400	Tenant revenue - other	-	-	-	-	-
70500	Total tenant revenue	-	-	-	-	-
70600	HUD PHA Operating Grants	492,801	116,865,383	8,983,927	-	-
70610	Capital Grants	2,995,212	-	-	-	-
70710	Management Fee	-	-	-	-	-
70720	Asset Management Fee	-	-	-	-	-
70730	Book-keeping Fee	-	-	-	-	-
70750	Other Fees	-	-	-	-	-
70700	Total Fee Revenue	-	-	-	-	-
70800	Other Government Grants	-	-	-	59,915	531,487
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-
71310	Cost of Sale of Assets	-	-	-	-	-
71400	Fraud Recovery	-	-	-	-	-
71500	Other Revenue	-	-	-	-	-
71600	Gain (loss) on the sale of capital assets	-	-	-	-	-
72000	Investment income - restricted	-	-	-	-	-
70000	Total Revenue	3,488,013	116,865,383	8,983,927	59,915	531,487
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	-	-	-	-	-
92200	Relocation costs	-	-	-	-	-
92300	Employee benefits	-	-	-	-	-
92400	Tenant services - other	-	-	-	-	-
92500	Total Tenant Services	-	-	-	-	-
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	-	-	-	-	-

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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
96200	Other General Expenses	-	-	-	-	-
96210	Compensated absences	-	-	-	-	-
96300	Payments in lieu of taxes	-	-	-	-	-
96800	Severance expense	-	-	-	-	-
96000	Total Other General Expenses	-	-	-	-	-
96710	Interest on mortgage (or bonds) payable	-	-	-	-	-
96720	Interest on notes payable (short and long term)	-	-	-	-	-
96700	Total interest expense and amortization cost	-	-	-	-	-
96900	Total Operating Expenses	-	-	-	-	-
97000	Excess Operating Revenue over Operating Expenses	3,488,013	116,865,383	8,983,927	59,915	531,487
97200	Casualty losses - non-capitalized	-	-	-	-	-
97300	Housing assistance payments	-	-	-	-	-
97350	HAP Portability-In	-	-	-	-	-
97400	Depreciation expense	-	-	-	-	-
90000	Total Expenses	-	-	-	-	-
10010	Operating transfers in	-	-	-	37,220	-
10020	Operating transfers out	(3,488,013)	(116,865,383)	(8,983,927)	(59,915)	(531,487)
10100	Total Other Financing Sources	(3,488,013)	(116,865,383)	(8,983,927)	(22,695)	(531,487)
10000	Excess (Deficiency) Of Total Revenue Over (Under) Total Expenses	\$ -	\$ -	\$ -	\$ 37,220	\$ -
11020	Required annual debt principal payments	-	-	-	37,220	-
11030	Beginning of year equity	-	-	-	(981,104)	-
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	-	-	-	-	-

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Line Item #	Account Description	14.195 Section 8 -	14.218 Community	14.251 Other	14.856 Section	14.870 Resident
		Special Allocation	Development Block Grants/Entitlement Grants	Federal Programs	8 - Moderate Rehabilitation	Opportunity and Supportive Services - Service Coordinators
70300	Net tenant rental revenue	\$ 195,798	\$ -	\$ -	\$ -	\$ -
70400	Tenant revenue - other	3,979	-	-	-	-
70500	Total tenant revenue	199,777	-	-	-	-
70600	HUD PHA Operating Grants	391,966	-	4,620	98,308	128,663
70610	Capital Grants	-	-	0	-	-
70710	Management Fee	-	-	-	-	-
70720	Asset Management Fee	-	-	-	-	-
70730	Book-keeping Fee	-	-	-	-	-
70750	Other Fees	-	-	-	-	-
70700	Total Fee Revenue	-	-	-	-	-
70800	Other Government Grants	-	309,297	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-
71310	Cost of Sale of Assets	-	-	-	-	-
71400	Fraud Recovery	-	-	-	-	-
71500	Other Revenue	-	0	-	-	-
71600	Gain (loss) on the sale of capital assets	-	-	-	-	-
72000	Investment income - restricted	16	-	-	-	-
70000	Total Revenue	591,759	309,298	4,620	98,308	128,663
91100	Administrative salaries	46,995	23,853	-	1,071	-
91200	Auditing fees	-	-	-	32	-
91300	Management fees	-	-	-	-	-
91300-010	To PHA Administered Program	37,587	-	-	2,160	-
91300-020	To a Third Party/Outside Entity	3,278	-	-	-	-
91310	Book-keeping Fee	-	-	-	1,350	-
91400	Advertising and Marketing	-	-	-	-	-
91500	Employee benefit contributions - administrative	15,895	7,953	-	309	31,025
91600	Office Expenses	2,504	-	-	216	8,063
91700	Legal expense	95	-	-	-	-
91800	Travel	1,177	31	-	0	997
91900	Other	10,799	-	-	200	2,725
91000	Total Operating - Administrative	118,328	31,837	-	5,338	42,810
92000	Asset Management Fee	-	-	-	-	-
92100	Tenant services - salaries	-	-	-	-	76,373
92200	Relocation costs	-	-	-	-	-
92300	Employee benefits	-	-	-	-	3,775
92400	Tenant services - other	-	-	-	-	18,735
92500	Total Tenant Services	-	-	-	-	98,884
93100	Water	6,995	-	-	-	-
93200	Electricity	3,766	-	-	-	-
93300	Gas	-	-	-	-	-
93400	Fuel	-	-	-	-	-
93600	Sewer	15,794	-	-	-	-
93800	Other utilities expense	24,277	-	-	-	-
93000	Total Utilities	50,832	-	-	-	-
94100	Ordinary maintenance and operations - labor	53,067	-	-	-	-
94200	Ordinary maintenance and operations - material and other	20,663	263,436	-	1	-
94300	Ordinary maintenance and operations - contracts	33,981	-	-	-	-
94500	Employee benefit contributions - ordinary maintenance	21,071	-	-	31	-
94000	Total Maintenance	128,783	263,436	-	32	-
95200	Other contract costs	-	-	-	-	-
95000	Total Protective Services	-	-	-	-	-
96110	Property Insurance	2,916	-	-	2	-
96120	Liability Insurance	3,014	-	-	11	-
96130	Workmen's compensation	1,944	77	-	3	324
96100	Total Insurance Premiums	7,874	77	-	16	324

**Housing Authority of the County of King**  
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Line Item #	Account Description	14.195 Section 8 - Special Allocation	14.218 Community Development Block Grants/Entitlement Grants	14.218 Community Development Block Grants/Entitlement Grants	14.856 Section 8 - Moderate Rehabilitation	14.870 Resident Opportunity and Supportive Services - Service Coordinators
96200	Other General Expenses	-	-	-	-	-
96210	Compensated absences	12,052	-	-	-	-
96300	Payments in lieu of taxes	-	-	-	-	-
96800	Severance expense	-	-	-	7	-
96000	Total Other General Expenses	12,052	-	-	7	-
96710	Interest on mortgage (or bonds) payable	-	-	-	-	-
96720	Interest on notes payable (short and long term)	67,082	-	-	-	-
96700	Total interest expense and amortization cost	67,082	-	-	-	-
96900	Total Operating Expenses	384,952	295,350	-	5,394	142,017
97000	Excess Operating Revenue over Operating Expenses	206,807	13,948	4,620	92,915	(13,354)
97200	Casualty losses - non-capitalized	-	-	-	-	-
97300	Housing assistance payments	-	-	-	81,167	-
97350	HAP Portability-In	-	-	-	-	-
97400	Depreciation expense	25,664	-	-	-	-
90000	Total Expenses	410,616	295,350	-	86,561	142,017
10010	Operating transfers in	564	-	-	9	22,005
10020	Operating transfers out	-	(117,226)	(4,620)	-	0
10100	Total Other Financing Sources	564	(117,226)	(4,620)	9	22,005
10000	Excess (Deficiency) Of Total Revenue Over (Under) Total Expenses	\$ 181,707	\$ (103,278)	\$ 0	\$ 11,757	\$ 8,651
11020	Required annual debt principal payments	-	-	-	-	-
11030	Beginning of year equity	724,969	136,963	-	104,859	(826)
11040	Prior period adjustments, equity transfers	(122)	(21,728)	-	181	-
11170	Administrative Fee Equity	-	-	-	-	-
11180	Housing Assistance Fee Equity	-	-	-	-	-
11190	Unit Months Available	492	-	-	-	-
11210	Number of unit months leased	432	-	-	-	-
11270	Excess cash	-	-	-	-	-
11620	Building Purchases	-	-	-	-	-

**Housing Authority of the County of King**  
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Line Item #	Account Description	14.871 Section 8 Housing Choice Vouchers	14.879 Mainstream Vouchers	14.881 Moving-To- Work Demonstration Program	14.896 Family Self Sufficiency Program	State/Local Programs
70300	Net tenant rental revenue	\$ -	\$ -	\$ -	\$ -	\$ -
70400	Tenant revenue - other	8,631	8,791	79,402	-	-
70500	Total tenant revenue	8,631	8,791	79,402	-	-
70600	HUD PHA Operating Grants	10,867,330	3,344,323	-	329,785	-
70610	Capital Grants	-	-	-	-	-
70710	Management Fee	-	-	-	-	-
70720	Asset Management Fee	-	-	-	-	-
70730	Book-keeping Fee	-	-	-	-	-
70750	Other Fees	-	-	-	-	-
70700	Total Fee Revenue	-	-	-	-	-
70800	Other Government Grants	-	-	132,756	-	3,833,827
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-
71310	Cost of Sale of Assets	-	-	-	-	-
71400	Fraud Recovery	-	-	-	-	-
71500	Other Revenue	34,101,438	-	1,864,982	-	198,119
71600	Gain (loss) on the sale of capital assets	-	-	-	-	-
72000	Investment income - restricted	-	-	951,942	-	-
70000	Total Revenue	44,977,398	3,353,114	3,029,082	329,785	4,031,946
91100	Administrative salaries	372,200	127,451	4,384,191	-	630,685
91200	Auditing fees	-	770	26,601	-	2,191
91300	Management fees	-	-	-	-	-
91300-010	To PHA Administered Program	142,932	50,316	1,617,168	-	-
91300-020	To a Third Party/Outside Entity	-	-	-	-	-
91310	Book-keeping Fee	89,333	31,448	1,010,730	-	-
91400	Advertising and Marketing	168	58	4,257	-	1,679
91500	Employee benefit contributions - administrative	104,386	41,483	1,448,916	(0)	242,667
91600	Office Expenses	20,933	7,840	424,147	-	22,271
91700	Legal expense	931	322	33,506	-	97
91800	Travel	1,883	652	94,634	-	10,138
91900	Other	71,863	28,445	1,311,756	-	71,009
91000	Total Operating - Administrative	804,628	288,785	10,355,906	(0)	980,736
92000	Asset Management Fee	-	-	-	-	-
92100	Tenant services - salaries	79	28	1,946,958	165,126	-
92200	Relocation costs	-	-	156,557	-	-
92300	Employee benefits	-	-	751,441	66,626	-
92400	Tenant services - other	119	41	3,713,339	90,353	573,084
92500	Total Tenant Services	198	69	6,568,295	322,105	573,084
93100	Water	216	75	2,403	-	508
93200	Electricity	1,580	547	17,542	-	3,247
93300	Gas	-	-	-	-	-
93400	Fuel	-	-	-	-	-
93600	Sewer	115	40	1,275	-	270
93800	Other utilities expense	325	113	3,631	-	768
93000	Total Utilities	2,236	774	24,851	-	4,792
94100	Ordinary maintenance and operations - labor	-	-	-	-	(2)
94200	Ordinary maintenance and operations - material and other	466	161	5,242	-	1,454,240
94300	Ordinary maintenance and operations - contracts	3,150	1,090	35,541	-	7,229
94500	Employee benefit contributions - ordinary maintenance	-	892	49,655	-	-
94000	Total Maintenance	3,616	2,143	90,438	-	1,461,466
95200	Other contract costs	-	-	-	-	-
95000	Total Protective Services	-	-	-	-	-
96110	Property Insurance	344	119	3,842	-	465
96120	Liability Insurance	4,747	2,037	70,001	-	10,541
96130	Workmen's compensation	1,195	414	21,542	574	2,271
96100	Total Insurance Premiums	6,287	2,570	95,384	574	13,277



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Line Item #	Account Description	14.871 Section 8 Housing Choice Vouchers	14.879 Mainstream Vouchers	14.881 Moving-To- Work Demonstration Program	14.896 Family Self Sufficiency Program	State/Local Programs
96200	Other General Expenses	-	-	57,966	-	-
96210	Compensated absences	-	-	672,650	9,540	104,599
96300	Payments in lieu of taxes	-	-	-	-	-
96800	Severance expense	5,885	2,037	92,434	-	53,120
96000	Total Other General Expenses	5,885	2,037	823,050	9,540	157,719
96710	Interest on mortgage (or bonds) payable	-	-	-	-	-
96720	Interest on notes payable (short and long term)	-	-	-	-	-
96700	Total interest expense and amortization cost	-	-	-	-	-
96900	Total Operating Expenses	822,849	296,378	17,957,923	332,219	3,191,075
97000	Excess Operating Revenue over Operating Expenses	44,154,549	3,056,736	(14,928,841)	(2,434)	840,871
97200	Casualty losses - non-capitalized	22	8	249	-	53
97300	Housing assistance payments	9,899,115	3,161,871	95,005,859	-	-
97350	HAP Portability-In	34,101,438	-	-	-	-
97400	Depreciation expense	-	-	-	-	-
90000	Total Expenses	44,823,424	3,458,257	112,964,031	332,219	3,191,128
10010	Operating transfers in	29,208	562,816	129,945,836	174,664	1,260,017
10020	Operating transfers out	-	-	(27,098,847)	(106,316)	(1,193,863)
10100	Total Other Financing Sources	29,208	562,816	102,846,989	68,348	66,154
10000	Excess (Deficiency) Of Total Revenue Over (Under) Total Expenses	\$ 183,182	\$ 457,673	\$ (7,087,959)	\$ 65,913	\$ 906,973
11020	Required annual debt principal payments	-	-	-	-	-
11030	Beginning of year equity	2,157,670	527,597	34,621,320	(60)	(333,575)
11040	Prior period adjustments, equity transfers	(1,834,135)	(661,885)	2,496,955	(46,199)	(65,170)
11170	Administrative Fee Equity	(264,903)	-	-	-	-
11180	Housing Assistance Fee Equity	771,620	-	-	-	-
11190	Unit Months Available	13,546	4,200	97,788	-	-
11210	Number of unit months leased	11,892	4,200	99,865	-	-
11270	Excess cash	-	-	-	-	-
11620	Building Purchases	-	-	-	-	-

Line Item #	Account Description	Business Activities	81,042 Weatherization Assistance for Low Income Persons	93,568 Low Income Home Energy Assistance	COMPONENT UNITS - BLENDED	COCC
70300	Net tenant rental revenue	\$ 65,563,478	\$ -	\$ -	\$ 3,658,957	\$ -
70400	Tenant revenue - other	1,960,201	-	-	123,876	-
70500	Total tenant revenue	67,523,679	-	-	3,782,833	-
70600	HUD PHA Operating Grants	-	-	-	-	-
70610	Capital Grants	-	-	-	-	-
70710	Management Fee	-	-	-	-	4,425,886
70720	Asset Management Fee	-	-	-	-	373,680
70730	Book-keeping Fee	-	-	-	-	1,419,179
70750	Other Fees	-	-	-	-	812,192
70700	Total Fee Revenue	-	-	-	-	7,030,937
70800	Other Government Grants	2,304,129	695,713	1,282,072	-	-
71300	Proceeds from disposition of assets held for sale	5,409,945	-	-	-	-
71310	Cost of Sale of Assets	(4,938,252)	-	-	-	-
71400	Fraud Recovery	-	-	-	-	-
71500	Other Revenue	3,954,313	-	-	2,960,422	3,818,575
71600	Gain (loss) on the sale of capital assets	300,727	-	-	-	7,772
72000	Investment income - restricted	11,595,145	-	-	-	2
70000	Total Revenue	86,149,686	695,713	1,282,072	6,743,290	10,857,285
91100	Administrative salaries	6,157,274	7,153	20,829	134,570	5,097,419
91200	Auditing fees	31,307	-	-	-	25,211
91300	Management fees	-	-	-	150,042	-
91300-010	To PHA Administered Program	672,620	-	-	-	0
91300-020	To a Third Party/Outside Entity	2,056,051	-	-	-	-
91310	Book-keeping Fee	149,388	-	-	-	-
91400	Advertising and Marketing	200,818	-	-	13,808	14,381
91500	Employee benefit contributions - administrative	2,149,470	2,651	8,863	95,722	899,737
91600	Office Expenses	427,921	-	79	71,999	610,844
91700	Legal expense	251,547	-	-	10,363	43,493
91800	Travel	18,769	4,257	(3,169)	117	354,776
91900	Other	8,422,519	8,238	2,225	41,748	1,252,383
91000	Total Operating - Administrative	20,537,685	22,299	28,827	518,369	8,298,245
92000	Asset Management Fee	187,260	-	-	-	-
92100	Tenant services - salaries	1,573	-	-	-	-
92200	Relocation costs	604	-	-	-	-
92300	Employee benefits	881	-	-	-	-
92400	Tenant services - other	122,630	-	-	-	8,809
92500	Total Tenant Services	125,687	-	-	-	8,809
93100	Water	1,940,768	-	-	62,524	6,353
93200	Electricity	801,506	-	-	74,845	58,493
93300	Gas	40,743	-	-	29,930	5,039
93400	Fuel	5,552	-	-	-	-
93600	Sewer	3,099,396	-	-	122,956	2,963
93800	Other utilities expense	2,040,776	-	-	48,686	15,035
93000	Total Utilities	7,928,741	-	-	338,941	87,882
94100	Ordinary maintenance and operations - labor	3,733,954	-	-	149,787	1,474,247
94200	Ordinary maintenance and operations - material and other	4,374,766	490,853	905,249	467,307	67,516
94300	Ordinary maintenance and operations - contracts	2,917,295	-	-	-	88,386
94500	Employee benefit contributions - ordinary maintenance	466,843	-	-	-	1,260,082
94000	Total Maintenance	11,492,858	490,853	905,249	617,094	2,890,233
95200	Other contract costs	264,341	-	-	-	-
95000	Total Protective Services	264,341	-	-	-	-
96110	Property Insurance	518,898	-	-	-	8,625
96120	Liability Insurance	400,322	-	-	-	149,930
96130	Workmen's compensation	246,589	25	66	-	65,061
96100	Total Insurance Premiums	1,165,809	25	66	-	223,616

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Line Item #	Account Description	Business Activities	81.042 Weatherization Assistance for Low Income Persons	93.568 Low Income Home Energy Assistance	COMPONENT UNITS - BLENDED	COCC
96200	Other General Expenses	4,793,920	-	-	317,992	223
96210	Compensated absences	473,182	-	-	-	796,235
96300	Payments in lieu of taxes	331,017	-	-	-	-
96800	Severance expense	8,070	-	-	-	22,372
96000	Total Other General Expenses	5,606,189	-	-	317,992	818,830
96710	Interest on mortgage (or bonds) payable	4,213,350	-	-	703,848	-
96720	Interest on notes payable (short and long term)	6,646,200	-	-	964,044	-
96700	Total interest expense and amortization cost	10,859,550	-	-	1,667,892	-
96900	Total Operating Expenses	58,168,121	513,177	934,142	3,460,288	12,327,614
97000	Excess Operating Revenue over Operating Expenses	27,981,565	182,536	347,930	3,283,002	(1,470,329)
97200	Casualty losses - non-capitalized	41,572	-	-	-	205
97300	Housing assistance payments	(1,662)	-	-	-	-
97350	HAP Portability-In	-	-	-	-	-
97400	Depreciation expense	9,360,165	-	-	2,617,532	1,265,607
90000	Total Expenses	67,568,196	513,177	934,142	6,077,820	13,593,426
10010	Operating transfers in	24,021,416	100,076	10,465	-	2,508,099
10020	Operating transfers out	(12,841,402)	(202,288)	(370,231)	-	(447,129)
10100	Total Other Financing Sources	11,180,014	(102,212)	(359,766)	-	2,060,970
10000	Excess (Deficiency) Of Total Revenue Over (Under) Total Expenses	\$ 29,761,504	\$ 80,323	\$ (11,836)	\$ 665,470	\$ (675,170)
11020	Required annual debt principal payments	13,206,524	-	-	967,225	-
11030	Beginning of year equity	341,150,872	125,832	182,567	22,805,246	8,543,124
11040	Prior period adjustments, equity	320,047	(6,661)	-	-	103,476
11170	Administrative Fee Equity	-	-	-	-	-
11180	Housing Assistance Fee Equity	-	-	-	-	-
11190	Unit Months Available	55,812	-	-	9,564	-
11210	Number of unit months leased	55,031	-	-	9,430	-
11270	Excess cash	-	-	-	-	-
11620	Building Purchases	-	-	-	-	-

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Line Item #	Account Description	Other Projects	Ballinger Homes WA002000101	Park Royal Apartments WA002000105	Paramount House II WA002000150	The Lake House WA002000152
70300	Net tenant rental revenue	\$ -	\$ 572,781	\$ 64,992	\$ -	\$ 339,113
70400	Tenant revenue - other	-	13,606	4,686	-	11,739
70500	Total tenant revenue	-	586,387	69,678	-	350,851
70600	HUD PHA Operating Grants	-	-	-	-	-
70610	Capital Grants	-	-	-	-	-
70710	Management Fee	-	-	-	-	-
70720	Asset Management Fee	-	-	-	-	-
70730	Book-keeping Fee	-	-	-	-	-
70750	Other Fees	-	-	-	-	-
70700	Total Fee Revenue	-	-	-	-	-
70800	Other Government Grants	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-
71310	Cost of Sale of Assets	-	-	-	-	-
71400	Fraud Recovery	-	-	-	-	-
71500	Other Revenue	-	-	-	-	78,158
71600	Gain (loss) on the sale of capital assets	-	-	-	-	-
72000	Investment income - restricted	-	5,235	572	-	3,852
70000	Total Revenue	-	591,622	70,250	-	432,861
91100	Administrative salaries	-	89,836	16,200	-	83,409
91200	Auditing fees	-	3,601	592	-	3,595
91300	Management fees	-	-	-	-	-
91300-010	<i>To PHA Administered Program</i>	-	199,445	19,746	-	137,628
91300-020	<i>To a Third Party/Outside Entity</i>	-	-	-	-	-
91310	Book-keeping Fee	-	11,828	1,958	-	12,517
91400	Advertising and Marketing	-	-	-	-	-
91500	Employee benefit contributions - administrative	-	36,558	4,471	-	30,529
91600	Office Expenses	-	5,117	576	-	5,222
91700	Legal expense	-	737	6,847	-	2,962
91800	Travel	-	3,153	66	-	700
91900	Other	-	21,311	6,469	-	18,035
91000	Total Operating - Administrative	-	371,585	56,924	-	294,599
92000	Asset Management Fee	-	16,800	2,760	-	16,800
92100	Tenant services - salaries	-	-	-	-	-
92200	Relocation costs	-	-	-	-	-
92300	Employee benefits	-	-	-	-	-
92400	Tenant services - other	-	209	27	-	286
92500	Total Tenant Services	-	209	27	-	286
93100	Water	-	63,847	4,967	-	23,946
93200	Electricity	-	15,537	1,496	-	19,036
93300	Gas	-	-	-	-	344
93400	Fuel	-	-	-	-	-
93600	Sewer	-	76,690	7,151	-	57,223
93800	Other utilities expense	-	76,369	6,447	-	25,018
93000	Total Utilities	-	232,444	20,062	-	125,567
94100	Ordinary maintenance and operations - labor	-	140,991	13,389	-	83,450
94200	Ordinary maintenance and operations - material and other	-	43,139	13,990	-	64,263
94300	Ordinary maintenance and operations - contracts	-	56,204	24,357	-	86,028
94500	Employee benefit contributions - ordinary maintenance	-	48,424	5,675	-	37,538
94000	Total Maintenance	-	288,757	57,411	-	271,279
95200	Other contract costs	-	-	-	-	-
95000	Total Protective Services	-	-	-	-	-
96110	Property Insurance	-	17,219	1,851	-	8,635
96120	Liability Insurance	-	9,809	1,404	-	7,924
96130	Workmen's compensation	-	5,773	598	-	3,597
96100	Total Insurance Premiums	-	32,800	3,852	-	20,157

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Line Item #	Account Description	Other Projects	Ballinger Homes WA002000101	Park Royal Apartments WA002000105	Paramount House II WA002000150	The Lake House WA002000152
96200	Other General Expenses	-	36	-	-	-
96210	Compensated absences	-	21,642	1,577	-	21,157
96300	Payments in lieu of taxes	-	19,340	-	-	15,650
96800	Severance expense	-	-	105	-	-
96000	Total Other General Expenses	-	41,019	1,682	-	36,807
96710	Interest on mortgage (or bonds) payable	-	-	-	-	-
96720	Interest on notes payable (short and long term)	-	-	-	-	-
96700	Total interest expense and amortization cost	-	-	-	-	-
96900	Total Operating Expenses	-	983,614	142,718	-	765,494
97000	Excess Operating Revenue over Operating Expenses	-	(391,992)	(72,468)	-	(332,634)
97200	Casualty losses - non-capitalized	-	57,048	-	-	92,235
97300	Housing assistance payments	-	-	-	-	-
97350	HAP Portability-In	-	-	-	-	-
97400	Depreciation expense	-	410,106	56,992	-	326,943
90000	Total Expenses	-	1,450,768	199,709	-	1,184,672
10010	Operating transfers in	-	1,410,441	44,172	-	767,526
10020	Operating transfers out	-	(79,251)	(1,946)	-	(40,735)
10100	Total Other Financing Sources	-	1,331,190	42,226	-	726,791
10000	Excess (Deficiency) Of Total Revenue Over (Under) Total Expenses	\$ -	\$ 472,044	\$ (87,233)	\$ -	\$ (25,021)
11020	Required annual debt principal payments	-	-	-	-	-
11030	Beginning of year equity	6,957,911	8,535,716	1,761,015	-	6,446,529
11040	Prior period adjustments, equity transfers	(6,957,911)	(2,126)	2,185	-	(2,829)
11170	Administrative Fee Equity	-	-	-	-	-
11180	Housing Assistance Fee Equity	-	-	-	-	-
11190	Unit Months Available	-	1,618	264	-	1,677
11210	Number of unit months leased	-	1,577	261	-	1,669
11270	Excess cash	-	284,902	31,330	-	239,474
11620	Building Purchases	-	85,363	-	-	191,929

**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, 2017

Line Item #	Account Description	Northridge II WA002000153	Westminster WA002000156	Brookside Apartments WA002000180	Northwood Apartments WA002000191	Forest Glen WA002000201
70300	Net tenant rental revenue	\$ 356,755	\$ 198,126	\$ -	\$ 72,388	\$ 85,874
70400	Tenant revenue - other	13,126	16,318	1,334	2,639	2,952
70500	Total tenant revenue	369,881	214,443	1,334	75,027	88,826
70600	HUD PHA Operating Grants	-	-	-	-	-
70610	Capital Grants	-	-	-	-	-
70710	Management Fee	-	-	-	-	-
70720	Asset Management Fee	-	-	-	-	-
70730	Book-keeping Fee	-	-	-	-	-
70750	Other Fees	-	-	-	-	-
70700	Total Fee Revenue	-	-	-	-	-
70800	Other Government Grants	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-
71310	Cost of Sale of Assets	-	-	-	-	-
71400	Fraud Recovery	-	-	-	-	-
71500	Other Revenue	720	360	26,688	360	143,737
71600	Gain (loss) on the sale of capital assets	-	-	-	-	-
72000	Investment income - restricted	3,812	1,377	377	324	2,982
70000	Total Revenue	374,413	216,180	28,399	75,710	235,545
91100	Administrative salaries	79,480	33,604	8,472	29,785	23,307
91200	Auditing fees	3,595	1,540	411	871	1,030
91300	Management fees	-	-	-	-	-
91300-010	To PHA Administered Program	243,786	59,156	14,055	31,827	53,628
91300-020	To a Third Party/Outside Entity	-	-	-	-	-
91310	Book-keeping Fee	12,398	4,770	1,440	3,060	2,700
91400	Advertising and Marketing	-	-	-	-	-
91500	Employee benefit contributions - administrative	28,672	11,420	1,942	11,532	12,120
91600	Office Expenses	3,811	1,400	261	1,125	1,873
91700	Legal expense	850	328	-	1,118	2,242
91800	Travel	769	126	46	98	269
91900	Other	20,179	12,110	4,005	6,931	4,011
91000	Total Operating - Administrative	393,541	124,453	30,633	86,348	101,181
92000	Asset Management Fee	16,800	1,740	1,920	4,080	4,800
92100	Tenant services - salaries	-	-	-	-	-
92200	Relocation costs	-	-	-	-	-
92300	Employee benefits	-	-	-	-	-
92400	Tenant services - other	161	69	17	39	46
92500	Total Tenant Services	161	69	17	39	46
93100	Water	23,109	10,495	3,579	7,959	5,757
93200	Electricity	30,384	46,343	2,992	5,873	4,695
93300	Gas	5,614	4,077	-	-	-
93400	Fuel	-	-	-	-	-
93600	Sewer	39,208	16,864	8,939	18,994	9,269
93800	Other utilities expense	30,621	33,266	4,944	8,641	13,924
93000	Total Utilities	128,935	111,044	20,453	41,467	33,645
94100	Ordinary maintenance and operations - labor	66,995	34,698	2,537	41,422	34,172
94200	Ordinary maintenance and operations - material and other	20,986	75,558	4,458	70,118	29,364
94300	Ordinary maintenance and operations - contracts	102,243	65,983	30,494	27,668	39,332
94500	Employee benefit contributions - ordinary maintenance	31,892	15,071	1,508	12,583	15,160
94000	Total Maintenance	222,116	191,310	38,996	151,792	118,028
95200	Other contract costs	-	-	-	-	-
95000	Total Protective Services	-	-	-	-	-
96110	Property Insurance	11,162	3,179	3,456	2,234	1,940
96120	Liability Insurance	7,962	3,753	1,453	2,141	2,262
96130	Workmen's compensation	3,188	1,638	130	1,856	1,646
96100	Total Insurance Premiums	22,312	8,569	5,039	6,230	5,849

**Housing Authority of the County of King**  
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For the 12 Month Period Ending December 31 , 2017

Line Item #	Account Description	Northridge II WA002000153	Westminster WA002000156	Westminster WA002000156	Westminster WA002000156	Forest Glen WA002000201
96200	Other General Expenses	-	-	-	-	-
96210	Compensated absences	24,518	7,189	402	3,829	5,803
96300	Payments in lieu of taxes	15,561	6,396	572	736	-
96800	Severance expense	-	-	31	157	-
96000	Total Other General Expenses	40,079	13,585	1,005	4,722	5,803
96710	Interest on mortgage (or bonds) payable	-	-	-	-	-
96720	Interest on notes payable (short and long term)	-	-	-	-	-
96700	Total interest expense and amortization cost	-	-	-	-	-
96900	Total Operating Expenses	823,945	450,771	98,063	294,678	269,351
97000	Excess Operating Revenue over Operating Expenses	(449,532)	(234,591)	(69,665)	(218,968)	(33,806)
97200	Casualty losses - non-capitalized	-	-	-	-	169,697
97300	Housing assistance payments	-	-	-	-	-
97350	HAP Portability-In	-	-	-	-	-
97400	Depreciation expense	383,319	110,259	1	58,609	215,376
90000	Total Expenses	1,207,264	561,030	98,065	353,286	654,424
10010	Operating transfers in	2,039,573	331,831	93,239	359,590	347,139
10020	Operating transfers out	(58,110)	-	(8,462)	(2,097)	(34,116)
10100	Total Other Financing Sources	1,981,463	331,831	84,777	357,493	313,022
10000	Excess (Deficiency) Of Total Revenue Over (Under) Total Expenses	\$ 1,148,612	\$ (13,019)	\$ 15,111	\$ 79,917	\$ (105,857)
11020	Required annual debt principal payments	-	-	-	-	-
11030	Beginning of year equity	7,211,659	3,010,999	-	-	4,651,468
11040	Prior period adjustments, equity transfers	(5,368)	(251)	9,245	1,158,759	(6,671)
11170	Administrative Fee Equity	-	-	-	-	-
11180	Housing Assistance Fee Equity	-	-	-	-	-
11190	Unit Months Available	1,670	666	-	408	465
11210	Number of unit months leased	1,653	636	-	408	360
11270	Excess cash	247,280	132,571	19,750	69,617	180,670
11620	Building Purchases	312,994	-	-	111,219	-

**Housing Authority of the County of King**  
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Line Item #	Account Description	College Place WA002000203	Kirkland Place WA002000210	Island Crest WA002000213	Casa Juanita WA002000251	Northlake House WA002000290
70300	Net tenant rental revenue	\$ 416,307	\$ 51,695	\$ 175,106	\$ 226,983	\$ 105,927
70400	Tenant revenue - other	6,499	4,189	3,996	5,666	2,952
70500	Total tenant revenue	422,806	55,884	179,102	232,650	108,879
70600	HUD PHA Operating Grants	-	-	-	-	-
70610	Capital Grants	-	-	-	-	-
70710	Management Fee	-	-	-	-	-
70720	Asset Management Fee	-	-	-	-	-
70730	Book-keeping Fee	-	-	-	-	-
70750	Other Fees	-	-	-	-	-
70700	Total Fee Revenue	-	-	-	-	-
70800	Other Government Grants	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-
71310	Cost of Sale of Assets	-	-	-	-	-
71400	Fraud Recovery	-	-	-	-	-
71500	Other Revenue	6,012	-	-	360	-
71600	Gain (loss) on the sale of capital assets	-	-	-	-	-
72000	Investment income - restricted	4,301	661	1,805	2,313	1,153
70000	Total Revenue	433,119	56,545	180,907	235,322	110,032
91100	Administrative salaries	70,666	5,063	26,737	51,807	26,999
91200	Auditing fees	2,598	230	773	2,055	976
91300	Management fees	-	-	-	-	-
91300-010	To PHA Administered Program	110,314	26,828	21,519	79,811	35,019
91300-020	To a Third Party/Outside Entity	-	-	-	-	-
91310	Book-keeping Fee	8,970	502	1,508	6,878	3,240
91400	Advertising and Marketing	-	-	-	-	-
91500	Employee benefit contributions - administrative	39,640	3,850	7,865	16,965	11,509
91600	Office Expenses	3,165	450	1,556	1,965	1,199
91700	Legal expense	3,421	4,676	-	2,492	132
91800	Travel	1,059	387	827	230	140
91900	Other	15,544	1,477	7,284	13,095	9,774
91000	Total Operating - Administrative	255,376	43,464	68,068	175,297	88,988
92000	Asset Management Fee	12,120	1,080	3,600	9,600	4,560
92100	Tenant services - salaries	-	-	-	-	-
92200	Relocation costs	-	-	-	-	-
92300	Employee benefits	-	-	-	-	-
92400	Tenant services - other	311	53	35	93	44
92500	Total Tenant Services	311	53	35	93	44
93100	Water	53,179	2,064	6,382	22,625	5,325
93200	Electricity	8,275	1,387	2,295	35,559	13,870
93300	Gas	-	-	-	14,770	-
93400	Fuel	-	-	-	-	-
93600	Sewer	75,483	3,451	9,261	49,912	8,221
93800	Other utilities expense	55,583	3,949	12,619	16,422	8,583
93000	Total Utilities	192,520	10,852	30,556	139,288	35,998
94100	Ordinary maintenance and operations - labor	108,602	13,995	23,436	54,546	39,786
94200	Ordinary maintenance and operations - material and other	30,020	8,028	36,723	46,730	47,389
94300	Ordinary maintenance and operations - contracts	79,485	18,571	20,266	75,108	17,664
94500	Employee benefit contributions - ordinary maintenance	45,618	4,158	10,523	21,378	13,525
94000	Total Maintenance	263,725	44,753	90,948	197,762	118,364
95200	Other contract costs	-	-	-	-	-
95000	Total Protective Services	-	-	-	-	-
96110	Property Insurance	9,663	907	2,175	3,730	2,959
96120	Liability Insurance	7,111	575	1,897	4,553	2,237
96130	Workmen's compensation	4,650	583	802	2,272	2,021
96100	Total Insurance Premiums	21,424	2,065	4,875	10,554	7,217



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Line Item #	Account Description	College Place WA002000203	Kirkland Place WA002000210	Island Crest WA002000213	Casa Juanita WA002000251	Northlake House WA002000290
96200	Other General Expenses	-	-	-	-	-
96210	Compensated absences	12,365	1,780	6,417	8,007	3,266
96300	Payments in lieu of taxes	-	-	-	-	-
96800	Severance expense	-	-	-	314	157
96000	Total Other General Expenses	<u>12,365</u>	<u>1,780</u>	<u>6,417</u>	<u>8,321</u>	<u>3,423</u>
96710	Interest on mortgage (or bonds) payable	-	-	-	-	-
96720	Interest on notes payable (short and long term)	-	-	-	-	-
96700	Total interest expense and amortization cost	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
96900	Total Operating Expenses	<u>757,842</u>	<u>104,046</u>	<u>204,498</u>	<u>540,914</u>	<u>258,594</u>
97000	Excess Operating Revenue over Operating Expenses	<u>(324,723)</u>	<u>(47,502)</u>	<u>(23,591)</u>	<u>(305,592)</u>	<u>(148,562)</u>
97200	Casualty losses - non-capitalized	4,076	-	-	-	14,548
97300	Housing assistance payments	-	-	-	-	-
97350	HAP Portability-In	-	-	-	-	-
97400	Depreciation expense	<u>348,201</u>	<u>14,500</u>	<u>138,548</u>	<u>128,159</u>	<u>73,379</u>
90000	Total Expenses	<u>1,110,119</u>	<u>118,546</u>	<u>343,046</u>	<u>669,073</u>	<u>346,521</u>
10010	Operating transfers in	567,724	258,709	83,062	379,099	309,027
10020	Operating transfers out	<u>(57,934)</u>	<u>(22,101)</u>	<u>(86,383)</u>	<u>(2,872)</u>	<u>(204)</u>
10100	Total Other Financing Sources	<u>509,790</u>	<u>236,608</u>	<u>(3,321)</u>	<u>376,227</u>	<u>308,823</u>
10000	Excess (Deficiency) Of Total Revenue Over (Under) Total Expenses	<u>\$ (167,210)</u>	<u>\$ 174,606</u>	<u>\$ (165,460)</u>	<u>\$ (57,524)</u>	<u>\$ 72,334</u>
11020	Required annual debt principal payments	-	-	-	-	-
11030	Beginning of year equity	8,237,661	1,561,851	5,428,338	2,318,104	-
11040	Prior period adjustments, equity transfers	25,967	(1,176)	8,068	(2,343)	914,190
11170	Administrative Fee Equity	-	-	-	-	-
11180	Housing Assistance Fee Equity	-	-	-	-	-
11190	Unit Months Available	1,204	69	360	954	447
11210	Number of unit months leased	1,196	67	201	917	432
11270	Excess cash	204,969	44,651	71,986	145,733	117,347
11620	Building Purchases	-	-	-	-	-

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Line		Seola	Eastbridge	Salmon Creek	Zephyr	Sixth Place
Item #	Account Description	WA002000340	WA002000341	WA002000343	WA002000344	WA002000345
70300	Net tenant rental revenue	\$ -	\$ -	\$ -	\$ -	\$ -
70400	Tenant revenue - other	-	-	-	-	-
70500	Total tenant revenue	-	-	-	-	-
70600	HUD PHA Operating Grants	-	-	-	-	-
70610	Capital Grants	-	-	-	-	-
70710	Management Fee	-	-	-	-	-
70720	Asset Management Fee	-	-	-	-	-
70730	Book-keeping Fee	-	-	-	-	-
70750	Other Fees	-	-	-	-	-
70700	Total Fee Revenue	-	-	-	-	-
70800	Other Government Grants	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-
71310	Cost of Sale of Assets	-	-	-	-	-
71400	Fraud Recovery	-	-	-	-	-
71500	Other Revenue	-	-	-	-	-
71600	Gain (loss) on the sale of capital assets	-	-	-	-	-
72000	Investment income - restricted	-	-	-	-	-
70000	Total Revenue	-	-	-	-	-
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	-	-	-	-	-
92200	Relocation costs	-	-	-	-	-
92300	Employee benefits	-	-	-	-	-
92400	Tenant services - other	-	-	-	-	-
92500	Total Tenant Services	-	-	-	-	-
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	-	-	-	-	-

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Line Item #	Account Description	Seola Crossing WA002000340	Eastbridge WA002000341	Salmon Creek WA002000343	Zephyr WA002000344	Sixth Place Apartments WA002000345
96200	Other General Expenses	-	-	-	-	-
96210	Compensated absences	-	-	-	-	-
96300	Payments in lieu of taxes	-	-	-	-	-
96800	Severance expense	-	-	-	-	-
96000	Total Other General Expenses	-	-	-	-	-
96710	Interest on mortgage (or bonds) payable	-	-	-	-	-
96720	Interest on notes payable (short and long term)	-	-	-	-	-
96700	Total interest expense and amortization cost	-	-	-	-	-
96900	Total Operating Expenses	-	-	-	-	-
97000	Excess Operating Revenue over Operating Expenses	-	-	-	-	-
97200	Casualty losses - non-capitalized	-	-	-	-	-
97300	Housing assistance payments	-	-	-	-	-
97350	HAP Portability-In	-	-	-	-	-
97400	Depreciation expense	-	-	-	-	-
90000	Total Expenses	-	-	-	-	-
10010	Operating transfers in	-	-	-	-	-
10020	Operating transfers out	-	-	-	-	-
10100	Total Other Financing Sources	-	-	-	-	-
10000	Excess (Deficiency) Of Total Revenue Over (Under) Total Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
11020	Required annual debt principal payments	-	-	-	-	-
11030	Beginning of year equity	-	-	-	-	-
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	-	-	-	-	-

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Line		Fairwind	Boulevard	Yardley Arms	Riverton	Nia
Item #	Account Description	WA002000346	WA002000350	WA002000352	WA002000354	WA002000355
70300	Net tenant rental revenue	\$ -	\$ 209,095	\$ 190,912	\$ 84,250	\$ -
70400	Tenant revenue - other	-	6,991	4,577	1,822	-
70500	Total tenant revenue	-	216,086	195,489	86,072	-
70600	HUD PHA Operating Grants	-	-	-	-	-
70610	Capital Grants	-	-	-	-	-
70710	Management Fee	-	-	-	-	-
70720	Asset Management Fee	-	-	-	-	-
70730	Book-keeping Fee	-	-	-	-	-
70750	Other Fees	-	-	-	-	-
70700	Total Fee Revenue	-	-	-	-	-
70800	Other Government Grants	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-
71310	Cost of Sale of Assets	-	-	-	-	-
71400	Fraud Recovery	-	-	-	-	-
71500	Other Revenue	-	-	-	166	-
71600	Gain (loss) on the sale of capital assets	-	-	-	-	-
72000	Investment income - restricted	-	2,405	2,095	1,027	-
70000	Total Revenue	-	218,492	197,584	87,265	-
91100	Administrative salaries	-	44,821	35,602	22,496	-
91200	Auditing fees	-	1,798	1,721	822	-
91300	Management fees	-	-	-	-	-
91300-010	To PHA Administered Program	-	68,597	68,539	30,827	-
91300-020	To a Third Party/Outside Entity	-	-	-	-	-
91310	Book-keeping Fee	-	6,255	5,880	2,670	-
91400	Advertising and Marketing	-	-	-	-	-
91500	Employee benefit contributions - administrative	-	19,371	17,213	11,886	-
91600	Office Expenses	-	3,796	1,788	917	-
91700	Legal expense	-	491	2,731	198	-
91800	Travel	-	1,373	260	129	-
91900	Other	-	13,180	15,415	7,569	-
91000	Total Operating - Administrative	-	159,682	149,150	77,513	-
92000	Asset Management Fee	-	8,400	8,040	3,840	-
92100	Tenant services - salaries	-	-	-	-	-
92200	Relocation costs	-	-	-	-	-
92300	Employee benefits	-	-	-	-	-
92400	Tenant services - other	-	340	77	663	-
92500	Total Tenant Services	-	340	77	663	-
93100	Water	-	17,490	16,622	6,828	-
93200	Electricity	-	11,554	21,663	3,435	-
93300	Gas	-	-	4,742	-	-
93400	Fuel	-	-	-	-	-
93600	Sewer	-	42,294	9,307	21,238	-
93800	Other utilities expense	-	11,242	12,563	9,864	-
93000	Total Utilities	-	82,580	64,897	41,366	-
94100	Ordinary maintenance and operations - labor	-	53,445	56,643	36,512	-
94200	Ordinary maintenance and operations - material and other	-	49,086	24,639	21,773	-
94300	Ordinary maintenance and operations - contracts	-	39,838	44,469	54,682	-
94500	Employee benefit contributions - ordinary maintenance	-	24,034	21,591	14,119	-
94000	Total Maintenance	-	166,403	147,342	127,085	-
95200	Other contract costs	-	18,311	10,993	59,078	-
95000	Total Protective Services	-	18,311	10,993	59,078	-
96110	Property Insurance	-	3,940	4,280	2,601	-
96120	Liability Insurance	-	4,023	3,622	2,179	-
96130	Workmen's compensation	-	2,401	2,347	1,480	-
96100	Total Insurance Premiums	-	10,363	10,249	6,259	-

**Housing Authority of the County of King**  
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Line Item #	Account Description	Fairwind WA002000346	Boulevard Manor WA002000350	Yardley Arms WA002000352	Riverton Terrace WA002000354	Nia WA002000355
96200	Other General Expenses	-	-	-	-	-
96210	Compensated absences	-	11,718	10,221	3,844	-
96300	Payments in lieu of taxes	-	-	-	-	-
96800	Severance expense	-	-	-	-	-
96000	Total Other General Expenses	-	11,718	10,221	3,844	-
96710	Interest on mortgage (or bonds) payable	-	-	-	-	-
96720	Interest on notes payable (short and long term)	-	-	-	-	-
96700	Total interest expense and amortization cost	-	-	-	-	-
96900	Total Operating Expenses	-	457,798	400,969	319,648	-
97000	Excess Operating Revenue over Operating Expenses	-	(239,306)	(203,385)	(232,384)	-
97200	Casualty losses - non-capitalized	-	-	-	-	-
97300	Housing assistance payments	-	-	-	-	-
97350	HAP Portability-In	-	-	-	-	-
97400	Depreciation expense	-	222,282	163,531	126,818	-
90000	Total Expenses	-	680,079	564,501	446,466	-
10010	Operating transfers in	-	314,558	363,419	194,638	-
10020	Operating transfers out	-	(85,928)	(66,982)	-	-
10100	Total Other Financing Sources	-	228,629	296,436	194,638	-
10000	Excess (Deficiency) Of Total Revenue Over (Under) Total Expenses	\$ -	\$ (232,958)	\$ (70,480)	\$ (164,563)	\$ -
11020	Required annual debt principal payments	-	-	-	-	-
11030	Beginning of year equity	-	4,171,801	3,228,063	3,091,813	-
11040	Prior period adjustments, equity transfers	-	(848)	(5,042)	(10,727)	-
11170	Administrative Fee Equity	-	-	-	-	-
11180	Housing Assistance Fee Equity	-	-	-	-	-
11190	Unit Months Available	-	837	804	376	-
11210	Number of unit months leased	-	834	784	356	-
11270	Excess cash	-	109,191	120,256	47,309	-
11620	Building Purchases	-	-	-	-	-

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Line Item #	Account Description	Burien Park Apartments WA002000390	Valli Kee Homes WA002000401	Springwood Apartments WA002000402	Cascade Apartments WA002000403	Shelcor WA002000409
70300	Net tenant rental revenue	\$ 260,126	\$ 506,663	\$ -	\$ 486,085	\$ 20,460
70400	Tenant revenue - other	5,626.70	14,835	-	19,691	2,149
70500	Total tenant revenue	265,752	521,498	-	505,776	22,609
70600	HUD PHA Operating Grants	-	-	-	-	-
70610	Capital Grants	-	-	-	-	-
70710	Management Fee	-	-	-	-	-
70720	Asset Management Fee	-	-	-	-	-
70730	Book-keeping Fee	-	-	-	-	-
70750	Other Fees	-	-	-	-	-
70700	Total Fee Revenue	-	-	-	-	-
70800	Other Government Grants	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-
71310	Cost of Sale of Assets	-	-	-	-	-
71400	Fraud Recovery	-	-	-	-	-
71500	Other Revenue	-	2,480	-	1,944	-
71600	Gain (loss) on the sale of capital assets	-	-	-	-	-
72000	Investment income - restricted	1,244	5,130	-	4,333	650
70000	Total Revenue	266,996	529,108	-	512,053	23,259
91100	Administrative salaries	72,496	81,557	-	103,321	4,371
91200	Auditing fees	2,620	2,932	-	2,779	208
91300	Management fees	-	-	-	-	-
91300-010	<i>To PHA Administered Program</i>	94,373	166,511	-	160,211	7,251
91300-020	<i>To a Third Party/Outside Entity</i>	-	-	-	-	-
91310	Book-keeping Fee	8,790	10,193	-	9,322	720
91400	Advertising and Marketing	-	-	-	-	-
91500	Employee benefit contributions - administrative	23,904	41,836	-	42,329	1,618
91600	Office Expenses	4,028	3,008	-	7,556	409
91700	Legal expense	3	118	-	1,559	-
91800	Travel	198	1,152	-	818	4
91900	Other	23,879	24,844	-	20,657	247
91000	Total Operating - Administrative	230,291	332,152	-	348,550	14,829
92000	Asset Management Fee	12,240	13,680	-	12,960	960
92100	Tenant services - salaries	-	-	-	-	-
92200	Relocation costs	-	-	-	-	-
92300	Employee benefits	-	-	-	-	-
92400	Tenant services - other	133	1,418	-	125	9
92500	Total Tenant Services	133	1,418	-	125	9
93100	Water	27,303	46,117	-	27,229	1,212
93200	Electricity	17,206	14,331	-	13,635	632
93300	Gas	5,262	30,303	-	-	-
93400	Fuel	-	-	-	-	-
93600	Sewer	7,291	81,717	-	82,170	2,182
93800	Other utilities expense	16,966	79,207	-	46,642	4,641
93000	Total Utilities	74,028	251,675	-	169,676	8,666
94100	Ordinary maintenance and operations - labor	118,866	112,073	-	128,098	7,837
94200	Ordinary maintenance and operations - material and other	51,506	36,254	-	57,112	887
94300	Ordinary maintenance and operations - contracts	39,809	60,727	-	43,406	14,991
94500	Employee benefit contributions - ordinary maintenance	31,014	51,799	-	53,908	2,231
94000	Total Maintenance	241,194	260,853	-	282,524	25,947
95200	Other contract costs	18,311	-	-	-	-
95000	Total Protective Services	18,311	-	-	-	-
96110	Property Insurance	6,254	16,217	-	11,059	709
96120	Liability Insurance	5,935	8,114	-	7,581	697
96130	Workmen's compensation	4,110	5,487	-	5,796	262
96100	Total Insurance Premiums	16,300	29,818	-	24,436	1,668

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Line Item #	Account Description	Nia WA002000355	Valli Kee Homes WA002000401	Springwood Apartments WA002000402	Cascade Apartments WA002000403	Shelcor WA002000409
96200	Other General Expenses	-	-	-	-	-
96210	Compensated absences	8,961	29,556	-	29,833	1,066
96300	Payments in lieu of taxes	-	21,115	-	21,909	1,673
96800	Severance expense	-	-	-	-	-
96000	Total Other General Expenses	8,961	50,671	-	51,742	2,739
96710	Interest on mortgage (or bonds) payable	-	-	-	-	-
96720	Interest on notes payable (short and long term)	-	-	-	-	-
96700	Total interest expense and amortization cost	-	-	-	-	-
96900	Total Operating Expenses	601,458	940,267	-	890,014	54,818
97000	Excess Operating Revenue over Operating Expenses	(334,462)	(411,159)	-	(377,962)	(31,559)
97200	Casualty losses - non-capitalized	-	-	-	-	-
97300	Housing assistance payments	-	-	-	-	-
97350	HAP Portability-In	-	-	-	-	-
97400	Depreciation expense	253,926	707,711	-	426,734	28,007
90000	Total Expenses	855,384	1,647,978	-	1,316,748	82,824
10010	Operating transfers in	559,140	1,702,673	-	1,210,950	23,130
10020	Operating transfers out	(5,362)	(273,805)	-	(166,063)	(42,942)
10100	Total Other Financing Sources	553,779	1,428,867	-	1,044,887	(19,813)
10000	Excess (Deficiency) Of Total Revenue Over (Under) Total Expenses	\$ (34,609)	\$ 309,998	\$ -	\$ 240,192	\$ (79,378)
11020	Required annual debt principal payments	-	-	-	-	-
11030	Beginning of year equity	-	15,092,275	-	11,014,834	840,297
11040	Prior period adjustments, equity transfers	4,619,965	(708)	-	(2,872)	(159)
11170	Administrative Fee Equity	-	-	-	-	-
11180	Housing Assistance Fee Equity	-	-	-	-	-
11190	Unit Months Available	1,218	1,380	-	1,296	96
11210	Number of unit months leased	1,172	1,359	-	1,243	96
11270	Excess cash	188,666	220,728	-	173,496	12,726
11620	Building Purchases	-	401,730	-	50,828	-

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Line		Mardis Gras	Vantage	Firwood	Burndale	Wayland
Item #	Account Description	II	Point	Circle	Homes	Arms
		WA002000450	WA002000452	WA002000503	WA002000504	WA002000550
70300	Net tenant rental revenue	\$ -	\$ -	\$ 233,922	\$ 265,292	\$ 176,471
70400	Tenant revenue - other	-	-	4,044	6,119	5,323
70500	Total tenant revenue	-	-	237,966	271,411	181,794
70600	HUD PHA Operating Grants	-	-	-	-	-
70610	Capital Grants	-	-	-	-	-
70710	Management Fee	-	-	-	-	-
70720	Asset Management Fee	-	-	-	-	-
70730	Book-keeping Fee	-	-	-	-	-
70750	Other Fees	-	-	-	-	-
70700	Total Fee Revenue	-	-	-	-	-
70800	Other Government Grants	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-
71310	Cost of Sale of Assets	-	-	-	-	-
71400	Fraud Recovery	-	-	-	-	-
71500	Other Revenue	-	-	-	1,200	360
71600	Gain (loss) on the sale of capital assets	-	-	-	-	-
72000	Investment income - restricted	-	-	2,567	2,334	2,147
70000	Total Revenue	-	-	240,533	274,945	184,301
91100	Administrative salaries	-	-	50,183	58,379	26,512
91200	Auditing fees	-	-	1,288	1,288	1,721
91300	Management fees	-	-	-	-	-
91300-010	To PHA Administered Program	-	-	94,644	49,231	58,686
91300-020	To a Third Party/Outside Entity	-	-	-	-	-
91310	Book-keeping Fee	-	-	4,463	4,478	5,865
91400	Advertising and Marketing	-	-	-	-	-
91500	Employee benefit contributions - administrative	-	-	17,022	22,834	9,688
91600	Office Expenses	-	-	2,554	2,681	1,265
91700	Legal expense	-	-	60	134	1,544
91800	Travel	-	-	355	123	164
91900	Other	-	-	14,166	11,130	14,291
91000	Total Operating - Administrative	-	-	184,734	150,276	119,735
92000	Asset Management Fee	-	-	6,000	6,000	8,040
92100	Tenant services - salaries	-	-	-	-	-
92200	Relocation costs	-	-	-	-	-
92300	Employee benefits	-	-	-	-	-
92400	Tenant services - other	-	-	1,890	1,934	77
92500	Total Tenant Services	-	-	1,890	1,934	77
93100	Water	-	-	15,996	22,259	6,661
93200	Electricity	-	-	10,934	11,193	11,507
93300	Gas	-	-	22,685	23,441	13,759
93400	Fuel	-	-	-	-	-
93600	Sewer	-	-	30,490	40,407	15,475
93800	Other utilities expense	-	-	30,541	31,040	13,209
93000	Total Utilities	-	-	110,647	128,341	60,611
94100	Ordinary maintenance and operations - labor	-	-	57,319	91,842	33,640
94200	Ordinary maintenance and operations - material and other	-	-	22,104	38,914	26,358
94300	Ordinary maintenance and operations - contracts	-	-	18,787	37,564	30,218
94500	Employee benefit contributions - ordinary maintenance	-	-	22,294	29,201	11,811
94000	Total Maintenance	-	-	120,505	197,520	102,027
95200	Other contract costs	-	-	-	-	-
95000	Total Protective Services	-	-	-	-	-
96110	Property Insurance	-	-	5,146	5,375	4,651
96120	Liability Insurance	-	-	3,644	3,603	3,784
96130	Workmen's compensation	-	-	2,974	4,183	1,370
96100	Total Insurance Premiums	-	-	11,764	13,162	9,805



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Line Item #	Account Description	Mardis Gras II WA002000450	Vantage Point WA002000452	Firwood Circle WA002000503	Burndale Homes WA002000504	Wayland Arms WA002000550
96200	Other General Expenses	-	-	-	-	-
96210	Compensated absences	-	-	19,545	11,624	3,403
96300	Payments in lieu of taxes	-	-	6,685	6,400	6,695
96800	Severance expense	-	-	-	729	292
96000	Total Other General Expenses	-	-	26,230	18,752	10,389
96710	Interest on mortgage (or bonds) payable	-	-	-	-	-
96720	Interest on notes payable (short and long term)	-	-	-	-	-
96700	Total interest expense and amortization cost	-	-	-	-	-
96900	Total Operating Expenses	-	-	461,769	515,985	310,686
97000	Excess Operating Revenue over Operating Expenses	-	-	(221,236)	(241,039)	(126,385)
97200	Casualty losses - non-capitalized	-	-	-	-	-
97300	Housing assistance payments	-	-	-	-	-
97350	HAP Portability-In	-	-	-	-	-
97400	Depreciation expense	-	-	324,155	280,484	146,450
90000	Total Expenses	-	-	785,924	796,468	457,136
10010	Operating transfers in	-	-	1,531,053	1,309,004	220,968
10020	Operating transfers out	-	-	(63,942)	(21,052)	-
10100	Total Other Financing Sources	-	-	1,467,112	1,287,951	220,968
10000	Excess (Deficiency) Of Total Revenue Over (Under) Total Expenses	\$ -	\$ -	\$ 921,721	\$ 766,429	\$ (51,867)
11020	Required annual debt principal payments	-	-	-	-	-
11030	Beginning of year equity	-	-	6,120,714	5,711,341	3,072,096
11040	Prior period adjustments, equity transfers	-	-	(5,436)	(37,513)	15,209
11170	Administrative Fee Equity	-	-	-	-	-
11180	Housing Assistance Fee Equity	-	-	-	-	-
11190	Unit Months Available	-	-	600	600	804
11210	Number of unit months leased	-	-	595	597	782
11270	Excess cash	-	-	139,271	122,722	200,423
11620	Building Purchases	-	-	777,828	1,063,321	-

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Line Item #	Account Description	Plaza Seventeen II WA002000551	Southridge House WA002000552	Casa Madrona II WA002000553	SUBTOTAL	Elimination	TOTAL AUTHORITY	COMPONENT UNITS - DISCRETELY PRESENTED
70300	Net tenant rental revenue	\$ -	\$ 184,602	\$ -	\$ 74,702,157	\$ -	\$ 74,702,157	\$ 20,440,741
70400	Tenant revenue - other	-	4,345	-	2,350,104	-	2,350,104	193,854
70500	Total tenant revenue	-	188,947	-	77,052,260	-	77,052,260	20,634,595
70600	HUD PHA Operating Grants	-	-	-	141,507,106	-	141,507,106	-
70610	Capital Grants	-	-	-	2,995,212	-	2,995,212	-
70710	Management Fee	-	-	-	4,425,886	(4,425,886)	-	-
70720	Asset Management Fee	-	-	-	373,680	(373,680)	-	-
70730	Book-keeping Fee	-	-	-	1,419,179	(1,419,179)	-	-
70750	Other Fees	-	-	-	812,192	-	812,192	-
70700	Total Fee Revenue	-	-	-	7,030,937	(6,218,745)	812,192	-
70800	Other Government Grants	-	-	-	9,149,198	-	9,149,198	-
71300	Proceeds from disposition of assets held for sale	-	-	-	5,409,945	-	5,409,945	-
71310	Cost of Sale of Assets	-	-	-	(4,938,252)	-	(4,938,252)	-
71400	Fraud Recovery	-	-	-	-	-	-	-
71500	Other Revenue	-	-	-	47,160,393	(4,957,592)	42,202,801	24,734,503
71600	Gain (loss) on the sale of capital assets	-	-	-	308,499	-	308,499	-
72000	Investment income - restricted	-	2,535	-	12,602,332	(1,667,892)	10,934,440	-
70000	Total Revenue	-	191,482	-	298,277,667	(12,844,230)	285,433,437	45,452,027
91100	Administrative salaries	-	33,186	-	18,081,979	-	18,081,979	1,106,024
91200	Auditing fees	-	2,055	-	127,213	-	127,213	-
91300	Management fees	-	-	-	150,042	-	150,042	928,773
91300-010	To PHA Administered Program	-	71,470	-	4,425,886	(4,425,886)	-	-
91300-020	To a Third Party/Outside Entity	-	-	-	2,059,329	-	2,059,329	-
91310	Book-keeping Fee	-	6,533	-	1,419,179	(1,419,179)	-	-
91400	Advertising and Marketing	-	-	-	235,170	-	235,170	9,307
91500	Employee benefit contributions - administrative	-	22,349	-	5,496,200	-	5,496,200	511,300
91600	Office Expenses	-	2,227	-	1,654,768	-	1,654,768	397,861
91700	Legal expense	-	453	-	373,448	-	373,448	23,256
91800	Travel	-	1,867	-	498,574	-	498,574	408
91900	Other	-	16,323	-	11,525,835	(1,997,171)	9,528,664	229,047
91000	Total Operating - Administrative	-	156,463	-	46,047,623	(7,842,236)	38,205,387	3,205,976
92000	Asset Management Fee	-	9,600	-	373,680	(373,680)	-	101,031
92100	Tenant services - salaries	-	-	-	2,190,137	-	2,190,137	-
92200	Relocation costs	-	-	-	157,161	-	157,161	-
92300	Employee benefits	-	-	-	822,722	-	822,722	-
92400	Tenant services - other	-	93	-	4,535,257	-	4,535,257	-
92500	Total Tenant Services	-	93	-	7,705,278	-	7,705,278	-
93100	Water	-	11,358	-	2,452,151	-	2,452,151	816,141
93200	Electricity	-	20,250	-	1,285,607	-	1,285,607	236,919
93300	Gas	-	5,753	-	206,463	-	206,463	91,397
93400	Fuel	-	-	-	5,552	-	5,552	-
93600	Sewer	-	21,065	-	3,977,109	-	3,977,109	873,636
93800	Other utilities expense	-	11,388	-	2,697,301	-	2,697,301	533,065
93000	Total Utilities	-	69,815	-	10,624,182	-	10,624,182	2,551,158
94100	Ordinary maintenance and operations - labor	-	60,853	-	6,826,201	-	6,826,201	1,074,380
94200	Ordinary maintenance and operations - material and other	-	38,842	-	8,908,143	-	8,908,143	-
94300	Ordinary maintenance and operations - contracts	-	111,179	-	4,225,747	-	4,225,747	908,241
94500	Employee benefit contributions - ordinary maintenance	-	27,351	-	2,350,978	-	2,350,978	452,338
94000	Total Maintenance	-	238,225	-	22,311,069	-	22,311,069	2,434,959
95200	Other contract costs	-	-	-	371,035	-	371,035	-
95000	Total Protective Services	-	-	-	371,035	-	371,035	-
96110	Property Insurance	-	5,471	-	670,025	-	670,025	247,729
96120	Liability Insurance	-	4,414	-	741,280	-	741,280	37,972
96130	Workmen's compensation	-	2,108	-	401,355	-	401,355	-
96100	Total Insurance Premiums	-	11,994	-	1,812,660	-	1,812,660	285,701

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Line Item #	Account Description	Plaza Seventeen II WA002000551	Southridge House WA002000552	Casa Madrona II WA002000553	SUBTOTAL	Elimination	TOTAL AUTHORITY	COMPONENT UNITS - DISCRETELY PRESENTED
96200	Other General Expenses	-	-	-	5,170,137	(2,960,422)	2,209,715	351,286
96210	Compensated absences	-	17,384	-	2,333,365	-	2,333,365	-
96300	Payments in lieu of taxes	-	-	-	453,751	-	453,751	-
96800	Severance expense	-	2,489	-	188,196	-	188,196	-
96000	Total Other General Expenses	-	19,873	-	8,145,449	(2,960,422)	5,185,027	351,286
96710	Interest on mortgage (or bonds) payable	-	-	-	4,917,198	(703,848)	4,213,350	2,361,893
96720	Interest on notes payable (short and long term)	-	-	-	7,677,326	(964,044)	6,713,282	4,777,690
96700	Total interest expense and amortization cost	-	-	-	12,594,524	(1,667,892)	10,926,632	7,139,583
96900	Total Operating Expenses	-	506,061	-	109,965,501	(12,844,230)	97,141,271	16,069,694
97000	Excess Operating Revenue over Operating Expenses	-	(314,579)	-	188,292,166	-	188,292,166	29,382,333
97200	Casualty losses - non-capitalized	-	-	-	379,713	-	379,713	-
97300	Housing assistance payments	-	-	-	108,146,350	-	108,146,350	-
97350	HAP Portability-In	-	-	-	34,101,438	-	34,101,438	-
97400	Depreciation expense	-	249,899	-	18,463,355	-	18,463,355	12,081,198
90000	Total Expenses	-	755,960	-	271,076,356	(12,844,230)	258,232,126	28,150,892
10010	Operating transfers in	-	337,875	-	173,430,935	(173,430,935)	-	-
10020	Operating transfers out	-	-	-	(173,430,934)	173,430,934	-	-
10100	Total Other Financing Sources	-	337,875	-	-	(0)	(0)	-
10000	Excess (Deficiency) Of Total Revenue Over (Under) Total Expenses	\$ -	\$ (226,603)	\$ -	\$ 27,201,313	\$ -	\$ 27,201,313	\$ 17,301,135
11020	Required annual debt principal payments	-	-	-	14,210,969	-	14,210,969	-
11030	Beginning of year equity	-	4,817,633	-	523,047,572	-	523,047,572	86,082,919
11040	Prior period adjustments, equity	-	3,634	-	1	-	1	(2,127,905)
11170	Administrative Fee Equity	-	-	-	(264,903)	-	(264,903)	-
11180	Housing Assistance Fee Equity	-	-	-	771,620	-	771,620	-
11190	Unit Months Available	-	954	-	200,169	-	200,169	9,540
11210	Number of unit months leased	-	946	-	198,991	-	198,991	9,406
11270	Excess cash	-	137,996	-	3,263,062	-	3,263,062	-
11620	Building Purchases	-	-	-	2,995,212	-	2,995,212	-

# Actual Modernization Cost Certificate

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

OMB Approval No. 2577-0197 (exp. 01/31/2017)

## Capital Fund Program (CFP)

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 Office, Paperwork Reduction Project (2577-0044 and 0157), Office of Information Technology, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-3500. 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. This information requested does not lend itself to confidentiality.

PHA Name:

HA COUNTY OF KING

Modernization Project Number:

WA19P002501-13

The PHA 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 Funds Approved	\$ 3,162,965.00
B Funds Disbursed	\$ 3,162,965.00
C Funds Expended (Actual Modernization Cost)	\$ 3,162,995.00
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 PHA 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;

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

6. That for any years in which the grantee is subject to the audit requirements of the Single Audit Act, 31 U.S.C. § 7501 et seq., as amended, the grantee has or will perform an audit in compliance with said requirements.

7. Please mark one:

☒ A. This grant will be included in the PHA's next fiscal year audit per the requirements of the Single Audit Act.

☐ B. This grant will not be included in the PHA's next fiscal year audit per the requirements of the Single Audit Act.

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

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

Name & Title of Authorized Signatory (type or print clearly):

Stephen J. Norman, Executive Director

Signature of Executive Director (or Authorized Designee):

X

Date:

11-22-17

For HUD Use Only

The Cost Certificate is approved for audit (if box 7A is marked):

Approved for Audit (Director, Office of Public Housing)

X

Date:

11/22/2017

The costs shown above agree with HUD verified costs (if box 7A or 7B is marked):

Approved: (Director, Office of Public Housing)

X

Date:

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. 01/31/2017)

## Capital Fund Program (CFP)

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 (2577-0244 and 0157), Office of Information Technology, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-3800. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number.

Do not send this form to the above address.

This collection of information requires that each Housing Authority (PHA) 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.

PHA Name:

HA COUNTY OF KING

Modernization Project Number:

WA19R002501-13

The PHA 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. Funds Approved	\$ 1,045,158.00
B. Funds Disbursed	\$ 1,045,158.00
C. Funds Expended (Actual Modernization Cost)	\$ 1,045,158.00
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 PHA 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;

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

6. That for any years in which the grantee is subject to the audit requirements of the Single Audit Act, 31 U.S.C. § 7501 et seq., as amended, the grantee has or will perform an audit in compliance with said requirements.

7. Please mark one:

☒ A. This grant will be included in the PHA's next fiscal year audit per the requirements of the Single Audit Act.

☐ B. This grant will not be included in the PHA's next fiscal year audit per the requirements of the Single Audit Act.

I hereby certify that all the information stated herein, as well as any information provided in the accompanying paperwork, 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)

Name & Title of Authorized Signatory (type or print clearly):

Stephen J. Norman, Executive Director

Signature of Executive Director (or Authorized Designee):

X

Date:

11-22-17

For HUD Use Only:

The Cost Certificate is approved for audit (if box 7A is marked):

Approved for Audit (Director, Office of Public Housing)

X

Date:

11-23-2017

The costs shown above agree with HUD verified costs (if box 7A or 7B is marked):

Approved: (Director, Office of Public Housing)

X

Date:



## 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	
Public Records requests	<a href="mailto:PublicRecords@sao.wa.gov">PublicRecords@sao.wa.gov</a>
Main telephone	(360) 902-0370
Toll-free Citizen Hotline	(866) 902-3900
Website	<a href="http://www.sao.wa.gov">www.sao.wa.gov</a>



**Office of the Washington State Auditor**  
**Pat McCarthy**

**Accountability Audit Report**

**Housing Authority of the County of  
King**

**(King County Housing Authority)**

**For the period January 1, 2017 through December 31, 2017**

**Published November 1, 2018**

**Report No. 1022556**





**Office of the Washington State Auditor**  
**Pat McCarthy**

November 1, 2018

Board of Commissioners  
King County Housing Authority  
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 independent audit report on the Housing Authority's compliance with applicable requirements and safeguarding of public resources for the 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 black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy  
State Auditor  
Olympia, WA



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## AUDIT RESULTS

This report describes the overall results and conclusions for the areas we examined. In those selected areas, Housing Authority operations complied with applicable state laws, regulations, and its own policies, and provided adequate controls over the safeguarding of public resources.

### About the audit

This report contains the results of our independent accountability audit of the King County Housing Authority from January 1, 2017 through December 31, 2017.

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.

This audit was conducted under the authority of RCW 43.09.260, which requires the Office of the State Auditor to examine the financial affairs of all local governments. 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, based on our risk assessment for the year ended December 31, 2017, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. The following areas were examined during this audit period:

- Compliance with low-income occupancy requirements
- Compliance with selected Housing Authority laws and regulations
- Financial condition and fiscal sustainability
- Credit card usage
- Interlocal agreements with intra and inter-state organizations
- Procurement – Purchase of Ballinger Commons, bidding for public works projects, change orders, and prevailing wages
- IT systems – operation controls and security
- Third-party managed properties – Ballinger Commons and Meadowbrook
- Employee reimbursements
- Tax credit partnership dissolution – Southwood Square

## 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, 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 Schedule of Findings and Questioned Costs section of the separate financial statement and single audit report.

## 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 401 employees. For fiscal year 2017, the Housing Authority operated on an annual budget of approximately \$236.5 million.

Contact information related to this report	
Address:	King County Housing Authority 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 King County Housing Authority at <http://portal.sao.wa.gov/ReportSearch>.

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