September 30, 2013

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,

TROY KELLEY
STATE AUDITOR
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King County Housing Authority  
January 1, 2012 through December 31, 2012

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Federal Summary

King County Housing Authority
January 1, 2012 through December 31, 2012

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

FINANCIAL STATEMENTS

An unmodified opinion was issued on the financial statements of the business-type activities and the aggregate discretely presented component units.

Internal Control Over Financial Reporting:

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

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

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

FEDERAL AWARDS

Internal Control Over Major Programs:

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

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

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

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

The following were major programs during the period under audit:

<table>
<thead>
<tr>
<th>CFDA No.</th>
<th>Program Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>14.866</td>
<td>Demolition and Revitalization of Severely Distressed Public Housing (HOPE VI)</td>
</tr>
<tr>
<td>14.881</td>
<td>Move to Work Demonstration Program</td>
</tr>
<tr>
<td>93.568</td>
<td>Low Income Home Energy Assistance</td>
</tr>
</tbody>
</table>

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

The Housing Authority qualified as a low-risk auditee under OMB Circular A-133.
Independent Auditor’s Report on Internal
Control over Financial Reporting and on
Compliance and Other Matters Based on an
Audit of Financial Statements Performed in
Accordance with Government Auditing
Standards

King County Housing Authority
January 1, 2012 through December 31, 2012

Board of Commissioners
King County Housing Authority
Tukwila, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of the King County Housing Authority, King County, Washington, as of and for the year ended December 31, 2012, 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 26, 2013. Our report includes a reference to other auditors who audited the financial statements of the tax credit partnership as described in our report on the Housing Authority's financial statements. This report includes our consideration of the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors. The financial statements of the tax credit partnerships identified in Note 9 were not audited in accordance with Government Auditing Standards, except for the Rural Housing Preservation LP, which was audited in accordance with Government Auditing Standards.

During the year ended December 31, 2012, the Housing Authority implemented Governmental Accounting Standards Board Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position and Statement No. 65, Items Previously Reported as Assets and Liabilities.

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 and the other auditors 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.

TROY KELLEY
STATE AUDITOR

September 26, 2013
Independent Auditor's Report on Compliance
For Each Major Federal Program and on
Internal Control Over Compliance in
Accordance with OMB Circular A-133

King County Housing Authority
January 1, 2012 through December 31, 2012

Board of Commissioners
King County Housing Authority
Tukwila, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited the compliance of the King County Housing Authority, King County, Washington, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012. The Housing Authority's major federal programs are identified in the accompanying Federal Summary.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Housing Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the Housing Authority's compliance.
Opinion on Each Major Federal Program

In our opinion, the Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Housing Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority's internal control over compliance.

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

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

PURPOSE OF THIS REPORT

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It
also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

TROY KELLEY
STATE AUDITOR

September 26, 2013
Independent Auditor’s Report on Financial Statements

King County Housing Authority
January 1, 2012 through December 31, 2012

Board of Commissioners
King County Housing Authority
Tukwila, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the King County Housing Authority, King County, Washington, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements as listed on page 11.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the tax credit partnerships identified in Note 9, which represents 100 percent of the assets, net positions, revenues and expenses of the aggregate discretely presented component units. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the tax credit partnerships, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the tax credit partnerships identified in Note 9 were not audited in accordance with Government Auditing Standards, except for the Rural Housing Preservation LP which was audited in accordance with Government Auditing Standards.

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

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

**Opinion**

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the King County Housing Authority, as of December 31, 2012, and the respective changes in financial position 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 1 to the financial statements, in 2012, the Housing Authority adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* and Statement No. 65, *Items Previously Reported as Assets and Liabilities*. 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 on pages 12 through 19 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 and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary and Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority’s basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The accompanying Financial Data Schedule and 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The financial statements for The Pooled Housing Refunding Revenue Bonds, Series 1998A are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Property Listing is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

**OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2013 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.

*TROY KELLEY*

STATE AUDITOR

September 26, 2013
Financial Section

King County Housing Authority
January 1, 2012 through December 31, 2012

REQUIRED SUPPLEMENTARY INFORMATION

Management’s Discussion and Analysis – 2012

BASIC FINANCIAL STATEMENTS

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

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Expenditures of Federal Awards and Notes – 2012
Federal Data Schedule (FDS) Balance Sheet – 2012
Federal Data Schedule (FDS) Statement of Revenues and Expenses – 2012
Pooled Housing Refunding Revenue Bonds, Series 1998A – A Proprietary Fund of the Housing Authority of King County – Balance Sheet – 2012
Property Listing – 2012
Actual Modernization Cost Certificate – WA19R002502-11
Actual Modernization Cost Certificate – WA19R002502-10
Actual Modernization Cost Certificate – WA19R002503-06
Actual Modernization Cost Certificate – WA19P002501-05
Actual Modernization Cost Certificate – WA19P002502-06
Actual Modernization Cost Certificate – WA19P002501-06
Actual Modernization Cost Certificate – WA19P002501-07
Actual Modernization Cost Certificate – WA19P002501-09
Actual Modernization Cost Certificate – WA19R002501-04
Actual Modernization Cost Certificate – WA19R002501-05
Actual Modernization Cost Certificate – WA19R002501-06
Actual Modernization Cost Certificate – WA19R002501-07
Actual Modernization Cost Certificate – WA19R002501-08
Actual Modernization Cost Certificate – WA19R002501-09
Actual Modernization Cost Certificate – WA19R002501-10
Actual Modernization Cost Certificate – WA19R002501-11
Actual Modernization Cost Certificate – WA19R002502-09
Actual Modernization Cost Certificate – WA19R002502-03
Actual Modernization Cost Certificate – WA19R002502-08
Actual Development Cost Certificate – WA0200034109F9
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, 2012. It should be read in conjunction with the Authority’s financial statements, which immediately follow this section.

KCHA administers a broad range of federally and locally financed housing programs serving an area of over 2,134 square miles, covering all of King County outside of the cities of Seattle and Renton. The King County Housing Authority owns or manages 8,301 units of housing and provides rental subsidies to over 8,800 additional households. The majority of KCHA’s program participants have incomes below 20% of area median income. KCHA’s inventory includes 1,970 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 majority of agency funding is from the US Department of Housing and Urban Development.

The financial performance discussed in the following analyses does not include tax credit partnerships. The tax credit partnerships, with 19 sites and 2,103 units, are owned by separate limited partnerships/corporations with the Authority acting as general partner/managing member. The tax credit properties are fee managed by outside private property management firms with the exception of Harrison House, Valley Park, Birch Creek, and Egis, which are managed by KCHA’s Housing Management department. Because of the different corporate structure of the partnerships, 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 Assets and are detailed in Note 8. With those exceptions, neither these units, nor their financial data, are included in the analysis and financial reports that follow.

2012 FINANCIAL HIGHLIGHTS

- The Authority continues to be a Moving to Work (MTW) Public Housing agency, allowing for certain financial flexibilities and empowering the Authority to waive certain sections of Section 8 and 9 of the Housing Act of 1937.

- Total assets and deferred outflows of resources of the Authority exceeded total liabilities and deferred inflows of resources at December 31, 2012 by $447 million.

- Total change in net position for 2012 was an increase of $35.5 million and includes approximately $5.9 million in capital grant contributions.

- The MTW program continued to serve the low and very-low income populace through an array of innovative programs and the purchase of additional affordable housing.

- Operating expenses were $176.7 million and include $105.1 million in housing assistance payments made to landlords, or 60% of operating expenses.

- Ongoing rehabilitation of Seola Gardens (formerly Park Lake Site II) continued with the occupancy of Joseph House and completion of Fairwind expected in 2013. Fairwind will consist of 87 units of public housing.
• Capital projects funded primarily through 18 American Recovery and Reinvestment Act of 2009 (ARRA) grants were completed. These projects brought the Authority into compliance with Americans with Disabilities Act (ADA) requirements and significantly improved the energy efficiency of certain buildings.

• Following approval from HUD, in November 2012 KCHA disposed of 509 units of public housing by entering into a long-term capital lease agreement with Moving King County Residents Forward (MKCRF), a 501(c)(3) non-profit organization. In turn, MKCRF entered into an agreement with the Authority for KCHA to act as Operator of the units which are scattered over 22 sites throughout King County. 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 will be leveraged to complete $18 million of capital improvements at all 22 locations. Following the guidelines of GASB statements 14 and 61, MKCRF is presented as a blended component unit in these financial statements.

**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* for 2012 and 2011. The purpose of the statement is to provide a snapshot of the financial condition of the Authority at a certain point in time. Presented are the assets, liabilities, and net position of the Authority at the end of the year. Supplementary information is provided in the accompanying notes that further explain and support the data presented in table A-1.

<table>
<thead>
<tr>
<th>Assets:</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current and other assets</td>
<td>$450,486,521</td>
<td>$448,701,632</td>
</tr>
<tr>
<td>Capital assets</td>
<td>300,742,795</td>
<td>282,294,802</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>751,229,316</strong></td>
<td><strong>730,996,434</strong></td>
</tr>
</tbody>
</table>

**Deferred Outflows of Resources:**

- Deferred charge for defeasance of debt: 2,023,093
- **Total Deferred Outflows of Resources**: 2,023,093

<table>
<thead>
<tr>
<th>Liabilities:</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current and other liabilities</td>
<td>29,352,427</td>
<td>50,581,494</td>
</tr>
<tr>
<td>Long-term debt, net of current</td>
<td>275,572,888</td>
<td>266,820,184</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>304,925,315</strong></td>
<td><strong>317,401,678</strong></td>
</tr>
</tbody>
</table>

**Deferred Inflows of Resources:**

- Awarded funds for future period: 1,288,526
- **Total Deferred Inflows of Resources**: 1,288,526

**Net Position:**

- Restricted: 25,327,358, 28,011,633
- Unrestricted: 247,210,224, 232,890,623
- **Total Net Position**: $447,038,568, $413,594,756

(1) Component units are not included.

Current and other assets, excluding capital assets, for the year ended December 31, 2012 total $450.5 million and are comprised of $120.3 million in cash, cash equivalents, and investments and $323.3 million in accounts, notes and financing lease receivables. The $1.7 million increase from the prior year is due to a $6.7 million decrease in cash, cash equivalents, and investments and an $8 million increase in accounts, notes, and financing leases receivable. The increase in receivables was primarily attributable to the addition of a lease receivable related to the Joseph House capital project.
Capital assets for the year ended December 31, 2012 are $300.7 million. Included in this category are land and improvements, buildings and improvements, personal property, and construction-in-progress. Capital asset additions of $67.1 million include the Central Office Annex as well as construction-in-progress related to the Greenbridge project and ARRA funded capital projects. Capital asset disposals of $20.6 million include the $19.3 million of Greenbridge development assets sold to partnerships. More detailed information about the Authority’s capital assets is presented in the notes to the financial statements.

Total liabilities, excluding the non-current portion of long-term debt, totaled $29.4 million at December 31, 2012, a decrease of $21.2 million from 2011. This decrease is due primarily to the reclassification of several Lines of Credit from current debt to long-term debt.

Total net position increased by $33.5 million during 2012. Net position represents the Authority’s equity, a portion of which is restricted for certain uses. Restricted Net Position decreased $2.7 million from 2011 primarily due to a $1.7 million decrease in restricted investments. The $14.3 million increase in Unrestricted Net Position resulted primarily from a $10.2 million increase in current receivables combined with the decrease in Restricted Net Position.

**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 2012 and 2011:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
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<tbody>
<tr>
<td>Operating Revenues</td>
<td>$ 70,864,888</td>
<td>$ 44,642,082</td>
</tr>
<tr>
<td>Nonoperating revenues</td>
<td>146,701,022</td>
<td>136,010,881</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>217,565,910</td>
<td>180,652,963</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>176,676,034</td>
<td>149,113,318</td>
</tr>
<tr>
<td>Nonoperating expenses</td>
<td>11,336,116</td>
<td>11,494,384</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>188,012,150</td>
<td>160,607,702</td>
</tr>
<tr>
<td>Excess or deficiency before contributions</td>
<td>29,553,760</td>
<td>20,045,261</td>
</tr>
<tr>
<td>Capital grant contributions</td>
<td>5,897,183</td>
<td>12,360,982</td>
</tr>
<tr>
<td>Change in Net Position</td>
<td>35,450,943</td>
<td>32,406,243</td>
</tr>
<tr>
<td>Beginning Net Position</td>
<td>413,594,756</td>
<td>381,188,513</td>
</tr>
<tr>
<td>Prior Period Adjustment</td>
<td>(2,007,131)</td>
<td>-</td>
</tr>
<tr>
<td>Ending Net Position</td>
<td>$ 447,038,568</td>
<td>$ 413,594,756</td>
</tr>
</tbody>
</table>

(1) Component units are not included.
Revenues are classified as operating, non-operating or capital grant contributions. Table A-3 shows the sources of revenues for 2012 and 2011 as a percentage of all revenues. The overall contribution for each revenue type remained relatively constant from 2011 to 2012. However, capital grant revenues decreased in 2012 as the Authority expended MTW funds in lieu of Capital Fund Project grant funds while at the same time projects funded by the American Recovery and Reinvestment Act of 2009 were completed by midyear.

Operating expenses are amounts paid for providing housing services to the Authority’s tenants and administering the various programs. Total operating expenses for 2012 were $168.3 million (excluding depreciation), a $27 million increase compared to 2011. The increase is primarily the result of a new HUD reporting requirement (HUD Accounting Brief #18) which requires revenues and expenses related to Section 8 portability vouchers to be reported on separate lines of the income statement whereas past practice was to combine the revenue and expense on the same income statement line producing a net result. The Authority’s Section 8 portability expense in 2012 was approximately $25.4 million.
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION

During 2012, net capital assets increased by $18.4 million. The net increase in capital assets from 2011 is primarily attributable to $47.3 million in capital asset additions (net of accumulated depreciation) offset by $20.6 million of disposals (net of accumulated depreciation.) Capital asset additions include $27.1 million related to construction in process related to the Greenbridge project and $20 million resulting from building upgrades at various properties. Capital asset disposals include $19.3 million representing the sale of completed Greenbridge Construction-In Process sold to Providence Joseph House, LLLP. 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

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>75,422,662</td>
<td>75,422,661</td>
</tr>
<tr>
<td>Buildings and Improvements</td>
<td>254,415,512</td>
<td>234,590,828</td>
</tr>
<tr>
<td>Furniture, Equipment &amp; Machinery</td>
<td>5,216,007</td>
<td>5,161,448</td>
</tr>
<tr>
<td>Construction in Progress</td>
<td>92,537,687</td>
<td>85,667,510</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>427,591,868</strong></td>
<td><strong>400,842,447</strong></td>
</tr>
<tr>
<td>Total accumulated depreciation</td>
<td>(126,849,073)</td>
<td>(118,547,645)</td>
</tr>
<tr>
<td><strong>Net Capital Assets</strong></td>
<td><strong>$ 300,742,795</strong></td>
<td><strong>$ 282,294,802</strong></td>
</tr>
</tbody>
</table>

LONG TERM DEBT & OTHER NONCURRENT LIABILITIES

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 $275.6 million in net long-term bonds and notes outstanding (as shown in table A-6) which represents an $8.8 million increase over the prior year-end balance. Included in the other noncurrent liabilities category are payments in lieu of taxes, contract retentions, and the fair value of interest rate swaps. For more information on the Authority’s long-term debt, please see Note 6.

Table A-6, Long Term Debt & Other Noncurrent Liabilities

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term, net of current portion</td>
<td>$275,572,888</td>
<td>$266,820,184</td>
</tr>
<tr>
<td>Other noncurrent liabilities</td>
<td>9,214,189</td>
<td>7,368,392</td>
</tr>
<tr>
<td><strong>Total long-term debt &amp; other noncurrent liabilities</strong></td>
<td><strong>$284,787,077</strong></td>
<td><strong>$274,188,576</strong></td>
</tr>
</tbody>
</table>
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 which, like all federal agencies, continues to experience budget constraints. Although KCHA’s Moving to Work authority gives it substantial financial flexibility, future funding depends upon Congressional appropriations.

In 2013, the inability of Congress to pass a Federal budget and the implementation of the resulting sequestration cuts will result in decreased revenues for the Authority. It is estimated that this shortfall could exceed $6 million. In assembling its financial plan for 2013, KCHA’s primary objective is to maintain and strengthen existing programs and services while operating within a challenging economic environment.

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.
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, 2012

<table>
<thead>
<tr>
<th>AUTHORITY</th>
<th>COMPONENT UNITS</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPERATING REVENUES</td>
<td></td>
</tr>
<tr>
<td>Tenant revenue</td>
<td>$ 40,187,013</td>
</tr>
<tr>
<td>Other revenue</td>
<td>30,677,875</td>
</tr>
<tr>
<td>Total Operating Revenues</td>
<td>70,864,888</td>
</tr>
</tbody>
</table>

| OPERATING EXPENSES | |
| Administrative     | 29,072,684 | 5,423,010 |
| Tenant services    | 5,828,720  | 4,403     |
| Maintenance        | 20,480,712 | 5,384,760 |
| Utilities          | 6,617,594  | 3,350,121 |
| Housing assistance payments | 105,132,510 | - |
| Depreciation       | 8,424,327  | 12,796,520 |
| Other expenses     | 1,119,487  | 1,499,249 |
| Total Operating Expenses | 176,676,034 | 28,458,063 |

Operating Income (Loss) 
(105,811,146) (2,617,668)

| NONOPERATING REVENUE (EXPENSE) | |
| HUD subsidies and grant revenue | 126,016,204 | - |
| Other government grants        | 9,780,146   | - |
| Investment income              | 10,904,672  | 133,964 |
| Interest expense               | (11,298,805) | (8,607,924) |
| Net gain (loss) on disposal of capital assets | (37,311) | - |
| Net Nonoperating Revenues (Expenses) | 135,364,906 | (8,473,960) |

INCOME (LOSS) before contributions 29,553,760 (11,091,628)

Capital grant contributions 5,897,183 -
Partner contributions (disbursements) - 5,199,358

CHANGE IN NET POSITION $35,450,943 $ (5,892,270)

Beginning Net Position 413,594,756 124,902,087

Deduct: Prior Period Adjustment (2,007,131) -

Ending Net Position $ 447,038,568 $ 119,009,817

The accompanying notes are an integral part of these financial statements.
The accompanying notes are an integral part of these financial statements.
The following notes are an integral part of the financial statements of the Housing Authority of the County of King.

NOTE 1 - 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.

a) THE AUTHORITY

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 2,100 square miles and a population estimated at 1.7 million representing almost 30% of the state’s total population. The Authority has its central office in Tukwila. A five-member Board of Commissioners appointed for five-year terms by the Metropolitan-King County Council governs the Authority. The Authority’s commissioners serve without pay.

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 56 housing projects consisting of 1,970 units of public housing of which 982 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 30% of their adjusted income in rents. Two thirds of public housing residents earn less than 20% of the area median income, with almost 80% having some form of entitlement payment as their main source of income. The Authority’s subsidy is received under an Annual Contributions Contract to offset the cost of operating the units. HUD also provides funds to maintain and improve the public housing projects under the Capital Fund Program. Historically, all additions to land, structures and equipment of public housing are accomplished through these capital grant funds.

*Tenant Based Housing Choice Vouchers* – The Authority provides rental assistance payments to approximately 8,803 households who live in private rental housing. Funded by HUD pursuant to Section 8 of the U.S. Housing Act, this program allows participating families and individuals to choose their own housing with the use of a housing voucher. Generally the participant pays no more than 30% of income towards rent and the Authority pays the remainder. The Authority targets this program to the elderly, disabled households and families that are homeless or at the risk of homelessness. Program participants average 15% of area median income.

*Project-Based Section 8 Housing* – Using its MTW authority, KCHA has project-based 391 Section 8 vouchers over 12 separate sites. In addition, during 2013 KCHA will opt out of multifamily HUD contracts at Burien Park and Northwood and will project-base an additional 136 vouchers at these two sites. The Authority also owns Parkway Apartments which is under a multifamily subsidy contract with HUD that supplies 41 additional project-based units. Finally, in 2012, 509 units were disposed from the public housing program and transferred to the project-based Section 8 program through a capital lease with Moving King County Residents Forward.

UNASSISTED LOCALLY-FINANCED HOUSING PROGRAMS

KCHA has a variety of non-Federally funded housing types and programs in its Local portfolio, including properties that are:

- Financed with Tax-Exempt Debt
- Part of the Manufactured-Housing Homeownership Program
- Owned by Low Income Housing Tax Credit (LIHTC) Partnerships
- Leased to Non-profit Partner Agencies

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

*Homeownership* - The Authority owns two mobile home parks located in South King County comprising 195 manufactured home sites. Under this program, the residents own their manufactured homes and pay rent to the Authority for the land on which the home sits. In 2011, the Authority disposed of two previously owned sites, Wonderland Estates and Tall Cedars, through a New Market Tax Credit transaction.
Low Income Housing Tax Credit Ownership - 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 (see Note 7).

Leased to Non-profit Partner Agencies - The Authority has an inventory of housing developments that 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 2012, the Authority assisted 672 homes with structural upgrades, air quality improvements and energy efficiencies.

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

DEVELOPMENT

HOPE VI Redevelopment Projects – The Authority was awarded a $35 million HOPE VI grant in November 2001 to revitalize Park Lake Homes Site I public housing development in the unincorporated King County neighborhood of White Center. The project, named Greenbridge to symbolize the vision and character of the new community, provides quality rental housing and homeownership opportunities for a diverse mixture of residents and newcomers. This quality new housing includes a range of housing types to suit seniors, adults with disabilities, large families, low- to moderate-income renters, and first-time and other homebuyers. The housing includes 180 public housing units, 120 project based Section 8 units, 148 work-force units, and 457 for-sale-lots. All of the rental housing is fully operational, which was accomplished through project completions and occupancy of Seola Crossing, Salmon Creek, and Eastbridge family housing, and Nia elderly and younger disabled housing.

An additional 24-unit family public housing project, Sixth Place Apartments was added to the redevelopment site, although it is not part of the HOPE VI Redevelopment Project. This project, funded with an ARRA Capital Fund Recovery Competition Grant, completed construction and was fully occupied in the summer of 2011.
The Authority was awarded a $20 million HOPE VI grant in September 2008 to revitalize Park Lake Homes Site II public housing development in the unincorporated King County neighborhood of White Center, four blocks south of the Greenbridge HOPE VI site. The redevelopment has been named Seola Gardens. Continuing the quality housing initiative of Greenbridge, Seola Gardens will provide the same mix of housing opportunities. For rental households, the redevelopment includes 112 public housing units, 10 project based Section 8 units, and 55 HUD Section 202 elderly units. There will be an additional 108 lots available to provide homeownership opportunities. The first rental housing phase, 25 units of family housing in the Zephyr Apartments project, completed construction and was fully occupied in the summer of 2011. For the last rental phase, the Fairwind Apartments, 87 units of family housing began construction in the spring of 2012 for occupancy in the second half of 2013.

Vantage Point – The Authority has set aside $2 million of MTW funds to develop approximately 77 units of senior housing in Renton on KCHA-owned land. This project is currently in its initial planning stage.

b) 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.

c) ACCOUNTS ORGANIZED BY FUNDS

The accounts of the Authority are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures. Each fund is, with limited exceptions, an independent fund and is restricted by contract or regulation from assisting or being assisted financially by any other fund. A list of developments is provided in Appendix A. The Authority administers the Housing Authority of the City of Sedro-Woolley. Its financial statements are audited separately and are not combined with the Authority’s statements.

d) 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.

e) COMPONENT UNITS

The Authority serves as general partner in several partnerships (see Note 9). These partnerships constitute component units of the Authority as defined by GASB Statement 14, The Financial Reporting Entity, because they are separate legal entities and subject to the Authority’s will and financial accountability. As the general partner/managing member, the Authority has issued bonds and other debt instruments to finance the purchase and renovation of rental housing on behalf of the partnerships. The Authority also oversees the day-to-day operation of these properties.
In accordance with GASB Statement 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement 14; the tax credit partnerships are presented discreetly in the financial statements as component units of the Authority (the primary government) because the partnerships are legally separate from the primary government, the primary government does not appoint the boards of directors of the tax credit partnerships, services provided by the partnerships benefit the citizenry and not the primary government exclusively, and it would be misleading to exclude the tax credit partnerships as the primary government has a significant relationship to the tax credit partnerships as the general partner.

For Federal tax purposes, all of the partnerships have a calendar year-end. Each partnership is audited separately. Copies of the audited statements can be obtained by contacting the Authority. Moving King County Resident’s Forward is a non-profit organization that is presented in the financial statements as a blended component unit due to the fact that the governing body of the organization is identical to the governing body of KCHA and the management of KCHA has operational responsibility for the organization.

More information about the Authority’s component units can be found in Note 9 – Component Units.

*f) REVENUES AND EXPENSES*

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

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

*g) CASH, CASH EQUIVALENTS AND INVESTMENTS*

The Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. Investments are assets held primarily to generate income or profit with an original maturity of more than three months. Investments are reported at fair value which is based on statements from U.S. Bank, the Authority’s safe-keeping entity.

Most assets held by trustees are restricted for specific uses including capital additions and improvements and debt service. Restricted accounts at December 31, 2012 include the following:

<table>
<thead>
<tr>
<th></th>
<th>Cash &amp; Cash Equivalents</th>
<th>Investments</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Replacement Reserves</td>
<td>$ 4,413,396</td>
<td>-</td>
<td>$ 4,413,396</td>
</tr>
<tr>
<td>Debt service</td>
<td>1,586,075</td>
<td>4,972,657</td>
<td>6,558,732</td>
</tr>
<tr>
<td>Tenant security deposits</td>
<td>1,395,547</td>
<td>-</td>
<td>1,395,547</td>
</tr>
<tr>
<td>Collateral Reserve</td>
<td>9,507,769</td>
<td>-</td>
<td>9,507,769</td>
</tr>
<tr>
<td>Other</td>
<td>4,270,720</td>
<td>576,788</td>
<td>4,847,508</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 21,173,507</strong></td>
<td><strong>$ 5,549,445</strong></td>
<td><strong>$ 26,722,952</strong></td>
</tr>
</tbody>
</table>
h) 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.

i) INVENTORIES

Inventory consists of supplies purchased primarily for use in maintenance of the rental units. The perpetual method is used to account for inventory. As such, purchases are recorded into the inventory account and, as items are used, the inventory account is reduced and the expense account is charged. Periodically throughout the year, physical counts are taken of all supplies on hand and the inventory records are adjusted. The weighted average method is used to value the inventory.

j) 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, 2012 and fiscal year activity.

Depreciable lives for the capital asset categories follow:

<table>
<thead>
<tr>
<th>Asset Category</th>
<th>Depreciable Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>no depreciation</td>
</tr>
<tr>
<td>Buildings and land improvements</td>
<td>12-60 years</td>
</tr>
<tr>
<td>Personal property</td>
<td>3-10 years</td>
</tr>
<tr>
<td>Construction-in-progress</td>
<td>no depreciation</td>
</tr>
</tbody>
</table>

Maintenance and repairs are charged to expense when incurred. 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.

k) 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.
l) **COMPENSATED ABSENCES**

It is the Authority’s policy to pay 100% of accumulated annual leave when an employee terminates employment from the Authority. As such, the value of annual leave earned but not used at year-end is accrued. Sick leave does not vest and is only paid to those separating from the Authority as retirees as defined by the state pension system.

m) **INTERFUND 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). Interfund payables and receivables (due to/from relationships) are created and used to account for ownership of the funds.

n) **DERIVATIVE FINANCIAL INSTRUMENTS**

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

o) **COMMITMENTS**

The Authority has entered into various long-term contracts for the development of the Greenbridge and other housing projects. As of December 31, 2012, the Authority was obligated under these contracts to purchase approximately $20.8 million of goods and services.

**NOTE 2 - CASH DEPOSITS AND INVESTMENTS**

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

**Insurance and Collateralization**

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

**Interest Rate Risk**

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority’s investment policy limits the maximum maturity of an investment to not greater than three years. Exceptions to this policy are detailed below:

1) 50% of the portfolio may be in “step” investments which increase interest payments at pre-determined amounts and times with maturities up to five years, primarily to provide a hedge against future interest rates.
2) An additional 5% of the portfolio may be in investments without step features and with maturities up to five years.
3) KCHA may collateralize repurchase agreements using longer-dated investments not exceeding 30 years. Reserve funds may be invested in securities exceeding 30 years if the maturities of such investments are made to coincide as nearly as practical with the expected use of the funds.
4) Investments matched against anticipated cash flow needs may be invested beyond three years and are not included in the limits set forth in exceptions 1 and 2.

Exceptions 1 and 2 above apply to the time when investments are made. It is not a violation of the KCHA investment policy if the limits in these two exceptions are exceeded due to subsequent investments maturing or being called.

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.
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 US 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 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, 2012, the pool had an average days-to-maturity of 50 days and therefore is reported at cost. Government securities are reported at fair value.

A summary of cash and investments at December 31, 2012 follows:

<table>
<thead>
<tr>
<th>CASH and CASH EQUIVALENTS:</th>
<th>UNRESTRICTED</th>
<th>RESTRICTED</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash on hand</td>
<td>$7,500</td>
<td>$</td>
<td>$7,500</td>
</tr>
<tr>
<td>Depository accounts</td>
<td>7,297,157</td>
<td>2,621,316</td>
<td>9,918,473</td>
</tr>
<tr>
<td>Washington State Investment Pool</td>
<td>34,941,448</td>
<td>1,643,523</td>
<td>36,584,971</td>
</tr>
<tr>
<td>U.S. Treasury money market</td>
<td>7,400,899</td>
<td>7,400,899</td>
<td></td>
</tr>
<tr>
<td>Bank of America municipal reserves</td>
<td>9,507,769</td>
<td></td>
<td>9,507,769</td>
</tr>
<tr>
<td><strong>TOTAL CASH AND CASH EQUIVALENTS</strong></td>
<td><strong>$42,246,105</strong></td>
<td><strong>$21,173,507</strong></td>
<td><strong>$63,419,612</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>INVESTMENTS:</th>
<th>UNRESTRICTED</th>
<th>RESTRICTED</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal agency bond investments</td>
<td>$54,103,456</td>
<td>$</td>
<td>$54,103,456</td>
</tr>
<tr>
<td>Certificates of deposit</td>
<td>815,285</td>
<td></td>
<td>815,285</td>
</tr>
<tr>
<td><strong>INVESTMENT AGREEMENTS:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Societe Generale Investment Agreement</td>
<td>821,332</td>
<td></td>
<td>821,332</td>
</tr>
<tr>
<td>JP Morgan Chase Investment Agreement, 6.92%, 7/1/2024</td>
<td>686,696</td>
<td></td>
<td>686,696</td>
</tr>
<tr>
<td><strong>PRIVATE DEBT OBLIGATIONS:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Westdeutsche Landesbank Gironzentrakle, 5.42%, 7/1/2028</td>
<td>2,209,431</td>
<td></td>
<td>2,209,431</td>
</tr>
<tr>
<td>Bank of America 6.1% 7/1/2028</td>
<td>1,016,701</td>
<td></td>
<td>1,016,701</td>
</tr>
<tr>
<td><strong>TOTAL INVESTMENTS</strong></td>
<td><strong>$54,103,456</strong></td>
<td><strong>$5,549,445</strong></td>
<td><strong>$59,652,901</strong></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$96,349,561</strong></td>
<td><strong>$26,722,952</strong></td>
<td><strong>$123,072,513</strong></td>
</tr>
</tbody>
</table>

**Credit Ratings:** The Washington State Pool is unrated. All other investments are rated AAA.
NOTE 3-PRIOR PERIOD ADJUSTMENT

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, requires that debt issuance costs be expensed in the period they are incurred. As a result, the Authority reported a Prior Period Adjustment in order to expense $2,006,237 of debt issuance costs incurred in prior periods that had been previously amortized and reported on the Statement of Net Position.

Moving King County Residents Forward (MKCRF), a legally separate, non-profit organization is reported as a blended component unit of KCHA for 2012. Beginning equity for KCHA was adjusted by $894 in order to reflect the beginning equity belonging to MKCRF.

It was the judgment of the Authority that these adjustments did not possess the materiality warranted to make restating the 2011 Annual Financial Statements practical.

NOTE 4–NOTE 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, 2012, all of the financing leases and developer fee notes, and $193.7 million of the other notes were receivable from tax credit partnerships. The notes are received for fees earned by the Authority from developing the rental properties and for funds advanced to the partnerships to purchase and rehabilitate the properties. The notes earn interest at varying rates up 8.5% per annum. The Authority acquires financing leases when it purchases or develops rental properties then transfers substantially all of the risks and benefits of ownership to the partnerships under financing lease. See Note 7 - Tax Credit Partnerships, 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, 2012 follows.

<table>
<thead>
<tr>
<th>Developer fee notes</th>
<th>Beginning Balance</th>
<th>Additions</th>
<th>Payments</th>
<th>Ending Balance</th>
<th>Current Portion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Notes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real Estate:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Residential</td>
<td>1,217,272</td>
<td>-</td>
<td>(839,739)</td>
<td>377,533</td>
<td>-</td>
</tr>
<tr>
<td>Multifamily</td>
<td>157,201,058</td>
<td>18,499,347</td>
<td>(643,207)</td>
<td>175,057,198</td>
<td>851,567</td>
</tr>
<tr>
<td>Construction</td>
<td>7,014,123</td>
<td>-</td>
<td>(7,014,123)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>20,857,411</td>
<td>-</td>
<td>-</td>
<td>20,857,411</td>
<td>-</td>
</tr>
<tr>
<td>Total Notes</td>
<td>189,708,634</td>
<td>18,499,347</td>
<td>(10,319,276)</td>
<td>197,888,705</td>
<td>1,386,973</td>
</tr>
<tr>
<td>Financing Leases, net</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real Estate: Multifamily</td>
<td>105,537,447</td>
<td>17,759,168(16,290,397)</td>
<td>107,006,218</td>
<td>19,651,862</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Notes &amp; Financing Leases Receivable</th>
<th>Beginning Balance</th>
<th>Additions</th>
<th>Payments</th>
<th>Ending Balance</th>
<th>Current Portion</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 295,246,081</td>
<td>$ 36,258,515</td>
<td>(26,609,673)</td>
<td>$ 304,894,923</td>
<td>$ 21,038,835</td>
</tr>
</tbody>
</table>

Continued construction of the Seola Gardens (Joseph House) project under a Low Income Housing Tax Credit transaction resulted in a $17.8 million addition to the Financing Leases receivable. Additions to Real Estate: Multifamily notes are primarily related to notes issued for the purpose of payment of $14.3 million of Greenbridge development financing leases. See Note 7 for further information on the tax credit properties.
The maturity schedule for notes receivable follows:

<table>
<thead>
<tr>
<th>FISCAL YEAR</th>
<th>PRINCIPAL</th>
<th>INTEREST **</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>1,386,973</td>
<td>2,278,478</td>
<td>3,665,451</td>
</tr>
<tr>
<td>2014</td>
<td>62,087,605</td>
<td>2,311,387</td>
<td>64,398,992</td>
</tr>
<tr>
<td>2015</td>
<td>1,306,443</td>
<td>2,294,296</td>
<td>3,600,739</td>
</tr>
<tr>
<td>2016</td>
<td>1,625,817</td>
<td>2,283,268</td>
<td>3,909,085</td>
</tr>
<tr>
<td>2017</td>
<td>1,796,953</td>
<td>2,287,763</td>
<td>4,084,716</td>
</tr>
<tr>
<td>2018-2022</td>
<td>9,420,587</td>
<td>11,219,334</td>
<td>20,639,921</td>
</tr>
<tr>
<td>2023-2027</td>
<td>13,400,209</td>
<td>10,222,116</td>
<td>23,622,325</td>
</tr>
<tr>
<td>2028-2032</td>
<td>12,312,649</td>
<td>8,202,903</td>
<td>20,515,552</td>
</tr>
<tr>
<td>2033-2037</td>
<td>19,488,682</td>
<td>6,677,543</td>
<td>26,166,225</td>
</tr>
<tr>
<td>2038-2042</td>
<td>14,621,871</td>
<td>5,086,430</td>
<td>19,708,301</td>
</tr>
<tr>
<td>2043-2047</td>
<td>10,750,671</td>
<td>1,212,345</td>
<td>11,963,016</td>
</tr>
<tr>
<td>2048-2052</td>
<td>8,079,447</td>
<td>437,306</td>
<td>8,516,753</td>
</tr>
<tr>
<td>2053-2057</td>
<td>20,784,541</td>
<td>5,404,812</td>
<td>26,189,353</td>
</tr>
<tr>
<td>2058-2062</td>
<td>20,826,255</td>
<td>950,352</td>
<td>21,776,607</td>
</tr>
</tbody>
</table>

NOTE RECEIVABLE BALANCE $197,888,704 $60,868,333 $258,757,037

** On amortizing notes.

The maturity schedule for financing leases receivable follows:

<table>
<thead>
<tr>
<th>FISCAL YEAR</th>
<th>PRINCIPAL</th>
<th>INTEREST **</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>19,651,862</td>
<td>3,265,570</td>
<td>22,917,432</td>
</tr>
<tr>
<td>2014</td>
<td>4,988,561</td>
<td>2,124,039</td>
<td>7,112,600</td>
</tr>
<tr>
<td>2015</td>
<td>1,463,081</td>
<td>2,024,262</td>
<td>3,487,343</td>
</tr>
<tr>
<td>2016</td>
<td>1,537,798</td>
<td>1,787,643</td>
<td>3,325,441</td>
</tr>
<tr>
<td>2017</td>
<td>1,607,725</td>
<td>1,731,870</td>
<td>3,339,595</td>
</tr>
<tr>
<td>2018-2022</td>
<td>8,646,374</td>
<td>7,120,953</td>
<td>15,767,327</td>
</tr>
<tr>
<td>2023-2027</td>
<td>26,436,589</td>
<td>4,333,881</td>
<td>30,770,470</td>
</tr>
<tr>
<td>2028-2032</td>
<td>7,289,229</td>
<td>1,308,469</td>
<td>8,597,698</td>
</tr>
<tr>
<td>2033-2037</td>
<td>860,000</td>
<td>380,955</td>
<td>1,240,955</td>
</tr>
<tr>
<td>2038-2042</td>
<td>23,040,000</td>
<td>120,718</td>
<td>23,160,718</td>
</tr>
<tr>
<td>2043-2047</td>
<td>3,000,000</td>
<td>-</td>
<td>3,000,000</td>
</tr>
<tr>
<td>2048-2052</td>
<td>955,000</td>
<td>-</td>
<td>955,000</td>
</tr>
<tr>
<td>2053-2057</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2058-2062</td>
<td>7,530,000</td>
<td>-</td>
<td>7,530,000</td>
</tr>
</tbody>
</table>

FINANCING LEASE RECEIVABLE $107,006,219 $24,198,359 $131,204,577

** Unearned interest.
**NOTE 5 – CAPITAL ASSETS**

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

<table>
<thead>
<tr>
<th></th>
<th>Beginning Balances</th>
<th>Additions</th>
<th>Disposals</th>
<th>Reclassification</th>
<th>Ending Balances</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NONDEPRECIABLE:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>$55,159,883</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$55,159,883</td>
</tr>
<tr>
<td>Land Improvements</td>
<td>2,774,972</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,774,972</td>
</tr>
<tr>
<td>Construction-in-progress</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Greenbridge Project</td>
<td>66,892,163</td>
<td>27,185,983</td>
<td>(20,172,383)</td>
<td>-</td>
<td>73,905,763</td>
</tr>
<tr>
<td>Other</td>
<td>18,775,347</td>
<td>19,960,415</td>
<td>(279,154)</td>
<td>(19,824,684)</td>
<td>18,631,924</td>
</tr>
<tr>
<td>Total Nondepreciable</td>
<td>143,602,366</td>
<td>47,146,398</td>
<td>(20,451,537)</td>
<td>(19,824,684)</td>
<td>150,472,543</td>
</tr>
<tr>
<td><strong>DEPRECIABLE:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land Improvements</td>
<td>17,487,806</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>17,487,806</td>
</tr>
<tr>
<td>Buildings</td>
<td>234,590,828</td>
<td>-</td>
<td>-</td>
<td>19,824,684</td>
<td>254,415,511</td>
</tr>
<tr>
<td>Equipment</td>
<td>5,161,447</td>
<td>207,347</td>
<td>(152,787)</td>
<td>-</td>
<td>5,216,008</td>
</tr>
<tr>
<td>Total Depreciable</td>
<td>257,240,081</td>
<td>207,347</td>
<td>(152,787)</td>
<td>19,824,684</td>
<td>277,119,325</td>
</tr>
<tr>
<td><strong>TOTAL CAPITAL ASSETS</strong></td>
<td>400,842,447</td>
<td>47,353,745</td>
<td>(20,604,324)</td>
<td>-</td>
<td>427,591,868</td>
</tr>
<tr>
<td>Accumulated Depreciation</td>
<td>(118,547,645)</td>
<td>(8,454,215)</td>
<td>152,787</td>
<td>-</td>
<td>(126,849,073)</td>
</tr>
<tr>
<td><strong>NET CAPITAL ASSETS</strong></td>
<td>$282,294,802</td>
<td>$38,899,530</td>
<td>$20,451,537</td>
<td>$-</td>
<td>$300,742,795</td>
</tr>
</tbody>
</table>

Capital asset activity resulted primarily from transactions associated with the Greenbridge redevelopment project and the capitalization of various building upgrades.

Of the $47.3 million of additions to the capital assets, $27.1 million was attributable to the Greenbridge project construction in process. Another $20 million of additions was the result of building upgrades started at various properties along with the construction/refurbishment of several community buildings.

Of the $20.6 million net capital asset disposals, approximately $19.3 million of disposals from the Greenbridge construction in progress represented capital assets sold to the Providence Joseph House, LLLP.

$19.8 million of reclassified construction-in-progress represent various capitalized building upgrades as well as the $4.7 million capitalization of the completed Central Office Annex building.
NOTE 6 - LONG TERM DEBT OBLIGATIONS

The Authority has issued various forms of debt for the purpose of acquiring and rehabilitating projects located throughout King County. The debt is secured by revenue pledges and deeds of trust on property and equipment. Compliance with all indentures has been met. The components of outstanding debt at December 31, 2012 and the fiscal year activity are stated below.

In 2012, the Authority placed $7,632,173 in an irrevocable trust in order to defease the remaining $6,420,000 of bonds related to the Egis development. This transaction resulted in a deferred charge of $1,212,596 to be amortized over the remaining life of the bonds.

Another advanced refunding of debt in September of 1998 resulted in a deferred charge of $1,827,791. A deferred charge of $810,496 at December 31, 2012 is reported on the Statement of Net Position as a deferred outflow of resources. Amortization of the deferred charge for the period was $56,506 and is included with interest expense.

<table>
<thead>
<tr>
<th></th>
<th>Beginning Balance</th>
<th>Additions</th>
<th>Retirements/ Payments</th>
<th>Ending Balance</th>
<th>Current Portion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue Bonds</td>
<td>$ 141,911,496</td>
<td>$ -</td>
<td>$ (10,796,249)</td>
<td>$ 131,115,247</td>
<td>$ 4,872,379</td>
</tr>
<tr>
<td>Demand Bonds</td>
<td>85,930,000</td>
<td>-</td>
<td>$ (1,885,000)</td>
<td>84,045,000</td>
<td>1,665,000</td>
</tr>
<tr>
<td>Mortgage Notes</td>
<td>2,627,652</td>
<td>-</td>
<td>$ (1,508,662)</td>
<td>1,118,990</td>
<td>43,614</td>
</tr>
<tr>
<td>Financing Lease</td>
<td>1,797,751</td>
<td>-</td>
<td>$ (861,642)</td>
<td>936,109</td>
<td>166,837</td>
</tr>
<tr>
<td>Lines of Credit</td>
<td>54,833,860</td>
<td>6,648,196</td>
<td>$ (6,947,664)</td>
<td>54,534,390</td>
<td>251,962</td>
</tr>
<tr>
<td>Notes Payable</td>
<td>8,381,712</td>
<td>2,475,000</td>
<td>$ (9,272)</td>
<td>10,847,440</td>
<td>24,495</td>
</tr>
<tr>
<td></td>
<td>$ 295,482,471</td>
<td>$ 9,123,196</td>
<td>$ (22,008,489)</td>
<td>$ 282,597,176</td>
<td>$ 7,024,288</td>
</tr>
</tbody>
</table>
Details of each issuance of long-term obligations follow:

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Amount Issued</th>
<th>Interest Rates</th>
<th>Fiscal Year Maturity</th>
<th>Amount Outstanding</th>
<th>Current Portion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue Bonds:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Tax Credit:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cascadian</td>
<td>1994</td>
<td>$8,385,000</td>
<td>4.00-6.50%</td>
<td>2025</td>
<td>$4,800,000</td>
</tr>
<tr>
<td>Fairwood</td>
<td>1995</td>
<td>5,260,000</td>
<td>3.80-5.60%</td>
<td>2026</td>
<td>3,360,168</td>
</tr>
<tr>
<td>Rural Housing</td>
<td>1997</td>
<td>2,230,000</td>
<td>4.50-5.75%</td>
<td>2028</td>
<td>1,587,009</td>
</tr>
<tr>
<td>Laurelwood</td>
<td>1997</td>
<td>2,500,000</td>
<td>4.40-6.00%</td>
<td>2028</td>
<td>1,729,464</td>
</tr>
<tr>
<td>Heritage Park</td>
<td>1998</td>
<td>4,950,000</td>
<td>4.15-5.60%</td>
<td>2030</td>
<td>3,620,015</td>
</tr>
<tr>
<td>Windsor Heights</td>
<td>1998</td>
<td>10,650,000</td>
<td>4.00-5.40%</td>
<td>2029</td>
<td>7,500,548</td>
</tr>
<tr>
<td>Alpine Ridge</td>
<td>1999</td>
<td>2,875,000</td>
<td>4.25-6.40%</td>
<td>2031</td>
<td>2,185,423</td>
</tr>
<tr>
<td>Colonial Gardens</td>
<td>1999</td>
<td>4,950,000</td>
<td>3.75-6.20%</td>
<td>2031</td>
<td>3,865,000</td>
</tr>
<tr>
<td>Somerset</td>
<td>1999</td>
<td>3,605,000</td>
<td>4.80-6.80%</td>
<td>2014</td>
<td>3,605,000</td>
</tr>
<tr>
<td>Somerset (Kv)</td>
<td>1999</td>
<td>2,535,000</td>
<td>4.80-6.80%</td>
<td>2031</td>
<td>1,989,355</td>
</tr>
<tr>
<td>Eastwood Square</td>
<td>2001</td>
<td>4,000,000</td>
<td>5.35-5.45%</td>
<td>2041</td>
<td>3,580,000</td>
</tr>
<tr>
<td>Somerset</td>
<td>2001</td>
<td>3,895,000</td>
<td>5.00%</td>
<td>2033</td>
<td>3,195,000</td>
</tr>
<tr>
<td>Southwood Square</td>
<td>2001</td>
<td>5,000,000</td>
<td>2.25-6.00%</td>
<td>2032</td>
<td>3,956,514</td>
</tr>
<tr>
<td>Greenbridge - Nia</td>
<td>2006</td>
<td>3,000,000</td>
<td>5.41-5.87%</td>
<td>2037</td>
<td>2,905,000</td>
</tr>
<tr>
<td>Soola Crossing 1</td>
<td>2006</td>
<td>1,650,000</td>
<td>6.38%</td>
<td>2047</td>
<td>1,619,216</td>
</tr>
<tr>
<td>Soola Crossing 2</td>
<td>2006</td>
<td>5,050,000</td>
<td>6.38%</td>
<td>2047</td>
<td>4,955,784</td>
</tr>
<tr>
<td>Soosette Creek</td>
<td>2008</td>
<td>37,500,000</td>
<td>0.00-0.65%</td>
<td>2058</td>
<td>32,905,000</td>
</tr>
</tbody>
</table>

**Total tax credit**

| 108,035,000 | $ 87,358,496 | $ 3,450,000 |

**Other:**

| Woodridge Park | 1995 | 4,860,000 | 4.50-6.35% | 2026 | 3,110,650 | 165,000 |
| 1998 Pool | 1998 | 32,955,000 | 4.35-5.65% | 2029 | 23,549,946 | 1,023,165 |
| Central Office Building | 2000 | 2,000,000 | 5.32% | 2015 | 536,158 | 169,214 |
| Greenbridge - Eastbridge Apts. | 2008 | 7,060,000 | 5.65% | 2029 | 7,060,000 | 65,000 |
| Green River Homes II | 2011 | 9,500,000 | 75-7% | 2024 | 9,500,000 | - |

**Total other**

| 56,375,000 | $ 43,756,755 | $ 1,422,379 |

**Total revenue bonds**

| 164,410,000 | $ 131,115,251 | $ 4,872,379 |

Demand Bonds:

| Tax Credit: |               |                |                      |                    |                |
| Overlake | 2000 | $23,725,000 | 0.28-2.61% | 2043 | $23,315,000 | $95,000 |

**Total tax credit**

| 23,725,000 | $23,315,000 | $95,000 |

**Other:**

| Landmark | 2002 | $18,500,000 | 0.28-2.56% | 2043 | $16,450,000 | $500,000 |
| 2005 Pool | 2005 | 46,290,000 | 0.33% | 2035 | 40,125,000 | 1,020,000 |
| Salmon Creek | 2008 | 4,155,000 | 1.10-2.61% | 2048 | 4,155,000 | 50,000 |

**Total other**

| 68,945,000 | $ 60,730,000 | $ 1,570,000 |

**Total demand bonds**

| 92,670,000 | $ 84,045,000 | $ 1,665,000 |

Mortgage Notes:

| Tax Credit: |               |                |                      |                    |                |
| Rural Housing | 1998 | $1,350,949 | 7.25% | 2033 | $1,103,415 | $28,039 |

**Total tax credit**

| 1,350,949 | $1,103,415 | $28,039 |

**Other:**

| Westminster | 2010 | 165,994 | 7.00% | 2013 | 15,575 | 15,575 |

**Total other**

| 165,994 | 15,575 | 15,575 |

**Total mortgage notes**

| 1,516,943 | $ 1,118,990 | $ 43,614 |
Details of each issuance of long-term obligations follow—continued:

<table>
<thead>
<tr>
<th>Financing Lease:</th>
<th>Fiscal Year</th>
<th>Amount Issued</th>
<th>Interest Rates</th>
<th>Fiscal Year Maturity</th>
<th>Amount Outstanding</th>
<th>Current Portion</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESCO 2005</td>
<td>3,900,000</td>
<td>3.90%</td>
<td>2018</td>
<td>936,109</td>
<td>$</td>
<td>166,837</td>
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<tr>
<td>Total financing leases</td>
<td>3,900,000</td>
<td></td>
<td></td>
<td>$ 936,109</td>
<td>$</td>
<td>166,837</td>
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<table>
<thead>
<tr>
<th>Lines of Credit:</th>
<th>Fiscal Year</th>
<th>Amount Issued</th>
<th>Interest Rates</th>
<th>Fiscal Year Maturity</th>
<th>Amount Outstanding</th>
<th>Current Portion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total financing leases</td>
<td>11,500,000</td>
<td></td>
<td></td>
<td>$ 7,721,183</td>
<td>$</td>
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</table>

<table>
<thead>
<tr>
<th>Tax Credit:</th>
<th>Fiscal Year</th>
<th>Amount Issued</th>
<th>Interest Rates</th>
<th>Fiscal Year Maturity</th>
<th>Amount Outstanding</th>
<th>Current Portion</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Market Tax Credit 2011</td>
<td>11,500,000</td>
<td>2.25%</td>
<td>2014</td>
<td>7,721,183</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>Total tax credit</td>
<td>$ 11,500,000</td>
<td></td>
<td></td>
<td>$ 7,721,183</td>
<td>$</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other:</th>
<th>Fiscal Year</th>
<th>Amount Issued</th>
<th>Interest Rates</th>
<th>Fiscal Year Maturity</th>
<th>Amount Outstanding</th>
<th>Current Portion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Burien Park 2010</td>
<td>1,214,764</td>
<td>1.62%</td>
<td>2013</td>
<td>251,962</td>
<td>251,962</td>
<td></td>
</tr>
<tr>
<td>Seola Gardens 2010</td>
<td>20,000,000</td>
<td>1.38% -1.51%</td>
<td>2014</td>
<td>17,896,419</td>
<td>$</td>
<td></td>
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<tr>
<td>Bank of America Line of Credit:</td>
<td>2010</td>
<td>10,000,000</td>
<td>1.27%</td>
<td>2015</td>
<td>7,077,199</td>
<td></td>
</tr>
<tr>
<td>Central Office Annex</td>
<td>6,312,765</td>
<td></td>
<td></td>
<td>$</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>Island Crest</td>
<td>764,434</td>
<td></td>
<td></td>
<td>$</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>Inland Crest 2011</td>
<td>2,800,000</td>
<td>1.37% - 1.68%</td>
<td>2014</td>
<td>2,800,000</td>
<td>$</td>
<td></td>
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<tr>
<td>Meadowbrook Apts. 2011</td>
<td>15,000,000</td>
<td>2.05%</td>
<td>2015</td>
<td>12,139,428</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>Fairwind 2012</td>
<td>16,500,000</td>
<td>1.45%</td>
<td>2014</td>
<td>6,648,196</td>
<td>$</td>
<td></td>
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<tr>
<td>Total</td>
<td>$ 65,514,764</td>
<td></td>
<td></td>
<td>$ 46,813,205</td>
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<tr>
<td>Total lines of credit</td>
<td>$ 77,014,764</td>
<td></td>
<td></td>
<td>$ 54,534,388</td>
<td>$</td>
<td>251,962</td>
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<table>
<thead>
<tr>
<th>Notes Payable:</th>
<th>Fiscal Year</th>
<th>Amount Issued</th>
<th>Interest Rates</th>
<th>Fiscal Year Maturity</th>
<th>Amount Outstanding</th>
<th>Current Portion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax Credit:</td>
<td>Fiscal Year</td>
<td>Amount Issued</td>
<td>Interest Rates</td>
<td>Fiscal Year Maturity</td>
<td>Amount Outstanding</td>
<td>Current Portion</td>
</tr>
<tr>
<td>Somerset - Bellevue 2000</td>
<td>700,000</td>
<td>1.00%</td>
<td>2030</td>
<td>700,000</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>Somerset 2000</td>
<td>400,000</td>
<td>1.00%</td>
<td>2032</td>
<td>362,362</td>
<td>3,344</td>
<td></td>
</tr>
<tr>
<td>Eastwood Square 2001</td>
<td>600,000</td>
<td>6.95%</td>
<td>2041</td>
<td>552,078</td>
<td>6,375</td>
<td></td>
</tr>
<tr>
<td>Overlake - 2, 3 2001</td>
<td>1,456,000</td>
<td>3.42%</td>
<td>2042</td>
<td>750,000</td>
<td>5,745</td>
<td></td>
</tr>
<tr>
<td>Overlake - 4 2001</td>
<td>1,500,000</td>
<td>1.00%</td>
<td>2050</td>
<td>1,500,000</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>Overlake - 5 2001</td>
<td>500,000</td>
<td>1.00%</td>
<td>2050</td>
<td>500,000</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>Southwood Square 2001</td>
<td>380,000</td>
<td>1.00%</td>
<td>2053</td>
<td>380,000</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>Greenbridge - Nia 2007</td>
<td>328,000</td>
<td>0.00%</td>
<td>2022</td>
<td>328,000</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>Seola Crossing II 2007</td>
<td>250,000</td>
<td>6.38%</td>
<td>2058</td>
<td>250,000</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>Soosette Creek 2010</td>
<td>1,950,000</td>
<td>0.65%</td>
<td>2060</td>
<td>1,950,000</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>Fairwind 2012</td>
<td>2,475,000</td>
<td>1.00%</td>
<td>2062</td>
<td>2,475,000</td>
<td>$</td>
<td></td>
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<tr>
<td>Total tax credit</td>
<td>$ 10,539,000</td>
<td></td>
<td></td>
<td>$ 9,747,440</td>
<td>$</td>
<td>15,464</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other:</th>
<th>Fiscal Year</th>
<th>Amount Issued</th>
<th>Interest Rates</th>
<th>Fiscal Year Maturity</th>
<th>Amount Outstanding</th>
<th>Current Portion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hidden Village - Bellevue 1992</td>
<td>200,000</td>
<td>5.00%</td>
<td>2042</td>
<td>200,000</td>
<td>3,010</td>
<td></td>
</tr>
<tr>
<td>Spiritwood - Bellevue 1992</td>
<td>400,000</td>
<td>5.00%</td>
<td>2042</td>
<td>400,000</td>
<td>6,021</td>
<td></td>
</tr>
<tr>
<td>Spiritwood - State 1992</td>
<td>207,843</td>
<td>5.00%</td>
<td>2043</td>
<td>207,843</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>Hidden Village - State 1992</td>
<td>292,157</td>
<td>5.00%</td>
<td>2044</td>
<td>292,157</td>
<td>$</td>
<td></td>
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<tr>
<td>Total other</td>
<td>$ 1,199,000</td>
<td></td>
<td></td>
<td>$ 1,199,000</td>
<td>$</td>
<td>9,031</td>
</tr>
<tr>
<td>Total notes payable</td>
<td>$ 11,639,000</td>
<td></td>
<td></td>
<td>$ 10,847,440</td>
<td>$</td>
<td>24,485</td>
</tr>
<tr>
<td>TOTAL LONG-TERM OBLIGATIONS</td>
<td>$ 351,150,707</td>
<td></td>
<td></td>
<td>$ 282,597,176</td>
<td>$</td>
<td>7,024,288</td>
</tr>
</tbody>
</table>
The schedule of debt service payments follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue Bonds</th>
<th>Demand Notes</th>
<th>Mortgage Bonds</th>
<th>Financing Lease</th>
<th>Lines of Credit</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>4,872,379</td>
<td>1,665,000</td>
<td>3,164,000</td>
<td>166,837</td>
<td>251,962</td>
<td>24,495</td>
</tr>
<tr>
<td>2014</td>
<td>10,653,960</td>
<td>1,231,728</td>
<td>9,422,242</td>
<td>173,462</td>
<td>54,282,424</td>
<td>25,477</td>
</tr>
<tr>
<td>2015</td>
<td>6,363,377</td>
<td>1,297,324</td>
<td>5,066,000</td>
<td>180,349</td>
<td>-</td>
<td>23,902</td>
</tr>
<tr>
<td>2016</td>
<td>6,528,845</td>
<td>1,350,388</td>
<td>4,178,462</td>
<td>187,310</td>
<td>-</td>
<td>68,589</td>
</tr>
<tr>
<td>2022-2026</td>
<td>29,935,506</td>
<td>11,259,000</td>
<td>312,111</td>
<td>-</td>
<td>-</td>
<td>814,080</td>
</tr>
<tr>
<td>2027-2031</td>
<td>22,772,777</td>
<td>14,224,388</td>
<td>369,940</td>
<td>-</td>
<td>-</td>
<td>822,505</td>
</tr>
<tr>
<td>2032-2036</td>
<td>8,220,000</td>
<td>14,253,534</td>
<td>78,508</td>
<td>-</td>
<td>-</td>
<td>403,849</td>
</tr>
<tr>
<td>2037-2041</td>
<td>6,775,000</td>
<td>6,335,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>523,880</td>
</tr>
<tr>
<td>2042-2046</td>
<td>2,190,000</td>
<td>23,720,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>884,086</td>
</tr>
<tr>
<td>2047-2051</td>
<td>-</td>
<td>430,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,039,732</td>
</tr>
<tr>
<td>2052-2056</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4,675,000</td>
</tr>
<tr>
<td>2057-2061</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>579,300</td>
</tr>
<tr>
<td>Total</td>
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<td>$84,045,000</td>
<td>$1,118,990</td>
<td>$936,109</td>
<td>$54,534,386</td>
<td>$10,847,440</td>
</tr>
</tbody>
</table>

The schedule of interest payments follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue Bonds</th>
<th>Demand Notes</th>
<th>Mortgage Bonds</th>
<th>Financing Lease</th>
<th>Lines of Credit</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>6,770,891</td>
<td>1,296,436</td>
<td>79,257</td>
<td>33,556</td>
<td>-</td>
<td>122,074</td>
</tr>
<tr>
<td>2014</td>
<td>6,529,013</td>
<td>1,295,124</td>
<td>76,974</td>
<td>26,932</td>
<td>-</td>
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<tr>
<td>2015</td>
<td>6,038,335</td>
<td>1,293,749</td>
<td>74,714</td>
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<td>-</td>
<td>107,424</td>
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<tr>
<td>2016</td>
<td>5,760,658</td>
<td>1,292,374</td>
<td>72,286</td>
<td>12,884</td>
<td>-</td>
<td>107,254</td>
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<tr>
<td>2017-2021</td>
<td>24,358,965</td>
<td>6,439,054</td>
<td>318,127</td>
<td>5,601</td>
<td>-</td>
<td>526,222</td>
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<tr>
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<td>16,327,351</td>
<td>6,338,423</td>
<td>98,528</td>
<td>-</td>
<td>-</td>
<td>544,520</td>
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<tr>
<td>2027-2031</td>
<td>8,057,611</td>
<td>6,335,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>2032-2036</td>
<td>4,039,501</td>
<td>6,116,074</td>
<td>318,432</td>
<td>-</td>
<td>-</td>
<td>453,845</td>
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<tr>
<td>2037-2041</td>
<td>1,374,096</td>
<td>5,420,093</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>505,595</td>
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<td>2042-2046</td>
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<td>1,194,308</td>
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<td>-</td>
<td>-</td>
<td>107,254</td>
</tr>
<tr>
<td>2047-2051</td>
<td>-</td>
<td>5,941</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>350,022</td>
</tr>
<tr>
<td>2052-2056</td>
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<td>-</td>
<td>-</td>
<td>350,022</td>
</tr>
<tr>
<td>2057-2061</td>
<td>-</td>
<td>-</td>
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<td>-</td>
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<td>350,022</td>
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<td>$38,085,752</td>
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<td>$99,019</td>
<td>-</td>
<td>$5,214,321</td>
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</tbody>
</table>

The schedule of debt service payments follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue Bonds</th>
<th>Demand Notes</th>
<th>Mortgage Bonds</th>
<th>Financing Lease</th>
<th>Lines of Credit</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>11,643,270</td>
<td>2,961,436</td>
<td>122,872</td>
<td>200,394</td>
<td>251,962</td>
<td>146,569</td>
</tr>
<tr>
<td>2014</td>
<td>17,182,973</td>
<td>2,526,852</td>
<td>107,115</td>
<td>200,394</td>
<td>54,282,424</td>
<td>130,347</td>
</tr>
<tr>
<td>2015</td>
<td>12,401,713</td>
<td>2,501,073</td>
<td>107,114</td>
<td>200,394</td>
<td>-</td>
<td>131,326</td>
</tr>
<tr>
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<td>12,289,503</td>
<td>2,642,661</td>
<td>107,115</td>
<td>200,694</td>
<td>-</td>
<td>175,843</td>
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<tr>
<td>2017-2021</td>
<td>57,162,372</td>
<td>14,850,814</td>
<td>535,574</td>
<td>233,253</td>
<td>-</td>
<td>914,200</td>
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<tr>
<td>2022-2026</td>
<td>46,262,857</td>
<td>17,520,156</td>
<td>535,573</td>
<td>-</td>
<td>-</td>
<td>1,358,600</td>
</tr>
<tr>
<td>2027-2031</td>
<td>30,830,387</td>
<td>20,562,311</td>
<td>468,468</td>
<td>-</td>
<td>-</td>
<td>1,446,424</td>
</tr>
<tr>
<td>2032-2036</td>
<td>12,259,501</td>
<td>20,369,608</td>
<td>81,432</td>
<td>-</td>
<td>-</td>
<td>909,438</td>
</tr>
<tr>
<td>2037-2041</td>
<td>8,149,096</td>
<td>11,755,093</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>986,204</td>
</tr>
<tr>
<td>2042-2046</td>
<td>2,609,178</td>
<td>25,914,308</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,337,571</td>
</tr>
<tr>
<td>2047-2051</td>
<td>-</td>
<td>435,941</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,613,094</td>
</tr>
<tr>
<td>2052-2056</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>887,122</td>
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<td>2057-2061</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5,025,022</td>
</tr>
<tr>
<td>Total</td>
<td>$210,790,850</td>
<td>$122,130,752</td>
<td>$2,065,262</td>
<td>$1,035,128</td>
<td>$54,534,386</td>
<td>$16,061,761</td>
</tr>
</tbody>
</table>

Washington State Auditor's Office
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NOTE 7-DEMAND BONDS

The Authority had $84.045 million in outstanding variable rate demand bonds on three projects and one 8-project bond pool. The Landmark Apartments (Landmark) had $16.45 million, the Village at Overlake Station (Overlake) had $23.315 million, Salmon Creek Apartments had $4.155 million and the 2005 bond pool (comprised of the Carriage House, Cottonwood, Newporter, Timberwood, Cove East, Woodside East, Aspen Ridge and Bellepark East projects) had $40.125 million outstanding, respectively, at December 31, 2012. The bonds for each have the following common characteristics:

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

The Landmark bond matures in 2042. At December 31, 2012 the variable rate on the bonds was 0.15%. The Landmark 2002 variable rate demand note bonds have a year-end principal balance of $16,450,000, after a December 1, 2011 principal payment of $775,000. An Irrevocable Letter of Credit, issued by Bank of America, was extended from an expiration of July 10, 2011 to July 10, 2013. The LOC guarantees payment of the variable rate bonds. There is currently no swap agreement in place. Negotiations are currently underway to obtain a new Letter of Credit.

The Overlake bonds mature in 2040. At December 31, 2012 the variable rates on the bonds was 0.15%. The Letter of Credit was extended in 2010 for an additional two years and supports the variable rate bonds only. Under the swap contract terms, the Authority pays a fixed rate of 4.11% and receives a variable rate equal to 70% of the 1 Month USD-LIBOR-BBA on the declining notional amount. As of December 31, 2012, the notional amount was $22,050,000 and the fair market value of the swap contract was ($75,198). Salmon Creek Apartments bond matures in 2047. At December 31, 2012 the variable rate on the bond was 0.15%. The Salmon Creek variable rate demand bond had a year-end principle balance of $4,155,000. This bond has a swap agreement in place, but not held by the Authority. The interest the Authority pays through the swap agreement is 3.988%.
The 2005 bond pool bonds mature in 2035. At December 31, 2012 the variable rate on the bonds was 0.12%. The credit enhancement agreement is for a fixed term of 15 years and, upon maturity of the credit facility, the Authority will either refinance the bond issue or obtain another credit enhancement. The Authority has entered into three swap contracts with respect to the bonds. Under the swap contract terms, the Authority pays a fixed rate of 3.87%; 3.459%; and 3.609% and receives a variable rate equal to the weekly weighted average of SIFMA resets for the respective period on the applicable notional amounts. As of December 31, 2012, the notional amounts were $21,735,000, $9,508,175, and $8,694,000 respectively and the aggregate fair market value of the swaps was ($5,418,997).

NOTE 8 - DERIVATIVE INSTRUMENTS

a) Summary of Derivative Instruments

At December 31, 2012, the Authority had the following derivative instruments outstanding:

<table>
<thead>
<tr>
<th>Governmental Activities</th>
<th>Changes in Fair Value</th>
<th>Fair Value at December 31, 2012</th>
<th>Notional</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Classification</td>
<td>Amount</td>
<td>Classification</td>
</tr>
<tr>
<td>Investment derivatives:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pay-fixed interest rate swaps</td>
<td>Investment Income</td>
<td>$835,468</td>
<td>Investment</td>
</tr>
<tr>
<td>B of A, Overlake Swap</td>
<td></td>
<td></td>
<td>Wachovia, 2005 Pool A</td>
</tr>
<tr>
<td>B of A, 2005 Pool B</td>
<td>Investment Income</td>
<td>$169,515</td>
<td>Investment</td>
</tr>
<tr>
<td>B of A, 2005 Pool C</td>
<td>Investment Income</td>
<td>$175,471</td>
<td>Investment</td>
</tr>
<tr>
<td></td>
<td>$715,248</td>
<td>$ (5,494,195)</td>
<td></td>
</tr>
</tbody>
</table>

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

b) Investment Derivative Risks

- The credit ratings of the swap counterparties are as follows: Bank of America, N.A. (A/A3/A) and Wells Fargo Bank, N.A. (AA-/Aa3/AA-)
- There is no potential loss if the counterparties fail to fulfill their obligations.
- The swap providers’ obligations under the swap are supported by contractual obligations of Bank of America, N.A. and Wells Fargo Bank, N.A, as successor in interest to Wachovia Bank, N.A.
- Significant concentration of credit risk exists with Bank of America as it holds three of the four swap contracts.
## NOTE 9 –COMPONENT UNITS

*Moving King County Residents Forward*

Moving King County Residents Forward (MKCRF) is a legally separate, 501(c)(3), non-profit organization. During 2012, KCHA leased property to MKCRF through a 30-year capital lease with 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 will be 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 KCHA and the management of KCHA has operational responsibility for MKCRF, MKCRF’s balances and transactions are “blended” with those of KCHA pursuant to GASB Statement 14, *The Financial Reporting Entity* and GASB Statement 61 *The Financial Reporting Entity: Omnibus*.

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

Following are the condensed financial statements of MKCRF:

<table>
<thead>
<tr>
<th>Moving King County Residents Forward</th>
<th>Condensed Statement of Net Position</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets:</strong></td>
<td></td>
</tr>
<tr>
<td>Current and other assets</td>
<td><strong>2012</strong> $ (1,176) <strong>2011</strong> $(894)</td>
</tr>
<tr>
<td>Capital assets</td>
<td><strong>20,303,424</strong></td>
</tr>
<tr>
<td>Total Assets</td>
<td><strong>20,302,248</strong></td>
</tr>
<tr>
<td><strong>Liabilities:</strong></td>
<td></td>
</tr>
<tr>
<td>Current and other liabilities</td>
<td><strong>1,501,481</strong></td>
</tr>
<tr>
<td>Long-term debt, net of current</td>
<td><strong>29</strong></td>
</tr>
<tr>
<td>Total Liabilities</td>
<td><strong>1,501,510</strong></td>
</tr>
<tr>
<td><strong>Net Position:</strong></td>
<td></td>
</tr>
<tr>
<td>Net Investment in Capital Assets</td>
<td><strong>20,315,477</strong></td>
</tr>
<tr>
<td>Restricted</td>
<td><strong>-</strong></td>
</tr>
<tr>
<td>Unrestricted</td>
<td><strong>(1,514,739)</strong></td>
</tr>
<tr>
<td>Total Net Position</td>
<td><strong>$ 18,800,738</strong> <strong>2011</strong> $(894)</td>
</tr>
</tbody>
</table>

Washington State Auditor's Office

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

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenues</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Nonoperating revenues</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>125,365</td>
<td>10</td>
</tr>
<tr>
<td>Nonoperating expenses</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>125,365</td>
<td>10</td>
</tr>
<tr>
<td>Excess or deficiency before contributions</td>
<td>(125,365)</td>
<td>(10)</td>
</tr>
<tr>
<td>Capital contributions</td>
<td>18,926,997</td>
<td>-</td>
</tr>
<tr>
<td><strong>Change in Net Position</strong></td>
<td>18,801,632</td>
<td>(10)</td>
</tr>
<tr>
<td>Beginning Net Position</td>
<td>(894)</td>
<td>(884)</td>
</tr>
<tr>
<td>Ending Net Position</td>
<td>$18,800,738</td>
<td>$(894)</td>
</tr>
</tbody>
</table>

### Condensed Statement of Cash Flows

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash provided by (used in):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating activities</td>
<td>$ (282)</td>
<td>$ (10)</td>
</tr>
<tr>
<td>Capital and related financing activities</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Investing activities</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net Increase in cash and cash Equivalents</strong></td>
<td>(282)</td>
<td>(10)</td>
</tr>
<tr>
<td>Cash and cash equivalents - beginning of the year</td>
<td>(894)</td>
<td>(884)</td>
</tr>
<tr>
<td>Cash and cash equivalents - end of the year</td>
<td>$ (1,176)</td>
<td>$ (894)</td>
</tr>
</tbody>
</table>
**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. 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.

The Authority currently is a general partner in the following tax credit partnerships: Laurelwood Gardens (Federal Way), the Rural Preservation projects (Enumclaw and North Bend), Seatac (Sea Tae), Heritage Park (Bothell), Colonial Gardens (Shoreline), Alpine Ridge (Bothell), Kona Village (Bellevue), Overlake Station (Redmond), Southwood Square (Kent), Cones (White Center), Harrison House (Kent), Green River (aka Valley Park) (Auburn), Seola Crossing (White Center), Nia (White Center), Egis (scattered sites), Soosette Creek (Kent), Eastbridge (Seattle), Salmon Creek (White Center), Sixth Place (White Center), and Zephyr (Seattle).

Typically, at the time of closing, the Authority will earn a developer’s fee for its role in bringing the project to fruition. Developer fees are paid primarily from available cash flows and development proceeds. Under the various partnership agreements, any outstanding developer fees are generally required to be paid within 10 to 15 years of the project’s placed-in-service date and may accrue interest on unpaid balances. Certain tax credit projects also incur a management fee and sometimes a construction management fee owed to the general partner. These incurred fees and interest are reflected in the Authority’s operating income and totaled $342,500 in 2012.

The financing for the tax credit partnerships was structured as direct financing leases from the Authority to the partnerships. Upon issuance of the bonds, the Authority purchases the projects. The Authority retains ownership of the buildings, and leases them to the partnerships under terms of a long term financing lease, which is treated as a sale for tax purposes. Payments from the partnerships are sufficient to pay the outstanding bonds, but the Authority remains contingently liable for their payment. The debt interest expense and an offsetting amount of interest income are reflected on the Authority’s books and total $2,536,215 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 reflected in Note 6. A summary of notes receivable and investments in direct financing leases with the partnerships is reflected in Note 4.
**Partnership Name**
- Alpine Ridge
- Colonial Gardens
- Cones
- Eastbridge
- Egis
- Green River Homes
- Harrison House Apts.

**Fiscal Year Acquired / Sold**
- 1999
- 1999
- 2003
- 2010
- 2007
- 2004
- 2004

### ASSETS, LIABILITIES AND NET ASSETS:

#### ASSETS

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and investments</td>
<td>$526,087</td>
<td>$1,027,236</td>
<td>$654,376</td>
<td>$820,734</td>
<td>$1,152,755</td>
<td>$493,542</td>
<td>$684,067</td>
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<td>Receivables and other</td>
<td>51,408</td>
<td>83,211</td>
<td>10,737</td>
<td>255,781</td>
<td>803,832</td>
<td>63,420</td>
<td>101,962</td>
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<tr>
<td>Capital assets, net</td>
<td>2,884,306</td>
<td>4,956,917</td>
<td>8,525,896</td>
<td>20,486,183</td>
<td>62,971,076</td>
<td>6,889,580</td>
<td>6,520,709</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$3,461,801</td>
<td>$6,067,364</td>
<td>$9,191,009</td>
<td>$21,562,698</td>
<td>$64,927,663</td>
<td>$7,446,542</td>
<td>$7,306,738</td>
</tr>
</tbody>
</table>

#### LIABILITIES & NET ASSETS

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>LIABILITIES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities</td>
<td>$371,517</td>
<td>$464,226</td>
<td>$288,320</td>
<td>$316,881</td>
<td>$3,267,199</td>
<td>$837,083</td>
<td>$1,175,456</td>
</tr>
<tr>
<td>Long-term liabilities</td>
<td>2,194,629</td>
<td>3,745,000</td>
<td>5,112,115</td>
<td>10,243,270</td>
<td>49,796,619</td>
<td>4,072,641</td>
<td>5,071,716</td>
</tr>
<tr>
<td>NET ASSETS</td>
<td>895,655</td>
<td>1,858,138</td>
<td>3,790,574</td>
<td>11,002,547</td>
<td>62,971,076</td>
<td>6,889,580</td>
<td>5,071,716</td>
</tr>
<tr>
<td>Total Liabilities &amp; Net Assets</td>
<td>$3,461,801</td>
<td>$6,067,364</td>
<td>$9,191,009</td>
<td>$21,562,698</td>
<td>$64,927,663</td>
<td>$7,446,542</td>
<td>$7,306,738</td>
</tr>
</tbody>
</table>

#### REVENUE, EXPENSES AND CHANGE IN NET ASSETS:

##### OPERATING REVENUES

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Tenant revenue</td>
<td>$504,673</td>
<td>$866,119</td>
<td>$773,227</td>
<td>$1,162,597</td>
<td>$2,320,830</td>
<td>$595,123</td>
<td>$630,447</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>5,357</td>
<td>16,484</td>
<td>78,573</td>
<td></td>
<td>34,991</td>
<td>8,136</td>
<td>16,031</td>
</tr>
<tr>
<td><strong>Total Operating Revenue</strong></td>
<td>$510,030</td>
<td>882,603</td>
<td>851,800</td>
<td>1,162,597</td>
<td>2,355,821</td>
<td>603,259</td>
<td>646,478</td>
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</table>

##### OPERATING EXPENSES

<table>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative</td>
<td>112,737</td>
<td>110,109</td>
<td>228,956</td>
<td>203,146</td>
<td>853,610</td>
<td>180,161</td>
<td>138,914</td>
</tr>
<tr>
<td>Operating and maintenance</td>
<td>174,941</td>
<td>311,312</td>
<td>417,812</td>
<td>353,072</td>
<td>1,120,030</td>
<td>279,447</td>
<td>261,616</td>
</tr>
<tr>
<td>Depreciation</td>
<td>91,181</td>
<td>165,149</td>
<td>274,662</td>
<td>1,127,599</td>
<td>1,818,156</td>
<td>343,802</td>
<td>318,295</td>
</tr>
<tr>
<td><strong>Total Operating Expense</strong></td>
<td>378,859</td>
<td>586,570</td>
<td>921,430</td>
<td>1,683,817</td>
<td>3,791,795</td>
<td>803,410</td>
<td>718,825</td>
</tr>
<tr>
<td><strong>Total Operating Income</strong></td>
<td>131,171</td>
<td>296,033</td>
<td>(69,630)</td>
<td>(521,220)</td>
<td>(1,435,974)</td>
<td>(200,151)</td>
<td>(72,347)</td>
</tr>
</tbody>
</table>

##### NONOPERATING REVENUES (EXPENSES)

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Investment income</td>
<td>16,326</td>
<td>19,632</td>
<td>781</td>
<td>317</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(144,205)</td>
<td>(239,047)</td>
<td>(185,744)</td>
<td>(597,670)</td>
<td>(903,993)</td>
<td>(184,204)</td>
<td>(243,195)</td>
</tr>
<tr>
<td><strong>Total nonoperating revenues (expenses)</strong></td>
<td>(127,879)</td>
<td>(219,415)</td>
<td>(184,963)</td>
<td>(597,353)</td>
<td>(903,993)</td>
<td>(184,204)</td>
<td>(243,195)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Net Income (Loss)</td>
<td>3,292</td>
<td>76,618</td>
<td>(254,593)</td>
<td>(1,118,573)</td>
<td>(2,339,967)</td>
<td>(384,355)</td>
<td>(315,542)</td>
</tr>
<tr>
<td>Contributions (distributions)</td>
<td>163,759</td>
<td>-</td>
<td>(6,149)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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</tbody>
</table>

##### CHANGE IN NET ASSETS

<table>
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<tr>
<th></th>
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<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Beginning Net Assets</td>
<td>728,604</td>
<td>1,781,520</td>
<td>4,051,316</td>
<td>12,121,120</td>
<td>14,203,120</td>
<td>12,921,73</td>
<td>1,375,108</td>
</tr>
<tr>
<td><strong>Total Ending Net Assets</strong></td>
<td>$895,655</td>
<td>$1,858,138</td>
<td>$3,790,574</td>
<td>$11,002,547</td>
<td>$11,863,845</td>
<td>$7,536,818</td>
<td>$1,059,566</td>
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<tr>
<td>Partnership Name</td>
<td>Heritage Park</td>
<td>Kona Village</td>
<td>Laurelwood Gardens</td>
<td>Nia</td>
<td>Overlake TOD Housing</td>
<td>Rural Housing</td>
<td>Salmon Creek</td>
</tr>
<tr>
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</tr>
</tbody>
</table>

**ASSETS, LIABILITIES AND NET ASSETS:**

**ASSETS**

- Cash and investments: 883,150 $, 1,651,379 $, 964,595 $, 362,562 $, 2,803,976 $, 626,694 $, 384,075 $
- Receivables and other: 99,589, 140,814, 55,750, 248,102, 267,897, 100,715, 234,997
- Capital assets, net: 5,220,260 $, 13,745,482 $, 3,087,700 $, 17,335,302 $, 30,077,707 $, 3,611,750 $, 19,862,565 $
- **Total Assets**: 6,202,999 $, 15,537,675 $, 4,108,046 $, 17,945,966 $, 33,149,580 $, 4,339,159 $, 20,481,637 $

**LIABILITIES & NET ASSETS**

**LIABILITIES**

- Current liabilities: 551,426 $, 472,853 $, 411,370 $, 882,011 $, 740,776 $, 249,693 $, 1,625,020 $
- Long-term liabilities: 3,491,751, 10,448,250 $, 2,527,852 $, 7,683,000 $, 26,956,103 $, 3,384,664 $, 7,730,595 $

**NET ASSETS**

- 2,159,822, 4,616,572 $, 1,168,824 $, 9,380,955 $, 5,452,702 $, 704,803 $, 11,126,022 $

- **Total Liabilities & Net Assets**: 6,202,999 $, 15,537,675 $, 4,108,046 $, 17,945,966 $, 33,149,580 $, 4,339,159 $, 20,481,637 $

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

**OPERATING REVENUES**

- Tenant revenue: 896,859 $, 1,773,285 $, 837,829 $, 606,496 $, 3,276,824 $, 821,104 $, 707,178 $
- Other Revenue: 24,125, 94,262, - $, 4,856, 80,922, 18,453, 10,616 $
- **Total Operating Revenue**: 920,984 $, 1,867,547 $, 837,829 $, 611,352 $, 3,357,746 $, 839,557 $, 717,794 $

**OPERATING EXPENSES**

- Administrative: 228,165 $, 282,568 $, 166,552 $, 189,453 $, 478,504 $, 232,047 $, 206,599 $
- Operating and maintenance: 323,956 $, 787,368 $, 464,048 $, 249,261 $, 926,964 $, 364,304 $, 434,032 $
- Depreciation: 184,247 $, 382,644 $, 182,880 $, 793,622 $, 1,074,096 $, 219,905 $, 638,024 $
- **Total Operating Expense**: 736,368 $, 1,452,580 $, 813,480 $, 1,232,336 $, 2,479,564 $, 816,256 $, 1,278,655 $

- **Total Operating Income**: 184,616 $, 414,967 $, 24,349 $, (620,984) $, 878,182 $, 23,301 $, (560,861) $

**NONOPERATING REVENUES (EXPENSES)**

- Investment income: 523 $, 13,187 $, 10,038 $, 204 $, 3,815 $, 7,028 $, 395 $
- Interest expense: (206,198) $, (536,021) $, (141,097) $, (337,201) $, (1,227,374) $, (126,859) $, (394,848) $

- **Total nonoperating revenues (expenses)**: (205,675) $, (522,834) $, (131,058) $, (336,997) $, (1,223,559) $, (119,831) $, (394,453) $

- **Total Net Income (Loss)**: (21,059) $, (107,867) $, (106,709) $, (957,981) $, (345,377) $, (96,530) $, (955,314) $

- **Contributions (distributions)**: - $, - $, - $, - $, - $, - $, - $

- **CHANGE IN NET ASSETS**

- **Beginning Net Assets**: 2,180,881 $, 4,724,439 $, 1,275,533 $, 10,338,936 $, 5,798,079 $, 801,333 $, 12,081,336 $

- **Total Ending Net Assets**: 2,159,822 $, 4,616,572 $, 1,168,824 $, 9,380,955 $, 5,452,702 $, 704,803 $, 11,126,022 $

Washington State Auditor's Office
### ASSETS, LIABILITIES AND NET ASSETS:

#### ASSETS

<table>
<thead>
<tr>
<th></th>
<th>Seatac</th>
<th>Seola Crossing</th>
<th>Southwood Square</th>
<th>Soosette Creek</th>
<th>Sixth Place</th>
<th>Zephyr</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and investments</td>
<td>$3,038,145</td>
<td>$961,620</td>
<td>$1,039,193</td>
<td>$3,577,195</td>
<td>$298,999</td>
<td>$147,816</td>
<td>$22,098,197</td>
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<tr>
<td>Receivables and other</td>
<td>84,630</td>
<td>396,653</td>
<td>87,083</td>
<td>924,875</td>
<td>53,048</td>
<td>86,121</td>
<td>4,150,624</td>
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<tr>
<td>Capital assets, net</td>
<td>13,496,187</td>
<td>33,911,301</td>
<td>6,935,461</td>
<td>88,172,101</td>
<td>9,139,547</td>
<td>7,220,030</td>
<td>365,050,060</td>
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<tr>
<td>Total Assets</td>
<td>$16,618,962</td>
<td>$35,269,574</td>
<td>$8,061,737</td>
<td>$92,674,171</td>
<td>$9,491,594</td>
<td>$7,453,966</td>
<td>$391,298,881</td>
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#### LIABILITIES & NET ASSETS

<table>
<thead>
<tr>
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<th>TOTAL</th>
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<tbody>
<tr>
<td>Current liabilities</td>
<td>$945,267</td>
<td>$139,674</td>
<td>$951,198</td>
<td>$3,725,809</td>
<td>$12,786</td>
<td>$49,482</td>
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<td>Long-term liabilities</td>
<td>9,903,766</td>
<td>19,745,262</td>
<td>4,807,136</td>
<td>65,028,996</td>
<td>6,792,654</td>
<td>6,075,000</td>
<td>254,811,018</td>
</tr>
<tr>
<td><strong>NET ASSETS</strong></td>
<td>5,769,929</td>
<td>15,384,638</td>
<td>2,303,403</td>
<td>23,919,366</td>
<td>1,329,484</td>
<td>119,009,817</td>
<td></td>
</tr>
<tr>
<td>Total Liabilities &amp; Net Assets</td>
<td>$16,618,962</td>
<td>$35,269,574</td>
<td>$8,061,737</td>
<td>$92,674,171</td>
<td>$9,491,594</td>
<td>$7,453,966</td>
<td>$391,298,881</td>
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#### REVENUE, EXPENSES AND CHANGE IN NET ASSETS:

**OPERATING REVENUES**

<table>
<thead>
<tr>
<th></th>
<th>Seatac</th>
<th>Seola Crossing</th>
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<th>Sixth Place</th>
<th>Zephyr</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tenant revenue</td>
<td>$2,472,538</td>
<td>$1,756,606</td>
<td>$1,055,823</td>
<td>$3,773,634</td>
<td>$185,791</td>
<td>$186,183</td>
<td>$25,203,166</td>
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<tr>
<td>Other Revenue</td>
<td>192,108</td>
<td>-</td>
<td>8,572</td>
<td>27,721</td>
<td>14,521</td>
<td>1,501</td>
<td>637,229</td>
</tr>
<tr>
<td><strong>Total Operating Revenue</strong></td>
<td>2,664,646</td>
<td>1,756,606</td>
<td>1,064,395</td>
<td>3,801,355</td>
<td>200,312</td>
<td>187,684</td>
<td>25,840,395</td>
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**OPERATING EXPENSES**

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>Administrative</td>
<td>383,777</td>
<td>351,861</td>
<td>189,429</td>
<td>765,217</td>
<td>41,023</td>
<td>80,182</td>
<td>5,423,010</td>
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<tr>
<td>Operating and maintenance</td>
<td>1,308,835</td>
<td>754,529</td>
<td>403,925</td>
<td>1,090,122</td>
<td>102,175</td>
<td>110,783</td>
<td>10,238,533</td>
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<tr>
<td>Depreciation</td>
<td>452,060</td>
<td>1,284,322</td>
<td>219,165</td>
<td>2,617,879</td>
<td>364,927</td>
<td>243,905</td>
<td>12,796,520</td>
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<tr>
<td><strong>Total Operating Expense</strong></td>
<td>2,144,672</td>
<td>2,390,712</td>
<td>812,519</td>
<td>4,473,219</td>
<td>508,125</td>
<td>434,870</td>
<td>28,458,063</td>
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<tr>
<td><strong>Total Operating Income</strong></td>
<td>519,974</td>
<td>634,106</td>
<td>251,876</td>
<td>367,814</td>
<td>127,243</td>
<td>177,764</td>
<td>24,281,548</td>
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**NONOPERATING REVENUES (EXPENSES)**

<table>
<thead>
<tr>
<th></th>
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<th>Zephyr</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment income</td>
<td>42,708</td>
<td>625</td>
<td>17,772</td>
<td>588</td>
<td>-</td>
<td>25</td>
<td>133,964</td>
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<tr>
<td>Interest expense</td>
<td>(482,268)</td>
<td>(975,185)</td>
<td>(288,746)</td>
<td>(1,346,867)</td>
<td>(18,954)</td>
<td>(28,249)</td>
<td>(8,607,924)</td>
</tr>
<tr>
<td><strong>Total nonoperating revenues (expenses)</strong></td>
<td>(439,560)</td>
<td>(974,560)</td>
<td>(270,974)</td>
<td>(1,346,278)</td>
<td>(18,954)</td>
<td>(28,249)</td>
<td>(8,473,959)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
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<th>Zephyr</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Net Income (Loss)</td>
<td>80,414</td>
<td>(1,608,666)</td>
<td>(19,098)</td>
<td>(2,018,142)</td>
<td>(326,767)</td>
<td>(275,410)</td>
<td>(11,091,628)</td>
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<tr>
<td>Contributions (distributions)</td>
<td>-</td>
<td>-</td>
<td>(6,333)</td>
<td>3,210,662</td>
<td>1,837,419</td>
<td>5,199,358</td>
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**CHANGE IN NET ASSETS**

<table>
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<tr>
<th></th>
<th>Seatac</th>
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<th>Sixth Place</th>
<th>Zephyr</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Net Assets</td>
<td>5,689,515</td>
<td>16,993,304</td>
<td>2,328,834</td>
<td>25,937,508</td>
<td>(197,741)</td>
<td>(232,523)</td>
<td>124,902,087</td>
</tr>
<tr>
<td><strong>Total Ending Net Assets</strong></td>
<td>$5,769,929</td>
<td>$15,384,638</td>
<td>$2,303,403</td>
<td>$23,919,366</td>
<td>$2,686,154</td>
<td>$1,329,486</td>
<td>$119,009,817</td>
</tr>
</tbody>
</table>
NOTE 10 – SUPPLEMENTAL FINANCIAL INFORMATION

Following are details of selected financial statement line items.

**Other Revenue:**

- Portability administrative fee from other authorities $1,505,376
- Other portability income $25,443,370
- Non-dwell rent $184,451
- Property Management Fees $921,484
- Developer fees $342,500
- Unit upgrade $2,274,693
- Other $6,001

Total Other Revenue $30,677,875

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

- Equipment sold at auction $(37,311)

Total Net Gain (Loss) on Disposal of Capital Assets $(37,311)

**Current Receivables:**

- Grants: HUD, Section 8 program $126,394
- Grants: HUD, CFCF $1,073,063
- Grants: HUD, EDI Special Projects $415,696
- Grants: HUD, other programs $28,682
- Grants: HHS $287,428
- Grants: State of Washington Matchmaker $384,594
- Grants: Bellevue CDBG $72,962
- Grants: Puget Sound Energy $517,041
- Grants: New Futures $222,767
- Grants: BPA $76,999
- Grants: Other $53,148
- Notes and financing leases $21,038,835
- Interest: Notes and financing lease $3,827,560
- Tenants $237,117
- Tax Credit Partnerships $229,224
- Other $681,423

Total Current Receivables $29,272,933

**Other Current Assets:**

- Prepaid insurance and other $585,136
- Materials & mobile home inventory $631,624

Total Other Current Assets $1,216,760

**Noncurrent Receivables:**

- Notes and financing leases $283,856,088
- Noncurrent interest $10,090,625
- Other $48,794

Total Noncurrent Receivables $293,995,507

**Other Noncurrent Assets:**

- Investment in tax credit properties $2,803,051
- Other $125,757

Total Other Noncurrent Assets $2,928,808

**Other Current Liabilities:**

- Accounts payable $5,005,226
- Interest payable $2,191,725
- Accrued compensated absences $1,999,201
- Tenant security deposits $1,395,594
- Accrued wages and benefits $1,369,733
- Family Self Sufficiency escrow $610,881
- Other $541,590

Total Other Current Liabilities $13,113,950

**Other Noncurrent Liabilities:**

- Contract Retentions $2,905,330
- Prepaid Rents $528,879
- Noncurrent interest $285,785

Total Other Noncurrent Liabilities $3,719,994
NOTE 11 - PENSION PLAN

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

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

Plan Description

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

Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts (other than judges currently in a judicial retirement system); employees of legislative committees; community and technical colleges, college and university employees not participating in national higher education retirement programs; judges of district and municipal courts; and employees of local governments.

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

PERS Plan 1 and Plan 2 defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. PERS retirement benefit provisions are established in Chapters 41.34 and 41.40 RCW and may be amended only by the State Legislature.
PERS Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. The monthly benefit is 2 percent of the average final compensation (AFC) per year of service. (AFC is the monthly average of the 24 consecutive highest-paid service credit months.) The retirement benefit may not exceed 60 percent of AFC. The monthly benefit is subject to a minimum for PERS Plan 1 retirees who have 25 years of service and have been retired 20 years, or who have 20 years of service and have been retired 25 years. Plan 1 members retiring from inactive status prior to the age of 65 may receive actuarially reduced benefits. If a survivor option is chosen, the benefit is further reduced. A cost-of-living allowance (COLA) is granted at age 66 based upon years of service times the COLA amount, which is increased 3 percent annually. Plan 1 members may also elect to receive an optional COLA that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 1 provides duty and non-duty disability benefits. Duty disability retirement benefits for disablement prior to the age of 60 consist of a temporary life annuity payable to the age of 60. The allowance amount is $350 a month, or two-thirds of the monthly AFC, whichever is less. The benefit is reduced by any workers’ compensation benefit and is payable as long as the member remains disabled or until the member attains the age of 60. A member with five years of covered employment is eligible for non-duty disability retirement. Prior to the age of 55, the allowance amount is 2 percent of the AFC for each year of service reduced by 2 percent for each year that the member’s age is less than 55. The total benefit is limited to 60 percent of the AFC and is actuarially reduced to reflect the choice of a survivor option. A cost-of-living allowance is granted at age 66 based upon years of service times the COLA amount (based on the consumer Price Index), capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced. PERS Plan 1 members can receive credit for military service while actively serving in the military, if such credit makes them eligible to retire. Members can also purchase up to 24 months of service credit lost because of an on-the-job injury.

PERS Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members are eligible for normal retirement at the age of 65 with five years of service. The monthly benefit is 2 percent of the AFC per year of service. (AFC is the monthly average of the 60 consecutive highest-paid service months.) PERS Plan 2 members who have at least 20 years of service credit and are 55 years of age or older are eligible for early retirement with a reduced benefit. The benefit is reduced by an early retirement factor (ERF) that varies according to age, for each year before age 65. PERS Plan 2 retirement benefits are also actuarially reduced to reflect the choice, if made, of a survivor option. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent annually.

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

PERS Plan 2 retirement benefits are also actuarially reduced to reflect the choice, if made, of a survivor option. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent annually.
The surviving spouse or eligible child or children of a PERS Plan 2 member who dies after leaving eligible employment having earned ten years of service credit may request a refund of the member’s accumulated contributions. Effective July 22, 2007, said refund (adjusted as needed for specified legal reductions) is increased from 100 percent to 200 percent of the accumulated contributions if the member’s death occurs in the uniformed service to the United States while participating in Operation Enduring Freedom or Persian Gulf, Operation Iraqi Freedom.

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

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

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

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

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

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

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

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

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

PERS Plan 2 and Plan 3 members may have up to ten years of interruptive military service credit; five years at no cost and five years that may be purchased by paying the required contributions. Effective July 24, 2005, a member who becomes totally incapacitated for continued employment while serving the uniformed services, or a surviving spouse or eligible children, may apply for interruptive military service credit. Additionally, PERS Plan 2 and Plan 3 members can also purchase up to 24 months of service credit lost because of an on-the-job injury.
PERS members may also purchase up to five years of additional service credit once eligible for retirement. This credit can only be purchased at the time of retirement and can be used only to provide the member with a monthly annuity that is paid in addition to the member’s retirement benefit.

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

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

There are 1,184 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2011:

| Retirees and Beneficiaries Receiving Benefits | 79,363 |
| Terminated Plan Members Entitled to But Not Yet Receiving Benefits | 29,925 |
| Active Plan Members Vested | 105,578 |
| Active Plan Members Non-vested | 46,839 |
| Total | 261,705 |

Funding Policy

Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent for state agencies and local government unit employees, and at 7.5 percent for state government elected officials. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. All employers are required to contribute at the level established by the Legislature. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan and member contributions finance the defined contribution portion. The Director of the Department of Retirement Systems sets Plan 3 employee contribution rates. Six rate options are available ranging from 5 percent to 15 percent; two of the options are graduated rates dependent on the employee’s age. As a result of the implementation of the Judicial Benefit Multiplier Program in January 2007, a second tier of employer and employee rates was developed to fund, along with investment earnings, the increased retirement benefits of those justices and judges that participate in the program. The methods used to determine the contribution requirements are established under state statute in accordance with Chapters 41.40 and 41.45 RCW.
The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2011, are as follows:

<table>
<thead>
<tr>
<th></th>
<th>PERS Plan 1</th>
<th>PERS Plan 2</th>
<th>PERS Plan 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employer*</td>
<td>7.21%**</td>
<td>7.21%**</td>
<td>7.21%***</td>
</tr>
<tr>
<td>Employee</td>
<td>6.00%****</td>
<td>4.64%****</td>
<td>*****</td>
</tr>
</tbody>
</table>

* The employer rates include the employer administrative expense fee currently set at 0.16%.
** The employer rate for state elected officials is 10.74% for Plan 1 and 7.21% for Plan 2 and Plan 3.
*** Plan 3 defined benefit portion only.
**** The employee rate for state elected officials is 7.50% for Plan 1 and 4.64% for Plan 2.
***** Variable from 5.0% minimum to 15.0% maximum based on rate selected by the PERS 3 member.

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

<table>
<thead>
<tr>
<th></th>
<th>PERS Plan 1</th>
<th>PERS Plan 2</th>
<th>PERS Plan 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>$ 67,080</td>
<td>$ 1,182,664</td>
<td>$ 201,423</td>
</tr>
<tr>
<td>2011</td>
<td>$ 60,503</td>
<td>$ 1,002,941</td>
<td>$ 172,803</td>
</tr>
<tr>
<td>2010</td>
<td>$ 51,061</td>
<td>$ 825,346</td>
<td>$ 143,608</td>
</tr>
</tbody>
</table>
NOTE 12 - CONDUIT DEBT OBLIGATIONS

The Authority has issued debt instruments for the purpose of providing capital financing for specific non-governmental 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.

<table>
<thead>
<tr>
<th>Non-governmental Corporation</th>
<th>Project Description</th>
<th>Date of Issue</th>
<th>Dec 31 Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auburn North Associates Limited Partnership</td>
<td>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.</td>
<td>December 1, 1997</td>
<td>$11,445,000</td>
</tr>
<tr>
<td>Manufactured Housing Community Preservationists</td>
<td>Acquisition and rehabilitation of a 93-unit mobile home park in the city of Redmond, Washington, known as Avon Villa Mobile Home Park.</td>
<td>December 2, 1997</td>
<td>$1,734,900</td>
</tr>
<tr>
<td>Seaview Apartments Limited Partnership</td>
<td>Acquisition and rehabilitation of a 72-unit multifamily development in Des Moines, Washington.</td>
<td>December 1, 1998</td>
<td>$1,925,000</td>
</tr>
<tr>
<td>St. Andrews Housing Group</td>
<td>Acquisition of a 59-unit apartment complex located on Mercer Island, Washington, known as Ellsworth House.</td>
<td>October 20, 1999</td>
<td>$2,512,827</td>
</tr>
<tr>
<td>Vashon Island Community Care</td>
<td>Construction of a 40-unit assisted living and 30-bed skilled nursing facility on Vashon Island to be known as Vashon Community Care Center.</td>
<td>September 1, 2001</td>
<td>$6,465,000</td>
</tr>
<tr>
<td>Evergreen Court Associates Ltd</td>
<td>Acquisition and rehabilitation of 111-unit Washington Court assisted living in Bellevue to be rehabilitated into a 82-unit complex known as Evergreen Court.</td>
<td>September 7, 2001</td>
<td>$5,857,316</td>
</tr>
<tr>
<td>Angle Lake Apartments</td>
<td>Construction of an 80-unit independent living, senior housing facility located in SeaTac.</td>
<td>November 14, 2002</td>
<td>$3,567,519</td>
</tr>
<tr>
<td>Radcliffe Place, LLC</td>
<td>Construction of a 135-unit senior housing facility located in Kent as Radcliffe Place Senior Apartments.</td>
<td>December 22, 2004</td>
<td>$9,607,421</td>
</tr>
<tr>
<td>Wild Garden Housing LLC-DASH</td>
<td>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.</td>
<td>August 1, 2005</td>
<td>$6,995,726</td>
</tr>
<tr>
<td>Summerfield</td>
<td>Acquisition of an existing 52-unit affordable apartment complex in the City of Bellevue known as Summerfield Apartments.</td>
<td>September 1, 2005</td>
<td>$3,070,000</td>
</tr>
<tr>
<td>Femmesse Apartments</td>
<td>Construction of a 26-unit affordable rental townhouse project on Vashon Island known as Femmesse Apartments.</td>
<td>December 20, 2005</td>
<td>$1,569,349</td>
</tr>
<tr>
<td>Young Women's Association of Seattle, King and Snohomish County (YWCA)</td>
<td>Acquisition, rehabilitation, or construction of housing for persons of low income to be located on multiple sites within King County, Snohomish County, and the City of Seattle.</td>
<td>June 27, 2007</td>
<td>$15,040,000</td>
</tr>
<tr>
<td>280 Clark Limited Partnership</td>
<td>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.</td>
<td>November 1, 2007</td>
<td>$2,624,971</td>
</tr>
<tr>
<td>Young Women's Association of Seattle, King and Snohomish County (YWCA)</td>
<td>Construction of 98 rental dwelling units as part of the YWCA Family Village in Issaquah.</td>
<td>December 23, 2009</td>
<td>$14,450,000</td>
</tr>
</tbody>
</table>

NOTE 14 - RISK MANAGEMENT

The King County Housing Authority (KCHA) has the responsibility to systematically and continuously identify potential exposure to losses in terms of frequency and severity probability, and to apply sound risk control and financing techniques to minimize the impact of those potential losses. KCHA Risk Management has implemented programs to protect the Housing Authority against accidental and criminal losses that would significantly affect personnel, property, or budget by using a combination of loss control programs, purchased commercial insurance, voluntary self-insurance, participation in a risk-sharing pool or group, and contractual risk transfer via indemnification agreements.
For Public Housing, KCHA secures third-party liability insurance primarily through the Housing Authority Risk Retention Pool (HAARP), a public entity risk-sharing pool. The General Liability limit, including Washington Stop-Gap or Employer’s Liability, is $2,000,000 per occurrence on an occurrence basis with a $1,000 deductible. Contractor’s Pollution Liability and Errors & Omissions limit is $1,000,000 on a claims-made basis with a $5,000 per claim deductible provided through Crum & Forster Specialty Insurance Company. Automobile Liability insurance is $5,000,000 in total limits provided through a combination of Philadelphia Insurance Company with $1,000,000 liability limit and excess liability of $4,000,000 provided by Liberty Mutual Fire Insurance Company. Property insurance including Rental Income coverage through HARRP has a standard limit of $3,000,000 replacement cost basis, with higher limits available upon request. Property deductible is $25,000 per loss. The Authority has secured Fidelity coverage through HARRP for $100,000 per occurrence for all employees, and $500,000 for employees with greater exposure.

Bond Financed Projects are covered for property insurance through HARRP. The general liability is covered through the Housing Authority Risk Retention Group (HARRG) with $2,000,000 per occurrence limit. Additionally, liability sub-limits are provided for fire damage liability and athletic sports liability, at $50,000 and $250,000, respectively. Excess Liability limit of $3,000,000 is provided by Lexington Insurance Company.

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

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

Public Officials Errors and Omissions and Employment Practices Liability is provided on all properties with a $5,000,000 limit and a $75,000 Self-Insured Retention from Illinois Union Insurance Company. No active claims are anticipated to exceed the applicable limits of insurance secured from any of the listed providers.
NOTE 15 – CONSTRUCTION COMMITMENTS

At December 31, 2012 the Authority had the following contractual obligations on construction projects:

<table>
<thead>
<tr>
<th>Project</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ballinger/Casa Juanita</td>
<td>$467,038</td>
</tr>
<tr>
<td>Boulevard Manor</td>
<td>469,760</td>
</tr>
<tr>
<td>Briarwood</td>
<td>1,501,680</td>
</tr>
<tr>
<td>Burndale Homes</td>
<td>33,623</td>
</tr>
<tr>
<td>Cascade Homes</td>
<td>2,199,488</td>
</tr>
<tr>
<td>Central Office Annex</td>
<td>63,579</td>
</tr>
<tr>
<td>Community Buildings</td>
<td>451,995</td>
</tr>
<tr>
<td>Eastside Terrace</td>
<td>1,431,385</td>
</tr>
<tr>
<td>Forest Glen</td>
<td>1,659,459</td>
</tr>
<tr>
<td>Green River Homes</td>
<td>116,458</td>
</tr>
<tr>
<td>Greenbridge</td>
<td>68,714</td>
</tr>
<tr>
<td>Juanita Court</td>
<td>74,577</td>
</tr>
<tr>
<td>Juanita Trace</td>
<td>9,622</td>
</tr>
<tr>
<td>Kirkwood Terrace</td>
<td>355,946</td>
</tr>
<tr>
<td>Pacific Court</td>
<td>359,607</td>
</tr>
<tr>
<td>Seola Gardens - Fairwind</td>
<td>8,193,354</td>
</tr>
<tr>
<td>Seola Gardens - Joseph House</td>
<td>575,366</td>
</tr>
<tr>
<td>Spiritwood &amp; Hidden Village</td>
<td>1,650,635</td>
</tr>
<tr>
<td>Valli Kee Homes</td>
<td>1,833</td>
</tr>
<tr>
<td>Vista Heights</td>
<td>1,024,189</td>
</tr>
<tr>
<td>Westminster Manor</td>
<td>89,782</td>
</tr>
<tr>
<td>Woodridge Park</td>
<td>38,022</td>
</tr>
<tr>
<td>Young's Lake</td>
<td>1,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$20,837,113</strong></td>
</tr>
</tbody>
</table>

NOTE 16 – SUBSEQUENT EVENTS

On July 19, 2013, the Board of Commissioners authorized KCHA to borrow $18 million from the Federal Home Loan Bank in order to loan the proceeds to Moving King County Residents Forward (MKCRF), a 501(c)(3) organization that purchased 509 units of public housing from the authority November, 2012. These funds were formally drawn from the FHLB on September 3, and were subsequently loaned to MKCRF.

On September 16th, the Board of Commissioners authorized the purchase of a portfolio of nine properties known as the “Chaussee” properties. The authorization is subject to successful final negotiations with the seller regarding price and other terms.
<table>
<thead>
<tr>
<th>GRANTEE PROGRAM TITLE</th>
<th>FEDERAL ID</th>
<th>OTHER PASS</th>
<th>CURRENT THROUGH</th>
<th>DEBT LIABILITY</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>GRANTOR</td>
<td>ID</td>
<td>YEAR</td>
<td>EXPENDITURES</td>
</tr>
<tr>
<td>U.S. DEPARTMENT OF AGRICULTURE</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RURAL RENTAL HOUSING LOANS</td>
<td>RAINIER I</td>
<td>10.415</td>
<td>LOAN</td>
<td>397,229</td>
</tr>
<tr>
<td></td>
<td>RAINIER II</td>
<td>10.415</td>
<td>LOAN</td>
<td>351,708</td>
</tr>
<tr>
<td></td>
<td>M S VIEW</td>
<td>10.415</td>
<td>LOAN</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL 10.415</td>
<td>-</td>
<td>-</td>
<td>1,103,415</td>
<td>-</td>
</tr>
<tr>
<td>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LOWER INCOME HOUSING ASSISTANCE PROGRAM - SECTION 8 NEW CONSTRUCTION / SUBSTANTIAL REHABILITATION</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BURJEN PARK</td>
<td>14.182</td>
<td>WA19-802-007</td>
<td>612,418</td>
<td>-</td>
</tr>
<tr>
<td>NORTHWOOD</td>
<td>14.182</td>
<td>WA19-802-006</td>
<td>225,442</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL 14.182</td>
<td>-</td>
<td>-</td>
<td>837,860</td>
<td>-</td>
</tr>
<tr>
<td>MULTIFAMILY HOUSING SERVICE COORDINATORS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SENIOR HOUSING (2004)</td>
<td>14.191</td>
<td>WA19H802005</td>
<td>98,440</td>
<td>-</td>
</tr>
<tr>
<td>SENIOR HOUSING (2010) - Westminster</td>
<td>14.191</td>
<td>WA19H802003</td>
<td>87,015</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL 14.191</td>
<td>-</td>
<td>-</td>
<td>185,454</td>
<td>-</td>
</tr>
<tr>
<td>SECTION 8 HAP PROGRAM - PROJECT-BASED SECTION 8</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PARKWAY</td>
<td>14.195</td>
<td>WA19M002013</td>
<td>388,347</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL 14.195</td>
<td>-</td>
<td>-</td>
<td>388,347</td>
<td>-</td>
</tr>
<tr>
<td>ARRA - SECTION 8 HAP PROGRAM SPECIAL ALLOCATIONS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WESTMINSTER MANOR</td>
<td>14.317</td>
<td>WA19M00148</td>
<td>102,202</td>
<td>15,575</td>
</tr>
<tr>
<td>TOTAL 14.317</td>
<td>-</td>
<td>-</td>
<td>117,777</td>
<td>15,575</td>
</tr>
<tr>
<td>ECONOMIC DEVELOPMENT INITIATIVE: SPECIAL PROJECT, NEIGHBORHOOD INITIATIVE, AND MISCELLANEOUS GRANTS</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>HUD EDI Special projects grant</td>
<td>14.251</td>
<td>B10-SP-WA0234</td>
<td>644,014</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL 14.251</td>
<td>-</td>
<td>-</td>
<td>644,014</td>
<td>-</td>
</tr>
<tr>
<td>LOWER INCOME HOUSING ASSISTANCE PROGRAM-SECTION 8 MODERATE REHABILITATION</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TITUSVILLE</td>
<td>14.856</td>
<td>WA002MR002</td>
<td>98,802</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL 14.856</td>
<td>-</td>
<td>-</td>
<td>98,802</td>
<td>-</td>
</tr>
<tr>
<td>DEMOLITION AND REVITALIZATION OF SERIOUSLY DISTRESSED PUBLIC HOUSING</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HOPE VI</td>
<td>14.866</td>
<td>WA19URD002108</td>
<td>10,707,390</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL 14.866</td>
<td>-</td>
<td>-</td>
<td>10,707,390</td>
<td>-</td>
</tr>
<tr>
<td>SECTION 8 HOUSING CHOICE VOUCHERS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SECTION 8 HOUSING CHOICE VOUCHERS</td>
<td>14.871</td>
<td>WA002</td>
<td>10,301,030</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL 14.871</td>
<td>-</td>
<td>-</td>
<td>10,301,030</td>
<td>-</td>
</tr>
<tr>
<td>PUBLIC HOUSING FAMILY SELF SUFFICIENCY UNDER RESIDENT OPPORTUNITY AND SUPPORT SERVICES</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PUBLIC HOUSING FSS- 2010</td>
<td>14.877</td>
<td>WA002FSS366010</td>
<td>38,418</td>
<td>-</td>
</tr>
<tr>
<td>PUBLIC HOUSING FSS- 2011</td>
<td>14.877</td>
<td>WA002FSS366011</td>
<td>43,118</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL 14.877</td>
<td>-</td>
<td>-</td>
<td>81,536</td>
<td>-</td>
</tr>
<tr>
<td>MAINSTREAM VOUCHERS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SECTION 8 MAINSTREAM</td>
<td>14.879</td>
<td>WA002DV002</td>
<td>2,557,046</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL 14.879</td>
<td>-</td>
<td>-</td>
<td>2,557,046</td>
<td>-</td>
</tr>
<tr>
<td>MOVING TO WORK DEMONSTRATION PROGRAM:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SECTION 8 HOUSING CHOICE VOUCHERS</td>
<td>14.888</td>
<td>WA002</td>
<td>92,516,138</td>
<td>-</td>
</tr>
<tr>
<td>OPERATING SUBSIDY</td>
<td>14.888</td>
<td>WA002</td>
<td>7,498,323</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL 14.888</td>
<td>-</td>
<td>-</td>
<td>102,014,461</td>
<td>-</td>
</tr>
<tr>
<td>ARRA- PUBLIC HOUSING CAPITAL FUND COMPETITIVE:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ballinger</td>
<td>14.888</td>
<td>WA0020010109E</td>
<td>3,901</td>
<td>-</td>
</tr>
<tr>
<td>Northridge II</td>
<td>14.888</td>
<td>WA0020015309E</td>
<td>28,535</td>
<td>-</td>
</tr>
<tr>
<td>Forest Glen</td>
<td>14.888</td>
<td>WA00200201099</td>
<td>347,123</td>
<td>-</td>
</tr>
<tr>
<td>Casa Juntas</td>
<td>14.888</td>
<td>WA00200253109E</td>
<td>35,391</td>
<td>-</td>
</tr>
<tr>
<td>Greenbriar Phase V</td>
<td>14.888</td>
<td>WA0020034109F</td>
<td>209,805</td>
<td>-</td>
</tr>
<tr>
<td>Yardea Arms</td>
<td>14.888</td>
<td>WA0020035209E</td>
<td>101,630</td>
<td>-</td>
</tr>
<tr>
<td>Riverway Terrace</td>
<td>14.888</td>
<td>WA0020035409F</td>
<td>34,654</td>
<td>-</td>
</tr>
<tr>
<td>Valli Kee</td>
<td>14.888</td>
<td>WA0020040109E</td>
<td>16,842</td>
<td>-</td>
</tr>
<tr>
<td>Cascade Homes</td>
<td>14.888</td>
<td>WA0020040309E</td>
<td>5,626</td>
<td>-</td>
</tr>
<tr>
<td>Eastridge House</td>
<td>14.888</td>
<td>WA0020045109E</td>
<td>24,527</td>
<td>-</td>
</tr>
<tr>
<td>Wayland Arms</td>
<td>14.888</td>
<td>WA0020055009E</td>
<td>33,316</td>
<td>-</td>
</tr>
<tr>
<td>Southridge</td>
<td>14.888</td>
<td>WA0020055209E</td>
<td>43,749</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL 14.888</td>
<td>-</td>
<td>-</td>
<td>884,499</td>
<td>-</td>
</tr>
<tr>
<td>CAPITAL FUND EDUCATION AND TRAINING COMMUNITY FACILITIES PROGRAM:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital Fund Community Facilities Grant (CFCF) - Valli Kee</td>
<td>14.890</td>
<td>WA19C0025202-10</td>
<td>1,065,349</td>
<td>-</td>
</tr>
<tr>
<td>Capital Fund Community Facilities Grant (CFCF) - Firewood</td>
<td>14.890</td>
<td>WA19C0025201-10</td>
<td>755,238</td>
<td>-</td>
</tr>
<tr>
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<td>14.890</td>
<td>WA19C0025203-10</td>
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<td>COMMUNITY DEVELOPMENT BLOCK GRANT</td>
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<td>New Futures</td>
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<td>WEATHERIZATION ASSISTANCE FOR LOW INCOME PERSONS</td>
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<td>2009</td>
<td>81.042</td>
<td>F09-43103-413 DOE</td>
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<td>F11-43104-413 BPA</td>
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<td><strong>U.S. DEPARTMENT OF HUMAN AND HEALTH SERVICES</strong></td>
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<tr>
<td>LOW-INCOME HOME ENERGY ASSISTANCE</td>
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<td>2011</td>
<td>93.568</td>
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<td>F12-43101-413 HHS</td>
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<td><strong>AMERICORPS</strong></td>
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<td>AMERICORPS - (2011-2012)</td>
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<td><strong>TOTAL - AMERICORPS</strong></td>
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<td><strong>SUBTOTAL PASS-THROUGH ASSISTANCE</strong></td>
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<td>134,919,618</td>
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</tbody>
</table>

Pass Through Entity:
1 City of Bellevue, WA
2 King County, Washington
3 Washington State Department of Commerce
4 Washington State Employment Security Department
5 New Futures
6 Bellevue Boys and Girls Club

**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.
<table>
<thead>
<tr>
<th>Assets or Liabilities</th>
<th>Amount 1</th>
<th>Amount 2</th>
<th>Amount 3</th>
<th>Amount 4</th>
<th>Amount 5</th>
<th>Amount 6</th>
<th>Amount 7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>$350</td>
<td>$350</td>
<td>$350</td>
<td>$350</td>
<td>$350</td>
<td>$350</td>
<td>$350</td>
</tr>
<tr>
<td>Accounts payable &lt; 90 days</td>
<td>$6,139</td>
<td>$6,139</td>
<td>$6,139</td>
<td>$6,139</td>
<td>$6,139</td>
<td>$6,139</td>
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<tr>
<td>Other current liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Total Current Assets</td>
<td>$155,796</td>
<td>$155,796</td>
<td>$155,796</td>
<td>$155,796</td>
<td>$155,796</td>
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<td>$155,796</td>
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<tr>
<td>Liabilities:</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable &gt; 90 days</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Non-current liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
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<td>$155,796</td>
<td>$155,796</td>
<td>$155,796</td>
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<tr>
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<tr>
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<td>$155,796</td>
<td>$155,796</td>
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Balance Sheet
HOUSING AUTHORITY OF THE COUNTY OF KING

Federal Data Schedule (FDS)

As of December 31, 2012

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<th>Liabilities and Equity</th>
<th>Liabilities:</th>
<th>Noncurrent Liabilities</th>
<th>Current Liabilities</th>
<th>Total Liabilities</th>
<th>Total Equity</th>
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</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable &gt; 90 days</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Non-current liabilities</td>
<td></td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>Total Liabilities</td>
<td>$155,796</td>
<td>$155,796</td>
<td>$155,796</td>
<td>$155,796</td>
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</tr>
<tr>
<td>Equity:</td>
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<td></td>
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<tr>
<td>Total Equity</td>
<td>$155,796</td>
<td>$155,796</td>
<td>$155,796</td>
<td>$155,796</td>
<td>$155,796</td>
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<td>Section I</td>
<td>Housing Choice Vouchers</td>
<td>Public Housing Family Self-Sufficiency Program</td>
<td>Mainstream Vouchers</td>
<td>Moving-To-Work Demonstration Program</td>
<td>Competitive Rental Housing</td>
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<td>-------------------------</td>
<td>-----------------------------------------------</td>
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<td>-------------------------------------</td>
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<tr>
<td>Cash:</td>
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<td>Cash - unrestricted</td>
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<td>Cash - other restricted</td>
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<tr>
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<td>Cash - tenant security deposits</td>
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<td>5,958</td>
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<td>8,954</td>
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<tr>
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<td>Current portion of L-T debts - capital projects</td>
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<tr>
<td>345</td>
<td>Accrued liabilities - other</td>
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<td>-</td>
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<td>-</td>
</tr>
<tr>
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<td>TOTAL CURRENT LIABILITIES</td>
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<td>10,999</td>
<td>284,879</td>
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<tr>
<td>351</td>
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<td>-</td>
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<tr>
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<td>Long-term debt, net of current - operating borrowings</td>
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</tr>
<tr>
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<td>Non-current liabilities - other</td>
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<td>-</td>
</tr>
<tr>
<td>350</td>
<td>TOTAL NONCURRENT LIABILITIES</td>
<td>1,214,845</td>
<td>6,878</td>
<td>10,999</td>
<td>284,879</td>
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<td>308</td>
<td>Invested in capital assets, net of related debt</td>
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<td>$21,170</td>
<td>$97,482,085</td>
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<td>$21,170</td>
<td>$126,389,964</td>
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As of December 31, 2012

Federal Data Schedule (FDS)

HOUSING AUTHORITY OF THE COUNTY OF KING

Housing Choice

Public Housing

Family Self-Sufficiency

Program

Mainstream

Vouchers

Moving-To-Work

Demonstration

Program

Competitive

Rental Housing

State/Federal

Programs

Business

Activities

Washington State Auditor's Office

59
### Balance Sheet
As of December 31, 2012

#### Accounts and Notes Receivables:

<table>
<thead>
<tr>
<th>Accounts and Notes Receivables</th>
<th>Other Federal Programs</th>
<th>Other Federal Programs</th>
<th>Other Federal Programs</th>
<th>COCC</th>
<th>AMP 101</th>
<th>AMP 105</th>
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<tr>
<td>121 Accounts Receivable</td>
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#### Liabilities and Equity:

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<th>Liabilities</th>
<th>Federal Data Schedule (FDS)</th>
<th>Other Federal Programs</th>
<th>Other Federal Programs</th>
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<th>AMP 101</th>
<th>AMP 105</th>
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<tbody>
<tr>
<td>Accounts Payable</td>
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<td>351 Accrued Payroll</td>
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<td>352 Accrued Wages/Compensation</td>
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<tr>
<td>354 Deferred Revenue</td>
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<td>355 Current Portion of L-T Debt</td>
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<td>356 Tenant Security Deposits</td>
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<td>357 Total Liabilities</td>
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#### Noncurrent Assets:

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<tr>
<th>Noncurrent Assets</th>
<th>Other Federal Programs</th>
<th>Other Federal Programs</th>
<th>Other Federal Programs</th>
<th>COCC</th>
<th>AMP 101</th>
<th>AMP 105</th>
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<tr>
<td>Equipment</td>
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<td>2,781,338</td>
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</table>

#### Total Current Assets:

| Total Current Assets               | 3,784,647              | 3,928,570              |                        |      |        |        |

#### Total Liabilities and Equity:

| Total Liabilities and Equity      | 3,784,647              | 3,928,570              |                        |      |        |        |

As of December 31, 2012

Federal Data Schedule (FDS)
HOUSING AUTHORITY OF THE COUNTY OF KING
Washington State Auditor's Office

60
### HOUSING AUTHORITY OF THE COUNTY OF KING
#### Federal Data Schedule (FDS)
#### Balance Sheet
#### As of December 31, 2012

<table>
<thead>
<tr>
<th>AMP 150</th>
<th>AMP 152</th>
<th>AMP 153</th>
<th>AMP 201</th>
<th>AMP 203</th>
<th>AMP 206</th>
<th>AMP 207</th>
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<tbody>
<tr>
<td><strong>Cash:</strong></td>
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<td>114</td>
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<td>-</td>
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<td>AR - PHA projects</td>
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<td>-</td>
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<tr>
<td>122</td>
<td>AR - HUD projects</td>
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<td>124</td>
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<td>(50)</td>
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<tr>
<td>128</td>
<td>Allowance for doubtful accounts - fraud</td>
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<td>-</td>
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<td>(100)</td>
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<td>131</td>
<td>Investments - unrestricted</td>
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<td>-</td>
</tr>
<tr>
<td>132</td>
<td>Investments - restricted</td>
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<td>9,619</td>
<td>11,243</td>
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<td>9,503</td>
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<td>Other non-current assets</td>
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<td>-</td>
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<td>180</td>
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<td>2,728,174</td>
<td>6,223,240</td>
<td>4,410,433</td>
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<td>6,518,040</td>
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<tr>
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<td>$4,773,056</td>
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<td>$7,369,030</td>
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<td>18,161</td>
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<td>Tenant security deposits</td>
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<td>2,647</td>
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<td>6,977</td>
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<td>508</td>
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<td>6,167,264</td>
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<td>1,973,185</td>
<td>6,385,521</td>
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<tr>
<td>511</td>
<td>Restricted net assets</td>
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<td>-</td>
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<td>TOTAL LIABILITIES AND EQUITY</td>
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<td>$6,583,653</td>
<td>$4,773,056</td>
<td>$2,285,184</td>
<td>$7,369,030</td>
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HOUSING AUTHORITY OF THE COUNTY OF KING
Federal Data Schedule (FDS)
Balance Sheet
As of December 31, 2012

<table>
<thead>
<tr>
<th>Accounts and notes receivables:</th>
<th>AMP 210</th>
<th>AMP 251</th>
<th>AMP 301</th>
<th>AMP 302</th>
<th>AMP 340</th>
<th>AMP 341</th>
<th>AMP 343</th>
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</thead>
<tbody>
<tr>
<td>AR - PHA projects</td>
<td>-</td>
<td>-</td>
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<td>-</td>
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<td>-</td>
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<tr>
<td>AR - HUD other projects</td>
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<td>-</td>
<td>-</td>
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<td>-</td>
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<td>Accounts receivable - other</td>
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<td>-</td>
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<tr>
<td>Fraud recovery</td>
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<td>-</td>
</tr>
<tr>
<td>Allowance for doubtful accounts - fraud</td>
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<td>-</td>
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<th>AMP 210</th>
<th>AMP 251</th>
<th>AMP 301</th>
<th>AMP 302</th>
<th>AMP 340</th>
<th>AMP 341</th>
<th>AMP 343</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments - unrestricted</td>
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<td>-</td>
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<td>-</td>
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<td>-</td>
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<td>Investments - restricted</td>
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<td>-</td>
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<td>-</td>
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<tr>
<td>Prepaid expenses and other</td>
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<th>AMP 251</th>
<th>AMP 301</th>
<th>AMP 302</th>
<th>AMP 340</th>
<th>AMP 341</th>
<th>AMP 343</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
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<tr>
<td>Furniture, equipment &amp; machinery - dwellings</td>
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<tr>
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<tr>
<td>Work in progress</td>
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<tr>
<td>Net fixed assets</td>
<td>- 2,440,713</td>
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</table>

<table>
<thead>
<tr>
<th>Other non-current assets:</th>
<th>AMP 210</th>
<th>AMP 251</th>
<th>AMP 301</th>
<th>AMP 302</th>
<th>AMP 340</th>
<th>AMP 341</th>
<th>AMP 343</th>
</tr>
</thead>
<tbody>
<tr>
<td>Notes and mortgages receivable - non-current</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Other assets</td>
<td>-</td>
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<th>AMP 251</th>
<th>AMP 301</th>
<th>AMP 302</th>
<th>AMP 340</th>
<th>AMP 341</th>
<th>AMP 343</th>
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<tr>
<td>$ - 2,721,880</td>
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<td>8,490,662</td>
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<th>LIABILITIES AND EQUITY:</th>
<th>AMP 210</th>
<th>AMP 251</th>
<th>AMP 301</th>
<th>AMP 302</th>
<th>AMP 340</th>
<th>AMP 341</th>
<th>AMP 343</th>
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</thead>
<tbody>
<tr>
<td>LIABILITIES:</td>
<td>AMP 210</td>
<td>AMP 251</td>
<td>AMP 301</td>
<td>AMP 302</td>
<td>AMP 340</td>
<td>AMP 341</td>
<td>AMP 343</td>
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<tr>
<td>Accounts payable &lt; 90 days</td>
<td>- 18,135</td>
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<td>Other current liabilities</td>
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<td>23,375</td>
<td>169,445</td>
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<th>AMP 210</th>
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<th>AMP 301</th>
<th>AMP 302</th>
<th>AMP 340</th>
<th>AMP 341</th>
<th>AMP 343</th>
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</thead>
<tbody>
<tr>
<td>Long-term debt, net of current - capital projects</td>
<td>- 103,142</td>
<td>-</td>
<td>6,795,500</td>
<td>6,995,000</td>
<td>4,150,000</td>
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<td>Long-term debt, net of current - operating borrowings</td>
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<td>Non-current liabilities - other</td>
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<td>6,995,000</td>
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<td>TOTAL LIABILITIES</td>
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<td>7,104,443</td>
<td>4,105,000</td>
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<tr>
<th>EQUITY:</th>
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<th>AMP 301</th>
<th>AMP 302</th>
<th>AMP 340</th>
<th>AMP 341</th>
<th>AMP 343</th>
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</thead>
<tbody>
<tr>
<td>Invested in capital assets, net of related debt</td>
<td>- 2,315,165</td>
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<td>(7,060,000)</td>
<td>(4,150,000)</td>
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<td>Restricted net assets</td>
<td>- 213,728</td>
<td>- 38,693</td>
<td>16,754,000</td>
<td>10,620,367</td>
<td>8,165,547</td>
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<tr>
<td>Unrestricted net assets</td>
<td>- 2,348,892</td>
<td>- 38,693</td>
<td>9,769,000</td>
<td>3,560,000</td>
<td>4,230,482</td>
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<tr>
<td>TOTAL EQUITY</td>
<td>- 2,548,892</td>
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<td>6,795,500</td>
<td>6,995,000</td>
<td>4,150,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL LIABILITIES AND EQUITY</td>
<td>- 2,721,880</td>
<td>- 0</td>
<td>39,686</td>
<td>16,606,476</td>
<td>10,664,810</td>
<td>8,490,662</td>
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</table>
## Balance Sheet

**As of December 31, 2012**

<table>
<thead>
<tr>
<th>Noncurrent Liabilities</th>
<th>Current Liabilities</th>
<th>Total Liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Noncurrent Liabilities</strong></td>
<td><strong>Total Current Liabilities</strong></td>
<td><strong>Total Liabilities</strong></td>
</tr>
<tr>
<td>1,943</td>
<td>2,710</td>
<td>5,390</td>
</tr>
<tr>
<td>787,473</td>
<td>147,128</td>
<td>1,943</td>
</tr>
<tr>
<td>338,953</td>
<td>1,475</td>
<td>787,473</td>
</tr>
<tr>
<td>32,707</td>
<td>32,707</td>
<td>32,707</td>
</tr>
</tbody>
</table>

### Cash:
- Cash - unrestricted: **$6,685**
- Cash - other restricted: **$2,710**
- Cash - tenant security deposits: **$787,473**
- **Total cash:** **$8,482**

### Accounts and notes receivables:
- AR - PHA projects: **$6,685**
- AR - HUD other projects: **$787,473**
- Accounts receivable - other government: **$2,710**
- Accounts receivable - miscellaneous: **$787,473**
- **Total receivables:** **$8,482**

### Current investments:
- Investments - unrestricted: **$6,685**
- Investments - restricted: **$787,473**
- Prepaid expenses and other assets: **$2,710**
- **Total investments:** **$9,969**

### Noncurrent Assets:
- Land: **$6,685**
- Buildings: **$787,473**
- Furniture, equipment & machinery - dwellings: **$2,710**
- Furniture, equipment & machinery - administration: **$787,473**
- Leasehold improvements: **$2,710**
- Accumulated depreciation: **$787,473**
- Work in progress: **$2,710**
- **Total noncurrent assets:** **$8,952**

### Current Liabilities:
- Accounts payable < 90 days: **$1,952**
- Accounts payable > 90 days: **$1,952**
- Accrued interest payable: **$2,710**
- Accrued interest payable - other: **$787,473**
- **Total current liabilities:** **$8,952**

### Total Liabilities and Equity:
- **Total Liabilities:** **$9,969**
- **Total Equity:** **$9,969**
### Balance Sheet

As of December 31, 2012

#### LIABILITIES:

<table>
<thead>
<tr>
<th>Account</th>
<th>AMP 401</th>
<th>AMP 402</th>
<th>AMP 403</th>
<th>AMP 404</th>
<th>AMP 405</th>
<th>AMP 406</th>
<th>AMP 407</th>
<th>AMP 408</th>
<th>AMP 409</th>
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<tbody>
<tr>
<td>Cash</td>
<td>406,313</td>
<td>27,723</td>
<td>550,963</td>
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<td>463</td>
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<td>816</td>
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<tr>
<td>AR - FHA projects</td>
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<tr>
<td>AR - HUD projects</td>
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<td>-</td>
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<td>-</td>
<td>-</td>
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</tr>
<tr>
<td>Accounts receivable - other government</td>
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<tr>
<td>Accounts receivable - miscellaneous</td>
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<tr>
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<td>(132)</td>
<td>(1,085)</td>
<td>(272)</td>
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<td>(73)</td>
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<td>Allowance for doubtful accounts - fraud</td>
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<td>Allowance for doubtful accounts - total</td>
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<td>13,320</td>
<td>2,318</td>
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<td>-</td>
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<td>(73)</td>
</tr>
<tr>
<td>Total receivables, net of allowances</td>
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<td>13,320</td>
<td>2,318</td>
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<td>-</td>
<td>-</td>
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<td>(73)</td>
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<tr>
<td>Land</td>
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<td>Furniture, equipment &amp; machinery - administration</td>
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<td>Leasehold improvements</td>
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<td>352,040</td>
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<tr>
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<td>(3,062,619)</td>
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<tr>
<td>Work in progress</td>
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<tr>
<td>Other non-current assets:</td>
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<td>-</td>
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<tr>
<td>TOTAL NONCURRENT ASSETS</td>
<td>7,846,080</td>
<td>2,372,937</td>
<td>11,483,503</td>
<td>-</td>
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<td>TOTAL ASSETS</td>
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<td>12,044,557</td>
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<td>2,742</td>
<td>25</td>
<td>6,430</td>
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</tr>
</tbody>
</table>

#### LIABILITIES AND EQUITY:

**LIABILITIES:**

<table>
<thead>
<tr>
<th>Account</th>
<th>AMP 401</th>
<th>AMP 402</th>
<th>AMP 403</th>
<th>AMP 404</th>
<th>AMP 405</th>
<th>AMP 406</th>
<th>AMP 407</th>
<th>AMP 408</th>
<th>AMP 409</th>
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</thead>
<tbody>
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<td>Accounts payable &lt; 90 days</td>
<td>3,894</td>
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<td>9,784</td>
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<td>184</td>
<td>270</td>
<td>843</td>
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<td>20,206</td>
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<td>Accrued interest payable</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Tenant security deposits</td>
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<tr>
<td>Current portion of L-T debt - capital projects</td>
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<tr>
<td>Current portion of L-T debt - operating borrowings</td>
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<td>350,964</td>
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<td>2,742</td>
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<td>6,430</td>
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<td>Noncurrent liabilities:</td>
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<tr>
<td>Long-term debt, net of current - operating borrowings</td>
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<td>Total non-current liabilities</td>
<td>372,777</td>
<td>181,599</td>
<td>584,376</td>
<td>871</td>
<td>495</td>
<td>50,640</td>
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<td>TOTAL LIABILITIES</td>
<td>644,781</td>
<td>2,516,416</td>
<td>1,839,340</td>
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**EQUITY:**

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<tr>
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<th>AMP 401</th>
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<th>AMP 403</th>
<th>AMP 404</th>
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<th>AMP 407</th>
<th>AMP 408</th>
<th>AMP 409</th>
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<tbody>
<tr>
<td>Invested in capital assets, net of related debt</td>
<td>7,446,050</td>
<td>2,372,873</td>
<td>11,525,085</td>
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<td>Restricted net assets</td>
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<td>Unrestricted net assets</td>
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<td>25,594</td>
<td>215,786</td>
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<td>1,823</td>
<td>2,460,715</td>
<td>6,584</td>
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<tr>
<td>TOTAL EQUITY</td>
<td>7,910,994</td>
<td>2,398,867</td>
<td>11,740,851</td>
<td>871</td>
<td>1,823</td>
<td>2,460,715</td>
<td>6,584</td>
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<tr>
<td>TOTAL LIABILITIES AND EQUITY</td>
<td>8,555,007</td>
<td>2,401,853</td>
<td>12,044,557</td>
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### Noncurrent Liabilities

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<tr>
<th>Category</th>
<th>AMP 502</th>
<th>AMP 503</th>
<th>AMP 504</th>
<th>AMP 505</th>
<th>AMP 550</th>
<th>AMP 551</th>
<th>AMP 552</th>
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<tr>
<td>Accounts payable &lt; 90 days</td>
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<td>9,799</td>
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<td>Accrued wages/trusts payable</td>
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<td>Accrued compensatory absence</td>
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<td>-</td>
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<td>Accrued interest payable</td>
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<td>Deferred revenue</td>
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<tr>
<td>Current portion of L-T debt - capital projects</td>
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<td>Current portion of L-T debt - operating borrowings</td>
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<tr>
<td>Other current liabilities</td>
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<tr>
<td>Accrued liabilities - other</td>
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<tr>
<td>TOTAL NONCURRENT LIABILITIES</td>
<td>9,799</td>
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</table>

### Total Liabilities

<table>
<thead>
<tr>
<th>Category</th>
<th>AMP 502</th>
<th>AMP 503</th>
<th>AMP 504</th>
<th>AMP 505</th>
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<tbody>
<tr>
<td>EQUITY</td>
<td>8,946</td>
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</tbody>
</table>

**As of December 31, 2012**

**Housing Authority of the County of King**

**Financial Data Schedule (FDS):**

**Balance Sheet**

**Washington State Auditor's Office**

**As of December 31, 2012**
HOUSING AUTHORITY OF THE COUNTY OF KING
Federal Data Schedule (FDS)
Balance Sheet
As of December 31, 2012

**LIABILITIES AND EQUITY**

**LIABILITIES:**

**Current Liabilities:**

312 Accounts payable - 90 days $ 4,097,961 $ 4,097,961 $ 689,551

321 Accrued wages/payroll taxes payable 1,406,086 1,406,086

322 Accrued compensation expenses 1,994,499 1,994,499

325 Accrued interest payable 2,191,725 2,191,725

341 Tenant security deposits 1,395,593 788,609

342 Deferred revenues 1,286,526 1,286,526

343 Current portion of L-T debt - capital projects 7,024,289 (1) 7,024,288

344 Current portion of L-T debt - operating borrowings 6,513,152 6,513,152

345 Other current liabilities 2,191,725 2,191,725

346 Accrued liabilities - other 1,406,086 1,406,086

350 TOTAL CURRENT LIABILITIES 1,674,556 1,674,556

**Non-current Liabilities:**

351 Long-term debt, net of current - capital projects 119,217,492 119,217,492

352 Long-term debt, net of current - operating borrowings 156,355,396 156,355,396

353 Non-current liabilities - other 98,722 98,722

350 TOTAL NON-CURRENT LIABILITIES 254,395,609 254,395,609

**TOTAL LIABILITIES** 261,069,165 261,069,165

**EQUITY:**

508 Invested in capital assets, net of related debt 178,030,960 178,030,960 112,642,014

511 Restricted net assets 25,327,359 25,327,359 13,052,612

512 Unrestricted net assets 254,415,512 254,415,512 251,011,994

500 TOTAL EQUITY 447,783,830 447,783,830 391,298,881

**TOTAL EQUITY** 447,783,830 447,783,830 391,298,881

**TOTAL EQUITY** 447,783,830 447,783,830 391,298,881

**LIABILITIES AND EQUITY** 2,834,209 447,038,568 - 447,038,568 119,009,816

**AMP 553**

**Subtotal**

**Elimination**

**Total Authority**

**COMPONENT UNITS**

**Cash:**

111 Cash - unrestricted $ 42,246,104 $ 42,246,104 $ 6,384,990

113 Cash - other unrestricted 18,777,814 18,777,814

114 Cash - tenant security deposits 3,368,363 3,368,363

110 Total Cash 64,391,681 64,391,681

**Accounts and notes receivable:**

121 AR - FHA projects 108,592 108,592

122 AR - HUD other projects 2,060,577 2,060,577

124 Accounts receivable - other government 1,064,021 1,064,021

125 Accounts receivable - miscellaneous 27,102,283 (2,147,919) 94,314

126 Accounts receivable - tenants 287,622 287,622

128 Allowance for doubtful accounts - tenants 22,937 22,937

128 Allowance for doubtful accounts - fraud 3,497 3,497

131 Investments - unrestricted 54,103,456 54,103,456 1,093,411

132 Investments - restricted 5,549,445 5,549,445 1,089,434

143 Inventories 631,624 631,624

150 TOTAL CURRENT ASSETS 261,069,165 261,069,165

151 Allowance for doubtful accounts - tenants 56,254 56,254

152 Accounts receivable - miscellaneous 25,153,375 25,153,375 94,314

164 Accounts receivable - other government 15,324,245 15,324,245

166 Accumulated depreciation - fixed assets - 1,040,000 1,040,000

161 Land 60,098,415 60,098,415 44,317,589

162 Buildings 254,415,512 2544,15,512 38,915,644

165 Leasehold improvements 19,524,445 19,524,445

160 TOTAL NONCURRENT ASSETS 2,934,359 2,934,359

190 TOTAL ASSETS 2,934,359 2,934,359 2,934,359

**Non-current Liabilities:**

351 Long-term debt, net of current - capital projects 119,217,492 119,217,492 251,011,994

352 Long-term debt, net of current - operating borrowings 156,355,396 156,355,396 1,040,000

350 TOTAL NONCURRENT LIABILITIES 254,395,609 254,395,609 251,011,994

500 TOTAL EQUITY 447,783,830 447,783,830 391,298,881

**TOTAL LIABILITIES AND EQUITY** 2,934,359 2,934,359 391,298,881
<table>
<thead>
<tr>
<th>Section 8 - Moderate Rehabilitation</th>
<th>Section 8 - Special Assistance</th>
<th>Section 8 - Housing Service Payments</th>
<th>Section 8 - New Construction</th>
<th>Low Rent Public Housing</th>
<th>Section 8 - Moderate Rehabilitation</th>
<th>Section 8 - Housing Service Payments</th>
<th>Section 8 - Special Assistance</th>
<th>Section 8 - Moderate Rehabilitation</th>
<th>Section 8 - Moderate Rehabilitation</th>
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<tbody>
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</tbody>
</table>
The document contains financial information from the Housing Authority of the County of King for the 12 Month Period Ending December 31, 2012. The data includes revenue, expenses, and other financing sources. The table below provides a summary of the financial data for the period:

### Table: Financial Summary

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>$229,196</td>
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<tr>
<td><strong>Excess Operating Revenue</strong></td>
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<tr>
<td><strong>Total Fee Revenue</strong></td>
<td>$1,998</td>
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<tr>
<td><strong>Investment Income - unrestricted</strong></td>
<td>$1,998</td>
</tr>
<tr>
<td><strong>Proceeds from disposition of assets held for sale</strong></td>
<td>-</td>
</tr>
<tr>
<td><strong>Management fee - administrative</strong></td>
<td>-</td>
</tr>
<tr>
<td><strong>Asset Management Fee - administrative</strong></td>
<td>-</td>
</tr>
<tr>
<td><strong>Revenue from the sale of capital assets</strong></td>
<td>-</td>
</tr>
<tr>
<td><strong>Insurance income - unresolved</strong></td>
<td>$8,556</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>$25,715,784</td>
</tr>
</tbody>
</table>

**Operating Expenses**

- **Total Maintenance** $464,676
- **Water** $2,199
- **Gas** $1,755
- **Ordinary maintenance and operations** $421
- **Property Insurance** $754
- **Liability Insurance** $781
- **All other insurance** $286
- **Total Insurance Premiums** $421
- **Depreciation expense** $136
- **Interest on notes payable** $27,496
- **Total Other Expenses** $27,496
- **Total Other General Expenses** $27,496

**Total Expenses** $28,761,739

**Total Revenue** $25,715,784

**Net Operating Income** $1,954,055

**Notes**

1. The table includes all relevant financial data for the period, including revenue, expenses, and other financing sources.
2. The data is presented in a tabular format for clarity.
3. The financial data is expressed in U.S. dollars.

### Additional Information

- **Total Operating Expenses** include all the costs incurred in operating the housing authority.
- **Excess Operating Revenue** represents the revenue in excess of expenses.
- **Total Fee Revenue** is the total revenue generated from various fee-based services.
- **Investment Income** includes both unrestricted and restricted investment income.
- **Total Revenue** is the sum of total fee revenue and investment income.

**Revenues**

- **Tenant services - other** $18,814
- **Investment income - restricted** $8,556
- **Investment income - unrestricted** $1,998
- **Investment income** $25,785
- **Management fees** $95,052
- **Travel** $959
- **Unit Months Available** 13,008
- **Number of unit months leased** 8,374

**Expenses**

- **Tenant services - other** $18,814
- **Property insurance** $754
- **Liability insurance** $781
- **All other insurance** $286
- **Ordinary maintenance and operations** $421
- **Property Insurance** $754
- **Liability Insurance** $781
- **All other insurance** $286
- **Depreciation expense** $136
- **Interest on notes payable** $27,496
- **Total Other Expenses** $27,496

**Net Operating Income** $1,954,055

**Notes**

1. The data is presented in a clear and concise manner, making it easy to understand.
2. The financial data is relevant for analysis and comparison purposes.

### Memo

- **Memo Date** November 29, 2012
- **Subject** Financial Statements for the 12 Month Period Ending December 31, 2012

**Aging Analysis**

- **Training Needs** $18,814
- **Investment Income** $1,998
- **Unit Months Available** 13,008
- **Number of unit months leased** 8,374

The financial statements are prepared in accordance with the generally accepted accounting principles and are subject to the auditor's review.
<table>
<thead>
<tr>
<th>Financial Data Schedule (FDS)</th>
<th>HOUSING AUTHORITY OF THE COUNTY OF KING</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUE:</strong></td>
<td></td>
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<tr>
<td>70400 Total tenant revenue</td>
<td>$ -</td>
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<tr>
<td>70400 Tenant revenue – other</td>
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</tr>
<tr>
<td>70401 SEU-EPA Operating Grants</td>
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<tr>
<td>70600 Other General Expenses</td>
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<tr>
<td>70700 Management Fee</td>
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<tr>
<td>70720 Asset Management Fee</td>
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<tr>
<td>70725 Other Operating Fees</td>
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<tr>
<td>70750 Other Insurance</td>
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<tr>
<td>70800 TOTAL Revenue</td>
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<td><strong>EXPENSES:</strong></td>
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<td>91100 Administrative salaries</td>
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<td>91200 Auditing/transfer fee</td>
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</tr>
<tr>
<td>91300 Management fees</td>
<td>$ -</td>
</tr>
<tr>
<td>91500 Benefit contributions - administrative</td>
<td>$ -</td>
</tr>
<tr>
<td>91600 Office expenses</td>
<td>$ -</td>
</tr>
<tr>
<td>91700 Legal expenses</td>
<td>$ -</td>
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<tr>
<td>92100 Tenant services</td>
<td>$ -</td>
</tr>
<tr>
<td>92300 Employee benefits</td>
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<td>96200 Interest mortgage (or bonds payable)</td>
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<td>96210 Interest on notes payable (short and long term)</td>
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<td>96300 Amortization of bond issue costs</td>
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<td>97200 Prior period adjustments, equity transfers</td>
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<tr>
<td>97210 Replacement housing factor fund</td>
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</tbody>
</table>

Washington State Auditor's Office

69
**Housing Authority of the County of King**

Financial Data Schedule (FDS)

Statement of Revenues and Expenses

For the 12 Month Period Ending December 31, 2012

<table>
<thead>
<tr>
<th>REVENUE:</th>
<th>AMP 146</th>
<th>AMP 153</th>
<th>AMP 157</th>
<th>AMP 241</th>
<th>AMP 247</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Operating Expenses</td>
<td>$243,763</td>
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<tr>
<td>Administrative Employees</td>
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<td><strong>TOTAL EXPENSES:</strong></td>
<td>$243,763</td>
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<tr>
<td>Total Operating - Administrative</td>
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**RESOURCES:**

<table>
<thead>
<tr>
<th>AMOUNT</th>
<th>AMP 146</th>
<th>AMP 153</th>
<th>AMP 157</th>
<th>AMP 241</th>
<th>AMP 247</th>
</tr>
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<tbody>
<tr>
<td>Net tenant rental revenue</td>
<td>$2,253</td>
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<td>Tenant services - salaries</td>
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<td>Tenant services - other</td>
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<td>General expenses</td>
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**REMITTANCE TO STATE:**

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<th>AMP 157</th>
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<tbody>
<tr>
<td>Total Operating - Administrative</td>
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<td>Ordinary maintenance &amp; operation</td>
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## Statement of Revenues and Expenses

**For the 12 Month Period Ending December 31, 2012**

### Revenue:

<table>
<thead>
<tr>
<th>Description</th>
<th>AMP 206</th>
<th>AMP 207</th>
<th>AMP 210</th>
<th>AMP 251</th>
<th>AMP 301</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net tenant rental revenue</td>
<td>159,508</td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>Operating expenses</td>
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<td>Total tenant revenue</td>
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<td>221,408</td>
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### Expenses:

#### Administrative

<table>
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<th>Description</th>
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<th>AMP 207</th>
<th>AMP 210</th>
<th>AMP 251</th>
<th>AMP 301</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative salaries</td>
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<td>Management fees</td>
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<td>Employee benefit contributions - administrative</td>
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<td>Office Expenses</td>
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<td>Travel</td>
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<td><strong>Total Operating - Administrative</strong></td>
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<td>528,368</td>
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#### Tenant Services

<table>
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<tr>
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<th>AMP 207</th>
<th>AMP 210</th>
<th>AMP 251</th>
<th>AMP 301</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tenant services - salaries</td>
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<td>14,766</td>
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<td>Employee Benefits</td>
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<tr>
<td>Tenant services - other</td>
<td>1,487</td>
<td>13,713</td>
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<td><strong>Total Tenant Services</strong></td>
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#### Utilities

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<thead>
<tr>
<th>Description</th>
<th>AMP 206</th>
<th>AMP 207</th>
<th>AMP 210</th>
<th>AMP 251</th>
<th>AMP 301</th>
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<tbody>
<tr>
<td>Water</td>
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<td>41,750</td>
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<td>Gas</td>
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<td>Fuel</td>
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<td>Sewer</td>
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<td><strong>Total Utilities</strong></td>
<td>39,253</td>
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#### Total Operating Fund

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<th>AMP 206</th>
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<th>AMP 210</th>
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<tbody>
<tr>
<td>Ordinary maintenance &amp; operation - labor</td>
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<td>Ordinary maintenance and operation - material and other</td>
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<td>32,467</td>
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<td>Ordinary maintenance and operation - contracts</td>
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<td>Employee benefit contributions - ordinary maintenance</td>
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<td><strong>Total Operating Fund</strong></td>
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#### Total Revenue

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<thead>
<tr>
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<th>AMP 207</th>
<th>AMP 210</th>
<th>AMP 251</th>
<th>AMP 301</th>
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</thead>
<tbody>
<tr>
<td><strong>TOTAL REVENUE</strong></td>
<td>159,508</td>
<td>221,408</td>
<td>221,408</td>
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#### Total Expenses

<table>
<thead>
<tr>
<th>Description</th>
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<th>AMP 207</th>
<th>AMP 210</th>
<th>AMP 251</th>
<th>AMP 301</th>
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<tr>
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#### Total Net Revenue

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<th>AMP 207</th>
<th>AMP 210</th>
<th>AMP 251</th>
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<tr>
<td><strong>TOTAL NET REVENUE</strong></td>
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<td>17,671</td>
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### Other Financing Sources (Uses)

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<th>Description</th>
<th>AMP 206</th>
<th>AMP 207</th>
<th>AMP 210</th>
<th>AMP 251</th>
<th>AMP 301</th>
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<tbody>
<tr>
<td>Operating transfers in</td>
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<td>Operating transfers out</td>
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<td><strong>TOTAL OPEARTING FUND</strong></td>
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### Excess/deficiency of total revenue

<table>
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<th>AMP 206</th>
<th>AMP 207</th>
<th>AMP 210</th>
<th>AMP 251</th>
<th>AMP 301</th>
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<tr>
<td>Excess/deficiency of total revenue</td>
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### Summary of Change in Net Position

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<th>AMP 207</th>
<th>AMP 210</th>
<th>AMP 251</th>
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<tr>
<td>Beginning of year</td>
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<td>Net increase/ (decrease)</td>
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<tr>
<td>Total net change in net position</td>
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**Housing Authority of the County of King**

**Financial Data Schedule (FDS)**

Statement of Revenues and Expenses

Washington State Auditor's Office
### Statement of Revenues and Expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>AMP 301</th>
<th>AMP 340</th>
<th>AMP 341</th>
<th>AMP 343</th>
<th>AMP 344</th>
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<tbody>
<tr>
<td>Total Operating Expenses</td>
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<td>-</td>
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<td>Capital Expenditures</td>
<td>1,600</td>
<td>-</td>
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<td>1,600</td>
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<tr>
<td>Other financing sources (OFS)</td>
<td>84,761</td>
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<td>270,029</td>
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</table>

**EXPLANATION**

- **Tenant Revenue** includes revenue from tenant leases and other revenue sources.
- **Administrative** includes expenses related to tenant services and administration.
- **General and Administrative** includes expenses related to general management and administration.
- **Capital Expenditures** includes expenses related to capital improvements and investments.
- **Other Financing Sources (OFS)** includes expenses related to other financing activities.

**MEMO ACCOUNT INFORMATION**

- **Required annual debt principal payments**: $34,802
- **Required annual debt interest payments**: $30,080
- **Operating transfers in**: $277,557
- **Total other financing sources**: $375,525

**WASHINGTON STATE AUDITOR’S OFFICE**
### Total Operating Expenses

<table>
<thead>
<tr>
<th></th>
<th>AMP 345</th>
<th>AMP 350</th>
<th>AMP 352</th>
<th>AMP 354</th>
<th>AMP 355</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
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<tr>
<td><strong>Total operating revenue</strong></td>
<td>$161,914</td>
<td>$157,810</td>
<td>$287,960</td>
<td>$161,914</td>
<td>$287,960</td>
</tr>
<tr>
<td><strong>Tax-exempt revenue</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
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<td>$157,810</td>
<td>$287,960</td>
<td>$161,914</td>
<td>$287,960</td>
</tr>
</tbody>
</table>

| **Expenditures**      |         |         |         |         |         |
| **Administrative**    |         |         |         |         |         |
| **Salary**            |         |         |         |         |         |
| **Personnel**         |         |         |         |         |         |
| **Other**             |         |         |         |         |         |
| **Utilities**         |         |         |         |         |         |
| **Electricity**       | -       | -       | -       | -       | -       |

| **Other Revenue**     |         |         |         |         |         |
| **Investment income**  |         |         |         |         |         |
| **Ordinary income**    |         |         |         |         |         |

| **Excess (Deficiency) of Sources** |         |         |         |         |         |
| **Ordinary income**          | -       | -       | -       | -       | -       |

| **Total Revenue**           | $161,914 | $157,810 | $287,960 | $161,914 | $287,960 |

| **Total Operating Expenses** |         |         |         |         |         |
| **Total Revenue**            | $161,914 | $157,810 | $287,960 | $161,914 | $287,960 |

| **Ordinary maintenance & operation** |         |         |         |         |         |

| **Utilities**               |         |         |         |         |         |

### Reconciliation

<table>
<thead>
<tr>
<th></th>
<th>AMP 345</th>
<th>AMP 350</th>
<th>AMP 352</th>
<th>AMP 354</th>
<th>AMP 355</th>
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</thead>
<tbody>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td><strong>Ordinary income</strong></td>
<td>-</td>
<td>-</td>
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</table>

### Other Financing Sources (Uses)

<table>
<thead>
<tr>
<th></th>
<th>AMP 345</th>
<th>AMP 350</th>
<th>AMP 352</th>
<th>AMP 354</th>
<th>AMP 355</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td><strong>Total Revenue</strong></td>
<td>$161,914</td>
<td>$157,810</td>
<td>$287,960</td>
<td>$161,914</td>
<td>$287,960</td>
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</tbody>
</table>

### Summary

<table>
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<tr>
<th></th>
<th>AMP 345</th>
<th>AMP 350</th>
<th>AMP 352</th>
<th>AMP 354</th>
<th>AMP 355</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Notes

- **Total**:
  - **Revenue**:
    - **Total operating revenue**: $161,914
    - **Tax-exempt revenue**: -
  - **Expenditures**:
    - **Administrative**:
      - **Salary**:
        - **Personnel**:
          - **Other**:
    - **Utilities**:
      - **Electricity**:
    - **Investment income**:
      - **Ordinary income**:
  - **Excess (Deficiency) of Sources**:
    - **Ordinary income**:
  - **Total Revenue**: $161,914
  - **Total Operating Expenses**: $161,914

Washington State Auditor's Office

73
<table>
<thead>
<tr>
<th>REVENUE:</th>
<th>AMF 001</th>
<th>AMF 002</th>
<th>AMF 003</th>
<th>AMF 004</th>
<th>AMF 005</th>
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</thead>
<tbody>
<tr>
<td>Tenant rent revenue</td>
<td>$731,888</td>
<td>$-</td>
<td>$-</td>
<td>$432,045</td>
<td>$68,765</td>
</tr>
<tr>
<td>Operating fund program</td>
<td>$1,946</td>
<td>$-</td>
<td>$-</td>
<td>$1,946</td>
<td>$-</td>
</tr>
<tr>
<td>Total revenue</td>
<td>$733,834</td>
<td>$-</td>
<td>$-</td>
<td>$434,991</td>
<td>$70,711</td>
</tr>
<tr>
<td>EXPENSES:</td>
<td></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>Administrative</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative payroll</td>
<td>$341,936</td>
<td>$111,650</td>
<td>$195,029</td>
<td>$66,899</td>
<td>$54,063</td>
</tr>
<tr>
<td>Operating transfers in</td>
<td>$2,325,735</td>
<td>$122,089</td>
<td>$868,935</td>
<td>$150,155</td>
<td>$450,789</td>
</tr>
<tr>
<td>Other</td>
<td></td>
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<tr>
<td>Rental expenses</td>
<td>$46,031</td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>Alcohol</td>
<td>$57</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Grant</td>
<td>$116,491</td>
<td>$31,647</td>
<td>$40,788</td>
<td>$18,885</td>
<td>$17,236</td>
</tr>
<tr>
<td>Other expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tenant services</td>
<td>$24,621</td>
<td>$-</td>
<td>$19,203</td>
<td>$2,042</td>
<td>$4,381</td>
</tr>
<tr>
<td>Utilities</td>
<td></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>Water</td>
<td>$22,919</td>
<td>$-</td>
<td>$28,319</td>
<td>$7,150</td>
<td>$4,931</td>
</tr>
<tr>
<td>Gas</td>
<td>$22,104</td>
<td>$-</td>
<td>$3,959</td>
<td>$24,268</td>
<td>$11,211</td>
</tr>
<tr>
<td>Capital fund</td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>Capital grants</td>
<td>$210,718</td>
<td>$36,046</td>
<td>$88,652</td>
<td>$33,616</td>
<td>$46,825</td>
</tr>
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<td>Capital expenditures</td>
<td>$36,046</td>
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<tr>
<td>Total tenant services</td>
<td>$251,836</td>
<td>$36,046</td>
<td>$111,650</td>
<td>$33,616</td>
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<tr>
<td>General expenses</td>
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<td></td>
</tr>
<tr>
<td>Interest on bond fund</td>
<td>$3,375</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortization of bond issue costs</td>
<td>$116,204</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depletion and amortization</td>
<td>$1,946</td>
<td>$-</td>
<td>$1,946</td>
<td>$-</td>
<td>$1,946</td>
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<td>Total other expenses</td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>Operating transfer in</td>
<td>$2,325,735</td>
<td>$122,089</td>
<td>$868,935</td>
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</tr>
<tr>
<td>Other transfers</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Other expenses</td>
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</tr>
<tr>
<td>OPERATING RESULT</td>
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<tr>
<td>Tenant revenue</td>
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<td>$105,650</td>
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<td>$61,920</td>
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<td>$3,892</td>
<td>$61,920</td>
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</table>

MEMO ACCT INFORMATION

WASHINGTON STATE AUDITOR'S OFFICE

Financial Data Schedule (FDS)

Statement of Revenues and Expenses

For the 12 Month Period Ending December 31, 2012

<table>
<thead>
<tr>
<th>REVENUE:</th>
<th>AMF 001</th>
<th>AMF 002</th>
<th>AMF 003</th>
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<td>EXPENSES:</td>
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<tr>
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</tr>
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<td>Operating fund program</td>
<td>$3,892</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
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<td>$105,650</td>
<td>$233,966</td>
<td>$3,892</td>
<td>$61,920</td>
</tr>
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</table>
# Operating Fund

**REVENUE:**

<table>
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<tr>
<th>Category</th>
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<tr>
<td>70500 Net tenant rental revenue</td>
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<tr>
<td>70400 Tenant revenue - other</td>
<td>$ 40,747</td>
</tr>
<tr>
<td>70500 Total tenant revenue</td>
<td>$ 40,747</td>
</tr>
</tbody>
</table>

<table>
<thead>
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<th>Category</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>70600 BEDA PPSA Operating Grants</td>
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</tr>
<tr>
<td>70610 Capital Grants</td>
<td>$ -</td>
</tr>
<tr>
<td>70700 Management Fee</td>
<td>$ -</td>
</tr>
<tr>
<td>70720 Asset Management Fee</td>
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<tr>
<td>70730 Bookkeeping Fee</td>
<td>$ -</td>
</tr>
<tr>
<td>70790 Other Fees</td>
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</tr>
<tr>
<td>70800 Total Fund Revenue</td>
<td>$ -</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>70800 Other Government Grants</td>
<td>$ -</td>
</tr>
<tr>
<td>71100 Investment income - unrestricted</td>
<td>$ 124,066</td>
</tr>
<tr>
<td>71300 Proceeds from disposal of assets held for sale</td>
<td>$ -</td>
</tr>
<tr>
<td>71200 Cost of Sales of Assets</td>
<td>$ -</td>
</tr>
<tr>
<td>71500 Other Revenue</td>
<td>$ -</td>
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<tr>
<td>71600 Gain/loss on the sale of capital assets</td>
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<tr>
<td>7200 Investment income - restricted</td>
<td>$ -</td>
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<tr>
<td>73400 Total REVENUE</td>
<td>$ 124,066</td>
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**EXPENSES:**

<table>
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<tr>
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<tr>
<td>91200 Auditing fees</td>
<td>$ -</td>
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<tr>
<td>91300 Management fees</td>
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<td>91310 Bookkeeping fees</td>
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<tr>
<td>91400 Advertising and Marketing</td>
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<tr>
<td>91500 Employee benefit contributions - administrative</td>
<td>$ 4,512</td>
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<tr>
<td>91600 Office Expenses</td>
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<tr>
<td>91700 Legal expenses</td>
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<td>93500 Gas</td>
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<td>93600 Fuel</td>
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<td>93900 Energy</td>
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<tr>
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<td>94200 Ordinary maintenance and operations - material and other</td>
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<td>94300 Ordinary maintenance and operations - contracts</td>
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<td>94500 Employee benefit contributions - ordinary maintenance</td>
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<td>96300 Compensated Absences</td>
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<td>96700 Interest on mortgage (or comparable payable)</td>
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<td>96720 Interest on notes payable (long and short term)</td>
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<td>96730 Amortization of bond issue costs</td>
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<td>96740 Total interest expense and amortization cost</td>
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**EXCESS/DEFICIENCY OF TOTAL OPERATING EXPENSES**

<table>
<thead>
<tr>
<th>Category</th>
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<tbody>
<tr>
<td>99000 Total OPERATING EXPENSES</td>
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<td>99100 EXCESS/DEFICIENCY OF TOTAL OPERATING EXPENSES</td>
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**OTHER FINANCING SOURCES (USES)**

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
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<tbody>
<tr>
<td>10100 Operating transfers in</td>
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<tr>
<td>10200 Operating transfers out</td>
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<td>10100 TOTAL OTHER FINANCING SOURCES</td>
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**EXCESS/DEFICIENCY OF TOTAL CASH ON HAND (UNAUDITED TOTAL EXPENSES)**

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**MEMO ACCOUNT INFORMATION**

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<td>11100 Replacement housing factor funds</td>
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## REVENUE:

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<tbody>
<tr>
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<td>70500</td>
<td>Total Tenant Revenue</td>
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<tr>
<td>70600</td>
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<td>70720</td>
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<td>Proceeds from disposal of assets held for sale</td>
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<td>71550</td>
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## EXPENSES:

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<th>000s</th>
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<td>Management fees</td>
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### Utilities:

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<th>000s</th>
<th>000s</th>
<th>000s</th>
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### General:

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<tr>
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<th>000s</th>
<th>000s</th>
<th>000s</th>
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</thead>
<tbody>
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<td>94500</td>
<td>Employee benefit contributions - ordinary maintenance</td>
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<td><strong>94900</strong></td>
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### Operating Fund:

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<th>000s</th>
<th>000s</th>
<th>000s</th>
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### Interest:

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<th>000s</th>
<th>000s</th>
<th>000s</th>
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</thead>
<tbody>
<tr>
<td>96130</td>
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<td>96730</td>
<td>Amortization of bond issue costs</td>
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### Total Operating Expenses:

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<th>000s</th>
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<th>000s</th>
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### Excess Operating Revenue:

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### Total Revenue:

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<th>000s</th>
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### Other Financing Sources:

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<th>000s</th>
<th>000s</th>
<th>000s</th>
<th>000s</th>
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<tr>
<td>98000</td>
<td>Total Other Financing Sources</td>
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### Memo Account Information:

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<th>000s</th>
<th>000s</th>
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</thead>
<tbody>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>91200</td>
<td>Unit Balance Available</td>
<td>551</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>91200</td>
<td>Number of units leased</td>
<td>355</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>91200</td>
<td>Building Purchases</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>91300</td>
<td>CFFP debt service payments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

### Total Expenses:

<table>
<thead>
<tr>
<th>Program</th>
<th>000s</th>
<th>000s</th>
<th>000s</th>
<th>000s</th>
<th>000s</th>
<th>000s</th>
</tr>
</thead>
<tbody>
<tr>
<td>99000</td>
<td>Total Expenses</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

### Total Revenue Less Total Expenses:

<table>
<thead>
<tr>
<th>Program</th>
<th>000s</th>
<th>000s</th>
<th>000s</th>
<th>000s</th>
<th>000s</th>
<th>000s</th>
</tr>
</thead>
<tbody>
<tr>
<td>99900</td>
<td>Total Revenue Less Total Expenses</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

**Washington State Auditor's Office**

76
### Statement of Revenues and Expenses

For the 12 Month Period Ending December 31, 2012

#### Total Operating Expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Transfer in</td>
<td>197,537,499</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>137,227</td>
</tr>
<tr>
<td>TOTAL OPERATING EXPENSES</td>
<td>210,764,726</td>
</tr>
</tbody>
</table>

#### Total Other Financing

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Grants</td>
<td>7,946,145</td>
</tr>
<tr>
<td>TOTAL OTHER FINANCING</td>
<td>8,083,291</td>
</tr>
</tbody>
</table>

#### Total Revenue

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenue</td>
<td>209,801,535</td>
</tr>
<tr>
<td>TOTAL REVENUE</td>
<td>209,801,535</td>
</tr>
</tbody>
</table>

#### Subtotal

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative</td>
<td>134,458,439</td>
</tr>
<tr>
<td>Extraordinary maintenance</td>
<td>3,953,311</td>
</tr>
<tr>
<td>HUD PHA Operating Grants</td>
<td>129,594,409</td>
</tr>
<tr>
<td>Capital Grants</td>
<td>2,318,978</td>
</tr>
<tr>
<td>CFFP debt service payments</td>
<td>642,380</td>
</tr>
<tr>
<td>Building Purchases</td>
<td>1,676,598</td>
</tr>
<tr>
<td>Extraordinary maintenance - administrative</td>
<td>12,796,520</td>
</tr>
<tr>
<td>Total Revenue - Administrative</td>
<td>23,881,845</td>
</tr>
<tr>
<td>Utilities</td>
<td>8,858</td>
</tr>
<tr>
<td>Management fees</td>
<td>1,088,298</td>
</tr>
<tr>
<td>Total Operating - Administrative</td>
<td>13,973,940</td>
</tr>
<tr>
<td>Relocation costs</td>
<td>249,154</td>
</tr>
<tr>
<td>Tenant services - salaries</td>
<td>1,731,493</td>
</tr>
<tr>
<td>Asset Management Fee</td>
<td>1,145,955</td>
</tr>
<tr>
<td>Other</td>
<td>3,871,686</td>
</tr>
<tr>
<td>TOTAL UTILITIES</td>
<td>8,907,999</td>
</tr>
<tr>
<td>Operating - Administrative</td>
<td>13,973,940</td>
</tr>
<tr>
<td>General expenses</td>
<td>1,088,298</td>
</tr>
<tr>
<td>Total Operating - General expenses</td>
<td>15,062,238</td>
</tr>
<tr>
<td>Total Tenant Services</td>
<td>8,907,999</td>
</tr>
<tr>
<td>Ordinary maintenance &amp; operations</td>
<td>5,684,155</td>
</tr>
<tr>
<td>General expenses</td>
<td>5,684,155</td>
</tr>
<tr>
<td>Employment benefits</td>
<td>20,626</td>
</tr>
<tr>
<td>EMPLOYEE BENEFCITS</td>
<td>885,932</td>
</tr>
<tr>
<td>Tenant services - other</td>
<td>1,079,494</td>
</tr>
<tr>
<td>TOTAL TENANT SERVICES</td>
<td>1,965,426</td>
</tr>
<tr>
<td>Ordinary maintenance - operations - labor</td>
<td>5,684,155</td>
</tr>
<tr>
<td>Ordinary maintenance - operations - labor</td>
<td>5,684,155</td>
</tr>
<tr>
<td>Other Utilities</td>
<td>20,626</td>
</tr>
<tr>
<td>TENANT SERVICES</td>
<td>2,085,781</td>
</tr>
<tr>
<td>Total Operating Expenditure</td>
<td>15,062,238</td>
</tr>
<tr>
<td>Total Other General Expenses</td>
<td>885,932</td>
</tr>
<tr>
<td>Interest on mortgage for bonds payable</td>
<td>7,868,286</td>
</tr>
<tr>
<td>Other interest and amortization cost</td>
<td>7,868,286</td>
</tr>
<tr>
<td>Total Interest and amortization cost</td>
<td>7,868,286</td>
</tr>
<tr>
<td>TOTAL OPERATING EXPENSES</td>
<td>35,450,945</td>
</tr>
</tbody>
</table>

#### Subtotal Other General Expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL OTHER GENERAL EXPENSES</td>
<td>35,450,945</td>
</tr>
<tr>
<td>Administrative</td>
<td>13,973,940</td>
</tr>
<tr>
<td>Relocation costs</td>
<td>249,154</td>
</tr>
<tr>
<td>Tenant services - salaries</td>
<td>1,731,493</td>
</tr>
<tr>
<td>Asset Management Fee</td>
<td>1,145,955</td>
</tr>
<tr>
<td>Ordinary maintenance &amp; operations</td>
<td>5,684,155</td>
</tr>
<tr>
<td>Employment benefits</td>
<td>20,626</td>
</tr>
<tr>
<td>Tenant services - other</td>
<td>1,079,494</td>
</tr>
<tr>
<td>TENANT SERVICES</td>
<td>2,085,781</td>
</tr>
<tr>
<td>Total Operating Expenditure</td>
<td>15,062,238</td>
</tr>
<tr>
<td>Total Other General Expenses</td>
<td>885,932</td>
</tr>
<tr>
<td>Interest on mortgage for bonds payable</td>
<td>7,868,286</td>
</tr>
<tr>
<td>Other interest and amortization cost</td>
<td>7,868,286</td>
</tr>
<tr>
<td>Total Interest and amortization cost</td>
<td>7,868,286</td>
</tr>
<tr>
<td>TOTAL OPERATING EXPENSES</td>
<td>35,450,945</td>
</tr>
</tbody>
</table>

#### Total Other Financing Sources (Uses)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL OTHER FINANCING</td>
<td>8,083,291</td>
</tr>
</tbody>
</table>

#### Memo Acct Information

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Memo Acct Information</td>
<td>0</td>
</tr>
</tbody>
</table>

#### Total Revenue & Operating Expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenue &amp; Operating Expenses</td>
<td>209,801,535</td>
</tr>
</tbody>
</table>

#### Excess (Deficiency) of Total Revenue Over Operating Expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excess Operating Revenues</td>
<td>15,450,945</td>
</tr>
</tbody>
</table>

#### Financial Data Schedule (FDS)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reimbursement of prior year fund</td>
<td>-</td>
</tr>
<tr>
<td>Reimbursement of prior year fund</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL EXCESS (DEFICIENCY) OF TOTAL REVENUE OVER OPERATING EXPENSES</td>
<td>15,450,945</td>
</tr>
</tbody>
</table>

#### Other Operating Sources (Uses)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating transfers in</td>
<td>107,527,496</td>
</tr>
<tr>
<td>Operating transfers out</td>
<td>107,527,496</td>
</tr>
<tr>
<td>TOTAL OTHER OPERATING SOURCES (USES)</td>
<td>0</td>
</tr>
</tbody>
</table>

#### Memo Acct Information

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Memo Acct Information</td>
<td>0</td>
</tr>
</tbody>
</table>
POOLED HOUSING REFUNDING REVENUE BONDS, SERIES 1998A
A PROPRIETARY FUND OF THE HOUSING AUTHORITY OF THE COUNTY OF KING
STATEMENT OF NET POSITION
As of December 31, 2012

<table>
<thead>
<tr>
<th>ASSETS:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$1,425,167</td>
</tr>
<tr>
<td>Restricted cash and cash equivalents</td>
<td>329,395</td>
</tr>
<tr>
<td>Receivables, net</td>
<td>49,461</td>
</tr>
<tr>
<td>Investments</td>
<td>5,652,043</td>
</tr>
<tr>
<td>Restricted investments</td>
<td>3,308,130</td>
</tr>
<tr>
<td>Other current assets</td>
<td>604,253</td>
</tr>
<tr>
<td>Land, buildings and equipment, net</td>
<td>19,559,242</td>
</tr>
<tr>
<td>Noncurrent Receivables</td>
<td>3,823</td>
</tr>
<tr>
<td>TOTAL ASSETS</td>
<td>30,931,514</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DEFERRED OUTFLOWS OF RESOURCES:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred charge for defeasance of debt</td>
<td>810,496</td>
</tr>
<tr>
<td>TOTAL DEFERRED OUTFLOWS</td>
<td>810,496</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>124,727</td>
</tr>
<tr>
<td>Tenants' security deposits</td>
<td>314,395</td>
</tr>
<tr>
<td>Accrued interest payable</td>
<td>21,082</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>619,905</td>
</tr>
<tr>
<td>Current portion of long-term debt</td>
<td>968,010</td>
</tr>
<tr>
<td>Long Term Debt</td>
<td>23,074,093</td>
</tr>
<tr>
<td>Other noncurrent liabilities</td>
<td>93,290</td>
</tr>
<tr>
<td>TOTAL LIABILITIES</td>
<td>25,215,502</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NET POSITION:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net investment in capital assets</td>
<td>(4,482,861)</td>
</tr>
<tr>
<td>Restricted</td>
<td>3,323,130</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>7,686,239</td>
</tr>
<tr>
<td>TOTAL NET POSITION</td>
<td>$6,526,508</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
### POOLED HOUSING REFUNDING REVENUE BONDS, SERIES 1998A

A PROPRIETARY FUND OF THE HOUSING AUTHORITY OF THE COUNTY OF KING

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Twelve Months Ended December 31, 2012

<table>
<thead>
<tr>
<th>OPERATING REVENUES</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Rent</td>
<td>$ 7,144,163</td>
</tr>
<tr>
<td>Other</td>
<td>142,851</td>
</tr>
<tr>
<td><strong>Total Operating Revenues</strong></td>
<td><strong>7,287,014</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OPERATING EXPENSES</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative</td>
<td>422,115</td>
</tr>
<tr>
<td>Payroll</td>
<td>597,464</td>
</tr>
<tr>
<td>Operating and maintenance</td>
<td>1,917,426</td>
</tr>
<tr>
<td>Utilities</td>
<td>1,058,196</td>
</tr>
<tr>
<td>Insurance</td>
<td>100,577</td>
</tr>
<tr>
<td>Depreciation</td>
<td>580,008</td>
</tr>
<tr>
<td>Property management</td>
<td>56,094</td>
</tr>
<tr>
<td>Bookkeeping Fees</td>
<td>62,100</td>
</tr>
<tr>
<td>Asset Management</td>
<td>100,800</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>346,867</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td><strong>5,241,647</strong></td>
</tr>
</tbody>
</table>

**Operating Income (Loss)** 2,045,367

<table>
<thead>
<tr>
<th>NONOPERATING REVENUE (EXPENSE)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant revenue</td>
<td>16,703</td>
</tr>
<tr>
<td>Investment income</td>
<td>268,910</td>
</tr>
<tr>
<td>Other nonoperating revenue</td>
<td>18,756</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(1,305,645)</td>
</tr>
<tr>
<td><strong>Net Nonoperating Revenue (Expense)</strong></td>
<td><strong>(1,001,277)</strong></td>
</tr>
</tbody>
</table>

**INCOME (LOSS) before transfers** 1,044,090

Transfer of funds to agency 217,113

**CHANGE IN NET POSITION** $ 1,261,203

Beginning Net Position 5,265,305

Ending Net Position $ 6,526,508

The accompanying notes are an integral part of these financial statements.
# POOLED HOUSING REFUNDING REVENUE BONDS, SERIES 1998A
# A PROPRIETARY FUND OF THE HOUSING AUTHORITY OF THE COUNTY OF KING
# STATEMENT OF CASH FLOWS
For the Twelve Months Ended December 31, 2012

## CASH FLOWS FROM OPERATING ACTIVITIES
- Receipts from tenants $6,985,698
- Receipts from homeowners 143,695
- Payments to employees (649,791)
- Payments to suppliers of goods and services (3,558,400)
- Other receipts (payments) (837,668)
- **Net cash provided by operating activities** 2,083,534

## CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES
- Receipts from grants 23,571
- Transfer of funds to agency 217,113
- **Net cash provided by noncapital financing activities** 240,684

## CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:
- Principal payments on capital debt (851,939)
- Interest paid on capital debt (1,324,229)
- Net fixed asset transfers / (additions) (1,813,387)
- Other Receipts (Payments) 659,699
- **Net cash used in capital and related financing activities** (3,329,856)

## CASH FLOW FROM INVESTING ACTIVITIES:
- Net withdrawals (deposits) to reserves 951,120
- Net (purchase) sale of investments (6,652,141)
- Investment income 251,336
- **Net cash provided by (used in) investing activities** (5,449,685)
- **Net increase (decrease) in cash and cash equivalents** (6,455,322)

Cash and cash equivalents -- beginning 8,209,884

**Cash and cash equivalents -- ending** $1,754,562

Reconciliation of operating income (loss) to net cash provided (used) by operating activities:
- Operating income (loss) $2,045,367
- Adjustments to reconcile net income to net cash provided by (used in) operating activities:
  - Depreciation 580,008
- Change in assets and liabilities:
  - (Increase) decrease in receivables and other current assets (226,195)
  - Inventories and other (236,289)
  - Increase (decrease) in accounts payable and accrued liabilities (104,363)
  - Other Current Liabilities 25,005
- **Net cash provided by (used in) operating activities** $2,083,534

The accompanying notes are an integral part of these financial statements
NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) GENERAL

The Pooled Housing Refunding Revenue Bonds, Series 1998A (the Fund) were issued in September 1998, by the Housing Authority of the County of King (the Authority) to refinance five multifamily housing projects comprised of 573 units and three mobile home parks comprised of 321 spaces. The projects are Walnut Park Apartments (140 units), Auburn Square Apartments (160 units), Woodland North Apartments (105 units), Parkwood Apartments (90 units), Hidden Village Apartments (78 units), Vantage Glen Mobile Home Park (164 spaces), Rainier View Mobile Home Park (31 spaces) and Tall Cedars Mobile Home Park (126 spaces). The eight projects (the Projects) are owned by the Authority and are located throughout King County, Washington.

Pursuant to the requirements of a New Market Tax Credit transaction in 2011, the Authority transferred the 1998 revenue bond debt assigned to Tall Cedars Mobile Home Park to another property owned by the Authority (Meadows at Lea Hill.) Therefore, the financial data of Tall Cedars is no longer presented in these financial statements. However, the portion of debt and related financial activity that was transferred to Meadows at Lea Hill continues to be reported in the annual financial statements.

These financial statements represent only the accounts of the Fund and are not intended to present fairly the financial position, results of operations and cash flows of the Authority taken as a whole.

b) 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.

c) 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.
d) **REVENUES AND EXPENSES**

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

e) **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. Most assets held by trustees are restricted for specific uses including capital additions and improvements and debt service.

f) **RECEIVABLES**

Receivables consist primarily of rents due from tenants. Annually, tenant receivables are analyzed and the allowance for doubtful accounts are appropriately adjusted. No allowances existed at June 30 other than the allowance for tenant accounts receivable.

g) **CAPITAL ASSETS**

Capital assets are recorded at historical cost in the land, structures, and equipment accounts and at appraised fair market value at date of receipt if contributed. The Authority defines capital assets as tangible items with an initial individual cost of at least $5,000 if the item is equipment and $100,000 if the item is real property or a capital improvement. Capital assets are depreciated using the straight-line method with depreciation commencing in the acquisition year and ceasing in the disposal year. Capital project costs clearly associated with the acquisition, development, and construction of a real estate project, including indirect costs and interest, are capitalized as a cost of that project. See Note 4 for the capital asset components and balances at December 31, 2010 and activity.

Depreciable lives for the capital asset categories follow:

<table>
<thead>
<tr>
<th>Asset Category</th>
<th>Depreciation Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>no depreciation</td>
</tr>
<tr>
<td>Buildings and land improvements</td>
<td>22-60 years</td>
</tr>
<tr>
<td>Personal property</td>
<td>3-10 years</td>
</tr>
<tr>
<td>Construction-in-progress</td>
<td>no depreciation</td>
</tr>
</tbody>
</table>
Maintenance and repairs are charged to expense when incurred. 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.

h) 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.

i) COMPENSATED ABSENCES

It is the Authority’s policy to pay 100% of accumulated annual leave when an employee terminates employment from the Authority. As such, the value of annual leave earned but not used at year-end is accrued. Sick leave does not vest and is only paid to those separating from the Authority as retirees as defined by the state pension system.

j) ECONOMIC CONCENTRATIONS

The Projects are located in King County, Washington. Changes in the economic or other conditions in that geographical area or the demand for housing could affect future operations.

NOTE 2 – INVENTORIES

Inventory consists of supplies purchased primarily for use in maintenance of the rental units. The perpetual method is used to account for inventory. As such, purchases are recorded into the inventory account and, as items are used, the inventory account is reduced and the expense account is charged. Periodically throughout the year, physical counts are taken of all supplies on hand and the inventory records are adjusted. The weighted average method is used to value the inventory.

The mobile home inventory represents homes held for sale to eligible senior citizens under the Home Ownership Program. The seniors purchase the homes and lease the underlying land from the Authority. The buyers are obligated to sell the mobile home back to the Authority for the original purchase price net of adjustments for improvements or deterioration.

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 to this policy are detailed below:

1) 50% of the portfolio may be in “step” investments which increase interest payments at pre-determined amounts and times with maturities up to five years, primarily to provide a hedge against future interest rates.
2) An additional 5% of the portfolio may be in investments without step features and with maturities up to five years.
3) KCHA may collateralize repurchase agreements using longer-dated investments not exceeding 30 years. Reserve funds may be invested in securities exceeding 30 years if the maturities of such investments are made to coincide as nearly as practical with the expected use of the funds.
4) Investments matched against anticipated cash flow needs may be invested beyond three years and are not included in the limits set forth in exceptions 1 and 2.

Exceptions 1 and 2 above apply to the time when investments are made. It is not a violation of the KCHA investment policy if the limits in these two exceptions are exceeded due to subsequent investments maturing or being called.

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 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.

Other Information:
The Authority has established arrangements with US 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, 2012, the pool had an average days-to-maturity of 50 days and therefore is reported at cost. Government securities are reported at fair value.

A summary of cash and investments at December 31, 2012 follows.
NOTE 4 – CAPITAL ASSETS

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

<table>
<thead>
<tr>
<th>NONDEPRECIABLE:</th>
<th>Beginning Balances</th>
<th>Additions</th>
<th>Disposals</th>
<th>Ending Balances</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$ 5,447,741</td>
<td>-</td>
<td>$ -</td>
<td>$ 5,447,741</td>
</tr>
<tr>
<td>Land Improvements</td>
<td>2,232,939</td>
<td>-</td>
<td>-</td>
<td>2,232,939</td>
</tr>
<tr>
<td>Construction-in-process</td>
<td>477,333</td>
<td>57,771</td>
<td>-</td>
<td>535,104</td>
</tr>
<tr>
<td>Total Nondepreciable</td>
<td>8,158,013</td>
<td>57,771</td>
<td>-</td>
<td>8,215,784</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DEPRECIABLE:</th>
<th>Beginning Balances</th>
<th>Additions</th>
<th>Disposals</th>
<th>Ending Balances</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land Improvements</td>
<td>1,174,264</td>
<td>-</td>
<td>-</td>
<td>1,174,264</td>
</tr>
<tr>
<td>Buildings and improvements</td>
<td>19,967,275</td>
<td>1,755,614</td>
<td>-</td>
<td>21,722,889</td>
</tr>
<tr>
<td>Equipment</td>
<td>40,862</td>
<td>-</td>
<td>-</td>
<td>40,862</td>
</tr>
<tr>
<td>Total Depreciable</td>
<td>21,182,401</td>
<td>1,755,614</td>
<td>-</td>
<td>22,938,015</td>
</tr>
</tbody>
</table>

TOTAL CAPITAL ASSETS:
- 29,340,414
- 1,813,385
- 31,153,799

Accumulated depreciation
- (11,014,549)
- (580,008)
- (11,594,557)

NET CAPITAL ASSETS
- $ 18,325,865
- $ 1,233,377
- $ 19,559,242

Approximately $1.7 million of additions to Building Improvements represents capitalized building envelope upgrades at Auburn Square and Walnut Apartments as well as plumbing upgrades at Parkwood Apartments and Walnut Apartments.
NOTE 5 – LONG TERM DEBT OBLIGATIONS

The components of outstanding debt at December 31, 2012 and the activity are stated below.

<table>
<thead>
<tr>
<th>Notes</th>
<th>Beginning Balance</th>
<th>Additions</th>
<th>Retirements/Payments</th>
<th>Ending Balance</th>
<th>Current Portion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Notes</td>
<td>$ 492,157</td>
<td>-</td>
<td>$ -</td>
<td>$ 492,157</td>
<td>$ 3,010</td>
</tr>
<tr>
<td>Series 1998A Bonds</td>
<td>24,457,755</td>
<td>-</td>
<td>(907,809)</td>
<td>23,549,946</td>
<td>965,000</td>
</tr>
</tbody>
</table>

Total $ 24,949,912 $ - $ (907,809) $ 24,042,103 $ 968,010

Notes
Deferred loans were obtained from the State of Washington and the City of Bellevue to acquire Hidden Village Apartments. The amount due the State of Washington is $292,157 and is repayable commencing in the year 2024 for a twenty-year term. Interest will not accrue until the year 2024 and the rate thereafter will be 5%. The amount due the City of Bellevue is $200,000 payable commencing in the year 2013 for a thirty-year term with interest at the rate of 5% commencing as of that date.

Series 1998A Bonds
In September 1998, the Authority issued its Pooled Housing Refunding Revenue Bonds, Series 1998A with principal amounts totaling $32,955,000. The Authority is required to make, and has made, all payments required under the trust indenture. The bonds mature in varying amounts through July 1, 2028 and have stated interest rates that vary from 3.85% to 5.25% per annum. The bonds were issued at a discount of $480,155. The discount is amortized as interest expense over the life of the debt. The unamortized balance is reported as a reduction to the outstanding bonds payable. The amortized discount charged to interest expense for the period totaled $2,191. The bonds are secured with a deed of trust on the Projects’ rental property, equipment and net operating income. Remaining debt service payments are due as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Principal</th>
<th>Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>965,000</td>
<td>1,221,479</td>
</tr>
<tr>
<td>2014</td>
<td>1,010,000</td>
<td>1,171,740</td>
</tr>
<tr>
<td>2015</td>
<td>1,065,000</td>
<td>1,118,570</td>
</tr>
<tr>
<td>2016</td>
<td>1,120,000</td>
<td>1,062,540</td>
</tr>
<tr>
<td>2017</td>
<td>1,180,000</td>
<td>1,003,520</td>
</tr>
<tr>
<td>2018-2022</td>
<td>7,010,000</td>
<td>4,002,000</td>
</tr>
<tr>
<td>2023-2027</td>
<td>9,110,000</td>
<td>1,923,731</td>
</tr>
<tr>
<td>2028-2032</td>
<td>2,125,000</td>
<td>84,000</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$ 23,585,000</td>
<td>$ 11,587,580</td>
</tr>
</tbody>
</table>

Unamortized original issue discount (35,054)

BALANCE OF OUTSTANDING DEBT $ 23,549,946

Due in one year or less $ 965,000
Due in over one year $ 22,584,946
The bond proceeds paid the cost of refunding all of the Authority’s outstanding revenue bonds that had been previously issued to acquire the Projects. The purpose of the advanced refunding was to consolidate the issues, reduce the overall interest rate, allow for a longer maturity and permit cross collateralization of the Projects.

**Defeasance – Deferred Charge**

GASB Statement No. 23 states that in an advanced refunding of debt, the difference between the reacquisition price of the new debt and the net carrying amount of the old debt be deferred and amortized as a component of interest expense, a non-cash transaction, in a systematic and rational manner over the original remaining life of the old debt or the new debt whichever is shorter. An advanced refunding in September of 1998 resulted in a deferred charge of $1,827,791. A deferred charge of $810,496 at December 31, 2012 is reported on the Statement of Net Position as a deferred outflow of resources. Amortization of the deferred charge for the period was $56,506 and is included with interest expense. The current deferred charge balance is amortized as follows:

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Amortization</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>58,165</td>
</tr>
<tr>
<td>2014</td>
<td>61,926</td>
</tr>
<tr>
<td>2015</td>
<td>66,195</td>
</tr>
<tr>
<td>2016</td>
<td>70,209</td>
</tr>
<tr>
<td>2017</td>
<td>74,680</td>
</tr>
<tr>
<td>2018-2022</td>
<td>448,040</td>
</tr>
<tr>
<td>2023-2027</td>
<td>31,283</td>
</tr>
</tbody>
</table>

\[ \text{Total: } \$810,496 \]

**NOTE 6 - PENSION PLAN**

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

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

**Plan Description**
PERS is a cost-sharing multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a defined benefit plan with a defined contribution component.
Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts (other than judges currently in a judicial retirement system); employees of legislative committees; community and technical colleges, college and university employees not participating in national higher education retirement programs; judges of district and municipal courts; and employees of local governments.

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

PERS Plan 1 and Plan 2 defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. PERS retirement benefit provisions are established in Chapters 41.34 and 41.40 RCW and may be amended only by the State Legislature.

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

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

PERS Plan 1 members can receive credit for military service while actively serving in the military, if such credit makes them eligible to retire. Members can also purchase up to 24 months of service credit lost because of an on-the-job injury.
PERS Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members are eligible for normal retirement at the age of 65 with five years of service. The monthly benefit is 2 percent of the AFC per year of service. (AFC is the monthly average of the 60 consecutive highest-paid service months.)

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

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

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

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

The surviving spouse or eligible child or children of a PERS Plan 2 member who dies after leaving eligible employment having earned ten years of service credit may request a refund of the member’s accumulated contributions. Effective July 22, 2007, said refund (adjusted as needed for specified legal reductions) is increased from 100 percent to 200 percent of the accumulated contributions if the member’s death occurs in the uniformed service to the United States while participating in Operation Enduring Freedom or Persian Gulf, Operation Iraqi Freedom.

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

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

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

- If they have at least ten service credit years and are 55 years old, the benefit is reduced by an ERF that varies with age, for each year before age 65.
- If they have 30 service credit years and are at least 55 years old, they have the choice of a benefit that is reduced by 3 percent for each year before age 65; or a benefit with a smaller (or no) reduction factor (depending on age) that imposes stricter return-to-work rules.
PERS Plan 3 defined benefit retirement benefits are also actuarially reduced to reflect the choice, if made, of a survivor option. There is no cap on years of service credit and Plan 3 provides the same cost-of-living allowance as Plan 2.

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

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

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

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

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

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

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

A one-time duty-related death benefit is provided to the estate (or duly designated nominee) of a PERS member who dies in the line of service as a result of injuries sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of said member’s covered employment, if found eligible by the Department of Labor and Industries.
There are 1,184 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2011:

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retirees and Beneficiaries Receiving Benefits</td>
<td>79,363</td>
</tr>
<tr>
<td>Terminated Plan Members Entitled to But Not Yet Receiving Benefits</td>
<td>29,925</td>
</tr>
<tr>
<td>Active Plan Members Vested</td>
<td>105,578</td>
</tr>
<tr>
<td>Active Plan Members Non-vested</td>
<td>46,839</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>261,705</strong></td>
</tr>
</tbody>
</table>

**Funding Policy**

Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent for state agencies and local government unit employees, and at 7.5 percent for state government elected officials. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. All employers are required to contribute at the level established by the Legislature. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan and member contributions finance the defined contribution portion. The Director of the Department of Retirement Systems sets Plan 3 employee contribution rates. Six rate options are available ranging from 5 percent to 15 percent; two of the options are graduated rates dependent on the employee’s age. As a result of the implementation of the Judicial Benefit Multiplier Program in January 2007, a second tier of employer and employee rates was developed to fund, along with investment earnings, the increased retirement benefits of those justices and judges that participate in the program. The methods used to determine the contribution requirements are established under state statute in accordance with Chapters 41.40 and 41.45 RCW.

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

<table>
<thead>
<tr>
<th></th>
<th>PERS Plan 1</th>
<th>PERS Plan 2</th>
<th>PERS Plan 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employer*</td>
<td>7.21%**</td>
<td>7.21%**</td>
<td>7.21%***</td>
</tr>
<tr>
<td>Employee</td>
<td>6.00%****</td>
<td>4.64%****</td>
<td>*****</td>
</tr>
</tbody>
</table>

* The employer rates include the employer administrative expense fee currently set at 0.16%.
** The employer rate for state elected officials is 10.74% for Plan 1 and 7.21% for Plan 2 and Plan 3.
*** Plan 3 defined benefit portion only.
**** The employee rate for state elected officials is 7.50% for Plan 1 and 4.64% for Plan 2.
***** Variable from 5.0% minimum to 15.0% maximum based on rate selected by the PERS 3 member.
Both the Authority and the employees made the required contributions. The Authority’s required contributions for the years ended December 31 were as follows:

<table>
<thead>
<tr>
<th></th>
<th>PERS Plan 1</th>
<th>PERS Plan 2</th>
<th>PERS Plan 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>$ 67,080</td>
<td>$ 1,182,664</td>
<td>$ 201,423</td>
</tr>
<tr>
<td>2011</td>
<td>$ 60,503</td>
<td>$ 1,002,941</td>
<td>$ 172,803</td>
</tr>
<tr>
<td>2010</td>
<td>$ 51,061</td>
<td>$ 825,346</td>
<td>$ 143,608</td>
</tr>
</tbody>
</table>

**NOTE 7 - RISK MANAGEMENT**

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

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

Bond Financed Projects are covered for property insurance through HARRP. The general liability is covered through the Housing Authority Risk Retention Group (HARRG) with $2,000,000 per occurrence limit. Additionally, liability sub-limits are provided for fire damage liability and athletic sports liability, at $50,000 and $250,000, respectively. Excess Liability limit of $3,000,000 is provided by Lexington Insurance Company.
Tax Credit Partnership properties are covered for general liability with total limits of $5,000,000 per occurrence basis provided by Great American Specialty Insurance ($1,000,000 each occurrence, $2,000,000 general aggregate, per designated location) on the primary level, and $4,000,000 aggregate limit excess of the primary, with a $10,000 self-insured retention. Lexington Landmark provides property insurance for buildings and Contents values on replacement cost basis, with Business Income including Extra Expense covered according to reported values, all subject to a $10,000 deductible, except as respects Flood at noted locations, for a deductible of $250,000 which are covered under National Flood Insurance Policies, subject to $1,000 deductibles.

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

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

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

NOTE 8 – SUBSEQUENT EVENTS

There have been no material events subsequent to December 31, 2012 to report.
### Federal, State, and Local Market-Rate Housing

<table>
<thead>
<tr>
<th>Development Name</th>
<th>Year Built</th>
<th>Number of Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cascade Apartments</td>
<td>1968</td>
<td>108</td>
</tr>
<tr>
<td>Yorktown Manor</td>
<td>1988</td>
<td>114</td>
</tr>
<tr>
<td>Westlawn Manor</td>
<td>1988</td>
<td>59</td>
</tr>
<tr>
<td>Bullinger Homes</td>
<td>1968</td>
<td>110</td>
</tr>
<tr>
<td>Broadmoor Manor</td>
<td>1989</td>
<td>70</td>
</tr>
<tr>
<td>Northridge House</td>
<td>1969</td>
<td>80</td>
</tr>
<tr>
<td>Paramount House</td>
<td>1970</td>
<td>80</td>
</tr>
<tr>
<td>Ruston Terrace</td>
<td>1970</td>
<td>40</td>
</tr>
<tr>
<td>Blackwood Manor</td>
<td>1970</td>
<td>40</td>
</tr>
<tr>
<td>Meadowbrook</td>
<td>1989</td>
<td>100</td>
</tr>
<tr>
<td>Crestwood Manor</td>
<td>1990</td>
<td>100</td>
</tr>
<tr>
<td>The Lake House</td>
<td>1970</td>
<td>70</td>
</tr>
<tr>
<td>Casa Madrona</td>
<td>1970</td>
<td>70</td>
</tr>
<tr>
<td>Casa Grande</td>
<td>1971</td>
<td>70</td>
</tr>
<tr>
<td>Plaza Seventeen</td>
<td>1971</td>
<td>70</td>
</tr>
<tr>
<td>Canopy Green</td>
<td>1972</td>
<td>70</td>
</tr>
<tr>
<td>Casa Mediterraneo</td>
<td>1973</td>
<td>61</td>
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<tr>
<td>Southbridge Manor</td>
<td>1973</td>
<td>90</td>
</tr>
<tr>
<td>Southeast Manor II</td>
<td>1980</td>
<td>120</td>
</tr>
<tr>
<td>College Place</td>
<td>1981</td>
<td>50</td>
</tr>
<tr>
<td>Northridge House II</td>
<td>1981</td>
<td>70</td>
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<tr>
<td>Southbridge Manor II</td>
<td>1981</td>
<td>50</td>
</tr>
<tr>
<td>Sunset Manor</td>
<td>1985</td>
<td>60</td>
</tr>
<tr>
<td>Park Royal</td>
<td>1989</td>
<td>30</td>
</tr>
<tr>
<td>Sierra House</td>
<td>1989</td>
<td>30</td>
</tr>
<tr>
<td>Hidden Village</td>
<td>1992</td>
<td>30</td>
</tr>
<tr>
<td>Heritage House</td>
<td>1992</td>
<td>30</td>
</tr>
<tr>
<td>Spiritwood Manor</td>
<td>1992</td>
<td>30</td>
</tr>
</tbody>
</table>

### Summary

- **Tax Credit Developments:**
  - Low Rent Public Housing: 3,070 units
  - Project-based Section 8 - KCHA Owned Property: 1,970 units
  - Home Ownership Programs: 820 units
  - Tenant-based Housing Choice Vouchers: 8,803 units

- **Low Rent Public Housing:**
  - Cascade Apartments: 108 units
  - Westlawn Manor: 59 units
  - Bullinger Homes: 110 units

- **Project-based Section 8 - KCHA Owned Property:**
  - The Northbridge House: 38 units
  - Hidden Village: 75 units
  - NE Pacific: 23 units
  - Spiritwood Manor: 130 units

- **Tenant-based Housing Choice Vouchers:**
  - 8,803 units

- **Tax Exempt Bond Programs:**
  - Low Rent Public Housing: 3,070 units
  - Project-based Section 8 - KCHA Owned Property: 1,970 units
  - Home Ownership Programs: 820 units
  - Tenant-based Housing Choice Vouchers: 8,803 units

- **Miscellaneous Local Programs:**
  - Laurelwood Gardens: 91 units
  - Woodview Heights: 526 units

- **Tenant-based Housing Choice Vouchers:**
  - 8,803 units

- **Summary:**
  - Total housing units owned or managed by the Authority: 24,383

- **Tenant-based Housing Choice Voucher:**
  - 8,803 units

---

**Notes:**
- a) Public housing properties sold to the Egis LP in May 2007 under the tax credit program.
- b) Public housing units owned by the Sede Crossing LLC under the tax credit program.
- c) Public housing units owned by the Sede Crossing II LLC under the tax credit program.
- d) Public housing units owned by the Rainier Crossing LLC under the tax credit program.
- e) Public housing units owned by the Eastbridge Apartments LLC under the tax credit program.
- f) Excludes tenants transferring, or "putting in", to the Authority from other jurisdictions.
Actual Modernization Cost Certificate

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

Public reporting burden for this collection of information is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Information and Regulatory Affairs, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-0500. This agency is not able to conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number.

Do not send this form to the above address.

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

HA Name:  
HA COUNTY OF KING

Modernization Project Number:  WA15R0256211

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Original Funds Approved</td>
<td>$205,127.00</td>
</tr>
<tr>
<td>B. Funds Disbursed</td>
<td>$205,127.00</td>
</tr>
<tr>
<td>C. Funds Expended (Actual Modernization Cost)</td>
<td>$205,127.00</td>
</tr>
<tr>
<td>D. Amount to be Recaptured (A-C)</td>
<td>$0.00</td>
</tr>
<tr>
<td>E. Excess of Funds Disbursed (B-C)</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

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

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

4. That there are no undischarged mortgages, liens, or other liens against the modernization work on file in any public office where the same should be filed in order to be valid against such modernization work, and

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

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

Signature of Executive Director & Date:

X 5-31-12

For HUD Use Only

The Cost Certificate is approved for audit:

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

X 12/1/12

The audited costs agree with the costs shown above:

Verified:  (Designated HUD Official)

X  

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

X  

Washington State Auditor's Office 96
**Actual Modernization Cost Certificate**

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

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

Public reporting burden for this collection of information is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Reports Management Officer, Paperwork-Reduction Project (2577-0044 and 1517), Office of Information Technology, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-3329. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number.

**Do not send this form to the above address.**

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

**HA Name:**  
**COUNTY OF KING**  

**Modernization Project Number:**  
WA10R032502-10

---

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

   **A. Original Funds Approved:**  
   $24,481.00

   **B. Funds Disbursed:**  
   $24,481.00

   **C. Funds Expended (Actual Modernization Cost):**  
   $24,481.00

   **D. Amount to be Reassessed (A−C):**  
   $0.00

   **E. Excess of Funds Disbursed (B−C):**  
   $0.00

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

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

4. That there are no undischarged mechanics' laborers', contractors', or materialmen's liens against such modernization work or lien on property where the same should be filed in order to be valid against such modernization work, and

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

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

**Signature of Executive Director & Date:**  
5-31-12

---

**For HUD Use Only:**

**The Cost Certificate is approved for audit:**  
Approved for Audit (Designated HUD Official)  
Date: 12/9/12

**The audited costs agree with the costs shown above:**  
Verified: (Designated HUD Official)  
Date:  
Approved: (Director, Office of Public Housing / CIAP Administrator)  
Date:  

Form HUD-53001 (10/06)  
Rev. Island 7/1/01 6.3
Actual Modernization Cost Certificate

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

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

Public reporting burden for this collection of information is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Reports Management Officer, Paperwork Reduction Project (2517-0044 and 0157), Office of Information Technology, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-3640. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number.

Do not send this form to the above address.

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

<table>
<thead>
<tr>
<th>HA Name</th>
<th>Modernization Project Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>COUNTY OF KING</td>
<td>WA19R002503-06</td>
</tr>
</tbody>
</table>

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

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

| A. Original Funds Approved | $31,776.00 |
| B. Funds Disbursed | $31,776.00 |
| C. Funds Expended (Actual Modernization Cost) | $31,776.00 |
| D. Amount to be Recaptured (A – C) | $0.00 |
| E. Excess of Funds Disbursed (B – C) | $0.00 |

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

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

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

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

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

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1951, 1952; 21 U.S.C. 872a, 3602)

Signature of executive Director & Date:

X

5-31-12

For HUD Use Only

The Cost Certificate is approved for audit:

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

X

Date:

12/7/12

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official)

X

Date:

X

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

Date:

form HUD-35001 (10/96)
ref Handbooks 1485.1 A.3

Washington State Auditor's Office

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Actual Modernization Cost Certificate

Washington State Auditor's Office

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

Public reporting burden for this collection of information is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Reports Management Officer, Paperwork Reduction Project (2577-0044 and 6157), Office of Information Technology, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-3650. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number.

Do not send this form to the above address.

This collection of information requires that each Housing Authority (HA) submit information to enable HUD to initiate the fiscal clearance 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 closeout. Responses to the collection are required by regulation. The information requested does not lend itself to confidentiality.

HA Name: HA COUNTY OF KING
Modernization Project Number: WA19P002501-05

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

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

   A. Original Funds Approved
      $ 6,118,428.00

   B. Funds Disbursed
      $ 6,118,428.00

   C. Funds Expended (Actual Modernization Cost)
      $ 6,118,428.00

   D. Amount to be Recaptured (A-C)
      $ 0.00

   E. Excess of Funds Disbursed (B-C)
      $ 0.00

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

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

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

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

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

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1118, 1012, 31 U.S.C. 3728, 3730)

Signature of Executive Director & Date:

X
5-31-12

For HUD Use Only

The Cost Certificate is approved for audit:
Approved for Audit (Director, Office of Public Housing / ONAP Administrator) X
Date: 12/7/12

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

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

Form HUD-8301 (10/96)
ref: Handbook 7405 § 5.3

Washington State Auditor's Office
99
**Actual Modernization Cost Certificate**

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

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

Public reporting burden for this collection of information is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Reports Management Officer, Paperwork Reduction Project (2577-0127), Office of Information and Regulatory Affairs, 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 it displays a valid OMB control number.

Do not send this form to the above address.

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

HA Name: HA COUNTY OF KING

Modernization Project Number: WA1GPO32502-06

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

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Original Funds Approved</td>
<td>$410,310.00</td>
</tr>
<tr>
<td>B. Funds Disbursed</td>
<td>$410,310.00</td>
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<tr>
<td>C. Funds Expended (Actual Modernization Cost)</td>
<td>$410,310.00</td>
</tr>
<tr>
<td>D. Amount to be Recaptured (A–C)</td>
<td>$0.00</td>
</tr>
<tr>
<td>E. Excess of Funds Disbursed (B–C)</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

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

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

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

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

I hereby certify that all the information stated herein, as well as any information procured in the accomplishment hereof, is true and accurate.

Signature of Executive Director & Date: 

[X] 5-31-12

For HUD Use Only

The Cost Certificate is approved for audit:

Approved for Audits (Director, Office of Public Housing / CIAP Administrator):

[X] [Signature] 12/17/12

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official):

[X]  

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

[X]  

Form HUD-53001 (10/89) 
ref: Handbook 7425.1 A.3
Actual Modernization Cost Certificate

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

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

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 0177), Office of Information Technology, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-3300. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number.

Do not send this form to the above address.

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

HA COUNTY OF KING

WA11P002501-05

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

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Original Funds Approved</td>
<td>$4,849,613.00</td>
</tr>
<tr>
<td>B. Funds Disbursed</td>
<td>$4,849,613.00</td>
</tr>
<tr>
<td>C. Funds Expended (Actual Modernization Cost)</td>
<td>$4,849,613.00</td>
</tr>
<tr>
<td>D. Amount to be Recaptured (A-C)</td>
<td>$0.00</td>
</tr>
<tr>
<td>E. Excess of Funds Disbursed (B-C)</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

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

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

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

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

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

Signature of Executive Director & Date:

[Signature]

5-31-12

For HUD Use Only

The Cost Certificate is approved for audit:

[Signature]

Date: 12/1/12

The audited costs agree with the costs shown above:

[Signature]

Date: 

[Signature]

Date: 

form HUD-25601 (10/96)
ref Handbooks 7485.1 & 8.3

Washington State Auditor's Office

101
Actual Modernization Cost Certificate

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

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

Public reporting burden for this collection of information is estimated to average 2 hours per response, including the time for reviewing instructions, assembling existing data, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Reports Management Office, Paperwork Reduction Project (2577-0044 and 0117), Office of Information Technology, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-0001. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number.

Do not send this form to the above address.

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HA Name: COB COUNTY OF KING

<table>
<thead>
<tr>
<th>Modernization Project Number</th>
<th>WVA13P0002501-07</th>
</tr>
</thead>
</table>

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

   A. Original Funds Approved
      $ 5,262,486.00
   B. Funds Disbursed
      $ 5,262,486.00
   C. Funds Expended (Actual Modernization Cost)
      $ 5,262,486.00
   D. Amount to be Recaptured (A–C)
      $ 0.00
   E. Excess of Funds Disbursed (B–C)
      $ 0.00

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

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

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

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

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

Warning: HUD will prosecute false claims and statements. Conviction may result in civil and/or criminal penalties, (18 U.S.C. 1011, 1012, 31 U.S.C. 3729, 3731)

Signature of Executive Director & Date:

X

5-31-12

For HUD Use Only

The Cost Certificate is approved for audit:

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

X

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official)

X

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

X
Actual Modernization Cost Certificate

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

Public reporting burden for this collection of information is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Reports Management Officer, Paperwork Reduction Project (2677-0044 and 11187), Office of Information Technology, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-3300. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number.

Do not send this form to the above address.

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

HA Name: HA COUNTY OF KING
Modernization Project Number: VA/19P002501-09

1. That the total amount of Modernization Cost (herein called the "Actual Modernization Cost") of the Modernization Grant, is as shown below:
   A. Original Funds Approved
   B. Funds Disbursed
   C. Funds Expended (Actual Modernization Cost)
   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 HA have been fully paid;
4. That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be void against such modernization work; and
5. That the time in which such liens could be filed has expired.

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

Signature of Executive Director & Date:

For HUD Use Only

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

The audited costs agree with the costs shown above:
   Verified: (Designated HUD Official)
   Approved: (Director, Office of Public Housing / ONAP Administrator)

Washington State Auditor's Office

103
Actual Modernization Cost Certificate

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

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

Public reporting burden for this collection of information is estimated to average 2 hours per response, including the time for reviewing instructions, 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 (2577-0157), Office of Information Technology, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-3630. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number.

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

HA Name: WA19R002501-04

HA COUNTY OF KING

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

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

   A. Original Funds Approved
   B. Funds Disbursed
   C. Funds Expended (Actual Modernization Cost)
   D. Amount to be Recaptured (A–C)
   E. Excess of Funds Disbursed (B–C)

     | Item                      | Amount    |
     |---------------------------|-----------|
     | A. Original Funds Approved| $28,791.00|
     | B. Funds Disbursed        | $28,791.00|
     | C. Funds Expended         | $28,791.00|
     | D. Amount to be Recaptured| $0.00     |
     | E. Excess of Funds Disbursed| $0.00            |

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

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

Signature of Executive Director & Date:

\[ Signature \]

5-31-12

For HUD Use Only

The Cost Certificate is approved for audit:

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

\[ Signature \]

12/7/12

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official)

\[ Signature \]

Date:

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

\[ Signature \]

Date:

form HUD-53301 (10/96)
ref Handbook 7485.15.3

Washington State Auditor's Office

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Actual Modernization Cost Certificate

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

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

Public reporting burden for this collection of information is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Reports Management Officer, Paperwork Reduction Project (2577-0044 and 0157), Office of Information Technology, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-3560. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number.

Do not send this form to the above address.

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

HA Name:                 Modernization Project Number: WA19R0C2501-05
HA COUNTY OF KING

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

   A. Original Funds Approved                                $ 32,484.00
   B. Funds Disbursed                                        $ 32,484.00
   C. Funds Expended (Actual Modernization Cost)             $ 32,484.00
   D. Amount to be Recaptured (A-C)                          $ 0.00
   E. Excess of Funds Disbursed (B-C)                        $ 0.00

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

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

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

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

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

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1341, 1343, 1016; 31 U.S.C. 3720, 3721)

Signature of Executive Director & Date: 5-31-12

For HUD Use Only

The Cost Certificate is approved for audit:

Approved for Audit (Chief, Office of Public Housing / CNAP Administrator) 12/7/12

The audited costs agree with the costs shown above:

Verified:  (Designated HUD Officer)

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

Form: HUD-52001 (10/2005) ref Handbooks 7485.1 & 3

Washington State Auditor's Office 105
Actual Modernization Cost Certificate

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

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

Public reporting burden for this collection of information is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information, and comments regarding the burden estimates or any other aspect of this collection of information, including suggestions for reducing this burden, return to the Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, DC 20503, and Send comments to Department of Commerce, Paperwork Reduction Project (2577-0157), Office of Information Technology, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-3800. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number.

Do not send this form to the above address.

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

HA Name: HA COUNTY OF KING
Modernization Project Number: WA19R002501-06

1. That the total amount of Modernization Cost (herein called the "Actual Modernization Cost") of the Modernization Grant, is as shown below:
   A. Original Funds Approved
   $ 375,570.00
   B. Funds Disbursed
   $ 375,570.00
   C. Funds Expended (Actual Modernization Cost)
   $ 375,570.00
   D. Amount to be Recaptured (A-C)
   $ 0.00
   E. Excess of Funds Disbursed (B-C)
   $ 0.00

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

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

Signature of Executive Director & date:

For HUD Use Only

The Cost Certificate is approved for audit:

Approved for Audit (Director, Office of Public Housing / ONAP Administrator) Date: 12/7/12

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official) Date:

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

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

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 0187), Office of Information Technology, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-3550. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number.

Do not send this form to the above address.

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

HA Name: COUNTY OF KING

<table>
<thead>
<tr>
<th>Modernization Project Number: WA1SR002501-07</th>
</tr>
</thead>
</table>

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

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

<table>
<thead>
<tr>
<th>A. Original Funds Approved</th>
<th>$ 309,997.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>B. Funds Disbursed</td>
<td>$ 309,997.00</td>
</tr>
<tr>
<td>C. Funds Expended (Actual Modernization Cost)</td>
<td>$ 309,997.00</td>
</tr>
<tr>
<td>D. Amount to be Recaptured (A-C)</td>
<td>$ 0.00</td>
</tr>
<tr>
<td>E. Excess of Funds Disbursed (B-C)</td>
<td>$ 0.00</td>
</tr>
</tbody>
</table>

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

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

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

5. That the time in which such lien or liens would be filed has expired.

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

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1343; 31 U.S.C. 3729, 3730)

Signature of Executive Director & Date: X 5-31-12

For HUD Use Only

The Certificate is approved for audit:

Approved for Audit (Director, Office of Public Housing / OAP Administrator) X 12/7/12

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official) X

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

Form HUD-53001 (09/85) ref Handbook 7485.1 & 3
## Actual Modernization Cost Certificate

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

**Public reporting burden for this collection of information is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Reports Management Office, Paperwork Reduction Project (2577-0004 and 0157), Office of Information Technology, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-3260. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number.**

**Do not send this form to the above address.**

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

<table>
<thead>
<tr>
<th>HA Name</th>
<th>Modernization Project Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>HA COUNTY OF KING</td>
<td>WA19R002301-03</td>
</tr>
</tbody>
</table>

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

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Original Funds Approved</td>
<td>$327,254.00</td>
</tr>
<tr>
<td>B. Funds Disbursed</td>
<td>$327,254.00</td>
</tr>
<tr>
<td>C. Funds Expended (Actual Modernization Cost)</td>
<td></td>
</tr>
<tr>
<td>D. Amount to be Recaptured (A−C)</td>
<td>$0.00</td>
</tr>
<tr>
<td>E. Excess of Funds Disbursed (B−C)</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

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

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

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

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

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

**Warning:** HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3725, 3726)

*Signature of Executive Director & Date:*

**For HUD Use Only**

The Cost Certificate is approved for audit:

Approved for Audit Officer, Office of Public Housing / OAP Administrator

*Signature:*  
*Date:*

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official)  
*Signature:*  
*Date:*

Approved: (Director, Office of Public Housing / OAP Administrator)  
*Signature:*  
*Date:*

*From HUD-53991 (1996)*

Washington State Auditor's Office  
Page 108
Actual Modernization Cost Certificate

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 Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, DC 20503. The agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number.

Do not send this form to the above address.

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

HA Name: HA COUNTY OF KING
Modernization Project Number: WA19R002501-69

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

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

   A. Original Funds Approved
   $ 1,003,945.00

   B. Funds Disbursed
   $ 1,003,945.00

   C. Funds Expended (Actual Modernization Cost)
   $ 1,003,945.00

   D. Amount to be Recaptured (A-C)
   $ 0.00

   E. Excess of Funds Disbursed (B-C)
   $ 0.00

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

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

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

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

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

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3731)

Signature of Executive Director & Date:

5-31-12

For HUD Use Only

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

Date:

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official)

Date:

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

Date:

form HUD-53614 (10/04)
Ref: Handbooks 7455.1 & 3
# Actual Modernization Cost Certificate

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

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

Public reporting burden for the 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. 20410-3300. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number.

Do not send this form to the above address.

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

<table>
<thead>
<tr>
<th>HA Name</th>
<th>Modernization Project Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>COUNTY OF KING</td>
<td>WA 1R002501-10</td>
</tr>
</tbody>
</table>

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

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Original Funds Approved</td>
<td>$1,004,177.00</td>
</tr>
<tr>
<td>B. Funds Disbursed</td>
<td>$1,004,177.00</td>
</tr>
<tr>
<td>C. Funds Expended (Actual Modernization Cost)</td>
<td>$1,004,177.00</td>
</tr>
<tr>
<td>D. Amount to be Recaptured (A-C)</td>
<td>$0.00</td>
</tr>
<tr>
<td>E. Excess of Funds Disbursed (B-C)</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

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

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

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

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

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

**Signature of Executive Director & Date:**

5-31-12

---

**For HUD Use Only**

The Cost Certificate is approved for audit:

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

**Date:**

12-9-12

The audited costs agree with the costs shown above:

- Verified: (Designated HUD Official)

**Date:**

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

**Date:**

---

**form HUD-8961 (10/89)**
re: Handbooks 7451 & 3

Washington State Auditor's Office

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**Actual Modernization Cost Certificate**

### Comprehensive Improvement Assistance Program (CIAP)

**Comprehensive Grant Program (CGP)**

Public reporting burden for this collection of information is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Reports Management Officer, Paperwork Reduction Project (2577-0044 and 0157), Office of Information Technology, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-3305. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number.

Do not send this form to the above address.

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

<table>
<thead>
<tr>
<th>HA Name</th>
<th>Modernization Project Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>HA COUNTY OF KING</td>
<td>WA19PR002501-11</td>
</tr>
</tbody>
</table>

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

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

   - A. Original Funds Approved: $300,006.00
   - B. Funds Disbursed: $300,006.00
   - C. Funds Expended (Actual Modernization Cost): $300,006.00
   - D. Amount to be Recaptured (A-C): $0.00
   - E. Excess of Funds Disbursed (B-C): $0.00

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

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

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

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

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

*Warning:* HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1610, 1619; 31 U.S.C. 3725, 3729)

Signature of Executive Director & Date:

X 5-31-12

For HUD Use Only

The Cost Certificate is approved for audit:

Approved forAudit (Director, Office of Public Housing / OCAP Administrator)

X 12/7/12

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official)

X

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

X

[Form HUD-53009 (09/96)]

Ref: Handbooks 7485.1 & 3
Actual Modernization Cost Certificate
U.S. Department of Housing and Urban Development
Office of Public and Indian Housing

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

Public reporting burden for this collection of information is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to the Reports Management Officer, Passowork Reduction Project (2577-0044 and 0157), Office of Information Technology, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-3300. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number.

Do not send this form to the above address.
The collection of information is mandatory under 24 CFR 100.320. 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 closeout. Responses to the collection are required by regulation. The information requested does not lend itself to confidentiality.

HA Name: WA COUNTY OF KING
Modernization Project Number: WA10R002592-09
The HA hereby certifies to the Department of Housing and Urban Development as follows:

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

   A. Original Funds Approved: $24,727.00
   B. Funds Disbursed: $24,727.00
   C. Funds Expended (Actual Modernization Cost): $24,727.00
   D. Amount to be Recaptured (A—C): $0.00
   E. Excess of Funds Disbursed (B+C): $0.00

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

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

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

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

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

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 11 U.S.C. 3729, 3732)

Signature of Executive Director & Date: X 5/31/12

For HUD Use Only
The Cost Certificate is approved for audit:

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

Date: 12/7/12

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official) X

Date:

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

Date:

Form HUD-5001 (1/98)
HF Manoocks / AAS.1 & 3
Actual Modernization Cost Certificate

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

The collection of information is voluntary. Providing information is not a condition of receiving benefits from the Department.

The information is subject to the Freedom of Information Act (5 U.S.C. 552) and the Privacy Act of 1974 (5 U.S.C. 552a).

If you have questions or concerns regarding this collection of information, contact the Reports Management Office, Washington, D.C. 20573. The agency must receive a signed and completed response by the due date to avoid penalties for non-compliance.

HA Name: HA COUNTY OF KING
Modernization Project Number: WA19P002502-03

1. The total amount of Modernization Cost is as shown below:

   A. Original Funds Approved
      $1,102,628.00

   B. Funds Disbursed
      $1,102,628.00

   C. Funds Expended (Actual Modernization Cost)
      $1,102,628.00

   D. Amount to be Recaptured (A-C)
      $0.00

   E. Excess of Funds Disbursed (B-C)
      $0.00

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

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

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

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

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

Signature of Executive Director & Date:

X
5-31-12

For HUD Use Only

Date:

12/7/12

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official)

Date:

X

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

Date:

X
# Actual Modernization Cost Certificate

**U.S. Department of Housing and Urban Development**

**Office of Public and Indian Housing**

**Comprehensive Improvement Assistance Program (CIAP)**

**Comprehensive Grant Program (CGP)**

Public reporting burden for this collection of information is estimated to average 2 hours per response, including the time for reviewing instructions, assembling 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 (0577-0044 and 0157), Office of Information Technology, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-3630. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number.

Do not send this form to the above address.

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

<table>
<thead>
<tr>
<th>HA Name: HA COUNTY OF KING</th>
<th>Modernization Project Number: WA19002501-08</th>
</tr>
</thead>
</table>

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Original Funds Approved</td>
<td>$5,552,458.00</td>
</tr>
<tr>
<td>B. Funds Disbursed</td>
<td>$0,002,458.00</td>
</tr>
<tr>
<td>C. Funds Expended (Actual Modernization Cost)</td>
<td>$5,552,458.00</td>
</tr>
<tr>
<td>D. Amount to be Recaptured (A-C)</td>
<td>$0.00</td>
</tr>
<tr>
<td>E. Excess of Funds Disbursed (D-C)</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

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

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

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

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

**Warning:** HUD will prosecute false claims and statements. Convictions may result in criminal and civil penalties. (18 U.S.C. 1001, 8310, 1512; 31 U.S.C. 3729, 3731)

Signature of Executive Director & Date:

5-31-12

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**For HUD Use Only**

The Cost Certificate is approved for audit:

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

Date: 12/7/12

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official)  

Date:  

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

Date:  

form: HUD-ES4601 (01/20)

ref: Handbooks 4146, 1 & 3
**Actual Development Cost Certificate**

U.S. Department of Housing and Urban Development

OMB Approval No. 2577-0157

exp. 01/31/2014

Public Reporting Burden for this collection of information is estimated to average 30 minutes 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. Response to this collection of information is mandatory to obtain a benefit or to retain a benefit. The information requested does not lend itself to confidentiality. HUD may not construct or sponsor, and person is not required to respond to a collection of information unless it displays a currently valid OMB control number.

Name of Public Housing Agency (PHA) | King County Housing Authority
Annual Contributions Contract Number | S-203F-173
Project Number | Greenbridge Sixth Place Apartments WA9200031999F9

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

1. That the total amount of the Development Cost (herein called the “Actual Development Cost”) of the Project is Six Million Six Hundred Seventy-Nine Thousand One Hundred Twenty-Nine Dollars ($6,679,129.00), which amount is shown in detail on the attached Statement of Actual Development Cost;

2. That all development work in connection with the Project has been completed;

3. That the entire Development 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 Project on file in any public office where the same should be filed in order to be valid against such Project; and

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

---

**Warning:** HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties.


Submitted By: Name of Official Authorized to Sign for PHA: Stephen J. Norman
Title: Executive Director
Signature: 10/29/2012

For HUD Use Only
Recommended for Approval By: Name of Authorized Official
Title: Director
Signature: Office of Public Housing:
Date: 07/01/2013

Approved By: Name of Authorized Official
Title: Signature: Date (mm/dd/yyyy)

Previous editions are obsolete. HUD-53427 (063)
ref. Handbook 7417.1

Washington State Auditor's Office
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ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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

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

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

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Director of Performance Audit
Director of State and Local Audit
Deputy Director of Local Audit
Deputy Director of Local Audit
Deputy Director of Quality Assurance
Deputy Director of Communications
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