



# **MEETING OF THE BOARD OF COMMISSIONERS**

**Monday, December 16, 2019**

**King County Housing Authority  
700 Andover Park West  
Tukwila, WA 98188**



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

December 16, 2019  
8:30 a.m.

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

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## **I. Call to Order**

## **II. Roll Call**

## **III. Public Comment**

## **IV. Approval of Minutes**

A. Board Meeting Minutes – November 18, 2019 **1**

## **V. Approval of Agenda**

## **VI. Consent Agenda**

A. Voucher Certification Report for October 2019 **2**

## **VII. Resolution for Discussion and Possible Action**

**A. Resolution No. 5641 – 3**  
Acceptance of Washington State Auditor's Office Report on  
Financial Statements and Federal Single Audit (No. 1024670) and  
the Accountability Audit Report (No. 1025074), both for the period  
January 1, 2018 through December 31, 2018.

<b>B. Resolution No. 5642 –</b> Authorizing Approval of the Comprehensive Operating and Capital Budgets for Calendar Year beginning January 1, 2020.	<b>4</b>
<b>C. Resolution No. 5643 –</b> Authorizing Higher Payment Standards for the Housing Choice Voucher Program.	<b>5</b>
<b>D. Resolution No. 5644 –</b> Resolution providing for the issuance of the Authority’s Non-Revolving Line of Credit Revenue Note, 2019 (Hampton Greens Apartments) in the principal amount of not to exceed \$126,500,000 to finance the acquisition of the Hampton Greens Apartments in Bellevue, Washington, and determining related matters.	<b>6</b>
<b>VIII. Briefings &amp; Reports</b>	
A. Third Quarter CY 19 Financial Report	<b>7</b>
B. Third Quarter Board Dashboard	<b>8</b>
<b>IX. Executive Director Report</b>	
<b>X. KCHA in the News</b>	<b>9</b>
<b>XI. Commissioner Comments</b>	
<b>XII. Adjournment</b>	

*Members of the public who are disabled and require special accommodations or assistance at the meeting are requested to notify the Board Coordinator in writing at 600 Andover Park West, Seattle, WA 98188 or by calling 206-574-1206 prior to the meeting date.*

# T A B N U M B E R

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

**Monday, November 18, 2019**

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**I. CALL TO ORDER**

The meeting of the King County Housing Authority Board of Commissioners was held on Monday, November 18, 2019 at 700 Andover Park West, Tukwila, WA 98188. There being a quorum, the meeting was called to order by Chair Doug Barnes at 8:30 a.m.

**II. ROLL CALL**

**Present:** Commissioner Doug Barnes (Chair), Commissioner Susan Palmer (Vice-Chair), Commissioner John Welch and Commissioner TerryLynn Stewart.

**Excused:** Commissioner Michael Brown

**III. Public Comment**

None.

**IV. APPROVAL OF MINUTES**

A. Board Meeting Minutes – October 14, 2019

On motion by Commissioner Susan Palmer and seconded by Commissioner TerryLynn Stewart, the Board unanimously approved the October 14, 2019 Board of Commissioners' Meeting Minutes.

**V. APPROVAL OF AGENDA**

On motion by Commissioner TerryLynn Stewart and seconded by Commissioner John Welch, the Board unanimously approved the November 18, 2019 Board of Commissioners' meeting agenda.

**VI. CONSENT AGENDA**

A. Voucher Certification Report for September 2019

On motion by Commissioner TerryLynn Stewart and seconded by Commissioner Susan Palmer, the Board unanimously approved the consent agenda.

## **VII. RESOLUTONS FOR DISCUSSION & POSSIBLE ACTION**

**A. Resolution No. 5635** – Resolution providing for the issuance of revenue bonds of the Authority in the aggregate principal amount of not to exceed [\$13,000,000], the proceeds of which will be used to make a loan to Somerset Gardens Apartments LLLP, a Washington limited liability limited partnership of which the Authority is the sole general partner, to refinance the costs of acquiring, rehabilitating, and constructing the Highland Village Apartments, and determining related matters.

Dan Landes, Development Director explained the resolution in detail.

When we first started the development of Highland Village and Somerset Gardens, the 4% tax credit bond program was in jeopardy so we closed on all tax exempt bonds that we needed for the project in the form of an interim loan with Bank of America.

The Highland Village loan will be repaid with tax credit equity and the proceeds from the financing with this resolution. This resolution will provide up to 13 M in tax exempt bond financing that will be repaid over time through the revenues of the Highland Village Project.

KCHA is not projected to come out of pocket at all.

This is a classic preservation of workforce housing.

Questions of Commissioners' were answered.

On motion by Commissioner Susan Palmer and seconded by Commissioner John Welch, the Board unanimously approved Resolution No. 5635.

**B. Resolution No. 5636** - A Resolution of the Housing Authority of the County of King authorizing the Executive Director to approve, execute and deliver all documents relating to the Abbell rental housing project (Abbey Ridge and Bellevue Manor apartments) including but not limited to Limited Liability Limited Partnership Documents, Lease Documents, Low Income Housing Tax Credit Documents, Seller Loan Documents, Authority Loan Documents and Deferred Development Fee Documents and determining related matters.

Dan Landes, Development Director, explained that the next four resolutions are all related to this tax credit project. These resolutions will allow us to execute the tax credit deal.

5636 and 5637 are related to the Abbey Ridge, purchased in 2016 and Bellevue Manor, purchased in 2013. Abbey Ridge has significant capital needs that we will address.

Bellevue Manor is one of the few senior properties that doesn't have a sprinkler system and needs full fire safety improvements and because it's a Section 8 building, which allows us to do income averaging in conjunction with the Abbey Ridge project, we can keep existing tenants that have incomes that are in the 60%-80% area medians. This is why we wanted these two projects to stay together.

We will generate 33 million in tax credit equity and 33 million in rehab.

We have applied for 3.6 million that is awarded from King County TOD funds for Abbey Ridge. We won't find out until the end of December if we will receive this award.

5636 is the omnibus resolution, and allows us to execute the tax credit deal. It will form the tax credit partnership.

At the end of the developments, approximately three years, King County Housing Authority expects to break even and not have to come out of pocket for any related expenses.

Questions of Commissioners' were answered.

On motion by Commissioner Susan Palmer and seconded by Commissioner TerryLynn Stewart, the Board unanimously approved Resolution No. 5636.

**C. Resolution No. 5637** – Resolution providing for the issuance of revenue notes of the Authority in a combined principal amount not to exceed [\$40,000,000], the proceeds of which will be used to make a loan to Abbell LLP, a Washington limited liability limited partnership of which the Authority is the sole general partner, to finance the acquisition, rehabilitation and equipping of the Bellevue Manor Apartments and Abbey Ridge Apartments, and determining related matters.

Dan Landes, Development Director, continued explaining the details of each resolution.

Resolution No. 5637 allows us to take out Bond Financing (both tax exempt bond financing) which we need to meet the 50% test to get the low income tax credits. 24 of the 40 million will allow us to meet the 50%.

The rest of it, (16 million) will be in taxable financing which allows us to bridge the temporary gap. This will provide us the money as we need it, but as we get the money, we will pay off the taxable loans.

On motion by Commissioner TerryLynn Stewart and seconded by Commissioner John Welch, the Board unanimously approved Resolution No. 5637.

**D. Resolution No. 5638** – A resolution of the Housing Authority of the County of King authorizing the Executive Director to approve, execute and deliver all documents relating to the Woodland North Apartments rental housing project including but not limited to Limited Liability Limited Partnership Documents, Lease Documents, Low Income Housing Tax Credit Documents, Seller Loan Documents, Authority Loan Documents and Deferred Development Fee Documents and determining related matters.

Dan Landes, Development Director, explained about Woodland North.

Woodland North is a property in Lake Forest Park in North King County comprised of 105 units and was built in 1980. We have owned and operated this as workforce housing. It's built on the side of a slope and we have issues with the retaining wall that is threatening the housing. There is also a stream that runs through it. A lot of the funds in connection with this project will be used to address site issues.

It will also be a net contributor to the Abbey Ridge and Bellevue Manor costs. We are generating 14.5 million in equity from Boston Capital, our tax credit investor. We are only doing 9.5 million in rehab.

Questions of Commissioners' were answered.

On motion by Commissioner Susan Palmer and seconded by Commissioner John Welch, the Board unanimously approved Resolution No. 5638.

**E. Resolution No. 5639** – Resolution providing for the issuance of revenue notes of the Authority in a combined principal amount not to exceed [\$12,000,000], the proceeds of which will be used to make a loan to Woodland North LLLP, a Washington limited liability limited partnership of which the Authority is the sole general partner, to finance the acquisition, rehabilitation and equipping of the Woodland North Apartments, and determining related matters.

Dan Landes, Development Director explained that this is similar to the other resolution.

On motion by Commissioner TerryLynn Stewart and seconded by Commissioner John Welch, the Board unanimously approved Resolution No. 5639.

**F. Resolution No. 5640** – A Resolution Authorizing Acquisition of the Hampton Green Apartments.

Tim Walter, Senior Director of Development and Asset Management gave an overview of the resolution.

Hampton Greens is a 326 unit apartment complex located in Bellevue, just south of the Redmond border. It was built in 1984 and located on 148<sup>th</sup> which is the street that borders the Microsoft campus.

Hampton Greens is not technically on the market, but the ownership is considering selling the property if it can close by the end of this year. It's owned by the State of Massachusetts Pension Fund. They are having an investment committee meeting today and will decide if they would like to sell or not.

We will come back to the Board in December, after we complete our due diligence with more details. The cost is \$388,000 per unit. This is extremely expensive real estate. It's this type of housing that is becoming more and more expensive. People that are living there now will be able to continue living there.

This resolution authorizes us to move forward with the acquisition.

Questions of Commissioners' were answered.

On motion by Commissioner TerryLynn Stewart and seconded by Commissioner Susan Palmer, the Board unanimously approved Resolution No. 5640.

## **VIII. BRIEFINGS AND REPORTS**

### **A. CY 2020 Budget Briefing**

Jill Stanton, Deputy Executive Director for Administration gave a presentation for the overview of the 2020 Budget with KCHA's Mission and Board's guiding principles.

There are 16 budgets that are developed under five departments and the Executive Budget. The budgets are then rolled up into one agency budget.

The Major Budget Initiative Goals for 2020 are:

- Increasing HCV Program
- Improve Shopping Success Rate
- Acquisition & Development of Affordable Housing
- Homeless, Education and Geographic Mobility Programs
- Reinvestment and Upgrades to Existing Portfolio
- Investment in our Staff
- Technology Upgrades
- Racial Equity, Diversity & Inclusion Efforts

The 2020 Budget Expenses/Uses are:

- HAP Costs and Voucher utilization efforts
- Housing Management operations

- Personal Service Costs
- Workforce housing operations and repositioning efforts
- Resident Service costs including housing stability and Homelessness
- Capital Expenditures - \$36 million including 135 unit upgrades
- Technology
- Social Impact projects – CMTO and other research projects
- Development and Property Acquisitions

Craig Violante, Director of Finance, offered to meet with each of the Board of Commissioners to review the budget.

Questions of Commissioners' were answered.

#### B. Third Quarter CY 19 Write-Off Report

Craig Violante, Director of Finance summarized that we had three accounts that had the majority of the write off amounts.

Bill Cook, Director of Public Housing, explained the details of the amounts and if we were able to take the three accounts out of the report that most of the money was accounted for, we would see more normal write off ranges of \$30,000-\$40,000 in write-offs.

One write-off had \$13,000 of unreported income and the other was for \$53,781 for cleaning/damage charges related to drug use in the unit.

#### C. Third Quarter CY 19 Procurement Report

Jill Stanton, Deputy Executive Director for Administration presented the Procurement Report.

Questions of Commissioners' were answered.

### **IX. EXECUTIVE DIRECTOR REPORT**

Director Norman extended kudo's to Kristy Johnson, Helen Howell and Mike Reilly on recent HUD awards.

KCHA received notification last week that we will be receiving 198 new Mainstream Vouchers, valued at \$2.4 million in annual subsidy payments, under the recent HUD Notice of Funding Availability (NOFA). This was a national competitive process. We were awarded the most vouchers in Washington State, almost 1/3 of the entire state allocation of \$8 million.

We have additionally received notification that we have been invited to apply for 67 new VASH vouchers to support homeless veterans.

We are now in the process of applying for additional family unification program (FUP) vouchers under another HUD NOFA that was recently issued.

Congratulations also to Craig Violante and his team for a completely clean financial audit by the Washington State Auditors. There was not even a management letter or an exit item. Craig and his team make this appear easy although it is actually a very complex process.

Thank you to Commissioner Stewart for attending the Auditor's exit conference on behalf of the Board. We have just received the supplemental Accountability Audit Report and we will bring both audits reports to the Board meeting next month.

Commissioner Barnes, Director Norman, Helen Howell and Andrew Calkins went to Washington DC subsequent to our last Board meeting. Hats off to Andrew Calkins for getting us in to meet in person with all five of our congressional representatives and both Senators.

Helen Howell noted that it was great to meet with all of them and that we provided broad background education on housing issues and reaffirmed our partnerships. She noted that one key issue is increasing our VASH voucher lease-up rate and we discussed with the delegation how we can best support the VA in increasing the rate of referrals.

Helen noted that we also discussed the HUD budget as it relates to KCHA - the Senate had just approved its THUD Appropriations Bill - and we reaffirmed the importance of preserving the Senate's version of language pertaining to the ACC contract as this bill moves to conference.

Commissioner Barnes added that he was very impressed with the Authority's connection with the delegation. He felt that we are in an excellent position, our representatives are aware of what the authority is doing and actively asking for our partnership as well to assist them in certain areas. He was pleased to see the level of engagement. Commissioner Barnes also noted that he had a more positive feeling about the Federal budget this year.

In closing he noted that there is real value in staying connected with our representatives. It's very important to maintain those connections and to provide tours and contacts when they are back in the region.

Director Norman noted that Congress has a two year bipartisan agreement in place around top line budget numbers and that both the House and Senate have passed THUD Appropriations Bills. The intent appears to be to combine this bill with a number of other appropriations bills in a "mini-bus" after it comes out of conference.

Confidence is pretty high that the final numbers will be between the House and Senate goal posts, which reduces the level of uncertainty for us in terms of what the funding proration for our HUD programs will be in 2020.

The largest unknown and risk for us in this upcoming budget is the inflation factor for our Housing Choice Voucher program. This is an internal HUD decision and we will not know the final number until spring.

Director Norman returned to the VASH issue – he noted that one of the people we met with in Washington DC was Matthew Doherty, who directs the US Interagency Council on Homelessness, which is the agency responsible for coordinating on homeless issues between all of the federal departments involved. We discussed next steps in national strategies for increasing VASH utilization. Mr. Doherty was subsequently let go by the Administration, which appears to be increasingly directing the Federal approach to homelessness from the White House.

Director Norman thanked and acknowledged Doug Barnes for giving so generously of his time, energy and input while the team was in in DC.

He noted, moving forward, that KCHA had a very busy month ahead in terms of real estate transactions, finalizing the budget and submitting the application to HUD for this last round of housing vouchers.

Helen Howell, her staff and the Housing Choice Voucher Department are also moving forward with the launch of KCHA's partnership with Highline Community College. Stephen and Helen met with the President of Highline last week and he has committed a dedicated FTE to this initiative.

Kristy Johnson is heading up the design and implementation of this effort with the assistance of David Forte from the Research Group, and the approach has been designed in consultation with the College's faculty and administration as well as with input from students through surveys.

One of KCHA's core missions is to increase housing opportunities for students experiencing homelessness. This partnership is one of the programs intended to address this issue. KCHA will allocate 40 tenant based vouchers to homeless students who are enrolled at Highline in pursuit of a degree or certificate. The assistance will be provided for up to four years of college enrollment, with a six month "tail" of housing assistance to support successful transition.

The initiative builds on work being done in Tacoma between the Tacoma Housing Authority and Tacoma Community College. KCHA intends to launch the program at the start of winter quarter in January 2020.



## **X. KCHA IN THE NEWS**

There was an article on King 5 news.

## **XI. COMMISSIONER COMMENTS**

Commissioner Welch thanked Helen Howell for meeting with him before going to DC. She gave him talking points of intersections between education and housing and spent a little time on the public charge rule.

Commissioner Welch also recommended that we review the following initiatives with the Board next year as they are foundational as it relates to investing in people:

- 1) Performance management /Job Classification/Compensation  
Think it's important for the board to understand what that looks like.
- 2) Race, Equity, Diversity and Inclusion work. Would like to see how staff are envisioning that. Imagine there being some impacts to the board and maybe there will be recommendations that come out of that in terms of building our boards capacity for leading in that space as well.

## **XII. ADJOURNMENT**

Chair Barnes adjourned the meeting at 10:02 a.m.

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

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

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**STEPHEN J. NORMAN**  
Secretary

# T A B N U M B E R

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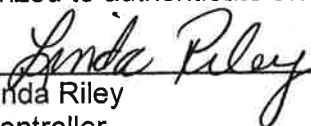
To: Board of Commissioners

From: Linda Riley, Controller

Date: December 01, 2019

Re: **VOUCHER CERTIFICATION FOR OCTOBER 2019**

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

  
Linda Riley  
Controller  
December 01, 2019

Bank Wires / ACH Withdrawals

15,019,853.07

Subtotal 15,019,853.07

Accounts Payable Vouchers

Key Bank Checks - #325192-#325814

6,745,243.37

Tenant Accounting Checks - #10998-#11008

2,020.61

Commerce Bank Direct Payment

Subtotal 6,747,263.98

Payroll Vouchers

Checks - #91786-91833

57,671.00

Direct Deposit

1,520,680.38

Subtotal 1,578,351.38

Section 8 Program Vouchers

Checks - #627098-627412

236,210.31

ACH - #461775-464496

14,965,450.67

Subtotal 15,201,660.98

Purchase Card / ACH Withdrawal

290,772.80

Subtotal 290,772.80

GRAND TOTAL \$38,837,902.21

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

FROM: Wen Xu, Director of Asset Management

SUBJECT: VOUCHER CERTIFICATION FOR OCTOBER 2019

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

Wen Xu

Date

	Property	Wired to Operating Account for Obligations of Property			Notes:
		Date	\$	Claim	
Wed	Ballinger Commons	10/02/2019	\$ 120,567.63	A/P & Payroll	
	Bellepark	10/02/2019	\$ 12,134.66	A/P	
	Emerson	10/02/2019	\$ 92,273.91	A/P & Payroll	
	GILMAN SQUARE	10/02/2019	\$ 3,945.12	A/P & Payroll	
	Landmark	10/02/2019	\$ 8,717.02	A/P	
	Meadowbrook	10/02/2019	\$ 19,855.63	A/P & Payroll	
	Riverstone	10/02/2019	\$ 36,799.63	A/P	
	Villages @ South	10/02/2019	\$ 18,469.58	A/P & Payroll	
	Woodside East	10/02/2019	\$ 16,425.53	A/P	
Thur	ALPINE RIDGE	10/03/2019	\$ 3,623.60	Payroll	
	ARBOR HEIGHTS	10/03/2019	\$ 7,006.91	Payroll	
	Aspen Ridge	10/03/2019	\$ 5,111.69	Payroll	
	Auburn Square	10/03/2019	\$ 9,693.87	Payroll	
	Carriage House	10/03/2019	\$ 12,345.20	Payroll	
	CASCADIAN	10/03/2019	\$ 19,332.40	Payroll	
	Colonial Gardens	10/03/2019	\$ 3,217.49	Payroll	
	FAIRWOOD	10/03/2019	\$ 35,940.35	A/P & Payroll	
	GILMAN SQUARE	10/03/2019	\$ 24,999.05	A/P	
	HERITAGE PARK	10/03/2019	\$ 6,373.52	Payroll	
	LAURELWOOD	10/03/2019	\$ 8,542.31	Payroll	
	Meadows on Lea Hill	10/03/2019	\$ 6,175.76	Payroll	
	Newporter	10/03/2019	\$ 9,120.92	Payroll	
	Parkwood	10/03/2019	\$ 8,222.96	Payroll	
	RAINIER VIEW I	10/03/2019	\$ 38,042.82	A/P	
	RAINIER VIEW II	10/03/2019	\$ 37,883.93	A/P	
	SI VIEW	10/03/2019	\$ 4,706.56	A/P	
	SOUTHWOOD SQUARE	10/03/2019	\$ 6,373.69	Payroll	
	Tall Cedars	10/03/2019	\$ 6,371.11	A/P	
	Timberwood	10/03/2019	\$ 15,464.83	Payroll	
	Vashon Terrace	10/03/2019	\$ 10,749.39	A/P	
	Walnut Park	10/03/2019	\$ 6,692.19	Payroll	
	WINDSOR HEIGHTS	10/03/2019	\$ 45,766.21	A/P & Payroll	
	Woodland North	10/03/2019	\$ 4,705.85	Payroll	
	Woodridge	10/03/2019	\$ 14,913.64	Payroll	
Tue	ABBEY RIDGE	10/08/2019	\$ 58,030.03	A/P	
	Cottonwood	10/08/2019	\$ 28,235.92	A/P	
	Cove East	10/08/2019	\$ 43,671.33	A/P	
	Juanita View	10/08/2019	\$ 25,573.90	A/P	
	Kirkland Heights	10/08/2019	\$ 33,476.94	A/P	
Wed	Bellepark	10/09/2019	\$ 23,128.21	A/P & Payroll	
	Kendall Ridge	10/09/2019	\$ 2,992.77	A/P & Payroll	
	Landmark	10/09/2019	\$ 24,415.85	A/P & Payroll	
	Overlake TOD	10/09/2019	\$ 170,688.00	BBF	
	Riverstone	10/09/2019	\$ 82,129.00	A/P & Payroll	
	Woodside East	10/09/2019	\$ 25,809.93	A/P & Payroll	
Thur	ALPINE RIDGE	10/10/2019	\$ 14,026.02	A/P	
	ARBOR HEIGHTS	10/10/2019	\$ 7,314.05	A/P	
	Aspen Ridge	10/10/2019	\$ 9,600.43	A/P	
	Auburn Square	10/10/2019	\$ 19,023.37	A/P	
	Carriage House	10/10/2019	\$ 25,809.49	A/P	
	CASCADIAN	10/10/2019	\$ 18,618.73	A/P	
	Colonial Gardens	10/10/2019	\$ 20,074.94	A/P	
	FAIRWOOD	10/10/2019	\$ 22,123.01	A/P	
	HERITAGE PARK	10/10/2019	\$ 20,653.38	A/P	
	LAURELWOOD	10/10/2019	\$ 13,682.24	A/P	
	Meadows on Lea Hill	10/10/2019	\$ 10,303.23	A/P	
	Newporter	10/10/2019	\$ 24,543.77	A/P	
	Parkwood	10/10/2019	\$ 56,514.65	A/P	
	RAINIER VIEW I	10/10/2019	\$ 6,345.48	A/P	
	RAINIER VIEW II	10/10/2019	\$ 6,396.02	A/P	
	SI VIEW	10/10/2019	\$ 1,664.15	A/P	
	SOUTHWOOD SQUARE	10/10/2019	\$ 29,360.43	A/P	
	Timberwood	10/10/2010	\$ 27,608.84	A/P	
	Walnut Park	10/10/2019	\$ 57,141.56	A/P	
	WINDSOR HEIGHTS	10/10/2019	\$ 44,524.20	A/P	
	Woodland North	10/10/2019	\$ 22,306.38	A/P	

Wed	Woodridge	10/10/2019	\$ 35,454.68	A/P	
	Ballinger Commons	10/16/2019	\$ 166,550.55	A/P & Payroll	
	Bellepark	10/16/2019	\$ 6,539.16	A/P	
	Emerson	10/16/2019	\$ 47,472.22	A/P & Payroll	
	GILMAN SQUARE	10/16/2019	\$ 52,563.92	A/P & Payroll	
	Landmark	10/16/2019	\$ 7,759.89	A/P	
	Meadowbrook	10/16/2019	\$ 68,741.12	A/P & Payroll	
	Riverstone	10/16/2019	\$ 46,351.97	A/P & Payroll	
	Tall Cedars	10/16/2019	\$ 18,319.59	A/P	
	Villages @ South	10/16/2019	\$ 108,654.78	A/P & Payroll	
Thur	Woodside East	10/16/2019	\$ 11,990.83	A/P	
	ALPINE RIDGE	10/17/2019	\$ 11,228.87	A/P & Payroll	
	ARBOR HEIGHTS	10/17/2019	\$ 7,705.86	Payroll	
	Aspen Ridge	10/17/2019	\$ 4,755.59	Payroll	
	Auburn Square	10/17/2019	\$ 26,886.75	A/P & Payroll	
	Carriage House	10/17/2019	\$ 12,382.79	Payroll	
	CASCADIAN	10/17/2019	\$ 18,494.71	Payroll	
	Colonial Gardens	10/17/2019	\$ 8,191.41	A/P & Payroll	
	FAIRWOOD	10/17/2019	\$ 10,630.21	Payroll	
	HERITAGE PARK	10/17/2019	\$ 29,486.47	A/P & Payroll	
	Kendall Ridge	10/17/2019	\$ 5,000.00	A/P	
	LAURELWOOD	10/17/2019	\$ 8,789.33	Payroll	
	Meadows on Lea Hill	10/17/2019	\$ 6,285.81	Payroll	
	Newporter	10/17/2019	\$ 9,066.17	Payroll	
	Parkwood	10/17/2019	\$ 22,037.18	A/P & Payroll	
	RAINIER VIEW I	10/17/2019	\$ 2,001.04	A/P	
	SOUTHWOOD SQUARE	10/17/2019	\$ 6,196.01	Payroll	
	Timberwood	10/17/2019	\$ 22,123.57	A/P & Payroll	
	Vashon Terrace	10/17/2019	\$ 3,393.78	A/P	
	Walnut Park	10/17/2019	\$ 8,251.97	Payroll	
	WINDSOR HEIGHTS	10/17/2019	\$ 18,800.64	Payroll	
	Woodland North	10/17/2019	\$ 3,699.64	Payroll	
	Woodridge	10/17/2019	\$ 14,601.17	Payroll	
Wed	ABBEY RIDGE	10/23/2019	\$ 38,693.10	A/P	
	ALPINE RIDGE	10/23/2019	\$ 120,000.00	Excess Cash	
	ARBOR HEIGHTS	10/23/2019	\$ 120,000.00	Excess Cash	
	Aspen Ridge	10/23/2019	\$ 195,000.00	Excess Cash	
	Auburn Square	10/23/2019	\$ 375,000.00	Excess Cash	
	Ballinger Commons	10/23/2019	\$ 500,000.00	Excess Cash	
	Ballinger Commons	10/23/2019	\$ 500,000.00	Excess Cash	
	Bellepark	10/23/2019	\$ 7,871.72	A/P & Payroll	
	Bellepark	10/23/2019	\$ 300,000.00	Excess Cash	
	Carriage House	10/23/2019	\$ 475,000.00	Excess Cash	
	CASCADIAN	10/23/2019	\$ 500,000.00	Excess Cash	
	CASCADIAN	10/23/2019	\$ 300,000.00	Excess Cash	
	Colonial Gardens	10/23/2019	\$ 200,000.00	Excess Cash	
	Cottonwood	10/23/2019	\$ 150,000.00	Excess Cash	
	Cottonwood	10/23/2019	\$ 15,122.37	A/P	
	Cove East	10/23/2019	\$ 200,000.00	Excess Cash	
	Cove East	10/23/2019	\$ 62,485.11	A/P	
	GILMAN SQUARE	10/23/2019	\$ 450,000.00	Excess Cash	
	HERITAGE PARK	10/23/2019	\$ 240,000.00	Excess Cash	
	Juanita View	10/23/2019	\$ 30,777.35	A/P	
	Kendall Ridge	10/23/2019	\$ 54,648.52	A/P & Payroll	
	Kirkland Heights	10/23/2019	\$ 36,499.88	A/P	
	Landmark	10/23/2019	\$ 31,308.24	A/P & Payroll	
	Landmark	10/23/2019	\$ 700,000.00	Excess Cash	
	LAURELWOOD	10/23/2019	\$ 120,000.00	Excess Cash	
	Meadows on Lea Hill	10/23/2019	\$ 15,000.00	Excess Cash	
	Newporter	10/23/2019	\$ 30,000.00	Excess Cash	
	Parkwood	10/23/2019	\$ 120,000.00	Excess Cash	
	RAINIER VIEW I	10/23/2019	\$ 10,512.49	A/P	
	RAINIER VIEW II	10/23/2019	\$ 8,158.01	A/P	
	Riverstone	10/23/2019	\$ 68,909.78	A/P & Payroll	
	Riverstone	10/23/2019	\$ 300,000.00	Excess Cash	
	Riverstone	10/23/2019	\$ 300,000.00	Excess Cash	
	Riverstone	10/23/2019	\$ 300,000.00	Excess Cash	
	SI VIEW	10/23/2019	\$ 10,165.54	A/P	
	SOUTHWOOD SQUARE	10/23/2019	\$ 390,000.00	Excess Cash	
	Tall Cedars	10/23/2019	\$ 100,000.00	Excess Cash	
	Timberwood	10/23/2019	\$ 475,000.00	Excess Cash	
	Vashon Terrace	10/23/2019	\$ 6,700.39	A/P	
	Vashon Terrace	10/23/2019	\$ 20,000.00	Excess Cash	
	Villages @ South	10/23/2019	\$ 300,000.00	Excess Cash	
	Villages @ South	10/23/2019	\$ 300,000.00	Excess Cash	
	Villages @ South	10/23/2019	\$ 100,000.00	Excess Cash	
	Walnut Park	10/23/2019	\$ 475,000.00	Excess Cash	
	WINDSOR HEIGHTS	10/23/2019	\$ 85,000.00	Excess Cash	
	Woodridge	10/23/2019	\$ 305,000.00	Excess Cash	

Fri	Woodside East	10/23/2019	\$ 20,927.38	A/P & Payroll	
	Woodside East	10/23/2019	\$ 600,000.00	Excess Cash	
	Aspen Ridge	10/25/2019	\$ 1,931.71	A/P	
	Overlake TOD	10/25/2019	\$ 635,000.00	Debt Service	
Wed	Woodridge	10/25/2019	\$ 13,966.38	A/P	
	ABBEY RIDGE	10/30/2019	\$ 35.00	Deposit Correction	
	Ballinger Commons	10/30/2019	\$ 360,516.96	A/P & Payroll	
	Bellepark	10/30/2019	\$ 3,733.45	A/P	
	Emerson	10/30/2019	\$ 61,053.78	A/P & Payroll	
	GILMAN SQUARE	10/30/2019	\$ 48,207.02	A/P & Payroll	
	Kendall Ridge	10/30/2019	\$ 38,801.29	A/P	
	Landmark	10/30/2019	\$ 21,966.21	A/P	
	Meadowbrook	10/30/2019	\$ 40,004.35	A/P & Payroll	
	Riverstone	10/30/2019	\$ 22,018.38	A/P	
	Vashon Terrace	10/30/2019	\$ 2,898.52	A/P	
	Villages @ South	10/30/2019	\$ 50,913.96	A/P & Payroll	
Thur	Woodside East	10/30/2019	\$ 8,552.94	A/P	
	ABBEY RIDGE	10/31/2019	\$ 23,000.00	Relocation Benefits	
	ALPINE RIDGE	10/31/2019	\$ 17,931.43	A/P & Payroll	
	ARBOR HEIGHTS	10/31/2019	\$ 50,265.01	A/P & Payroll	
	Aspen Ridge	10/31/2019	\$ 18,828.20	A/P & Payroll	
	Auburn Square	10/31/2019	\$ 63,602.68	A/P & Payroll	
	Carriage House	10/31/2019	\$ 25,391.12	A/P & Payroll	
	CASCADIAN	10/31/2019	\$ 39,727.14	A/P & Payroll	
	Colonial Gardens	10/31/2019	\$ 16,039.05	A/P & Payroll	
	FAIRWOOD	10/31/2019	\$ 38,150.25	A/P & Payroll	
	HERITAGE PARK	10/31/2019	\$ 72,605.61	A/P & Payroll	
	LAURELWOOD	10/31/2019	\$ 34,304.76	A/P & Payroll	
	Meadows on Lea Hill	10/31/2019	\$ 60,719.90	A/P & Payroll	
	Newporter	10/31/2019	\$ 31,147.42	A/P & Payroll	
	Parkwood	10/31/2019	\$ 17,430.54	A/P & Payroll	
	SOUTHWOOD SQUARE	10/31/2019	\$ 16,696.13	A/P & Payroll	
	Timberwood	10/31/2019	\$ 80,380.00	A/P & Payroll	
	Walnut Park	10/31/2019	\$ 62,487.23	A/P & Payroll	
	WINDSOR HEIGHTS	10/31/2019	\$ 59,796.36	A/P & Payroll	
	Woodland North	10/31/2019	\$ 31,751.14	A/P & Payroll	
	Woodridge	10/31/2019	\$ 48,721.51	A/P & Payroll	
	<b>182 Wires-Total:</b>		<b>\$ 14,668,204.20</b>		

# T A B N U M B E R

3



**To:** Board of Commissioners

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

**Date:** November 13, 2019

**Re:** **Resolution 5641:** Acceptance of Washington State Auditor's Office Report on Financial Statements and Federal Single Audit (No. 1024670) and the Accountability Audit Report (No. 1025074), both for the Period Ended December 31, 2018

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On September 30, 2019 the Washington State Auditor's Office (SAO) issued Financial and Single Audit Report Number 1024670, and on November 14, 2019 the SAO issued Accountability Audit Report Number 1025074. Both reports relate to KCHA's fiscal year which ended on December 31, 2018.

Report 1024670 covers the Authority's financial statements and related disclosures along with the Federal "Single Audit" for the period January 1, 2018 through December 31, 2018. Report 1025074 is a separate "Accountability" audit report for the period January 1, 2018 through December 31, 2018, which reports on KCHA's compliance with State laws and regulations and its own policies and procedures.

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

An exit conference with the SAO took place on November 6, 2019 and was attended by Commissioner Stewart along with several KCHA staff members. The SAO expressed their appreciation for the responsiveness of KCHA staff toward the SAO audit staff.

Resolution 5641 is a required element to KCHA's audit. Board passage is recommended.



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

**RESOLUTION NO. 5641**

**ACCEPTANCE OF WASHINGTON STATE AUDITOR'S OFFICE REPORT ON FINANCIAL  
STATEMENTS AND FEDERAL SINGLE AUDIT (No. 1024670) AND THE ACCOUNTABILITY  
AUDIT REPORT (No. 1025074), BOTH FOR THE PERIOD  
JANUARY 1, 2018 THROUGH DECEMBER 31, 2018**

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**WHEREAS**, the State of Washington, Office of the State Auditor, Division of Audit Services, has conducted a Fiscal Audit of the Housing Authority of the County of King for the period January 1, 2018 through December 31, 2018 and has transmitted same to the Housing Authority; and

**WHEREAS**, the State of Washington, Office of the State Auditor, Division of Audit Services, has conducted an Accountability Audit of the Housing Authority of the County of King for the period January 1, 2018 through December 31, 2018 and has transmitted same to the Housing Authority; and

**WHEREAS**, a formal acceptance of the Audit is required by the Board of Commissioners;

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

Receipt of the official examination, Financial Statements and Federal Single Audit Report No. 1024670 for the period January 1, 2018 through December 31, 2018, and Accountability Audit Report No. 1025074 of the Housing Authority of the County of King for the period January 1, 2018 through December 31, 2018 prepared and transmitted for filing by the State Auditor's Division of Municipal Corporations pursuant to RCW 43.09.260, is hereby acknowledged and formally accepted by the Board of Commissioners of the Housing Authority of the County of King.

**ADOPTED AT THE REGULAR MEETING OF THE BOARD OF COMMISSIONERS OF THE  
HOUSING AUTHORITY OF THE COUNTY OF KING THIS 16<sup>th</sup> DAY OF DECEMBER, 2019.**

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

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

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**STEPHEN J. NORMAN**  
Executive Director and Secretary-Treasurer



**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, 2018 through December 31, 2018**

**Published September 30, 2019**

**Report No. 1024670**





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

September 30, 2019

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,

Pat McCarthy  
State Auditor  
Olympia, WA

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

### King County Housing Authority January 1, 2018 through December 31, 2018

#### 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 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, 2018 through December 31, 2018**

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, 2018, 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 11, 2019. As discussed in Note 2 to the financial statements, during the year ended December 31, 2018, the Housing Authority implemented Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Our report includes a reference to other auditors who audited 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, Somerset Gardens 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 controls over financial reporting or instances of reportable noncompliance associated with the 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.

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

September 11, 2019

**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, 2018 through December 31, 2018**

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, 2018. 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 its major federal program for the year ended December 31, 2018.

## **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 that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy  
State Auditor  
Olympia, WA

September 11, 2019

# INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

## **King County Housing Authority January 1, 2018 through December 31, 2018**

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, 2018, 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, Somerset Gardens Apartments LLLP, Soosette Creek LLC, Spiritwood Manor LLLP, Vantage Point Apartments LLC, and Zephyr Apartments LLLP (the partnerships), which in aggregate 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 the 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 *Governmental 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 the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the King County Housing Authority, as of December 31, 2018, 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.

## **Matters of Emphasis**

As discussed in Note 2 to the financial statements, in 2018, the Housing Authority adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

## 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 11, 2019 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.



Pat McCarthy

State Auditor

Olympia, WA

September 11, 2019



## **FINANCIAL SECTION**

### **King County Housing Authority January 1, 2018 through December 31, 2018**

#### **REQUIRED SUPPLEMENTARY INFORMATION**

Management's Discussion and Analysis – 2018

#### **BASIC FINANCIAL STATEMENTS**

Statement of Net Position – 2018

Statement of Revenues, Expenses and Changes in Net Position – 2018

Statement of Cash Flows – 2018

Notes to Financial Statements – 2018

#### **REQUIRED SUPPLEMENTARY INFORMATION**

Schedule of Proportionate Share of Net Pension Liability – PERS 1, PERS 2/3 – 2018

Schedule of Employer Contributions – PERS 1, PERS 2/3 – 2018

Schedule of Changes in the Net OPEB Liability and Related Ratios – 2018

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

Schedule of Expenditures of Federal Awards – 2018

Notes to the Schedule of Expenditures of Federal Awards – 2018

Financial Data Schedule – 2018

Actual Modernization Cost Certificate, form HUD-53001 WA19P002501-14 – 2018

Actual Modernization Cost Certificate, form HUD-53001 WA19R002501-14 – 2018

Actual Modernization Cost Certificate, form HUD-53001 WA19R002502-14 – 2018

Actual Modernization Cost Certificate, form HUD-53001 WA19R002501-15 – 2018

Actual Modernization Cost Certificate, form HUD-53001 WA19R002502-15 – 2018

# **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, 2018. 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 10,511 units of housing and provides rental subsidies to over 9,900 additional households. The majority of KCHA's program participants have incomes below 20 percent of area median income. KCHA's inventory includes 2,435 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 22 sites and 1,709 units, are owned by separate limited partnerships/corporations with the Authority acting as general partner/managing member. Out of the total 1709 units, 44 units were under construction at the end of the year. 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.

### **2018 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, 2018 by \$617.1 million.
- The change in net position for 2018 was an increase of \$77.4 million and includes approximately \$7.9 million in capital grant contributions.
- Operating expenses were \$274.4 million and include \$159.7 million in housing assistance payments made to landlords, or 58 percent of operating expenses.
- The purchase of Houghton Court Apartments for \$4.7 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, 2018 and 2017. 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><b>2018</b></u>	<u><b>2017</b></u>
<b>Assets:</b>		
Current and other assets	\$ 536,227,152	\$ 484,541,836
Capital assets	646,789,744	657,611,709
Total Assets	<u>1,183,016,896</u>	<u>1,142,153,545</u>
<b>Deferred Outflows of Resources:</b>		
Deferred charge for defeasance of debt	715,296	797,044
Related to pensions & other post-employment benefits	2,676,974	2,962,966
	<u>3,392,270</u>	<u>3,760,010</u>
<b>Liabilities:</b>		
Current and other liabilities	98,991,762	49,333,901
Long-term debt, net of current	464,412,082	542,966,228
Total Liabilities	<u>563,403,844</u>	<u>592,300,129</u>
<b>Deferred Inflows of Resources:</b>		
Related to pensions & other post-employment benefits	5,926,464	3,364,542
	<u>5,926,464</u>	<u>3,364,542</u>
<b>Net Position:</b>		
Net Investment in Capital Assets	202,430,539	214,937,689
Restricted	38,856,467	67,337,367
Unrestricted	375,791,852	267,973,829
Total Net Position	<u><b>\$ 617,078,858</b></u>	<u><b>\$ 550,248,885</b></u>

(1) Component units are not included.

Current and other assets, excluding capital assets, for the year ended December 31, 2018 total \$536.2 million and are comprised of \$187.5 million in cash, cash equivalents, and investments and \$347.3 million in accounts, interest, notes and financing lease receivables, and \$1.3 million of other assets. Cash, cash equivalents and investments decreased \$21 million while accounts, notes, financing leases receivable, and other assets increased \$73 million. The decrease in cash, cash equivalents and investments is mainly attributable to draw down from Somerset Gardens and Highland Village properties rehabilitation reserve \$38 million and increase in Birch Creek and Green River Homes II excess cash reserve \$8.5 million, 2018 Pool bond trust fund \$3 million, Greenbridge revenue reserve \$3 million, Aerospace Properties acquisition earnest money deposit \$2.2 million. The increase in receivables is mainly attributable to \$65.5 million note receivable and \$8.8 million developer fee receivable from the Somerset Gardens tax credit partnership.

Capital assets for the year ended December 31, 2018 are \$646.8 million. Included in this category are land and improvements, buildings and improvements, personal property, and construction-in-progress. Capital asset additions of \$40 million include the acquisition of assets from KCHA – Houghton Apartments (\$4.7 million), \$21.9 million of additions were also attributable to the increase in construction-in-process while another \$13.4 million of additions was the result of upgrades and rehabilitation at various properties.

Capital asset disposals of \$31.7 million include \$2.9 million of capitalized building upgrades reclassified from construction-in-progress, \$28.8 million is sale of Somerset and Highland Village Apartments to tax credit partnership.

Total liabilities, excluding the non-current portion of long-term debt, totaled \$98.9 million at December 31, 2018, an increase of \$49.6 million from 2017. Notable increases to current liabilities include reclassification of Somerset Gardens and Friendly Village line-of-credit balance to short-term \$44.8 million, and a \$4.8 million increase in Net Pension Liability and other liabilities.

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, 2018, the Authority's current ratio was 2.73:1 a decrease from the previous year's current ratio of 7.78:1. This means that for every dollar in current liabilities there is \$2.73 in current assets.

Total net position increased by \$66.8 million during 2018. Net position represents the Authority's equity, a portion of which is restricted for certain uses. Restricted Net Position decreased by \$28.4 million from 2017 primarily due to draw down of the Somerset Gardens and Highland Village properties rehabilitation reserve. Unrestricted net position increased 40 percent from \$267.9 million to \$375.8 million primarily due to increase 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.

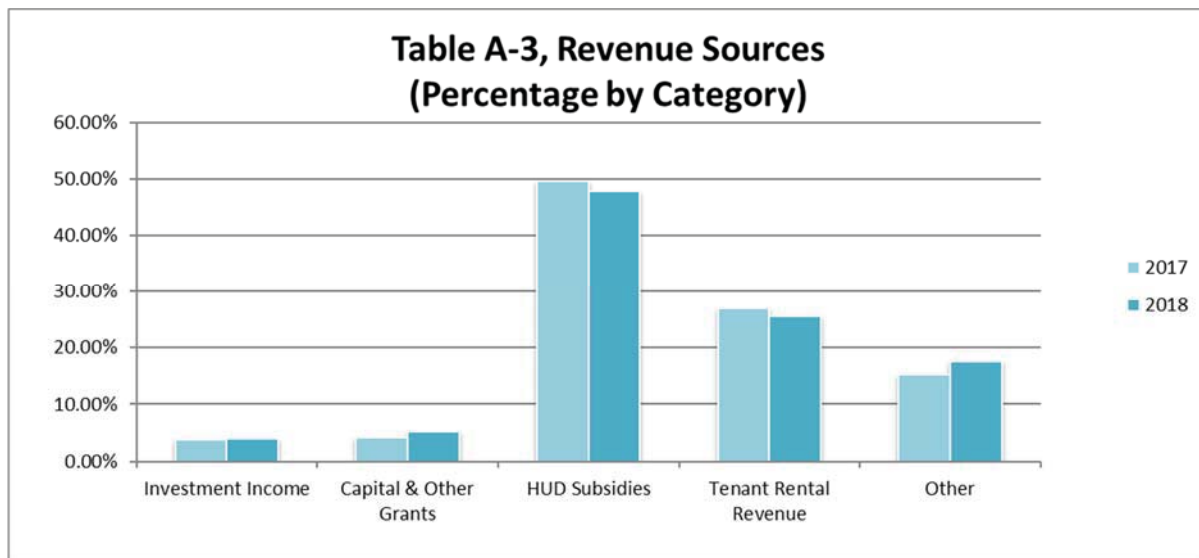
Table A-2 represents the Authority's Condensed Statement of Revenues, Expenses, and Changes in Net Position for 2018 and 2017.

Revenues are classified as operating, non-operating or capital grant contributions. Table A-3 shows the sources of revenues for 2018 and 2017 as a percentage of all revenues. The overall contribution for each revenue type remained relatively constant from 2017 to 2018 with Other Revenue increasing due the Authority receiving \$8.9 million of Developer Fees in 2018 and none in 2017, increase Home and lots sales proceeds \$3.8 million and increase in portability income by \$3.9 million.

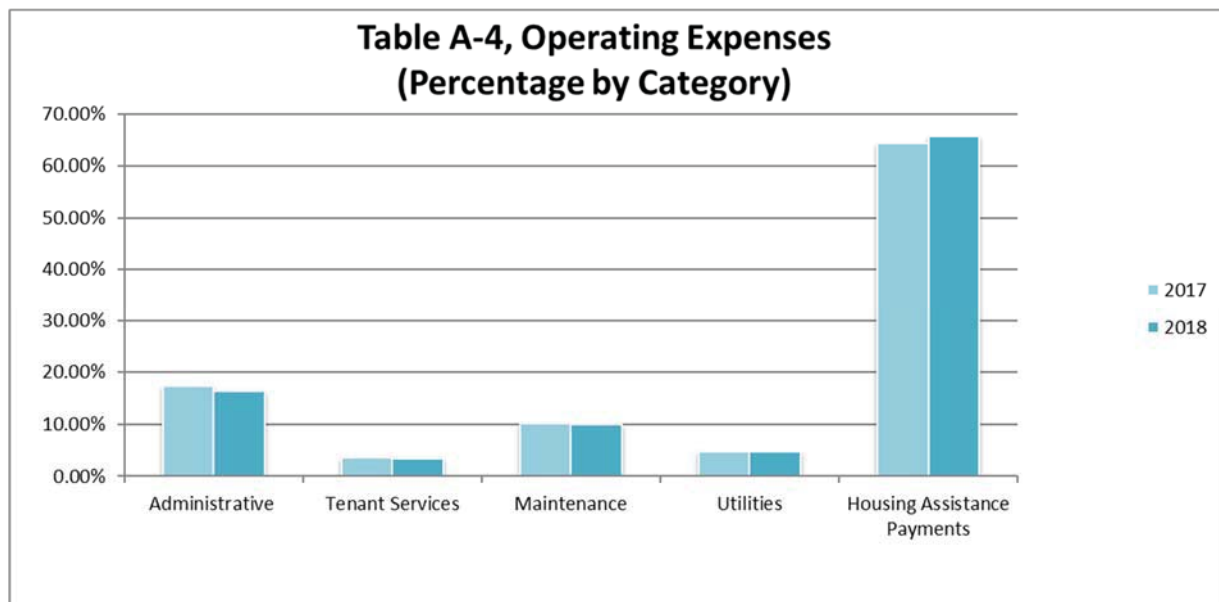
**Table A-2, Condensed Statement of Revenues, Expense, and Changes in Net Position <sup>(1)</sup>**

	<u>2018</u>	<u>2017</u>
Operating Revenues	\$ 317,520,461	\$ 262,046,052
Nonoperating revenues	43,203,366	20,392,172
Total Revenues	360,723,827	282,438,224
Operating expenses	274,393,980	247,305,491
Nonoperating expenses	16,843,504	10,926,632
Total Expenses	291,237,484	258,232,123
Excess or deficiency before contributions	69,486,343	24,206,101
Capital grant contributions	7,954,843	2,995,212
Change in Net Position	77,441,186	27,201,313
Beginning Net Position	550,248,884	523,047,572
Prior Period Adjustment	(10,611,212)	-
Ending Net Position	<u>\$ 617,078,858</u>	<u>\$ 550,248,885</u>

(1) Component units are not included.



Operating expenses are amounts paid for providing housing services to the Authority's tenants and for administering the various programs. Total operating expenses for 2018 were \$253 million (excluding depreciation and amortization), a 10.4 percent increase from 2017. Each category remained relatively constant from 2017 to 2018 with HAP payments increasing due to rising rents in King County.



## Net Capital Assets

During 2018, net capital assets decreased by \$10.8 million. This net decrease is primarily attributable to \$19.6 million in capital asset additions (net of accumulated depreciation) offset by \$30.4 million of disposals (net of accumulated depreciation.)

Capital asset additions include:

- \$4.7 million related to the purchase of Houghton Apartments,
- \$21.9 million of construction-in-process,
- \$13.4 million related to building upgrades at various properties.

Capital asset disposals include:

- \$2.9 million of construction-in-process representing capitalized work related to construction projects completed in 2018,
- \$28.8 million related assets sold to tax credit partnerships,

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

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

	<u>2018</u>	<u>2017</u>
Land	194,658,334	198,854,691
Buildings and improvements	607,319,169	611,789,559
Furniture, equipment & machinery	8,412,939	8,197,516
Construction in progress	<u>56,990,038</u>	<u>40,164,271</u>
	867,380,481	859,006,037
Total accumulated depreciation and amortization	(220,590,737)	(201,394,328)
<b>Net Capital Assets</b>	<b><u>\$646,789,744</u></b>	<b><u>\$657,611,709</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 \$464.4 million in net long-term bonds and notes outstanding (as shown in table A-6) which represents a \$78.6 million decrease over the prior year-end balance. For more information on the Authority's long-term debt, please see Note 6.

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

	<u>2018</u>	<u>2017</u>
Long-term, net of current portion	<u>\$ 464,412,082</u>	<u>\$ 542,966,228</u>

In addition to the annually scheduled long-term debt principal payments, reduction to long-term debt include reclassification to short-term of the Friendly Village KeyBank line-of-credit of \$25 million and the Somerset Gardens Bank of America Line of Credit of \$20 Million.

The Authority's debt service coverage ratio is a measure of the cash flow available to pay current debt obligations. As of December 31, 2018, the Authority had a debt service coverage ratio of 1.62 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.



While the pace of rent increases in the Seattle metropolitan region have slowed, rents remain some of the highest in the nation. The Fair Market Rent for the Seattle-Bellevue stands at \$1,899 in 2019. Outside of Seattle, the traditionally more affordable areas of South King County have seen some of the largest rent increases in the region.

The Seattle area continues to have one of the most expensive housing markets in the nation. Housing prices have flattened since June 2018, falling 1.6% over the last year. Still, the median listing price of homes currently on the market in King County exceeds \$650,000.

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, 2018

	AUTHORITY	COMPONENT UNITS
<b>ASSETS:</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 88,768,530	\$ 12,111,563
Restricted cash and cash equivalents	28,090,519	4,807,011
Receivables, net	6,430,882	163,122
Notes and leases receivable - current portion	3,369,656	-
Investments	56,034,562	-
Restricted investments	13,779,835	-
Other current assets	1,378,369	290,025
Total Current Assets	<u>197,852,353</u>	<u>17,371,721</u>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents	846,403	-
Land, buildings and equipment, net	-	-
Nondepreciable	215,475,744	28,223,259
Depreciable	431,314,000	386,721,710
Intangible assets, net	-	1,428,623
Interest receivable	23,309,562	-
Notes and leases receivable	313,878,439	-
Other noncurrent assets	340,395	-
Total Noncurrent Assets	<u>985,164,543</u>	<u>416,373,592</u>
Total Assets	<u>1,183,016,896</u>	<u>433,745,313</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>		
Deferred charge for defeasance of debt	715,296	-
Related to pensions & other post-employment benefits	2,676,974	-
Total Deferred Outflows	<u>3,392,270</u>	<u>-</u>
<b>LIABILITIES:</b>		
<b>Current Liabilities</b>		
Tenant security deposits	2,543,778	451,080
Current portion of long-term debt	57,441,150	2,713,572
Other current liabilities	12,478,035	14,578,288
Total Current Liabilities	<u>72,462,963</u>	<u>17,742,940</u>
<b>Noncurrent Liabilities</b>		
Interest rate swaps - fair value	-	-
Long-term debt, net of current	464,412,082	295,717,592
Net pension & other post-employment benefits liability	24,594,831	-
Other noncurrent liabilities	1,933,968	25,364,394
Total Noncurrent Liabilities	<u>490,940,881</u>	<u>321,081,986</u>
Total Liabilities	<u>563,403,844</u>	<u>338,824,926</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
Related to pensions & other post-employment benefits	5,926,464	-
Total Deferred Inflows	<u>5,926,464</u>	<u>-</u>
<b>NET POSITION:</b>		
Net investment in capital assets	202,430,539	116,513,806
Restricted	38,856,467	4,355,931
Unrestricted	375,791,852	(25,949,350)
Total Net Position	<u>\$ 617,078,858</u>	<u>\$ 94,920,387</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, 2018

	<u>AUTHORITY</u>	<u>COMPONENT UNITS</u>
<b>OPERATING REVENUES</b>		
HUD subsidies and grant revenue	\$ 167,017,133	
Tenant revenue	89,302,939	18,793,613
Other revenue	61,200,389	5,467,436
Total Operating Revenues	<u>317,520,461</u>	<u>24,261,049</u>
<b>OPERATING EXPENSES</b>		
Administrative	40,761,029	3,843,039
Tenant services	8,058,735	724
Maintenance	24,192,915	3,328,018
Utilities	11,382,767	2,846,860
Housing assistance payments	159,673,701	
Depreciation and amortization	20,527,257	13,588,775
Other expenses	9,797,576	872,398
Total Operating Expenses	<u>274,393,980</u>	<u>24,479,814</u>
Operating Income (Loss)	<u>43,126,481</u>	<u>(218,765)</u>
<b>NONOPERATING REVENUE (EXPENSE)</b>		
Other government grants	10,249,845	-
Investment income	13,859,934	98,212
Interest expense	(16,843,504)	(7,550,046)
Net gain (loss) on disposal of capital assets	19,093,587	-
Net Nonoperating Revenues (Expenses)	<u>26,359,862</u>	<u>(7,451,834)</u>
INCOME (LOSS) before contributions and special items	69,486,343	(7,670,599)
Capital grant contributions	7,954,843	-
Partner contributions (disbursements)	-	
CHANGE IN NET POSITION	77,441,186	(7,670,599)
Beginning Net Position	<u>550,248,884</u>	<u>101,256,149</u>
Prior Period Adjustment	(10,611,212)	1,334,837
Ending Net Position	<u>\$ 617,078,858</u>	<u>\$ 94,920,387</u>

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, 2018

	AUTHORITY
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Receipts from tenants	\$ 94,575,462
Receipts from HUD	166,582,952
Payments to employees	(29,697,368)
Payments to suppliers of goods and services	(60,592,625)
Payments to landlords	(154,605,272)
Payments made to other housing authorities	(2,671,152)
Other receipts	49,879,443
Other payments	(2,819,790)
Net cash provided by (used in) operating activities	<u>60,651,650</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Receipts from other governments	<u>10,171,701</u>
Net cash provided by noncapital financing activities	<u>10,171,701</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Capital grant contributions	7,954,843
Purchase of capital assets	(8,374,442)
Net proceeds from capital asset disposal	17,762,445
Principal payments on capital debt	(33,696,411)
Interest paid on capital debt	(15,844,206)
Other receipts	310,759
Net cash used in capital and related financing activities	<u>(31,887,012)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Net sale of investments	(9,453,194)
Payments received on notes and financing leases	(69,634,213)
Investment income -- notes and financing leases	4,089,449
Investment income -- other	6,310,685
Other payments	(934,396)
Net cash provided by investing activities	<u>(69,621,669)</u>
Net Increase in Cash and Cash Equivalents	(30,685,330)
Cash and cash equivalents -- beginning of the year	148,390,782
Cash and cash equivalents -- end of the year	<u>\$ 117,705,452</u>

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

Operating income (loss)	43,126,481
Adjustment to reconcile operating income to net cash:	
Depreciation and amortization expense	20,527,257
Change in assets and liabilities:	-
Receivables and other assets	186,877
Accounts and other payables	(3,188,965)
Net cash provided by (used in) operating activities	<u>\$ 60,651,650</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 45 housing projects consisting of 2,435 units of public housing of which 1,486 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. 88 percent of public housing residents earn less than 30 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 10,000 households who live in private rental housing. 837 of these vouchers lease in KCHA-owned units, mostly in the tax-exempt bond properties. 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. KCHA's project-based program currently has 2,615 operational units. 1,888 are at KCHA-owned properties and the remainder are at non-profit owned sites. 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 and Line-Of-Credit Financed* - The Authority owns 33 apartment complexes totaling 4,653 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 five mobile home parks; four located in South King County and one located in Redmond, comprising 654 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 15 partnerships representing 22 housing complexes comprising 1,709 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 2018, the Authority assisted 614 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, 2017, 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, 2017 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, 2018 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>, 2017, 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.

- **Somerset Gardens Apartments LLLP** – A Washington state limited liability limited partnership, was formed on November 15, 2017 to acquire, develop, rehabilitate, own, maintain, and operate two multifamily apartment complexes, known as Somerset Gardens and Highland Village Apartments, totaling 286 units in King County, Washington. Pursuant to the Amended and Restated Agreement of Limited Liability Partnership dated March 1, 2018, the Authority serves as the general partner, the special limited partner is RBC Tax Credit Manager II, Inc., a Delaware corporation, and the investor limited partner is RBC Somerset Highland, LLC, a Delaware limited liability company.
- **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>, 2017, 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.

## **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, 2018 include the following:

	Restricted		
	Cash & Cash Equivalents	Investments	Total
Collateral Reserves	\$ -	\$ 9,109,835	\$ 9,109,835
Project Reserves	6,956,606		6,956,606
Debt Service Reserves	5,388,267	-	5,388,267
Program Income for Hope VI Lot Sales	6,051,423	4,670,000	10,721,423
Tenant Security Deposits	2,543,777	-	2,543,777
Replacement Reserves	2,464,808	-	2,464,808
Operating Reserves	64,833		64,833
Earnest Money	2,250,000	-	2,250,000
FSS Reserves	1,316,512	-	1,316,512
Excess Cash Reserves	817,434	-	817,434
Other	518,363	-	518,363
Residual Receipts Reserve	564,899	-	564,899
	\$ 28,936,922	\$ 13,779,835	\$ 42,716,757

### 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 5 for the capital asset components and balances at December 31, 2018 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 Financials 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, 2018, the Authority was obligated under these contracts to purchase approximately \$2.1 million of goods and services.

## **Note 2 - Adoption of New Accounting Standards:**

During the year ended December 31, 2018, the Authority adopted GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. The adoption of the standard will improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire OPEB liability and a more comprehensive measure of OPEB expense. Decision-usefulness and accountability also will be enhanced through new note disclosures and required supplementary information. This Statement is effective for fiscal years beginning after June 15, 2017. In accordance with the new standard, the Authority restated its beginning net position as of January 1, 2018. As a result, net position for the Authority decreased by \$10,738,974.

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

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

#### **Insurance and Collateralization**

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

#### **Interest Rate Risk**

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy limits the maximum maturity of an investment to not greater than three years. Exceptions may be made for collateralization of repurchase agreements using investments not exceeding 30 years 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, 2018, the pool had an average days-to-maturity of 42 days and therefore is reported at cost. Government securities are reported at fair value.

A summary of cash and investments at December 31, 2018 follows:

	Unrestricted	Restricted	Total
<b>Cash and cash equivalents:</b>			
Cash on hand	\$ 13,250	\$ -	\$ 13,250
Depository	7,108,878	12,410,794	19,519,672
WA State Local Government Investment Pool	80,685,661	8,067,544	88,753,205
Certificates of Deposit	960,741		960,741
U.S. Treasury Money Market	-	8,458,584	8,458,584
Total Cash & Cash Equivalents	<u>\$ 88,768,530</u>	<u>\$ 28,936,922</u>	<u>\$ 117,705,452</u>
<b>Investments:</b>			
Government-Sponsored Entities	\$ 54,973,275	\$ 8,598,017	\$ 63,571,292
REDI Loan	1,061,287	-	1,061,287
Certificates of Deposit		5,181,818	5,181,818
Total Investments	<u>56,034,562</u>	<u>13,779,835</u>	<u>69,814,397</u>
<b>Total</b>	<b><u>\$ 144,803,092</u></b>	<b><u>\$ 42,716,757</u></b>	<b><u>\$ 187,519,849</u></b>

### 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.

Investment by Fair Value Level	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 2)
Federal Agency Securities	63,571,292	63,571,292	-	-
Certificate of Deposit	5,181,818	5,181,818	-	-
REDI Loan	1,061,287	1,061,287	-	-
	69,814,397	69,814,397	-	-

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

The notes and financing leases held by the Authority are primarily the result of the Authority's transactions with the tax credit partnerships. At December 31, 2018, all of the developer fee notes, all of the financing leases, and \$269.5 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 7 – 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, 2018 follows:

	Beginning Balance	Additions	Payments	Ending Balance	Current Portion
<b>Developer fee notes</b>	1,371,492	\$ 8,869,248	\$ (1,371,492)	8,869,248	\$ -
<b>Other Notes</b>					
Real Estate:					
Residential	409,521	-	(409,521)	-	-
Multifamily	181,512,799	65,551,974	(718,347)	246,346,425	767,813
Construction	-	-	-	-	-
Other	14,264,255	50,000	(26,632)	14,287,623	-
<b>Total Notes</b>	197,558,067	74,471,222	- (2,525,992)	269,503,296	767,813
Financing Leases, net					
Real Estate: Multifamily	50,055,818	44,890,427	(47,201,444)	47,744,799	2,601,843
<b>Notes &amp; Financing Leases Receivable</b>	<b>\$ 247,613,885</b>	<b>\$ 119,361,649</b>	<b>- \$ (49,727,436)</b>	<b>\$ 317,248,095</b>	<b>\$ 3,369,656</b>

The maturity schedule for notes receivables is as follows:

FISCAL YEAR	PRINCIPAL	INTEREST **	TOTAL
2019	767,813	1,706,792	2,474,605
2020	128,473,247	1,697,507	130,170,754
2021	913,424	1,672,162	2,585,586
2022	950,636	1,645,455	2,596,091
2023	983,657	1,617,627	2,601,284
2024-2028	58,084,278	6,780,098	64,864,376
2029-2033	8,550,449	3,932,953	12,483,402
2034-2038	9,226,337	2,583,595	11,809,932
2039-2043	8,684,088	1,197,939	9,882,027
2044-2048	2,655,937	290,105	2,946,042
2049-2053	9,373,508	103,825	9,477,333
2054-2058	24,178,495	1,431,498	25,609,993
2059-2063	16,661,427	-	16,661,427
<b>NOTE RECEIVABLE BALANCE</b>	<b>\$ 269,503,296</b>	<b>\$ 24,659,555</b>	<b>\$ 294,162,851</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>
2019	2,601,843	2,207,079	4,808,922
2020	13,741,402	2,309,040	16,050,442
2021	1,000,000	1,589,754	2,589,754
2022	1,000,000	-	1,000,000
2023	1,000,000	-	1,000,000
2024-2028	20,196,615	-	20,196,615
2029-2033	5,000,000	-	5,000,000
2034-2038	204,939	-	204,939
2039-2043	-	-	-
2044-2048	3,000,000	-	3,000,000
2049-2053	-	-	-
2054-2058	-	-	-
<b>FINANCING LEASE RECEIVABLE BALANCE</b>	<b>\$ 47,744,799</b>	<b>\$ 6,105,873</b>	<b>\$ 53,850,672</b>

## **Note 5 – 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	\$ 161,531,548	\$ 2,252,001	\$ (8,046,142)	\$ 155,737,407
Land Improvements	2,748,299			2,748,299
Construction-in-progress				
Greenbridge Project	11,630,673	2,417,812	(1,936,965)	12,111,520
Energy Performance Contract	15,782,681	7,322,921	-	23,105,602
Other	12,750,917	9,963,780	(941,781)	21,772,916
Total Nondepreciable	204,444,118	21,956,514	(10,924,888)	215,475,744
<b>DEPRECIABLE:</b>				
Land Improvements	34,574,844	1,683,579	(85,794)	36,172,629
Buildings and Improvements	611,023,464	16,216,151	(20,686,541)	606,553,074
Personal Property and Equipment	8,197,516	274,369	(58,946)	8,412,939
Leasehold Improvements	766,095			766,095
Total Depreciable	654,561,919	18,174,099	(20,831,281)	651,904,737
<b>TOTAL CAPITAL ASSETS:</b>	859,006,037	40,130,613	(31,756,169)	867,380,481
Accumulated Depreciation	(200,628,233)	(20,499,067)	1,302,658	(219,824,642)
Accumulated Amortization	(766,095)		-	(766,095)
Total accumulated depreciation and amortization	(201,394,328)	(20,499,067)	1,302,658	(220,590,737)
<b>NET CAPITAL ASSETS</b>	<b>\$ 657,611,709</b>	<b>\$ 19,631,546</b>	<b>\$ (30,453,511)</b>	<b>\$ 646,789,744</b>

Capital asset activity resulted primarily from the acquisition of Houghton Court Apartments, increase in construction-in-process and as a result of upgrades and rehabilitation at various properties.

Of the \$40.1 million of additions to the capital assets, \$4.7 million was related to the acquisition of land and buildings of the Houghton Court Apartments. \$19.7 million of additions was attributable to the increase in construction-in-process. Another \$15.7 million of additions was the result of upgrades and rehabilitation at various properties.

Of the \$31.7 million of disposition of the capital assets, \$28.8 million is related to assets sold to tax credit partnerships and \$2.9 million represents capitalized building upgrades reclassified from construction-in-progress.

Total interest cost for the Authority in 2018 was \$17,974,069 of which \$1,130,565 was capitalized.

There was no interest on qualifying assets in 2018.

### Discretely Presented Component Units

	Beginning Balances	Additions	Disposals	Ending Balances
<b>NONDEPRECIABLE:</b>				
Land	\$ 18,622,081	\$ 5,813,604	\$ -	\$ 24,435,685
Construction-in-progress	588,115	3,199,458	-	3,787,573
Total Nondepreciable	<u>19,210,196</u>	<u>9,013,062</u>	<u>-</u>	<u>28,223,258</u>
<b>DEPRECIABLE:</b>				
Land Improvements	21,632,843	-	-	21,632,843
Buildings	380,586,168	65,981,263	-	446,567,431
Equipment	7,712,245	1,385,420	-	9,097,665
Off-site Work	9,453,202	3,422,678	-	12,875,880
Total Depreciable	<u>419,384,458</u>	<u>70,789,361</u>	<u>-</u>	<u>490,173,819</u>
Intangible Assets	<u>2,321,562</u>	<u>264,632</u>	<u>-</u>	<u>2,586,194</u>
<b>Total Capital Assets</b>	440,916,216	80,067,055	-	520,983,271
Accumulated Depreciation	(90,011,019)	(13,441,089)	-	(103,452,108)
Accumulated Amortization	(1,009,885)	(147,686)	-	(1,157,571)
	<u><b>\$ 349,895,312</b></u>	<u><b>\$ 66,478,280</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 416,373,592</b></u>

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

## Note 6 – Long-Term Debt Obligations

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

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements/ Payments</b>	<b>Ending Balance</b>	<b>Current Portion</b>
Revenue Bonds	\$ 62,723,026	\$ 164,710,000	\$ (5,748,205)	\$ 221,684,820	\$ 6,568,636
Demand Bonds	59,075,000	-	(32,625,000)	26,450,000	215,000
Mortgage Notes	943,885	-	(39,480)	904,404	41,881
Lines of Credit	294,583,750		(183,358,830)	111,224,920	44,600,000
Notes Payable	138,223,981	29,594,105	(6,228,998)	161,589,088	6,015,633
	<b>\$ 555,549,641</b>	<b>\$ 194,304,105</b>	<b>\$ (228,000,514)</b>	<b>\$ 521,853,232</b>	<b>\$ 57,441,150</b>

Additional debt incurred in 2018 includes:

- 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).
- The Authority issued \$25 million tax exempt line-of-credit to pay-off the Friendly Village Key Bank line-of-credit used for the acquisition of the property.

	<b>Fiscal Year Issued</b>	<b>Amount Issued</b>	<b>Interest Rates</b>	<b>Fiscal Year Maturity</b>	<b>Amount Outstanding</b>	<b>Current Portion</b>
<b>Revenue Bonds:</b>						
<b>Tax Credit:</b>						
Greenbridge - Nia	2006	3,000,000	5.41-5.87%	2037	2,670,000	45,000
Seola Crossing 1	2006	1,650,000	6.38%	2047	1,567,500	11,082
Seola Crossing 2	2006	5,050,000	6.38%	2047	4,797,500	33,918
Soosette Creek	2008	37,500,000	0.00-0.65%	2058	20,035,000	2,470,000
Eastbridge Apts.	2008	7,120,000	5.65%	2029	6,640,000	80,000
Green River Homes II	2011	9,500,000	2.78%	2021	5,181,818	863,636
Corinthian	2016	7,000,000	.90 -3%	2031	6,650,000	170,000
Total tax credit		<u>\$ 70,820,000</u>			<u>\$ 47,541,818</u>	<u>\$ 3,673,636</u>
<b>Other:</b>						
Rural Housing	1997	\$ 2,230,000	4.50-5.75%	2028	\$ 1,148,043	\$ 90,000
EPC - Hannon Armstrong QECB	2016	10,464,529	4.23%	2037	10,464,529	-
2018 Pool	2018	164,710,000	3.50%	2038	162,530,431	2,805,000
Total other		<u>\$ 177,404,529</u>			<u>\$ 174,143,002</u>	<u>\$ 2,895,000</u>
Total revenue bonds		<u>\$ 248,224,529</u>			<u>\$ 221,684,820</u>	<u>\$ 6,568,636</u>

**Demand Bonds:****Tax Credit:**

Overlake	2000	\$ 23,725,000	0.05-2.61%	2040	\$ 22,630,000	\$ 150,000
Salmon Creek	2008	4,250,000	0.05-2.61%	2047	3,820,000	65,000
Total tax credit		<u>\$ 27,975,000</u>			<u>\$ 26,450,000</u>	<u>\$ 215,000</u>

**Other:**

Total demand bonds		<u>\$ 27,975,000</u>			<u>\$ 26,450,000</u>	<u>\$ 215,000</u>
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**Mortgage Notes:**

Rural Housing	1998	\$ 1,350,949	7.25%	2033	\$ 904,404	\$ 41,881
Total mortgage notes		<u>\$ 1,350,949</u>			<u>\$ 904,404</u>	<u>\$ 41,881</u>

	Fiscal Year Issued	Amount Issued	Interest Rates	Fiscal Year Maturity	Amount Outstanding	Current Portion
<b><u>Lines of Credit:</u></b>						
KeyBank	2011	11,500,000		2020	4,796,852	-
New Market Tax Credit			4.00%		4,445,792	-
Southwood Square			2.93%		351,060	-
KeyBank	2015	80,000,000		2020	36,828,068	-
Corinthian			3.07%		3,076,377	-
Woodcreek Lane			2.57%		4,489,491	-
Highland Village			2.57%		6,930,000	-
Abbey Ridge			2.57%		20,214,664	-
Southwood Square			2.57%		577,736	-
Vashon Terrace			2.57%		1,539,800	-
KeyBank /Friendly Village	2017	25,000,000	1.75%	2019	24,600,000	24,600,000
Bank of America /Highland Village Development	2017	25,000,000	3.48%	2020	25,000,000	-
Bank of America/ Somerset Development	2017	20,000,000	3.23%	2019	20,000,000	20,000,000
Total Other		<u>\$ 161,500,000</u>			<u>\$ 111,224,920</u>	<u>\$ 44,600,000</u>
Total lines of credit		<u>\$ 161,500,000</u>			<u>\$ 111,224,920</u>	<u>\$ 44,600,000</u>

**Notes Payable:****Tax Credit:**

Somerset - Bellevue	2000	\$ 700,000	1.00%	2030	\$ -	\$ -
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	-	-
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>\$ 6,528,000</u>	<u>\$ -</u>

**Other:**

Hidden Village - State	1992	\$ 292,157	5.00%	2044	\$ 292,157	\$ -
Windsor Heights - State	1999	1,040,000	1.00%	2039	890,484	38,318
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	62,560	1,799
Rainier View 1 - DOC	1999	227,240	1.00%	2049	150,144	4,317
Rainier View 2 - DOC	1999	172,900	1.00%	2049	112,608	3,238
FHLB	2013	18,000,000	3.97%	2033	13,262,903	900,000
2013 Pool	2013	83,281,749	3.57%	2033	67,976,670	3,480,285
2015 Pool	2015	41,700,000	2.68%	2035	38,373,562	1,008,943
2018 Columbia Pool	2018	29,600,000	3.40%	2048	29,600,000	578,734
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>\$ 178,448,265</u>			<u>\$ 155,061,088</u>	<u>\$ 6,015,633</u>
Total notes payable		<u>\$ 186,056,265</u>			<u>\$ 161,589,088</u>	<u>\$ 6,015,633</u>

<b>TOTAL LONG-TERM OBLIGATIONS</b>		<u><b>\$ 625,106,743</b></u>			<u><b>\$ 521,853,232</b></u>	<u><b>\$ 57,441,150</b></u>
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The schedule of principal payments follows:

Debt Service - Principal	Revenue Bonds	Demand Bonds	Mortgage Notes	Financing Lease	Lines of Credit	Notes	Total
2019	6,568,636	215,000	41,881	-	44,600,000	6,015,633	57,441,150
2020	5,643,636	215,000	44,428	-	66,624,920	6,518,560	79,046,544
2021	7,559,546	220,000	46,626	-	-	6,390,496	14,216,668
2022	4,240,000	225,000	46,832	-	-	6,906,533	11,418,365
2023	4,380,000	225,000	46,832	-	-	6,773,114	11,424,946
2024-2028	35,474,170	1,185,000	234,161	-	-	37,071,979	73,965,310
2029-2033	35,161,283	1,295,000	443,644	-	-	43,138,477	80,038,404
2034-2038	119,447,543	1,415,000	-	-	-	25,899,025	146,761,568
2039-2043	1,815,000	1,570,000	-	-	-	6,692,317	10,077,317
2044-2048	1,395,000	19,885,000	-	-	-	8,422,551	29,702,551
2049-2053	-	-	-	-	-	2,035,411	2,035,411
2054-2058	-	-	-	-	-	1,774,998	1,774,998
2059-2063	-	-	-	-	-	1,950,000	1,950,000
2063-2067	-	-	-	-	-	2,000,000	2,000,000
<b>Total</b>	<b>\$ 221,684,814</b>	<b>\$ 26,450,000</b>	<b>\$ 904,404</b>	<b>\$ -</b>	<b>\$ 111,224,920</b>	<b>\$ 161,589,094</b>	<b>\$ 521,853,232</b>

The schedule of interest payments follows:

Debt Service - Interest	Revenue Bonds	Demand Bonds	Mortgage Notes	Financing Lease	Lines of Credit	Notes	Total
2019	2,739,068	713,908	63,852	-	-	4,999,398	8,516,226
2020	2,602,719	712,283	60,609	-	-	4,792,972	8,168,583
2021	2,499,487	710,595	57,123	-	-	4,601,679	7,868,884
2022	2,382,444	708,782	53,376	-	-	4,348,321	7,492,923
2023	2,331,545	706,907	49,347	-	-	4,119,481	7,207,280
2024-2028	9,957,140	3,503,535	172,453	-	-	18,232,479	31,865,607
2029-2033	5,660,831	3,442,406	-	-	-	11,596,756	20,699,993
2034-2038	2,761,894	3,367,277	-	-	-	4,833,766	10,962,937
2039-2043	791,871	3,275,352	-	-	-	2,487,720	6,554,943
2044-2048	170,737	60,277	-	-	-	1,454,673	1,685,687
2049-2053	-	-	-	-	-	706,434	706,434
2054-2058	-	-	-	-	-	795,563	795,563
2059-2063	-	-	-	-	-	179,538	179,538
2063-2067	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 31,897,736</b>	<b>\$ 17,201,322</b>	<b>\$ 456,760</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 63,148,780</b>	<b>\$ 112,704,598</b>

The schedule of debt service payments follows:

Debt Service - Total	Revenue Bonds	Demand Bonds	Mortgage Notes	Financing Lease	Lines of Credit	Notes	Total
2019	9,307,704	928,908	105,733	-	44,600,000	11,015,031	65,957,376
2020	8,246,355	927,283	105,037	-	66,624,920	11,311,532	87,215,127
2021	10,059,033	930,595	103,749	-	-	10,992,175	22,085,552
2022	6,622,444	933,782	100,208	-	-	11,254,854	18,911,288
2023	6,711,545	931,907	96,179	-	-	10,892,595	18,632,226
2024-2028	45,431,310	4,688,535	406,614	-	-	55,304,458	105,830,917
2029-2033	40,822,114	4,737,406	443,644	-	-	54,735,233	100,738,397
2034-2038	122,209,437	4,782,277	-	-	-	30,732,791	157,724,505
2039-2043	2,606,871	4,845,352	-	-	-	9,180,037	16,632,260
2044-2048	1,565,737	19,945,277	-	-	-	9,877,224	31,388,238
2049-2053	-	-	-	-	-	2,741,845	2,741,845
2054-2058	-	-	-	-	-	2,570,561	2,570,561
2059-2063	-	-	-	-	-	2,129,538	2,129,538
2063-2067	-	-	-	-	-	2,000,000	2,000,000
<b>Total</b>	<b>\$ 253,582,550</b>	<b>\$ 43,651,322</b>	<b>\$ 1,361,164</b>	<b>\$ -</b>	<b>\$ 111,224,920</b>	<b>\$ 224,737,874</b>	<b>\$ 634,557,830</b>

## **Demand Bonds**

The Authority had \$26.4 million in outstanding variable rate demand bonds on two projects. The Village at Overlake Station (Overlake) had \$22.630 million, Salmon Creek Apartments had \$3.820 million. 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.
- 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, 2018, the variable rate on the bonds was 1.80 percent. The Overlake variable rate demand note bonds have a year-end principal balance of \$22,630,000. The Letter of Credit expires on January 2, 2021 and supports the variable rate bonds only.

Salmon Creek Apartments bond matures in 2047. At December 31, 2018, the variable rate on the bond was 1.80 percent. The Salmon Creek variable rate demand bond had a year-end principal balance of \$3,820,000. 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.

## **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 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>CONDENSED STATEMENT OF NET POSITION</b>		
<b>ASSETS</b>		
Cash and Investments	\$ -	\$ 3,104,069.00
Receivables and other, net	-	70,723
Capital Assets	35,782,768	24,677,623
Total Assets	<u>\$ 35,782,768</u>	<u>\$ 27,852,415</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>	<u>\$ -</u>	<u>\$ -</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:</b>	<u><b>\$ 35,782,768</b></u>	<u><b>\$ 27,852,415</b></u>
<b>LIABILITIES:</b>		
<b>LIABILITIES</b>		
Current Liabilities	\$ 666,389.00	\$ 403,054.00
Long-term Liabilities	14,470,105	22,608,347
Total Assets	<u>\$ 15,136,494</u>	<u>\$ 23,011,401</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>	<u>\$ -</u>	<u>\$ -</u>
<b>NET POSITION:</b>		
Net investment in capital assets	20,654,475	1,957,951
Restricted	-	2,046,131
Unrestricted	(8,201)	836,932
Total Net Position	<u>20,646,274</u>	<u>4,841,014</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<u><b>\$ 35,782,768</b></u>	<u><b>\$ 27,852,415</b></u>
<b>CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION</b>		
<b>OPERATING REVENUES</b>	\$ 4,152,868	\$ 3,980,565
<b>OPERATING EXPENSES</b>		
Administrative	7,421	568,281
Operating and Maintenance		1,004,647
Depreciation and Amortization	1,525,454	1,104,718
<b>Total Operating Expense</b>	<b>1,532,875</b>	<b>2,677,646</b>
<b>Total Operating Income</b>	<b>2,619,993</b>	<b>1,302,919</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Grant Revenue		
Interest Expense	(928,029)	(978,308)
Gain(loss) on disposal assets		
Other revenue (expense)		
<b>Total nonoperating revenues (expenses)</b>	<u><b>(928,029)</b></u>	<u><b>(978,308)</b></u>
<b>Total Net Income (Loss)</b>	<u><b>1,691,964</b></u>	<u><b>324,611</b></u>
<b>CHANGE IN NET POSITION</b>		
Beginning Net Position	18,954,310	4,516,403
Total Ending Net Position	<u><b>\$ 20,646,274</b></u>	<u><b>\$ 4,841,014</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	\$ 617,354	\$ 964,372	\$ 2,871,763	\$ 675,437	\$ 579,774
Receivables and other	80,866	86,956	157,347	117,952	21,165
Capital assets, net	17,470,276	15,239,808	60,968,801	17,252,819	5,194,278
<b>Total Assets</b>	<b>\$ 18,168,496</b>	<b>\$ 16,291,136</b>	<b>\$ 63,997,910</b>	<b>\$ 18,046,208</b>	<b>\$ 5,795,217</b>
<b>LIABILITIES &amp; NET POSITION</b>					
<b>LIABILITIES</b>					
Current liabilities	\$ 228,212	\$ 720,190	\$ 1,614,680	\$ 76,147	\$ 236,988
Long-term liabilities	11,464,247	9,713,296	58,678,763	7,357,619	4,912,827
<b>NET POSITION</b>	<b>6,476,038</b>	<b>5,857,650</b>	<b>3,704,467</b>	<b>10,612,442</b>	<b>645,402</b>
<b>Total Liabilities &amp; Net Position</b>	<b>\$ 18,168,497</b>	<b>\$ 16,291,136</b>	<b>\$ 63,997,910</b>	<b>\$ 18,046,208</b>	<b>\$ 5,795,217</b>
<b>REVENUE, EXPENSES AND CHANGE IN NET POSITION:</b>					
<b>OPERATING REVENUES</b>	<b>\$ 1,180,729</b>	<b>\$ 1,427,584</b>	<b>\$ 5,424,751</b>	<b>\$ 715,030</b>	<b>\$ 716,058</b>
<b>OPERATING EXPENSES</b>					
Administrative	188,507	173,815	806,310	168,574	178,527
Operating and maintenance	244,215	339,033	1,647,439	433,660	219,485
Depreciation and amortization	532,996	926,052	1,860,357	610,105	350,373
<b>Total Operating Expense</b>	<b>965,718</b>	<b>1,438,900</b>	<b>4,314,106</b>	<b>1,212,339</b>	<b>748,386</b>
<b>Total Operating Income</b>	<b>215,011</b>	<b>(11,316)</b>	<b>1,110,645</b>	<b>(497,309)</b>	<b>(32,328)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Grant Revenue	-	-	(0)	-	-
Investment income	-	10	-	-	-
Interest expense	(453,675)	(622,436)	(1,202,809)	(232,973)	(197,943)
Other revenue (expense)					
<b>Total nonoperating revenues (expenses)</b>	<b>(453,675)</b>	<b>(622,426)</b>	<b>(1,202,809)</b>	<b>(232,973)</b>	<b>(197,943)</b>
<b>Total Net Income (Loss)</b>	<b>(238,664)</b>	<b>(633,742)</b>	<b>(92,164)</b>	<b>(730,281)</b>	<b>(230,271)</b>
Contributions (distributions)	-	-	-	-	-
<b>CHANGE IN NET POSITION</b>	<b>(238,664)</b>	<b>(633,742)</b>	<b>(92,164)</b>	<b>(730,281)</b>	<b>(230,271)</b>
Beginning Net Position	6,714,702	6,427,612	3,317,059	11,342,723	875,673
Prior Period -Adjustment		63,780	479,572		
Restated Beginning Net Assets	6,714,702	6,491,392	3,796,631	11,342,723	875,673
<b>Total Ending Net Position</b>	<b>\$ 6,476,038</b>	<b>\$ 5,857,650</b>	<b>\$ 3,704,467</b>	<b>\$ 10,612,442</b>	<b>\$ 645,402</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

**ASSETS, LIABILITIES AND NET POSITION:**

**ASSETS**

Cash and investments	\$ 571,440	\$ 446,249	\$ 726,109	\$ 1,606,010	\$ 341,254
Receivables and other	44,933	109,760	87,907	263,348	26,282
Capital assets, net	15,032,058	14,119,590	16,734,604	27,190,274	7,232,261
<b>Total Assets</b>	<b>\$ 15,648,431</b>	<b>\$ 14,675,599</b>	<b>\$ 17,548,620</b>	<b>\$ 29,059,632</b>	<b>\$ 7,599,797</b>

**LIABILITIES & NET POSITION**

**LIABILITIES**

Current liabilities	\$ 398,509	\$ 2,093,560	\$ 1,829,755	\$ 4,657,247	\$ 58,303
Long-term liabilities	11,225,339	7,386,122	7,754,346	17,513,288	6,776,344

<b>NET POSITION</b>	<b>4,024,583</b>	<b>5,195,917</b>	<b>7,964,519</b>	<b>6,889,097</b>	<b>765,150</b>
<b>Total Liabilities &amp; Net Position</b>	<b>\$ 15,648,431</b>	<b>\$ 14,675,599</b>	<b>\$ 17,548,620</b>	<b>\$ 29,059,632</b>	<b>\$ 7,599,797</b>

**REVENUE, EXPENSES AND CHANGE IN NET POSITION:**

<b>OPERATING REVENUES</b>	<b>\$ 832,496</b>	<b>\$ 795,590</b>	<b>\$ 1,000,771</b>	<b>\$ 2,066,464</b>	<b>\$ 225,040</b>
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**OPERATING EXPENSES**

Administrative	160,918	136,773	151,673	317,905	45,796
Operating and maintenance	206,164	244,763	337,795	602,861	95,155
Depreciation and amortization	466,461	588,822	578,936	1,193,919	370,878
<b>Total Operating Expense</b>	<b>833,543</b>	<b>970,358</b>	<b>1,068,404</b>	<b>2,114,685</b>	<b>511,829</b>

<b>Total Operating Income</b>	<b>(1,048)</b>	<b>(174,768)</b>	<b>(67,633)</b>	<b>(48,221)</b>	<b>(286,789)</b>
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**NONOPERATING REVENUES (EXPENSES)**

Grant Revenue	-	-	-	-	-
Investment income	-	-	98,164	38	-
Interest expense	(70,006)	(382,580)	(453,863)	(1,069,103)	(5,989)
Other revenue (expense)					

<b>Total nonoperating revenues (expenses)</b>	<b>(70,006)</b>	<b>(382,580)</b>	<b>(355,699)</b>	<b>(1,069,065)</b>	<b>(5,989)</b>
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<b>Total Net Income (Loss)</b>	<b>(71,054)</b>	<b>(557,348)</b>	<b>(423,332)</b>	<b>(1,117,286)</b>	<b>(292,778)</b>
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Contributions (distributions)	-	-	-	-	-
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<b>CHANGE IN NET POSITION</b>	<b>(71,054)</b>	<b>(557,348)</b>	<b>(423,332)</b>	<b>(1,117,286)</b>	<b>(292,778)</b>
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Beginning Net Position	4,033,408	5,687,989	8,303,500	7,978,718	1,049,596
Prior Period -Adjustment	62,228	65,276	84,352	27,665	8,332

Restated Beginning Net Assets	4,095,636	5,753,265	8,387,852	8,006,383	1,057,928
<b>Total Ending Net Position</b>	<b>\$ 4,024,582</b>	<b>\$ 5,195,917</b>	<b>\$ 7,964,520</b>	<b>\$ 6,889,097</b>	<b>\$ 765,150</b>

Partnership Name	Somerset Gardens Apartments LLLP	Soosette Creek LLC	Spiritwood Manor LLLP	Vantage Point Apartments LLC	Zephyr Apartments LLLP	GRAND TOTAL
Fiscal Year Acquired / Sold	2017	2008	2016	2013	2010	
<b>ASSETS, LIABILITIES AND NET POSITION:</b>						
<b>ASSETS</b>						
Cash and investments	\$ 2,160,007	\$ 2,893,679	\$ 1,813,167	\$ 252,622	\$ 399,336	\$ 16,918,573
Receivables and other	310,898	214,808	195,385	130,778	33,386	1,881,770
Capital assets, net	72,631,406	74,223,931	41,349,713	24,239,672	6,065,479	414,944,970
<b>Total Assets</b>	<b>\$ 75,102,311</b>	<b>\$ 77,332,418</b>	<b>\$ 43,358,265</b>	<b>\$ 24,623,072</b>	<b>\$ 6,498,201</b>	<b>\$ 433,745,313</b>
<b>LIABILITIES &amp; NET POSITION</b>						
<b>LIABILITIES</b>						
Current liabilities	\$ 1,704,476	\$ 2,492,515	\$ 1,551,412	\$ 55,545	\$ 25,401	\$ 17,742,940
Long-term liabilities	74,421,222	59,264,594	26,569,462	11,992,803	6,051,714	321,081,986
<b>NET POSITION</b>	<b>(1,023,387)</b>	<b>15,575,309</b>	<b>15,237,391</b>	<b>12,574,723</b>	<b>421,087</b>	<b>94,920,387</b>
<b>Total Liabilities &amp; Net Position</b>	<b>\$ 75,102,311</b>	<b>\$ 77,332,418</b>	<b>\$ 43,358,265</b>	<b>\$ 24,623,072</b>	<b>\$ 6,498,201</b>	<b>\$ 433,745,313</b>
<b>REVENUE, EXPENSES AND CHANGE IN NET POSITION:</b>						
<b>OPERATING REVENUES</b>	<b>\$ 2,055,416</b>	<b>\$ 4,452,526</b>	<b>\$ 2,394,271</b>	<b>\$ 579,892</b>	<b>\$ 394,431</b>	<b>\$ 24,261,049</b>
<b>OPERATING EXPENSES</b>						
Administrative	414,200	556,972	276,532	196,787	69,751	3,843,039
Operating and maintenance	540,509	1,229,648	438,586	338,815	129,871	7,048,001
Depreciation and amortization	1,448,573	2,464,507	1,199,710	756,150	240,935	13,588,775
<b>Total Operating Expense</b>	<b>2,403,282</b>	<b>4,251,126</b>	<b>1,914,828</b>	<b>1,291,752</b>	<b>440,557</b>	<b>24,479,814</b>
<b>Total Operating Income</b>	<b>(347,866)</b>	<b>201,399</b>	<b>479,443</b>	<b>(711,860)</b>	<b>(46,126)</b>	<b>(218,765)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Grant Revenue	-	-	-	-	-	-
Investment income	-	-	-	-	-	98,212
Interest expense	(675,521)	(1,023,308)	(932,415)	(216,436)	(10,988)	(7,550,046)
Other revenue (expense)	-	-	-	-	-	-
<b>Total nonoperating revenues (expenses)</b>	<b>(675,521)</b>	<b>(1,023,308)</b>	<b>(932,415)</b>	<b>(216,436)</b>	<b>(10,988)</b>	<b>(7,451,834)</b>
<b>Total Net Income (Loss)</b>	<b>(1,023,387)</b>	<b>(821,909)</b>	<b>(452,972)</b>	<b>(928,297)</b>	<b>(57,114)</b>	<b>(7,670,599)</b>
Contributions (distributions)	-	-	-	-	-	-
<b>CHANGE IN NET POSITION</b>	<b>(1,023,387)</b>	<b>(821,909)</b>	<b>(452,972)</b>	<b>(928,297)</b>	<b>(57,114)</b>	<b>(7,670,599)</b>
Beginning Net Position	-	15,876,899	15,690,363	13,503,019	454,888	101,256,149
Prior Period -Adjustment	-	520,319	-	-	23,313	1,334,837
Restated Beginning Net Assets	-	16,397,218	15,690,363	13,503,018	478,202	102,590,986
<b>Total Ending Net Position</b>	<b>\$ (1,023,387)</b>	<b>\$ 15,575,309</b>	<b>\$ 15,237,391</b>	<b>\$ 12,574,721</b>	<b>\$ 421,088</b>	<b>\$ 94,920,387</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. Developer fee income reflected in the Authority's operating income totaled \$8.9 million in 2018.

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 \$7,992,732 for the year.

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

### **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-Revolving 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, 2018, the outstanding principal and accrued interest on the KCHA Subordinate Loan was \$4,758,999 and \$167,349, 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, 2018 was \$6,705,248.

### 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, 2018, Partnership Management Fee payable was \$6,631.

## **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, 2018, the outstanding principal balance on the Bonds Payable, net of unamortized original issue discount was \$6,553,947. Minimum future annual principal payments are as follows:

Year ending December 31,	
2018	\$ 80,000
2019	85,000
2020	90,000
2021	95,000
2022	100,000
Thereafter	<u>6,190,000</u>
Subtotal	6,640,000
Less: Bond Issue discount; net	<u>(86,053)</u>
Total	<u>\$6,553,947</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, 2018, the outstanding balance on the loan was \$2,752,573.



### 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, 2018, 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, 2018, operating subsidy payments of \$78,000 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, 2018, 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, 2018, accrued interest on the Lease Payable was \$9,361,704. For the year ended December 31, 2018, interest expense on the Lease Payable was \$1,203,457.

#### 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, 2018, 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, 2018, 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, 2018, 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, 2018, the property management fee was \$281,339.

#### Advances payable

The Authority paid expenses on behalf of the Partnership. The advances were unsecured and did not bear interest. As of December 31, 2018, the balance payable to the Authority was \$351,907.

In addition during 2018, the General Partner provided services related to unit upgrades and Energy Performance Contract ("EPC"). As of December 31, 2018 the outstanding payable for EPC costs was \$292,201.

### 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, 2018, the Partnership received operating subsidy of \$4,149,000.

### **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, 2018, the outstanding balance on the Hope VI Loan was \$3,600,000. For the year ended December 31, 2018, 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, 2018 Property Management Fee was \$53,392.

#### Advances payable

The Authority paid expenses on behalf of the Partnership. The advances were unsecured and did not bear interest. As of December 31, 2018, the balance payable to the Authority was \$26,726.

### 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, 2018, the Partnership received operating subsidy of \$300,000.

## **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, 2018 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, 2018 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, 2018 the Company had drawn \$49,900 on the Term Loan.

### Advances payable to the Authority

As of December 31, 2018, advances payable to the Authority totaled \$37,921. 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, 2018, the Company’s property management fee expense was \$49,854.

## **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, 2018, 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, 2018, the outstanding principal on the KCHA Loan 2 was \$2,096,368.

### 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, 2018, the property management fee was \$58,277.

### 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, 2018, rental assistance of \$599,185 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, 2018, \$6,287 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, 2018 was 4.73 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, 2018, the outstanding balance on the Revenue Bonds was \$2,670,000. For the year ended December 31, 2018, interest expense on the Revenue Bonds was \$129,654.

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

Year ending December 31,	
2019	\$ 45,000.00
2020	45,000.00
2021	50,000.00
2022	50,000.00
2023	55,000.00
Thereafter	2,425,000.00
Total	<u>\$ 2,670,000.00</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, 2018, the principal balance on the Note Payable was \$328,000. For the year ended December 31, 2018, interest expense was \$24,177.

### 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, 2018, the outstanding balance on the HOPE VI Loan was \$3,200,000. For the year ended December 31, 2018, interest expense on the HOPE VI Loan was \$216,249.



### 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, 2018, the Company Management Fee was \$13,048.

### 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, 2018, operating subsidy payments of \$145,200 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, 2018, there were no reimbursements made to the Authority.

As of December 31, 2018, the outstanding balance on the Bonds Payable was \$3,820,000. For the year ended December 31, 2018, interest expense on the Bonds Payable was \$157,635.

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

Year ending December 31,		
2019	\$	65,000.00
2020		65,000.00
2021		70,000.00
2022		75,000.00
2023		75,000.00
Thereafter		3,470,000.00
Total		<u>\$ 3,820,000.00</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, 2018, the outstanding principal balance on the Note Payable was \$2,530,000. For the year ended December 31, 2018, interest expense was \$200,772.

#### 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, 2018, the outstanding principal balance on the HOPE VI Loan was \$1,045,595. For the year ended December 31, 2018, interest expense on the HOPE VI Loan was \$95,456.

#### 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, 2018, the Company Management Fee was \$26,095.

#### 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, 2018, operating subsidy payments of \$180,000 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, 2018, the outstanding principal balance on the Revenue Bond was \$6,365,000. For the year ended December 31, 2018, interest expense on the Revenue Bond was \$409,271.

Minimum future principal payments are as follows:

Year ending December 31,	
2019	\$ 45,000.00
2020	45,000.00
2021	50,000.00
2022	55,000.00
2023	55,000.00
Thereafter	6,115,000.00
Total	<u>\$ 6,365,000.00</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, 2018, the principal balance on the Note Payable was \$250,000. For the year ended December 31, 2018, interest expense was \$22,666.

#### 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, 2018, the outstanding principal balance was \$7,925,000. For the year ended December 31, 2018, interest expense on the HOPE VI Loan was \$607,166.

#### 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, 2018, was \$10,079.

#### 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, 2018, 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, 2018, operating subsidy payments of \$324,000 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, 2018, the outstanding principal balance on the KCHA First Loan was \$113,525. For the year ended December 31, 2018, interest expense on the KCHA First Loan was \$5,641. As of December 31, 2018, 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, 2018, operating subsidy payments of \$123,600 was received from the Authority.

## **Somerset Gardens Apartments LLLP**

### Lease agreement

On March 29, 2018, the Partnership entered into financing lease agreements (collectively, the "Lease Agreements") with the General Partner to lease land, buildings, and other improvements comprising the Project. The Lease Agreements are for the period from March 29, 2018 to December 31, 2117. Pursuant to the guidance for accounting for leases, the Partnership accounts for the leases as capital leases. 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 Agreements, the base rent for the entire lease term is one hundred dollars (\$100), payable on March 29, 2018.

In addition to the annual base rent, the Partnership is required to make additional lease payments in the amount of \$24,981,124 for Somerset Gardens and \$19,909,303 for Highland Village Apartments (Collectively, the "Financing Lease Payable"). The Financing Lease Payable is payable installments in accordance with the Lease Agreements. The Financing Lease Payable bore interest at a compounding rate of 3.25%. As of December 31, 2018, the Financing Lease Payable and accrued interest were paid in full. For the period beginning November 15, 2017 (inception) and ending December 31, 2018, total interest on the Financing Lease Payable was \$29,089, of which \$17,437 was expensed on the accompanying statement of operations and \$11,652 was capitalized into fixed assets on the accompanying balance sheet

### Developer fee

On March 1, 2018, the Partnership entered into a development agreement (the "Development Agreement") with the General Partner. 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 \$10,802,227 and will be earned in accordance with Section 5 of the Development Agreement. As of December 31, 2018, \$8,869,248 of the total developer fee has been earned and capitalized into fixed assets.

Payment of the developer fee will be made in installments upon satisfactions of the conditions stated in the Development 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, 2018, developer fee payable was \$8,869,248.

### Tax-exempt interim loans

On March 29, 2018, the Partnership entered into loan agreements (collectively, the "Tax-Exempt Interim Loan Agreements") with the General Partner, in the maximum principal amount of \$20,000,000 for Somerset Gardens and \$25,000,000 for Highland Village Apartments (collectively, the "Tax-Exempt Interim Loans"). The Tax-Exempt Interim Loans bear interest at 3%. The Tax-Exempt Interim Loans are secured by Leasehold Deeds of Trust, as defined in the Tax-Exempt Interim Loan Agreements. Payments of principal and interest will be made from Net Cash Flow, as defined and in accordance with the terms of the Partnership Agreement.

Tax-Exempt Interim Loans outstanding principal and accrued interest consist of the following as of December 31, 2018:

	Outstanding Principal	Accrued Interest
Somerset Gardens	\$ 20,000,000	\$ 26,301
Highland Village Apartments	19,451,974	24,972
Tax-Exempt Interim Loans	<u>\$ 39,451,974</u>	<u>\$ 51,273</u>

### Sponsor subordinate loans

On March 29, 2018, the Partnership entered into loan agreements (collectively, the "Sponsor Subordinate Loan Agreements") with the General Partner, in the maximum principal amount of \$14,500,000 for Somerset Gardens and \$27,000,000 for Highland Village Apartments (collectively, the "Sponsor Subordinate Loans"). The Sponsor Subordinate Loans bear interest at 3.25%. The Sponsor Subordinate Loans are secured by Leasehold Deeds of Trust, as defined in the Sponsor Subordinate Loan Agreements. Payments of principal and interest will be made from Net Cash Flow, as defined and in accordance with the terms of the Partnership Agreement.

Sponsor Subordinate Loans outstanding principal and accrued interest consist of the following as of December 31, 2018.

	Outstanding Principal	Accrued Interest
Somerset Gardens	\$ 11,700,000	\$ 198,837
Highland Village Apartments	14,400,000	264,744
Tax-Exempt Interim Loans	<u>\$ 26,100,000</u>	<u>\$ 463,581</u>

#### Partnership management fee

Pursuant to the Partnership Agreement, the Partnership will pay the General Partner, an annual cumulative partnership management fee (the “Partnership Management Fee”) in the amount of \$11,250, increasing at 3% per annum. The Partnership Management Fee will be paid commencing in 2018. The Partnership Management Fee is to compensate the General Partner for its services in connection with the oversight and management of the Partnership’s business. The fee accrues each year, and any outstanding fee does not bear interest. As of December 31, 2018, Partnership Management Fee payable was \$8,438.

### **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, 2018, the outstanding principal balance was \$15,854,898. As of December 31, 2018, accrued interest on the lease payable to the Authority was \$530,346. The Lease bears simple interest at a rate of 4.46 percent per annum, compounded annually. For the year ended December 31, 2018, interest expense on the lease liability was \$736,857.

#### 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, 2018, 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, 2018, the outstanding balance, net of unamortized original issuance discount, was \$36,998,472. For the year ended December 31, 2018, interest expense on Loan A was \$256,445.

### 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, 2018, the outstanding balance was \$3,387,037. For the year ended December 31, 2018, 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, 2018, the outstanding balance was \$2,000,000. For the year ended December 31, 2018, interest expense on the DOC Loan was \$21,000.

### 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, 2018, the property management fee was \$178,122.

### 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, 2018, 262 units were under contract. For the year ended December 31, 2018, payments received under the HAP Contract were \$3,134,007.

### 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, 2018, due to the Authority was \$97,544.

### **Spiritwood Manor LLLP**

#### Lease agreement

On January 27, 2017, 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, 2017 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, 2017, \$11,900,000 on or before October 15, 2017 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, 2018, the outstanding balance and interest expense on the Financing Lease Payable were \$13,495,000 and \$464,800, 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.

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. During 2018, the outstanding developer fee payable was paid in full.

#### 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, 2018, the outstanding principal and accrued interest on the KCHA Subordinate Loan was \$13,000,000 and \$467,616, 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, 2018, Property Management Fee payable was \$10,511.

#### 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 2017. 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, 2018, Partnership Management Fee payable was \$5,305. For the year ending December 31, 2018, Partnership Management Fee was \$5,305.

### 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, 2018, the total amount due to the Authority for funds advanced to pay certain development and operational costs was \$24,836.

### Housing assistance subsidy

On January 27, 2017, 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, 2018, rental assistance of \$1,782,682 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, 2018. 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, 2018, 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, 2018, the outstanding principal and accrued interest on the Master Loan A was \$5,000,000 and \$817,390, respectively. For the year ended December 31, 2018, interest on the Master Loan A was \$210,267.

As of December 31, 2018, the outstanding principal and accrued interest on the Master Loan B was \$3,000,000 and \$7,506, respectively. For the year ended December 31, 2018, interest on the Master Loan B was \$3,005.



As of December 31, 2018, the outstanding principal and accrued interest on the Master Loan C was \$2,000,000 and \$5,004, respectively. For the year ended December 31, 2018, interest on the Master Loan C was \$2,003.

As of December 31, 2018, the outstanding principal and accrued interest on the Master Loan D was \$1,160,000 and \$2,902, respectively. For the period beginning March 7, 2013 (inception) and ending December 31, 2018, 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, 2018, the property management fee was \$49,582.

#### 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, 2018, the total amount due to the Managing Member was \$24,376.

#### Regulatory and Operating Agreement

On December 1, 2017, 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, 2018, Operating Subsidy of \$360,000 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, 2018, the outstanding principal balance and accrued interest on the KCHA Second Loan was \$5,300,000 and \$77,694, respectively. For the year ended December 31, 2018, interest expense on the KCHA Second Loan was \$11,274.

As of December 31, 2018, the outstanding principal balance and accrued interest on the KCHA Third Loan was \$194,062 and \$3,270, respectively. For the year ended December 31, 2018, interest expense on the KCHA Third Loan was \$433.

### 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, 2018, the property management fee was \$19,722.

### 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, 2018, operating subsidy payments of \$249,960 was received from the Authority.

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

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

Grants: DOE	\$ 60,265
Grants: HUD, Section 8 program	136,304
Grants: HUD, ROSS	6,679
Grants: HUD, Capital Funds Program	476,050
Grants: HHS	33,323
Grants: USDA	11,599
Grants: State of Washington Matchmaker	183,416
Grants: State - Miscellaneous	32,095
Grants: Bellevue CDBG	169,953
Grants: BPA	61,218
Interest: Notes and financing lease	3,372,561
Manufactured Housing Community Preservation	151,434
Other Housing Authorities - Portability	703,324
Tenants	42,621
Tax Credit Partnerships	517,331
Other	472,711
<b>Total</b>	<b>\$ 6,430,882</b>

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

Prepaid expense	\$ 1,063,962
Materials & mobile home inventory	314,407
<b>Total</b>	<b>\$ 1,378,369</b>

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

Prepaid Expense	\$ 335,962
Other	4,433
	<b>\$ 340,395</b>

**Other Current Liabilities:**

Accounts payable	\$ 4,732,529
Interest payable	1,770,907
Accrued compensated absences	2,376,709
Accrued wages and benefits	822,878
Family Self Sufficiency escrow	1,316,512
Contract Retentions	958,205
Unearned Revenue	462,808
Other	37,489
<b>Total</b>	<b>\$ 12,478,035</b>

**Other Noncurrent Liabilities:**

Noncurrent interest	\$ 607,074
Unearned revenue	473,829
Other	853,066
<b>Total</b>	<b>\$ 1,933,968</b>

**Other Revenue:**

Portability administrative fee from other authorities	\$ 2,279,071
Other portability income	37,882,224
Non-dwell rent	553,026
Home and lot sales revenue	4,277,182
Property management fees	1,051,637
Conduit loan fees	101,109
Unit upgrade	2,473,368
Central Maintenance Fees	345,326
Weatherization Owner Contributions	239,471
Other	11,997,975
<b>Total</b>	<b>\$ 61,200,389</b>

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

Somerset Gardens & Highland Village	\$ 17,213,720
Eastside Maintenance Building	\$ 1,900,000
Vehicles and equipment	(20,133)
<b>Total</b>	<b>\$ 19,093,587</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 2018:

<b>Aggregate Pension Amounts – All Plans</b>	
Pension liabilities	\$ 13,308,659
Pension assets	\$ -
Deferred outflows of resources	\$ 2,595,250
Deferred inflows of resources	\$ 5,356,612
Pension expense/expenditures	\$ 776,651

### **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 2018 were as follows:

<b>PERS Plan 1</b>		
<b>Actual Contribution Rates</b>	<b>Employer</b>	<b>Employee*</b>
January – June 2018:		
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>
July – December 2018:		
PERS Plan 1	7.52%	6.00%
PERS Plan 1 UAAL	5.13%	
Administrative Fee	0.18%	
<b>Total</b>	<b>12.83%</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 2018 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 2018:</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>
<b>July – December 2018:</b>		
PERS Plan 2/3	7.52%	7.41%
PERS Plan 1 UAAL	5.13%	-
Administrative Fee	0.18%	-
Employee PERS Plan 3	-	varies
<b>Total</b>	<b>12.83%</b>	<b>7.41%</b>

\* For employees participating in JBM, the contribution rate was 18.45% for January – June 2018 and 18.53% for July – December 2018.

The Authority's actual PERS plan contributions were \$1,374,843 to PERS Plan 1 and \$2,012,817 to PERS Plan 2/3 for the year ended December 31, 2018.

### **Actuarial Assumptions**

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2018 with a valuation date of June 30, 2017. 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 2017 Economic Experience Study.

Additional assumptions for subsequent events and law changes are current as of the 2017 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2018. Plan liabilities were rolled forward from June 30, 2017, to June 30, 2018, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments

- **Inflation:** 2.75% total economic inflation; 3.50% salary inflation
- **Salary increases:** In addition to the base 3.50% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.4%

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 changes in methods and assumptions since the last valuation.

- Lowered the valuation interest rate from 7.70% to 7.50% for all systems except LEOFF 2. For LEOFF 2 the valuation interest rate was lowered from 7.50% to 7.40%.
- Lowered the assumed general salary growth from 3.75% to 3.50% for all systems.
- Lowered assumed inflation from 3.00% to 2.75% for all systems.
- Modified how the valuation software calculates benefits paid to remarried duty-related death survivors of LEOFF 2 members.
- Updated the trend that the valuation software uses to project medical inflation for LEOFF 2 survivors of a duty-related death, and for certain LEOFF 2 medical-related duty disability benefits.

### **Discount Rate**

The discount rate used to measure the total pension liability for all DRS plans was 7.4 percent.



To determine that rate, an asset sufficiency test included an assumed 7.5 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. (All plans use 7.5 percent except LEOFF 2, which has assumed 7.4 percent). Consistent with the long-term expected rate of return, a 7.4 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 7.4 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 7.4 percent was determined using a building-block-method. In selecting this assumption, the Office of the State Actuary (OSA) reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered capital market assumptions and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns over various time horizons.

### 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, 2018, 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.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	1.70%
Tangible Assets	7%	4.90%
Real Estate	18%	5.80%
Global Equity	32%	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 7.4 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 (6.4 percent) or 1-percentage point higher (8.4 percent) than the current rate.

	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
PERS 1	\$ 11,006,647	\$ 8,956,229	\$ 7,180,154
PERS 2/3	\$ 19,908,116	\$ 4,352,430	\$ (8,401,496)

### 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, 2018, 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	\$ 8,956,229
PERS 2/3	\$ 4,352,430

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	.201040%	.200541%	(.000499)%
PERS 2/3	.251544%	.251544%	(.003370)%

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, 2018, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2017, with update procedures used to roll forward the total pension liability to the measurement date.

### Pension Expense

For the year ended December 31, 2018, the Authority recognized pension expense as follows:

	Pension Expense
PERS 1	\$ 757,118
PERS 2/3	\$ 19,533
TOTAL	\$ 776,651

## Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2018, 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	\$ -	\$ 355,915
Changes of assumptions	\$ -	\$ -
Changes in proportion and differences between contributions and proportionate share of contributions	\$ -	\$ -
Contributions subsequent to the measurement date	\$ 691,015	\$ -
<b>TOTAL</b>	<b>\$ 691,015</b>	<b>\$ 355,915</b>

<b>PERS 2/3</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 533,494	\$ 762,030
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$2,670,852
Changes of assumptions	\$ 50,916	\$1,238,666
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 315,518	\$329,148
Contributions subsequent to the measurement date	\$ 1,006,307	\$-
<b>TOTAL</b>	<b>\$ 1,904,234</b>	<b>\$ 5,000,697</b>

Total of All Plans	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 533,494	\$ 762,030
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$3,026,768
Changes of assumptions	\$ 50,916	\$ 1,238,666
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 313,518	\$ 329,148
Contributions subsequent to the measurement date	\$ 1,697,322	\$ -
<b>TOTAL</b>	<b>\$ 2,595,250</b>	<b>\$ 5,356,612</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:

Year ended December 31:	PERS 1	PERS 2/3
2019	\$ 15,571	\$ (307,413)
2020	\$ (77,805)	\$ (895,129)
2021	\$ (233,471)	\$ (1,670,797)
2022	\$ (60,210)	\$ (641,370)
2023	\$ -	\$ (260,062)
Thereafter	\$ -	\$ (327,997)

### **Note 11 – Other Post-Employment Benefits (OPEB)**

The Governmental Accounting Standards Board (GASB) released new accounting standard for public postemployment benefit plans other than pension (OPEB) and participating employers in 2015. The standard, GASB Statements No. 75, has substantially revised the accounting requirements previously mandated under GASB Statements 45.

The Authority's Actuarial Valuation Report for the OPEB plan was prepared by Milliman, Inc. of Seattle. Actuarial computations presented in the report under GASB 75 of the Governmental Accounting Standards Board are for purposes of assisting the housing authority in fulfilling its financial accounting requirements. The Actuarial Valuation Report is for fiscal year January 1, 2018 to December 31, 2018. For full review of the Actuarial valuation Report, please visit the Authority's website.

**Plan Description:** Eligible retirees and spouses are entitled to subsidies associated with postemployment medical benefits provided through the Public Employee Benefits Board (PEBB). The PEBB was created within the Washington State Health Care Authority to administer medical, dental, and life insurance plans for public employees and retirees.

**Benefit Provided:** The subsidies provided by PEBB and valued in this report include the following:

- PERS Plan 1: Employees are eligible for retiree health benefits if they retire at any age with 30 or more years of service, if they retire at age 55 or older and have 25 or more years of service, or if they retire at age 60 or older with five or more years of service. When a retiree or covered dependent becomes eligible for Medicare, the retiree or covered dependent must enroll in Medicare Parts A and B in order to maintain eligibility for PEBB retiree coverage.
- PERS Plan 2: Employees are eligible for retiree health benefits if they retire at age 55 or older and have 20 or more years of service, or if they retire at age 65 or older and have 5 or more years of service. When a retiree or covered dependent becomes eligible for Medicare, the retiree or covered dependent must enroll in Medicare Parts A and B in order to maintain eligibility for PEBB retiree coverage.
- PERS Plan 3: Employees are eligible for retiree health benefits if they retire at age 55 or older and have 10 or more years of service. When a retiree or covered dependent becomes eligible for Medicare, the retiree or covered dependent must enroll in Medicare Parts A and B in order to maintain eligibility for PEBB retiree coverage.

#### Health Benefits

Upon retirement, members are eligible to elect to receive medical and dental benefits through PEBB. Retired members may only elect dental coverage if they have elected medical coverage.

PEBB offers 12 medical plans:

- Kaiser Permanente WA Classic
- Kaiser Permanente WA Value
- Kaiser Permanente WA Sound Choice
- Kaiser Permanente WA Consumer-Directed Health Plan
- Kaiser Permanente WA Medicare
- Kaiser Permanente NW Classic
- Kaiser Permanente NW Consumer-Directed Health Plan
- Uniform Medical Plan Classic
- Uniform Medical Plan Consumer-Directed Health Plan
- Uniform Medical Plan Plus – Puget Sound High Value Network
- Uniform Medical Plan Plus – UW Medicine Accountable Care Network
- Medicare Supplement Plan F

PEBB offers 3 dental plans:

- Delta Care
- Uniform Dental Plan
- Willamette Dental Group

## Summary of Membership Data:

The following membership census was used in the actuarial valuation and provided by King County Housing Authority. The data for actives and retirees was collected as of July 1, 2018.

### Actives (As of July 1, 2018)

Age	Years of Service Completed								Total
	0 to 5	5 to 10	10 to 15	15 to 20	20 to 25	25 to 30	30 to 35	35 & Up	
Under 25	5	0	0	0	0	0	0	0	5
25 to 29	17	0	0	0	0	0	0	0	17
30 to 34	21	12	1	0	0	0	0	0	34
35 to 39	25	10	4	2	1	0	0	0	42
40 to 44	19	5	9	3	1	0	0	0	37
45 to 49	16	9	11	6	4	2	0	0	48
50 to 54	13	6	7	9	4	4	4	0	47
55 to 59	12	11	9	13	6	1	3	6	61
60 to 64	10	7	6	7	2	6	3	6	47
65 to 69	3	3	1	1	0	0	0	0	8
70 & Up	0	0	0	2	0	1	0	0	3
Total	141	63	48	43	18	14	10	12	349

### Retirees and Spouses Currently Receiving Medical Benefits (July 1, 2018)

Age	Number of Members	Number of Spouses
Under 55	0	1
55 to 59	1	0
60 to 64	7	5
65 to 69	17	8
70 to 74	24	8
75 to 79	7	2
80 to 84	1	1
85 to 89	0	0
90 & Over	0	0
Total	57	25

### Participant Averages

	Age at		Count
	Hire	Valuation	
Actives	37.7	48.1	349
Retirees	n/a	69.8	57

#### Valuation Date, Measurement Date, and Reporting Date

The Valuation date is July 1, 2018. This is the date as of which the census data is gathered and the actuarial valuation is performed. The Measurement Date is June 30, 2018. This is the date as of which the total OPEB liability is determined. Note that GASB 75 allows a lag of up to one year between the measurement date and the reporting date. No adjustment is required between the measurement date and the reporting date. The Reporting Date is December 31, 2018.

The total OPEB liability is also reported as of the beginning of the measurement period. As permitted by GASB 75, in this transition year, this calculation is based on a roll backward of the actuarial valuation results, with an adjustment made to the discount rate.

#### Significant Changes

There have been no significant changes between the valuation date and fiscal year ends.

### Summary of Key Results

The following are the key results for financial reporting. These amounts are developed in the financial reporting schedules that follow. A more detailed breakdown of the total OPEB liability as of the Valuation Date follows the financial reporting schedules.

<b>Total OPEB Liability June 30, 2017</b>	<b>Total OPEB Liability June 30, 2018</b>
\$10,984,152	\$11,286,172
	<b>OPEB Expense</b>
	\$1,035,323

## Total OPEB Liability

Total OPEB Liability	June 30, 2017	June 30, 2018
Total OPEB liability	\$10,984,152	\$11,286,172
Covered employee payroll	24,945,398	26,475,395
Total OPEB liability as a % of covered employee payroll	44.03%	42.63%

The total OPEB liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rates below, and then projected to the measurement dates. There have been no significant changes between the valuation date and fiscal year ends. If there were significant changes, an additional analysis or valuation might be required.

Valuation date	July 1, 2018	July 1, 2018
Measurement date	June 30, 2017	June 30, 2018

### Discount Rate

Discount rate	3.58%	3.87%
20-Year Tax-Exempt Municipal Bond Yield	3.58%	3.87%

The discount rate was based on the Bond Buyer General Obligation 20-bond municipal bond index for bonds that mature in 20 years.



## Changes in Total OPEB Liability

Changes in Total OPEB Liability	Increase (Decrease) Total OPEB Liability
Balance as of June 30, 2017	\$10,984,152
Changes for the year:	
Service cost	688,981
Interest on total OPEB liability	414,999
Effect of plan changes	0
Effect of economic/demographic gains or losses	0
Effect of assumptions changes or inputs	(638,508)
Expected benefit payments	(163,452)
Balance as of June 30, 2018	11,286,172

### Sensitivity Analysis

The following presents the total OPEB liability of the housing authority, calculated using the discount rate of 3.87%, as well as what the housing authority's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.87%) or 1 percentage point higher (4.87%) than the current rate.

	1% Decrease 2.87%	Discount Rate 3.87%	1% Increase 4.87%
Total June 30, 2018 OPEB liability	\$13,701,584	\$11,286,172	\$9,405,055

The following presents the total OPEB liability of the housing authority, calculated using the current healthcare cost trend rates as well as what the housing authority's total OPEB liability would be if it were calculated using trend rates that are 1 percentage point lower or 1 percentage point higher than the current trend rates.

	1% Decrease	Current Trend Rates	1% Increase
Total June 30, 2018 OPEB liability	\$9,181,246	\$11,286,172	\$14,085,324

## OPEB Expense

Measurement Period	July 1, 2017 to June 30, 2018
Service cost	\$688,981
Interest on total OPEB liability	414,999
Effect of plan changes	0
Recognition of Deferred Inflows/Outflows of Resources	
Recognition of economic/demographic gains or losses	0
Recognition of assumption changes or inputs	(68,657)
OPEB Expense	1,035,323

As of the June 30, 2018 Measurement Date, the deferred inflows and outflows of resources follow.

Deferred Inflows / Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$0	\$0
Changes of assumptions or inputs	(569,851)	0
Contributions made subsequent to the measurement date	N/A	81,726
Total	(\$569,851)	\$81,726

Contributions made subsequent to the measurement date are expected benefit payments in the half-year between the measurement date and the reporting date. Per paragraph 159 of GASB 75, deferred outflows of resources should be reported for benefits that come due subsequent to the measurement date, but prior to the reporting date. Per GASB's illustrations, these amounts should not be reported in the schedule below or the schedule on the following page.

Other amounts currently reported as deferred outflows of resources and deferred inflows of resources related to other postemployment benefits will be recognized in OPEB expense below. Note that additional future deferred inflows and outflows of resources may impact these numbers.

Measurement Period Ending June 30:	
2019	(\$68,657)
2020	(68,657)
2021	(68,657)
2022	(68,657)
2023	(68,657)
Thereafter	(226,566)

## Schedule of Deferred Inflows and Outflows of Resources

	Original Amount	Measurement Period in which Experience Arose	Original Recognition Period*	Amount Recognized in 2017/2018 Measurement Period Expense	Balance of Deferred Inflows as of 6/30/2018 Measurement Date	Balance of Deferred Outflows as of 6/30/2018 Measurement Date
<b>Economic or demographic (gains) or losses</b>	\$0	7/1/2017 - 6/30/2018	9.3	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
		Total		0	0	0
<b>Assumption changes or inputs</b>	(\$638,508)	7/1/2017 - 6/30/2018	9.3	<u>(\$68,657)</u>	<u>(\$569,851)</u>	<u>\$0</u>
		Total		(68,657)	(569,851)	0

\* Economic/demographic (gains)/losses and assumption changes or inputs are recognized over the average remaining service life for all active and inactive members.

### Details of Key Valuation Results

#### July 1, 2018 Valuation

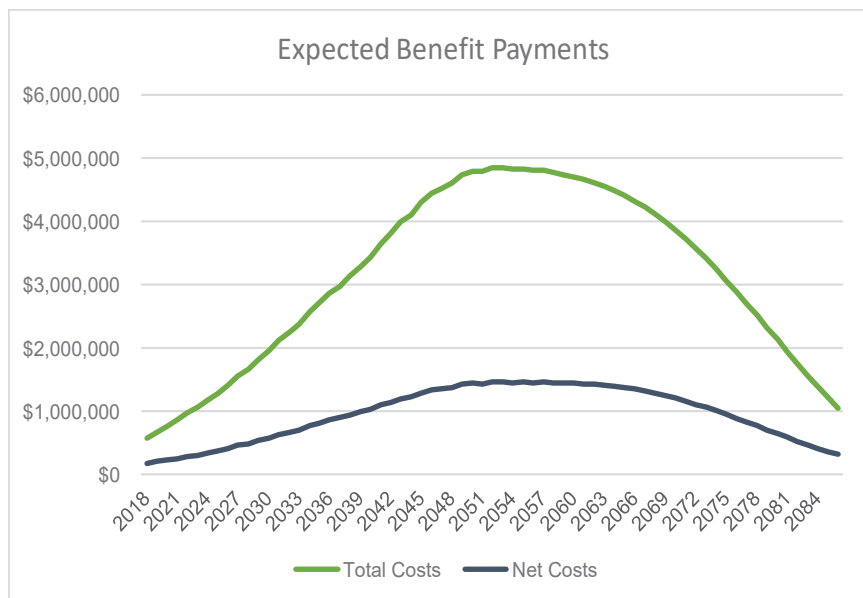
The following table is as of the valuation date of July 1, 2018 and is based on the discount rate of 3.87%.

	Total Costs	Retiree Premiums	Total OPEB Liability
Medical Pre 65			
Actives	\$3,396,378	(\$2,496,667)	\$899,711
Retirees	\$570,013	(\$420,803)	\$149,210
Total	<u>\$3,966,391</u>	<u>(\$2,917,470)</u>	<u>\$1,048,921</u>
Medical Post 65			
Actives	\$21,400,454	(\$14,665,250)	\$6,735,204
Retirees	\$9,763,784	(\$6,511,569)	\$3,252,215
Total	<u>\$31,164,238</u>	<u>(\$21,176,819)</u>	<u>\$9,987,419</u>
Dental			
Actives	\$1,318,694	(\$1,161,472)	\$157,222
Retirees	\$771,533	(\$678,923)	\$92,610
Total	<u>\$2,090,227</u>	<u>(\$1,840,395)</u>	<u>\$249,832</u>
Total			
Actives	\$26,115,526	(\$18,323,389)	\$7,792,137
Retirees	<u>\$11,105,330</u>	<u>(\$7,611,295)</u>	<u>\$3,494,035</u>
Total	<u>\$37,220,856</u>	<u>(\$25,934,684)</u>	<u>\$11,286,172</u>

## Details of Key Results

### July 1, 2018 Valuation

Year Beginning	Expected Benefit Payments		
	Total Costs	Premiums	Net Costs
2018	\$566,332	(\$393,202)	\$173,130
2019	661,187	(453,026)	208,160
2020	753,247	(526,820)	226,427
2021	859,970	(613,194)	246,776
2022	969,245	(692,423)	276,822
2023	1,069,274	(763,581)	305,693
2024	1,163,539	(831,115)	332,424
2025	1,275,726	(910,456)	365,270
2026	1,409,148	(1,000,941)	408,208
2027	1,550,149	(1,096,831)	453,318



### Actuarial Assumptions and Other Inputs:

The assumptions represent our best estimate of anticipated future experience based on information provided to us.

#### Actuarial Cost Method

The actuarial cost method used for determining the benefit obligations is the Entry Age Actuarial Cost Method. Under the principles of this method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated as a level percentage of expected salary for each year of employment between entry age (defined as age at hire) and assumed exit (until maximum retirement age). For purposes of projecting benefits prior to the valuation date as required by the actuarial cost method, we assumed a health cost trend equal to the ultimate health cost trend rate.

The portion of this actuarial present value allocated to a valuation year is called the service cost. The portion of this actuarial present value not provided for at a valuation date by the sum of (a) the actuarial value of the assets, and (b) the actuarial present value of future service costs is the total OPEB liability under GASB 75.

The OPEB expense is calculated in accordance with GASB 75.

#### Census Date

July 1, 2018.

#### Valuation Date

July 1, 2018.

#### Measurement Dates

June 30, 2018 is the measurement date for the December 31, 2018 financial reporting date. The beginning of year total OPEB liability is based on a measurement date of June 30, 2017. GASB 75 permits up to a one-year lag between the measurement date and report date without adjustment.

#### Economic Assumptions:

Price inflation of *Price Inflation* 2.75%. Assumption developed by the Office of the State Actuary for the Public Employees Benefits Board (PEBB).

#### *Discount Rate (Liabilities)*

3.58% for the 6/30/2017 measurement date

3.87% for the 6/30/2018 measurement date

#### *Health Cost Trend*

The health cost trend assumptions used in this valuation were developed for use in the July 1, 2018 OPEB valuation for the PEBB Program, performed by the Office of the State Actuary. These assumptions are displayed below, and are assumed for both current and future retirees.

Year Ending	Pre-65	Post-65	Post-65
	Claims and Contributions	Claims	Contributions
6/30/2019	6.80%	3.60%	2.80%
6/30/2020	6.30%	7.60%	12.50%
6/30/2021	6.10%	7.60%	11.90%
6/30/2022	5.30%	5.20%	6.60%
6/30/2025	5.50%	5.30%	5.50%
6/30/2035	6.30%	5.40%	5.50%
6/30/2045	6.00%	5.60%	5.70%
6/30/2055	5.60%	5.80%	5.90%
6/30/2065	5.40%	5.50%	5.50%
6/30/2075	4.60%	4.70%	4.70%
6/30/2085	4.50%	4.60%	4.60%
6/30/2095+	4.50%	4.70%	4.70%

The 2019 trend refers to the amount by which July 1, 2019 - June 30, 2020 medical costs are anticipated to exceed July 1, 2018 – June 30, 2019 medical costs. After 2022, selected years are shown in the table. In general, medical trend rates for the years not shown grade into the next value shown in the table. These trend rates assume that, over time, deductibles and out-of-pocket maximums will be periodically increased as medical trends increase.

1.10% for the year ending June 30, 2019, 2.00% for the year ending June 30, 2020, 2.00% for the year ending June 30, 2021, 2.50% for the year ending June 30, 2022, 3.50% for the year ending June 30, 2023, and 4.0% per year thereafter.

#### Salary Assumptions

Even though the benefits are not based upon pay, salary assumptions are necessary for the actuarial cost method. These assumptions are for promotion and longevity and reflect the assumptions used in the 2017 actuarial valuation for Washington State Public Employees Retirement System (PERS). The total salary growth includes both general wage growth in addition to the promotion and longevity components listed below.

### *Projected Annual Merit and Longevity Increases*

Years of Service	PERS
	Total Annual Increase
0	6.00%
1	6.00%
2	4.70%
3	3.60%
4	2.90%
5	2.20%
6	1.50%
7	1.20%
8	0.90%
9	0.70%
10	0.50%
11	0.40%
12	0.30%
13	0.30%
14	0.20%
15	0.20%
16	0.20%
17	0.10%
18	0.00%
19	0.00%
20	0.00%
21	0.00%
22	0.00%
23	0.00%
24	0.00%
25	0.00%
26+	0.00%

### Demographic Assumptions

Demographic assumptions regarding retirement, mortality, disability mortality, turnover, and marriage are based on assumptions used in the 2017 actuarial valuation for the Washington State retirement systems, and modified for King County Housing Authority.

The following pages include a summary of the assumed rates for service retirement and death at various ages, as well as other terminations shown by years of service.

The assumed rates of disability under PERS Plans 1, 2, and 3 from the 2017 actuarial valuation are less than 0.1% for ages 50 and below and continue to be low after that.

For service retirement, the assumptions for PERS Plans 1, 2 and, 3 from the 2017 actuarial valuation for Washington State retirement systems. The service requirements for these plans vary based on hire date and years of service

For mortality, the assumptions from the 2017 actuarial valuation for Washington State retirement systems, adjusted for King County Housing Authority. For all healthy members, the RP-2000 base

mortality table, adjusted by -1 year for both males and females, with generational mortality adjustments using projection scale BB was used.

For other termination of employment, the assumptions by plan from the 2017 actuarial valuation for Washington State retirement systems.

#### Premium Levels

The July 1, 2018 assumed annual medical retiree contributions used in the valuation are displayed below. These represent a weighted average of July 1, 2018 – June 30, 2019 PEBB retiree contributions by medical plan, based on overall PEBB current retiree medical plan election. These contributions are assumed for both current retirees and future retirees. Contributions are the same for retirees or spouses of retirees. The contributions exclude the administration charge, the state surcharge reduction, the Limeade administration charge, the CDHP employer contribution, the HSA administration fee, and the HSA wellness fee, as these are direct pass-through expenses that are 100% paid by retirees.

<u>Medical Plan</u>	<u>Subscriber or Spouse</u>	
	<u>Non-Medicare</u>	<u>Medicare</u>
Weighted Average based on current PEBB retirees	\$8,052.58	\$3,180.06

#### *Dental*

The July 1, 2018 assumed annual dental retiree contributions are displayed below. These represent a weighted average of July 1, 2018 – June 30, 2019 PEBB retiree contributions by dental plan, based on overall PEBB current retiree dental plan election. These contributions are assumed for both current retirees and future retirees. Contributions are the same for retirees or spouses of retirees.

<u>Dental Plan</u>	<u>Subscriber or Spouse</u>	
	<u>Non-Medicare</u>	<u>Medicare</u>
Weighted Average based on current PEBB retirees	\$547.17	\$547.17



## **Note 12 – 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 policy limit is \$5,000,000 per occurrence and has a \$1,000 deductible. Automobile Liability insurance is carried through Philadelphia Insurance Company with \$5,000,000 in total limits provided through a combination of policies, one with a \$1,000,000 combined single limit, and another that provides excess liability of \$4,000,000, for a total of \$5,000,000 in auto liability coverage.

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 the Tax Credit buildings and their 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 general and auto 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.

KCHA insures cyber liability through NAS with a \$1,000,000 per claim policy limit.

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 13 – Conduit Debt Obligations**

The Authority has issued debt instruments for the purpose of providing capital financing for specific nongovernmental corporations that are not part of the Authority's financial reporting entity. In general, the Authority issues such conduit debt, but the Authority is not responsible for the payment of the original debt. That debt is secured solely by payments received by the Authority from the various non-

governmental corporations, and by the Deeds of Trust to the underlying properties. Owners of the debt have no recourse to any other revenues of the Authority.

Non-governmental Corporation	Project Description	Date of Issue	Dec 31 Balance
Auburn North Associates Limited Partnership	Purchase of land and construction of a 296-unit complex for elderly or disabled, low-income persons in Auburn Washington, known as Auburn Court Apartments.	December 1, 1997	\$10,345,000
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	\$1,242,677
Seaview Apartments Limited Partnership	Acquisition and rehabilitation of a 72-unit multifamily development in Des Moines, Washington.	December 1, 1998	\$1,415,000
St. Andrews Housing Group	Acquisition of a 59-unit apartment complex located on Mercer Island, Washington, known as Ellsworth House.	October 20, 1999	\$1,882,992
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	\$5,902,932
Angle Lake Apartments	Construction of an 80-unit independent living, senior housing facility located in SeaTac.	November 14, 2002	\$3,006,001
Radcliffe Place, LLC	Construction of a 135 unit senior housing facility located in Kent know as Radcliffe Place Senior Apartments	December 22, 2004	\$8,770,856
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	\$6,457,701
Eernisse Apartments	Construction of a 26 unit affordable rental townhouse project on Vashon Island known as Eernisse Apartments.	December 20, 2005	\$1,388,799
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	\$2,322,587
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	\$7,980,000
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	\$2,275,809
Summerfield Rehab LLLP	Acquisition and rehabilitation of a 52 unit apartment complex in the City of Bellevue known as Summerfield Apartments	March 1, 2016	\$3,409,931

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

At December 31, 2018 the Authority had the following contractual obligations on construction projects:

<b>Project</b>	<b>Spent to Date</b>	<b>Remaining Commitment</b>
700 Building Space	\$ 534,693	\$ 232,875
Ballinger Homes Water Line	619,517	28,040
Boulevard Manor Roof Replacement	262,695	1,403
Boulevard Manor, Yardley Arms Zinzco Panel Replacement	194,086	15,857
EPC - Energy Performance Contract	3,254,578	2,585,371
Forest Glen Site Improvements	80,334	35,509
Greenleaf Building Envelope & Decks (no Roof)	1,108,488	192,119
Hillsview & Cedar Grove Site Work	195,251	7,133
Juanita Court Site Improvement	307,764	12,390
Juanita Trace Building Envelope	883,937	112,644
Kirkland Place Roof Replacement	126,874	210,389
Lakehouse Site Upgrades (Phase 2)	169,663	12,179
Northridge I Envelope Upgrade (A&E)	729,328	97,260
Northridge II Envelope Upgrade (A&E)	20,289	-
Northwood Deck Repair	595,703	27,065
Paramount House Envelope & Roof Project	1,747,118	76,714
Parkway Site & Utilities	385,982	19,144
	\$ 11,216,300	\$ 3,666,091

### **Note 15 –Subsequent Events**

On January 1, 2019, the Wonderland and Tall Cedars New Market Tax Credit Partnership, formed in September 2011, was dissolved and all assets and obligations were transferred to the authority.

On January 31, 2019, the Authority closed on the purchase of Riverstone Apartments, a 308 unit property, for \$70 million. The purchase was financed with the proceeds of a Key Bank line-of-credit.

On March 1, 2019, Green River Homes, LLC, a low income housing tax credit partnership, was dissolved and all assets and obligations were transferred to the authority.

In April 2019, the Authority entered into purchase and sale agreement to acquire Kendall Ridge Apartments, a 240 unit property, for \$75 million. The agreed upon closing date is October 1, 2019.

On June 1, 2019, the Egis Housing Limited Partnership, a low income housing tax credit partnership, was dissolved and all assets and obligations were transferred to the authority.

On July 1, 2019 the Authority has closed on the purchase of Juanita View Apartments, a 94 unit property, for \$11.5 million and Kirkland Heights Apartments, a 189 unit property, for \$22.1 million. The purchases were financed with the proceeds of a Key Bank line-of-credit.

On August 30, 2019, the Authority closed on the purchase of Emerson Apartments, a 207 unit property, for \$66 million. The purchase was financed with the proceeds of a Key Bank line-of-credit.

## Required Supplementary Information

Housing Authority of the County of King  
Schedule of proportionate share of the net pension liability  
As of June 30, 2018  
Last 10 Fiscal Years\*

PERS 1	2018	2017	2016	2015	2014	2013
Housing Authority's proportion of the net pension liability (asset)	0.200541%	0.201040%	0.210564%	0.202009%	0.209922%	0.205670%
Housing Authority's proportionate share of the net pension liability	8,956,229	9,535,505	11,308,279	10,565,949	10,574,919	12,017,821
Housing Authority's covered employee-payroll	26,970,937	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 as a percentage of covered payroll	33.21%	38.23%	47.26%	46.99%	48.22%	57.72%
Plan fiduciary net position as a percentage of the total pension liability	63.22%	61.24%	57.03%	59.10%	61.19%	

PERS 2/3	2018	2017	2016	2015	2014	2013
Housing Authority's proportion of the net pension liability (asset)	0.254914%	0.251544%	0.262174%	0.246303	0.244505%	0.239726%
Housing Authority's proportionate share of the net pension liability	4352430	8,739,952	13,200,254	8,800,547	4,942,329	10,236,336
Housing Authority's covered employee-payroll	26,755,913	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 as a percentage of covered payroll	16.3%	35.7%	56.2%	40.2%	23.6%	51.5%
Plan fiduciary net position as a percentage of the total pension liability	95.77%	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 with in the fiscal year\*

Housing Authority of the County of King  
Schedule of Employer Contributions  
For the year ended December 31, 2018  
Last 10 Fiscal Years\*

PERS 1	2018	2017	2016	2015	2014	2013
Contractually required contribution	1,374,842	1,271,540	1,179,966	1,043,238	932,952	735,026
Contributions in relation to the contractually required contributions	(1,374,842)	(1,271,540)	(1,179,966)	(1,043,238)	(932,952)	(735,026)
Contribution deficiency (excess)	-	-	-	-	-	-
Housing Authority's covered employee-payroll	26,476,799	25,698,867	24,288,689	23,325,570	22,109,317	21,427,933
Contributions as a percentage of covered employee-payroll	5.19%	4.95%	4.86%	4.47%	4.22%	3.43%

PERS 2/3	2018	2017	2016	2015	2014	2013
Contractually required contribution	1,374,842	1,745,086	1,491,788	1,293,314	1,063,522	990,321
Contributions in relation to the contractually required contributions	(1,374,842)	(1,745,086)	(1,491,788)	(1,293,314)	(1,063,522)	(990,321)
Contribution deficiency (excess)	-	-	-	-	-	-
Housing Authority's covered employee-payroll	26,265,218	25,367,142	23,860,193	22,813,433	21,289,453	20,469,150
Contributions as a percentage of covered employee-payroll	5.23%	6.88%	6.25%	5.67%	5.00%	4.84%

### **Note to the Required Supplementary Information for the year ended December 31, 2018**

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

Changes of Assumptions: Actuarial result reported in the DRS Participating Employer Financial Information (PEFI) report reflect the following changes in assumption and methods: 1 ) how terminated and vested member benefits are valued was corrected, 2) how 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 Changes in Total OPEB Liability and Related Ratios  
(in thousands)  
As of December 31, 2018  
Last 10 Fiscal Years

	Fiscal Year Ending December 31									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Total OPEB Liability</b>										
Service cost	\$689	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest on total OPEB liability	415	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Changes of benefit terms	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of economic/demographic gains or (losses)	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of assumption changes or inputs	(639)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Expected benefit payments	(163)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total OPEB liability	302	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability, beginning	10,984	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability, ending	11,286	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Covered employee payroll	\$26,475	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability as a % of covered employee payroll	42.63%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the current GASB standards, they should not be reported.

**HOUSING AUTHORITY OF THE COUNTY OF KING  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2018**

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures				Passed through to Subrecipients	Debt Liability Balance	Note
				From Pass- Through Awards	From Direct Awards	Total				
Rural Housing Service, Department Of Agriculture	Rural Rental Housing Loans	10.415	56-017-647765210	-	\$ 59,915	\$ 59,915	\$	-	\$ 904,404	1,2,4
Rural Housing Service, Department Of Agriculture	Rural Rental Assistance Payments	10.427	56-017-647765210	-	528,403	528,403	-	-	-	1,2
	<b>Total U.S. Department of Agriculture</b>			-	<b>588,318</b>	<b>588,318</b>	-	-	<b>904,404</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	WA19M000203	-	\$ 385,363	385,363	-	-	-	1,2
Office Of Public And Indian Housing, Department Of Housing And Urban Development	Lower Income Housing Assistance Program-Section 8 Moderate Rehabilitation	14.856	WA002MR0002	-	93,242	93,242	-	-	-	1,2
	<b>Total Section 8 Project-Based Programs Cluster</b>			-	<b>478,605</b>	<b>478,605</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	14.218	CDBG-251	497,790	-	497,790	-	-	-	1,2
	<b>Total CFDA 14.218</b>			<b>497,790</b>	<b>-</b>	<b>497,790</b>	-	-	-	
<b>Housing Voucher Cluster</b>										
Office Of Public And Indian Housing, Department Of Housing And Urban Development	Section 8 Housing Choice Vouchers	14.871	WA002	-	12,836,956	12,836,956	-	-	-	1,2
Office Of Public And Indian Housing, Department Of Housing And Urban Development	Mainstream Vouchers	14.879	WA002DV0022	-	4,049,275	4,049,275	-	-	-	1,2
	<b>Total Housing Voucher Cluster</b>			-	<b>16,886,231</b>	<b>16,886,231</b>	-	-	-	
Office Of Public And Indian Housing, Department Of Housing And Urban Development	Moving To Work Demonstration Program	14.881	WA002	-	139,305,946	139,305,946	-	-	-	1,2
Office Of Public And Indian Housing, Department Of Housing And Urban Development	Moving To Work Demonstration Program	14.881	WA002	-	9,897,782	9,897,782	-	-	-	1,2
Office Of Public And Indian Housing, Department Of Housing And Urban Development	Moving To Work Demonstration Program	14.881	WA19R002501-14	-	398,054	398,054	-	-	-	1,2
Office Of Public And Indian Housing, Department Of Housing And Urban Development	Moving To Work Demonstration Program	14.881	WA19R002502-14	-	231,256	231,256	-	-	-	1,2
Office Of Public And Indian Housing, Department Of Housing And Urban Development	Moving To Work Demonstration Program	14.881	WA19R002501-15	-	690,064	690,064	-	-	-	1,2
Office Of Public And Indian Housing, Department Of Housing And Urban Development	Moving To Work Demonstration Program	14.881	WA19R002502-15	-	229,799	229,799	-	-	-	1,2
Office Of Public And Indian Housing, Department Of Housing And Urban Development	Moving To Work Demonstration Program	14.881	WA19P002501-14	-	1,812,052	1,812,052	-	-	-	1,2
Office Of Public And Indian Housing, Department Of Housing And Urban Development	Moving To Work Demonstration Program	14.881	WA19P002501-15	-	3,416,190	3,416,190	-	-	-	1,2
Office Of Public And Indian Housing, Department Of Housing And Urban Development	Moving To Work Demonstration Program	14.881	WA19P002501-16	-	348,620	348,620	-	-	-	1,2
Office Of Public And Indian Housing, Department Of Housing And Urban Development	Moving To Work Demonstration Program	14.881	WA19P002501-18	-	742,292	742,292	-	-	-	1,2
Office Of Public And Indian Housing, Department Of Housing And Urban Development	Moving To Work Demonstration Program	14.881	WA01E002501-17	-	86,516	86,516	-	-	-	1,2
	<b>Total CFDA 14.881</b>			-	<b>157,156,571</b>	<b>157,156,571</b>	-	-	-	

**HOUSING AUTHORITY OF THE COUNTY OF KING**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended December 31, 2018**

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		
Office Of Public And Indian Housing, Department Of Housing And Urban Development	Resident Opportunity and Supportive Services - Service Coordinahrs	14.870	RCS5171008	-	114,962	114,962	-	-	1,2
Office Of Public And Indian Housing, Department Of Housing And Urban Development	Family Self-Sufficiency Program	14.896	FSS17WA2049	-	333,607	333,607	-	-	1,2
<b>Total U.S. Department of Housing and Urban Development</b>				<b>497,790</b>	<b>359,860,189</b>	<b>175,469,766</b>	-	-	
Department Of Energy (via Washington State Department of Commerce)	Weatherization Assistance for Low Income Persons	81.042	F16-43103-413 DOE	65,942	-	65,942	-	-	1,2
Department Of Energy (via Washington State Department of Commerce)	Weatherization Assistance for Low Income Persons	81.042	F17-53103-413 DOE	204,593	-	204,593	-	-	1,2
Department Of Energy (via Washington State Department of Commerce)	Weatherization Assistance for Low Income Persons	81.042	F17-53104-413 EPA	313,121	-	313,121	-	-	1,2
<b>Total CFDA 81.042</b>				<b>583,556</b>	<b>-</b>	<b>583,556</b>	-	-	
<b>Total U.S. Department of Energy</b>				<b>583,556</b>	<b>-</b>	<b>583,556</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	1,545,075	-	1,545,075	-	-	1,2
<b>Total U.S. Department of Health and Human Services</b>				<b>1,545,075</b>	<b>-</b>	<b>1,545,075</b>	-	-	
<b>Total Federal Expenditures</b>				<b>\$ 2,626,422</b>	<b>\$360,446,507</b>	<b>\$178,186,716</b>	<b>\$ -</b>	<b>\$ 904,404</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 minimis 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, 2018

Line Item #	Account Description	10.415 Rural Rental Housing Loans	10.427 Rural Rental Assistance Payments	14.195 Section 8 - Special Allocation	14.218 Community Development Block Grants/Entitlement Grants	14.251 Other Federal Programs
111	Cash - unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -
112	Cash - restricted - modernization and development	-	-	-	-	-
113	Cash - other restricted	-	-	914,622	-	-
114	Cash - tenant security deposits	-	-	17,020	-	-
115	Cash - restricted for payment of current liability	-	-	-	-	-
100	Total cash	-	-	931,641.93	-	-
121	AR - PHA projects	-	-	583	-	-
122	AR - HUD other projects	-	-	-	-	-
124	Accounts receivable - other government	-	-	-	169,952	-
125	Accounts receivable - miscellaneous	-	-	-	-	-
126	Accounts receivable- tenants	-	-	10,044	-	-
126.1	Allowance for doubtful accounts - tenants	-	-	(71)	-	-
126.2	Allowance for doubtful accounts - other	-	-	-	-	-
127	Notes and mortgages receivable- current	-	-	-	-	-
128	Fraud recovery	-	-	-	-	-
128.1	Allowance for doubtful accounts - fraud	-	-	-	-	-
129	Accrued interest receivable	-	-	-	-	-
120	Total receivables, net of allowances	-	-	10,556	169,952	-
131	Investments - unrestricted	-	-	-	-	-
132	Investments - restricted	-	-	-	-	-
135	Investments - restricted for payment of current liability	-	-	-	-	-
142	Prepaid expenses and other assets	-	-	3,980	-	-
143	Inventories	-	-	-	-	-
143.1	Allowance for obsolete inventories	-	-	-	-	-
144	Interprogram - due from	-	-	-	-	-
145	Assets held for sale	-	-	-	-	-
150	Total Current Assets	-	-	946,178	169,952	-
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	-	-	(1,678,954)	-	-
167	Work in progress	-	-	386,792	-	-
168	Infrastructure	-	-	10,600	-	-
160	Total capital assets, net of depreciation	-	-	1,464,701	-	-
171	Notes and mortgages receivable - non-current	-	-	-	-	-
172	Notes and mortgages receivable-non-current - past due	-	-	-	-	-
173	Grants receivable - non-current	-	-	-	-	-
174	Other assets	-	-	-	-	-
176	Investment in joint ventures	-	-	-	-	-
180	Total Noncurrent Assets	-	-	1,464,701	-	-
200	Deferred Outflows of Resources	-	-	13,064	2,194	-
290	Total Assets and Deferred Outflows of Resources	\$ -	\$ -	\$ 2,423,943	\$ 172,146	\$ -
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts payable < = 90 days	-	-	514,923	-	-
313	Accounts payable > 90 days past due	-	-	-	-	-
321	Accrued wage/payroll taxes payable	-	-	4,411	-	-
322	Accrued compensated absences	-	-	5,133	-	-
324	Accrued contingency liability	-	-	-	-	-
325	Accrued interest payable	-	-	-	-	-
331	Accounts Payable - HUD PHA programs	-	-	-	-	-
332	Accounts Payable - PHA projects	-	-	-	-	-
333	Accounts payable - other government	-	-	-	-	-
341	Tenant security deposits	-	-	17,020	-	-
342	Unearned revenue	-	-	2,184	-	-
343	Current portion of L-T debt - capital projects	41,881	-	-	-	-
344	Current portion of L-T debt - operating borrowings	-	-	-	-	-
345	Other current liabilities	-	-	109,288	3,430	-
346	Accrued liabilities - other	-	-	-	-	-
347	Interprogram - due to	-	-	-	-	-
348	Loan Liability - current	-	-	-	-	-
310	Total Current Liabilities	41,881	-	652,959	3,430	-
351	Long-term debt, net of current - capital projects	862,523	-	-	-	-
352	Long-term debt, net of current - operating borrowings	-	-	849,020	-	-
353	Non-current liabilities- other	-	-	-	-	-
354	Accrued compensated absences - non-current	-	-	-	-	-
355	Loan Liability - non-current	-	-	-	-	-
356	FASB 5 liabilities	-	-	-	-	-
357	Accrued pension and OPEB liabilities	-	-	110,404	18,281	-
350	Total Noncurrent Liabilities	862,523	-	959,424	18,281	-
300	Total Liabilities	904,404	-	1,612,382	21,711	-
400	Deferred Inflows of Resources	-	-	28,568	4,787	-
508.4	Net Investment in Capital Assets	(904,404)	-	1,464,701	-	-
511.4	Restricted Net Position	-	-	914,622	-	-
512.4	Unrestricted Net Position	(0)	-	(1,596,329)	145,647	-
513	Total Equity - Net Assets/Position	\$ (904,405)	\$ -	\$ 782,993	\$ 145,647	\$ -
600	Total Liabilities, Deferred Inflows of Resources, and Equity - Net Assets/Position	\$ -	\$ -	\$ 2,423,943	\$ 172,146	\$ -

Housing Authority of the County of King  
Financial Data Schedule (FDS)  
Statement of Net Position  
As of December 31, 2018

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	\$ 137,436	\$ -	\$ -	\$ -	4,719,756
112	Cash - restricted - modernization and development	-	-	-	-	-
113	Cash - other restricted	-	-	-	-	976,970
114	Cash - tenant security deposits	-	-	-	-	-
115	Cash - restricted for payment of current liability	-	-	-	-	-
100	Total cash	137,436	-	-	-	5,696,726
121	AR - PHA projects	-	-	-	-	247,395
122	AR - HUD other projects	-	6,679	31,957	4,612	14,175
124	Accounts receivable - other government	-	-	-	-	-
125	Accounts receivable - miscellaneous	-	-	16,491	7,609	885,748
126	Accounts receivable- tenants	-	-	-	-	-
126.1	Allowance for doubtful accounts - tenants	-	-	-	-	-
126.2	Allowance for doubtful accounts - other	-	-	-	-	-
127	Notes and mortgages receivable- current	-	-	-	-	88,386
128	Fraud recovery	-	-	-	-	-
128.1	Allowance for doubtful accounts - fraud	-	-	-	-	-
129	Accrued interest receivable	-	-	-	-	0
120	Total receivables, net of allowances	-	6,679	48,449	12,221	1,235,703
131	Investments - unrestricted	-	-	-	-	5,273,229
132	Investments - restricted	-	-	-	-	9,109,835
135	Investments - restricted for payment of current liability	-	-	-	-	-
142	Prepaid expenses and other assets	5	-	-	175	58,263
143	Inventories	-	-	-	-	-
143.1	Allowance for obsolete inventories	-	-	-	-	-
144	Interprogram - due from	-	-	-	-	-
145	Assets held for sale	-	-	-	-	-
150	Total Current Assets	137,441	6,679	48,449	12,396	21,373,756
161	Land	-	-	-	-	-
162	Buildings	-	-	-	-	-
163	Furniture, equipment & machinery - dwellings	-	-	-	-	-
164	Furniture, equipment & machinery - administration	-	-	-	-	-
165	Leasehold improvements	-	-	-	-	-
166	Accumulated depreciation	-	-	-	-	-
167	Work in progress	-	-	-	-	30
168	Infrastructure	-	-	-	-	-
160	Total capital assets, net of depreciation	-	-	-	-	30
171	Notes and mortgages receivable - non-current	-	-	-	-	25,972,811
172	Notes and mortgages receivable-non-current - past due	-	-	-	-	-
173	Grants receivable - non-current	-	-	-	-	-
174	Other assets	-	-	-	-	846,403
176	Investment in joint ventures	-	-	-	-	-
180	Total Noncurrent Assets	-	-	-	-	26,819,244
200	Deferred Outflows of Resources	115	7,111	41,417	15,041	807,517
290	Total Assets and Deferred Outflows of Resources	\$ 137,555	\$ 13,791	\$ 89,866	\$ 27,437	\$ 49,000,518
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -	-
312	Accounts payable < = 90 days	7,327	76,620	-	-	542,881
313	Accounts payable > 90 days past due	-	-	-	-	-
321	Accrued wage/payroll taxes payable	32	(0)	-	758	269,501
322	Accrued compensated absences	120	-	-	2,828	646,636
324	Accrued contingency liability	-	-	-	-	-
325	Accrued interest payable	-	-	-	-	-
331	Accounts Payable - HUD PHA programs	-	-	-	-	-
332	Accounts Payable - PHA projects	-	-	-	-	-
333	Accounts payable - other government	-	-	-	-	-
341	Tenant security deposits	-	-	-	-	-
342	Unearned revenue	-	-	-	19,395	-
343	Current portion of L-T debt - capital projects	-	-	-	-	-
344	Current portion of L-T debt - operating borrowings	-	-	-	-	-
345	Other current liabilities	-	-	-	-	429,713
346	Accrued liabilities - other	-	-	-	-	132,600
347	Interprogram - due to	-	-	-	-	-
348	Loan Liability - current	-	-	-	-	-
310	Total Current Liabilities	7,478	76,620	-	22,981	2,021,332
351	Long-term debt, net of current - capital projects	-	-	-	-	-
352	Long-term debt, net of current - operating borrowings	-	-	-	-	-
353	Non-current liabilities- other	-	-	-	-	846,403
354	Accrued compensated absences - non-current	-	-	-	-	-
355	Loan Liability - non-current	-	-	-	-	-
356	FASB 5 liabilities	-	-	-	-	-
357	Accrued pension and OPEB liabilities	956	23,644	335,686	125,454	6,741,107
350	Total Noncurrent Liabilities	956	23,644	335,686	125,454	7,587,510
300	Total Liabilities	8,434	100,264	335,686	148,435	9,608,842
400	Deferred Inflows of Resources	250	15,518	90,037	32,829	1,762,707
508.4	Net Investment in Capital Assets	-	-	-	-	30
511.4	Restricted Net Position	-	-	-	-	8,770,293
512.4	Unrestricted Net Position	128,871	(101,992)	(335,857)	(153,827)	28,858,646
513	Total Equity - Net Assets/Position	\$ 128,871	\$ (101,992)	\$ (335,857)	\$ (153,827)	\$ 37,628,969
600	Total Liabilities, Deferred Inflows of Resources, and Equity - Net Assets/Position	\$ 137,555	\$ 13,791	\$ 89,866	\$ 27,437	\$ 49,000,518

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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	\$ -	\$ 1,070,438	\$ 74,806,806	\$ -	\$ -
112	Cash - restricted - modernization and development	-	-	-	-	-
113	Cash - other restricted	-	-	21,571,232	-	-
114	Cash - tenant security deposits	-	-	2,142,770	-	-
115	Cash - restricted for payment of current liability	-	-	-	-	-
100	Total cash	-	1,070,438	98,520,807	-	-
121	AR - PHA projects	-	-	50,754	-	-
122	AR - HUD other projects	85,560	-	-	-	-
124	Accounts receivable - other government	-	183,418	43,694	121,482	33,323
125	Accounts receivable - miscellaneous	-	-	1,252,046	-	-
126	Accounts receivable- tenants	-	-	354,951	-	-
126.1	Allowance for doubtful accounts - tenants	-	-	(12,980)	-	-
126.2	Allowance for doubtful accounts - other	-	-	-	-	-
127	Notes and mortgages receivable- current	-	-	4,089,459	-	-
128	Fraud recovery	-	-	-	-	-
128.1	Allowance for doubtful accounts - fraud	-	-	-	-	-
129	Accrued interest receivable	-	-	3,369,656	-	-
120	Total receivables, net of allowances	85,560	183,418	9,147,579	121,482	33,323
131	Investments - unrestricted	-	-	50,510,786	-	-
132	Investments - restricted	-	-	4,670,000	-	-
135	Investments - restricted for payment of current liability	-	-	-	-	-
142	Prepaid expenses and other assets	-	14,712	657,866	-	-
143	Inventories	-	-	314,217	-	-
143.1	Allowance for obsolete inventories	-	-	-	-	-
144	Interprogram - due from	-	-	-	-	-
145	Assets held for sale	-	-	-	-	-
150	Total Current Assets	85,560	1,268,568	163,821,255	121,482	33,323
161	Land	-	-	130,455,218	-	-
162	Buildings	-	-	361,196,470	-	-
163	Furniture, equipment & machinery - dwellings	-	-	35,400	-	-
164	Furniture, equipment & machinery - administration	-	-	150,466	-	-
165	Leasehold improvements	-	-	766,095	-	-
166	Accumulated depreciation	-	-	(92,278,080)	-	-
167	Work in progress	-	1,187	40,423,793	-	-
168	Infrastructure	-	-	10,379,978	-	-
160	Total capital assets, net of depreciation	-	1,187	451,129,339	-	-
171	Notes and mortgages receivable - non-current	-	209,641	387,162,680	-	-
172	Notes and mortgages receivable-non-current - past due	-	-	-	-	-
173	Grants receivable - non-current	-	-	-	-	-
174	Other assets	-	-	340,393	-	-
176	Investment in joint ventures	-	-	-	-	-
180	Total Noncurrent Assets	-	210,828	838,632,413	-	-
200	Deferred Outflows of Resources	26,391	110,007	1,508,478	169	302
290	Total Assets and Deferred Outflows of Resources	\$ 111,951	\$ 1,589,403	\$ 1,003,962,146	\$ 121,651	\$ 33,625
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts payable < = 90 days	-	216,908	3,160,326	-	-
313	Accounts payable > 90 days past due	-	-	-	-	-
321	Accrued wage/payroll taxes payable	-	39	239,548	-	-
322	Accrued compensated absences	-	57,645	969,457	-	-
324	Accrued contingency liability	-	-	-	-	-
325	Accrued interest payable	-	-	1,770,907	-	-
331	Accounts Payable - HUD PHA programs	-	-	-	-	-
332	Accounts Payable - PHA projects	-	-	-	-	-
333	Accounts payable - other government	-	-	-	-	-
341	Tenant security deposits	-	-	2,142,770	-	-
342	Unearned revenue	-	-	338,206	-	-
343	Current portion of L-T debt - capital projects	-	-	33,660,633	-	-
344	Current portion of L-T debt - operating borrowings	-	-	23,738,636	-	-
345	Other current liabilities	-	45,976	1,548,105	-	6,142
346	Accrued liabilities - other	-	-	200,516	-	-
347	Interprogram - due to	-	-	-	-	-
348	Loan Liability - current	-	-	-	-	-
310	Total Current Liabilities	-	320,569	67,769,104	-	6,142
351	Long-term debt, net of current - capital projects	-	-	371,946,492	-	-
352	Long-term debt, net of current - operating borrowings	-	-	129,832,720	-	-
353	Non-current liabilities- other	-	-	1,087,571	-	-
354	Accrued compensated absences - non-current	-	-	-	-	-
355	Loan Liability - non-current	-	-	-	-	-
356	FASB 5 liabilities	-	-	-	-	-
357	Accrued pension and OPEB liabilities	220,575	917,573	8,717,821	1,407	2,516
350	Total Noncurrent Liabilities	220,575	917,573	511,584,604	1,407	2,516
300	Total Liabilities	220,575	1,238,142	579,353,709	1,407	8,659
400	Deferred Inflows of Resources	57,617	240,103	1,808,805	368	659
508.4	Net Investment in Capital Assets	-	1,187	45,522,214	-	-
511.4	Restricted Net Position	-	-	27,087,635	-	-
512.4	Unrestricted Net Position	(166,241)	109,970	350,189,783	119,876	24,308
513	Total Equity - Net Assets/Position	\$ (166,241)	\$ 111,157	\$ 422,799,632	\$ 119,876	\$ 24,308
600	Total Liabilities, Deferred Inflows of Resources, and Equity - Net Assets/Position	\$ 111,951	\$ 1,589,403	\$ 1,003,962,146	\$ 121,651	\$ 33,625

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Line Item #	Account Description	COMPONENT UNITS - BLENDED	COCC	"Other Projects"	Ballinger Homes WA002000101	Park Royal Apartments WA002000105
111	Cash - unrestricted	870,537	\$ 1,738,431	\$ -	\$ 536,330	\$ 67,346
112	Cash - restricted - modernization and development	-	-	-	-	-
113	Cash - other restricted	2,046,131	-	-	-	-
114	Cash - tenant security deposits	187,401	-	-	22,615	3,575
115	Cash - restricted for payment of current liability	-	-	-	-	-
100	Total cash	3,104,069	1,738,431	-	558,945	70,921
121	AR - PHA projects	-	-	-	2,244	163
122	AR - HUD other projects	-	-	-	-	-
124	Accounts receivable - other government	-	-	-	-	-
125	Accounts receivable - miscellaneous	-	-	-	-	-
126	Accounts receivable- tenants	6,289	-	-	10,002	1,070
126.1	Allowance for doubtful accounts - tenants	-	-	-	(2,264)	-
126.2	Allowance for doubtful accounts - other	-	-	-	-	-
127	Notes and mortgages receivable- current	-	-	-	-	-
128	Fraud recovery	-	-	-	-	-
128.1	Allowance for doubtful accounts - fraud	-	-	-	-	-
129	Accrued interest receivable	-	-	-	-	-
120	Total receivables, net of allowances	6,289	-	-	9,982	1,233
131	Investments - unrestricted	-	250,547	-	-	-
132	Investments - restricted	-	-	-	-	-
135	Investments - restricted for payment of current liability	-	-	-	-	-
142	Prepaid expenses and other assets	64,434	146,126	-	17,198	2,292
143	Inventories	-	-	-	-	-
143.1	Allowance for obsolete inventories	-	-	-	-	-
144	Interprogram - due from	-	-	-	-	-
145	Assets held for sale	-	-	-	-	-
150	Total Current Assets	3,174,792	2,135,105	-	586,126	74,446
161	Land	6,991,838	4,529,093	-	1,960,510	541,000
162	Buildings	89,813,628	11,313,192	-	11,148,706	1,469,915
163	Furniture, equipment & machinery - dwellings	-	-	-	-	-
164	Furniture, equipment & machinery - administration	405,719	7,581,097	-	13,766	-
165	Leasehold improvements	6,968,864	-	-	-	-
166	Accumulated depreciation	(47,849,762)	(10,174,711)	-	(7,599,395)	(416,296)
167	Work in progress	4,129,815	1,360	-	1,441,680	-
168	Infrastructure	-	34,438	-	2,408,304	-
160	Total capital assets, net of depreciation	60,460,102	13,284,468	-	9,373,570	1,594,619
171	Notes and mortgages receivable - non-current	-	0	-	-	-
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	60,460,102	13,284,468	-	9,373,570	1,594,619
200	Deferred Outflows of Resources	-	564,680	-	24,168	3,097
290	Total Assets and Deferred Outflows of Resources	\$ 63,634,894	\$ 15,984,253	\$ -	\$ 9,983,863	\$ 1,672,161
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts payable <= 90 days	8,200	353,929	-	40,908	5,193
313	Accounts payable > 90 days past due	-	-	-	-	-
321	Accrued wage/payroll taxes payable	-	213,802	-	6,959	1,177
322	Accrued compensated absences	-	503,499	-	19,002	1,600
324	Accrued contingency liability	-	-	-	-	-
325	Accrued interest payable	-	-	-	-	-
331	Accounts Payable - HUD PHA programs	-	-	-	-	-
332	Accounts Payable - PHA projects	-	-	-	-	-
333	Accounts payable - other government	-	-	-	-	-
341	Tenant security deposits	187,401	-	-	22,615	3,575
342	Unearned revenue	-	-	-	10,379	870
343	Current portion of L-T debt - capital projects	808,188	-	-	-	-
344	Current portion of L-T debt - operating borrowings	-	-	-	-	-
345	Other current liabilities	65,654	-	-	28,040	-
346	Accrued liabilities - other	-	666	-	-	-
347	Interprogram - due to	-	-	-	-	-
348	Loan Liability - current	-	-	-	-	-
310	Total Current Liabilities	1,069,443	1,071,896	-	127,902	12,415
351	Long-term debt, net of current - capital projects	37,039,777	-	-	-	-
352	Long-term debt, net of current - operating borrowings	-	-	-	-	-
353	Non-current liabilities- other	38,675	-	-	-	-
354	Accrued compensated absences - non-current	-	-	-	-	-
355	Loan Liability - non-current	-	-	-	-	-
356	FASB 5 liabilities	-	-	-	-	-
357	Accrued pension and OPEB liabilities	-	4,850,574	-	204,329	26,263
350	Total Noncurrent Liabilities	37,078,452	4,850,574	-	204,329	26,263
300	Total Liabilities	38,147,895	5,922,470	-	332,231	38,679
400	Deferred Inflows of Resources	-	1,236,355	-	52,850	6,775
508.4	Net Investment in Capital Assets	22,612,426	13,284,468	-	9,373,570	1,594,619
511.4	Restricted Net Position	2,046,131	-	-	-	-
512.4	Unrestricted Net Position	828,442	(4,459,041)	-	225,211	32,089
513	Total Equity - Net Assets/Position	\$ 25,486,999	\$ 8,825,428	\$ -	\$ 9,598,782	\$ 1,626,708
600	Total Liabilities, Deferred Inflows of Resources, and Equity - Net Assets/Position	\$ 63,634,894	\$ 15,984,253	\$ -	\$ 9,983,863	\$ 1,672,161

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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	\$ -	\$ 320,626	\$ 445,949	\$ 192,092	\$ 42,078
112	Cash - restricted - modernization and development	-	-	-	-	-
113	Cash - other restricted	-	-	-	-	-
114	Cash - tenant security deposits	-	10,850	11,589	11,813	-
115	Cash - restricted for payment of current liability	-	-	-	-	-
100	Total cash	-	331,476	457,538	203,905	42,078
121	AR - PHA projects	-	770	998	463	-
122	AR - HUD other projects	-	-	6,381	-	-
124	Accounts receivable - other government	-	-	-	-	-
125	Accounts receivable - miscellaneous	-	-	-	-	-
126	Accounts receivable- tenants	-	1,695	4,917	1,066	-
126.1	Allowance for doubtful accounts - tenants	-	(207)	(996)	(10)	-
126.2	Allowance for doubtful accounts - other	-	-	-	-	-
127	Notes and mortgages receivable- current	-	-	-	-	-
128	Fraud recovery	-	-	-	-	-
128.1	Allowance for doubtful accounts - fraud	-	-	-	-	-
129	Accrued interest receivable	-	-	-	-	-
120	Total receivables, net of allowances	-	2,257	11,299	1,519	-
131	Investments - unrestricted	-	-	-	-	-
132	Investments - restricted	-	-	-	-	-
135	Investments - restricted for payment of current liability	-	-	-	-	-
142	Prepaid expenses and other assets	-	11,942	13,217	5,081	5,182
143	Inventories	-	-	-	-	-
143.1	Allowance for obsolete inventories	-	-	-	-	-
144	Interprogram - due from	-	-	-	-	-
145	Assets held for sale	-	-	-	-	-
150	Total Current Assets	-	345,676	482,055	210,505	47,259
161	Land	-	246,728	224,064	624,059	114,959
162	Buildings	-	9,651,229	8,838,816	3,012,191	495,198
163	Furniture, equipment & machinery - dwellings	-	-	-	-	-
164	Furniture, equipment & machinery - administration	-	-	-	-	-
165	Leasehold improvements	-	-	-	-	-
166	Accumulated depreciation	-	(4,885,166)	(4,523,964)	(792,699)	(601,721)
167	Work in progress	-	299,699	2,403,917	176	-
168	Infrastructure	-	953,463	1,749,880	-	106,542
160	Total capital assets, net of depreciation	-	6,265,953	8,692,714	2,843,727	114,978
171	Notes and mortgages receivable - non-current	-	-	-	-	-
172	Notes and mortgages receivable-non-current - past due	-	-	-	-	-
173	Grants receivable - non-current	-	-	-	-	-
174	Other assets	-	-	-	-	-
176	Investment in joint ventures	-	-	-	-	-
180	Total Noncurrent Assets	-	6,265,953	8,692,714	2,843,727	114,978
200	Deferred Outflows of Resources	-	19,292	19,791	8,643	1,369
290	Total Assets and Deferred Outflows of Resources	\$ -	\$ 6,630,921	\$ 9,194,559	\$ 3,062,875	\$ 163,606
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts payable <= 90 days	-	13,881	54,066	18,769	498
313	Accounts payable > 90 days past due	-	-	-	-	-
321	Accrued wage/payroll taxes payable	-	5,065	6,923	2,287	579
322	Accrued compensated absences	-	9,540	13,750	4,659	870
324	Accrued contingency liability	-	-	-	-	-
325	Accrued interest payable	-	-	-	-	-
331	Accounts Payable - HUD PHA programs	-	-	-	-	-
332	Accounts Payable - PHA projects	-	-	-	-	-
333	Accounts payable - other government	-	-	-	-	-
341	Tenant security deposits	-	10,850	11,589	11,813	-
342	Unearned revenue	-	4,916	7,781	1,138	-
343	Current portion of L-T debt - capital projects	-	-	-	-	-
344	Current portion of L-T debt - operating borrowings	-	-	-	-	-
345	Other current liabilities	-	12,179	97,261	-	-
346	Accrued liabilities - other	-	-	-	-	-
347	Interprogram - due to	-	-	-	-	-
348	Loan Liability - current	-	-	-	-	-
310	Total Current Liabilities	-	56,431	191,369	38,666	1,947
351	Long-term debt, net of current - capital projects	-	-	-	-	-
352	Long-term debt, net of current - operating borrowings	-	-	-	-	-
353	Non-current liabilities- other	-	-	-	-	-
354	Accrued compensated absences - non-current	-	-	-	-	-
355	Loan Liability - non-current	-	-	-	-	-
356	FASB 5 liabilities	-	-	-	-	-
357	Accrued pension and OPEB liabilities	-	160,943	166,881	72,088	11,720
350	Total Noncurrent Liabilities	-	160,943	166,881	72,088	11,720
300	Total Liabilities	-	217,374	358,250	110,754	13,667
400	Deferred Inflows of Resources	-	42,109	43,262	18,865	2,999
508.4	Net Investment in Capital Assets	-	6,265,953	8,692,714	2,843,727	114,978
511.4	Restricted Net Position	-	-	-	-	-
512.4	Unrestricted Net Position	-	105,485	100,333	89,529	31,962
513	Total Equity - Net Assets/Position	\$ -	\$ 6,371,438	\$ 8,793,046	\$ 2,933,256	\$ 146,940
600	Total Liabilities, Deferred Inflows of Resources, and Equity - Net Assets/Position	\$ -	\$ 6,630,921	\$ 9,194,559	\$ 3,062,875	\$ 163,606

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Line Item #	Account Description	Northwood WA002000191	Forest Glen WA002000201	College Place WA002000203	Kirkland Place WA002000210	Island Crest WA002000213
111	Cash - unrestricted	\$ 118,874	\$ 184,113	\$ 371,923	\$ 93,357	\$ 76,240
112	Cash - restricted - modernization and development	-	-	-	-	-
113	Cash - other restricted	-	-	-	-	-
114	Cash - tenant security deposits	2,750	3,100	16,675	1,700	10,770
115	Cash - restricted for payment of current liability	-	-	-	-	-
100	Total cash	121,624	187,213	388,598	95,057	87,010
121	AR - PHA projects	-	1,187	3,008	164	1,575
122	AR - HUD other projects	495	-	-	-	-
124	Accounts receivable - other government	-	-	-	-	-
125	Accounts receivable - miscellaneous	-	-	-	-	-
126	Accounts receivable- tenants	201	-	1,395	2,335	38
126.1	Allowance for doubtful accounts - tenants	(35)	(0)	0	(369)	-
126.2	Allowance for doubtful accounts - other	-	-	-	-	-
127	Notes and mortgages receivable- current	-	-	-	-	-
128	Fraud recovery	-	-	-	-	-
128.1	Allowance for doubtful accounts - fraud	-	-	-	-	-
129	Accrued interest receivable	-	-	-	-	-
120	Total receivables, net of allowances	661	1,187	4,403	2,130	1,613
131	Investments - unrestricted	-	-	-	-	-
132	Investments - restricted	-	-	-	-	-
135	Investments - restricted for payment of current liability	-	-	-	-	-
142	Prepaid expenses and other assets	3,423	1,781	10,717	986	2,952
143	Inventories	-	-	-	-	-
143.1	Allowance for obsolete inventories	-	-	-	-	-
144	Interprogram - due from	-	-	-	-	-
145	Assets held for sale	-	-	-	-	-
150	Total Current Assets	125,709	190,181	403,718	98,174	91,575
161	Land	207,994	32,191	901,525	1,064,290	2,566,125
162	Buildings	1,949,888	4,259,667	9,807,374	481,508	2,532,192
163	Furniture, equipment & machinery - dwellings	-	-	-	-	-
164	Furniture, equipment & machinery - administration	-	6,467	-	-	-
165	Leasehold improvements	-	-	-	-	-
166	Accumulated depreciation	(1,248,887)	(1,705,228)	(5,884,691)	(84,132)	(605,381)
167	Work in progress	715,389	345,975	384,244	719,172	-
168	Infrastructure	150,696	1,315,518	2,829,237	-	593,430
160	Total capital assets, net of depreciation	1,775,080	4,254,590	8,037,690	2,180,838	5,086,366
171	Notes and mortgages receivable - non-current	-	-	-	-	-
172	Notes and mortgages receivable-non-current - past due	-	-	-	-	-
173	Grants receivable - non-current	-	-	-	-	-
174	Other assets	-	-	-	-	-
176	Investment in joint ventures	-	-	-	-	-
180	Total Noncurrent Assets	1,775,080	4,254,590	8,037,690	2,180,838	5,086,366
200	Deferred Outflows of Resources	6,088	7,050	16,653	2,751	5,948
290	Total Assets and Deferred Outflows of Resources	\$ 1,906,876	\$ 4,451,821	\$ 8,458,061	\$ 2,281,763	\$ 5,183,890
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts payable < = 90 days	4,279	5,049	24,553	6,042	3,533
313	Accounts payable > 90 days past due	-	-	-	-	-
321	Accrued wage/payroll taxes payable	2,136	2,510	8,598	1,168	1,952
322	Accrued compensated absences	2,602	5,013	10,108	1,283	2,776
324	Accrued contingency liability	-	-	-	-	-
325	Accrued interest payable	-	-	-	-	-
331	Accounts Payable - HUD PHA programs	-	-	-	-	-
332	Accounts Payable - PHA projects	-	-	-	-	-
333	Accounts payable - other government	-	-	-	-	-
341	Tenant security deposits	2,750	3,100	16,675	1,700	10,770
342	Unearned revenue	960	2,789	14,898	618	3,638
343	Current portion of L-T debt - capital projects	-	-	-	-	-
344	Current portion of L-T debt - operating borrowings	-	-	-	-	-
345	Other current liabilities	27,064	-	14,716	16,513	-
346	Accrued liabilities - other	-	-	-	-	-
347	Interprogram - due to	-	-	-	-	-
348	Loan Liability - current	-	-	-	-	-
310	Total Current Liabilities	39,792	18,460	89,549	27,324	22,669
351	Long-term debt, net of current - capital projects	-	-	-	-	-
352	Long-term debt, net of current - operating borrowings	-	-	-	-	-
353	Non-current liabilities- other	-	-	-	-	-
354	Accrued compensated absences - non-current	-	-	-	-	-
355	Loan Liability - non-current	-	-	-	-	-
356	FASB 5 liabilities	-	-	-	-	-
357	Accrued pension and OPEB liabilities	51,423	61,389	157,696	25,897	50,187
350	Total Noncurrent Liabilities	51,423	61,389	157,696	25,897	50,187
300	Total Liabilities	91,215	79,849	247,245	53,221	72,856
400	Deferred Inflows of Resources	13,311	15,483	37,041	6,113	13,004
508.4	Net Investment in Capital Assets	1,775,080	4,254,590	8,037,690	2,180,838	5,086,366
511.4	Restricted Net Position	-	-	-	-	-
512.4	Unrestricted Net Position	27,270	101,899	136,086	41,592	11,663
513	Total Equity - Net Assets/Position	\$ 1,802,350	\$ 4,356,489	\$ 8,173,775	\$ 2,222,430	\$ 5,098,030
600	Total Liabilities, Deferred Inflows of Resources, and Equity - Net Assets/Position	\$ 1,906,876	\$ 4,451,821	\$ 8,458,061	\$ 2,281,763	\$ 5,183,890

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Line Item #	Account Description	Houghton Court WA002000215	Casa Juanita WA002000251	Northlake House WA002000290	Seola Crossing WA002000340	Eastbridge WA002000341
111	Cash - unrestricted	\$ 56,079	\$ 248,590	\$ 226,920	\$ -	\$ -
112	Cash - restricted - modernization and development	-	-	-	-	-
113	Cash - other restricted	-	-	-	-	-
114	Cash - tenant security deposits	6,650	6,200	3,250	-	-
115	Cash - restricted for payment of current liability	-	-	-	-	-
100	Total cash	62,729	254,790	230,170	-	-
121	AR - PHA projects	3,763	2,269	222	-	-
122	AR - HUD other projects	-	-	-	-	-
124	Accounts receivable - other government	-	-	-	-	-
125	Accounts receivable - miscellaneous	-	-	-	-	-
126	Accounts receivable- tenants	1,730	1,623	611	-	-
126.1	Allowance for doubtful accounts - tenants	-	(68)	(19)	-	-
126.2	Allowance for doubtful accounts - other	-	-	-	-	-
127	Notes and mortgages receivable- current	-	-	-	-	-
128	Fraud recovery	-	-	-	-	-
128.1	Allowance for doubtful accounts - fraud	-	-	-	-	-
129	Accrued interest receivable	-	-	-	-	-
120	Total receivables, net of allowances	5,493	3,824	813	-	-
131	Investments - unrestricted	-	-	-	-	-
132	Investments - restricted	-	-	-	-	-
135	Investments - restricted for payment of current liability	-	-	-	-	-
142	Prepaid expenses and other assets	3,974	6,641	3,801	-	-
143	Inventories	-	-	-	-	-
143.1	Allowance for obsolete inventories	-	-	-	-	-
144	Interprogram - due from	-	-	-	-	-
145	Assets held for sale	-	-	-	-	-
150	Total Current Assets	72,196	265,255	234,785	-	-
161	Land	1,900,000	62,146	104,054	-	-
162	Buildings	2,960,118	3,913,913	1,953,295	-	-
163	Furniture, equipment & machinery - dwellings	-	-	-	-	-
164	Furniture, equipment & machinery - administration	-	-	-	-	-
165	Leasehold improvements	-	-	-	-	-
166	Accumulated depreciation	(48,308)	(2,681,965)	(1,812,814)	-	-
167	Work in progress	34,149	77,617	37,044	-	-
168	Infrastructure	-	758,293	565,811	-	-
160	Total capital assets, net of depreciation	4,845,960	2,130,004	847,391	-	-
171	Notes and mortgages receivable - non-current	-	-	-	-	-
172	Notes and mortgages receivable-non-current - past due	-	-	-	-	-
173	Grants receivable - non-current	-	-	-	-	-
174	Other assets	-	-	-	-	-
176	Investment in joint ventures	-	-	-	-	-
180	Total Noncurrent Assets	4,845,960	2,130,004	847,391	-	-
200	Deferred Outflows of Resources	1,258	9,818	5,963	-	-
290	Total Assets and Deferred Outflows of Resources	\$ 4,919,413	\$ 2,405,077	\$ 1,088,138	\$ -	\$ -
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts payable < = 90 days	7,683	26,228	69,262	-	-
313	Accounts payable > 90 days past due	-	-	-	-	-
321	Accrued wage/payroll taxes payable	801	2,529	1,731	-	-
322	Accrued compensated absences	974	3,777	2,209	-	-
324	Accrued contingency liability	-	-	-	-	-
325	Accrued interest payable	-	-	-	-	-
331	Accounts Payable - HUD PHA programs	-	-	-	-	-
332	Accounts Payable - PHA projects	-	-	-	-	-
333	Accounts payable - other government	-	-	-	-	-
341	Tenant security deposits	6,650	6,200	3,250	-	-
342	Unearned revenue	3,778	12,146	1,875	-	-
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	-	-	-	-	-
347	Interprogram - due to	-	-	-	-	-
348	Loan Liability - current	-	-	-	-	-
310	Total Current Liabilities	19,886	50,880	78,327	-	-
351	Long-term debt, net of current - capital projects	-	-	-	-	-
352	Long-term debt, net of current - operating borrowings	-	-	-	-	-
353	Non-current liabilities- other	-	-	-	-	-
354	Accrued compensated absences - non-current	-	-	-	-	-
355	Loan Liability - non-current	-	-	-	-	-
356	FASB 5 liabilities	-	-	-	-	-
357	Accrued pension and OPEB liabilities	10,938	84,310	50,463	-	-
350	Total Noncurrent Liabilities	10,938	84,310	50,463	-	-
300	Total Liabilities	30,824	135,189	128,789	-	-
400	Deferred Inflows of Resources	2,762	21,519	13,042	-	-
508.4	Net Investment in Capital Assets	4,845,960	2,130,004	847,391	-	-
511.4	Restricted Net Position	-	-	-	-	-
512.4	Unrestricted Net Position	39,868	118,365	98,917	-	-
513	Total Equity - Net Assets/Position	\$ 4,885,828	\$ 2,248,369	\$ 946,307	\$ -	\$ -
600	Total Liabilities, Deferred Inflows of Resources, and Equity - Net Assets/Position	\$ 4,919,413	\$ 2,405,077	\$ 1,088,138	\$ -	\$ -

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Line Item #	Account Description	Salmon Creek WA002000343	Zephyr WA002000344	Sixth Place Apartments WA002000345	Fairwind WA002000346	Boulevard Manor WA002000350
111	Cash - unrestricted	\$ -	\$ -	\$ -	\$ -	\$ 257,940
112	Cash - restricted - modernization and development	-	-	-	-	-
113	Cash - other restricted	-	-	-	-	-
114	Cash - tenant security deposits	-	-	-	-	5,775
115	Cash - restricted for payment of current liability	-	-	-	-	-
100	Total cash	-	-	-	-	263,715
121	AR - PHA projects	-	-	-	-	426
122	AR - HUD other projects	-	-	-	-	-
124	Accounts receivable - other government	-	-	-	-	-
125	Accounts receivable - miscellaneous	-	-	-	-	-
126	Accounts receivable- tenants	-	-	-	-	288
126.1	Allowance for doubtful accounts - tenants	-	-	-	-	(17)
126.2	Allowance for doubtful accounts - other	-	-	-	-	-
127	Notes and mortgages receivable- current	-	-	-	-	-
128	Fraud recovery	-	-	-	-	-
128.1	Allowance for doubtful accounts - fraud	-	-	-	-	-
129	Accrued interest receivable	-	-	-	-	-
120	Total receivables, net of allowances	-	-	-	-	697
131	Investments - unrestricted	-	-	-	-	-
132	Investments - restricted	-	-	-	-	-
135	Investments - restricted for payment of current liability	-	-	-	-	-
142	Prepaid expenses and other assets	-	-	-	-	5,894
143	Inventories	-	-	-	-	-
143.1	Allowance for obsolete inventories	-	-	-	-	-
144	Interprogram - due from	-	-	-	-	-
145	Assets held for sale	-	-	-	-	-
150	Total Current Assets	-	-	-	-	270,306
161	Land	-	-	-	-	72,003
162	Buildings	-	-	-	-	5,763,940
163	Furniture, equipment & machinery - dwellings	-	-	-	-	-
164	Furniture, equipment & machinery - administration	-	-	-	-	-
165	Leasehold improvements	-	-	-	-	-
166	Accumulated depreciation	-	-	-	-	(3,020,309)
167	Work in progress	-	-	-	-	468,623
168	Infrastructure	-	-	-	-	877,549
160	Total capital assets, net of depreciation	-	-	-	-	4,161,807
171	Notes and mortgages receivable - non-current	-	-	-	-	-
172	Notes and mortgages receivable-non-current - past due	-	-	-	-	-
173	Grants receivable - non-current	-	-	-	-	-
174	Other assets	-	-	-	-	-
176	Investment in joint ventures	-	-	-	-	-
180	Total Noncurrent Assets	-	-	-	-	4,161,807
200	Deferred Outflows of Resources	-	-	-	-	13,521
290	Total Assets and Deferred Outflows of Resources	\$ -	\$ -	\$ -	\$ -	\$ 4,445,634
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts payable < = 90 days	-	-	-	-	9,051
313	Accounts payable > 90 days past due	-	-	-	-	-
321	Accrued wage/payroll taxes payable	-	-	-	-	4,201
322	Accrued compensated absences	-	-	-	-	6,484
324	Accrued contingency liability	-	-	-	-	-
325	Accrued interest payable	-	-	-	-	-
331	Accounts Payable - HUD PHA programs	-	-	-	-	-
332	Accounts Payable - PHA projects	-	-	-	-	-
333	Accounts payable - other government	-	-	-	-	-
341	Tenant security deposits	-	-	-	-	5,775
342	Unearned revenue	-	-	-	-	3,981
343	Current portion of L-T debt - capital projects	-	-	-	-	-
344	Current portion of L-T debt - operating borrowings	-	-	-	-	-
345	Other current liabilities	-	-	-	-	20,092
346	Accrued liabilities - other	-	-	-	-	-
347	Interprogram - due to	-	-	-	-	-
348	Loan Liability - current	-	-	-	-	-
310	Total Current Liabilities	-	-	-	-	49,585
351	Long-term debt, net of current - capital projects	-	-	-	-	-
352	Long-term debt, net of current - operating borrowings	-	-	-	-	-
353	Non-current liabilities- other	-	-	-	-	-
354	Accrued compensated absences - non-current	-	-	-	-	-
355	Loan Liability - non-current	-	-	-	-	-
356	FASB 5 liabilities	-	-	-	-	-
357	Accrued pension and OPEB liabilities	-	-	-	-	112,802
350	Total Noncurrent Liabilities	-	-	-	-	112,802
300	Total Liabilities	-	-	-	-	162,387
400	Deferred Inflows of Resources	-	-	-	-	29,513
508.4	Net Investment in Capital Assets	-	-	-	-	4,161,807
511.4	Restricted Net Position	-	-	-	-	-
512.4	Unrestricted Net Position	-	-	-	-	91,927
513	Total Equity - Net Assets/Position	\$ -	\$ -	\$ -	\$ -	\$ 4,253,734
600	Total Liabilities, Deferred Inflows of Resources, and Equity - Net Assets/Position	\$ -	\$ -	\$ -	\$ -	\$ 4,445,634



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Line Item #	Account Description	Yardley Arms WA002000352	Riverton Terrace WA002000354	Nia WA002000355	Burien Park WA002000390	Valli Kee Homes WA002000401
111	Cash - unrestricted	\$ 205,313	\$ 140,406	\$ -	\$ 293,431	\$ 136,778
112	Cash - restricted - modernization and development	-	-	-	-	-
113	Cash - other restricted	-	37,787	-	-	-
114	Cash - tenant security deposits	5,625	3,000	-	7,600	17,975
115	Cash - restricted for payment of current liability	-	-	-	-	-
100	Total cash	210,938	181,193	-	301,031	154,753
121	AR - PHA projects	2,843	183	-	181	2,000
122	AR - HUD other projects	-	-	-	-	469,174
124	Accounts receivable - other government	-	-	-	-	-
125	Accounts receivable - miscellaneous	-	-	-	-	-
126	Accounts receivable- tenants	4,386	1,745	-	700	6,375
126.1	Allowance for doubtful accounts - tenants	(1,472)	(362)	-	(30)	(138)
126.2	Allowance for doubtful accounts - other	-	-	-	-	-
127	Notes and mortgages receivable- current	-	-	-	-	-
128	Fraud recovery	-	-	-	-	-
128.1	Allowance for doubtful accounts - fraud	-	-	-	-	-
129	Accrued interest receivable	-	-	-	-	-
120	Total receivables, net of allowances	5,757	1,566	-	851	477,411
131	Investments - unrestricted	-	-	-	-	-
132	Investments - restricted	-	-	-	-	-
135	Investments - restricted for payment of current liability	-	-	-	-	-
142	Prepaid expenses and other assets	5,659	2,982	-	9,523	15,185
143	Inventories	-	-	-	-	-
143.1	Allowance for obsolete inventories	-	-	-	-	-
144	Interprogram - due from	-	-	-	-	-
145	Assets held for sale	-	-	-	-	-
150	Total Current Assets	222,353	185,740	-	311,405	647,348
161	Land	227,040	463,210	-	623,280	160,827
162	Buildings	5,489,460	3,487,260	-	7,093,089	16,333,748
163	Furniture, equipment & machinery - dwellings	-	-	-	-	-
164	Furniture, equipment & machinery - administration	-	-	-	-	26,394
165	Leasehold improvements	-	-	-	-	-
166	Accumulated depreciation	(2,923,428)	(1,226,543)	-	(4,299,119)	(6,679,732)
167	Work in progress	113,423	742	-	228	3,825,395
168	Infrastructure	160,031	-	-	906,719	3,048,654
160	Total capital assets, net of depreciation	3,066,526	2,724,668	-	4,324,197	16,715,286
171	Notes and mortgages receivable - non-current	-	-	-	-	-
172	Notes and mortgages receivable-non-current - past due	-	-	-	-	-
173	Grants receivable - non-current	-	-	-	-	-
174	Other assets	-	-	-	-	-
176	Investment in joint ventures	-	-	-	-	-
180	Total Noncurrent Assets	3,066,526	2,724,668	-	4,324,197	16,715,286
200	Deferred Outflows of Resources	12,653	6,090	-	20,309	27,155
290	Total Assets and Deferred Outflows of Resources	\$ 3,301,532	\$ 2,916,499	\$ -	\$ 4,655,911	\$ 17,389,789
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts payable < = 90 days	12,662	8,992	-	15,659	24,732
313	Accounts payable > 90 days past due	-	-	-	-	-
321	Accrued wage/payroll taxes payable	4,224	1,724	-	6,414	8,514
322	Accrued compensated absences	6,427	3,938	-	17,447	17,730
324	Accrued contingency liability	-	-	-	-	-
325	Accrued interest payable	-	-	-	-	-
331	Accounts Payable - HUD PHA programs	-	-	-	-	-
332	Accounts Payable - PHA projects	-	-	-	-	-
333	Accounts payable - other government	-	-	-	-	-
341	Tenant security deposits	5,625	3,000	-	7,600	17,975
342	Unearned revenue	6,793	5,091	-	3,841	5,597
343	Current portion of L-T debt - capital projects	-	-	-	-	-
344	Current portion of L-T debt - operating borrowings	-	-	-	-	-
345	Other current liabilities	6,765	-	-	-	-
346	Accrued liabilities - other	-	-	-	-	-
347	Interprogram - due to	-	-	-	-	-
348	Loan Liability - current	-	-	-	-	-
310	Total Current Liabilities	42,497	22,745	-	50,961	74,548
351	Long-term debt, net of current - capital projects	-	-	-	-	-
352	Long-term debt, net of current - operating borrowings	-	-	-	-	-
353	Non-current liabilities- other	-	-	-	-	-
354	Accrued compensated absences - non-current	-	-	-	-	-
355	Loan Liability - non-current	-	-	-	-	-
356	FASB 5 liabilities	-	-	-	-	-
357	Accrued pension and OPEB liabilities	105,569	53,039	-	173,409	227,799
350	Total Noncurrent Liabilities	105,569	53,039	-	173,409	227,799
300	Total Liabilities	148,065	75,783	-	224,370	302,347
400	Deferred Inflows of Resources	27,617	13,374	-	44,475	59,317
508.4	Net Investment in Capital Assets	3,066,526	2,724,668	-	4,324,197	16,715,286
511.4	Restricted Net Position	-	37,787	-	-	-
512.4	Unrestricted Net Position	59,324	64,887	-	62,870	312,839
513	Total Equity - Net Assets/Position	\$ 3,125,850	\$ 2,827,342	\$ -	\$ 4,387,066	\$ 17,028,124
600	Total Liabilities, Deferred Inflows of Resources, and Equity - Net Assets/Position	\$ 3,301,532	\$ 2,916,499	\$ -	\$ 4,655,911	\$ 17,389,789

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Line Item #	Account Description	Springwood Apartments WA002000402	Cascade Apartments WA002000403	Shelcor WA002000409	Mardis Gras II WA002000450	Vantage Point WA002000452
111	Cash - unrestricted	\$ -	\$ 361,848	\$ 33,754	\$ -	\$ -
112	Cash - restricted - modernization and development	-	-	-	-	-
113	Cash - other restricted	-	-	-	-	-
114	Cash - tenant security deposits	-	17,475	1,200	-	-
115	Cash - restricted for payment of current liability	-	-	-	-	-
100	Total cash	-	379,323	34,954	-	-
121	AR - PHA projects	-	8,406	281	-	-
122	AR - HUD other projects	-	(0)	-	-	-
124	Accounts receivable - other government	-	-	-	-	-
125	Accounts receivable - miscellaneous	-	-	-	-	-
126	Accounts receivable- tenants	-	25,508	799	-	-
126.1	Allowance for doubtful accounts - tenants	-	(5,452)	(40)	-	-
126.2	Allowance for doubtful accounts - other	-	-	-	-	-
127	Notes and mortgages receivable- current	-	-	-	-	-
128	Fraud recovery	-	-	-	-	-
128.1	Allowance for doubtful accounts - fraud	-	-	-	-	-
129	Accrued interest receivable	-	-	-	-	-
120	Total receivables, net of allowances	-	28,462	1,040	-	-
131	Investments - unrestricted	-	-	-	-	-
132	Investments - restricted	-	-	-	-	-
135	Investments - restricted for payment of current liability	-	-	-	-	-
142	Prepaid expenses and other assets	-	11,819	720	-	-
143	Inventories	-	-	-	-	-
143.1	Allowance for obsolete inventories	-	-	-	-	-
144	Interprogram - due from	-	-	-	-	-
145	Assets held for sale	-	-	-	-	-
150	Total Current Assets	-	419,603	36,714	-	-
161	Land	-	1,909,523	50,000	-	-
162	Buildings	-	12,748,928	1,032,793	-	-
163	Furniture, equipment & machinery - dwellings	-	-	-	-	-
164	Furniture, equipment & machinery - administration	-	7,303	7,143	-	-
165	Leasehold improvements	-	-	-	-	-
166	Accumulated depreciation	-	(4,883,132)	(366,692)	-	-
167	Work in progress	-	764,949	1,934	-	-
168	Infrastructure	-	352,940	-	-	-
160	Total capital assets, net of depreciation	-	10,900,511	725,178	-	-
171	Notes and mortgages receivable - non-current	-	-	-	-	-
172	Notes and mortgages receivable-non-current - past due	-	-	-	-	-
173	Grants receivable - non-current	-	-	-	-	-
174	Other assets	-	-	-	-	-
176	Investment in joint ventures	-	-	-	-	-
180	Total Noncurrent Assets	-	10,900,511	725,178	-	-
200	Deferred Outflows of Resources	-	30,134	1,772	-	-
290	Total Assets and Deferred Outflows of Resources	\$ -	\$ 11,350,248	\$ 763,663	\$ -	\$ -
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts payable < = 90 days	-	26,967	871	-	-
313	Accounts payable > 90 days past due	-	-	-	-	-
321	Accrued wage/payroll taxes payable	-	8,482	797	-	-
322	Accrued compensated absences	-	24,092	1,492	-	-
324	Accrued contingency liability	-	-	-	-	-
325	Accrued interest payable	-	-	-	-	-
331	Accounts Payable - HUD PHA programs	-	-	-	-	-
332	Accounts Payable - PHA projects	-	-	-	-	-
333	Accounts payable - other government	-	-	-	-	-
341	Tenant security deposits	-	17,475	1,200	-	-
342	Unearned revenue	-	7,549	641	-	-
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	-	-	-	-	-
347	Interprogram - due to	-	-	-	-	-
348	Loan Liability - current	-	-	-	-	-
310	Total Current Liabilities	-	84,565	5,002	-	-
351	Long-term debt, net of current - capital projects	-	-	-	-	-
352	Long-term debt, net of current - operating borrowings	-	-	-	-	-
353	Non-current liabilities- other	-	-	-	-	-
354	Accrued compensated absences - non-current	-	-	-	-	-
355	Loan Liability - non-current	-	-	-	-	-
356	FASB 5 liabilities	-	-	-	-	-
357	Accrued pension and OPEB liabilities	-	265,485	14,772	-	-
350	Total Noncurrent Liabilities	-	265,485	14,772	-	-
300	Total Liabilities	-	350,049	19,774	-	-
400	Deferred Inflows of Resources	-	66,293	3,866	-	-
508.4	Net Investment in Capital Assets	-	10,900,511	725,178	-	-
511.4	Restricted Net Position	-	-	-	-	-
512.4	Unrestricted Net Position	-	33,395	14,845	-	-
513	Total Equity - Net Assets/Position	\$ -	\$ 10,933,905	\$ 740,023	\$ -	\$ -
600	Total Liabilities, Deferred Inflows of Resources, and Equity - Net Assets/Position	\$ -	\$ 11,350,248	\$ 763,663	\$ -	\$ -

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Line Item #	Account Description	Firwood Circle WA002000503	Burndale Homes WA002000504	Wayland Arms WA002000550	Plaza Seventeen II WA002000551	Southridge House WA002000552
111	Cash - unrestricted	\$ 334,008	\$ 220,266	\$ 235,328	\$ -	\$ 225,537
112	Cash - restricted - modernization and development	-	-	-	-	-
113	Cash - other restricted	-	-	-	-	-
114	Cash - tenant security deposits	7,250	7,900	5,050	-	6,200
115	Cash - restricted for payment of current liability	-	-	-	-	-
100	Total cash	341,258	228,166	240,378	-	231,737
121	AR - PHA projects	955	-	829	-	187
122	AR - HUD other projects	353	-	-	-	-
124	Accounts receivable - other government	-	-	-	-	-
125	Accounts receivable - miscellaneous	-	-	-	-	-
126	Accounts receivable- tenants	6,002	1,816	1,293	-	113
126.1	Allowance for doubtful accounts - tenants	(575)	(490)	(65)	-	(20)
126.2	Allowance for doubtful accounts - other	-	-	-	-	-
127	Notes and mortgages receivable- current	-	-	-	-	-
128	Fraud recovery	-	-	-	-	-
128.1	Allowance for doubtful accounts - fraud	-	-	-	-	-
129	Accrued interest receivable	-	-	-	-	-
120	Total receivables, net of allowances	6,735	1,326	2,057	-	280
131	Investments - unrestricted	-	-	-	-	-
132	Investments - restricted	-	-	-	-	-
135	Investments - restricted for payment of current liability	-	-	-	-	-
142	Prepaid expenses and other assets	5,464	6,042	5,910	-	6,945
143	Inventories	-	-	-	-	-
143.1	Allowance for obsolete inventories	-	-	-	-	-
144	Interprogram - due from	-	-	-	-	-
145	Assets held for sale	-	-	-	-	-
150	Total Current Assets	353,458	235,534	248,344	-	238,962
161	Land	113,808	154,682	70,350	-	66,167
162	Buildings	7,839,845	7,124,099	4,822,896	-	7,991,985
163	Furniture, equipment & machinery - dwellings	-	-	-	-	-
164	Furniture, equipment & machinery - administration	14,189	13,320	-	-	-
165	Leasehold improvements	-	-	-	-	-
166	Accumulated depreciation	(3,209,924)	(2,905,933)	(2,250,968)	-	(3,953,091)
167	Work in progress	134,544	198,026	45,613	-	34,522
168	Infrastructure	1,699,059	1,510,483	127,940	-	146,656
160	Total capital assets, net of depreciation	6,591,521	6,094,676	2,815,831	-	4,286,239
171	Notes and mortgages receivable - non-current	-	-	-	-	-
172	Notes and mortgages receivable-non-current - past due	-	-	-	-	-
173	Grants receivable - non-current	-	-	-	-	-
174	Other assets	-	-	-	-	-
176	Investment in joint ventures	-	-	-	-	-
180	Total Noncurrent Assets	6,591,521	6,094,676	2,815,831	-	4,286,239
200	Deferred Outflows of Resources	17,411	15,616	5,535	-	13,700
290	Total Assets and Deferred Outflows of Resources	\$ 6,962,389	\$ 6,345,827	\$ 3,069,712	\$ -	\$ 4,538,900
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts payable < = 90 days	36,149	19,576	9,686	-	23,244
313	Accounts payable > 90 days past due	-	-	-	-	-
321	Accrued wage/payroll taxes payable	5,704	4,694	1,562	-	4,052
322	Accrued compensated absences	11,155	11,671	4,020	-	8,770
324	Accrued contingency liability	-	-	-	-	-
325	Accrued interest payable	-	-	-	-	-
331	Accounts Payable - HUD PHA programs	-	-	-	-	-
332	Accounts Payable - PHA projects	-	-	-	-	-
333	Accounts payable - other government	-	-	-	-	-
341	Tenant security deposits	7,250	7,900	5,050	-	6,200
342	Unearned revenue	2,734	1,682	1,359	-	1,155
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	-	-	-	-	-
347	Interprogram - due to	-	-	-	-	-
348	Loan Liability - current	-	-	-	-	-
310	Total Current Liabilities	62,992	45,524	21,678	-	43,422
351	Long-term debt, net of current - capital projects	-	-	-	-	-
352	Long-term debt, net of current - operating borrowings	-	-	-	-	-
353	Non-current liabilities- other	-	-	-	-	-
354	Accrued compensated absences - non-current	-	-	-	-	-
355	Loan Liability - non-current	-	-	-	-	-
356	FASB 5 liabilities	-	-	-	-	-
357	Accrued pension and OPEB liabilities	148,424	130,147	46,135	-	116,725
350	Total Noncurrent Liabilities	148,424	130,147	46,135	-	116,725
300	Total Liabilities	211,416	175,671	67,812	-	160,146
400	Deferred Inflows of Resources	38,119	34,080	12,080	-	29,992
508.4	Net Investment in Capital Assets	6,591,521	6,094,676	2,815,831	-	4,286,239
511.4	Restricted Net Position	-	-	-	-	-
512.4	Unrestricted Net Position	121,333	41,400	173,988	-	62,523
513	Total Equity - Net Assets/Position	\$ 6,712,854	\$ 6,136,076	\$ 2,989,819	\$ -	\$ 4,348,762
600	Total Liabilities, Deferred Inflows of Resources, and Equity - Net Assets/Position	\$ 6,962,389	\$ 6,345,827	\$ 3,069,712	\$ -	\$ 4,538,900

Housing Authority of the County of King  
Financial Data Schedule (FDS)  
Statement of Net Position  
As of December 31, 2018

Line Item #	Account Description	Casa Madrona II WA002000553	Subtotal	Elimination	Total Authority	COMPONENT UNITS - DISCRETELY PRESENTED
111	Cash - unrestricted	\$ -	\$ 88,768,530	\$ -	\$ 88,768,530	\$ 12,111,563
112	Cash - restricted - modernization and development	-	-	-	-	-
113	Cash - other restricted	-	25,546,742	-	25,546,742	4,355,931
114	Cash - tenant security deposits	-	2,543,778	-	2,543,778	451,080
115	Cash - restricted for payment of current liability	-	-	-	-	-
100	Total cash	-	116,859,050	-	116,859,050	16,918,574
121	AR - PHA projects	-	331,848	-	331,848	30,366
122	AR - HUD other projects	-	619,386	-	619,386	-
124	Accounts receivable - other government	-	551,869	-	551,869	-
125	Accounts receivable - miscellaneous	-	2,161,894	(1,025,082)	1,136,812	20,332
126	Accounts receivable- tenants	-	446,991	-	446,991	115,730
126.1	Allowance for doubtful accounts - tenants	-	(25,680)	-	(25,680)	(3,306)
126.2	Allowance for doubtful accounts - other	-	-	-	-	-
127	Notes and mortgages receivable- current	-	4,177,844	(808,188)	3,369,656	-
128	Fraud recovery	-	-	-	-	-
128.1	Allowance for doubtful accounts - fraud	-	-	-	-	-
129	Accrued interest receivable	-	3,369,656	-	3,369,656	-
120	Total receivables, net of allowances	-	11,633,809	(1,833,270)	9,800,539	163,122
131	Investments - unrestricted	-	56,034,562	-	56,034,562	-
132	Investments - restricted	-	13,779,835	-	13,779,835	-
135	Investments - restricted for payment of current liability	-	-	-	-	-
142	Prepaid expenses and other assets	-	1,110,890	(46,738)	1,064,152	290,025
143	Inventories	-	314,217	-	314,217	-
143.1	Allowance for obsolete inventories	-	-	-	-	-
144	Interprogram - due from	-	-	-	-	-
145	Assets held for sale	-	-	-	-	-
150	Total Current Assets	-	199,732,362	(1,880,008)	197,852,354	17,371,721
161	Land	-	156,958,538	-	156,958,538	24,435,685
162	Buildings	-	606,749,751	-	606,749,751	442,798,143
163	Furniture, equipment & machinery - dwellings	-	35,400	-	35,400	3,411,926
164	Furniture, equipment & machinery - administration	-	8,225,863	-	8,225,863	11,148,444
165	Leasehold improvements	-	7,734,959	-	7,734,959	-
166	Accumulated depreciation	-	(220,591,025)	-	(220,591,025)	(103,452,108)
167	Work in progress	-	56,990,039	-	56,990,039	3,787,574
168	Infrastructure	-	30,686,220	-	30,686,220	32,815,306
160	Total capital assets, net of depreciation	-	646,789,744	-	646,789,744	414,944,970
171	Notes and mortgages receivable - non-current	-	413,345,132	(76,157,131)	337,188,002	-
172	Notes and mortgages receivable-non-current - past due	-	-	-	-	-
173	Grants receivable - non-current	-	-	-	-	-
174	Other assets	-	1,186,796	-	1,186,796	1,428,622
176	Investment in joint ventures	-	-	-	-	-
180	Total Noncurrent Assets	-	1,061,321,673	(76,157,131)	985,164,542	416,373,592
200	Deferred Outflows of Resources	-	3,392,270	-	3,392,270	-
290	Total Assets and Deferred Outflows of Resources	\$ -	\$ 1,264,446,305	\$ (78,037,139)	\$ 1,186,409,167	\$ 433,745,313
311	Bank overdraft	\$ -	\$ -	-	\$ -	-
312	Accounts payable < = 90 days	-	5,348,647	-	5,348,647	2,121,807
313	Accounts payable > 90 days past due	-	-	-	-	-
321	Accrued wage/payroll taxes payable	-	822,878	-	822,878	59,473
322	Accrued compensated absences	-	2,376,709	-	2,376,709	-
324	Accrued contingency liability	-	-	-	-	-
325	Accrued interest payable	-	1,770,907	-	1,770,907	11,128,903
331	Accounts Payable - HUD PHA programs	-	-	-	-	-
332	Accounts Payable - PHA projects	-	-	-	-	-
333	Accounts payable - other government	-	-	-	-	-
341	Tenant security deposits	-	2,543,778	-	2,543,778	451,080
342	Unearned revenue	-	465,995	-	465,995	114,792
343	Current portion of L-T debt - capital projects	-	34,510,702	(808,188)	33,702,514	2,713,572
344	Current portion of L-T debt - operating borrowings	-	23,738,636	-	23,738,636	-
345	Other current liabilities	-	2,430,938	(1,071,820)	1,359,118	1,064,103
346	Accrued liabilities - other	-	333,781	-	333,781	89,210
347	Interprogram - due to	-	-	-	-	-
348	Loan Liability - current	-	-	-	-	-
310	Total Current Liabilities	-	74,342,970	(1,880,008)	72,462,962	17,742,940
351	Long-term debt, net of current - capital projects	-	409,848,792	(37,039,771)	372,809,021	295,717,592
352	Long-term debt, net of current - operating borrowings	-	130,681,740	(39,078,685)	91,603,055	-
353	Non-current liabilities- other	-	1,972,649	(38,675)	1,933,974	25,364,394
354	Accrued compensated absences - non-current	-	-	-	-	-
355	Loan Liability - non-current	-	-	-	-	-
356	FASB 5 liabilities	-	-	-	-	-
357	Accrued pension and OPEB liabilities	-	24,594,831	-	24,594,831	-
350	Total Noncurrent Liabilities	-	567,098,012	(76,157,131)	490,940,881	321,081,986
300	Total Liabilities	-	641,440,982	(78,037,139)	563,403,844	338,824,926
400	Deferred Inflows of Resources	-	5,926,464	-	5,926,464	-
508.4	Net Investment in Capital Assets	-	202,430,539	-	202,430,539	116,513,806
511.4	Restricted Net Position	-	38,856,467	-	38,856,467	4,355,931
512.4	Unrestricted Net Position	-	375,791,852	-	375,791,852	(25,949,350)
513	Total Equity - Net Assets/Position	\$ -	\$ 617,078,858	\$ -	\$ 617,078,858	\$ 94,920,387
600	Total Liabilities, Deferred Inflows of Resources, and Equity - Net Assets/Position	\$ -	\$ 1,264,446,305	\$ (78,037,139)	\$ 1,186,409,167	\$ 433,745,313

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, 2018

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	4,230,670	139,305,946	9,897,782	-	-
70610	Capital Grants	3,724,173	-	-	-	-
70710	Management Fee	-	-	-	-	-
70720	Asset Management Fee	-	-	-	-	-
70730	Book-keeping Fee	-	-	-	-	-
70750	Other Fees	-	-	-	-	-
70700	Total Fee Revenue	-	-	-	-	-
70800	Other Government Grants	-	-	-	59,915	528,403
71100	Investment Income - unrestricted	-	-	-	-	-
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	7,954,843	139,305,946	9,897,782	59,915	528,403
91100	Administrative salaries	-	-	-	-	-
91200	Auditing fees	-	-	-	-	-
91300	Management fees	-	-	-	-	-
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	-	-	-	-	-

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, 2018

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	7,954,843	139,305,946	9,897,782	59,915	528,403
97200	Casualty losses - non-capitalized	-	-	-	-	-
97300	Housing assistance payments	-	-	-	-	-
97350	HAP Portability-In	-	-	-	-	-
97400	Depreciation expense	-	-	-	-	-
90000	Total Expenses	-	-	-	-	-
10010	Operating transfers in	-	-	-	39,480	-
10020	Operating transfers out	(7,954,843)	(139,305,946)	(9,897,782)	(59,915)	(528,403)
10100	Total Other Financing Sources	(7,954,843)	(139,305,946)	(9,897,782)	(20,435)	(528,403)
10000	Excess (Deficiency) Of Total Revenue Over (Under) Total Expenses	\$ -	\$ -	\$ -	\$ 39,480	\$ -
11020	Required annual debt principal payments	-	-	-	39,480	-
11030	Beginning of year equity	-	-	-	(943,885)	-
11040	Prior period adjustments, equity transfers	-	-	-	-	-
11170	Administrative Fee Equity	-	-	-	-	-
11180	Housing Assistance Fee Equity	-	-	-	-	-
11190	Unit Months Available	-	-	-	-	-
11210	Number of unit months leased	-	-	-	-	-
11270	Excess cash	-	-	-	-	-
11620	Building Purchases	-	-	-	-	-

Housing Authority of the County of King  
Financial Data Schedule (FDS)  
Statement of Revenues, Expenses, and Changes in Net Position  
For the 12 Month Period Ending December 31, 2018

Line Item #	Account Description	14.195 Section 8 - Special Allocation	14.218 Community Development Block Grants/Entitlement Grants	14.251 Other Federal Programs	14.856 Section 8 - Moderate Rehabilitation	14.870 Resident Opportunity and Supportive Services - Service Coordinators
70300	Net tenant rental revenue	\$ 233,606	\$ -	\$ -	\$ -	\$ -
70400	Tenant revenue - other	7,764	-	-	100	-
70500	Total tenant revenue	241,370	-	-	100	-
70600	HUD PHA Operating Grants	385,363	-	-	93,242	114,962
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	-	497,790	-	-	-
71100	Investment Income - unrestricted	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-
71310	Cost of Sale of Assets	-	-	-	-	-
71400	Fraud Recovery	-	-	-	-	-
71500	Other Revenue	97	-	-	-	-
71600	Gain (loss) on the sale of capital assets	-	-	-	-	-
72000	Investment income - restricted	0	-	-	-	-
70000	Total Revenue	626,831	497,790	-	93,342	114,962
91100	Administrative salaries	51,970	19,545	-	1,023	-
91200	Auditing fees	-	-	-	30	-
91300	Management fees	41,707	-	-	2,160	-
91310	Book-keeping Fee	-	-	-	1,350	-
91400	Advertising and Marketing	-	-	-	-	-
91500	Employee benefit contributions - administrative	19,012	8,819	-	324	-
91600	Office Expenses	1,377	-	-	248	-
91700	Legal expense	13,286	-	-	2	-
91800	Travel	582	-	-	0	3,035
91900	Other	7,883	-	-	232	3,668
91000	Total Operating - Administrative	135,817	28,364	-	5,371	6,703
92000	Asset Management Fee	-	-	-	-	-
92100	Tenant services - salaries	-	-	-	-	63,276
92200	Relocation costs	-	-	-	-	-
92300	Employee benefits	-	-	-	-	23,285
92400	Tenant services - other	-	-	-	-	505
92500	Total Tenant Services	-	-	-	-	87,065
93100	Water	7,017	-	-	-	-
93200	Electricity	3,119	-	-	-	-
93300	Gas	-	-	-	-	-
93400	Fuel	-	-	-	-	-
93600	Sewer	15,818	-	-	-	-
93800	Other utilities expense	24,738	-	-	-	-
93000	Total Utilities	50,693	-	-	-	-
94100	Ordinary maintenance and operations - labor	58,773	-	-	-	-
94200	Ordinary maintenance and operations - material and other	272,627	429,661	-	1	-
94300	Ordinary maintenance and operations - contracts	46,524	-	-	-	-
94500	Employee benefit contributions - ordinary maintenance	23,605	-	-	-	-
94000	Total Maintenance	401,528	429,661	-	1	-
95200	Other contract costs	-	-	-	-	-
95000	Total Protective Services	-	-	-	-	-
96110	Property Insurance	2,679	-	-	2	-
96120	Liability Insurance	3,041	-	-	5	-
96130	Workmen's compensation	2,421	80	-	3	279
96100	Total Insurance Premiums	8,142	80	-	11	279

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, 2018

Line Item #	Account Description	14.195 Section 8 - Special Allocation	14.218 Community Development Block Grants/Entitlement Grants	14.251 Other Federal Programs	14.856 Section 8 - Moderate Rehabilitation	14.870 Resident Opportunity and Supportive Services - Service Coordinators
96200	Other General Expenses	1,163	-	-	-	-
96210	Compensated absences	15,240	-	-	-	-
96300	Payments in lieu of taxes	-	-	-	-	-
96800	Severance expense	-	-	-	13	-
96000	Total Other General Expenses	16,403	-	-	13	-
96710	Interest on mortgage (or bonds) payable	-	-	-	-	-
96720	Interest on notes payable (short and long term)	61,824	-	-	-	-
96700	Total interest expense and amortization cost	61,824	-	-	-	-
96900	Total Operating Expenses	674,407	458,104	-	5,396	94,047
97000	Excess Operating Revenue over Operating Expenses	(47,576)	39,686	-	87,946	20,915
97200	Casualty losses - non-capitalized	-	-	-	-	-
97300	Housing assistance payments	-	-	-	75,604	-
97350	HAP Portability-In	-	-	-	-	-
97400	Depreciation expense	28,473	-	-	-	-
90000	Total Expenses	702,880	458,104	-	81,000	94,047
10010	Operating transfers in	(564)	110,849	-	-	2,497
10020	Operating transfers out	-	(7,611)	-	-	-
10100	Total Other Financing Sources	(564)	103,238	-	-	2,497
10000	Excess (Deficiency) Of Total Revenue Over (Under) Total Expenses	\$ (76,614)	\$ 142,924	\$ -	\$ 12,342	\$ 23,412
11020	Required annual debt principal payments	-	-	-	-	-
11030	Beginning of year equity	906,554	11,957	-	116,797	7,825
11040	Prior period adjustments, equity transfers	(46,947)	(9,234)	-	(268)	(133,229)
11170	Administrative Fee Equity	-	-	-	-	-
11180	Housing Assistance Fee Equity	-	-	-	-	-
11190	Unit Months Available	492	-	-	180	-
11210	Number of unit months leased	486	-	-	160	-
11270	Excess cash	-	-	-	-	-
11620	Building Purchases	-	-	-	-	-



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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	11,787	1,967	109,297	-	-
70500	Total tenant revenue	11,787	1,967	109,297	-	-
70600	HUD PHA Operating Grants	12,836,956	4,049,275	-	333,607	-
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	-	-	130,326	-	3,977,690
71100	Investment Income - unrestricted	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-
71310	Cost of Sale of Assets	-	-	-	-	-
71400	Fraud Recovery	-	-	-	-	-
71500	Other Revenue	37,990,209	1	2,790,258	-	0
71600	Gain (loss) on the sale of capital assets	-	-	-	-	-
72000	Investment income - restricted	-	-	407,100	-	-
70000	Total Revenue	50,838,952	4,051,243	3,436,981	333,607	3,977,690
91100	Administrative salaries	352,977	139,662	4,600,859	(0)	920,170
91200	Auditing fees	-	714	24,479	-	2,018
91300	Management fees	121,234	43,959	1,703,591	-	-
91310	Book-keeping Fee	62,357	32,175	1,073,549	-	-
91400	Advertising and Marketing	-	-	551	-	5,135
91500	Employee benefit contributions - administrative	99,057	46,512	1,557,806	-	294,253
91600	Office Expenses	25,444	8,746	296,676	-	40,175
91700	Legal expense	976	342	33,219	-	-
91800	Travel	1,294	453	95,315	-	12,186
91900	Other	202,124	46,471	1,015,459	-	61,427
91000	Total Operating - Administrative	865,463	319,034	10,401,502	(0)	1,335,364
92000	Asset Management Fee	-	-	-	-	-
92100	Tenant services - salaries	269	89	2,007,257	214,638	-
92200	Relocation costs	-	-	101,688	-	-
92300	Employee benefits	-	-	800,341	71,001	-
92400	Tenant services - other	134	46	3,733,774	18,509	604,185
92500	Total Tenant Services	402	135	6,643,059	304,148	604,185
93100	Water	381	100	4,165	-	876
93200	Electricity	1,587	556	17,409	-	3,167
93300	Gas	-	-	-	-	-
93400	Fuel	-	-	-	-	-
93600	Sewer	145	51	1,578	-	334
93800	Other utilities expense	325	114	3,545	-	751
93000	Total Utilities	2,438	821	26,697	-	5,128
94100	Ordinary maintenance and operations - labor	21	7	203	-	46
94200	Ordinary maintenance and operations - material and other	798	278	15,662	-	2,366,631
94300	Ordinary maintenance and operations - contracts	3,383	1,208	37,881	-	7,883
94500	Employee benefit contributions - ordinary maintenance	-	870	49,967	-	-
94000	Total Maintenance	4,202	2,363	103,713	-	2,374,560
95200	Other contract costs	-	-	-	-	-
95000	Total Protective Services	-	-	-	-	-
96110	Property Insurance	330	115	3,550	-	414
96120	Liability Insurance	6,225	2,163	69,967	-	13,450
96130	Workmen's compensation	1,444	503	24,837	817	3,116
96100	Total Insurance Premiums	7,998	2,781	98,354	817	16,980

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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	-	-	66,018	-	184,397
96210	Compensated absences	-	-	803,640	22,316	80,373
96300	Payments in lieu of taxes	-	-	-	-	-
96800	Severance expense	1,585	555	29,450	10,297	572
96000	Total Other General Expenses	1,585	555	899,108	32,613	265,341
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	882,088	325,689	18,172,434	337,578	4,601,559
97000	Excess Operating Revenue over Operating Expenses	49,956,865	3,725,555	(14,735,452)	(3,971)	(623,868)
97200	Casualty losses - non-capitalized	-	-	-	-	-
97300	Housing assistance payments	11,358,815	3,637,440	102,449,046	-	-
97350	HAP Portability-In	37,990,209	-	4,162,587	-	-
97400	Depreciation expense	-	-	-	-	-
90000	Total Expenses	50,231,111	3,963,129	124,784,067	337,578	4,601,559
10010	Operating transfers in	-	-	160,168,725	-	2,048,108
10020	Operating transfers out	-	-	(30,491,422)	-	(1,356,552)
10100	Total Other Financing Sources	-	-	129,677,302	-	691,555
10000	Excess (Deficiency) Of Total Revenue Over (Under) Total Expenses	\$ 607,841	\$ 88,115	\$ 8,330,217	\$ (3,971)	\$ 67,687
11020	Required annual debt principal payments	-	-	-	-	-
11030	Beginning of year equity	506,717	323,385	30,030,316	19,654	508,228
11040	Prior period adjustments, equity transfers	(1,450,415)	(565,326)	(731,564)	(181,924)	(464,758)
11170	Administrative Fee Equity	(1,684,674)	-	-	-	-
11180	Housing Assistance Fee Equity	1,348,817	-	-	-	-
11190	Unit Months Available	12,946	4,497	98,932	-	-
11210	Number of unit months leased	11,858	4,266	103,803	-	-
11270	Excess cash	-	-	-	-	-
11620	Building Purchases	-	-	-	-	-

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Line Item #	Account Description	Business Activities	81.042	93.568 Low Income	COMPONENT UNITS - BLENDED	COCC
			Weatherization Assistance for Low Income Persons	Home Energy Assistance		
70300	Net tenant rental revenue	\$ 76,709,787	\$ -	\$ -	\$ 3,845,167	\$ -
70400	Tenant revenue - other	2,373,670	-	-	135,218	-
70500	Total tenant revenue	79,083,457	-	-	3,980,385	-
70600	HUD PHA Operating Grants	-	-	-	-	-
70610	Capital Grants	-	-	-	-	-
70710	Management Fee	-	-	-	-	4,038,910
70720	Asset Management Fee	-	-	-	-	285,180
70730	Book-keeping Fee	-	-	-	-	1,403,964
70750	Other Fees	9,162,974	-	-	-	1,588,208
70700	Total Fee Revenue	9,162,974	-	-	-	7,316,262
70800	Other Government Grants	100,408	583,556	1,545,075	-	-
71100	Investment Income - unrestricted	-	-	-	180	-
71300	Proceeds from disposition of assets held for sale	7,037,706	-	-	-	-
71310	Cost of Sale of Assets	(2,760,523)	-	-	-	-
71400	Fraud Recovery	-	-	-	-	-
71500	Other Revenue	4,462,553	-	-	4,152,868	3,786,365
71600	Gain (loss) on the sale of capital assets	19,093,587	-	-	-	-
72000	Investment income - restricted	15,246,916	-	-	-	11,544
70000	Total Revenue	131,427,078	583,556	1,545,075	8,133,433	11,114,171
91100	Administrative salaries	8,620,965	1,506	2,692	149,634	2,817,934
91200	Auditing fees	24,031	-	-	6,601	13,700
91300	Management fees	2,162,895	-	-	130,348	-
91310	Book-keeping Fee	98,184	-	-	-	-
91400	Advertising and Marketing	220,283	-	-	16,980	19,179
91500	Employee benefit contributions - administrative	3,125,050	606	1,368	98,011	720,524
91600	Office Expenses	710,724	-	-	65,541	448,386
91700	Legal expense	220,576	-	-	2,750	53,216
91800	Travel	74,800	2,282	7,415	2,990	368,797
91900	Other	10,547,483	5,549	5,829	29,334	937,370
91000	Total Operating - Administrative	25,804,990	9,943	17,304	502,189	5,379,106
92000	Asset Management Fee	103,380	-	-	-	-
92100	Tenant services - salaries	-	-	-	-	-
92200	Relocation costs	6,367	-	-	-	-
92300	Employee benefits	-	-	-	-	-
92400	Tenant services - other	141,296	-	-	-	424
92500	Total Tenant Services	147,663	-	-	-	424
93100	Water	2,214,470	-	-	4,694	5,781
93200	Electricity	814,471	-	-	139,125	36,760
93300	Gas	42,124	-	-	837	2,716
93400	Fuel	4,155	-	-	-	-
93600	Sewer	3,381,176	-	-	28,545	2,353
93800	Other utilities expense	2,359,026	-	-	115,790	5,531
93000	Total Utilities	8,815,423	-	-	288,991	53,142
94100	Ordinary maintenance and operations - labor	3,912,909	-	-	136,547	1,471,328
94200	Ordinary maintenance and operations - material and other	3,786,314	407,431	1,117,012	470,407	62,300
94300	Ordinary maintenance and operations - contracts	3,494,644	-	-	-	69,923
94500	Employee benefit contributions - ordinary maintenance	590,355	-	-	-	950,396
94000	Total Maintenance	11,784,222	407,431	1,117,012	606,954	2,553,947
95200	Other contract costs	228,787	-	-	-	-
95000	Total Protective Services	228,787	-	-	-	-
96110	Property Insurance	568,860	-	-	108,702	7,344
96120	Liability Insurance	407,906	-	-	-	177,888
96130	Workmen's compensation	282,683	3	11	-	75,148
96100	Total Insurance Premiums	1,259,449	3	11	108,702	260,380

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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	5,732,083	-	-	73,513	-
96210	Compensated absences	626,305	-	-	-	857,860
96300	Payments in lieu of taxes	429,647	-	-	-	-
96800	Severance expense	173,202	-	-	-	119,998
96000	Total Other General Expenses	6,961,237	-	-	73,513	977,859
96710	Interest on mortgage (or bonds) payable	9,232,975	-	-	978,308	-
96720	Interest on notes payable (short and long term)	7,548,705	-	-	928,029	-
96700	Total interest expense and amortization cost	16,781,680	-	-	1,906,337	-
96900	Total Operating Expenses	71,886,831	417,376	1,134,326	3,486,686	9,224,858
97000	Excess Operating Revenue over Operating Expenses	59,540,247	166,180	410,749	4,646,747	1,889,313
97200	Casualty losses - non-capitalized	2,183,904	-	-	-	-
97300	Housing assistance payments	-	-	-	-	-
97350	HAP Portability-In	-	-	-	-	-
97400	Depreciation expense	11,237,624	-	-	2,630,464	1,264,380
90000	Total Expenses	85,308,359	417,376	1,134,326	6,117,150	10,489,239
10010	Operating transfers in	80,670,421	-	-	-	2,676,353
10020	Operating transfers out	(71,766,537)	(245,798)	(390,214)	-	(49)
10100	Total Other Financing Sources	8,903,884	(245,798)	(390,214)	-	2,676,303
10000	Excess (Deficiency) Of Total Revenue Over (Under) Total Expenses	\$ 55,022,603	\$ (79,618)	\$ 20,535	\$ 2,016,283	\$ 3,301,236
11020	Required annual debt principal payments	12,841,150	-	-	808,188	-
11030	Beginning of year equity	371,232,424	199,494	170,731	23,470,716	7,971,430
11040	Prior period adjustments, equity transfers	(3,455,394)	-	(166,959)	-	(2,447,239)
11170	Administrative Fee Equity	-	-	-	-	-
11180	Housing Assistance Fee Equity	-	-	-	-	-
11190	Unit Months Available	73,536	-	-	9,564	-
11210	Number of unit months leased	72,433	-	-	9,421	-
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	\$ -	\$ 650,335	\$ 53,734	\$ -	\$ 332,586
70400	Tenant revenue - other	-	13,209	4,986	-	868
70500	Total tenant revenue	-	663,544	58,720	-	333,453
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	-	-	-	-	-
71100	Investment Income - unrestricted	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-
71310	Cost of Sale of Assets	-	-	-	-	-
71400	Fraud Recovery	-	-	-	-	-
71500	Other Revenue	-	186,341	248	-	2,671
71600	Gain (loss) on the sale of capital assets	-	-	-	-	-
72000	Investment income - restricted	-	16,493	1,144	-	7,335
70000	Total Revenue	-	866,379	60,112	-	343,460
91100	Administrative salaries	-	72,274	15,736	-	78,797
91200	Auditing fees	-	3,289	540	-	3,289
91300	Management fees	-	248,998	24,585	-	188,292
91310	Book-keeping Fee	-	11,948	1,965	-	12,330
91400	Advertising and Marketing	-	-	-	-	-
91500	Employee benefit contributions - administrative	-	34,073	4,751	-	28,761
91600	Office Expenses	-	28,740	996	-	7,517
91700	Legal expense	-	1,942	1,315	-	7,662
91800	Travel	-	2,937	178	-	722
91900	Other	-	35,264	2,290	-	17,871
91000	Total Operating - Administrative	-	439,465	52,356	-	345,243
92000	Asset Management Fee	-	15,930	2,620	-	16,440
92100	Tenant services - salaries	-	-	-	-	-
92200	Relocation costs	-	-	-	-	-
92300	Employee benefits	-	-	-	-	-
92400	Tenant services - other	-	193	27	-	198
92500	Total Tenant Services	-	193	27	-	198
93100	Water	-	63,628	5,141	-	19,848
93200	Electricity	-	9,452	1,588	-	23,464
93300	Gas	-	-	-	-	-
93400	Fuel	-	-	-	-	-
93600	Sewer	-	78,161	7,673	-	62,275
93800	Other utilities expense	-	93,484	6,955	-	27,308
93000	Total Utilities	-	244,725	21,356	-	132,895
94100	Ordinary maintenance and operations - labor	-	131,481	12,278	-	74,663
94200	Ordinary maintenance and operations - material and other	-	26,636	13,313	-	52,986
94300	Ordinary maintenance and operations - contracts	-	53,954	16,565	-	95,662
94500	Employee benefit contributions - ordinary maintenance	-	44,778	6,109	-	37,074
94000	Total Maintenance	-	256,849	48,265	-	260,384
95200	Other contract costs	-	-	-	-	-
95000	Total Protective Services	-	-	-	-	-
96110	Property Insurance	-	15,341	1,690	-	7,743
96120	Liability Insurance	-	9,913	1,434	-	8,363
96130	Workmen's compensation	-	6,330	684	-	4,067
96100	Total Insurance Premiums	-	31,584	3,807	-	20,173

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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	-	-	-	-	-
96210	Compensated absences	-	17,661	1,911	-	18,555
96300	Payments in lieu of taxes	-	23,340	-	-	18,887
96800	Severance expense	-	27	400	-	27
96000	Total Other General Expenses	-	41,028	2,312	-	37,469
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	-	1,029,773	130,743	-	812,802
97000	Excess Operating Revenue over Operating Expenses	-	(163,394)	(70,631)	-	(469,342)
97200	Casualty losses - non-capitalized	-	20,460	-	-	-
97300	Housing assistance payments	-	-	-	-	-
97350	HAP Portability-In	-	-	-	-	-
97400	Depreciation expense	-	415,993	56,992	-	338,757
90000	Total Expenses	-	1,466,226	187,735	-	1,151,559
10010	Operating transfers in	-	1,740,243	89,706	-	905,833
10020	Operating transfers out	-	(500,000)	-	-	(100,000)
10100	Total Other Financing Sources	-	1,240,243	89,706	-	805,833
10000	Excess (Deficiency) Of Total Revenue Over (Under) Total Expenses	\$ -	\$ 640,396	\$ (37,918)	\$ -	\$ (2,266)
11020	Required annual debt principal payments	-	-	-	-	-
11030	Beginning of year equity	-	9,005,634	1,675,967	-	6,418,679
11040	Prior period adjustments, equity transfers	-	(47,248)	(11,341)	-	(44,975)
11170	Administrative Fee Equity	-	-	-	-	-
11180	Housing Assistance Fee Equity	-	-	-	-	-
11190	Unit Months Available	-	1,631	264	-	1,668
11210	Number of unit months leased	-	1,593	262	-	1,644
11270	Excess cash	-	360,499	49,709	-	214,851
11620	Building Purchases	-	1,871	-	-	-

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Line Item #	Account Description	Northridge II WA002000153	Westminster WA002000156	Brookside Apartments WA002000180	Northwood Apartments WA002000191	Forest Glen WA002000201
70300	Net tenant rental revenue	\$ 359,121	\$ 195,889	\$ -	\$ 70,629	\$ 98,243
70400	Tenant revenue - other	11,168	15,268	1,185	2,403	0
70500	Total tenant revenue	370,289	211,157	1,185	73,032	98,243
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	-	-	-	-	-
71100	Investment Income - unrestricted	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-
71310	Cost of Sale of Assets	-	-	-	-	-
71400	Fraud Recovery	-	-	-	-	-
71500	Other Revenue	2,254	1,007	26,688	519	802
71600	Gain (loss) on the sale of capital assets	-	-	-	-	-
72000	Investment income - restricted	8,341	3,676	551	(0)	3,657
70000	Total Revenue	380,884	215,841	28,423	73,550	102,702
91100	Administrative salaries	98,246	34,140	8,394	24,883	21,563
91200	Auditing fees	3,284	1,407	378	797	938
91300	Management fees	164,025	70,569	12,426	42,741	52,680
91310	Book-keeping Fee	12,353	4,793	-	3,023	2,963
91400	Advertising and Marketing	-	-	-	-	-
91500	Employee benefit contributions - administrative	30,331	12,358	2,138	9,786	12,112
91600	Office Expenses	8,461	2,310	625	1,317	2,167
91700	Legal expense	2	1,481	0	765	9,991
91800	Travel	976	265	124	263	292
91900	Other	19,966	13,524	2,468	6,915	7,428
91000	Total Operating - Administrative	337,645	140,848	26,553	90,489	110,135
92000	Asset Management Fee	16,470	6,390	-	4,030	3,950
92100	Tenant services - salaries	-	-	-	-	-
92200	Relocation costs	-	-	-	-	-
92300	Employee benefits	-	-	-	-	-
92400	Tenant services - other	340	70	19	164	72
92500	Total Tenant Services	340	70	19	164	72
93100	Water	21,309	8,862	3,178	6,431	6,767
93200	Electricity	24,930	48,206	1,901	4,805	3,201
93300	Gas	3,563	2,707	-	-	-
93400	Fuel	-	-	-	-	-
93600	Sewer	46,193	20,165	7,623	15,829	11,080
93800	Other utilities expense	31,572	34,445	5,368	8,424	16,932
93000	Total Utilities	127,567	114,386	18,070	35,489	37,980
94100	Ordinary maintenance and operations - labor	81,460	36,537	4,739	27,996	42,095
94200	Ordinary maintenance and operations - material and other	31,661	15,078	22,977	13,565	15,693
94300	Ordinary maintenance and operations - contracts	140,814	28,101	17,319	30,285	46,752
94500	Employee benefit contributions - ordinary maintenance	38,711	15,929	2,722	11,465	14,495
94000	Total Maintenance	292,645	95,645	47,757	83,311	119,035
95200	Other contract costs	-	-	-	-	379
95000	Total Protective Services	-	-	-	-	379
96110	Property Insurance	9,902	2,935	4,000	2,101	1,757
96120	Liability Insurance	8,404	3,826	1,273	2,256	2,383
96130	Workmen's compensation	4,200	1,990	264	1,591	2,214
96100	Total Insurance Premiums	22,505	8,751	5,536	5,948	6,353

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Line Item #	Account Description	Northridge II WA002000153	Westminster WA002000156	Brookside Apartments WA002000180	Northwood Apartments WA002000191	Forest Glen WA002000201
96200	Other General Expenses	-	-	16,177	27,796	-
96210	Compensated absences	26,661	7,182	897	4,400	7,759
96300	Payments in lieu of taxes	16,455	7,719	570	733	-
96800	Severance expense	27	12	201	402	690
96000	Total Other General Expenses	43,144	14,913	17,845	33,332	8,449
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	840,315	381,004	115,779	252,763	286,352
97000	Excess Operating Revenue over Operating Expenses	(459,431)	(165,164)	(87,356)	(179,213)	(183,650)
97200	Casualty losses - non-capitalized	-	-	-	-	-
97300	Housing assistance payments	-	-	-	-	-
97350	HAP Portability-In	-	-	-	-	-
97400	Depreciation expense	385,596	112,318	1	58,612	219,524
90000	Total Expenses	1,225,910	493,322	115,780	311,375	505,877
10010	Operating transfers in	1,399,179	238,748	215,854	818,756	243,264
10020	Operating transfers out	(50,000)	-	-	-	-
10100	Total Other Financing Sources	1,349,179	238,748	215,854	818,756	243,264
10000	Excess (Deficiency) Of Total Revenue Over (Under) Total Expenses	\$ 504,153	\$ (38,734)	\$ 128,497	\$ 580,931	\$ (159,910)
11020	Required annual debt principal payments	-	-	-	-	-
11030	Beginning of year equity	8,354,903	2,997,729	24,356	1,238,676	4,538,940
11040	Prior period adjustments, equity transfers	(66,010)	(25,740)	(5,913)	(17,257)	(22,541)
11170	Administrative Fee Equity	-	-	-	-	-
11180	Housing Assistance Fee Equity	-	-	-	-	-
11190	Unit Months Available	1,674	666	-	405	480
11210	Number of unit months leased	1,647	639	-	403	395
11270	Excess cash	212,743	137,272	31,088	62,717	147,586
11620	Building Purchases	784,694	-	-	576,331	-



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Line Item #	Account Description	College Place WA002000203	Kirkland Place WA002000210	Island Crest WA002000213	Houghton Court WA002000215	Casa Juanita WA002000251
70300	Net tenant rental revenue	\$ 472,278	\$ 30,511	\$ 176,369	\$ 107,533	\$ 237,158
70400	Tenant revenue - other	8,903	(0)	3,440	-	0
70500	Total tenant revenue	481,181	30,511	179,809	107,533	237,158
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	-	-	-	2,826,680	-
71100	Investment Income - unrestricted	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-
71310	Cost of Sale of Assets	-	-	-	-	-
71400	Fraud Recovery	-	-	-	-	-
71500	Other Revenue	1,144	163	324	-	1,223
71600	Gain (loss) on the sale of capital assets	-	-	-	-	-
72000	Investment income - restricted	8,640	244	2,792	(0)	4,113
70000	Total Revenue	490,965	30,917	182,925	2,934,213	242,494
91100	Administrative salaries	78,340	7,604	22,306	4,782	29,889
91200	Auditing fees	2,376	212	706	353	1,882
91300	Management fees	159,461	59,296	29,159	29,208	98,608
91310	Book-keeping Fee	9,008	675	1,523	60	6,840
91400	Advertising and Marketing	-	-	-	-	-
91500	Employee benefit contributions - administrative	37,784	5,852	7,842	1,817	14,417
91600	Office Expenses	9,435	459	1,380	206	2,989
91700	Legal expense	10,448	66	0	0	638
91800	Travel	1,023	113	438	18	99
91900	Other	18,247	1,980	8,019	1,649	14,281
91000	Total Operating - Administrative	326,121	76,258	71,373	38,092	169,643
92000	Asset Management Fee	12,010	900	2,030	80	9,120
92100	Tenant services - salaries	-	-	-	-	-
92200	Relocation costs	-	-	-	-	-
92300	Employee benefits	-	-	-	-	-
92400	Tenant services - other	442	11	35	15	94
92500	Total Tenant Services	442	11	35	15	94
93100	Water	44,970	2,204	5,767	3,846	23,194
93200	Electricity	7,113	916	2,258	791	30,925
93300	Gas	-	-	-	-	12,649
93400	Fuel	-	-	-	-	-
93600	Sewer	59,482	4,704	8,370	3,032	50,720
93800	Other utilities expense	54,451	4,459	12,421	5,097	15,902
93000	Total Utilities	166,016	12,283	28,817	12,765	133,390
94100	Ordinary maintenance and operations - labor	101,071	18,903	24,075	8,408	49,573
94200	Ordinary maintenance and operations - material and other	125,588	21,981	14,025	47,011	60,875
94300	Ordinary maintenance and operations - contracts	63,313	35,993	7,972	20,062	73,559
94500	Employee benefit contributions - ordinary maintenance	43,622	6,612	10,491	2,347	18,641
94000	Total Maintenance	333,595	83,489	56,562	77,829	202,647
95200	Other contract costs	-	-	-	-	-
95000	Total Protective Services	-	-	-	-	-
96110	Property Insurance	8,667	809	2,018	664	3,497
96120	Liability Insurance	7,153	587	1,937	891	4,806
96130	Workmen's compensation	5,087	1,145	1,012	419	2,860
96100	Total Insurance Premiums	20,907	2,541	4,967	1,975	11,164

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Line Item #	Account Description	College Place WA002000203	Kirkland Place WA002000210	Island Crest WA002000213	Houghton Court WA002000215	Casa Juanita WA002000251
96200	Other General Expenses	-	-	-	-	-
96210	Compensated absences	23,962	7,597	7,716	1,625	14,328
96300	Payments in lieu of taxes	-	-	-	-	-
96800	Severance expense	20	2	6	3	8,525
96000	Total Other General Expenses	23,982	7,599	7,722	1,628	22,853
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	883,073	183,080	171,507	132,384	548,912
97000	Excess Operating Revenue over Operating Expenses	(392,108)	(152,163)	11,418	2,801,829	(306,418)
97200	Casualty losses - non-capitalized	-	-	-	-	-
97300	Housing assistance payments	-	-	-	-	-
97350	HAP Portability-In	-	-	-	-	-
97400	Depreciation expense	352,920	16,276	138,548	48,308	129,875
90000	Total Expenses	1,235,993	199,356	310,055	180,692	678,787
10010	Operating transfers in	1,015,916	675,026	35,238	2,145,551	441,660
10020	Operating transfers out	(125,000)	-	(65,000)	-	-
10100	Total Other Financing Sources	890,916	675,026	(29,762)	2,145,551	441,660
10000	Excess (Deficiency) Of Total Revenue Over (Under) Total Expenses	\$ 145,888	\$ 506,587	\$ (156,892)	\$ 4,899,072	\$ 5,367
11020	Required annual debt principal payments	-	-	-	-	-
11030	Beginning of year equity	8,096,418	1,735,281	5,270,946	-	2,258,237
11040	Prior period adjustments, equity transfers	(68,530)	(19,438)	(16,025)	(13,245)	(15,234)
11170	Administrative Fee Equity	-	-	-	-	-
11180	Housing Assistance Fee Equity	-	-	-	-	-
11190	Unit Months Available	1,210	90	360	8	954
11210	Number of unit months leased	1,201	90	203	8	912
11270	Excess cash	233,673	54,947	35,176	37,874	165,010
11620	Building Purchases	-	-	-	-	-

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Line Item #	Account Description	Northlake House WA002000290	Seola Crossing WA002000340	Eastbridge WA002000341	Salmon Creek WA002000343	Zephyr WA002000344
70300	Net tenant rental revenue	\$ 107,190	\$ -	\$ -	\$ -	\$ -
70400	Tenant revenue - other	2,497	-	-	-	-
70500	Total tenant revenue	109,687	-	-	-	-
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	-	-	-	-	-
71100	Investment Income - unrestricted	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-
71310	Cost of Sale of Assets	-	-	-	-	-
71400	Fraud Recovery	-	-	-	-	-
71500	Other Revenue	410	-	-	-	-
71600	Gain (loss) on the sale of capital assets	-	-	-	-	-
72000	Investment income - restricted	694	-	-	-	-
70000	Total Revenue	110,791	-	-	-	-
91100	Administrative salaries	23,037	-	-	-	-
91200	Auditing fees	893	-	-	-	-
91300	Management fees	45,145	-	-	-	-
91310	Book-keeping Fee	3,405	-	-	-	-
91400	Advertising and Marketing	-	-	-	-	-
91500	Employee benefit contributions - administrative	9,121	-	-	-	-
91600	Office Expenses	1,602	-	-	-	-
91700	Legal expense	0	-	-	-	-
91800	Travel	294	-	-	-	-
91900	Other	10,475	-	-	-	-
91000	Total Operating - Administrative	93,972	-	-	-	-
92000	Asset Management Fee	4,540	-	-	-	-
92100	Tenant services - salaries	-	-	-	-	-
92200	Relocation costs	-	-	-	-	-
92300	Employee benefits	-	-	-	-	-
92400	Tenant services - other	45	-	-	-	-
92500	Total Tenant Services	45	-	-	-	-
93100	Water	5,153	-	-	-	-
93200	Electricity	9,946	-	-	-	-
93300	Gas	-	-	-	-	-
93400	Fuel	-	-	-	-	-
93600	Sewer	7,644	-	-	-	-
93800	Other utilities expense	8,239	-	-	-	-
93000	Total Utilities	30,982	-	-	-	-
94100	Ordinary maintenance and operations - labor	30,387	-	-	-	-
94200	Ordinary maintenance and operations - material and other	26,715	-	-	-	-
94300	Ordinary maintenance and operations - contracts	94,015	-	-	-	-
94500	Employee benefit contributions - ordinary maintenance	11,753	-	-	-	-
94000	Total Maintenance	162,870	-	-	-	-
95200	Other contract costs	-	-	-	-	-
95000	Total Protective Services	-	-	-	-	-
96110	Property Insurance	2,697	-	-	-	-
96120	Liability Insurance	2,366	-	-	-	-
96130	Workmen's compensation	1,618	-	-	-	-
96100	Total Insurance Premiums	6,681	-	-	-	-

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Line Item #	Account Description	Northlake House WA002000290	Seola Crossing WA002000340	Eastbridge WA002000341	Salmon Creek WA002000343	Zephyr WA002000344
96200	Other General Expenses	26,293	-	-	-	-
96210	Compensated absences	2,681	-	-	-	-
96300	Payments in lieu of taxes	-	-	-	-	-
96800	Severance expense	403	-	-	-	-
96000	Total Other General Expenses	29,377	-	-	-	-
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	328,467	-	-	-	-
97000	Excess Operating Revenue over Operating Expenses	(217,677)	-	-	-	-
97200	Casualty losses - non-capitalized	-	-	-	-	-
97300	Housing assistance payments	-	-	-	-	-
97350	HAP Portability-In	-	-	-	-	-
97400	Depreciation expense	77,701	-	-	-	-
90000	Total Expenses	406,168	-	-	-	-
10010	Operating transfers in	377,359	-	-	-	-
10020	Operating transfers out	(105,289)	-	-	-	-
10100	Total Other Financing Sources	272,070	-	-	-	-
10000	Excess (Deficiency) Of Total Revenue Over (Under) Total Expenses	\$ (23,307)	\$ -	\$ -	\$ -	\$ -
11020	Required annual debt principal payments	-	-	-	-	-
11030	Beginning of year equity	986,524	-	-	-	-
11040	Prior period adjustments, equity transfers	(16,910)	-	-	-	-
11170	Administrative Fee Equity	-	-	-	-	-
11180	Housing Assistance Fee Equity	-	-	-	-	-
11190	Unit Months Available	456	-	-	-	-
11210	Number of unit months leased	454	-	-	-	-
11270	Excess cash	126,720	-	-	-	-
11620	Building Purchases	-	-	-	-	-

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Line Item #	Account Description	Sixth Place Apartments WA002000345	Fairwind WA002000346	Boulevard Manor WA002000350	Yardley Arms WA002000352	Riverton Terrace WA002000354
70300	Net tenant rental revenue	\$ -	\$ -	\$ 217,214	\$ 186,201	\$ 94,777
70400	Tenant revenue - other	-	-	-	6,940	4,255
70500	Total tenant revenue	-	-	217,214	193,141	99,032
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	-	-	-	-	-
71100	Investment Income - unrestricted	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-
71310	Cost of Sale of Assets	-	-	-	-	-
71400	Fraud Recovery	-	-	-	-	-
71500	Other Revenue	-	-	766	723	345
71600	Gain (loss) on the sale of capital assets	-	-	-	-	-
72000	Investment income - restricted	-	-	2,616	2,864	2,976
70000	Total Revenue	-	-	220,596	196,728	102,353
91100	Administrative salaries	-	-	44,838	38,609	23,685
91200	Auditing fees	-	-	1,645	1,574	752
91300	Management fees	-	-	127,363	88,920	38,481
91310	Book-keeping Fee	-	-	6,195	5,963	2,873
91400	Advertising and Marketing	-	-	-	-	-
91500	Employee benefit contributions - administrative	-	-	23,172	20,967	10,360
91600	Office Expenses	-	-	3,777	3,038	1,397
91700	Legal expense	-	-	10,598	9,603	2,152
91800	Travel	-	-	1,345	96	76
91900	Other	-	-	14,752	15,775	10,043
91000	Total Operating - Administrative	-	-	233,705	184,544	89,818
92000	Asset Management Fee	-	-	8,260	7,950	3,830
92100	Tenant services - salaries	-	-	-	-	-
92200	Relocation costs	-	-	-	-	-
92300	Employee benefits	-	-	-	-	-
92400	Tenant services - other	-	-	204	79	1,098
92500	Total Tenant Services	-	-	204	79	1,098
93100	Water	-	-	14,363	17,745	6,564
93200	Electricity	-	-	10,329	9,745	5,016
93300	Gas	-	-	-	8,349	-
93400	Fuel	-	-	-	-	-
93600	Sewer	-	-	43,848	6,381	22,004
93800	Other utilities expense	-	-	12,273	13,224	8,240
93000	Total Utilities	-	-	80,833	55,443	41,824
94100	Ordinary maintenance and operations - labor	-	-	54,334	61,975	31,759
94200	Ordinary maintenance and operations - material and other	-	-	90,521	61,929	18,083
94300	Ordinary maintenance and operations - contracts	-	-	71,713	78,695	7,007
94500	Employee benefit contributions - ordinary maintenance	-	-	29,280	26,680	12,953
94000	Total Maintenance	-	-	245,848	229,280	69,802
95200	Other contract costs	-	-	11,997	7,498	7,128
95000	Total Protective Services	-	-	11,997	7,498	7,128
96110	Property Insurance	-	-	3,590	3,819	2,306
96120	Liability Insurance	-	-	4,241	3,839	2,179
96130	Workmen's compensation	-	-	3,233	3,227	1,584
96100	Total Insurance Premiums	-	-	11,064	10,885	6,069

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Line Item #	Account Description	Sixth Place Apartments WA002000345	Fairwind WA002000346	Boulevard Manor WA002000350	Yardley Arms WA002000352	Riverton Terrace WA002000354
96200	Other General Expenses	-	-	-	-	-
96210	Compensated absences	-	-	21,695	12,520	4,880
96300	Payments in lieu of taxes	-	-	-	-	-
96800	Severance expense	-	-	13	13	107
96000	Total Other General Expenses	-	-	21,708	12,533	4,987
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	-	-	613,621	508,211	224,555
97000	Excess Operating Revenue over Operating Expenses	-	-	(393,025)	(311,483)	(122,202)
97200	Casualty losses - non-capitalized	-	-	-	-	-
97300	Housing assistance payments	-	-	-	-	-
97350	HAP Portability-In	-	-	-	-	-
97400	Depreciation expense	-	-	222,291	165,402	126,818
90000	Total Expenses	-	-	835,912	673,614	351,373
10010	Operating transfers in	-	-	979,353	497,451	175,450
10020	Operating transfers out	-	-	-	-	-
10100	Total Other Financing Sources	-	-	979,353	497,451	175,450
10000	Excess (Deficiency) Of Total Revenue Over (Under) Total Expenses	\$ -	\$ -	\$ 364,036	\$ 20,566	\$ (73,569)
11020	Required annual debt principal payments	-	-	-	-	-
11030	Beginning of year equity	-	-	3,937,995	3,152,541	2,916,523
11040	Prior period adjustments, equity transfers	-	-	(48,298)	(47,257)	(15,612)
11170	Administrative Fee Equity	-	-	-	-	-
11180	Housing Assistance Fee Equity	-	-	-	-	-
11190	Unit Months Available	-	-	837	804	384
11210	Number of unit months leased	-	-	826	795	383
11270	Excess cash	-	-	169,099	136,290	104,720
11620	Building Purchases	-	-	-	-	-

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Line Item #	Account Description	Nia WA002000355	Burien Park Apartments WA002000390	Valli Kee Homes WA002000401	Springwood Apartments WA002000402	Cascade Apartments WA002000403
70300	Net tenant rental revenue	\$ -	\$ 265,644	\$ 586,750	\$ -	\$ 562,034
70400	Tenant revenue - other	-	4,635.24	18,721	-	24,089
70500	Total tenant revenue	-	270,279	605,471	-	586,123
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	-	-	-	-	-
71100	Investment Income - unrestricted	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-
71310	Cost of Sale of Assets	-	-	-	-	-
71400	Fraud Recovery	-	-	-	-	-
71500	Other Revenue	-	1,111	1,621	-	2,590
71600	Gain (loss) on the sale of capital assets	-	-	-	-	-
72000	Investment income - restricted	-	2,387	6,006	-	6,369
70000	Total Revenue	-	273,778	613,098	-	595,082
91100	Administrative salaries	-	82,545	89,903	-	106,767
91200	Auditing fees	-	2,396	2,679	-	2,537
91300	Management fees	-	120,368	125,826	-	118,884
91310	Book-keeping Fee	-	8,730	10,065	-	9,158
91400	Advertising and Marketing	-	-	-	-	-
91500	Employee benefit contributions - administrative	-	32,948	45,635	-	51,838
91600	Office Expenses	-	4,091	4,960	-	6,369
91700	Legal expense	-	4,231	1,378	-	10,650
91800	Travel	-	290	1,021	-	1,329
91900	Other	-	22,536	31,489	-	26,618
91000	Total Operating - Administrative	-	278,135	312,956	-	334,148
92000	Asset Management Fee	-	11,640	13,420	-	12,210
92100	Tenant services - salaries	-	-	-	-	-
92200	Relocation costs	-	-	-	-	-
92300	Employee benefits	-	-	-	-	-
92400	Tenant services - other	-	120	158	-	127
92500	Total Tenant Services	-	120	158	-	127
93100	Water	-	27,760	43,563	-	27,833
93200	Electricity	-	14,699	12,050	-	13,719
93300	Gas	-	4,228	26,960	-	-
93400	Fuel	-	-	-	-	-
93600	Sewer	-	8,077	77,297	-	81,271
93800	Other utilities expense	-	16,818	80,436	-	50,906
93000	Total Utilities	-	71,582	240,306	-	173,729
94100	Ordinary maintenance and operations - labor	-	111,168	128,715	-	171,914
94200	Ordinary maintenance and operations - material and other	-	84,316	75,776	-	60,810
94300	Ordinary maintenance and operations - contracts	-	51,649	63,065	-	48,631
94500	Employee benefit contributions - ordinary maintenance	-	41,849	57,215	-	64,535
94000	Total Maintenance	-	288,982	324,771	-	345,890
95200	Other contract costs	-	11,997	-	-	-
95000	Total Protective Services	-	11,997	-	-	-
96110	Property Insurance	-	5,851	14,384	-	9,811
96120	Liability Insurance	-	6,257	8,239	-	7,676
96130	Workmen's compensation	-	3,791	7,285	-	8,621
96100	Total Insurance Premiums	-	15,899	29,908	-	26,108

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Line Item #	Account Description	Nia WA002000355	Nia WA002000355	Valli Kee Homes WA002000401	Springwood Apartments WA002000402	Cascade Apartments WA002000403
96200	Other General Expenses	-	62,276	-	-	-
96210	Compensated absences	-	3,135	29,195	-	27,310
96300	Payments in lieu of taxes	-	-	24,928	-	25,866
96800	Severance expense	-	836	22	-	21
96000	Total Other General Expenses	-	66,247	54,145	-	53,196
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	-	744,602	975,665	-	945,408
97000	Excess Operating Revenue over Operating Expenses	-	(470,825)	(362,567)	-	(350,326)
97200	Casualty losses - non-capitalized	-	-	-	-	1,403
97300	Housing assistance payments	-	-	-	-	-
97350	HAP Portability-In	-	-	-	-	-
97400	Depreciation expense	-	257,897	733,047	-	426,734
90000	Total Expenses	-	1,002,499	1,708,712	-	1,373,545
10010	Operating transfers in	-	601,773	2,818,015	-	566,705
10020	Operating transfers out	-	-	-	-	-
10100	Total Other Financing Sources	-	601,773	2,818,015	-	566,705
10000	Excess (Deficiency) Of Total Revenue Over (Under) Total Expenses	\$ -	\$ (126,948)	\$ 1,722,401	\$ -	\$ (211,758)
11020	Required annual debt principal payments	-	-	-	-	-
11030	Beginning of year equity	-	4,585,356	15,401,565	-	11,252,154
11040	Prior period adjustments, equity transfers	-	(71,342)	(95,842)	-	(106,491)
11170	Administrative Fee Equity	-	-	-	-	-
11180	Housing Assistance Fee Equity	-	-	-	-	-
11190	Unit Months Available	-	1,217	1,380	-	1,284
11210	Number of unit months leased	-	1,164	1,342	-	1,221
11270	Excess cash	-	192,725	483,146	-	248,512
11620	Building Purchases	-	-	2,209,209	-	65,304



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Line Item #	Account Description	Shelcor WA002000409	Mardis Gras II WA002000450	Vantage Point WA002000452	Firwood Circle WA002000503	Burndale Homes WA002000504
70300	Net tenant rental revenue	\$ 26,523	\$ -	\$ -	\$ 276,319	\$ 262,244
70400	Tenant revenue - other	2,557	-	-	3,267	0
70500	Total tenant revenue	29,080	-	-	279,586	262,244
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	-	-	-	-	-
71100	Investment Income - unrestricted	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-
71310	Cost of Sale of Assets	-	-	-	-	-
71400	Fraud Recovery	-	-	-	-	-
71500	Other Revenue	86	-	-	561	1,836
71600	Gain (loss) on the sale of capital assets	-	-	-	-	-
72000	Investment income - restricted	560	-	-	5,351	3,965
70000	Total Revenue	29,726	-	-	285,498	268,046
91100	Administrative salaries	3,974	-	-	48,507	49,416
91200	Auditing fees	187	-	-	1,175	1,175
91300	Management fees	8,789	-	-	57,070	57,878
91310	Book-keeping Fee	638	-	-	4,365	4,455
91400	Advertising and Marketing	-	-	-	-	-
91500	Employee benefit contributions - administrative	2,059	-	-	23,528	20,654
91600	Office Expenses	278	-	-	3,058	3,017
91700	Legal expense	0	-	-	1	109
91800	Travel	3	-	-	488	180
91900	Other	283	-	-	17,856	13,843
91000	Total Operating - Administrative	16,210	-	-	156,047	150,728
92000	Asset Management Fee	850	-	-	5,820	5,940
92100	Tenant services - salaries	-	-	-	-	-
92200	Relocation costs	-	-	-	-	-
92300	Employee benefits	-	-	-	-	-
92400	Tenant services - other	9	-	-	64	101
92500	Total Tenant Services	9	-	-	64	101
93100	Water	1,290	-	-	17,699	21,438
93200	Electricity	501	-	-	10,490	11,278
93300	Gas	-	-	-	14,391	15,337
93400	Fuel	-	-	-	-	-
93600	Sewer	2,387	-	-	33,665	35,496
93800	Other utilities expense	4,714	-	-	31,023	31,201
93000	Total Utilities	8,892	-	-	107,268	114,749
94100	Ordinary maintenance and operations - labor	10,716	-	-	98,119	78,740
94200	Ordinary maintenance and operations - material and other	950	-	-	45,645	67,306
94300	Ordinary maintenance and operations - contracts	3,857	-	-	31,788	40,233
94500	Employee benefit contributions - ordinary maintenance	2,861	-	-	31,230	27,763
94000	Total Maintenance	18,384	-	-	206,782	214,041
95200	Other contract costs	-	-	-	-	-
95000	Total Protective Services	-	-	-	-	-
96110	Property Insurance	648	-	-	4,567	4,862
96120	Liability Insurance	677	-	-	3,659	3,686
96130	Workmen's compensation	424	-	-	5,778	4,120
96100	Total Insurance Premiums	1,748	-	-	14,004	12,668

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Line Item #	Account Description	Shelcor WA002000409	Mardis Gras II WA002000450	Vantage Point WA002000452	Firwood Circle WA002000503	Burndale Homes WA002000504
96200	Other General Expenses	-	-	-	-	-
96210	Compensated absences	1,190	-	-	19,496	9,959
96300	Payments in lieu of taxes	1,976	-	-	-	-
96800	Severance expense	2	-	-	10	10
96000	Total Other General Expenses	3,167	-	-	19,506	9,968
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	49,261	-	-	509,490	508,195
97000	Excess Operating Revenue over Operating Expenses	(19,535)	-	-	(223,993)	(240,149)
97200	Casualty losses - non-capitalized	-	-	-	-	-
97300	Housing assistance payments	-	-	-	-	-
97350	HAP Portability-In	-	-	-	-	-
97400	Depreciation expense	28,007	-	-	356,341	300,552
90000	Total Expenses	77,267	-	-	865,831	808,747
10010	Operating transfers in	34,428	-	-	344,166	270,451
10020	Operating transfers out	-	-	-	-	-
10100	Total Other Financing Sources	34,428	-	-	344,166	270,451
10000	Excess (Deficiency) Of Total Revenue Over (Under) Total Expenses	\$ (13,113)	\$ -	\$ -	\$ (236,168)	\$ (270,250)
11020	Required annual debt principal payments	-	-	-	-	-
11030	Beginning of year equity	760,760	-	-	7,036,999	6,440,257
11040	Prior period adjustments, equity transfers	(7,624)	-	-	(87,977)	(33,930)
11170	Administrative Fee Equity	-	-	-	-	-
11180	Housing Assistance Fee Equity	-	-	-	-	-
11190	Unit Months Available	96	-	-	600	598
11210	Number of unit months leased	85	-	-	582	594
11270	Excess cash	27,191	-	-	244,430	143,506
11620	Building Purchases	-	-	-	-	-

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Line Item #	Account Description	Wayland Arms WA002000550	Plaza Seventeen II WA002000551	Southridge House WA002000552	Casa Madrona II WA002000553
70300	Net tenant rental revenue	\$ 184,746	\$ -	\$ 186,589	\$ -
70400	Tenant revenue - other	1,059	-	4,509	-
70500	Total tenant revenue	185,806	-	191,098	-
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	-	-	-	-
71100	Investment Income - unrestricted	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-
71310	Cost of Sale of Assets	-	-	-	-
71400	Fraud Recovery	-	-	-	-
71500	Other Revenue	1,083	-	863	-
71600	Gain (loss) on the sale of capital assets	-	-	-	-
72000	Investment income - restricted	6,047	-	3,891	-
70000	Total Revenue	192,935	-	195,852	-
91100	Administrative salaries	23,465	-	31,563	-
91200	Auditing fees	1,574	-	1,882	-
91300	Management fees	83,961	-	94,504	-
91310	Book-keeping Fee	5,963	-	7,065	-
91400	Advertising and Marketing	-	-	-	-
91500	Employee benefit contributions - administrative	7,560	-	22,509	-
91600	Office Expenses	2,569	-	3,013	-
91700	Legal expense	4,666	-	292	-
91800	Travel	211	-	1,016	-
91900	Other	15,787	-	17,543	-
91000	Total Operating - Administrative	145,795	-	179,387	-
92000	Asset Management Fee	7,950	-	9,420	-
92100	Tenant services - salaries	-	-	-	-
92200	Relocation costs	-	-	-	-
92300	Employee benefits	-	-	-	-
92400	Tenant services - other	88	-	94	-
92500	Total Tenant Services	88	-	94	-
93100	Water	7,355	-	9,978	-
93200	Electricity	11,725	-	21,448	-
93300	Gas	12,475	-	3,504	-
93400	Fuel	-	-	-	-
93600	Sewer	16,993	-	19,857	-
93800	Other utilities expense	13,022	-	11,729	-
93000	Total Utilities	61,570	-	66,515	-
94100	Ordinary maintenance and operations - labor	21,289	-	74,925	-
94200	Ordinary maintenance and operations - material and other	17,365	-	82,589	-
94300	Ordinary maintenance and operations - contracts	34,986	-	50,692	-
94500	Employee benefit contributions - ordinary maintenance	9,978	-	28,514	-
94000	Total Maintenance	83,617	-	236,719	-
95200	Other contract costs	-	-	-	-
95000	Total Protective Services	-	-	-	-
96110	Property Insurance	4,127	-	4,853	-
96120	Liability Insurance	4,005	-	4,677	-
96130	Workmen's compensation	934	-	3,082	-
96100	Total Insurance Premiums	9,066	-	12,613	-

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Line Item #	Account Description	Wayland Arms WA002000550	Plaza Seventeen II WA002000551	Southridge House WA002000552	Casa Madrona II WA002000553
96200	Other General Expenses	-	-	-	-
96210	Compensated absences	3,801	-	17,071	-
96300	Payments in lieu of taxes	-	-	-	-
96800	Severance expense	13	-	15	-
96000	Total Other General Expenses	3,814	-	17,086	-
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	311,860	-	521,834	-
97000	Excess Operating Revenue over Operating Expenses	(118,925)	-	(325,983)	-
97200	Casualty losses - non-capitalized	-	-	-	-
97300	Housing assistance payments	-	-	-	-
97350	HAP Portability-In	-	-	-	-
97400	Depreciation expense	146,454	-	251,355	-
90000	Total Expenses	458,314	-	773,189	-
10010	Operating transfers in	324,576	-	379,793	-
10020	Operating transfers out	(100,000)	-	-	-
10100	Total Other Financing Sources	224,576	-	379,793	-
10000	Excess (Deficiency) Of Total Revenue Over (Under) Total Expenses	\$ (40,804)	\$ -	\$ (197,544)	\$ -
11020	Required annual debt principal payments	-	-	-	-
11030	Beginning of year equity	3,035,438	-	4,594,664	-
11040	Prior period adjustments, equity transfers	(4,816)	-	(48,358)	-
11170	Administrative Fee Equity	-	-	-	-
11180	Housing Assistance Fee Equity	-	-	-	-
11190	Unit Months Available	804	-	956	-
11210	Number of unit months leased	795	-	942	-
11270	Excess cash	197,298	-	148,127	-
11620	Building Purchases	248	-	-	-

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Line Item #	Account Description	SUBTOTAL	Elimination	TOTAL AUTHORITY	COMPONENT UNITS - DISCRETELY PRESENTED
70300	Net tenant rental revenue	\$ 86,529,176	\$ -	\$ 86,529,176	\$ 18,597,327
70400	Tenant revenue - other	2,773,763	-	2,773,763	196,286
70500	Total tenant revenue	89,302,939	-	89,302,939	18,793,613
70600	HUD PHA Operating Grants	171,247,802	-	171,247,802	-
70610	Capital Grants	3,724,173	-	3,724,173	-
70710	Management Fee	4,038,910	(4,038,910)	-	-
70720	Asset Management Fee	285,180	(285,180)	-	-
70730	Book-keeping Fee	1,403,964	(1,403,964)	-	-
70750	Other Fees	10,751,182	(635,636)	10,115,546	-
70700	Total Fee Revenue	16,479,236	(6,363,690)	10,115,546	-
70800	Other Government Grants	10,249,845	-	10,249,845	-
71100	Investment Income - unrestricted	180	-	180	98,212
71300	Proceeds from disposition of assets held for sale	7,037,706	-	7,037,706	-
71310	Cost of Sale of Assets	(2,760,523)	-	(2,760,523)	-
71400	Fraud Recovery	-	-	-	-
71500	Other Revenue	53,417,732	(6,610,251)	46,807,480	5,467,436
71600	Gain (loss) on the sale of capital assets	19,093,587	-	19,093,587	-
72000	Investment income - restricted	15,766,271	(1,906,337)	13,859,934	-
70000	Total Revenue	383,558,947	(14,880,278)	368,678,670	24,359,261
91100	Administrative salaries	18,742,201	-	18,742,201	1,480,918
91200	Auditing fees	109,494	-	109,494	86,273
91300	Management fees	6,353,151	(4,038,910)	2,314,241	1,231,292
91310	Book-keeping Fee	1,403,964	(1,403,964)	-	-
91400	Advertising and Marketing	262,128	-	262,128	5,387
91500	Employee benefit contributions - administrative	6,443,715	-	6,443,715	475,913
91600	Office Expenses	1,701,089	-	1,701,089	208,832
91700	Legal expense	402,358	-	402,358	107,523
91800	Travel	582,947	-	582,947	6,114
91900	Other	13,209,730	(3,093,020)	10,116,710	285,514
91000	Total Operating - Administrative	49,210,776	(8,535,894)	40,674,882	3,887,766
92000	Asset Management Fee	285,180	(285,180)	-	-
92100	Tenant services - salaries	2,285,528	-	2,285,528	-
92200	Relocation costs	108,054	-	108,054	-
92300	Employee benefits	894,626	-	894,626	-
92400	Tenant services - other	4,502,739	-	4,502,739	724
92500	Total Tenant Services	7,790,948	-	7,790,948	724
93100	Water	2,653,389	-	2,653,389	794,672
93200	Electricity	1,306,691	-	1,306,691	240,780
93300	Gas	149,839	-	149,839	92,616
93400	Fuel	4,155	-	4,155	-
93600	Sewer	4,160,229	-	4,160,229	1,063,409
93800	Other utilities expense	3,108,464	-	3,108,464	655,383
93000	Total Utilities	11,382,767	-	11,382,767	2,846,860
94100	Ordinary maintenance and operations - labor	7,067,155	-	7,067,155	1,294,555
94200	Ordinary maintenance and operations - material and other	10,022,513	-	10,022,513	527,901
94300	Ordinary maintenance and operations - contracts	4,868,128	-	4,868,128	1,158,784
94500	Employee benefit contributions - ordinary maintenance	2,212,798	-	2,212,798	346,780
94000	Total Maintenance	24,170,594	-	24,170,594	3,328,020
95200	Other contract costs	267,787	-	267,787	47,796
95000	Total Protective Services	267,787	-	267,787	47,796
96110	Property Insurance	814,633	-	814,633	297,632
96120	Liability Insurance	785,374	-	785,374	44,721
96130	Workmen's compensation	466,901	-	466,901	45,091
96100	Total Insurance Premiums	2,066,908	-	2,066,908	387,444

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Line Item #	Account Description	SUBTOTAL	Elimination	TOTAL AUTHORITY	COMPONENT UNITS - DISCRETELY PRESENTED
96200	Other General Expenses	6,189,716	(4,152,867)	2,036,849	330,237
96210	Compensated absences	2,698,920	-	2,698,920	-
96300	Payments in lieu of taxes	550,121	-	550,121	39,361
96800	Severance expense	347,478	-	347,478	1,586
96000	Total Other General Expenses	9,786,236	(4,152,867)	5,633,369	371,184
96710	Interest on mortgage (or bonds) payable	10,211,283	(978,308)	9,232,975	1,186,920
96720	Interest on notes payable (short and long term)	8,538,558	(928,029)	7,610,529	6,363,126
96700	Total interest expense and amortization cost	18,749,841	(1,906,337)	16,843,504	7,550,046
96900	Total Operating Expenses	123,711,037	(14,880,278)	108,830,759	18,419,840
97000	Excess Operating Revenue over Operating Expenses	259,847,911	-	259,847,911	5,939,421
97200	Casualty losses - non-capitalized	2,205,767	-	2,205,767	21,245
97300	Housing assistance payments	117,520,905	-	117,520,905	-
97350	HAP Portability-In	42,152,796	-	42,152,796	-
97400	Depreciation expense	20,527,257	-	20,527,257	13,588,775
90000	Total Expenses	306,117,761	(14,880,278)	291,237,484	32,029,860
10010	Operating transfers in	263,050,360	(263,050,360)	-	-
10020	Operating transfers out	(263,050,360)	263,050,360	-	-
10100	Total Other Financing Sources	-	-	-	-
10000	Excess (Deficiency) Of Total Revenue Over (Under) Total Expenses	\$ 77,441,186	\$ -	\$ 77,441,186	\$ (7,670,599)
11020	Required annual debt principal payments	13,688,818	-	13,688,818	2,713,572
11030	Beginning of year equity	550,248,884	-	550,248,884	101,256,149
11040	Prior period adjustments, equity transfers	(10,611,212)	-	(10,611,212)	1,334,837
11170	Administrative Fee Equity	(1,684,674)	-	(1,684,674)	-
11180	Housing Assistance Fee Equity	1,348,817	-	1,348,817	-
11190	Unit Months Available	218,973	-	218,973	19,689
11210	Number of unit months leased	220,607	-	220,607	17,594
11270	Excess cash	3,964,913	-	3,964,913	-
11620	Building Purchases	3,637,656	-	3,637,656	-

**Actual Modernization  
Cost Certificate**U.S. Department of Housing  
and Urban Development  
Office of Public and Indian Housing

OMB Approval No. 2577-0157 (exp. 3/31/2017)

**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 (2577-0044 and 0157), Office of Information Technology, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-3000. 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 closed-out 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 enter itself to confidentiality.

PHA Name:

KING COUNTY HOUSING AUTHORITY

Modernization Project Number:

WA19P002501-14

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	\$ 3,684,067.00
B Funds Disbursed	\$ 3,684,067.00
C Funds Expended (Actual Modernization Cost)	\$ 3,684,067.00
D Amount to be Recaptured (A-C)	\$
E Excess of Funds Disbursed (B-C)	\$

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 herewith, is true and accurate.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (16 U.S.C. 1001, 1010, 1012, 31 U.S.C. 3729, 3802)

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

Stephen Norman, Executive Director

Signature of Executive Director (or Authorized Designee):

X

Date:

10/22/18

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:

10/26/2018

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-83001 (10/06)  
re: 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. 01/01/2017)

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PHA Name:

KING COUNTY HOUSING AUTHORITY

Modernization Project Number:

WA19R002501-14

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	\$ 702,260.00
B. Funds Disbursed	\$ 702,260.00
C. Funds Expended (Actual Modernization Cost)	\$ 702,260.00
D. Amount to be Recaptured (A-C)	\$
E. Excess of Funds Disbursed (B-C)	\$

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:

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

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

Stephen Norman, Executive Director

Signature of Executive Director (or Authorized Designee):

X

Date:

10/26/18

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:

10/26/2018

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 (10/96)  
ref Handbook 7482 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)**

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PHA Name:

KING COUNTY HOUSING AUTHORITY

Modernization Project Number:

WA19R002502-14

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	\$ 231,256.00
B. Funds Disbursed	\$ 231,256.00
C. Funds Expended (Actual Modernization Cost)	\$ 231,256.00
D. Amount to be Recaptured (A-C)	\$
E. Excess of Funds Disbursed (B-C)	\$

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.

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

Stephen Norman, Executive Director

Signature of Executive Director (or Authorized Designee):

X

Date:

10/22/18

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:

10/26/2018

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 (10/96)  
ref Handbooks 7485.1 & 3

**Actual Modernization  
Cost Certificate**U.S. Department of Housing  
and Urban Development  
Office of Public and Indian Housing

OMB Approval No. 2577-0157 (exp. 01/31/2017)

**Capital Fund Program (CFP)**

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PHA Name:

KING COUNTY HOUSING AUTHORITY

Modernization Project Number:

WA19R002501-15

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	\$ 690,064.00
B. Funds Disbursed	\$ 690,064.00
C. Funds Expended (Actual Modernization Cost)	\$ 690,064.00
D. Amount to be Recaptured (A-C)	\$
E. Excess of Funds Disbursed (B-C)	\$

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:

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

Stephen Norman, Executive Director

Signature of Executive Director (or Authorized Designee):

X

Date:

10/22/18

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:

Alfred G. [Signature] for Sharon Stewart 10/26/18

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-53601 (10/96)  
ref Handbooks 7485.1 & 3

# Actual Modernization Cost Certificate

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

OMB Approval No. 2577-0157 (exp. 01/31/2017)

## Capital Fund Program (CFP)

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PHA Name:

KING COUNTY HOUSING AUTHORITY

Modernization Project Number:

WA19R002502-15

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	\$ 229,799.00
B. Funds Disbursed	\$ 229,799.00
C. Funds Expended (Actual Modernization Cost)	\$ 229,799.00
D. Amount to be Recaptured (A-C)	\$
E. Excess of Funds Disbursed (B-C)	\$

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;

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

Stephen Norman, Executive Director

Signature of Executive Director (or Authorized Designee):

X

Date:

10/22/18

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:

10/26/18

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 (10/96)  
ref Handbooks 7485.1 & 3

## ABOUT THE STATE AUDITOR'S OFFICE

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

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

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

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

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

Contact information for the State Auditor's Office	
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, 2018 through December 31, 2018**

**Published November 14, 2019**

**Report No. 1025074**





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

November 14, 2019

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

## TABLE OF CONTENTS

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Related Reports.....	5
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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, 2018 through December 31, 2018.

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, 2018, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. The following areas were examined during this audit period:

- Purchase Cards – controls over card inventory
- Procurement – compliance with public works contract procurement
- Assets Susceptible to loss and theft – controls and accountability over assets
- Travel Expenditures – controls and compliance over travel expenditures
- Property Management Companies – controls over property management companies



## 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. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

## INFORMATION ABOUT THE HOUSING AUTHORITY

The Housing Authority of the County of King, doing business as King County Housing Authority, was created in 1939 in response to the Federal Housing Act of 1937. The Housing Authority's jurisdiction encompasses an area exceeding 2,134 square miles throughout King County, except within the cities of Seattle and Renton, which have their own housing authorities. The Housing Authority operates out of a central office in Tukwila and several other offices throughout the county. The Housing Authority's purpose is to provide housing assistance to low-income households.

A five-member Board of Commissioners governs the Housing Authority. Commissioners are appointed by the King County Executive and confirmed by the King County Council to serve five-year terms. The Board appoints management to oversee the Housing Authority's daily operations as well as its approximately 406 employees. For fiscal year 2018, the Housing Authority operated on an annual budget of approximately \$280 million.

Contact information related to this report	
Address:	King County Housing Authority 600 Andover Park West Tukwila, WA 98188-3326
Contact:	Windy K. Epps, Assistant Director of Finance
Telephone:	206-574-1166
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>.

## ABOUT THE STATE AUDITOR'S OFFICE

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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.

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

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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>

# T A B N U M B E R



**TO:** Board of Commissioners

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

**DATE:** December 6, 2019

**RE:** **Resolution No. 5642:** 2020 Operating and Capital Budgets

---

Attached for your review are the 2020 Comprehensive Operating and Capital Budgets (Exhibits A and B, respectively). The proposed budget balances the regional need for additional affordable housing, the proper maintenance of the current housing stock and the vital services provided to residents while positioning the agency for the future. The budget makes significant investments in maintaining affordability and housing quality for current program participants while expanding housing opportunities across its programs. The Authority enters 2020 with over 1,600 more households, either in our existing programs or the 2020 pipeline, than at the beginning of 2019. Revenue assumptions are based upon reasonably conservative estimates regarding final congressional pro-rations of the HUD budget and of the inflation factor for the Housing Choice Voucher program.

Guiding this budget and the entire budgeting process are the main goals of KCHA as outlined by the Board:

- Preserve and expand the supply of affordable housing
- Help the region end homelessness
- Promote economic self-sufficiency for residents
- Strengthening the internal infrastructure of KCHA

## **EXECUTIVE SUMMARY**

The Comprehensive Budget is a combination of three distinct budgets:

- Operating Budget
- Capital Budget
- Cash Budget

Selected highlights from the Comprehensive Budget include:

- \$194.2 million toward the Housing Choice Voucher (HCV) program Housing Assistance Payments (HAP), supporting nearly 11,000 families funded by KCHA and another 3,100 expected “port-ins” to KCHA’s service area during the year.
- \$70.0 million as a placeholder for future acquisitions. The budget assumes that any such acquisition will be 100% debt funded in the short term. No actual acquisition would move forward without separate review and approval by the Board.

- \$45.9 million for construction projects at multiple properties. Not included in the budget, but adding significantly to the 2020 development department workload, is an additional \$28.0 million for the rehabilitation of Abbey Ridge and Woodland North. Because these properties are both owned by tax credit partnerships and not managed directly by KCHA, this construction activity will not flow through agency accounting records.
- \$7.8 million in other development costs, primarily at Greenbridge, but also including pre-development work in Issaquah for the Trailhead project as well as several other properties.
- A funding commitment of \$2.7 million dedicated to a variety of locally designed homeless programs such as sponsor-based supportive housing and flexible rental assistance. These programs complement the extensive use of Housing Choice Vouchers to support the region's rehousing efforts.
- \$6.7 million for a wide array of resident service and education programs focused on economic mobility, self-sufficiency, youth and senior services, student housing and educational outcomes for youth.

### ***Operating Budget Summary***

Below is a summary (in thousands of dollars) of the operating components of the 2020 budget compared to the 2019 adopted budget and the 2019 midyear projection:

	2019 Adopted Budget	2019 Midyear Projection	2020 Proposed Budget	Dollar Change fm Midyear	Percent Change fm Midyear
<b><i>Revenues</i></b>					
Tenant Revenue	\$108,485.3	\$109,063.1	\$127,651.0	\$18,588.0	17.1%
Operating Fund Subsidy from HUD	10,021.4	10,941.7	10,379.0	(562.7)	-5.6%
Section 8 Subsidy from HUD	162,937.0	166,750.3	177,800.3	11,049.9	6.8%
Other Operating Revenue	76,436.1	78,002.0	74,231.5	(3,770.5)	-4.9%
<b>Total Operating Revenues</b>	<b>357,879.9</b>	<b>364,757.0</b>	<b>390,061.8</b>	<b>25,304.8</b>	<b>7.1%</b>
<b><i>Expenses</i></b>					
Salaries & Benefits	(51,481.3)	(51,218.4)	(54,690.6)	(3,472.1)	6.7%
Routine Maint, Utilities, Taxes & Insurance	(26,123.0)	(25,794.7)	(30,771.3)	(4,976.6)	19.1%
Other Social Service Support Expenses & HAI	(193,274.3)	(195,053.6)	(206,609.8)	(11,556.2)	6.0%
Administrative Support Expenses	(23,175.7)	(22,916.9)	(24,498.1)	(1,581.2)	6.8%
<b>Total Operating Expenses</b>	<b>(294,054.2)</b>	<b>(294,983.7)</b>	<b>(316,569.8)</b>	<b>(21,586.1)</b>	<b>7.3%</b>
<b>Operating Net Income</b>	<b>63,825.7</b>	<b>69,773.3</b>	<b>73,492.0</b>	<b>3,718.7</b>	<b>5.8%</b>

In most respects, the 2020 budget is steady-state compared to 2019, but the acquisition of new properties and the removal of others (those sold to tax credit partnerships not directly managed by KCHA) makes this hard to see. Below is a comparison that is similar to above but "normalizes" the 2019 budget to account for those properties joining and exiting the operating budget.

	2019 Adopted Budget	2019 Midyear Projection	2019 Normalized	Proposed 2020	Dollar Change fm Normalized	Percent Change fm Normalized
<b>Revenues</b>						
Tenant Revenue	\$108,485.3	\$109,063.1	\$123,082.1	\$127,651.0	4,568.9	3.7%
Operating Fund Subsidy from HUD	10,021.4	10,941.7	10,941.7	10,379.0	(562.7)	-5.1%
Section 8 Subsidy from HUD	162,937.0	166,750.3	166,750.3	177,800.3	11,049.9	6.6%
Other Operating Revenue	76,436.1	78,002.0	78,088.5	74,231.5	(3,857.0)	-4.9%
<b>Total Operating Revenues</b>	<b>357,879.9</b>	<b>364,757.0</b>	<b>378,862.7</b>	<b>390,061.8</b>	<b>11,199.1</b>	<b>3.0%</b>
<b>Expenses</b>						
Salaries & Benefits	(51,481.3)	(51,218.4)	(52,151.0)	(54,690.6)	(2,539.6)	4.9%
Routine Maint, Utilities, Taxes & Insurance	(26,123.0)	(25,794.7)	(27,808.9)	(30,771.3)	(2,962.4)	10.7%
Other Social Service Support Expenses & HAP	(193,274.3)	(195,053.6)	(195,094.7)	(206,609.8)	(11,515.1)	5.9%
Administrative Support Expenses	(23,175.7)	(22,916.9)	(24,142.5)	(24,498.1)	(355.6)	1.5%
<b>Total Operating Expenses</b>	<b>(294,054.2)</b>	<b>(294,983.7)</b>	<b>(299,197.1)</b>	<b>(316,569.8)</b>	<b>(17,372.7)</b>	<b>5.8%</b>
<b>Operating Net Income</b>	<b>63,825.7</b>	<b>69,773.3</b>	<b>79,665.6</b>	<b>73,492.0</b>	<b>(6,173.6)</b>	<b>-7.7%</b>

The most important change between the proposed 2020 budget and the 2019 normalized budget is the drop in operating net income of \$6.2 million, or 7.7%. The core drivers of this decline include:

- A **\$2.0 million** decrease in net block grant operating income related to core HCV activity. The 2019 normalized budget reflected \$19.2 million left in block grant revenues after funding HAP and administrative fees. This number drops to \$17.2 million in the 2020 budget. This is driven by both KCHA's deliberate over-leasing of the HCV program in order to serve more households, and a conservative estimate regarding the HUD inflation factor for the program.
- Other operating expenses funded by MTW (Resident Services, Homeless Initiatives, Social Impact) are increasing by **\$500k**
- A **\$1.7 million** decrease in total COCC net operating income, driven by a \$1.5 million increase in operating expenses. There is sufficient net cash flow from properties to back fill this deficit. As revenue from management fees is largely constrained, increases to the COCC cost structure will continue to be funded with net cash flows from properties.
- The Public Housing Operating Fund subsidy was budgeted assuming a 90% prorate vs. the 99% assumption used in the midyear financial forecast. This resulted in a projected revenue decline of **\$559k** over 2019 actual funding levels
- The draw on MTW for traditional Public Housing purposes is forecast to increase by **\$1.1 million**. Maintenance cost are projected to rise by approximately \$707k, although \$239k of that are one-time costs.

As is typical, KCHA will reforecast anticipated revenues as part of the 2020 mid-year review once Federal funding levels are known, and will make adjustments in expenditure levels at that point if deemed prudent.

### **Capital Budget Summary**

The 2020 capital budget against which construction activity will be monitored is \$152.0 million. However, as a significant amount of this budget relates to properties that are being sold to a tax credit partnership that KCHA will not directly manage, several technical budget entries were necessary and the final adopted capital budget is \$107.7 million. A brief reconciliation follows:

2020 Construction/Development Budget	\$82,018,182
Less: Sale of Properties to LIHTC Partnerships	(36,062,131)
Less: Construction Activity of LIHTC partnerships not on KCHA's books	(27,957,189)
Plus: Acquisition Cost of Bellevue Manor by LIHTC Partnership	19,700,000
Plus: Cost of New Acquisition	70,000,000
Adopted 2020 Capital Budget	<u><u>\$107,698,861</u></u>

Additional information can be found in the Capital Budget section on page 10.

### ***Cash Budget Summary***

KCHA cash is divided into three buckets: Unrestricted, Designated and Restricted. Unrestricted cash can be spent on any mission-oriented activity or specific program within the Agency. Designated reserves have been set aside for specific purposes by the Housing Authority. Restricted reserves have legal covenants associated with them.

Overall cash is slated to rise by a modest \$1.3 million. Additional information can be found in the Cash Budget section on page 10.

## **OPERATING BUDGET DETAIL**

KCHA's operating budget can be broken out into three broad categories:

- MTW-Funded Properties and Programs
- Agency Overhead Aggregated in the Central Office Cost Center
- Non-MTW-Funded Properties and Programs

Of these three, the first two require the greatest levels of decision making during the budget process as they are either Federally-supported and thus dependent upon uncertain congressional appropriations, or rely on the cash flows of other programs to sustain them. While the non-MTW-funded properties and programs are vitally important to KCHA as they pay a significant portion of agency overhead, they are self-sustaining and in many cases budget decisions are limited by agreements with bondholders and equity investors.

### **MTW-funded Properties and Programs**

KCHA entered the MTW Program in 2003. Participation in the program gives KCHA three distinct financial benefits:

- 1) It allows the funding for the bulk of the vouchers in the Housing Choice Voucher (HCV) program (also known as the Section 8 program) to be received as a block grant.
- 2) Since funding is received as a block grant, savings realized in Housing Assistance Payment (HAP) or Section 8 administrative costs can be retained, and in combination with revenues from the Public Housing program (Operating Fund



Subsidy and Capital Fund grants), can be used for any purpose allowed under the MTW program.

- 3) Full funding (subject to Congressional pro-ration) for all vouchers that are part of the block grant is automatically renewed each year, enabling KCHA to continue to receive the benefit of savings realized through efficiencies in program operations. This is in contrast to non-block-grant programs where renewal funding is limited to the actual cost of vouchers leased in the prior year.

Using a combination of 2020 program sources and existing reserves, funding for the range of programs and departments that utilize the MTW block grant will be sufficient in 2020 based on current assumptions.

The following table is a summary of 2020 Sources and Uses of MTW funding:

Projected Unrestricted MTW Cash, 1/1/2020	\$10,512,085	(1)
<i>Housing Choice Voucher Block Grant</i>		
Block Grant Eligibility, 2020	155,188,712	
Loss Due to Estimated Prorate	(1,551,890)	
Budgeted Block Grant Revenue	153,636,822	
<i>Other Available Resources</i>		
Resources Returned to MTW Program from Lending Activities	1,352,115	
Resources Returned to MTW Program from Collateral Activities	1,143,636	
Public Housing Operating Fund Subsidy for Resident Services	434,615	
Other Revenue Sources	1,204,666	
Total Other Available Resources	4,135,032	
Total Sources	157,771,854	
<i>Core Operating Uses</i>		
HAP Payments to Landlords	(127,250,678)	
Administrative Expenses of HCV Program	(9,130,416)	
Backfill of Underfunded Special Purpose HCV Vouchers	(752,579)	
Additional Support of Public Housing Operations	(2,212,255)	
Resident Services	(4,436,236)	
Social Impact	(2,257,900)	
Homeless Programs	(2,705,962)	
Policy and Administrative Expenses	(825,020)	
Other Programmatic Uses	(387,274)	
Total Core Operating Uses	(149,958,321)	
Total Net Resources after Operations	7,813,533	
<i>Other Uses</i>		
Additional Support of Public Housing for Capital Needs	(10,664,721)	
Total Other Uses	(10,664,721)	
Change in 2020 MTW Resources	(\$2,851,188)	
Projected Unrestricted MTW Cash, 12/31/2020	\$7,660,898	(1)

- 1) Includes cash held by both KCHA and HUD on behalf of KCHA

Programs that fall under the MTW umbrella include:

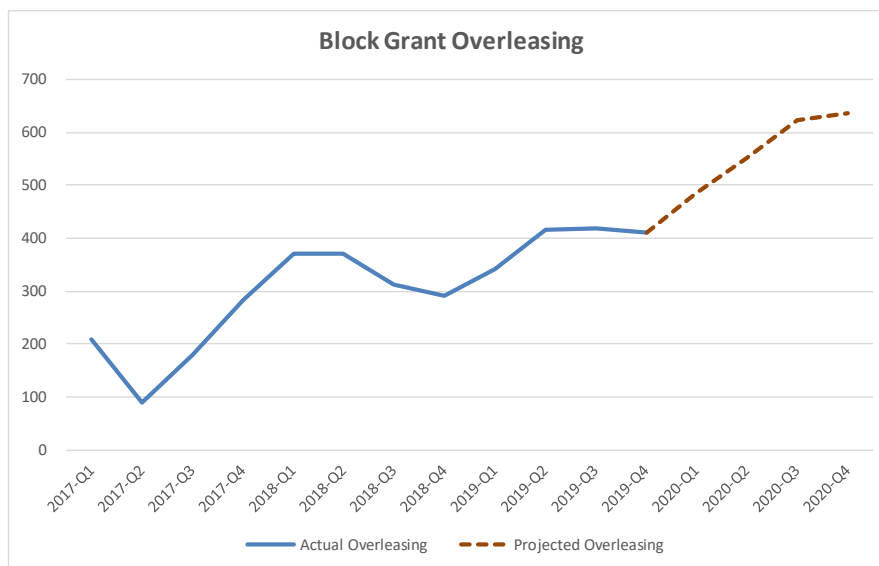
- Block-granted Housing Choice Vouchers
- Public Housing
- Resident Service programs
- Social Impact
- Homeless Initiatives

### **Block-granted Housing Choice Vouchers**

80% of the vouchers administered under of the Housing Choice Voucher Program are “Block Granted” and are part of the MTW program. The Block Grant supports 8,253 vouchers with funding received from HUD in a monthly “block” of cash. Assuming a 6% RFIF inflation adjustment in 2020, KCHA will be eligible to receive \$155.2 million in funding. The pro-rate is estimated to deteriorate slightly, down to 99.0% from 99.5% in 2019. There is a possibility that the pro-rate could be lower if Congress funds the entirety of the 2020 Federal fiscal year on a continuing resolution. If the RFIF differs from 6% or the pro-rate differs from 99%, each respective percentage point change results in a funding variance of approximately \$1.4 million.

Out of this revenue, KCHA subsidizes the rent of program participants by making monthly payments directly to landlords and pays the administrative costs of the program. Within the HCV program, the Authority uses its MTW authority in two key ways:

- KCHA currently supports more households than the baseline number of households for which it is funded. This “over-leasing” is projected to remain robust, driven by lease-up targets for eligible families under the Creating Moves to Opportunities (CMTO) research project. A chart showing actual and projected over-leasing from 2017 to 2020 follows.



When all locally-designed programs are factored in, KCHA anticipates housing 623 households above the number called for in the HUD baseline throughout 2020 at an annualized cost of \$10.1 million.

- KCHA has the flexibility to set different maximum values for vouchers, depending upon the number of bedrooms in the rental unit and its geographic location. These voucher values are known as Payment Standards. MTW allows KCHA to provide payment standards in high cost (and high opportunity) neighborhoods significantly above the regional Fair Market Rents. This expands geographic choice for program participants and supports KCHA's goal of increasing the number of households living in these neighborhoods. The Board last adopted a change in payment standards at the December 2018 board meeting, and another update will be presented for consideration at the December 2019 meeting. The 2020 budget includes the effects of the proposed changes, estimated at \$1.7 million.

To administer the HCV program, HUD pays a fee for every voucher leased based on pre-determined published rates. For non-block grant vouchers, these fees are received monthly after leasing information is reported to HUD. For MTW vouchers, fees are embedded as part of KCHA's monthly block grant payment from HUD, and the revenue is recorded in the MTW fund. The Section 8 fund internally bills the MTW fund each month for MTW vouchers leased. The billing rate of this internal charge is determined by KCHA during the budget process and, as an operating metric, the value is compared to the non-block grant fee rate. For 2020, it is estimated that HUD's published fee will be \$97.44 per unit per month (PUM) while KCHA's internal rate is being set at \$85.51, meaning that KCHA is operating its Section 8 program within the cost parameters established by HUD although not necessarily within the actual funding provided by HUD, as the administrative fee for non-block grant vouchers has been subject to significant proration in recent funding cycles.

### **Public Housing**

The Public Housing program operates on a combination of tenant revenue and Operating Fund Subsidy provided by HUD. In 2020, KCHA is eligible, based on HUD's funding formula, to receive \$11.1 million of Operating Fund Subsidy. Excluding extraordinary capital work performed by internal staff, this funding level can fully support the budgeted operations of Public Housing. However, due to chronic congressional underfunding, it is estimated that only 90% of eligible funding, or \$10.4 million, will actually be received. Of this amount, \$435,000 is dedicated toward the cost of resident service programs, and \$3.4 million will be used for debt repayment and other costs associated with the Energy Performance Contract. The remaining \$6.6 million will be used to partially offset the gap between the costs of the properties and the rents received from tenants, but a deficit of \$1.4 million will remain. This deficit will be funded with transfers from the MTW program.

### **Resident Services**

The Resident Services department has budget authority for 34.6 full-time equivalent (FTE) employees in 2020. It has an overall department budget of \$5.4 million, of which 89.2% is funded from the MTW block grant, 8.0% from Public Housing Operating Fund subsidy, and the remainder from other sources. There will be a continued focus on housing stability and workforce development in 2020.

### **Homeless Initiatives**

KCHA's Public Housing and Section 8 programs continue their focus on ending regional homelessness. The Homeless Housing Initiatives (HHI) department both oversees use of Section 8 vouchers in partnership with regional efforts and develops innovative new

initiatives serving those who, for a variety of reasons, cannot use traditional federal programs. HHI's 2020 budget of \$3.1 million includes a wide array of locally designed rental assistance programs. Highlights of the 2020 work plan include:

- In partnership with the Section 8 department, achieve high utilization and housing stability rates across KCHA's special purpose vouchers. Special emphasis will be focused on leasing the 265 newly-awarded vouchers in the Near-Elderly Disabled (NED) and Veteran Affairs Supportive Housing (VASH) programs.
- Implement the Keeping Families Together program. Using supportive housing case management services funded by Building Changes, this initiative aims to safely preserve and reunify families facing housing stability, trauma and child welfare involvement.
- Implement the new partnership with Highline Community College to house homeless students. This initiative will dedicate 40 vouchers to an initial pilot to support this effort.

### **Central Office Cost Center (COCC)**

Expenses for most administrative departments are aggregated in the COCC, and the costs are then recovered through a series of fees charged to properties and programs, plus the transfer of excess cash flow from workforce housing properties. The COCC covers most activities within the Human Resources, Information Technology, Administrative Services, Communications and Executive departments, as well as certain functions within Asset Management, Housing Management and Capital Construction.

A summary of the core COCC budget is below, and excludes the activities of the Central Maintenance and Vehicle funds as those are not considered part of KCHA's general overhead activities. Although the budget reflects a \$6.3 million reduction in unrestricted cash, \$4.2 million is due to development activity at Greenbridge and \$3.9 million is for loans to fund pre-development work at several properties. There are sufficient reserves to cover any additional shortfalls.

Projected COCC Unrestricted Cash, 1/1/2020	\$41,716,449
<i>Core Operating Revenues</i>	
Fees and Other Revenue	11,902,889
Cash from Asset-Managed Properties	8,640,000
Total Operating Resources	20,542,889
<i>Core Operating Uses</i>	
Operating Expenses	(18,032,051)
Net Excess/(Deficit) Related to Core Overhead Activities	2,510,838
<i>Other Resources</i>	
Resources Related to COCC Lending Activities	2,217,032
Total Other Resources	2,217,032
<i>Other Uses</i>	
Greenbridge Development	(4,223,930)
Funding Capital Projects	(1,032,173)
Repayment and Interest on Borrowings	(1,654,784)
Loans to Development Projects	(3,900,000)
Support of Wx Program	0
Support of Local Properties	(209,238)
Total Other Uses of Unrestricted Cash	(11,020,125)
Net Change in Unrestricted Cash	(6,292,255)
Projected COCC Unrestricted Cash, 12/31/2020	\$35,424,194

75% of COCC operating costs are attributable to personnel, making it a challenge to reduce costs. The complexity of the organization generally requires the staffing level the Authority currently maintains. KCHA will need to continue to identify operational efficiencies or additional sources of revenue in future years to support operations at this level.

### **Non-MTW-funded Properties and Programs**

In its **Workforce Housing** portfolio, which includes properties under the ownership of tax credit investors but excludes the mobile home and Nike portfolio, KCHA currently has 40 separate properties with 6,758 apartments (including Hampton Greens). These properties are managed by outside fee-based property management companies. All properties have some form of debt outstanding, and the servicing of this debt comes from the cash flow of each of the properties. In addition, each property makes monthly contributions to replacement reserve accounts and annually self-funds capital repair and rehabilitation projects. After all such expenses, the 2020 net cash flow from these properties transferred to general KCHA cash accounts is projected to be \$6.7 million.

The **Weatherization and Housing Repair program** provides energy conservation improvements to low income residents of King County living in single family residences, mobile homes, and multifamily housing. It also provides repairs to single-family homes through the City of Bellevue Housing Repair program. The 2020 budget includes construction activity of \$4.3 million to weatherize or repair 550 housing units and is funded through six separate federal, state and local grants and contracts.

## CAPITAL BUDGET

Below is a summary of the capital budget. Full detail can be found on Attachment B.

Category	Budgeted Amount	Managed by	Funding Sources
Rehabilitation of existing properties	\$12,176,039	Capital Construction Department	MTW, CFP grant, COCC, MKCRF cash flow
	\$5,592,083	Housing Management Department	MTW, Operating Fund subsidy, site cash flow
	\$18,909,395	Asset Management Department	Replacement reserves and site cash flow
	\$37,185,641	Development Department	COCC, debt, investor equity
Pre-development Activities	\$2,900,000	Development Department	COCC, debt, investor equity
Work at Greenbridge sites	\$4,908,024	Development Department	Internal loans
Other	\$347,000	Various	Various
<b>Total</b>	<b>\$82,018,182</b>		

Less: disposition of properties to LIHTC	(36,062,131)	
Less: construction costs not flowing through KCHA	(27,957,189)	(1)
Plus: Cost of new acquisition	70,000,000	
Plus: Acquisition costs of Bellevue Manor by partnership	19,700,000	

Net Budgeted Change in Capital Assets	<u><u>107,698,861</u></u>
---------------------------------------	---------------------------

- 1) \$24.5 million of capital work at Abbey Ridge and Woodland North to be performed by outside construction firms, and \$2.6 million for the interior upgrade of 57 units at Woodland North to be performed by KCHA's unit upgrade crews. Amounts are excluded from the budget as these two properties are neither owned nor managed by KCHA.

## CASH BUDGET

Below is the 2020 cash budget:

	Unrestricted & Program	Designated	Restricted	Total	
Projected Cash, 1/1/2020	\$83,505,103	\$82,545,102	\$33,532,765	\$199,582,970	(1)
Projected 2020 Change	(1,166,076)	3,512,108	(1,027,396)	1,318,636	
Projected Cash, 12/31/2020	<u>\$82,339,028</u>	<u>\$86,057,210</u>	<u>\$32,505,369</u>	<u>\$200,901,606</u>	(1)

- 1) Including cash held by HUD

KCHA is also awarded annual Capital Fund Program grants. These grants are on a reimbursement-only basis and thus are not shown as an asset of KCHA. However, it is forecast that as of the end of 2020, \$21.4 million in untapped grant awards will be available for capital purposes.

## THE INVESTMENT IN KCHA'S EMPLOYEE INFRASTRUCTURE

### **Overview**

KCHA will continue to invest in its employees on several fronts during 2020. In addition to staffing increases and boosts in compensation and benefits, the budget includes support for the following key initiatives:

- Phase 2 of the review of KCHA's compensation, classification and employee performance management structures and implementation of key components of consultant's recommendations
- Comprehensive review of the agency's current technology systems with emphasis on future needs
- Acquisition and installation of new budgeting and financial planning software
- Acquisition and installation of new Human Resources Information System software
- Continued efforts to advance racial equity, diversity and inclusion throughout KCHA
- Significant investments in training and tuition reimbursement

### **Employee Count**

The 2020 budget includes 438.7 full-time equivalent (FTE) positions, a net increase of 16 positions over the 2019 budget.

<b>FTE Count, 2019 Budget</b>	422.7
New FTEs Hired during 2019	5.0
Current FTE Count	<hr/> 427.7
Newly-Proposed Recurring Positions	6.5
Newly-Proposed Temporary Positions	12.5 (1)
Eliminate Recurring Positions	(1.0)
Eliminate Temporary Positions	(7.0)
<b>FTE Count, 2020 Budget</b>	<hr/> <hr/> 438.7

- 1) Includes 10 temporary positions to supplement the unit upgrade crew capacity to meet the increased demands stemming from the Woodland North project

***Personnel Costs***

A Board-approved Cost of Living Adjustment (COLA) wage increase of 2.2% was awarded to non-represented employees in November 2019. An estimated COLA of 2.5% has been factored into the budget for November, 2020.

The Public Employees Retirement System (PERS) contribution rate hit 12.86% during 2019, up from 12.83%. It is projected this rate will remain unchanged through 2020. Although the average estimated health insurance cost per employee is rising from \$14,556 to \$14,609, a modest 0.3% increase, the financial impact was not included in the budget as the mix of health insurance plans employees will opt into is not currently known and any resulting changes is likely to be immaterial.



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

**RESOLUTION NO. 5642**

**AUTHORIZING APPROVAL OF THE COMPREHENSIVE OPERATING AND  
CAPITAL BUDGETS FOR CALENDAR YEAR BEGINNING JANUARY 1, 2020**

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**WHEREAS**, the Executive Director has submitted Comprehensive Operating and Capital Budget for the Calendar Year beginning January 1, 2020 (Calendar Year 2020); and

**WHEREAS**, the Board of Commissioners has determined that the proposed expenditures are necessary for the efficient and economical operation of the Housing Authority for the purpose of serving low-income families; and

**WHEREAS**, the Budget indicates sources of funding adequate to cover all proposed expenditures; and

**WHEREAS**, all proposed rental charges and expenditures will be consistent with provisions of the Washington State Housing Authority Law (RCW 35.82) and the Annual Contributions Contract (where applicable); and

**WHEREAS**, the Authority hereby certifies that no employee of the Housing Authority is serving in a variety of positions which will exceed 100% of his/her time. This certification includes the proration of an employee's time between the various programs administered by the Housing Authority of the County of King; and

**WHEREAS**, the Authority certifies that none of the funds in the budget authorized under Section 8 (only with respect to the tenant-based rental assistance program) and Section 9 of the United States Housing Act of 1937 will be used for any amount of salary for any employee that exceeds the annual rate of basic pay payable for a position at Level IV of the Federal Executive Schedule; and

**WHEREAS**, the Authority certifies that a drug-free workplace is provided to employees as required by the Drug-Free Workplace Act of 1988; and

**WHEREAS**, the Authority certifies that no Federally appropriated funds will be paid on behalf of the Housing Authority to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement and the extension, continuation, renewal, amendment or modification of any Federal contract, grant, loan or cooperative agreement.

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

SECTION 1: The following expenditures are hereby authorized for the Calendar Year beginning January 1, 2020:

Fund Groups	Expenses	Capital	Total
Public Housing	\$21,442,013	\$7,399,288	\$28,841,301
Other Non-Profit Housing	25,363,671	3,229,001	28,592,672
Workforce Housing	106,538,476	(25,940,101)	80,598,375
Other Subsidized Housing	26,545,661	(10,122,030)	16,423,631
Housing Choice Voucher Program	207,886,704	0	207,886,704
MTW Program	23,445,698	796,250	24,241,948
Development Activities	458,700	106,736,476	107,195,176
Other Activities	9,455,114	25,000	9,480,114
Central Services	23,113,113	1,073,500	24,186,613
Total 2020 Expenditures	<u>\$444,249,149</u>	<u>\$83,197,383</u>	<u>\$527,446,532</u>

SECTION 2: The Detail of Budgeted Revenues and Expenses as found in Exhibit A are hereby incorporated into this resolution.

**ADOPTED AT A REGULAR MEETING OF THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING THE 16<sup>TH</sup> DAY OF DECEMBER, 2019.**

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

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

\_\_\_\_\_  
**STEPHEN J. NORMAN**  
Executive Director and Secretary-Treasurer

**KING COUNTY HOUSING AUTHORITY**  
**2020 Budget (Cash Basis)**  
(In \$1,000's; excludes non-KCHA-managed component units)

**EXHIBIT A**

	Neutral Cash Flow		Positive Cash Flow		Other Programs					2020	2019	Dollar	Percent
	Public Housing	Other Low Inc Housing	Workforce Housing	Other Low Inc Housing	Section 8 Program	MTW Program	Development Activities	Other Activities	COCC	Proposed Budget	Adopted Budget	Change	Change
<b>Beginning Balance, Unrestricted Cash</b>	<b>\$8,348.0</b>	<b>\$5,399.4</b>	<b>\$4,445.9</b>	<b>\$8,134.7</b>	<b>\$318.2</b>	<b>\$10,512.1</b>	<b>\$1,178.7</b>	<b>\$2,872.1</b>	<b>\$42,296.1</b>	<b>\$83,505.1</b>			
<b>Revenues</b>													
Tenant Revenue	\$8,194.0	\$15,130.7	\$88,249.2	\$15,952.1	\$125.0	\$0	\$0	\$0	\$0	\$127,651.0	\$108,485.3	\$19,165.7	17.7%
Operating Fund Subsidy from HUD	6,057.4	322.4	.0	186.1	.0	434.6	.0	3,378.4	.0	10,379.0	10,021.4	357.6	3.6%
Section 8 Subsidy from HUD	.0	399.0	.0	.0	160,145.5	17,255.7	.0	.0	.0	177,800.3	162,937.0	14,863.3	9.1%
Other Operating Revenue	1,110.4	5,736.6	108.8	60.8	45,424.2	20.9	108.7	6,293.4	15,367.6	74,231.5	76,436.1	(2,204.6)	-2.9%
<b>Total Operating Revenues</b>	<b>15,361.8</b>	<b>21,588.7</b>	<b>88,358.0</b>	<b>16,199.1</b>	<b>205,694.8</b>	<b>17,711.2</b>	<b>108.7</b>	<b>9,671.8</b>	<b>15,367.6</b>	<b>390,061.8</b>	<b>357,879.9</b>	<b>32,181.9</b>	<b>9.0%</b>
<b>Expenses</b>													
Salaries & Benefits	(5,925.9)	(3,071.5)	(11,159.9)	(2,441.0)	(8,276.3)	(5,040.2)	(306.2)	(2,072.8)	(16,396.7)	(54,690.6)	(51,481.3)	(3,209.3)	6.2%
Routine Maintenance, Utilities, Taxes & Insurance	(6,514.9)	(4,745.6)	(14,409.6)	(4,038.3)	(267.6)	.0	.0	(22.3)	(772.9)	(30,771.3)	(26,123.0)	(4,648.3)	17.8%
Other Social Service Support Expenses & HAP	(1,300.8)	(549.6)	(249.1)	(492.6)	(195,024.9)	(4,665.8)	.0	(4,327.1)	.0	(206,609.8)	(193,274.3)	(13,335.5)	6.9%
Administrative Support Expenses	(4,352.4)	(1,553.5)	(7,246.2)	(1,363.2)	(4,317.9)	(659.1)	(152.5)	(154.2)	(4,698.8)	(24,498.1)	(23,175.7)	(1,322.4)	5.7%
<b>Total Operating Expenses</b>	<b>(18,094.1)</b>	<b>(9,920.3)</b>	<b>(33,064.8)</b>	<b>(8,335.2)</b>	<b>(207,886.7)</b>	<b>(10,365.1)</b>	<b>(458.7)</b>	<b>(6,576.4)</b>	<b>(21,868.4)</b>	<b>(316,569.8)</b>	<b>(294,054.2)</b>	<b>(22,515.6)</b>	<b>7.7%</b>
<b>Operating Net Income</b>	<b>(2,732.2)</b>	<b>11,668.4</b>	<b>55,293.2</b>	<b>7,863.9</b>	<b>(2,191.9)</b>	<b>7,346.1</b>	<b>(350.0)</b>	<b>3,095.4</b>	<b>(6,500.9)</b>	<b>73,492.0</b>	<b>63,825.7</b>	<b>9,666.3</b>	<b>15.1%</b>
Non-operating Revenue	3,634.3	1,620.6	11,628.7	3,919.2	38.3	1,183.8	229.5	80.8	2,622.5	24,957.6	20,960.4	3,997.2	19.1%
Non-operating Expenses	(477.1)	(6,903.4)	(26,096.5)	(3,839.3)	.0	.0	.0	(1,357.8)	(754.8)	(39,428.9)	(29,849.1)	(9,579.7)	32.1%
<b>Net Income</b>	<b>424.9</b>	<b>6,385.6</b>	<b>40,825.4</b>	<b>7,943.8</b>	<b>(2,153.6)</b>	<b>8,529.9</b>	<b>(120.5)</b>	<b>1,818.4</b>	<b>(4,633.2)</b>	<b>59,020.7</b>	<b>54,936.9</b>	<b>4,083.8</b>	<b>7.4%</b>
<b>Other Sources/(Uses) of Cash</b>													
Capital Projects and Acquisitions	(10,270.1)	(7,821.1)	10,253.1	8,895.6	.0	(796.3)	(106,736.5)	(25.0)	(1,198.5)	(107,698.9)	(192,535.2)	84,836.3	-44.1%
Changes in Designated Cash	(.8)	(243.9)	(2,005.2)	(347.1)	.0	.0	(19.0)	(896.0)	.0	(3,512.1)	1,430.4	(4,942.5)	-345.5%
Changes in Restricted Cash	(73.4)	12.0	469.5	(176.4)	(200.3)	1,143.6	(147.6)	.0	.0	1,027.4	13,533.2	(12,505.8)	-92.4%
Changes in Receivables	(456.6)	(330.2)	(78,094.0)	2,944.8	.0	1,352.1	.0	.0	(7,354.3)	(81,938.2)	13,423.9	(95,362.1)	-710.4%
Changes in Other Assets	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	n/a
Changes in Debt	.0	(1,941.8)	34,426.6	(6,256.3)	.0	.0	98,629.3	.0	(900.0)	123,957.9	95,378.8	28,579.1	30.0%
Changes in Other Liabilities	477.1	889.7	(10.6)	604.5	.0	.0	7,030.6	(942.0)	.0	8,049.3	6,828.7	1,220.7	17.9%
Changes in Equity	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	n/a
<b>Total Other Sources/(Uses) of Cash</b>	<b>(10,323.9)</b>	<b>(9,435.3)</b>	<b>(34,960.6)</b>	<b>5,665.0</b>	<b>(200.3)</b>	<b>1,699.5</b>	<b>(1,243.2)</b>	<b>(1,863.0)</b>	<b>(9,452.8)</b>	<b>(60,114.5)</b>	<b>(61,940.2)</b>	<b>1,825.7</b>	<b>-2.9%</b>
<b>Transfer In from (Out to) Other Funds</b>													
Transfers In from Other Funds	9,984.8	5,909.6	36,062.1	21.0	752.6	.0	785.8	1,520.9	8,640.0	63,676.8	26,805.2	36,871.6	137.6%
Transfers Out to Other Funds	.0	(3,947.8)	(31,690.1)	(13,144.7)	.0	(13,080.6)	.0	(1,520.9)	(364.9)	(63,749.0)	(26,805.2)	(36,943.8)	137.8%
<b>Net Transfer In/(Out)</b>	<b>9,984.8</b>	<b>1,961.8</b>	<b>4,372.0</b>	<b>(13,123.7)</b>	<b>752.6</b>	<b>(13,080.6)</b>	<b>785.8</b>	<b>.0</b>	<b>8,275.1</b>	<b>(72.2)</b>	<b>.0</b>	<b>(72.2)</b>	<b>n/a</b>
<b>Net Change in Unrestricted Cash</b>	<b>85.8</b>	<b>(1,087.9)</b>	<b>10,236.9</b>	<b>485.1</b>	<b>(1,601.3)</b>	<b>(2,851.2)</b>	<b>(577.9)</b>	<b>(44.6)</b>	<b>(5,810.9)</b>	<b>(1,166.1)</b>	<b>(7,003.3)</b>	<b>5,837.2</b>	<b>-83.3%</b>
<b>Ending Balance, Unrestricted Cash</b>	<b>\$8,433.9</b>	<b>\$4,311.5</b>	<b>\$14,682.8</b>	<b>\$8,619.8</b>	<b>\$(1,283.2)</b>	<b>\$7,660.9</b>	<b>\$600.8</b>	<b>\$2,827.5</b>	<b>\$36,485.2</b>	<b>\$82,339.0</b>			
<b>Beginning Balance, Designated Cash</b>	<b>\$675.1</b>	<b>\$3,740.9</b>	<b>\$35,670.4</b>	<b>\$24,829.8</b>	<b>\$(10.7)</b>	<b>\$0</b>	<b>\$1,478.8</b>	<b>\$153.3</b>	<b>\$16,007.6</b>	<b>\$82,545.1</b>			
Changes in Designated Cash	.8	243.9	2,005.2	347.1	.0	.0	19.0	896.0	.0	3,512.1			
<b>Ending Balance, Designated Cash</b>	<b>\$675.9</b>	<b>\$3,984.8</b>	<b>\$37,675.5</b>	<b>\$25,177.0</b>	<b>\$(10.7)</b>	<b>\$0</b>	<b>\$1,497.8</b>	<b>\$1,049.2</b>	<b>\$16,007.6</b>	<b>\$86,057.2</b>			
<b>Beginning Balance, Restricted Cash</b>	<b>\$708.7</b>	<b>\$1,261.0</b>	<b>\$9,413.1</b>	<b>\$974.7</b>	<b>\$1,709.6</b>	<b>\$8,009.5</b>	<b>\$11,456.2</b>	<b>\$0</b>	<b>\$0</b>	<b>\$33,532.8</b>			
Changes in Restricted Cash	73.4	(12.0)	(469.5)	176.4	200.3	(1,143.6)	147.6	.0	.0	(1,027.4)			
<b>Ending Balance, Restricted Cash</b>	<b>\$782.1</b>	<b>\$1,249.0</b>	<b>\$8,943.6</b>	<b>\$1,151.1</b>	<b>\$1,909.9</b>	<b>\$6,865.9</b>	<b>\$11,603.8</b>	<b>\$0</b>	<b>\$0</b>	<b>\$32,505.4</b>			

**Capital Budget**  
**By Responsible Department**  
**2020 Budget**

**CONSTRUCTION ACTIVITIES**

***Managed by the Capital Construction Department***

Public Housing Properties	\$7,274,288	
MKCRF Properties	3,013,001	
600 Building Remodel	726,500	
Other Properties	796,250	
		11,810,039

***Managed by the Resident Services Department***

Projects at Public Housing properties	125,000	
Projects at MKCRF properties	216,000	
Final relocation for EPC project	25,000	
		366,000

***Managed by the Housing Management Department***

Unit Upgrade Program	6,764,931	
Other Projects	1,391,960	
		8,156,891

***Managed by the Asset Management Department***

Projects at Workforce Housing Properties	16,215,925	
Energy Performance Contract Upgrades	197,250	
Projects at Mobile Home Properties and Other	2,496,220	
		18,909,395

***Managed by the Development Department***

Projects at Tax Credit Properties	34,620,833	
		34,620,833

**DEVELOPMENT/ACQUISITION ACTIVITIES**

***Managed by the Development Department***

Hope VI Properties	4,908,024	
Pre-development Activities-Issaquah Trailhead	1,500,000	
Pre-development Activities-Other	1,400,000	
		7,808,024

**OTHER ACTIVITIES**

Vehicles	197,000	
Other	150,000	
		347,000

<b>TOTAL CAPITAL EXPENDITURES</b>	<b>\$82,018,182</b>
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Less: Sales of Properties to Tax Credit Partnerships	(36,062,131)
Less: Construction Costs not Flowing through KCHA	(27,957,189)
Plus: Cost of New Acquisition	70,000,000
Plus: Acquisition Costs of Bellevue Manor by partnership	19,700,000

<b>NET CAPITAL BUDGET</b>	<b>\$107,698,861</b>
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**To:** Board of Commissioners

**From:** Andrew Calkins, Manager of Policy & Legislative Affairs  
Tyler Shannon, Research Analyst

**Date:** December 16, 2019

**Re:** **Resolution No. 5643** Authorizing Higher Payment Standards for the Housing Choice Voucher Program

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### **Executive Summary**

Every night, KCHA supports over 10,200 households across the county through the tenant-based Housing Choice Voucher Program (HCV or Section 8). The payment standard, which determines the maximum subsidy amount KCHA will provide to a participating household, is a central component of the HCV program. Payment standards both control program costs and ensure that KCHA provides a sufficient subsidy so that households can secure and maintain safe and affordable housing in all regions of the county. Staff last reviewed payment standard amounts in July 2019 but did not recommend an adjustment. At the December 2019 Board of Commissioners meeting staff will present a proposal to moderately increase payment standards and make adjustments to the grouping of ZIP codes within different payment standard tiers. The proposed payment standards, combined with previous adjustments and an expected market rent escalation of 6%, are expected to increase annualized housing assistance payments (HAP) funded through the Moving to Work block grant by \$7.3 million annually at full implementation.

### **Background & Methodology**

Payment standards set the maximum amount that a housing authority will provide to a voucher holder, based on household size and market costs, to assist with rent and utilities. While most housing authorities typically have a single payment standard set at a level between 90% and 110% of the area's HUD determined Fair Market Rent, since 1999 KCHA has maintained multiple payment standards. In 2016, the Board expanded the two-tiered system of payments standards (which involved a regular standard and an "exception area" standard that covered East King County) to create a ZIP code-based, multi-tiered structure with five payment standard levels. Since implementation, the Board has approved additional increases in payment standards, and in November 2017 approved the creation of a new (sixth) tier.

The creation of multiple payment standard tiers reflects the reality that King County is not a single housing market and that housing costs vary dramatically from one sub-market to another. The HUD Fair Market Rent is set at the estimated 40% percentile of rents for the entire region. KCHA's

approach essentially establishes a Fair Market Rent at the 40<sup>th</sup> percentile for each ZIP code in the county, which are then grouped into six tiers.

The Board's initial adoption of multi-tiered payment standards recognized the importance of closely aligning payment standards to local rental sub-markets as a means of achieving four key aims: (1) increasing access to high opportunity areas and affirmatively furthering fair housing goals; (2) containing program costs by "right-sizing" subsidies in lower and middle cost markets; (3) ensuring that new and existing voucher holders can secure and maintain their housing in competitive and increasingly costly rental markets; and (4) limiting the number of households experiencing a housing cost burden and spending more than 40% of their income to rent.

Staff's year-end review of payment standards contemplates adjustments to payment standard amounts and the grouping of ZIP codes within the six tier matrix that will help achieve these four aims. As with prior reviews, we have examined a range of indicators, including: shopping success rates, rents paid by currently leased and newly leased voucher holders, household shelter burden, and market rent trends from multiple external data sources. After a thorough review of rent data providers, KCHA recently subscribed to CoStar for its leading data on market rents. We have used CoStar as the primary source for determining payment standards while also consulting Zillow and Apartment Insights.

### **Findings from the Market Analysis**

King County has seen a record amount of new multifamily construction in recent years, but these new units have only partially moderated rent increases, particularly at the low end of the market. While East King County's rents have risen at a slower pace, South King County rents continue to rise aggressively. CoStar reports that two bedroom rents rose by 6% in Kent and 6.5% in Federal Way over the last 12 months. Conversely, Redmond's rents rose slightly slower at 4% for two-bedroom units and 3% for one-bedroom units. Market-wide vacancy rates have risen slightly with the advent of new units coming online – South and East King County have added 3,017 and 5,170 units over the last two years, respectively. However, the availability of low cost rental units remains limited. CoStar reports that vacancy rates at properties with units priced below the proposed payment standards are considerably lower than at higher cost properties, raising concerns about shopping success rates for new households entering the program.

When market rents exceed allowable subsidy levels provided under the payment standard, the participating HCV household must pay the overage directly out of pocket. Therefore, the failure of the payment standards to reflect rising housing costs impacts the amount paid directly by program participants and can also hamper the ability of some households to secure new housing.

Currently, existing households are experiencing a limited amount of shelter burden, with only 14% of tenant-based households paying more than 40% of their income on rent.<sup>1</sup> Rents for many households remain at or below the payment standard. As of November 1, 2019, two-bedroom voucher holders in Tier 3 (which encompasses much of Kent and West Federal Way) are paying a median rent of \$1,548, just above the payment standard of \$1,540. Property owners leasing to voucher holders also increased rents at slower rates than in prior years, 5.0% during 2019 versus

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<sup>1</sup> This calculation excludes households who are in a larger unit than their voucher will appropriately subsidize.

7.1% in 2018. For new participants searching for an affordable unit, however, the rental market appears considerably tighter, with few units available with rents below the payment standard. Newly leased tenants frequently exceed the current payment standard by between 5% and 7% in Tiers 1 and 3, and to a lesser degree in other tiers. Shopping success rates have also fallen slightly for recent cohorts of one-bedroom voucher holders.

Staff also spent considerable time analyzing individual ZIP codes to ensure they are properly placed in a tier with similar 40<sup>th</sup> percentile rents. Data from our review of market rents and existing voucher holder rents suggested a need to move nine ZIP codes to a different tier. These changes will be discussed at greater depth at the December board meeting.

### **Recommended Payment Standard Adjustments**

To account for the continued increase in 40<sup>th</sup> percentile rents observed during 2019, staff is recommending a moderate increase in payment standard amounts in all tiers. This recommendation balances the needs of new or moving voucher holders searching for housing with cost concerns associated with raising payment standards for existing participants. Staff is also taking a conservative approach given the lack of historical 40<sup>th</sup> percentile rents from CoStar and uncertainty as to what HUD will be providing in the way of a 2020 inflation factor, which determines KCHA's funding eligibility. There are three components to the recommendation:

- 1. Studio Payment Standards:** KCHA has less than 100 tenant-based vouchers leased in studio units in King County, though all recipients of a one bedroom voucher are able to lease a studio if it is affordable and meets KCHA's housing quality standards (HQS). KCHA's studio payment standard has traditionally averaged at 83% of the one-bedroom standard. The market is now starting to provide "open one-bedroom" units in newer buildings that tend to be larger than a traditional studio and closer in cost to a one-bedroom unit. These units often do not have a window or door in the bedroom and therefore do not meet the standard required for a one-bedroom payment standard. To ensure residents have access to these units, staff is proposing to increase the studio payment standards to 95% of the one-bedroom standard in all tiers. As households renting studios are also eligible to rent one bedroom units, this change is anticipated to have only a nominal cost impact at most.
- 2. Sub-Market Groupings:** Local sub-markets have seen varying levels of rent growth over the last two years, when KCHA last adjusted the grouping of ZIP codes. Staff has identified eight ZIP codes to move into more costly tiers and one ZIP code to move to a lower tier. These decision points reflect consistent indicators that suggest a ZIP code's 40<sup>th</sup> percentile has shifted relative to other ZIP codes in a tier. These nine ZIP codes are identified in Appendix A.
- 3. Payment Standard Amounts:** The proposed payment standard amounts are calculated based on the ZIP code weighted average of the 40<sup>th</sup> percentile rent estimates within each tier. The increases are then moderated to account for budgetary considerations, shopping success rate concerns and the limited history we have in setting standards based on CoStar estimates.



**PROPOSED PAYMENT STANDARDS TO BE EFFECTIVE JANUARY 1, 2020**

		<b>Studios</b>	<b>1 BR</b>	<b>2 BR</b>	<b>3 BR</b>	<b>4 BR*</b>
<b>Tier 1</b>	<i>Current</i>	\$980 +\$190	\$1,180 +\$50	\$1,400 +\$50	\$1,820 +\$70	\$2,440 +\$30
	<b>Proposed</b>	\$1,170	\$1,230	\$1,450	\$1,890	\$2,470
<b>Tier 2</b>	<i>Current</i>	\$1,010 +\$210	\$1,220 +\$60	\$1,490 +\$50	\$1,940 +\$60	\$2,470 +\$230
	<b>Proposed</b>	\$1,220	\$1,280	\$1,540	\$2,000	\$2,700
<b>Tier 3</b>	<i>Current</i>	\$1,110 +\$150	\$1,270 +\$60	\$1,540 +\$50	\$2,000 +\$70	\$2,690 +\$40
	<b>Proposed</b>	\$1,260	\$1,330	\$1,590	\$2,070	\$2,730
<b>Tier 4</b>	<i>Current</i>	\$1,200 +\$210	\$1,460 +\$20	\$1,710 +\$40	\$2,230 +\$50	\$2,900 +\$80
	<b>Proposed</b>	\$1,410	\$1,480	\$1,750	\$2,280	\$2,980
<b>Tier 5</b>	<i>Current</i>	\$1,340 +\$270	\$1,630 +\$60	\$1,850 +\$70	\$2,400 +\$100	\$3,190 +\$70
	<b>Proposed</b>	\$1,610	\$1,690	\$1,920	\$2,500	\$3,260
<b>Tier 6</b>	<i>Current</i>	\$1,660 +\$80	\$1,800 +\$30	\$2,110 +\$30	\$2,750 +\$30	\$3,490 +\$150
	<b>Proposed</b>	\$1,740	\$1,830	\$2,140	\$2,780	\$3,640

\* Five and six bedroom payment standards are determined by applying a factor of 1.15 and 1.30 to the four-bedroom payment standard.

While the 2020 payment standard proposal represents a moderate increase for most existing households, staff believes it will provide sufficient purchasing power for new participants searching for housing to enable and prevent significant increases in household shelter burdens for existing households. Staff will continue to monitor rental costs, shelter burden, and shopping success trends over the next six months in advance of our mid-year review.

As with past adjustments, staff is proposing to implement new payment standards on a rolling basis and at a households' next interim or annual reexamination.

**Budgetary Impact**

Increasing payment standards involves a substantial investment from the housing authority's budget. In addition to increasing the costs associated with current households and existing rent levels, higher payment standards also raise the ceiling on the amount of HAP costs that KCHA may incur as a result of future rent increases. When modeling the full implementation of the payment standard increase with expected voucher-level rent increases of 6.0% across the program, it is expected that HAP costs will increase by \$7.3 million on an annualized basis. The increase in HCV program costs driven by implementation of these new payment standards is assumed in the 2020 agency budget.

Approval of Resolution 5643 is recommended.

## APPENDIX A: 2020 Multi-Tiered Payment Standards

### Proposed Tier Configuration

Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Tier 6
98002	98047	98031	98001	98008	98059
98010	98070	98030	98028	98056	98007
98051	98108	98023	98058	98038	98006
	98022	98065	98133	98074	98004
	98166	98045	98057	98075	98040
	98146	98032	98055	98053	98005
	98168	98024		98011	98033
	98092	98019		98034	98029
	98003	98014		98077	98052
	98106	98177			98039
	98126	98042			98072
	98178	98155			98027
	98354	98188			
	98288	98198			
	98224	98148			

### Proposed Payment Standards Amounts Effective January 1, 2020

	Studios	1 BR	2 BR	3 BR	4 BR
<b>Tier 1</b>	\$1,170	\$1,230	\$1,450	\$1,890	\$2,470
<b>Tier 2</b>	\$1,220	\$1,280	\$1,540	\$2,000	\$2,700
<b>Tier 3</b>	\$1,260	\$1,330	\$1,590	\$2,070	\$2,730
<b>Tier 4</b>	\$1,410	\$1,480	\$1,750	\$2,280	\$2,980
<b>Tier 5</b>	\$1,610	\$1,690	\$1,920	\$2,500	\$3,260
<b>Tier 6</b>	\$1,740	\$1,830	\$2,140	\$2,780	\$3,640

### ZIP Code Adjustments

Tier	Direction
<b>98047</b>	<i>Tier 1</i> ↑ <i>Tier 2</i>
<b>98178</b>	<i>Tier 3</i> ↓ <i>Tier 2</i>
<b>98198, 98188, 98042, 98148</b>	<i>Tier 2</i> ↑ <i>Tier 3</i>
<b>98072, 98027</b>	<i>Tier 5</i> ↑ <i>Tier 6</i>
<b>98008</b>	<i>Tier 4</i> ↑ <i>Tier 5</i>

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

**RESOLUTION No. 5643**

**AUTHORIZING HIGHER PAYMENT STANDARDS FOR THE  
HOUSING CHOICE VOUCHER PROGRAM**

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**WHEREAS**, the Housing Choice Voucher payment standards are the maximum subsidy levels used to calculate the housing assistance a household will receive under the Housing Choice Voucher program; and

**WHEREAS**, the Housing Authority's Board of Commissioners authorized implementation of a multi-tiered payment standard system with five tiers by passing Resolution No. 5531 dated the 16th of February 2016; and

**WHEREAS**, the Housing Authority last made adjustments to the grouping of ZIP codes and created a sixth tier by passing Resolution No. 5576 dated the 20<sup>th</sup> of November 2017; and

**WHEREAS**, the Housing Authority last increased payment standards by passing Resolution No. 5615 dated the 17<sup>th</sup> of December 2018; and

**WHEREAS**, the Housing Authority has committed to reviewing the multi-tiered payment standards system twice a year; and

**WHEREAS**, it has been determined that an additional increase in payment standards is necessary to keep pace with regional rental market trends, maintain voucher holder lease-up rates, and limit shelter burden; and

**WHEREAS**, it has been determined that an adjustment to the ZIP code groupings under the multi-tiered payment standard system will more closely align subsidy levels with submarket rents and continue to ensure efficient expenditure of taxpayer dollars; and,

**WHEREAS**, the Housing Authority has sufficient resources to fund higher payment standards in 2020; and,

**WHEREAS**, increased payment standard amounts will Affirmatively Further Fair Housing objectives in the Seattle Metropolitan region;

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

The Payment Standards for the Housing Authority's Housing Choice Voucher program are hereby adjusted in accordance with the proposed recommendations, set forth at the December 16<sup>th</sup> Board of Commissioners meeting and attached hereto, and effective immediately.

**ADOPTED AT A REGULAR MEETING OF THE BOARD OF THE COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING THIS 16<sup>th</sup> DAY OF DECEMBER 2019.**

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

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

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**STEPHEN J. NORMAN**  
Executive Director and Secretary-Treasurer

# T A B N U M B E R

6



**To:** Board of Commissioners

**From:** Tim Walter, Sr. Director of Development & Asset Management

**Date:** December 16, 2019

**Re:** Resolution 5644 authorizing the issuance of the Authority's Non-Revolving Line of Credit Revenue Note, 2019 (Hampton Greens Apartments) to finance acquisition of the Hampton Greens Apartments

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At the November 18, 2019 Board meeting, the Board of Commissioners passed Resolution #5640 authorizing the acquisition of the Hampton Greens Apartments in Bellevue, subject to the successful negotiation of a purchase contract containing terms that are customary and deemed by the Executive Director to be in the best interests of KCHA. A purchase agreement has now been signed and KCHA's due diligence has been completed. A determination has been made to proceed with the acquisition. A project profile for the Hampton Greens Apartments is attached.

The sale is expected to close on or before December 31, 2019. KCHA intends to acquire the property with a short-term line of credit and then convert the financing to long-term permanent financing on or before the end of calendar year 2020. This financing plan is consistent with KCHA's customary approach for property acquisitions.

The short-term financing will be structured as a non-revolving line of credit ("LOC") with KeyBank Government Finance, Inc. in the amount of \$126.5 million. The LOC matures December 30, 2020 and has no origination fee. Interest payments are interest only and the interest rate is indexed to the 3 month LIBOR rate and is equal to (3 month LIBOR x .7901%) + .67% which produces an indicative rate of 2.18% (based on the 3 month LIBOR rate at the end of November of 1.91%).

Staff recommends passage of Resolution #5644.

# **Hampton Greens Apartments Project Profile**

Hampton Greens is a 326-unit multifamily transit-oriented development (TOD) apartment community located on the Bellevue/Redmond border directly to the west of the Microsoft campus. Built in 1986, the development consists of 34 two-story buildings located on two parcels (167 one-bedroom units with 1 bath, 66 two-bedroom units with 1 bath, and 93 two-bedroom units with two baths), a leasing office/clubhouse, two swimming pools, play areas and tennis courts. KCHA has completed pre-acquisition due diligence including appraisal, title review, survey and physical investigation of the condition of the land and buildings.

## **Purchase Status**

This property is currently owned by the State of Massachusetts' pension fund and overseen by a private investment management company located in Chicago. KCHA approached the ownership directly to discuss our interest in acquiring the property. Following a series of discussions, the ownership appears amenable to selling the property to KCHA on the terms approved in November by KCHA's Board of Commissioners, subject to successful resolution of the specific details of the agreement and the satisfaction of the Executive Director with the results of KCHA's due diligence review.

As presented to the Board last month, the terms of the signed purchase and sale agreement contemplated a sales price of \$126,500,000 (\$388,037/unit) and provided for a 30-day due diligence inspection window in order for KCHA to complete a thorough review of title, valuation, environmental concerns, physical condition and the overall feasibility of the project. Closing, at the request of the seller, is to occur before the end of the year. An earnest money deposit has been provided to the seller.

## **Due Diligence Status**

KCHA has completed an appraisal, capital needs assessment, Phase I environmental assessment, zoning, and title review and received a land survey from third party consultants. The completed MAI appraisal reflects a valuation of \$130 million which is approximately 103% of the purchase price for the property. Results from the due diligence inspection reports have been reviewed by KCHA staff and the property appears to be in average to good condition. Two issues identified include numerous trees located near the building structures, creating a risk to foundations, and clay tile roofs that may be near the end of their useful life expectancy. A separate roof inspection has been ordered and will be received prior to the December Board meeting.

## **Property Description & Building Condition**

Hampton Greens is a multifamily residential development located at 4747 148<sup>th</sup> Ave NE in Bellevue on two parcels that together form a 16.37 acre site. The property was built in 1986 for multifamily residential use, consistent with current zoning. It has been operated as a rental apartment complex since that time.

The property consists of 34 multifamily buildings with a leasing office/fitness center, outdoor playgrounds, two swimming pools, tennis courts and mature landscaping. The wood frame buildings, totaling 250,880 square feet, are two-story garden style flats with pitched roofs. The

buildings provide in-unit laundry facilities and extra storage for the tenants. There are 326 covered parking spaces and 254 open parking spaces, with a parking ratio of 1.78 spaces per unit. One-bedroom units range in size between 644-678 sq. feet and two-bedroom units are between 850-912 sq. feet.

KCHA's Asset Management and Capital Construction staff, along with third party consultants, have performed inspections of the buildings, including interior inspections of residential units. Based on the resulting reports, KCHA anticipates short-term repairs (repairs to be made within the first 12 months) to cost in the neighborhood of \$400,000 and medium-term repairs and improvements to cost between \$3 million and \$5 million.

### **Unit Configuration**

The unit mix includes:

- 103 one-bedroom, one bath units at 644 square feet each,
- 64 one-bedroom, one bath units of 678 square feet each,
- 56 two-bedroom, one bath units of approximately 850 square feet,
- 10 two-bedroom, one bath units of approximately 884 feet,
- 25 two-bedroom, two bath units of approximately 908 square feet,
- 68 two-bedroom, two bath units of approximately 912 square feet.

### **Neighborhood Description**

Hampton Greens is located near the Bridle Trails neighborhood of Bellevue immediately west of the 148<sup>th</sup> Avenue NE corridor that divides the Bellevue and Redmond city limits and just north of NE 40<sup>th</sup> Street. The site adjoins the Bellevue Municipal Golf Course to the west, is one block north of the Pro Club Bellevue and is directly across 148<sup>th</sup> Ave NE from the Microsoft campus. The property has excellent access to public transportation, with a Metro Rapid Ride B line stop located at the site's southwest corner that will connect with the Eastlink light rail line scheduled to open in 2023 about one mile to the south. The site is located approximately 5-10 minutes from retail shopping, restaurant and office space and many outdoor amenities located nearby including Grass Lawn Park and Bridle Trails State Park.

Hampton Greens is within the highly regarded Bellevue School District. Local schools for the children living within the property include Ardmore Elementary, Highland Middle School and Interlake High School. 43%, 52% and 24% respectively of the student bodies in these schools are eligible to receive free and reduced meal subsidies.

The site is accessed by a separate roadway (NE 46<sup>th</sup> Street) that serves as the primary entrance off 148<sup>th</sup> Avenue. NE 46<sup>th</sup> Street connects the two separate parcels that comprise the site and were built out as a 2-phase development. The bus stop for Metro Rapid Ride Route B is located adjacent to the entrance and provides frequent all day access to downtown Redmond, Bellevue and Seattle through a direct connection with the Overlake Village Park and Ride which is adjacent the Overlake Village light rail station that will begin operation in 2023.

Hampton Greens is surrounded by residential condominiums and other multi-family rental developments, including KCHA's Timberwood Apartments, Somerset Gardens and Village at Overlake Station developments and is in close proximity to major Eastside employers including Nintendo, Microsoft and an emerging employment center in Bellevue's Spring District.



## **Strategic Rationale for Acquisition**

KCHA's Board of Commissioners has identified the acquisition and development of affordable housing in high opportunity areas near or adjacent to transit (transit-oriented development or "TOD") as a priority in order to address a shortage of affordable housing within easy access to reliable public transportation and other neighborhood amenities and services. Hampton Green's convenient access to local transit, downtown Seattle, the Overlake Village Park and Ride and future Redmond and Spring District light rail stations strategically positions the property to provide easy and convenient transportation to not only Bellevue and Redmond, but the larger region as well.

Multifamily housing properties located in high opportunity areas with convenient access to transit, in good school districts and near expanding job centers have experienced continued rent escalation as demand for these locations continues to grow. This is especially acute for existing properties whose rents have been relatively affordable compared to new construction in the same location. Hampton Greens, while operating as a market rate apartment complex, currently provides housing generally affordable to households at or below 80% of the Area Median Income (AMI). Preservation of existing naturally occurring affordable housing is a key strategy for ensuring that, over the long-term, rents in these communities do not continue to escalate to the point where they are no longer affordable to households earning at or below 80% of AMI and existing residents are displaced. Amazon's recent announcement that they intend to locate offices for up to 25,000 employees on the Eastside has accelerated market demand – making the need to acquire and preserve housing such as Hampton Greens all the more pressing. The high valuation of this property reflects market expectations that rents will continue to rise aggressively in this submarket.

Hampton Greens is also located in a high opportunity community, which is defined by King County as a "community where households have access to good schools, transportation and economic opportunities to promote upward mobility." 159 of the 326 apartments at Hampton Greens are two-bedroom units, providing continued housing stability for lower income families with children and protecting these families from being priced out of their homes and losing access to excellent schools.

## **Proposed Financing**

**Interim Financing** – KeyBank has issued a term sheet to KCHA for \$126.5 million in interim acquisition financing from a draw on a proposed line of credit. This is KCHA's standard and preferred way to finance acquisitions. The line of credit will bear an approximate interest rate of 2.17% and is subject to changes in the 3-month LIBOR rate.

**Permanent Financing** – KCHA has a number of different options for the permanent financing of the development. The three most likely scenarios include: 1) a public sale of municipal bonds in the full amount of the interim financing backed by a general revenue pledge of KCHA; 2) a public sale of the amount of governmental housing bonds that can be supported directly by the net rental revenues of the property (approximately \$82 million) and the balance (approximately \$44.5 million) of the interim loan refinanced with a public sale of municipal bonds backed by a combination of a general revenue pledge by KCHA and a King County loan guarantee (as part of KCHA's \$200 million credit enhancement program with King County) or 3) a public sale of the amount of governmental housing bonds that can be supported directly by the net rental revenues of the property, and the balance of the interim loan refinanced by a below market mezzanine loan from public or private sources; or through a combination of scenarios one and three that reflects the amount of below market capital KCHA is able to leverage.

All of the above financing structures rely in part on KCHA's AA credit rating from Standards & Poor's. It is KCHA's intention to put the permanent financing in place as soon as reasonably possible after closing to take advantage of the currently very favorable interest rate environment. The financing terms for the primary loan in each of the three scenarios mentioned above assumes a 30-year amortizing facility with a 20-year maturity and an interest rate of 3.5%.

It is important to note that similar to other KCHA private market acquisitions, the net rental income generated by the operations of the property can only support tax exempt financing for approximately 55% of the purchase price. The remainder of the purchase price will need to be covered through some combination of a 0%-2% interest only mezzanine loan instrument from a public or social impact investor such as Microsoft, or long-term tax exempt debt where the debt service is paid through an internal reallocation of net operating income from other Asset Management Department properties or from KCHA corporate reserves.

### **Sources & Uses**

#### **USES**

Acquisition	\$126,500,000
Closing Costs	\$50,000
<b>TOTAL</b>	<b>\$126,550,000</b>

#### **SOURCES**

KeyBank Line of Credit	\$126,500,000
KCHA Cash	\$50,000
<b>TOTAL</b>	<b>\$126,550,000</b>

### **Risks & Mitigation**

#### **Acquisition Risks & Mitigation**

- (Risk) The condition of the property has title or physical defects unforeseen/unknown.
- (Mitigation) KCHA has obtained a full title report from a title insurance company and has conducted extensive engineering and environmental due diligence on the property. KCHA will ensure that, upon closing, KCHA will be able to obtain a full owner's policy insuring clean title with extended coverage. KCHA has conducted a Phase 1 environmental assessment and an ALTA survey of the property that raise no red flags.

#### **Financing Risk & Mitigation**

- (Risk) Short-term/Long-term interest rates spike.
- (Mitigation) KCHA expects to replace the interim loan with permanent financing within the next 4 – 9 months. Increases in short-term interest rates, although possible during this period, have a very little overall impact on the long-term financial viability of the project. Long-term rates have been very stable in the last 12 months and are not predicted to increase significantly in 2020. Securing permanent financing as soon as reasonably possible will help mitigate potential exposure to increases in long-term interest rates.

### Rehab Risk & Mitigation

- (Risk) Additional repair and improvement costs are needed beyond what is visible from due diligence inspections.
- (Mitigation) KCHA has completed its due diligence of the property. Staff estimates that of the \$3 to \$5 million in projected repairs and improvements, the property will require approximately \$400,000 in short-term repairs that can be financed with project net cash flow. The additional improvements can be made over the next 3 – 8 years without negatively impacting the physical viability of the property. On-going routine repairs and replacements can be paid for through net cash flow from property operations. Unforeseen repairs not able to be paid for from property operations could also be funded from additional draws on a KCHA line of credit or from KCHA reserves. KCHA has extensive experience in assessing this type of property and in undertaking needed repairs and upgrades.

### Concessionary Capital Risk

- (Risk) KCHA is unsuccessful in securing additional concessionary capital from the public or public sectors to assist in financing this acquisition.
- (Mitigation) Revenue from Hampton Greens is expected to support approximately 55% of long-term acquisition debt modeled at a 3.5% interest rate. A 1%-2% interest only concessionary capital loan could fill most if not all of the remaining gap. If no concessionary capital is secured and conventional tax exempt debt is substituted, the resulting debt service will need to be paid from cash flow from other KCHA properties or from KCHA corporate reserves. Financial modeling of KCHA's finances indicates that there is sufficient cash flow from other KCHA properties to make the principal and interest payments on the full Hampton Greens acquisition debt. This would consume nearly all of KCHA surplus cash flow but would not adversely impact KCHA's current operations. KCHA's ability to borrow additional funds for future development, when backed by its general revenues, would be limited.

### Balance Sheet Impact

- (Risk) The combined additional debt from acquisition of Kirkland Heights, Juanita View, Kendall Ridge, Emerson Apartments and now Hampton Greens pushes KCHA's debt service coverage ("DSCR") below the 1.1 ratio required under existing debt covenants or jeopardizes KCHA's current Standard and Poor's AA rating.
- (Mitigation) While the additional debt will incrementally impact the debt service coverage ratio, KCHA's DSCR remains significantly above the 1.1 required ratio and the additional debt will not impact KCHA's ability to meet this covenant. KCHA's DSCR with the acquisition of Hampton Greens is estimated to be 1.86.

KCHA has modeled the effect of the increased debt on the financial ratios used to establish and maintain KCHA's AA rating and believes that the ratios will still be within the target ranges consistent with prior ratings. However, if the assumptions used or rating criteria change, it is possible that these ratios may fall slightly outside the target ranges. S&P has indicated that KCHA's rating is based on both quantitative ratios and qualitative factors related to our mission driven activity and management strategy. For this reason, no change to KCHA's AA rating is expected due to the increase in the KCHA's debt related transactions.

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

### **RESOLUTION NO. 5644**

A RESOLUTION of the Board of Commissioners of the Housing Authority of the County of King providing for the issuance of the Authority's Non-Revolving Line of Credit Revenue Note, 2019 (Hampton Greens Apartments), in the principal amount of not to exceed \$126,500,000, the proceeds of which will be used to finance the acquisition of a 326-unit apartment complex located in Bellevue, Washington, known as the Hampton Greens Apartments; determining the form, terms and covenants of the note; creating a note fund; approving the sale and providing for the delivery of the note to Key Government Finance, Inc. or an affiliate thereof; authorizing and directing appropriate officers of the Authority to negotiate, execute and deliver such other documents as are useful or necessary to the purposes of this resolution; and determining related matters.

Adopted December 16, 2019

*This document was prepared by:*

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**WHEREAS**, the Housing Authority of the County of King (the "Authority") seeks to encourage the provision of housing for low-income persons residing in King County, Washington (the "County"); and

**WHEREAS**, RCW 35.82.070(5) provides that a housing authority may, among other things and if certain conditions are met, "own, hold, and improve real or personal property . . .," "purchase, lease, obtain options upon . . . any real or personal property or any interest therein" and "lease or rent any dwellings, houses, accommodations, lands, buildings, structures or facilities embraced in any housing project"; and

**WHEREAS**, RCW 35.82.070(2) provides that a housing authority may acquire and provide for the construction, reconstruction, improvement, alternation or repair of housing projects; and

**WHEREAS**, RCW 35.82.020 defines "housing project" to include, among other things, "any work or undertaking . . . to provide decent, safe and sanitary urban or rural dwellings, apartments, mobile home parks, or other living accommodations for persons of low income" and provides that the term "housing project" may be applied to the "acquisition of property, the

demolition of existing structures, the construction, reconstruction, alteration and repair of improvements and all other work in connection therewith”; and

**WHEREAS**, RCW 35.82.020(11) and 35.82.130 together provide that a housing authority may issue bonds, notes or other obligations for any of its corporate purposes; and

**WHEREAS**, RCW 35.82.070(1) permits a housing authority to “make and execute contracts and other instruments . . . necessary or convenient to the exercise of the powers of the authority”; and

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

**WHEREAS**, the Authority has entered into an agreement to purchase a 326-unit apartment complex located at 4747 148<sup>th</sup> Avenue, NE, Bellevue, Washington, known as the Hampton Greens Apartments, to be a housing project of the Authority (the “Project”); and

**WHEREAS**, the location of the Project is within the area of operation of the Authority, as it is within the County and was not within the territorial boundaries of any city, including the City of Bellevue (incorporated in 1953), on the date on which the Authority was activated under the Act (as hereinafter defined); and

**WHEREAS**, the Board of Commissioners of the Authority has determined that it is necessary and advisable and in the best interest of the Authority to issue the Note (as hereinafter defined), in a principal amount not to exceed \$126,500,000 to finance all or a portion of the costs of acquiring the Project; and

**WHEREAS**, Key Government Finance, Inc. or an affiliate thereof (the “Lender”) has proposed to extend a non-revolving line of credit evidenced by a line of credit note of the Authority on the terms set forth in this resolution to provide money for that purpose;

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

**Section 1. Definitions.** As used in this resolution, the following terms have the following meanings:

“Act” means chapter 35.82 of the Revised Code of Washington.

“Authority” means the Housing Authority of the County of King, a public body corporate and politic duly organized and existing under and by virtue of the laws of the State of Washington.

“Authorized Officers” means the Executive Director of the Authority and any Deputy Executive Director of the Authority.

“Board” means the Board of Commissioners of the Authority.

“Code” means the Internal Revenue Code of 1986, as amended, and applicable rules and regulations promulgated thereunder.

“County” means King County, Washington.

“General Revenues” means all revenues of the Authority from any source, but only to the extent that those revenues are available to pay debt service on the Note and are not now or hereafter pledged, by law, regulation, contract, covenant, resolution, deed of trust or otherwise (including restrictions relating to funds made available to the Authority under the U.S. Housing Act of 1937), solely to another particular purpose.

“Lender” means Key Government Finance, Inc., or an affiliate thereof, as registered owner of the Note.

“Note” means the Authority’s Non-Revolving Line of Credit Revenue Note, 2019 (Hampton Greens Apartments).

“Note Fund” means the Authority’s Non-Revolving Line of Credit Revenue Note Fund, 2019 (Hampton Greens Apartments), created by this resolution for the purpose of paying principal of and interest on the Note.

“Note Register” means the books or records maintained by the Note Registrar containing the name and mailing address of the Registered Owner of the Note.

“Note Registrar” means the Executive Director of the Authority.

“Project” means, depending on the context, (1) acquisition of the apartment complex located at 4747 148<sup>th</sup> Avenue NE, Bellevue, Washington known as the Hampton Greens Apartments, or (2) the Hampton Greens Apartments.

“Proposal Letter” means the proposal letter to the Authority from the Lender provided on November 15, 2019, as it may be amended, proposing to purchase the Note on the terms set forth therein and herein.

**Section 2.**     Authorization of the Project; Authorization and Description of the Note.

The Board approves the acquisition of the Project. The Board declares the Project to be a “housing project” of the Authority for purposes of the Act. The Authority shall issue the Note in a principal amount not to exceed \$126,500,000 for the purpose of providing funds with which to pay and/or reimburse the Authority for all or part of the costs of the Project. Such Note financing is declared and determined to be important for the feasibility of the Project. The Board finds that it is in the best interest of the Authority to issue the Note for the purpose set forth in this resolution.

**Section 3.**     Description of the Note. The Note shall be called the Authority’s Non-Revolving Line of Credit Revenue Note, 2019 (Hampton Greens Apartments); shall be in a principal amount of not to exceed \$126,500,000; shall be dated its date of delivery; shall be numbered R-1; and shall mature not more than 364 days from its date of issue. The Note shall bear



interest payable on such dates and at such rate or rates selected by the Authority as described in the Proposal Letter (which may include, without limitation, a variable rate based London interbank offered rate), shall mature at such time (subject to the limitation set forth above), shall have such prepayment or redemption provisions and shall have such other provisions consistent with the purposes of this resolution as are set forth in the Note. The Authority finds that the fixing of the interest rate index described in the Proposal Letter is in the best interest of the Authority. Interest on the Note shall be computed on the basis on a 360 day year with twelve 30-day months.

The Note shall be subject to redemption, in whole, on dates set forth in the Note upon 30 days' prior notice (or such shorter period acceptable to the Lender), at a redemption price equal to par plus accrued interest.

If the Note is not paid when properly presented at its maturity date, the Authority shall be obligated to pay interest on the Note at then-applicable default rate of interest thereon from and after the maturity date until the Note, both principal and interest, is paid in full.

At the election of the Lender, the interest rate on the Note will increase by 400 basis points (4.00%) during the continuance of an Event of Default. Further, if an Event of Default occurs then, at the option of the Lender, the principal of and interest on the Note shall become immediately due and payable. "Event of Default" means the declaration by the Lender of an event of default as a result of a determination by the Lender that:

- (i) there has been a failure to pay principal or interest on the Note when due, as provided in the Note;
- (ii) there has been a failure by the Authority to comply with any of its obligations, or to perform any of its duties, under the Note, which failure continues, and is

not cured, for a period of more than 60 days after the Lender has made written demand on the Authority to cure such failure;

(iii) there has been a material misrepresentation to the Lender by the Authority in the purchase of the Note, as reasonably concluded by the Lender after investigation and discussion with the Authority;

(iv) any event of default under any other debt or capital lease obligation with Lender or an affiliate of Lender under which the Authority is an obligor where there is outstanding, owing or committed an aggregate amount in excess of \$500,000 has occurred, if such default continues, and is not cured, or otherwise waived by the Lender or such affiliate within 15 days after written demand is made on the Authority to cure such default;

(v) the Authority shall (a) apply for or consent to the appointment of a receiver, trustee, custodian or liquidator of the Authority, or of all or a substantial part of the assets of the Authority, (b) be unable, fail or admit in writing its inability generally to pay its debts as they become due, (c) make a general assignment for the benefit of creditors, (d) have an order for relief entered against it under applicable federal bankruptcy law, or (e) file a voluntary petition in bankruptcy or a petition or an answer seeking reorganization or an arrangement with creditors or taking advantage of any insolvency law or any answer admitting the material allegations of a petition filed against the Authority in any bankruptcy, reorganization, moratorium or insolvency proceeding; or

(vi) an order, judgment or decree shall be entered by any court of competent jurisdiction, approving a petition or appointing a receiver, trustee, custodian or liquidator for the Authority or of all or a substantial part of the assets of the Authority, in each case

without its application, approval or consent, and such order, judgment or decree shall continue unstayed and in effect for any period of 30 consecutive days.

Notwithstanding the foregoing, as to item (iv), if the default is not a payment default and is not associated with the Authority's material ability to pay, when due, its obligations to the Lender (or affiliate of Lender, if applicable), the Authority may have up to 180 days to cure such default by providing the Lender (and the affiliate of Lender, if applicable) a written plan within 15 days after written notice of default is made to the Authority, describing the Authority's planned timeframe for the cure of the default. Item (iv) is not intended to preempt the terms set forth in any other agreement relating to borrowing money, lease financing of property, or provision of credit.

The Authorized Officers, and each of them acting alone, are authorized to determine and approve the final terms of the Note. The execution or authentication of the Note by an Authorized Officer shall be conclusive evidence of approval of the terms of the Note as set forth therein.

**Section 4.**     Authorization for Extension and Modification of the Note. The Authorized Officers, and each of them acting alone, are authorized on behalf of the Authority to negotiate the terms of one or more extensions of maturity date and/or modifications of the terms of the Note with the Lender. The Authorized Officers, and each of them acting alone, are authorized, without further action of the Board of the Authority, to extend the maturity date of the Note to any date on or before December 31, 2028, and/or to modify the interest rate or interest rate formula applicable to the Note, if such Authorized Officer determines that such extension and/or modification is in the best interest of the Authority, all so long as no other material terms of the Note is revised (unless otherwise authorized by the Board of the Authority). The Authorized Officers, and each of them acting alone, are authorized to do everything necessary for the execution and delivery of such documents as are useful or necessary to such extension of maturity and/or modification of interest

rate or interest rate formula. An Authorized Officer's execution of documents in connection with the modification and/or extension of the Note will constitute conclusive evidence of his or her approval of the extensions, modifications and/or other terms described therein and the approval by the Authority of such extensions, modifications and/or other terms.

**Section 5.**     Note Registrar; Registration and Transfer of the Note. The Executive Director of the Authority shall serve as Note Registrar for the Note. The Note Registrar shall keep, or cause to be kept, at his or her office in Tukwila, Washington, sufficient books for the registration of the Note (the "Note Register"), which shall contain the name and mailing address of the registered owner of the Note. The Note Registrar is authorized, on behalf of the Authority, to authenticate and deliver the Note in accordance with the provisions of the Note and this resolution, to serve as the Authority's paying agent for the Note and to carry out all of the Note Registrar's powers and duties under this resolution.

The Note shall be issued only in registered form as to both principal and interest and recorded on the Note Register. The Note may not be assigned or transferred by the Lender, except that the Lender may assign or transfer the Note to any successor to the business and assets of the Lender.

**Section 6.**     Place, Manner and Medium of Payment. Both principal of and interest on the Note shall be payable in lawful money of the United States of America and shall be paid by check mailed to arrive on or before each payment date, or in immediately available funds delivered on or before each payment date, to the Registered Owner at the address appearing on the Note Register on the date payment is mailed or delivered. Upon the final payment of principal of and interest on the Note, the Registered Owner shall surrender the Note at the principal office of the Note Registrar, for destruction or cancellation in accordance with law.

**Section 7.**     Note Fund; Security for the Note. The Note Fund is hereby established as a special fund of the Authority and is to be known as the Non-Revolving Line of Credit Revenue Note Fund, 2019 (Hampton Greens Apartments). The Note Fund shall be drawn upon for the sole purpose of paying the principal of and interest on the Note. The Authority pledges to deposit General Revenues into the Note Fund in amounts sufficient to pay the principal of and interest on the Note when due. This pledge of General Revenues shall be valid and binding from the time when it is made. The General Revenues so pledged and thereafter received by the Authority shall immediately be subject to the lien of the pledge without any physical delivery thereof or further action, and lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the Authority, irrespective of whether the parties have notice thereof.

The Authority reserves without limitation the right to issue other obligations, the principal of and interest on which are to be paid from the General Revenues on a parity with payments on the Note. At its option, the Authority may pledge any portion of the General Revenues to the payment of other obligations of the Authority, such payments to have priority over the payments to be made on the Note with respect to that portion of the General Revenues so pledged.

The Note shall not be a debt of the County, the State of Washington or any political subdivision thereof (except the Authority from the source specified herein), and the Note shall so state on its face. Neither the County, the State of Washington nor any political subdivision thereof (except the Authority from the source specified herein) shall be liable for payment of the Note nor in any event shall principal of and interest on the Note be payable out of any funds other than the Note Fund of the Authority established herein. The owner of the Note shall not have recourse to any other fund

of the Authority other than the Note Fund, or to any other receipts, revenues or properties of the Authority other than as described herein and in the Note. The Authority has no taxing power.

Neither the Authority (except to the extent of the pledge of its General Revenues) nor any of the Commissioners, officers or employees of the Authority shall be personally liable for the payment of the Note.

**Section 8.**     Lost, Stolen or Destroyed Note. In case the Note shall be lost, stolen or destroyed after delivery to the Registered Owner, the Note Registrar may execute and deliver a new Note of like date and tenor to the Registered owner upon the Registered Owner paying the expenses and charges of the Authority and upon filing with the Note Registrar evidence satisfactory to the Note Registrar that such Note was actually lost, stolen or destroyed and of the Registered Owner's ownership thereof, and upon furnishing the Authority with indemnity reasonably satisfactory to the Authority.

**Section 9.**     Form and Execution of Note. The Note shall in a form consistent with the provisions of this resolution and state law, shall bear the manual or facsimile signatures of the Chair of the Board and the Executive Director and shall be impressed with the seal of the Authority or shall bear a manual or facsimile thereof. The Note shall not be valid or obligatory for any purpose, or entitled to the benefits of this resolution, unless the Note bears a Certificate of Authentication manually signed by the Note Registrar stating "This Note is the fully registered Non-Revolving Line of Credit Revenue Note, 2019 (Hampton Greens Apartments), of the Authority described in the Note Resolution." A minor deviation in the language of such certificate shall not void a Certificate of Authentication that otherwise is substantially in the form of the foregoing. The authorized signing of a Certificate of Authentication shall be conclusive evidence that the Note so

authenticated has been duly executed, authenticated and delivered and is entitled to the benefits of this resolution.

If any officer whose facsimile signature appears on the Note ceases to be an officer of the Authority authorized to sign notes before the Note bearing his or her facsimile signature is authenticated or delivered by the Note Registrar or issued by the Authority, the Note nevertheless may be authenticated, issued and delivered and, when authenticated, issued and delivered, shall be as binding on the Authority as though that person had continued to be an officer of the Authority authorized to sign notes. The Note also may be signed on behalf of the Authority by any person who, on the actual date of signing of the Note, is an officer of the Authority authorized to sign notes, although he or she did not hold the required office on the date of issuance of the Note.

**Section 10.** Preservation of Tax Exemption for Interest on Note. The Authority covenants that it will take all actions necessary to prevent interest on the Note from being included in gross income for federal income tax purposes, and it will neither take any action nor make or permit any use of proceeds of the Note or other funds of the Authority treated as proceeds of the Note at any time during the term of the Note which would cause interest on the Note to be included in gross income for federal income tax purposes. The Authority also covenants that it will, to the extent the arbitrage rebate requirement of Section 148 of the Code is applicable to the Note, take all actions necessary to comply (or to be treated as having complied) with that requirement in connection with the Note, including the calculation and payment of any penalties that the Authority has elected to pay as an alternative to calculating rebatable arbitrage, and the payment of any other penalties if required under Section 148 of the Code to prevent interest on the Note from being included in gross income for federal income tax purposes.

**Section 11.** Authorization of Documents and Execution Thereof. The Authority authorizes and approves the execution and delivery of, and the performance by the Authority of its obligations contained in, the Note and this resolution and the consummation by the Authority of all other transactions contemplated by this resolution in connection with the issuance of the Note. The Board further authorizes the Authorized Officers, and each of them acting alone, to negotiate, approve, execute and deliver any credit agreement, loan agreement, and or such other instruments and agreements as may be necessary or desirable in connection with the sale of the Note to the Lender. The Executive Director of the Authority is authorized to execute the Note and the Authorized Officers, and each of them acting alone, are authorized to negotiate, execute and deliver documents reasonably required to be executed in connection with the issuance of the Note and to ensure the proper use and application of the proceeds of the Note, and to effect any extension of the maturity of the Note and modification of interest rate and/ or interest rate formula applicable to the Note as described in Section 4.

The Note will be prepared at the Authority's expense and will be delivered to the Lender together with the approving legal opinion of Foster Garvey P.C., municipal bond counsel of Seattle, Washington, regarding the Note.

**Section 12.** Approval of Transaction. The Lender has offered to purchase the Note at a price of par, under the terms and conditions contained in this resolution and the Proposal Letter, including the payment of a fee to the Lender, if any, plus the fees and expenses of the Lender's legal counsel, and any other out-of-pocket costs incurred by the Lender, each payable at closing. The Board finds that the Lender's offer is in the best interest of the Authority and accepts such offer, and covenants that it will comply with all terms and conditions of the Proposal Letter.



**Section 13.**    Reporting Requirements; Covenants. The Authority covenants and agrees for so long as the Note remains outstanding, and unless otherwise waived by the Lender, the Authority shall maintain a Debt Service Coverage Ratio of not less than 1.10 to 1.0, to be calculated at the end of each fiscal year of the Authority. “Debt Service Coverage Ratio” means, as of any applicable date, the sum of (a) the change in Authority (primary government) net assets, plus (b) interest expense, plus (c) depreciation expense, plus (d) amortization expense, plus (or minus) (e) the loss (or gain) on capital assets, plus (f) any non-cash charges to the extent deducted in determining the change in net assets, plus (g) payments from reserves or prior years’ revenues for programs or facilities, including, without limitation, as examples, payments made to forestall evictions due to delayed Section 8 housing payments from the federal government, mission driven initiatives or non-capitalized payments from reserves for replacement costs related to facilities, plus (h) non-recurring, one-time costs and expenses, not to exceed \$1,000,000 in any one fiscal year, minus (i) capital grants or contributions in any form; divided by the sum of interest expense and Scheduled principal payments made or incurred by the Authority during the preceding fiscal year, all as shown on the audited financial statements delivered to the Lender. “Scheduled” means all mandatory scheduled amortization payments (including without limitation mandatory redemptions) of outstanding indebtedness for borrowed money and excludes (a) voluntary prepayments, (b) revolver pay-downs, or (c) the refinance of existing debt.

The Authority further covenants and agrees for so long as the Note remains outstanding, and unless otherwise waived by the Lender, to shall provide financial information to the Lender as follows:

- (A)    the Authority’s internally prepared financial statements for such fiscal year within 180 days after the fiscal year end, prepared in accordance with generally accepted

accounting principles applicable to housing authorities, which shall be accompanied by a certificate regarding compliance with the Debt Service Coverage Ratio covenant set forth above;

(B) the Authority's audited financial statements within 10 days after receipt of the Washington State Auditor's opinion letter, but no later than 290 days after fiscal year end;

(C) the Authority's internally prepared quarterly financial statements within 45 days after fiscal quarter end;

(D) the Authority's annual budget or any material amendments thereto within 45 days of adoption; and

(E) such other information relating to the ability of the Authority to satisfy its obligations under the Note, as may be reasonably requested by the Lender from time to time.

**Section 14.** Acting Officers Authorized. Any action authorized by this resolution to be taken by the Executive Director of the Authority, may in his absence be taken by a duly authorized Deputy Executive Director of the Authority. Any action authorized by this resolution to be taken by a Deputy Executive Director of the Authority, may in his or her absence be taken by a duly authorized acting Deputy Executive Director of the Authority.

**Section 15.** Ratification and Confirmation. Any actions of the Authority or its officers prior to the date hereof and consistent with the terms of this resolution are ratified and confirmed.

**Section 16.** Severability. If any provision in this resolution is declared by any court of competent jurisdiction to be contrary to law, then such provision shall be null and void and shall

be deemed separable from the remaining provision of this resolution and shall in no way affect the validity of the other provisions of this resolution or of the Note.

**Section 17.** Effective Date. This resolution shall be in full force and effect from and after its adoption and approval.

**ADOPTED BY THE BOARD OF COMMISSIONERS OF THE HOUSING  
AUTHORITY OF THE COUNTY OF KING AT AN OPEN PUBLIC MEETING THIS 16<sup>TH</sup>  
DAY OF DECEMBER, 2019.**

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

By: \_\_\_\_\_  
**Douglas J. Barnes, Chair**  
Board of Commissioners

ATTEST:

\_\_\_\_\_  
**Stephen J. Norman**  
Executive Director and Secretary-Treasurer

## CERTIFICATE

I, the undersigned, the duly chosen, qualified and acting Executive Director and Secretary-Treasurer of the Housing Authority of the County of King (the “Authority”), and keeper of the records of the Authority, CERTIFY:

1. That the attached Resolution No. 5644 (the “Resolution”) is a true and correct copy of the resolution of the Board of Commissioners of the Authority as adopted at a meeting of the Authority held on December 16, 2019, and duly recorded in the minute books of the Authority.

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

IN WITNESS WHEREOF, I have hereunto set my hand this 16<sup>th</sup> day of December, 2019.

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**Stephen J. Norman**

Executive Director and Secretary-Treasurer

# T A B N U M B E R

7



**To:** Board of Commissioners

**From:** Windy K. Epps, Assistant Director of Finance

**Date:** November 22, 2019

**Re:** **Third Quarter 2019 Financial Statements**

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### ***EXECUTIVE SUMMARY***

Third quarter financial results tracked well against budget projections. Operating revenue exceeded the adopted 2019 budget by 1.2% while operating expenses were under budget by 3.3%. Most of the positive results in operating revenue stem from the Housing Choice Voucher program which has exceeded budget projections by \$2.5 million. Operating expenses have lagged budget in several categories, most notably in Administrative and Maintenance/Utility and Expenses. Projected year end reserve levels are within anticipated parameters and all balance sheet metrics are in compliance with required covenants.

Throughout the first three quarters of 2019, HUD used an interim proration of 97.18% for the Public Housing Operating Fund Subsidy, which is significantly above the budgeted proration of 90%. Earlier in the year, HUD projected that 2019 proration levels were expected to reach 99.15%. Revised projections now peg proration at 96.33%. This proration level will result in 2019 revenue that is \$609,000 higher than included in the original 2019 adopted budget but \$311,000 lower than found in the mid-year financial projection.

Earlier in 2019, KCHA was awarded a 2019 Housing Choice Voucher program inflation factor of 2.173% with a 99.5% prorate. Compared to the budgeted 1.0% inflation and 99.0% prorate, total HCV funding for 2019 reflects an increase of \$2.9 million in block grant funding over 2018 receipts and a positive variance of \$2.4 million vs. the 2019 budget.

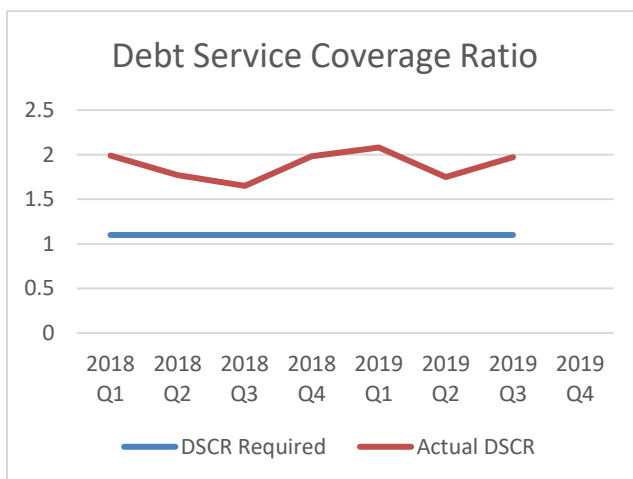
Through the first three quarters of 2019, Housing Choice Voucher (HCV) Housing Assistance Payments (HAP), excluding payments made to landlords on behalf of tenants who have moved into KCHA's service area (ports-in), are over budget by \$749,000 or 0.75% due to rising rental costs beyond initial budget projections. KCHA is a cumulative 234 unit months under target for the year with the over-leasing of vouchers funded through our MTW block grant offset by lower than forecast leasing of incremental Special Purpose Vouchers. Throughout the first nine months of the year, the average HAP payment per voucher was \$10.91 higher than budget estimates. For September HAP payments, this variance was down to \$2.75 per voucher.

## QUARTERLY HIGHLIGHTS

In July, a ribbon cutting was held at Windsor Heights by Puget Sound Energy, Washington State University and KCHA to commemorate the installation of solar panels at three KCHA properties: Windsor Heights, the Village at Overlake Station and Meadows on Lea Hill. Collectively these new installations will generate 82 Kw annually. A \$247,000 grant provided jointly through PSE's Green Power Program and Washington State University's Energy Program covered installation costs.

The acquisitions of the Emerson and Kendall Ridge Apartments closed in the third quarter or shortly thereafter. Microsoft has committed \$60 million in 15 year, 1% interest only mezzanine financing for KCHA's acquisition pipeline. Based upon this commitment KCHA went to market in October with \$135.75 million in tax exempt bonds to provide the final piece of the debt structure for these acquisitions. \$63.2 million of these bonds were KCHA AA issuances and an additional \$72.5 million were King County enhanced AAA bonds. The all-in cost of this debt has been fixed for 20 years at 2.97%.

Due to certain debt covenants, KCHA must maintain a debt service coverage ratio of 1.1 or better. The debt service coverage ratio is calculated by dividing net operating income by the annual required debt service payments and is a measure of the ability of a borrower to meet current debt obligations. A ratio of 1.0 or greater means the borrower has sufficient income to cover its obligations. KCHA is meeting this covenant. Below is a chart detailing the recent history of this important metric:



## ***CASH AND INVESTMENT SUMMARIES***

Overall cash balances were up by \$8.6 million during the quarter, primarily due to cash generated from the bond properties. For a complete report on KCHA's overall cash position at the end of the quarter, please see page 10.

### **Investment Summary (in millions) as of September 30, 2019**

	Amount	Yield	% of Total
Invested in the Local Government Investment Pool & Masterfund	\$81.5	2.19%	36.8%
Invested by KCHA	66.4	2.01%	30.0%
Cash held by trustees	13.3	0.10% *	6.0%
Cash held in checking and savings accounts	37.2	0.10% *	16.8%
Invested by KCHA	\$198.3	1.70%	89.6%
Cash loaned for low income housing & EPC project purposes	23.0	4.97%	10.4%
Loaned by KCHA	23.0	4.97%	10.4%
Total	\$221.4	1.95%	100.0%

\*Estimate

The overall Return on Investment (ROI) on KCHA investments, including loans made for low income housing and EPC project purposes, was 1.95%, down from 2.13% last quarter. This drop is attributable to the overall decline in interest rates as the Fed continues to lower its target rate, currently set at 1.50%. The Fed has lowered the rate three times in recent months, with the most recent cut occurring on October 31<sup>st</sup>. The Washington State Treasurer's Local Government Investment Pool (LGIP) average interest rate for the quarter was 2.18%. Total investment returns through the third quarter were \$3,329,363 million against a projected return of \$2,859,499.



Third Quarter 2019 Financial Report  
December 16, 2019 Board Meeting  
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Balances and quarterly activity for MTW and COCC cash reserves are:

Reserve Balances

(in millions of dollars)

MTW Cash, Beginning of Quarter	\$19.3	
<i>Quarterly change:</i>		
Block grant cash receipts from HUD	35.6	
Operating Fund subsidy related to resident service activities	0.1	
Quarterly HAP payments sourced from the block grant	(29.5)	
Quarterly block grant administrative fees paid to Section 8	(2.3)	
Additional subsidy transferred to Public Housing properties	(0.2)	
Capital construction projects	(3.0)	
Unit upgrades	(0.8)	
Direct social service expenses	(1.0)	
Homeless Housing expenses	(0.6)	
Other net changes	(0.2)	
MTW Cash, End of Quarter	\$17.4	(1)
<i>Less Reserves:</i>		
Restricted reserve-Green River collateral	(5.2)	
Restricted reserve-FHLB collateral	(3.9)	
FSS reserves	(0.3)	
MTW Available Cash, End of Quarter	\$8.0	
COCC Cash, Beginning of Quarter	\$56.0	
<i>Quarterly change:</i>		
Fee revenue	2.5	
Transfer in General Support	3.0	
Net lending activity	(0.2)	
Used for construction projects	0.4	
Short-term receivable	(1.8)	
Administrative expenses	(3.4)	
Other net change	2.3	
COCC Cash, End of Quarter	\$58.8	
<i>Less Reserves:</i>		
Liquidity reserves for King County credit enhancement	(16.0)	
COCC Working Capital Cash, End of Quarter	\$42.7	

1) Excludes \$9.5M of the MTW block grant held by HUD.

### ***CAPITAL INVESTMENTS (Including tax credit partnerships)***

The following schedule shows the budget versus actual costs of both KCHA-owned properties and KCHA-managed tax credit partnerships' capital projects through the third quarter.

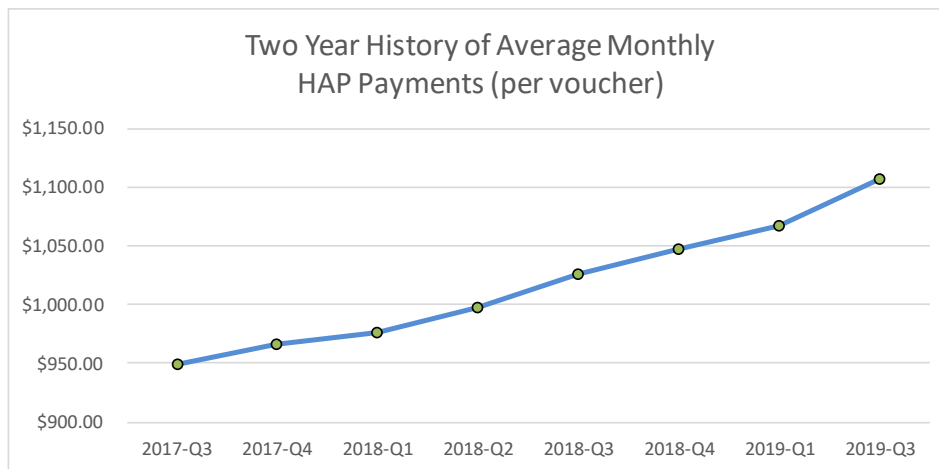
	Actuals Thru 9/30/2019	Budget Thru 9/30/2019	YTD Variance	Percent of Annual Budget	2019 Annual Budget
<b>CONSTRUCTION ACTIVITIES</b>					
<i>Managed by Capital Construction Department</i>					
Public Housing	\$5,579,389	\$9,579,688	(\$4,000,299) (1)	54.8%	\$10,175,023
509 Properties	1,536,753	1,136,851	399,902 (2)	123.2%	1,247,422
Other Properties	1,264,577	1,200,842	63,735	71.6%	1,766,049
	8,380,719	11,917,381	(3,536,662)	63.5%	13,188,494
<i>Managed by Housing Management Department</i>					
Unit Upgrade Program	3,058,718	3,185,856	(127,138)	72.1%	4,244,411
Energy Performance Contract	3,222,285	3,576,780	(354,495)	75.9%	4,247,414
Other Projects	4,057	-	4,057	N/A	-
	6,285,060	6,762,636	(477,576)	74.0%	8,491,825
<i>Managed by Asset Management Department</i>					
Bond Properties-managed by KCHA staff	819,870	953,701	(133,831) (3)	86.0%	953,701
Bond Properties-managed by external property mgt	2,666,741	4,555,094	(1,888,353) (4)	52.5%	5,078,600
	3,486,611	5,508,795	(2,022,184)	57.8%	6,032,301
<b>Subtotal Construction Activities</b>	<b>18,152,389</b>	<b>24,188,812</b>	<b>(6,036,423)</b>	<b>65.5%</b>	<b>27,712,620</b>
<b>DEVELOPMENT ACTIVITY</b>					
<i>Managed by Hope VI Department</i>					
Greenbridge	3,096,050	4,490,993	(1,394,943) (5)	58.9%	5,252,925
Notch	14,631	28,900	(14,269)	38.3%	38,200
	3,110,681	4,519,893	(1,409,212)	58.8%	5,291,125
<i>Managed by Development Department</i>					
Other Projects	951,466	2,796,885	(1,845,419) (6)	25.5%	3,726,200
	951,466	2,796,885	(1,845,419)	25.5%	3,726,200
<b>Subtotal Development Activity</b>	<b>4,062,147</b>	<b>7,316,778</b>	<b>(3,254,631)</b>	<b>45.0%</b>	<b>9,017,325</b>
<b>TOTAL CONSTRUCTION &amp; DEVELOPMENT</b>	<b>\$22,214,537</b>	<b>\$31,505,590</b>	<b>(\$9,291,053)</b>	<b>60.5%</b>	<b>\$36,729,945</b>
<b>PROPERTY ACQUISITIONS &amp; OTHER ASSETS</b>					
Acquisitions	249,975,140				
Egis and Valley Park disposals	(64,838,276)				
Other adjustments	158,513				
<b>TOTAL PER CASH RECONCILIATION REPORT</b>	<b>207,509,914</b>				

- 1) The start date for the Forest Glen and Southridge projects was delayed. Wayland Arms roof replacement and waste lines projects were completed and came in under budget due to scope of work changes. The Houghton project and Wayland Arms ventilation project were both pushed back to the end of 2019/Spring of 2020.
- 2) The Eastridge House roofing project cost of \$295K was unbudgeted. The Greenleaf envelope & deck project was budgeted in 2018, but the project was completed in 2019.
- 3) \$200K was budgeted for Vanatge Glen rockeries & garden design project. The actual project work is expected to start in November. This is partially offset as the Nike siding project exceeded budget.
- 4) \$3.5M was budgeted for parking lot/asphalt, plumbing, ventilation and roofing projects at various bond projects. The projects had started in the third quarter and now expected to be completed in the fourth quarter.
- 5) The Fourth Avenue enhancement project is expected to come in under budget due to a favorable construction bid by Northwest Cascade. Other Greenbridge project costs were under target but expect to catch up to budget in the 4th quarter.
- 6) Much of the Woodland North, Abbey Ridge and Bellevue Manor predevelopment work has not yet occurred in 2019 and will be rolled into 2020. The Issaquah TOD project was delayed but management expects to resume spending by the end of the year.

## PROGRAM ACTIVITIES

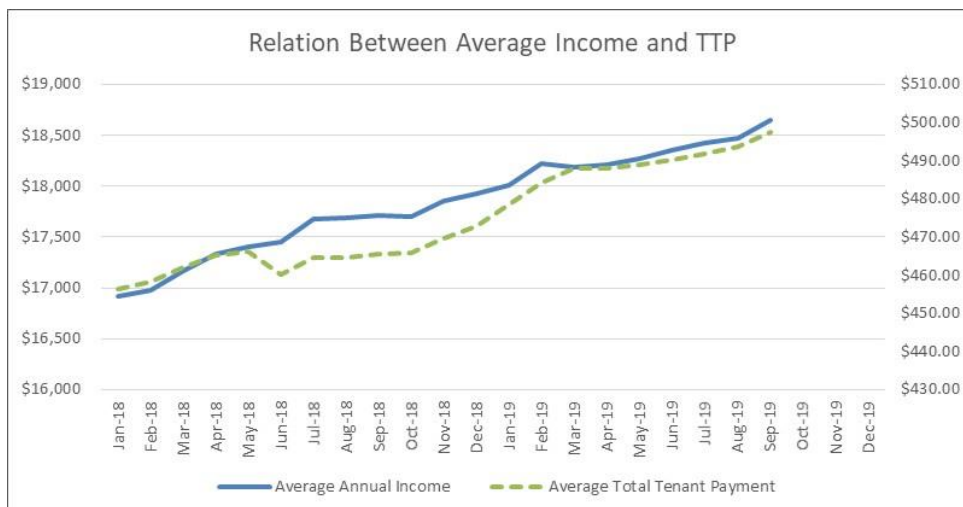
### HOUSING CHOICE VOUCHERS

The average quarterly HAP payment to landlords for all HCV vouchers was \$1,107.41, compared to \$1,093.17 last quarter and \$1,025.95 one year ago.



KCHA's average HAP cost has continued to rise during the 2019. With continued rising market rents for lower priced units, continued low vacancy rates and KCHA's commitment to adequately sizing subsidy payments to enable program participants to reside in higher priced sub-markets, the increase in average HAP costs is expected to continue.

Total Tenant Payment (TTP) is the tenant's monthly contribution towards rent and utilities and is benchmarked at 28.3% of their income. Average TTP for the quarter was \$494.20, up from \$488.98 the previous quarter and \$464.91 one year ago. As indicated by the chart below, this increase appears to be influenced by higher average tenant annual income.



## **MTW PROGRAM**

In the *MOVING TO WORK (MTW) FUND*, KCHA combines certain HUD Public Housing revenues with Housing Choice Vouchers (HCV) Block Grant funding. Out of these aggregated revenues, there are five distinct uses:

### **1. Transfers to the Section 8 program to pay for Housing Assistance Payments to landlords and administrative expenses**

Through the first nine months, block grant payments from HUD have closely tracked against budget projections with a 0.6% positive variance. Amounts used for HAP payments have also been close to the budget, with a small negative variance 0.5%. An additional \$3 million of block grant cash was requested and received from HUD in November. Current projections indicate that KCHA may finish 2019 with \$3 million of HUD-held block grant cash.

<i>(In thousands of dollars)</i>	Actual	Budget	Variance Favorable (Unfavorable)	% Var
HCV Block Grant Revenue	105,893.5	105,308.4	\$585.2	0.6%
Funding of HAP Payments to Landlords	(86,705.3)	(86,308.5)	(396.8)	(0.5%)
Funding of Section 8 Administrative Costs	(6,717.1)	(6,686.7)	(30.4)	(0.5%)
Excess of HCV Block Grant Funding over Expenses	<u>\$ 12,471.2</u>	<u>\$ 12,313.2</u>	<u>\$ 158.0</u>	<u>1.3%</u>

### **2. Payments to Public Housing sites to subsidize the difference between operating costs and tenant revenue**

Throughout the first nine months, traditional Public Housing properties have needed no additional amounts from MTW in support of operations. Of the year-to-date transfer of \$1.7 million indicated below, \$840,000 was for the ongoing support of certain additional expenses at Public Housing properties owned by Low Income Housing Tax Credit (LIHTC) partnerships, and \$900,000 was a one-time transfer to correct a cash shortfall in certain funds due to the effects of a 2019 budgeting error.

<i>(In thousands of dollars)</i>	Actual	Budget	Variance	% Var
Transfers to PH AMPs Based on Need	<u>(\$1,741.0)</u>	<u>(\$994.9)</u>	<u>\$746.1</u>	<u>(75.0%)</u>
Net Flow of Cash(from)/to MTW from/(to) PH	<u>(\$1,741.0)</u>	<u>(\$994.9)</u>	<u>(\$746.1)</u>	<u>75.0%</u>

1) \$900K of the above amount due to a one-time transfer to clear negative cash balances

### 3. Expenditures for homeless and resident service programs

MTW dollars support nearly all resident service programs and various initiatives designed to alleviate and prevent homelessness:

<i>(In thousands of dollars)</i>	Actual	Budget	Variance	% Var	
Public Housing Subsidy earmarked for resident services	\$356.1	\$326.1	\$30.0	9.2%	(1)
Homeless Initiatives	(1,392.2)	(1,893.5)	\$501.2	(26.5%)	(2)
Resident Services	(3,067.9)	(3,250.7)	\$182.9	(5.6%)	
Use of MTW Funds for Special Programs	<u>(\$4,103.9)</u>	<u>(\$4,818.0)</u>	<u>\$714.1</u>	<u>(14.8%)</u>	

- 1) Public Housing subsidy was higher than target as the interim prorate of 97.2% exceeded the budgeted prorate of 90%.
- 2) Homeless program service providers have been slow in billing the Authority. Program expenses are expected to catch up by year-end.

### 4. Other uses of MTW funds

MTW working capital is used for a variety of other purposes. Year-to-date expenditures include:

<i>(In thousands of dollars)</i>	Actual	Budget	Variance	% Var	
Construction Activity & Management Fees	\$6,441.4	\$10,974.6	(\$4,533.3)	(41.3%)	(1)
Green River and Birch Creek debt payments	3,870.8	0.0	3,870.8	n/a	(2)
Misc. Other Uses	2,521.7	2,249.1	272.5	12.1%	
	<u>\$12,833.8</u>	<u>\$13,223.7</u>	<u>(\$389.9)</u>	<u>(2.9%)</u>	

- 1) The College Place envelope and the Forest Glen site improvement projects were budgeted to be funded using MTW funds. However, management decision was made to fund the projects using CFP grant. Also, MTW funded unit upgrade projects are below target as actual projects depend on unit availability and is expected to finish the year slightly under target and under budget.
- 2) Due to MTW cash used to pay for Green River Homes and Birch Creek bond payments.

### 5. Costs to administer the MTW program

Administrative costs are primarily salaries and benefits of those who manage or analyze MTW-funded programs, with year-to-date expenses of \$553,921 or 0.52% of program gross revenues. Expenses are below the year-to-date budget of \$783,547 due mainly to timing issues.

### AGENCY OVERHEAD

The Central Office Cost Center (COCC) aggregates overhead costs for the Authority. The COCC is supported by fees charged to both Federal and non-Federal programs and housing properties, and by transfers of excess cash from non-Federal housing programs. KCHA continues to administer its programs in a fiscally-prudent manner and within HUD guidelines. The net change in available COCC resources is higher than anticipated due to greater than expected transfers of excess cash from bond properties and the transfer of Egis exit tax reserve of \$3 million and other restricted cash of \$1.5 million. The chart below reflects a summary of COCC activity.

Third Quarter 2019 Financial Report  
December 16, 2019 Board Meeting  
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(In thousands of dollars)

	YTD Actual	YTD Budget	Variance	% Var	
<b>Revenues</b>					
Management fees	7,965.8	8,349.9	(\$384.1)	(4.8%)	
Cash transferred-in from properties	10,220.0	4,637.2	5,582.8	54.6%	(1)
Investment income	2,008.2	1,978.4	29.8	1.5%	
Other income	6,268.0	974.9	5,293.0	84.4%	(2)
	<u>\$26,462.0</u>	<u>\$15,940.5</u>	<u>\$10,521.5</u>	<u>39.8%</u>	
<b>Expenses</b>					
Salaries & Benefits	8,585.8	9,336.5	(\$750.7)	(8.7%)	(3)
Administrative Expenses	1,966.0	2,988.4	(1,022.4)	(52.0%)	(4)
Occupancy Expenses	170.3	185.7	(15.4)	(9.0%)	
Other Expenses	533.6	503.3	30.4	5.7%	
	<u>\$11,255.7</u>	<u>\$13,013.8</u>	<u>(\$1,758.1)</u>	<u>(15.6%)</u>	
Net Change in Available COCC Resources	<u>\$15,206.3</u>	<u>\$2,926.7</u>	<u>\$12,279.6</u>		

- 1) Excess cash transfer from local properties was higher than budgeted as a planned transfer in December 2018 did not occur until 2019.
- 2) Due to unbudgeted transfer of Egis exit tax reserve of \$3M and other restricted cash totaling \$1.5M to COCC. Also, transfer of Egis bond defeasance totaling \$581K to COCC.
- 3) Due to unfilled positions.
- 4) Various administrative categories are under target.

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**King County Housing Authority**  
**Consolidated Cash Report**  
**As of 9/30/2019**

	KCHA Cash		Cash of Other Entities
	Current Quarter	Prior Quarter	
Unrestricted	\$50,784,961	\$47,787,068	\$3,980,826
Designated, but Available for General Use			
Excess Cash Flow from Birch Creek	11,600,433	11,588,000	0
Excess Cash Flow from Green River	4,803,316	4,800,000	0
Voluntary Debt Service Reserve-Birch Creek	2,491,234	2,487,521	0
Exit Tax Reserve, Birch Creek	3,004,973	3,000,000	0
Exit Tax Reserve, Egis	3,000,000	3,000,000	0
Liquidity Reserve-County Credit Enhancement Program	13,000,000	13,000,000	0
Total Cash Available for General Use	<b>88,684,917</b>	<b>85,662,589</b>	3,980,826
Other Designated Cash			
Voluntary Replacement Reserves	23,422,340	22,257,622	0
Funds Held by Outside Property Management Companies	28,411,052	19,547,763	0
Excess Cash Reserve	136,900	136,900	400,000
EPC Project Reserves	1,625,000	1,450,000	0
Unspent Debt Proceeds Reserves	297,535	1,382,569	0
Hope VI Loan Interest Income Reserves	1,397,901	(6,464,396)	0
Other Designated Funds	16,883	83,890	268,919
Total Other Designated Cash	55,307,611	38,394,348	668,919
Programmatic Cash			
MTW Program	8,036,127	9,887,428	0
Public Housing	5,687,232	3,869,261	479,480
Housing Choice Voucher Program	1,299,675	(52,111)	0
Energy Performance Contract Project	986,326	887,980	0
Greenbridge/Seola Gardens General Cash Balances	1,938,321	1,748,648	0
Other Programmatic Cash	2,620,956	2,763,952	0
Total Programmatic Cash	20,568,638	19,105,157	479,480
Restricted Cash			
MTW Pledged as Collateral	9,116,347	9,109,835	0
Bond Reserves-1 Year Payment	2,294,699	2,291,494	0
Bond Reserves-P & I	4,083,845	1,807,145	0
Hope VI Lot Sales Proceeds	11,374,405	18,911,701	0
Replacement Reserves	573,896	784,970	928,533
Highland Village/Somerset Projects	(478,514)	5,550,867	0
FSS Reserves	1,459,580	1,500,098	0
Overlake Interest Mitigation Reserve	709,182	963,736	0
Residual Receipts	116,124	116,124	0
Security Deposits	2,798,673	2,655,505	109,723
Other Restricted Cash	1,739,799	2,851,543	0
Total Restricted Cash	33,788,036	46,543,019	1,038,256
TOTAL CASH	<u>\$198,349,202</u>	<u>\$189,705,113</u>	<u>\$6,167,482</u>



**King County Housing Authority**  
**Statements of Financial Position**  
**As of September 30, 2019**

**Assets**

	Public Housing Not For Profit Properties	Other LIH Not for Profit Properties	Housing Net Cash Flow Properties	Other LIH Net Cash Flow Properties	Housing Choice Voucher Program	MTW Program	Development Program	Other Funds	COCC Overhead	Total
Cash-Unrestricted	\$8,303,184	\$4,789,988	(\$151,789)	\$7,734,198	\$1,299,675	\$7,194,312	\$1,358,216	\$2,539,484	\$42,746,637	\$75,813,905
Cash-Designated	668,919	3,843,661	44,395,930	25,192,172	(10,679)	0	1,397,901	2,381,020	16,007,562	93,876,486
Cash-Restricted	654,238	1,294,366	9,413,070	925,925	1,709,639	9,373,149	11,455,907	0	0	34,826,293
Accounts Receivable	183,878	713,744	804,012	5,172,499	268,097	1,079,823	0	847,383	960,308	10,029,745
Other Short-term Assets	3,711	279,172	58,044	9,319	7,774	(315)	0	7,096	22,775	387,575
Long-term Receivables	29,463,997	27,012,392	115,828,867	111,678,858	0	25,051,310	347,109	209,641	34,300,267	343,892,441
Capital Assets	228,233,507	134,683,678	480,660,456	176,241,388	0	13,772	21,481,359	26,329,042	13,557,751	1,081,200,951
Other Assets	536,430	(725)	(900)	260,402	(117)	0	49,550	2,258	662,939	1,509,837
Total Assets	<u>\$268,047,864</u>	<u>\$172,616,276</u>	<u>\$651,007,689</u>	<u>\$327,214,761</u>	<u>\$3,274,389</u>	<u>\$42,712,050</u>	<u>\$36,090,042</u>	<u>\$32,315,924</u>	<u>\$108,258,240</u>	<u>\$1,641,537,234</u>

**Liabilities and Equity**

Short-term Liabilities	\$1,030,184	\$855,388	\$5,949,167	\$1,871,648	\$1,690,925	\$1,253,348	\$271,050	\$3,185,866	\$1,612,266	\$17,719,842
Current Portion of Long-term Debt	0	25,639,098	12,597,852	6,640,010	0	0	0	0	900,000	45,776,960
Long-term Debt	25,231,476	32,618,247	549,869,612	139,695,232	0	0	0	0	22,152,432	769,566,999
Other Long-term Liabilities	<u>2,522,796</u>	<u>1,753,685</u>	<u>527,427</u>	<u>4,360,439</u>	<u>0</u>	<u>0</u>	<u>13,088,810</u>	<u>26,703,486</u>	<u>0</u>	<u>48,956,644</u>
Total Liabilities	28,784,457	60,866,419	568,944,058	152,567,329	1,690,925	1,253,348	13,359,861	29,889,352	24,664,698	882,020,445
Equity	239,263,407	111,749,857	82,063,632	174,647,432	1,583,464	41,458,703	22,730,181	2,426,572	83,593,541	759,516,789
Total Liabilities and Equity	<u>\$268,047,864</u>	<u>\$172,616,276</u>	<u>\$651,007,689</u>	<u>\$327,214,761</u>	<u>\$3,274,389</u>	<u>\$42,712,050</u>	<u>\$36,090,042</u>	<u>\$32,315,924</u>	<u>\$108,258,240</u>	<u>\$1,641,537,234</u>

King County Housing Authority  
Cash Reconciliation Report  
Combined Operations  
Through September 30, 2019

	Actuals	Budget	Favorable (Unfavorable) \$ Variance	Favorable (Unfavorable) % Variance	
<b>BEGINNING UNRESTRICTED/PROGRAM CASH</b>	<b>\$85,201,366</b>				
<i>Rental Revenue and Subsidy</i>					
Tenant Revenue	\$81,261,763	\$80,847,101	\$414,662	0.5%	
Federal Operating Support	8,043,214	7,516,089	527,125	7.0%	
<i>Total Rental Revenue and Federal Support</i>	89,304,977	88,363,190	941,787	1.1%	
<i>Other Operating Revenue</i>					
Federal Support for HCV Program	121,650,816	120,345,592	1,305,224	1.1%	
Other Revenue	56,350,306	55,396,474	953,832	1.7%	
<i>Total Other Operating Revenue</i>	178,001,122	175,742,066	2,259,056	1.3%	
<i>Total Operating Revenue</i>	267,306,099	264,105,256	3,200,843	1.2%	
<i>Operating Expenses</i>					
Salaries and Benefits	(35,594,016)	(37,801,699)	2,207,683	5.8%	
Administrative Expenses	(8,208,564)	(10,065,518)	1,856,954	18.4%	(1)
Maintenance Expenses, Utilities, Taxes	(25,118,804)	(29,301,385)	4,182,581	14.3%	(2)
Management Fees Charged to Properties and Programs	(6,283,244)	(6,080,571)	(202,673)	-3.3%	
HCV Housing Assistance Payments to Landlords	(131,812,455)	(130,593,711)	(1,218,744)	-0.9%	
Other Programmatic Expenses	(7,515,681)	(8,029,660)	513,979	6.4%	
Other Expenses	55,702	0	55,702	n/a	(3)
<i>Total Operating Expenses</i>	(214,477,062)	(221,872,544)	7,395,482	3.3%	
<i>Net Operating Income</i>	52,829,036	42,232,712	10,596,324	25.1%	
<i>Non Operating Income/(Expense)</i>					
Interest Income from Loans	8,056,761	8,756,338	(699,577)	-8.0%	
Interest Expense	(18,020,910)	(19,467,327)	1,446,417	7.4%	
Transfers-in	108,133,918	22,079,356	86,054,562	389.8%	(4)
Transfers-out	(108,133,918)	(22,079,374)	(86,054,544)	-389.8%	(4)
Other Non-operating Income/(Expense)	7,732,958	(424,802)	8,157,760	1920.4%	(5)
<i>Total Non Operating Income/(Expense)</i>	(2,231,190)	(11,135,809)	8,904,619	80.0%	
<i>Capital Activity</i>					
Capital Project Funding, Excluding Debt Issuance	2,442,911	0	2,442,911	n/a	(6)
Capital Project Expenditures	(207,509,914)	(174,684,019)	(32,825,895)	-18.8%	(7)
<i>Total Change in Capital Assets, net of Direct Funding and Debt</i>	(205,067,003)	(174,684,019)	(30,382,984)	-17.4%	
<i>Change in Assets/Liabilities</i>					
Change in Designated/Restricted Cash	(19,283,455)	13,137,431	(32,420,886)	-246.8%	(8,16,17)
Change in Short-term Assets	2,778,528	264,049	2,514,479	952.3%	(9)
Change in Long-term Receivables	69,452,691	12,638,285	56,814,406	449.5%	(10)
Change in Other Assets	216,502	0	216,502	n/a	(11)
Change in Short-term Liabilities	(17,064,183)	(180,970)	(16,883,213)	-9329.3%	(12)
Change in Long-term Debt	120,675,577	107,561,692	13,113,885	12.2%	(13)
Change in Other Liabilities	(7,265,564)	5,445,345	(12,710,909)	-233.4%	(14)
Change in Equity	(4,427,995)	0	(4,427,995)	n/a	(15)
<i>Change in Other Assets/Liabilities</i>	145,082,099	138,865,832	6,216,267	4.5%	
Change in Unrestricted/Program Cash	(\$9,387,058)	(\$4,721,284)	(\$4,665,774)	-98.8%	
<b>ENDING UNRESTRICTED/PROGRAM CASH</b>	<b>\$75,814,308</b>				

<b>BEGINNING DESIGNATED/RESTRICTED CASH</b>	<b>\$109,419,324</b>				
Change in Replacement Reserves	1,400,769	1,696,545	(295,776)	-17.4%	(16)
Change in Debt Service Reserves	1,114,634	0	1,114,634	n/a	(17)
Change in Other Reserves	16,768,052	(14,833,976)	31,602,028	213.0%	(8)
Change in Designated/Restricted Cash	19,283,455	(13,137,431)	32,420,886	246.8%	
<b>ENDING DESIGNATED/RESTRICTED CASH</b>	<b>\$128,702,779</b>				

- 1) Various categories are under target (professional services, admin contracts, computer equipment, and agency-wide training). \$200K EPC one-time fee was budgeted as an administrative expense but was instead capitalized.
- 2) Seasonal and periodic contracts are below target due to timing but are expected to catch up by year-end.
- 3) Most of the Nike fire loss insurance reimbursement was received in 2018 while the actual repair invoices were paid in 2019. Also, due to casualty loss insurance proceeds for Carriage House fire loss.
- 4) Transfer of capital assets to KCHA Egis tax credit properties \$64M, Wonderland and Tall Cedars \$10.3M and Valley Park \$4.5M. Also, transfer of MTW cash totaling \$3.8M to make Birch Creek and Green River Homes 2 bond payments. Finally, unbudgeted transfer of \$1.3M from KCHA local properties to pay down Northwood Square LOC.
- 5) Due to transfer of Egis exit tax reserve balance of \$3M to COCC as KCHA took ownership of the properties. Unbudgeted. Also, due to technical accounting entries to write-off Egis, Valley Park and Wonderland and Tall Cedars receivables and other assets.
- 6) Forest Glen and College Place capital projects were budgeted to be financed using MTW funds. However, management decision was made to use CFP funds.
- 7) Unbudgeted acquisition of Emerson Apartments for \$66M. This is partially offset as three IAM 751 properties budgeted to be aquired by KCHA for \$33M were directly purchased by the Seattle Housing Authority
- 8) Due to \$22.5M increase in management depository accounts for the Bond properties which are reflected as "designated". Amount s are periodically transferred to the KCHA Master Fund bank account. In addition, draw from Somerset project reserve account is less than anticipated in the budget by \$ 2.6M. Also, due to transfer of Egis exit tax reserve and other restricted cash totaling \$4.5M to KCHA. Unbudgeted. Finally, due to deposit of Birch Creek net cash flow distribution and excess cash totaling \$3M into excess cash reserve account.
- 9) Due to collection of HUD Grant Receivable from 2018 accruals and port-in receivables. Elimination of the Egis, Tall Cedars, Wonderland Estate and Valley Park short term receivables as KCHA took ownership. Unbudgeted. Also, due to decrease in tenant receivables. Unbudgeted.
- 10) Elimination Egis, Tall Cedars, Wonderland Estate and Valley Park related party loan receivables/Payables as KCHA took owners hip.
- 11) Elimination of the Egis Other Assets as KCHA took ownership in May 2019.
- 12) Unbudgeted new \$66M Line of credit for the acquisition of Emerson Apartments. See note 7. Also, due to unbudgeted Somerset Key Bank Tax exempt loan totaling \$15M. This is partially offset as the budgeted \$33M long term debt for the acquisition of three IAM 751 properties was not used as the properties were directly purchased by the Seattle Housing Authority .
- 13) Unbudgeted new \$66M Line of credit for the acquisition of Emerson Apartments. See note 8. Also, due to unbudgeted Somerset Key Bank Tax exempt loan totaling \$15M and budgeting error on Higland Village bonda payable \$8.5M. See note 10. This is partially offset as the budgeted \$33M long term debt for the acquisition of three IAM 751 properties was not used as the properties were directly purchased by the Seattle Housing Authority.
- 14) Due to elimination of the Egis Tax Credit Partnership interest on lease payable as KCHA took ownership in May 2019. Also, due to decrease in accounts payable.
- 15) Technical accounting entry to record the acquisition of properties from tax credit partnerships.
- 16) Increase reserves accounts from acquisition of Tall Cedars, Wonderland Estates and Riverstone Apartments. Also, higher than b udgeted deposits into replacement reserve accounts for Newporter and Village at South Station. This is netted by decrease in Egis replacement reserves as the balances were transferred to COCC.
- 17) Unbudgeted bond payment from the 2018 Bond Pool Trustee account.

King County Housing Authority  
Cash Reconciliation Report  
Public Housing Not for Profit  
Through September 30, 2019

	Actual	Budget	Favorable (Unfavorable) \$ Variance	Favorable (Unfavorable) % Variance	
<b>BEGINNING UNRESTRICTED/PROGRAM CASH</b>	<b>\$8,136,831</b>				
<i>Rental Revenue and Subsidy</i>					
Tenant Revenue	\$6,138,142	\$5,798,772	\$339,370	5.9%	
Federal Operating Support	5,790,333	5,665,671	124,662	2.2%	
<i>Total Rental Revenue and Federal Support</i>	11,928,475	11,464,443	464,032	4.0%	
<i>Other Operating Revenue</i>					
Other Revenue	212,245	197,577	14,668	7.4%	
<i>Total Other Operating Revenue</i>	212,245	197,577	14,668	7.4%	
<i>Total Operating Revenue</i>	12,140,720	11,662,020	478,700	4.1%	
<i>Operating Expenses</i>					
Salaries and Benefits	(4,237,345)	(4,244,261)	6,916	0.2%	
Administrative Expenses	(819,108)	(836,814)	17,706	2.1%	
Maintenance Expenses, Utilities, Taxes	(4,441,637)	(4,519,944)	78,307	1.7%	
Management Fees Charged to Properties and Programs	(1,421,339)	(1,264,563)	(156,776)	-12.4%	
Other Programmatic Expenses	(53,038)	(52,478)	(560)	-1.1%	
Other Expenses	(27,450)	0	(27,450)	n/a	
Transfers Out for Operating Purposes	(3,031,651)	0	(3,031,651)	n/a	(1)
<i>Total Operating Expenses</i>	(14,031,569)	(10,918,060)	(3,113,509)	-28.5%	
<i>Net Operating Income</i>	(1,890,848)	743,960	(2,634,808)	-354.2%	
<i>Non Operating Income/(Expense)</i>					
Interest Income from Loans	863,113	1,281,087	(417,974)	-32.6%	(2)
Interest Expense	(887,861)	(1,301,013)	413,152	31.8%	(2)
Other Non-operating Income/(Expense)	4,512,417	(100,467)	4,612,884	4,591.4%	(3)
<i>Total Non Operating Income/(Expense)</i>	4,487,669	(120,393)	4,608,062	3827.5%	
<i>Capital Activity</i>					
Capital Project Funding, Excluding Debt Issuance	7,229,885	11,437,756	(4,207,871)	-36.8%	(4,5)
Capital Project Expenditures	(7,150,823)	(11,582,962)	4,432,139	38.3%	(4,5)
<i>Total Change in Capital Assets, net of Direct Funding and Debt</i>	79,062	(145,206)	224,268	154.4%	
<i>Change in Other Assets/Liabilities/Equity</i>					
Change in Designated/Restricted Cash	4,398,482	(163,278)	4,561,760	2793.9%	(6)
Change in Receivables	56,605,592	(1,285,722)	57,891,314	4502.6%	(7)
Change in Other Assets	1,093,274	0	1,093,274	n/a	(8)
Change in Debt	(49,328,418)	0	(49,328,418)	n/a	(9)
Change in Other Liabilities	(11,125,623)	1,301,013	(12,426,636)	-955.2%	(10)
Change in Equity	(4,152,837)	0	(4,152,837)	n/a	(11)
<i>Change in Other Assets/Liabilities/Equity</i>	(2,509,528)	(147,987)	(2,361,541)	-1595.8%	
<i>Change in Unrestricted/Program Cash</i>	\$166,354	\$330,374	(\$164,020)	-49.6%	
<b>ENDING UNRESTRICTED/PROGRAM CASH</b>	<b>\$8,303,184</b>				

<b>BEGINNING DESIGNATED/RESTRICTED CASH</b>	<b>\$5,721,638</b>				
Change in Replacement Reserves	(1,345,796)	163,278	(1,509,074)	-924.2%	(6)
Change in Debt Service Reserves	0	0	0	n/a	
Change in Other Reserves	(3,052,686)	0	(3,052,686)	n/a	(6)
<i>Change in Designated/Restricted Cash</i>	(4,398,482)	163,278	(4,561,760)	-2793.9%	
<b>ENDING DESIGNATED/RESTRICTED CASH</b>	<b>\$1,323,157</b>				

- 1) Due to unbudgeted transfer of Egis exit tax reserve balance of \$3M to COCC as KCHA took ownership of the properties.
- 2) Full year of interest on financing lease was budgeted for EGIS properties, but actuals stopped in June when KCHA took ownership in May.
- 3) \$2.8M gain on write off of loan from COCC to EGIS and net gain of \$1.7M on acquisition of EGIS capital assets and restricted cash.
- 4) Forest Glen and Southridge projects were delayed resulting in costs coming in below target. Wayland Arms roof replacement and waste lines projects were completed and were under target due to scope of work changes. Also, the Houghton project and Wayland Arms ventilation projects were pushed back to the end of 2019/Spring of 2020. Unit upgrade revenue and expenditures are below target as actual projects depend on unit availability.
- 5) EGIS EPC elevator upgrade project is below target. Work is still in progress, but expenses will now be coded to the EPC project in Fund Group 8 as KCHA acquired Egis properties in May 2019.
- 6) Due to unbudgeted transfer of Egis exit tax reserve \$3M and other restricted cash totaling \$1.5M to COCC fund group.
- 7) Due to the elimination of the Egis related party receivables as KCHA took ownership in May 2019.
- 8) Elimination of the Egis other assets as KCHA took ownership in May 2019.
- 9) Elimination of the Egis debt as KCHA took ownership in May 2019.
- 10) Elimination of the Egis Tax Credit Partnership interest on lease payable as KCHA took ownership in May 2019. Also, due to decrease in accounts payable.
- 11) Technical accounting entry to record the Egis properties exit from the tax credit partnership.

King County Housing Authority  
Cash Reconciliation Report  
Other Low Income Housing-Not for Profit  
Through September 30, 2019

	Actual	Budget	Favorable (Unfavorable) \$ Variance	Favorable (Unfavorable) % Variance	
<b>BEGINNING UNRESTRICTED/PROGRAM CASH</b>	<b>\$5,228,787</b>				
<i>Rental Revenue and Subsidy</i>					
Tenant Revenue	\$10,972,987	\$11,417,551	(\$444,564)	-3.9%	
Federal Operating Support	1,194,601	338,220	856,381	253.2%	(1)
<i>Total Rental Revenue and Federal Support</i>	12,167,588	11,755,771	411,817	3.5%	
<i>Other Operating Revenue</i>					
Federal Support for HCV Program	291,822	327,195	(35,373)	-10.8%	
Other Revenue	3,772,905	3,978,429	(205,524)	-5.2%	
<i>Total Other Operating Revenue</i>	4,064,727	4,305,624	(240,897)	-5.6%	
<i>Total Operating Revenue</i>	16,232,315	16,061,395	170,920	1.1%	
<i>Operating Expenses</i>					
Salaries and Benefits	(2,202,256)	(2,227,240)	24,984	1.1%	
Administrative Expenses	(380,795)	(349,427)	(31,368)	-9.0%	
Maintenance Expenses, Utilities, Taxes	(3,788,471)	(4,077,496)	289,025	7.1%	
Management Fees Charged to Properties and Programs	(805,901)	(807,516)	1,615	0.2%	
Other Programmatic Expenses	(17,509)	(20,247)	2,738	13.5%	
Other Expenses	(30,089)	0	(30,089)	n/a	
Transfers Out for Operating Purposes	(1,300,000)	0	(1,300,000)	n/a	(2)
<i>Total Operating Expenses</i>	(8,525,021)	(7,481,926)	(1,043,095)	-13.9%	
<i>Net Operating Income</i>	7,707,294	8,579,469	(872,175)	-10.2%	
<i>Non Operating Income/(Expense)</i>					
Interest Income from Loans	1,071,948	1,072,800	(852)	-0.1%	
Interest Expense	(1,596,215)	(1,982,785)	386,570	19.5%	(3)
Other Non-operating Income/(Expense)	(4,230,857)	(4,462,373)	231,516	5.2%	
<i>Total Non Operating Income/(Expense)</i>	(4,755,124)	(5,372,358)	617,234	11.5%	
<i>Capital Activity</i>					
Capital Project Funding, Excluding Debt Issuance	12,155,724	1,783,235	10,372,489	581.7%	(4)
Capital Project Expenditures	(17,255,603)	(3,007,779)	(14,247,824)	-473.7%	(4)
<i>Total Change in Capital Assets, net of Direct Funding and Debt</i>	(5,099,879)	(1,224,544)	(3,875,335)	-316.5%	
<i>Change in Other Assets/Liabilities/Equity</i>					
Change in Designated/Restricted Cash	(823,046)	108,333	(931,379)	-859.7%	(5)
Change in Receivables	(134,394)	(242,690)	108,296	44.6%	(6)
Change in Other Assets	169,945	0	169,945	n/a	(7)
Change in Debt	3,614,828	(1,530,959)	5,145,787	336.1%	(8)
Change in Other Liabilities	(1,118,422)	(78,210)	(1,040,212)	-1330.0%	(9)
<i>Change in Other Assets/Liabilities/Equity</i>	1,708,910	(1,743,526)	3,452,436	198.0%	
<i>Change in Unrestricted/Program Cash</i>	(\$438,799)	\$239,041	(\$677,840)	-283.6%	
<b>ENDING UNRESTRICTED/PROGRAM CASH</b>	<b>\$4,789,988</b>				

<b>BEGINNING DESIGNATED/RESTRICTED CASH</b>	<b>\$4,314,980</b>				
Change in Replacement Reserves	679,963	(108,333)	788,296	727.7%	(5)
Change in Debt Service Reserves	(36,185)	0	(36,185)	n/a	
Change in Other Reserves	179,268	0	179,268	n/a	(5)
<i>Change in Designated/Restricted Cash</i>	823,046	(108,333)	931,379	859.7%	
<b>ENDING DESIGNATED/RESTRICTED CASH</b>	<b>\$5,138,026</b>				

1) Due to unbudgeted transfer from MTW to Seola Crossing and Nia GP funds to clear negative cash balances arising from a technical adjustment.

2) Unbudgeted transfer of \$1.3M proceeds from the sale of the Seola Garden Head Start building for payment of Northwood Square debt.

3) Friendly Village is to be added to the 2013 pool late this year. Interest and principal payments were budgeted in anticipation of the refinancing beginning in January.

4) Mainly due to Tall Cedars and Wonderland Estates returning to KCHA ownership.

5) Unbudgeted increase in Tall Cedars and Wonderland Estates restricted cash accounts as the properties returned to KCHA ownership.

6) Mainly due to collection of tenant receivables.

7) Mainly due to decreases in prepaid insurance.

8) Due to the transfer of Tall Cedars and Wonderland Estates debt as the properties returned to KCHA ownership.

9) Mainly due to decreases in accounts payable and prepaid rent.

King County Housing Authority  
Cash Reconciliation Report  
Workforce Housing-Net Cash Flow  
Through September 30, 2019

	Actual	Budget	Favorable (Unfavorable) \$ Variance	Favorable (Unfavorable) % Variance	
<b>BEGINNING UNRESTRICTED/PROGRAM CASH</b>	<b>\$10,740,481</b>				
<i>Rental Revenue and Subsidy</i>					
Tenant Revenue	\$52,189,176	\$51,537,092	\$652,084	1.3%	
<i>Total Rental Revenue and Federal Support</i>	52,189,176	51,537,092	652,084	1.3%	
<i>Other Operating Revenue</i>					
Other Revenue	2,054,356	953,336	1,101,020	115.5%	(1)
<i>Total Other Operating Revenue</i>	2,054,356	953,336	1,101,020	115.5%	
<i>Total Operating Revenue</i>	54,243,532	52,490,428	1,753,104	3.3%	
<i>Operating Expenses</i>					
Salaries and Benefits	(6,228,821)	(6,856,766)	627,945	9.2%	
Administrative Expenses	(3,387,925)	(3,560,260)	172,335	4.8%	
Maintenance Expenses, Utilities, Taxes	(13,729,015)	(17,251,703)	3,522,688	20.4%	(2)
Management Fees Charged to Properties and Programs	(1,100,430)	(1,196,712)	96,282	8.0%	
Other Programmatic Expenses	(145,872)	(256,569)	110,697	43.1%	(3)
Other Expenses	245,389	0	245,389	n/a	(4)
Transfers Out for Operating Purposes	(4,557,252)	(2,603,835)	(1,953,417)	-75.0%	(5)
<i>Total Operating Expenses</i>	(28,903,926)	(31,725,845)	2,821,919	8.9%	
<i>Net Operating Income</i>	25,339,606	20,764,583	4,575,023	22.0%	
<i>Non Operating Income/(Expense)</i>					
Interest Income from Loans	1,985,800	1,882,390	103,410	5.5%	
Interest Expense	(10,640,686)	(11,233,081)	592,395	5.3%	
Other Non-operating Income/(Expense)	1,248,937	0	1,248,937	n/a	(6)
<i>Total Non Operating Income/(Expense)</i>	(7,405,949)	(9,350,691)	1,944,742	20.8%	
<i>Capital Activity</i>					
Capital Project Funding, Excluding Debt Issuance	1,300,000	0	1,300,000	n/a	(7)
Capital Project Expenditures	(173,513,598)	(141,260,494)	(32,253,104)	-22.8%	(8)
<i>Total Change in Capital Assets, net of Direct Funding and Debt</i>	(172,213,598)	(141,260,494)	(30,953,104)	-21.9%	
<i>Change in Other Assets/Liabilities/Equity</i>					
Change in Designated/Restricted Cash	(16,933,900)	11,176,689	(28,110,589)	-251.5%	(9,14,15)
Change in Receivables	(7,021,576)	15,143,587	(22,165,163)	-146.4%	(10)
Change in Other Assets	398,284	0	398,284	n/a	(11)
Change in Debt	165,123,305	109,715,162	55,408,143	50.5%	(12)
Change in Other Liabilities	1,821,558	0	1,821,558	n/a	(13)
<i>Change in Other Assets/Liabilities/Equity</i>	143,387,671	136,035,438	7,352,233	5.4%	
<i>Change in Unrestricted/Program Cash</i>	(\$10,892,271)	\$6,188,836	(\$17,081,107)	-276.0%	
<b>ENDING UNRESTRICTED/PROGRAM CASH</b>	<b>(\$151,789)</b>				

<b>BEGINNING DESIGNATED/RESTRICTED CASH</b>	<b>\$36,875,101</b>				
Change in Replacement Reserves	1,682,784	1,273,311	409,473	32.2%	(14)
Change in Debt Service Reserves	1,150,819	0	1,150,819	n/a	(15)
Change in Other Reserves	14,100,297	(12,450,000)	26,550,297	213.3%	(9)
<i>Change in Designated/Restricted Cash</i>	16,933,900	(11,176,689)	28,110,589	251.5%	
<b>ENDING DESIGNATED/RESTRICTED CASH</b>	<b>\$53,809,000</b>				

- 1) Interest income from investments was higher than budgeted by \$377K due to rising interest rates. PSE grants income in the amount of \$653K to Windsor Heights, Overlake, Somerset, Highland Village and Meadows.
- 2) Seasonal and periodic contracts are below target due to timing but are expected to catch up by year-end.
- 3) No actuals for budgeted social service contracts at three of the IAM 751 properties as they were acquired directly by the Seattle Housing Authority. Security patrols under target due to switching over to a new security firm charging a lower rate.
- 4) Casualty loss insurance proceeds for Carriage House fire loss occurred in September of 2017. This is partially offset by technical accounting entry to clear Fairwood Apartments capital suspense account.
- 5) Transfer outs of excess cash from Bond properties to COCC was higher than budgeted. This is partially offset due transfer of the 2013 pool debt from Fairwood to Northwood Square.
- 6) The City of Bellevue grant to Highland Village totaling \$2M was budgeted in 2018 but received in January 2019. Also, a llocation of 2013 pool debt totaling \$1.74M from Landmark to Northwood Square. These variances were offset by the subsequent allocation of \$2.4M of the 2013 Pool from Fairwood to Landmark.
- 7) \$1.3M transferred from COCC for the purchase of Seola Garden Head Start building.
- 8) Unbudgeted acquisition of Emerson Apartments for \$66M. This is partially offset as three IAM 751 properties budgeted to be acquired by KCHA for \$33M were directly purchased by the Seattle Housing Authority .
- 9) Due to \$22.5M increase in management depository accounts for the Bond properties which are reflected as "designated". Amounts are periodically transferred to the KCHA Master Fund bank account. In addition, draw from Somerset project reserve account is less than anticipated in the budget by \$2.6M. Finally, Kendall Ridge earnest money deposit of \$1M.
- 10) Mainly due to unbudgeted new Somerset Key Bank Tax exempt loan totaling \$15M the proceeds of which was used for the repayment of the Somerset interim loan. Also, due to budgeting error on Highland Village loan receivable of \$8.5M.
- 11) Due to decrease in prepaid insurance.
- 12) Unbudgeted new \$66M Line of credit for the acquisition of Emerson Apartments. See note 8. Also, due to unbudgeted Somerset Key Bank Tax exempt loan totaling \$15M and budgeting error on Higland Village bonda payable \$8.5M. See note 10. This is partially offset as the budgeted \$33M long term debt for the acquisition of three IAM 751 properties was not used as the properties were directly purchased by the Seattle Housing Authority.
- 13) Mainly due to unbudgeted 2018 pool interest payable and increase in security deposits at newly acquired Riverstone Apartments, Juanita View and Kirkland Heights Apartments.
- 14) Replacement reserve received upon acquisition of Riverstone Apartments. Also, higher than budgeted deposits into replacement reserve accounts for Newporter and Village at South Station.
- 15) Unbudgeted Bond payment from the 2018 Bond Pool Trustee account and payments to Somerset Bond Reserve.

King County Housing Authority  
Cash Reconciliation Report  
Other Low Income Housing-Net Cash Flow  
Through September 30, 2019

	Actual	Budget	Favorable (Unfavorable) \$ Variance	Favorable (Unfavorable) % Variance	
<b>BEGINNING UNRESTRICTED/PROGRAM CASH</b>	<b>\$9,347,364</b>				
<i>Rental Revenue and Subsidy</i>					
Tenant Revenue	\$11,844,406	\$12,018,626	(\$174,220)	-1.4%	
Federal Operating Support	234,189	7,614	226,575	2975.8%	(1)
<i>Total Rental Revenue and Federal Support</i>	<u>12,078,595</u>	<u>12,026,240</u>	<u>52,355</u>	<u>0.4%</u>	
<i>Other Operating Revenue</i>					
Other Revenue	6,018,866	548,664	5,470,202	997.0%	(2)
<i>Total Other Operating Revenue</i>	<u>6,018,866</u>	<u>548,664</u>	<u>5,470,202</u>	<u>997.0%</u>	
<i>Total Operating Revenue</i>	<u>18,097,461</u>	<u>12,574,904</u>	<u>5,522,557</u>	<u>43.9%</u>	
<i>Operating Expenses</i>					
Salaries and Benefits	(1,732,907)	(1,766,351)	33,444	1.9%	
Administrative Expenses	(634,405)	(662,694)	28,289	4.3%	
Maintenance Expenses, Utilities, Taxes	(2,713,386)	(3,044,595)	331,209	10.9%	(3)
Management Fees Charged to Properties and Programs	(353,663)	(358,956)	5,293	1.5%	
Other Programmatic Expenses	(103,753)	(140,055)	36,302	25.9%	
Other Expenses	34,688	0	34,688	n/a	
Transfers Out for Operating Purposes	(5,195,037)	(2,033,379)	(3,161,658)	-155.5%	(4)
<i>Total Operating Expenses</i>	<u>(10,698,462)</u>	<u>(8,006,030)</u>	<u>(2,692,432)</u>	<u>-33.6%</u>	
<i>Net Operating Income</i>	<u>7,398,999</u>	<u>4,568,874</u>	<u>2,830,125</u>	<u>61.9%</u>	
<i>Non Operating Income/(Expense)</i>					
Interest Income from Loans	2,222,202	2,346,300	(124,098)	-5.3%	
Interest Expense	(3,222,236)	(3,203,767)	(18,469)	-0.6%	
Other Non-operating Income/(Expense)	(442,464)	902,000	(1,344,464)	-149.1%	(5)
<i>Total Non Operating Income/(Expense)</i>	<u>(1,442,498)</u>	<u>44,533</u>	<u>(1,487,031)</u>	<u>-3339.2%</u>	
<i>Capital Activity</i>					
Capital Project Funding, Excluding Debt Issuance	1,469,379	769,683	699,696	90.9%	(6,7)
Capital Project Expenditures	(1,819,672)	(1,298,489)	(521,183)	-40.1%	(6,7)
<i>Total Change in Capital Assets, net of Direct Funding and Debt</i>	<u>(350,292)</u>	<u>(528,806)</u>	<u>178,514</u>	<u>33.8%</u>	
<i>Change in Other Assets/Liabilities/Equity</i>					
Change in Designated/Restricted Cash	(4,148,399)	(297,108)	(3,851,291)	-1296.3%	(8)
Change in Receivables	7,111,854	2,841,215	4,270,639	150.3%	(9)
Change in Other Assets	158,193	0	158,193	n/a	(10)
Change in Debt	(8,649,298)	(5,446,971)	(3,202,327)	-58.8%	(11)
Change in Other Liabilities	(1,416,568)	(123,791)	(1,292,777)	-1044.3%	(12)
Change in Equity	(275,159)	0	(275,159)	n/a	(13)
<i>Change in Other Assets/Liabilities/Equity</i>	<u>(7,219,375)</u>	<u>(3,026,655)</u>	<u>(4,192,720)</u>	<u>-138.5%</u>	
Change in Unrestricted/Program Cash	<u>(\$1,613,166)</u>	<u>\$1,057,946</u>	<u>(\$2,671,112)</u>	<u>-252.5%</u>	
<b>ENDING UNRESTRICTED/PROGRAM CASH</b>	<b><u>\$7,734,198</u></b>				

<b>BEGINNING DESIGNATED/RESTRICTED CASH</b>	<b>\$21,969,698</b>				
Change in Replacement Reserves	317,817	297,108	20,709	7.0%	
Change in Debt Service Reserves	0	0	0	n/a	
Change in Other Reserves	3,830,582	0	3,830,582	n/a	(8)
Change in Designated/Restricted Cash	<u>4,148,399</u>	<u>297,108</u>	<u>3,851,291</u>	<u>1296.3%</u>	
<b>ENDING DESIGNATED/RESTRICTED CASH</b>	<b><u>\$26,118,097</u></b>				

- 1) Technical adjustments
- 2) Transfer-in of MTW cash totaling \$3.8M to make Birch Creek and Green River Homes 2 bond payment (budget assumed alternate funding sources). Also, unbudgeted transfer of \$1.3M from KCHA local properties to pay down Northwood Square LOC. Lastly, transfer of \$325K restricted cash from Valley Park as KCHA took ownership.
- 3) Due to bill timing, utility expenses were lower than budgeted. Maintenance projects related to turnovers were lower than budgeted as they tend to increase towards yearend.
- 4) Excess cash transferred to the COCC was higher than anticipated in the budget as expected transfer at end of 2018 did not occur until 2019. Allocation of 2013 pool debt totaling \$1.74M from Landmark to Northwood Square which was subsequently paid-off during the third quarter.
- 5) Draw of \$1.1M from CFP grant was budgeted for Birch Creek debt payment. Instead, MTW funds were used. See note 2. Also, due to loss on disposal of Valley Park assets as KCHA took ownership in March.
- 6) As the Northwood Square envelope and roof project exceeded target, the related capital construction transfer from MTW was higher than anticipated in the budget.
- 7) Twelve unit upgrades have already occurred at Hidden Village, which is higher than the five units anticipated for the whole year.
- 8) Deposit of Birch Creek net cash flow distribution and excess cash totaling \$3M into excess cash reserve account. The net cash flow was originally slated to pay debt service. Also, due to increases in management depository accounts which are reflected as "designated". Amounts are periodically transferred to the KCHA Master Fund bank account.
- 9) Repayment of KCHA notes and lease receivable from the proceeds of tax credit projects net cash flow distribution was higher than anticipated in the budget. Also, due to elimination of the Valley Park related party receivables as KCHA took ownership of the property.
- 10) Mainly from decrease in prepaid insurance.
- 11) Elimination of the Valley Park tax credit partnership lease payable as KCHA took ownership of the property. Also, due to payment of the Northwood Square Line-of-Credit.
- 12) Repayment KCHA internal loans from the proceeds of tax credit projects net cash flow distribution was higher than anticipated in the budget. In addition, due to elimination of the Valley Park tax credit partnership related party payables as KCHA took ownership of the property. Finally, due to decrease in accounts payable.
- 13) Technical accounting entry to record the acquisition of Valley Park from the tax credit partnership.

King County Housing Authority  
Cash Reconciliation Report  
Housing Choice Voucher Program  
Through September 30, 2019

Cash Reconciliation Report Housing Choice Voucher Program Through September 30, 2019	Actual	Budget	Favorable (Unfavorable) \$ Variance	Favorable (Unfavorable) % Variance	
<b>BEGINNING UNRESTRICTED/PROGRAM CASH</b>	<b>(\$641,579)</b>				
<i>Operating Revenue</i>					
Federal Support for HCV Program	108,887,809	107,705,247	1,182,562	1.1%	
Revenue from Collection	\$117,052	\$75,060	\$41,992	55.9%	(1)
Portability Income	31,506,284	30,563,536	942,748	3.1%	
Other Revenue	2,032,972	1,705,698	327,274	19.2%	(2)
<i>Total Operating Revenue</i>	142,544,117	140,049,541	2,494,576	1.8%	
<i>Operating Expenses</i>					
Salaries and Benefits	(5,425,373)	(5,913,040)	487,667	8.2%	
Administrative Expenses	(541,857)	(682,111)	140,254	20.6%	(3)
Maintenance Expenses, Utilities, Taxes	(227,516)	(209,679)	(17,837)	-8.5%	
Management Fees Charged to Properties and Programs	(2,357,578)	(2,210,688)	(146,890)	-6.6%	
HCV Housing Assistance Payments to Landlords	(100,285,836)	(100,030,175)	(255,661)	-0.3%	
HCV Housing Assistance Payment-Ports In	(31,526,618)	(30,563,536)	(963,082)	-3.2%	
Other Programmatic Expenses	(105,049)	(112,041)	6,992	6.2%	
<i>Total Operating Expenses</i>	(140,469,828)	(139,721,270)	(748,558)	-0.5%	
<i>Net Operating Income</i>	2,074,289	328,271	1,746,018	531.9%	
<i>Non Operating Income/(Expense)</i>					
Other Non-operating Income/(Expense)	(175,833)	(258,957)	83,125	32.1%	(4)
<i>Total Non Operating Income/(Expense)</i>	(175,833)	(258,957)	83,125	32.1%	
<i>Capital Activity</i>					
<i>Total Change in Capital Assets, net of Direct Funding and Debt</i>	(95)	0	(95)	n/a	
<i>Change in Other Assets/Liabilities/Equity</i>					
Change in Designated/Restricted Cash	(102,752)	0	(102,752)	n/a	(5)
Change in Receivables	30,042	0	30,042	n/a	(6)
Change in Other Assets	49,096	0	49,096	n/a	(7)
Change in Other Liabilities	66,507	0	66,507	n/a	(8)
<i>Change in Other Assets/Liabilities/Equity</i>	42,893	0	42,893	n/a	
Change in Unrestricted/Program Cash	\$1,941,254	\$69,314	\$1,871,940	2700.7%	
<b>ENDING UNRESTRICTED/PROGRAM CASH</b>	<b>\$1,299,675</b>				

<b>BEGINNING DESIGNATED/RESTRICTED CASH</b>					<b>\$1,596,208</b>
Change in Replacement Reserves	0	0	0	n/a	
Change in Debt Service Reserves	0	0	0	n/a	
Change in Other Reserves	102,752	0	102,752	n/a	(5)
Change in Designated/Restricted Cash	102,752	0	102,752	n/a	
<b>ENDING DESIGNATED/RESTRICTED CASH</b>					<b>\$1,698,960</b>

- 1) As more emphasis was made on collection of balance owed accounts, higher than anticipated recoveries were made during the third quarter.
- 2) Special one-time portability admin fee totaling \$489K was received but not budgeted.
- 3) Various categories were under target (i.e., computer equipment, administrative contracts, and professional services). Most of the expenses for the briefing refresh project is expected to be incurred in the fourth quarter.
- 4) Flex Fund for VASH/FUP/Tenant Based/Holding Fees are under budget primarily because the issuance of Section 8 vouchers have slowed down from 25/month to almost zero for four consecutive months as leasing efforts have been focused on CMTO program participants.
- 5) Mainly due to increase to FSS escrow account. KCHA does not budget for changes in escrow accounts.
- 6) Decrease in short-term receivables mainly due to collection of port-in receivable.
- 7) Mainly due to a decrease in prepaid insurance.
- 8) Mainly due to an increase in short-term liabilities.

King County Housing Authority  
Cash Reconciliation Report  
MTW Program  
Through September 30, 2019

	Actual	Budget	Favorable (Unfavorable) \$ Variance	Favorable (Unfavorable) % Variance	
<b>BEGINNING UNRESTRICTED/PROGRAM CASH</b>	<b>\$11,592,500</b>				
<i>Federal Support</i>					
Block Grant Revenue	\$105,893,515	\$105,308,361	\$585,154	0.6%	
Less: Used for HAP	(86,705,263)	(86,308,501)	(396,762)	-0.5%	
Less: Used HCV Administrative Program Support	(6,717,067)	(6,686,710)	(30,357)	-0.5%	
Federal Operating Support	356,141	326,133	30,008	9.2%	
<i>Total Net Federal Support</i>	12,827,326	12,639,283	188,043	1.5%	
<i>Other Operating Revenue</i>					
Other Revenue	242,386	155,511	86,875	55.9%	(1)
<i>Total Other Operating Revenue</i>	242,386	155,511	86,875	55.9%	
<i>Total Operating Revenue</i>	13,069,712	12,794,794	274,918	2.1%	
<i>Program Expenses</i>					
Resident Service Salaries and Benefits	(2,056,867)	(2,237,290)	180,423	8.1%	
Resident Service Program and Administrative Expenses	(1,010,989)	(1,013,428)	2,439	0.2%	
Homeless Salaries and Benefits	(293,627)	(316,174)	22,547	7.1%	
Homeless Program and Administrative Expenses	(1,098,584)	(1,577,284)	478,700	30.3%	(2)
Policy Salaries and Benefits	(467,251)	(516,477)	49,226	9.5%	
Policy Administrative Expenses	(38,127)	(241,344)	203,217	84.2%	(3)
Other Policy Expenses	(1,192,813)	(1,120,068)	(72,745)	-6.5%	
Additional Support of Public Housing Program	(1,740,992)	(994,941)	(746,051)	-75.0%	
Other Programmatic Expenses	(177,345)	(177,345)	0	0.0%	
<i>Total Programmatic Expenses</i>	(8,076,595)	(8,194,351)	117,756	1.4%	
<i>Used for Rehabilitation, Development or Debt Service Purposes</i>					
Funding for Capital Construction Projects	(4,808,096)	(7,984,180)	3,176,084	39.8%	(4)
Funding for Unit Upgrades	(1,493,958)	(1,993,644)	499,686	25.1%	(5)
Management Fees Charged by COCC	(584,343)	(997,773)	413,430	41.4%	(6)
Used for Debt Service Payments	(3,870,821)	0	(3,870,821)	n/a	(7)
<i>Total Rehab, Development and Debt Service Expenses</i>	(10,757,217)	(10,975,597)	218,380	2.0%	
<i>Administrative Expenses</i>					
Salaries and Benefits	(123,650)	(118,684)	(4,966)	-4.2%	
Administrative Expenses	(57,646)	(46,568)	(11,078)	-23.8%	
Internal Management Fees	(20,372)	(28,638)	8,266	28.9%	
<i>Total Administrative Expenses</i>	(201,668)	(193,890)	(7,778)	-4.0%	
<i>Total Operating Expenses</i>	(19,035,480)	(19,363,838)	328,358	1.7%	
<i>Net Operating Income</i>	(5,965,767)	(6,569,044)	603,277	9.2%	
<i>Non Operating Income/(Expense)</i>					
Interest Income from Loans	789,263	785,907	3,356	0.4%	
<i>Total Non Operating Income/(Expense)</i>	789,263	785,907	3,356	0.4%	
<i>Capital Activity</i>					
Capital Project Expenditures	(13,742)	(567,392)	553,650	97.6%	(8)
<i>Total Change in Capital Assets, net of Direct Funding and Debt</i>	(13,742)	(567,392)	553,650	97.6%	
<i>Change in Other Assets/Liabilities/Equity</i>					
Change in Designated/Restricted Cash	(46,828)	0	(46,828)	n/a	(9)
Change in Receivables	815,812	744,408	71,404	9.6%	
Change in Other Assets	2,006	0	2,006	n/a	
Change in Other Liabilities	21,068	0	21,068	n/a	
<i>Change in Other Assets/Liabilities/Equity</i>	792,058	744,408	47,650	6.4%	
Change in Unrestricted/Program Cash	(\$4,398,188)	(\$5,606,121)	\$1,207,933	21.5%	
<b>ENDING UNRESTRICTED/PROGRAM CASH</b>	<b>\$7,194,312</b>				

<b>BEGINNING DESIGNATED/RESTRICTED CASH</b>	<b>\$9,326,321</b>				
Change in Replacement Reserves	0	0	0	n/a	
Change in Debt Service Reserves	0	0	0	n/a	
Change in Other Reserves	46,828	0	46,828	n/a	(9)
Change in Designated/Restricted Cash	46,828	0	46,828	n/a	
<b>ENDING DESIGNATED/RESTRICTED CASH</b>	<b>\$9,373,149</b>				

- 1) Seattle Housing Authority reimbursement of KCHA 50% of the 2017 Fair Market Rent Study fees paid to Washington State University. Also, interest income was higher than budgeted. Lastly, unbudgeted \$27K grant was received from from Public Health Seattle & King County for Data Across Sectors for Health and Housing project.
- 2) Homeless and Education initiative programs service providers have been slow in billing the Authority.
- 3) Professional services and agency-wide training are under target but expected to increase during the fourth quarter.
- 4) As some of the MTW-funded construction projects included in 2019 budget were completed during the fourth quarter of 2018, the actual capital transfer through the third quarter was less than anticipated in the budget. Also, the College Place envelope and the Forest Glen site improvement projects were budgeted to be funded using MTW funds. However, management decision was made to fund the projects using CFP gr ants. Lastly, unbudgeted transfer of \$445K was made to pay off Northwood Square LOC.
- 5) MTW funded unit upgrade projects are below target as actual projects depend on unit availability.
- 6) Reduced construction and unit upgrade activity resulted in lower management fees charged to MTW.
- 7) MTW cash used to pay for Green River Homes 2 and Birch Creek bond payments in lieu of other budgeted funding sources.
- 8) \$470K was budgeted by the Capital Construction department as a placeholder for Architecture and Engineering project costs; actual costs are being coded directly to projects.
- 9) Unbudgeted increase in FSS cash reserve.



King County Housing Authority  
Cash Reconciliation Report  
Development Activities  
Through September 30, 2019

	Actual	Budget	Favorable (Unfavorable) \$ Variance	Favorable (Unfavorable) % Variance	
<b>BEGINNING UNRESTRICTED/PROGRAM CASH</b>	<b>\$1,412,983</b>				
<i>Rental Revenue and Subsidy</i>					
<i>Total Rental Revenue and Federal Support</i>	0	0	0	n/a	
<i>Other Operating Revenue</i>					
Other Revenue	683,952	418,863	265,089	63.3%	(1)
<i>Total Other Operating Revenue</i>	683,952	418,863	265,089	63.3%	
<i>Total Operating Revenue</i>	683,952	418,863	265,089	63.3%	
<i>Operating Expenses</i>					
Salaries and Benefits	(236,607)	(245,123)	8,516	3.5%	
Administrative Expenses	(36,186)	(142,482)	106,296	74.6%	(2)
<i>Total Operating Expenses</i>	(272,793)	(387,605)	114,812	29.6%	
<i>Net Operating Income</i>	411,159	31,258	379,901	1215.4%	
<i>Non Operating Income/(Expense)</i>					
Interest Income from Loans	225	0	225	n/a	
Interest Expense	0	(82,500)	82,500	100.0%	(3)
Other Non-operating Income/(Expense)	1,778,150	1,502,930	275,220	18.3%	(4)
<i>Total Non Operating Income/(Expense)</i>	1,778,375	1,420,430	357,945	25.2%	
<i>Capital Activity</i>					
Capital Project Funding, Excluding Debt Issuance	934,297	124,000	810,297	653.5%	(5)
Capital Project Expenditures	(4,019,199)	(12,903,874)	8,884,675	68.9%	(6)
<i>Total Change in Capital Assets, net of Direct Funding and Debt</i>	(3,084,902)	(12,779,874)	9,694,972	75.9%	
<i>Change in Other Assets/Liabilities/Equity</i>					
Change in Designated/Restricted Cash	(1,587,279)	(243,558)	(1,343,721)	-551.7%	(7)
Change in Receivables	4,775	0	4,775	n/a	
Change in Other Assets	141	0	141	n/a	
Change in Debt	0	5,500,000	(5,500,000)	-100.0%	(3)
Change in Other Liabilities	2,422,962	4,719,097	(2,296,135)	-48.7%	(8)
<i>Change in Other Assets/Liabilities/Equity</i>	840,600	9,975,539	(9,134,939)	-91.6%	
Change in Unrestricted/Program Cash	(\$54,767)	(\$1,352,647)	\$1,297,880	96.0%	
<b>ENDING UNRESTRICTED/PROGRAM CASH</b>	<b>\$1,358,216</b>				

<b>BEGINNING DESIGNATED/RESTRICTED CASH</b>	<b>\$11,266,529</b>				
Change in Replacement Reserves	0	0	0	n/a	
Change in Debt Service Reserves	0	0	0	n/a	
Change in Other Reserves	1,587,279	243,558	1,343,721	551.7%	(7)
Change in Designated/Restricted Cash	1,587,279	243,558	1,343,721	551.7%	
<b>ENDING DESIGNATED/RESTRICTED CASH</b>	<b>\$12,853,808</b>				

- Greenbridge home and lot sales price participation was higher than budgeted.
- Professional real estate and legal costs were budgeted for new acquisitions that had already occurred. These expenses were coded directly to those funds.
- New debt totaling \$5.5M and related interest expense was budgeted for the acquisition of "Howe property", but the project was deemed financially unviable so the acquisition didn't occur.
- Washington DOT and Commerce capital grant totaling \$1.76M was budgeted through the end of the year for the 4th Avenue project. The total amounts for both grants have been received by the end of the third quarter.
- Unbudgeted transfer of the 2017 and 2018 net cash flow distribution from Nia, Salmon Creek and Seola Crossing general partner funds to development fund.
- \$5.5M was budgeted for the acquisition of Howe Property which did not occur. Pre-development activity for Woodland North, Abbey Ridge and Bellevue Manor will be less than originally budgeted in 2019. Pre-development work for Patricia Harris Manor has been postponed to 2020. The Issaquah TOD project was delayed but spending has been resumed during the third quarter. In addition, the Greenbridge Fourth Ave Enhancement project is expected to come in under budget due to a favorable construction bid by Northwest Cascade.
- Restriction of net cash flow distribution transferred from Salmon Creek, Seola Crossing and Nia to the development fund. Deposit to program income reserve from Greenbridge lot sales proceeds was higher than anticipated in the budget.
- Due to decrease in short term liabilities and less than budgeted draw of from COCC internal loan.

King County Housing Authority  
Cash Reconciliation Report  
Other Activities  
Through September 30, 2019

	Actual	Budget	Favorable (Unfavorable) \$ Variance	Favorable (Unfavorable) % Variance	
<b>BEGINNING UNRESTRICTED/PROGRAM CASH</b>	<b>\$2,357,393</b>				
<i>Rental Revenue and Subsidy</i>					
Federal Operating Support	2,208,942	2,173,365	35,577	1.6%	
<i>Total Rental Revenue and Federal Support</i>	2,208,942	2,173,365	35,577	1.6%	
<i>Other Operating Revenue</i>					
Other Revenue	6,383,062	7,216,887	(833,825)	-11.6%	(1)
<i>Total Other Operating Revenue</i>	6,383,062	7,216,887	(833,825)	-11.6%	
<i>Total Operating Revenue</i>	8,592,004	9,390,252	(798,248)	-8.5%	
<i>Operating Expenses</i>					
Salaries and Benefits	(1,547,692)	(1,735,864)	188,172	10.8%	(2)
Administrative Expenses	(135,119)	(293,841)	158,722	54.0%	(3)
Maintenance Expenses, Utilities, Taxes	(20,645)	(12,275)	(8,370)	-68.2%	
Management Fees Charged to Properties and Programs	(24,015)	(19,998)	(4,017)	-20.1%	
Other Programmatic Expenses	(4,285,358)	(4,231,467)	(53,891)	-1.3%	
Transfers Out for Operating Purposes	(950,424)	(1,157,436)	207,012	17.9%	(2)
<i>Total Operating Expenses</i>	(6,963,252)	(7,450,881)	487,629	6.5%	
<i>Net Operating Income</i>	1,628,753	1,939,371	(310,618)	-16.0%	
<i>Non Operating Income/(Expense)</i>					
Interest Income from Loans	0	266,463	(266,463)	-100.0%	(4)
Interest Expense	(1,140,746)	(1,160,928)	20,182	1.7%	
Other Non-operating Income/(Expense)	1,062,950	(2,229,606)	3,292,556	147.7%	(5,6)
<i>Total Non Operating Income/(Expense)</i>	(77,796)	(3,124,071)	3,046,275	97.5%	
<i>Capital Activity</i>					
Capital Project Funding, Excluding Debt Issuance	(10,273,485)	0	(10,273,485)	n/a	(6)
Capital Project Expenditures	(3,222,280)	(3,576,780)	354,500	9.9%	(7)
<i>Total Change in Capital Assets, net of Direct Funding and Debt</i>	(13,495,764)	(3,576,780)	(9,918,984)	-277.3%	
<i>Change in Other Assets/Liabilities/Equity</i>					
Change in Designated/Restricted Cash	2,950,082	2,556,353	393,729	15.4%	(8)
Change in Receivables	13,235,156	0	13,235,156	n/a	(9)
Change in Other Assets	9,214	0	9,214	n/a	
Change in Debt	(4,445,792)	0	(4,445,792)	n/a	(10)
Change in Other Liabilities	378,641	(553,734)	932,375	168.4%	(11)
<i>Change in Other Assets/Liabilities/Equity</i>	12,127,301	2,002,619	10,124,682	505.6%	
<i>Change in Unrestricted/Program Cash</i>	\$182,494	(\$2,758,861)	\$2,941,355	106.6%	
<b>ENDING UNRESTRICTED/PROGRAM CASH</b>	<b>\$2,539,886</b>				

<b>BEGINNING DESIGNATED/RESTRICTED CASH</b>	<b>\$5,331,102</b>				
Change in Replacement Reserves	66,002	71,181	(5,179)	-7.3%	
Change in Debt Service Reserves	0	0	0	n/a	
Change in Other Reserves	(3,016,084)	(2,627,534)	(388,550)	-14.8%	(8)
<i>Change in Designated/Restricted Cash</i>	(2,950,082)	(2,556,353)	(393,729)	-15.4%	
<b>ENDING DESIGNATED/RESTRICTED CASH</b>	<b>\$2,381,020</b>				

- 1) Slow spending on DOE and Matchmaker grants resulted in less than anticipated draw from the grants. Gates Grant revenue budgeted in first quarter is expected to be received in the fourth quarter.
- 2) Salaries and benefits are under budget due to staff vacancies in Weatherization and the related program support allocation was also under target.
- 3) \$200K EPC one-time fee was budgeted as an administrative expense but was instead capitalized.
- 4) Interest income budgeted for Tall Cedars and Wonderland Estates, but both have exited from New Market Tax Credit ownership and returned to KCHA ownership.
- 5) The transfer of EPC debt issuance proceeds to Egis for reimbursement for elevator work is no longer needed as the Egis properties returned to KCHA ownership. Accordingly, the Egis LIHTC partnership will no longer be paying construction costs that have to be reimbursed.
- 6) Technical accounting entry to record the Tall Cedars and Wonderland exit from New Market Tax Credit ownership.
- 7) EPC project costs were lower than forecasted in the budget but are expected to increase in the fourth quarter.
- 8) Deposit of \$700K to EPC rehab reserve was budgeted in the third quarter. However, actual deposits are being made quarterly. Also, due to reclassification of City of Bellevue grant overage balance of \$137K to restricted reserve.
- 9) Due to removal of receivables/payables from Tall Cedars and Wonderland as part of exiting from New Market Tax Credit ownership.
- 10) Elimination of long term debt from Tall Cedars and Wonderland as part of exiting the new market tax credit deal.
- 11) Due to an increase in short-term liabilities and accrual of payroll liabilities.

King County Housing Authority  
Cash Reconciliation Report  
Central Office Cost Center  
Through September 30, 2019

	Actual	Budget	Favorable (Unfavorable) \$ Variance	Favorable (Unfavorable) % Variance	
<b>BEGINNING UNRESTRICTED/PROGRAM CASH</b>					
	\$37,026,604				
<i>Operating Revenue</i>					
Property Management Fees	\$3,696,946	\$3,542,301	\$154,645	4.4%	
Bookkeeping Fees	1,557,249	1,547,586	9,663	0.6%	
Asset Management Fees	1,087,704	1,147,788	(60,084)	-5.2%	
Construction Fees	1,620,287	2,102,670	(482,383)	-22.9%	(1)
Other Revenue	3,093,217	1,283,059	1,810,158	141.1%	(2)
<i>Total Operating Revenue</i>	11,055,401	9,623,404	1,431,997	14.9%	
<i>Operating Expenses</i>					
Salaries and Benefits	(8,586,144)	(9,336,474)	750,330	8.0%	
Administrative Expenses	(1,627,931)	(2,554,435)	926,504	36.3%	(3)
Maintenance Expenses, Utilities, Taxes	(169,896)	(185,693)	15,797	8.5%	
Management Fees Charged to Properties and Programs	(107,098)	(96,489)	(10,609)	-11.0%	
Other Programmatic Expenses	(453)	0	(453)	n/a	
Other Expenses	(166,837)	0	(166,837)	n/a	(4)
Transfers Out for Operating Purposes	(166,460)	0	(166,460)	n/a	(5)
<i>Total Operating Expenses</i>	(10,824,819)	(12,173,091)	1,348,272	11.1%	
<i>Other Operating Sources</i>					
Transfer in-General Support	3,000,000	0	3,000,000	n/a	(6)
Transfer in-Property General Support	0	0	0	n/a	
Transfer in of Excess Cash	10,220,000	4,637,205	5,582,795	120.4%	(7)
Central Maintenance Cash Flow	(246,081)	(48,656)	(197,425)	-405.8%	(8)
Central Vehicle Cash Flow	118,894	(61,408)	180,302	293.6%	(9)
<i>Total Other Operating Sources</i>	13,092,812	4,527,141	8,565,671	189.2%	
<i>Net Operating Income</i>	13,323,395	1,977,454	11,345,941	573.8%	
<i>Non Operating Income/(Expense)</i>					
Interest Income from Loans	1,124,209	1,121,391	2,818	0.3%	
Interest Expense	(533,165)	(503,253)	(29,912)	-5.9%	
COCC Capital Projects	201,598	(300,249)	501,847	167.1%	(10)
Funding for Capital Construction Projects Outside of COCC	(1,371,114)	(210,505)	(1,160,609)	-551.3%	(11)
Other Non-operating Income/(Expense)	(2,860,000)	0	(2,860,000)	n/a	(12)
<i>Total Non Operating Income/(Expense)</i>	(3,438,472)	107,384	(3,545,856)	-3302.0%	
<i>Change in Other Assets/Liabilities/Equity</i>					
Change in Designated/Restricted Cash	(2,989,816)	0	(2,989,816)	n/a	(6)
Change in Receivables	483,482	(4,298,464)	4,781,946	111.2%	(12,13)
Change in Other Assets	(650,554)	0	(650,554)	n/a	
Change in Debt	(675,000)	(675,540)	540	0.1%	
Change in Other Liabilities	(333,002)	0	(333,002)	n/a	(14)
<i>Change in Other Assets/Liabilities/Equity</i>	(4,164,890)	(4,974,004)	809,114	16.3%	
<i>Change in Unrestricted/Program Cash</i>	\$5,720,033	(\$2,889,166)	\$8,609,199	298.0%	
<b>ENDING UNRESTRICTED/PROGRAM CASH</b>	<b>\$42,746,637</b>	(42,746,637.00)			

<b>BEGINNING DESIGNATED/RESTRICTED CASH</b>					
	\$13,017,746				
<i>Change in Replacement Reserves</i>					
Change in Replacement Reserves	0	0	0	n/a	
<i>Change in Debt Service Reserves</i>					
Change in Debt Service Reserves	0	0	0	n/a	
<i>Change in Other Reserves</i>					
Change in Other Reserves	2,989,816	0	2,989,816	n/a	(6)
<i>Change in Designated/Restricted Cash</i>	2,989,816	0	2,989,816	n/a	
<b>ENDING DESIGNATED/RESTRICTED CASH</b>	<b>\$16,007,562</b>				

- 1) Construction management fee is low due to project timing.
- 2) Mainly due to transfer of restricted cash from Egis tax credit partnership to COCC as KCHA took ownership. Also, unbudgeted grant income for solar panel installations at Windsor, Overlake and Meadows. In addition, Comcast revenue exceeded expectations.
- 3) Various categories are under target (professional services, admin contracts, computer equipment, and agency-wide training).
- 4) Prior year adjustment to write-off unused Wonderland Estates home purchase fund.
- 5) Cash transfer from the COCC to local properties to assist in their operations are budgeted in the fourth quarter. Actual transfer is now being made on monthly basis.
- 6) Transfer of Egis exit tax reserve totaling \$3M from the GP fund.
- 7) Excess cash transfer from bond properties was higher than anticipated in the budget as an expected transfer at the end of 2018 did not occur until 2019.
- 8) Union benefits for short-term temporary employees such as retirement, healthcare, and training are not budgeted.
- 9) Mainly decrease in prepaid insurance which is partially offset by higher than anticipated aftermarket install on new vehicles.
- 10) Due to an expansion in the scope of work on the 700 building office remodel. Offset by transfer of bond defeasance from Egis GP fund to COCC.
- 11) \$1.3M transferred from COCC for the purchase of Seola Garden Head Start building.
- 12) Write-off of the \$2.8M COCC loan to Egis. There was no cash impact.
- 13) The Patricia Harris, Abbey Ridge, Woodland North and Bellevue Manor development projects behind schedule resulting in lower draw from COCC internal loan. Lastly, draw from Greenbridge internal loan is expected to increase in the fourth quarter.
- 14) Decrease in short term liabilities.

# T A B N U M B E R

8



# KCHA Executive Dashboard

2019 Q3

July - September 2019

## Households Served

point in time as of September, 2019<sup>1</sup>

21,482

## Finance

	Budgeted	Actual	Actual to Budget	
Revenue year-to-date *	\$264,105,256	\$267,306,099	101.2%	
Expenditure year-to-date *	\$221,872,544	\$214,477,062	96.7%	
LGIP Rate Investments	2.25%	2.19%	-0.06%	
Non-LGIP Investments	2.25%	2.01%	-0.24%	

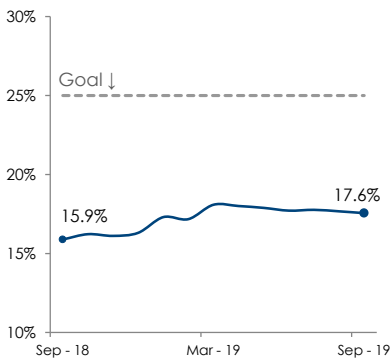
## Housing Management

	Scope	Target	Sept '19	
Public Housing Occupancy <sup>2</sup>	3,730 units	98.0%	99.2%	
Local Programs Occupancy	7,490 units	96.5%	98.4%	
Total Units Online <sup>3</sup>	11,220 units	11,105	11,220	

## Housing Choice Voucher Program Operations

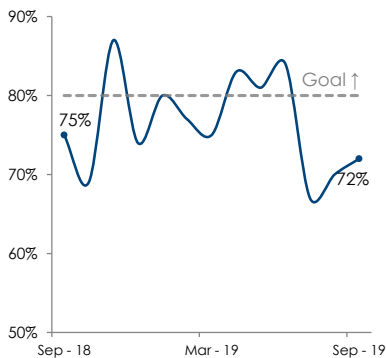
### Shelter Burden

Households paying more than 40% of income for rent and utilities.



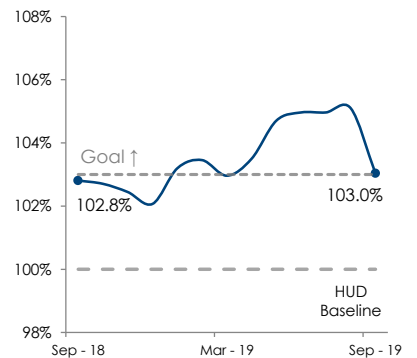
### Shopping Success<sup>4</sup>

Lease-up within 240 days after voucher issuance, by cohort.



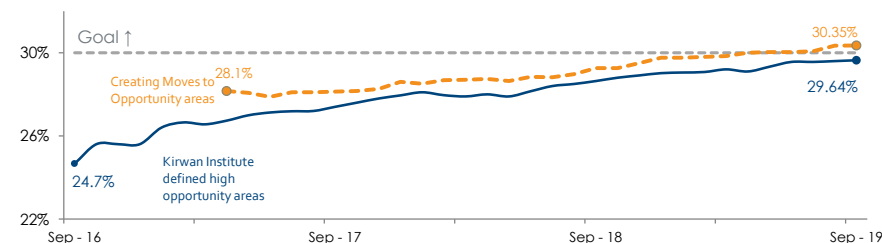
### Utilization Rate<sup>5</sup>

Percentage of HUD ACC leased by month.



## Increasing Access to Opportunity Areas

Percentage of federally-subsidized families with children living in high opportunity areas.



## Notes

1) Includes households in both federally subsidized, workforce housing, and local programs. 2) Excludes 49 units in portfolio where turnover is not tracked monthly. 3) 11,105 represents the agency's acquisition stretch goal by the end of 2020. 4) Represents success of latest cohort to reach 240 days after voucher issuance. 5) Adjusted for 12-month incremental lease-up of new vouchers. The decrease in September 2019 is due only to the inclusion of new Mainstream & VASH ACC awards in the denominator.

# T A B N U M B E R

9



# **KCHA IN THE NEWS**

**December 16, 2019**

AFFORDABLE HOUSING

## County, local housing authority receives HUD support

by [Haley Ausbun](#)

Friday, November 29, 2019 1:30am



Renton will see more affordable housing for very-low income households of folks with disabilities after U.S. Department of Housing and Urban Development awarded \$2.7 million in vouchers to the Housing Authority of King County and Renton Housing Authority (RHA).

The Housing Authority of King County was awarded 198 vouchers at \$2.38 million and RHA was awarded 25 vouchers at \$340,608.

This was part of a HUD announcement of \$131.3 million in additional mainstream vouchers to 325 public housing authorities in the country to provide affordable housing to an estimated 15,363 non-elderly people with disabilities.

“Mainstream vouchers are a critical tool in reducing the risk that people with disabilities might be institutionalized or experience homelessness,” HUD Northwest Regional Administrator Jeff McMorris stated in a HUD press release. “And enable them to live independently in the communities they choose to call home.”

Housing assistance is provided through the HUD’s Mainstream Housing Choice Voucher Program, providing funding to housing agencies to assist these folks, especially those who are transitioning out of an institution or non-residential setting, at risk of being institutionalized, at risk of, in or previously experienced homelessness and/or those in a permanent supportive housing or rapid rehousing project.

This program also helps further the goals of the Americans with Disabilities Act, the press release states, by helping folks live in the most integrated setting, encouraging partnerships with health and human services agencies and showing the ability to coordinate volunteers and enabling folks to live independently in their community.



# MINNESOTA DAILY

MONDAY, DECEMBER 2, 2019 PRINT EDITION

11/26/2019, 7:43PM

## City resource to highlight health metrics of residents in high-rise apartments

*The interactive dashboard will launch in March 2020.*

By TAYLOR SCHROEDER



PARKER JOHNSON

The Hub Apartments in Minneapolis are seen on Tuesday, Nov. 26. High rise building such as these are subject to a new online data dashboard the monitors the health of residents.

City officials are developing a new online interactive data dashboard to organize health metrics of Minneapolis high-rise residents.

The City Council passed the dashboard in the form of grant money from the Minneapolis Public Housing Authority to the City's Health Department last week. It was approved by Mayor Jacob Frey on Monday. The project aims to better residents' understanding of their health needs and encourage public agencies to assess areas of improvement. With the grant money, totaling \$13,260, the Minneapolis Health Department plans to provide an intern to assist with the project.

"We really want [the high-rise residents'] voices to be the ones front and center," said Mageen Caines, a public health data scientist at MHD. "The story is really about how the residents are using data that is their own, that we have

collected on their behalf essentially, and empowering them to continue their advocacy and community engagement work.”

The dashboard will include data from 42 high-rises and over 5,000 residents under MPHA jurisdiction, said Kelly Zelkenka, assistant director of human services at MPHA. MPHA is collaborating with the Minneapolis Highrise Representative Council, a non-profit, to gain input from high-rise residents.

Modeled after Seattle and King County’s housing authorities’ online health profile, MPHA and MHD documents data such as rates of heart disease, emergency room visits and the number of times older residents fall.

“The data has already been collected by the city, the state of Minnesota and MPHA. We will combine that to create a picture of what is happening in our public housing,” said Luisa Pessoa-Brandão, manager of research and evaluation at MHD.

The agencies utilize government vital statistics on causes of death, data collected from 911 calls and medical claims data. Other requests made by MHRC, such as the number of high-rises with community gardens, will be supplied by residents.

In addition to serving residents’ interests, the information collected will help MPHA and MHD determine public needs and connect residents to proper resources.

“We talk to residents directly to see what their lived experience is, what they’re managing well and where they might need support,” Zelkenka said. “At a bigger level, how can we understand what the community needs might be? ... This is where our partnership with the Health Department comes in.”

Although the grant was approved this week, the work for the dashboard is already underway. An initial iteration of the project is set to launch in March 2020.

“The grant passing through City Council is essentially this partnership [between MPHA, MDH and MHRC] in writing,” Pessoa-Brandão said. “We’re hoping to have something — that may not be the final product because we may continue to add to it — but that is usable by the end of March.”

## Countywide, we all have a role in ending homelessness

### GUEST EDITORIAL

Thursday, November 21, 2019 3:08pm



Peter Orser. COURTESY PHOTO

**By Peter Orser, board member of United Way King County, *for the Auburn Reporter***

Our region is known for its incredible economic growth over the last decade. That success has come with the twin issues of those who have been left behind, and a corresponding surge in homelessness.

This is not just a Seattle challenge. Throughout King County, cities and towns of all sizes are working to respond to a record level of people experiencing homelessness. Solving this travesty demands swift, common-sense action – action that gives regional voices and those experiencing homelessness a seat at the table, and action that combines direct service with new housing.

I was a housing developer with Quadrant Homes. I've been the chair of the King County Housing Authority. I served as a Mercer Island City Council member and now have the honor of being on the board of United Way of King County, one of the largest nonprofits in our region focused on ending homelessness. And after years of experience, I can tell you that the scale and complexity of the problem we see today merits a solution of equal size and magnitude.

It's an odd dichotomy. The Pacific Northwest is home to talented, brilliant people on the cutting edge of their respective fields, from tech and business to art and philanthropy. Yet, despite the wealth of knowledge and resources available to us, there are more than 11,000 people experiencing homelessness in King County right now – and when I say “people,” that includes children.

Yes, our region has grown rapidly, and our county and cities have struggled to keep up with the infrastructure needed to make up for the lack of federal investment in affordable housing and services. With or without federal support, we cannot turn the other way and ignore what so many in our region face. It's on us – all of us – to step up and do the right thing for our community.

Right now, doing the right thing means coming together to support a comprehensive, common-sense and regional approach to ending homelessness. This approach champions solutions informed by a diverse set of voices – from

service providers, businesses and philanthropists to those who have firsthand experience with homelessness – and supports the kinds of programs doing the hard work on the ground to tackle the root causes of homelessness.

Seattle, King County, and many of the other 38 “Sound Cities” that make up King County recently proposed a new regional government homelessness agency, and I’m optimistic it will make real strides towards addressing the issue. It is a solution developed after seriously analyzing what worked and didn’t work in other regions facing homelessness across the country. This analysis, plus input from voices in our region and thought leaders across the country, informed the proposal with the intention of ensuring that every community in King County has access to funding, services and policies that can work.

Most importantly, it will bring together expertise across the public, private and nonprofit sectors and prioritize the voices of those with firsthand experience in informing policy decision-making and implementation. For the first time ever on this issue, the other cities in King County will get a seat at the table with Seattle to ensure our efforts are designed in response to the individual needs of each community and are spread equitably throughout the region.

A regional approach is a breath of fresh air after decades of patchwork solutions and one-off initiatives. Most importantly, it is the common-sense solution we need now. We know that ending homelessness isn’t just about tackling addiction, mental health or affordable housing alone. And we’ve learned from other regions that the best approach coordinates systems, pools resources, and empowers cities and neighborhoods to solve this problem more efficiently – and together.

We know this alone won’t be what “ends homelessness” in King County – but it at least gives us a fighting chance to act systemically and equitably. A regional approach is the first, necessary step, with many more steps to come. Because this is not a Seattle issue, or a Bellevue issue. It’s not a Mercer Island or Kent or Shoreline issue. This is something we all have a collective responsibility to engage on.

I’m in. Are you?

*Peter Orser is a board member for United Way King County, Chair of the Runstad Real Estate Department Advisory Board at the University of Washington and a member of the Governor’s State Affordable Housing Advisory Board. He is the former president of Quadrant Homes, a former Mercer Island City Council member and former chairman of the King County Housing Authority.*