



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

**Financial Statements and Federal Single Audit  
Report**

**Housing Authority of the County of  
King**

**(King County Housing Authority)**

**For the period January 1, 2016 through December 31, 2016**

**Published September 29, 2017**

**Report No. 1020005**





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

September 29, 2017

Board of Commissioners  
King County Housing Authority  
Tukwila, Washington

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

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

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

Sincerely,

Pat McCarthy  
State Auditor  
Olympia, WA

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

### King County Housing Authority January 1, 2016 through December 31, 2016

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

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

##### Financial Statements

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

##### Internal Control over Financial Reporting:

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

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

##### Federal Awards

##### Internal Control over Major Programs:

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

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

We reported no findings that are required to be disclosed in accordance with 2 CFR 200.516(a).

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

The following programs were selected as major programs in our audit of compliance in accordance with the Uniform Guidance.

<u>CFDA No.</u>	<u>Program or Cluster Title</u>
14.871	Housing Voucher Cluster – Section 8 Housing Choice Vouchers
14.879	Housing Voucher Cluster – Mainstream Vouchers
14.881	Moving to Work Demonstration Program

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was \$3,000,000.

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

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

None reported.

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

None reported.

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

**King County Housing Authority  
January 1, 2016 through December 31, 2016**

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, Washington, as of and for the year ended December 31, 2016, 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, 2017.

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

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit of the financial statements, we considered the Housing Authority's internal control over financial reporting (internal control) to determine the audit

procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority's internal control.

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

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

## COMPLIANCE AND OTHER MATTERS

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

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

## PURPOSE OF THIS REPORT

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

limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

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Pat McCarthy

State Auditor

Olympia, WA

September 26, 2017



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

## **King County Housing Authority** **January 1, 2016 through December 31, 2016**

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) Compliance Supplement* that could have a direct and material effect on each of the Housing Authority's major federal programs for the year ended December 31, 2016. The Housing Authority's major federal programs are identified in the accompanying Schedule of Findings and Questioned Costs.

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

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Housing Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred.

An audit includes examining, on a test basis, evidence about the Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

In our opinion, the Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

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

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

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

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

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

### **Purpose of this Report**

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

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Pat McCarthy

State Auditor

Olympia, WA

September 26, 2017

# INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

## **King County Housing Authority January 1, 2016 through December 31, 2016**

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, Washington, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements as listed on page 16.

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

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Corinthian TOD LLLP, Eastbridge Apartments LLC, Egis Housing Limited Partnership, Fairwind Apartments LLLP, Green River Homes LLC, Green River Homes 2 LLC, KCHA – Southwood Square Limited Partnership, Nia Apartments LLC, Salmon Creek Housing LLC, Seola Crossing LLC, Sixth Place Apartments LLLP, Soosette Creek LLC, Spiritwood Manor LLLP, Vantage Point Apartments LLC, and Zephyr Apartments LLLP (the partnerships) which represent 100 percent of the assets and the assets and net position, and 100 percent of the revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and in our opinion, insofar as it relates to the amounts included for these 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 partnerships were not audited in accordance with *Government Auditing Standards*.

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

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

## **Opinion**

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the King County Housing Authority, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed on page 16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of

management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The accompanying Financial Data Schedule and HUD form are supplementary information required by HUD. These schedules are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2017 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.

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Pat McCarthy

State Auditor

Olympia, WA

September 26, 2017

## **FINANCIAL SECTION**

### **King County Housing Authority January 1, 2016 through December 31, 2016**

#### **REQUIRED SUPPLEMENTARY INFORMATION**

Management's Discussion and Analysis – 2016

#### **BASIC FINANCIAL STATEMENTS**

Statement of Net Position – 2016

Statement of Revenues, Expenses and Changes in Net Position – 2016

Statement of Cash Flows – 2016

Notes to Financial Statements – 2016

#### **REQUIRED SUPPLEMENTARY INFORMATION**

Schedule of Proportionate Share of Net Pension Liability – PERS 1, PERS 2/3 – 2016

Schedule of Employer Contributions – PERS 1, PERS 2/3 – 2016

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

Schedule of Expenditures of Federal Awards and Notes – 2016

Financial Data Schedule – 2016

Actual Modernization Cost Certificate – WA19P002501-12

Actual Modernization Cost Certificate – WA19R002501-12



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

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

This first section of the annual financial report presents a discussion and analysis of King County Housing Authority's (KCHA) financial performance during the year ended December 31, 2016. It should be read in conjunction with the Authority's financial statements, which immediately follow this section.

In its entirety, KCHA administers a broad range of federally and locally financed housing programs serving an area of over 2,134 square miles, covering all of King County outside of the cities of Seattle and Renton. The King County Housing Authority owns or manages 9,590 units of housing and provides rental subsidies to over 7,400 additional households. The majority of KCHA's program participants have incomes below 20 percent of area median income. KCHA's inventory includes 2,361 units of public housing in King County and in the city of Olympia, which lies outside of King County. In addition, KCHA manages two public housing sites with 80 units via contract in the City of Sedro-Woolley.

The financial performance discussed in the following analyses does not include tax credit partnerships. The tax credit partnerships, with 22 sites and 1,808 units, are owned by separate limited partnerships/corporations with the Authority acting as general partner/managing member. The tax credit properties are fee managed by outside private property management firms with the exception of Birch Creek, Egis sites, Fairwind, Green River Homes, Spiritwood Manor, Valley Park, Vantage Point, and Zephyr, which are managed by KCHA's Housing Management department. Because they are legally separate entities, their operations are not carried directly on the books of the Authority but are listed as component units on the Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position. As a result, neither these units, nor their financial data, are included in the analysis and financial reports that follow. More information about the component units can be found in Notes 1 and 9.

### **2016 Financial Highlights**

- KCHA's participation in HUD's Moving to Work (MTW) program gives the Authority the ability to receive most of its Housing Choice Voucher revenue as a block grant and gives KCHA flexibility in how the funds can be spent.
- Total assets and deferred outflows of resources of the Authority exceeded total liabilities and deferred inflows of resources at December 31, 2016 by \$523.1 million.
- The change in net position for 2016 was an increase of \$60.4 million and includes approximately \$2.3 million in capital grant contributions.
- Operating expenses were \$227.5 million and include \$124.6 million in housing assistance payments made to landlords, or 55 percent of operating expenses.
- MTW reserves continued to serve the low and very-low income populace through an array of innovative programs and the rehabilitation and construction of affordable housing.

## **Authority-wide Financial Statements**

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

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

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

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

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

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

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

## **Financial Analysis of the Authority**

### **Condensed Statement of Net Position**

Table A-1 presents the Authority’s Condensed Statement of Net Position as of December 31, 2016 and 2015. The purpose of the statement is to provide a snapshot of the financial condition of the Authority at a certain point in time. Presented are the assets, liabilities, and net position of the Authority at the end of the year. Supplementary information is provided in the accompanying notes that further explain and support the data presented in table A-1.

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

	<b><u>2016</u></b>	<b><u>2015</u></b>
<b>Assets:</b>		
Current and other assets	\$ 484,244,172	\$ 418,501,995
Capital assets	482,102,582	411,679,492
Total Assets	<u>966,346,754</u>	<u>830,181,487</u>
<b>Deferred Outflows of Resources:</b>		
Deferred charge for defeasance of debt	878,792	960,540
Related to pensions	4,625,712	2,329,839
	<u>5,504,504</u>	<u>3,290,379</u>
<b>Liabilities:</b>		
Current and other liabilities	64,782,330	61,028,555
Long-term debt, net of current	383,585,594	309,672,042
Total Liabilities	<u>448,367,924</u>	<u>370,700,597</u>
<b>Deferred Inflows of Resources:</b>		
Unavailable revenue	-	1,467,000
Related to pensions	435,762	2,927,456
	<u>435,762</u>	<u>4,394,456</u>
<b>Net Position:</b>		
Net Investment in Capital Assets	189,150,173	187,844,170
Restricted	36,282,926	25,166,439
Unrestricted	297,614,473	245,366,204
Total Net Position	<u><b>\$ 523,047,572</b></u>	<u><b>\$ 458,376,813</b></u>

(1) Component units are not included.

Current and other assets, excluding capital assets, for the year ended December 31, 2016 total \$484.2 million and are comprised of \$179.7 million in cash, cash equivalents, and investments and \$302.9 million in accounts, interest, notes and financing lease receivables, and \$1.6 million of other assets. The \$65.8 million increase from the prior year is primarily due a \$47.7 million increase in cash, cash equivalents, and investments and an \$18.1 million increase in accounts, notes, and financing leases receivable. The increase in receivables was mainly attributable to an additional \$62.1 million of notes and lease receivables due from the new Spiritwood Manor and Corinthian Apartments tax credit partnerships as well as a \$2.3 million increase in interest and other receivables. These additions were offset by the elimination of \$25.4 million of notes receivable as part of the blending of the Overlake TOD Housing Partnership with the Authority's financial statements (See Note 1), \$14 million received on note receivables related to the development of the Vantage Point tax credit partnership properties, and the \$3.4 million and \$3.5 million payment of note and lease receivables upon termination of the KCHA – Cones and Harrison House tax credit partnerships; respectively, in 2016.

Capital assets for the year ended December 31, 2016 are \$482.1 million. Included in this category are land and improvements, buildings and improvements, personal property, and construction-in-progress. Capital asset additions of \$139.6 million include the acquisition of assets from Harrison House Limited Partnership (\$5.6 million) and KCHA – Cones Limited Partnership (\$4.9 million), the purchase of Abbey Ridge (\$21.9 million), the purchase of Highland Village (\$19.8 million) and additions related to the blending of Overlake Partnership assets (\$42.7 million) in the Authority's financial statements (See Note 1). \$24.2 million of additions were also attributable to the increase in construction-in-process while another \$20.5 million of additions was the result of upgrades and rehabilitation at various properties.

Capital asset disposals of \$43.0 million include \$20 million related to the disposition of land and buildings resulting from the following transactions: the sale of Charter House to the Bremerton Housing Authority (\$1.6 million), the sales of Spiritwood Manor (\$8.2 million) and Corinthian Apartments (\$10.2 million) to tax credit partnerships. Capital Assets disposition of \$20.8 million represents capitalized building upgrades reclassified from construction-in-progress and \$2 million represents lot sales to private builders for the construction of market-rate for-sale homes while \$200,000 represents the disposal of equipment.

Total liabilities, excluding the non-current portion of long-term debt, totaled \$64.8 million at December 31, 2016, an increase of \$3.7 million from 2015. Notable increases to current liabilities were \$8.2 million of unearned HAP revenue, \$1.6 million of accrued payables related to the Energy Performance Contract, and a \$5.1 million increase in Net Pension Liability. The decrease in the current portion of long-term debt is mainly attributable to a \$3.6 million payment of Somerset Gardens bonds and the two-year extension of a Bank of America line-of-credit of which \$2.9 million had been due in 2016. A \$4.7 million liability reported in 2015 resulting primarily from a classification issue related to the Authority's Financial Data Schedule had been resolved in 2016.

The Authority's current ratio reflects the relationship between current assets and current liabilities and is a measure of the Authority's ability to pay short-term obligations. At December 31, 2016, the Authority's current ratio was 5.29:1 an increase from the previous year's current ratio of 4.16:1. This means that for every dollar in current liabilities there is \$5.29 in current assets.

Total net position increased by \$64.7 million during 2016. Net position represents the Authority's equity, a portion of which is restricted for certain uses. Restricted Net Position increased \$11.1 million from 2015 primarily due to \$10.4 million of proceeds from bonds issued to fund capital work related to the Energy Performance Contract. \$1.9 million was also included in relation to the blending of Overlake TOD Housing Partnership with the Authority's financial statements (See Note 1). Unrestricted net position increased 21.3% from \$245.4 million to \$297.6 million primarily due to additional notes and financing leases receivable from new tax credit partnerships and increases in non-operating revenues.

### **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.

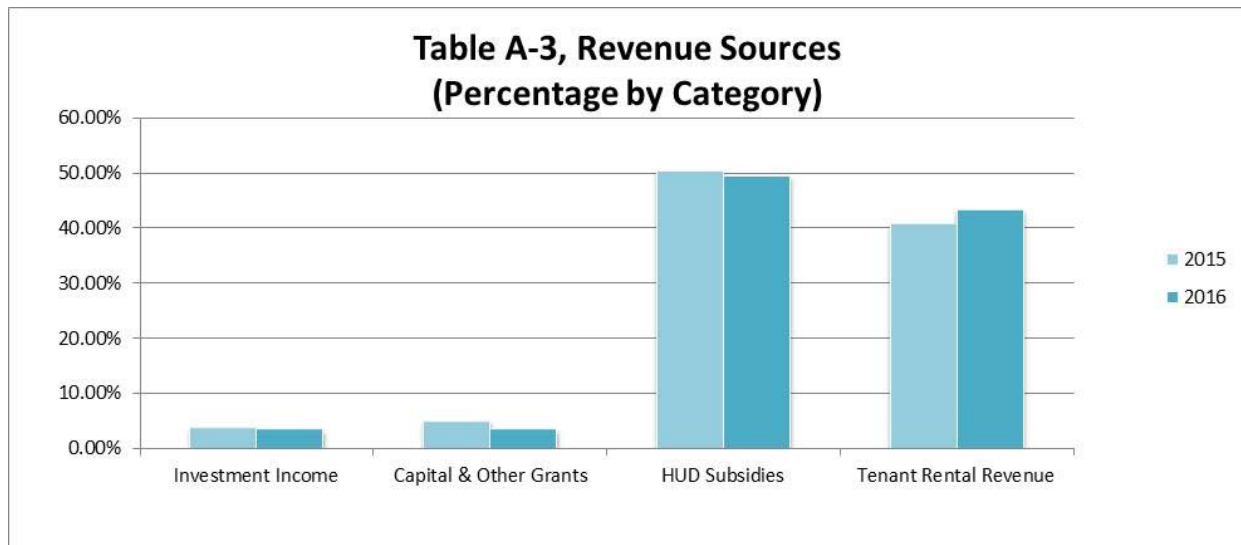
Table A-2 represents the Authority's Condensed Statement of Revenues, Expenses, and Changes in Net Position for 2016 and 2015. Due to a change in policy (see Note 1) Housing Choice Voucher program revenue from HUD is reported as Operating Revenue instead of Nonoperating Revenue beginning in 2016. 2015 data reported in Table A-2 reports Housing Choice Voucher program revenue similarly for consistent comparison.

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

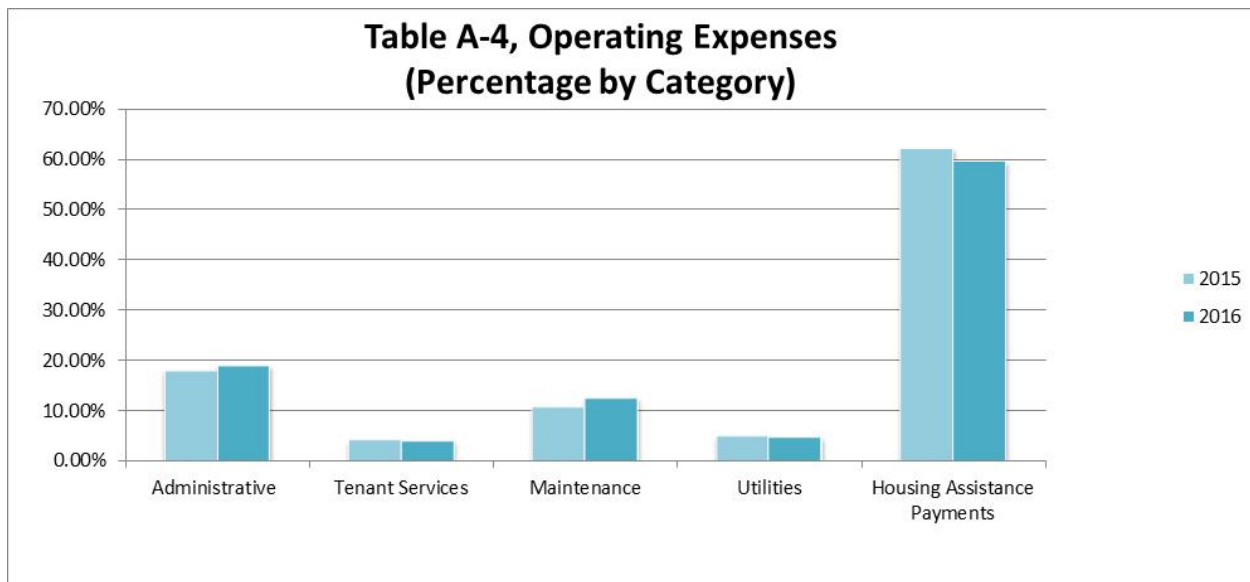
	<b><u>2016</u></b>	<b><u>2015</u></b>
Operating Revenues	\$ 255,656,919	\$ 223,896,878
Nonoperating revenues	40,283,248	14,222,759
<b>Total Revenues</b>	<b>295,940,167</b>	<b>238,119,637</b>
Operating expenses	227,512,503	205,213,160
Nonoperating expenses	10,331,948	9,915,021
<b>Total Expenses</b>	<b>237,844,451</b>	<b>215,128,181</b>
Excess or deficiency before contributions	58,095,716	22,991,456
Capital grant contributions	2,341,655	7,021,315
Special item	-	(39,117,550)
<b>Change in Net Position</b>	<b>60,437,371</b>	<b>(9,104,779)</b>
Beginning Net Position	458,376,813	488,544,990
Change in Reporting Entity	4,233,388	-
Change in Accounting Principle	-	(21,063,398)
<b>Ending Net Position</b>	<b>\$ 523,047,572</b>	<b>\$ 458,376,813</b>

(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 2016 and 2015 as a percentage of all revenues. The overall contribution for each revenue type remained relatively constant from 2015 to 2016 with Tenant Rental Revenue increasing due to the addition of new properties in 2016.



Operating expenses are amounts paid for providing housing services to the Authority's tenants and for administering the various programs. Total operating expenses for 2016 were \$210.8 million (excluding depreciation), a 9.1 percent increase from 2015. Each category remained relatively constant from 2015 to 2016.



## Net Capital Assets

During 2016, net capital assets increased by \$42.9 million. This net increase is primarily attributable to \$80.2 million in capital asset additions (net of accumulated depreciation) offset by \$37.3 million of disposals (net of accumulated depreciation.)

Capital asset additions include:

- \$21.9 million related to the purchase of Abbey Ridge,
- \$19.8 million related to the purchase of Highland Village,
- \$10.5 million related to the acquisition of assets from tax credit partnerships,
- \$24.2 million of construction-in-process,
- \$20.5 million related to building upgrades at various properties.

Capital asset disposals include:

- \$20.8 million of construction-in-process representing capitalized work related to construction projects completed in 2016,
- \$18.2 million related assets sold to tax credit partnerships,
- \$1.6 million related to the sale of Charter House,
- \$2 million in lot sales to private builders for the construction of market-rate for-sale homes.

Information about the Authority's capital assets is further presented in the financial statements Note 6 – Capital Assets.

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

	<u>2016</u>	<u>2015</u>
Land	\$ 129,401,526	\$ 115,649,106
Buildings and improvements	500,988,725	465,439,240
Furniture, equipment & machinery	8,054,312	6,022,831
Construction in progress	26,709,001	24,107,786
	<u>665,153,564</u>	<u>611,218,963</u>
Total accumulated depreciation and amortization	(183,050,982)	(171,977,090)
<b>Net Capital Assets</b>	<b><u>\$ 482,102,582</u></b>	<b><u>\$ 439,241,873</u></b>

**Long-term Debt**

The Authority has issued various forms of debt for the purpose of acquiring and rehabilitating projects located throughout King County. At year-end, the Authority had \$383.6 million in net long-term bonds and notes outstanding (as shown in table A-6) which represents a \$73.9 million increase over the prior year-end balance. For more information on the Authority's long-term debt, please see Note 7.

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

	<u>2016</u>	<u>2015</u>
Long-term, net of current portion	<u>\$ 383,585,594</u>	<u>\$ 309,672,042</u>

Additions to long-term debt include \$49.3 million drawn on two KeyBank lines of credit to purchase Highland Village Apartments, Abbey Ridge Apartments, and pay down the Somerset Apartments' Rasmussen Note and bonds. \$27.4 million was also drawn on a Bank of America line of credit to finance the rehabilitation of Spiritwood Manor Apartments and Corinthian Apartments. \$10.5 million of Qualified Energy Performance Conservation Bonds were issued to support the Energy Performance Contract. Finally, \$7 million of revenue bonds were issued to fund the Corinthian Apartments rehabilitation.

The Authority's debt service coverage ratio is a measure of the cash flow available to pay current debt obligations. As of December 31, 2016, the Authority had a debt service coverage ratio of 2.534 which exceeds the minimum requirements of certain loan agreements.

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

The Authority receives the bulk of its operational funding from the United States Department of Housing and Urban Development (HUD) which, like all federal agencies, depends upon congressional appropriations. At the time of this writing it appears as though the current administration will be placing a lower priority on providing federal funding for social services. Though the President's proposed budget for 2018 cuts funding for HUD by \$6 billion, it is uncertain at this time how much congress will appropriate.



In December 2016, the Seattle Times reported that rents in King and Snohomish counties increased 7.9 percent throughout the year. Though this is a rate lower than the double-digit increases seen in each of the prior four years, rent increases in the Seattle area were still among the nation's highest.

As renters have sought to escape ever-increasing rents over the past five years, demand for houses in King County has surged with no sign of slowing. As of March 2017, the single-family median home price was \$600,000 in King County; an increase of about \$60,000 over the prior twelve months.

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

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



**Housing Authority of the County of King**  
**Statement of Net Position**  
As of December 31, 2016

	AUTHORITY	COMPONENT UNITS
<b>ASSETS:</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 91,175,438	\$ 8,112,935
Restricted cash and cash equivalents	25,925,042	4,564,470
Receivables, net	8,652,662	180,216
Notes and leases receivable - current portion	8,436,399	-
Investments	49,021,162	364,490
Restricted investments	11,891,459	-
Other current assets	1,221,952	230,799
Total Current Assets	<u>196,324,114</u>	<u>13,452,910</u>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents	1,178,015	-
Restricted investments	504,517	-
Land, buildings and equipment, net		
Nondepreciable	122,593,066	20,326,040
Depreciable	359,509,516	342,814,862
Intangible assets, net	-	1,453,025
Interest receivable	18,143,762	-
Notes and leases receivable	267,693,699	-
Other noncurrent assets	400,065	-
Total Noncurrent Assets	<u>770,022,640</u>	<u>364,593,927</u>
Total Assets	<u>966,346,754</u>	<u>378,046,837</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>		
Deferred charge for defeasance of debt	878,792	-
Related to pensions	4,625,712	-
Total Deferred Outflows	<u>5,504,504</u>	<u>-</u>
<b>LIABILITIES:</b>		
<b>Current Liabilities</b>		
Tenant security deposits	2,422,383	374,392
Current portion of long-term debt	13,243,743	491,891
Other current liabilities	21,431,797	20,584,500
Total Current Liabilities	<u>37,097,923</u>	<u>21,450,783</u>
<b>Noncurrent Liabilities</b>		
Interest rate swaps - fair value	1,566,271	-
Long-term debt, net of current	383,585,594	257,850,267
Net pension liability	24,508,533	-
Other noncurrent liabilities	1,609,603	12,662,868
Total Noncurrent Liabilities	<u>411,270,001</u>	<u>270,513,135</u>
Total Liabilities	<u>448,367,924</u>	<u>291,963,918</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
Related to pensions	435,762	-
Total Deferred Inflows	<u>435,762</u>	<u>-</u>
<b>NET POSITION:</b>		
Net investment in capital assets	189,150,173	115,973,744
Restricted	36,282,926	4,190,078
Unrestricted	297,614,473	(34,080,903)
Total Net Position	<u>\$ 523,047,572</u>	<u>\$ 86,082,919</u>

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

**Housing Authority of the County of King**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
For the 12 Month Period Ended December 31, 2016

	<u>AUTHORITY</u>	<u>COMPONENT UNITS</u>
<b>OPERATING REVENUES</b>		
HUD subsidies and grant revenue	\$ 136,468,751	\$ -
Tenant revenue	69,709,267	18,768,286
Other revenue	49,478,901	237,621
Total Operating Revenues	<u>255,656,919</u>	<u>19,005,907</u>
<b>OPERATING EXPENSES</b>		
Administrative	39,586,056	3,732,268
Tenant services	8,208,682	614
Maintenance	26,061,146	2,389,887
Utilities	9,649,874	2,630,521
Housing assistance payments	124,625,634	-
Depreciation and amortization	16,745,750	11,668,748
Other expenses	2,635,361	1,152,431
Total Operating Expenses	<u>227,512,503</u>	<u>21,574,469</u>
Operating Income (Loss)	28,144,416	(2,568,562)
<b>NONOPERATING REVENUE (EXPENSE)</b>		
Other government grants	7,148,965	-
Investment income	9,416,288	191,616
Interest expense	(10,331,948)	(6,624,171)
Net gain (loss) on disposal of capital assets	23,717,995	-
Net Nonoperating Revenues (Expenses)	<u>29,951,300</u>	<u>(6,432,555)</u>
 INCOME (LOSS) before contributions and special items	 58,095,716	 (9,001,117)
Capital grant contributions	2,341,655	-
Partner contributions (disbursements)	-	15,364,625
 CHANGE IN NET POSITION	 60,437,371	 6,363,508
Beginning Net Position	<u>458,376,813</u>	<u>86,896,292</u>
Change in Reporting Entity <sup>(1)</sup>	4,233,388	(7,383,389)
Prior Period Adjustment	-	206,508
Ending Net Position	<u>\$ 523,047,572</u>	<u>\$ 86,082,919</u>

(1) Please see Footnote 1 for more information

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

**Housing Authority of the County of King**  
**Statement of Cash Flows**  
For the 12 Month Period Ended December 31, 2016

	AUTHORITY
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Receipts from tenants	\$ 71,465,007
Receipts from HUD	142,562,924
Payments to employees	(27,439,329)
Payments to suppliers of goods and services	(58,054,308)
Payments to landlords	(119,182,373)
Payments made to other housing authorities	(6,425,946)
Payments received from other housing authorities	1,867,999
Other receipts (payments)	42,661,254
Net cash provided by (used in) operating activities	<u>47,455,228</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Receipts from other governments	7,212,877
Net cash provided by noncapital financing activities	<u>7,212,877</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Capital grant contributions	2,341,655
Purchase of capital assets	(93,252,666)
Net proceeds from capital asset disposal	63,112 a)
Equity transactions	4,233,388
Proceeds from issuance of capital debt	96,744,509
Principal payments on capital debt	(29,459,392)
Interest paid on capital debt	(10,345,770)
Other receipts (payments)	(8,387,846)
Net cash used in capital and related financing activities	<u>(38,063,010)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Net sale (purchase) of investments	(8,661,622)
Investment in notes and financing leases	(52,458,063) b)
Payments received on notes and financing leases	76,149,604
Investment income -- notes and financing leases	5,872,137
Investment income -- other	1,917,543
Other receipts (payments)	(431,160)
Net cash provided by investing activities	<u>22,388,439</u>
Net Increase in Cash and Cash Equivalents	38,993,534
Cash and cash equivalents -- beginning of the year	79,284,961
Cash and cash equivalents -- end of the year	<u>\$ 118,278,495</u>

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

Operating income (loss)	28,144,416
Adjustment to reconcile operating income to net cash:	
Depreciation and amortization expense	16,773,942
Change in assets and liabilities:	
Receivables and other assets	(3,715,981)
Accounts and other payables	6,252,851
Net cash provided by (used in) operating activities	<u>\$ 47,455,228</u>

Non-cash transactions that would have been reported in the capital and investing sections if the transactions had involved a cash exchange.

a) Excludes \$23.6 million and \$243,070 of noncash proceeds from the lease of capital assets to the Spiritwood and Corinthian tax credit partnerships; respectively.

b) Excludes \$26.5 million and \$10.3 million of financing leases acquired from the Spiritwood and Corinthian tax credit partnerships; respectively, in exchange for capital assets.

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

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

### **Reporting Entity**

#### **Primary Government**

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

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

### **Summary of Significant Programs**

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

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

*Low Rent Public Housing* –The Authority owns, operates or maintains 43 housing projects consisting of 2,242 units of public housing of which 1,183 units are for the low-income elderly and disabled. The properties were acquired through bonds and notes guaranteed by HUD and through grants from HUD. Revenues consist of rents and other fees collected from tenants and an operating subsidy received from HUD. Typically residents pay 28.3 percent of their adjusted income in rents. Two thirds of public housing residents earn less than 20 percent of the area median income, with almost 80 percent having some form of entitlement payment as their main source of income. The Authority’s subsidy is received under an Annual Contributions Contract to offset the cost of operating the units. HUD also provides funds to maintain and improve the public housing projects under the Capital Fund Program. Historically, all additions to land, structures and equipment of public housing are accomplished through these capital grant funds.

*Tenant Based Housing Choice Vouchers*–The Authority provides rental assistance payments on behalf of over 7,400 households who live in private rental housing. Funded by HUD pursuant to Section 8 of the U.S. Housing Act, this program allows participating families and individuals to choose their own housing with the use of a housing voucher. Generally the participant pays no more than 28.3 percent of income towards rent and the Authority pays the remainder. The Authority targets this program to the elderly, disabled households and families that are homeless or at the risk of homelessness. Program participants average 15 percent of area median income.

*Project Based Section 8 Housing* - The Authority owns several developments where some or all of the units are subsidized under the Section 8 program. Under this program, subsidies attach to qualifying housing units rather than to qualifying individuals or families. There are currently 1,569 units subsidized under this program; 461 units owned by the Authority, 509 units leased to Moving King County Residents Forward, and 600 units owned by tax credit partnerships.

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

*Tax-Exempt Bond Financed* - The Authority owns 33 apartment complexes totaling 4,241 units through the issuance of tax-exempt bonds. These properties receive no operating subsidy from the Federal government or any other State or local source. The Authority acquired the properties in order to place selected housing developments within the public domain so that rents could be maintained as low as possible over time. Typically these units have a broad mix of residents with the majority having income below 80 percent of area median.

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

*Tax Credit* - In 1994, the Authority began partnering with limited partnerships and limited liability corporations (hereafter referred to as "partnerships") to acquire and develop additional affordable housing. The Authority is general partner/managing member (hereafter referred to as "general partner") in 14 partnerships representing 23 housing complexes comprising 1,808 units.

*Miscellaneous Local Programs* - The Authority has an inventory of 15 different housing developments comprising 144 units of housing. The units are generally leased to non-profit service providers for the benefit of the economically disadvantaged, developmentally disabled, transitional, homeless and other groups who have traditionally experienced barriers in finding housing.

### **Other Programs**

*Housing Repair and Weatherization* - The Authority receives federal and state money to provide housing rehabilitation loans and weatherization grants to low-income homeowners and renters. The Authority has been administering these types of programs since 1975. In 2016, the Authority assisted 652 homes with structural upgrades, air quality improvements and energy efficiencies.

*Social and Human Service Programs* - The Authority serves a wide variety of people including families with children as well as individuals with special needs such as the elderly, the physically and developmentally disabled, the homeless and the mentally ill. The Authority's programs and services are designed around a commitment to support and partner with individuals and families served by the Authority in ways that promote successful life outcomes with dignity and respect. Provided directly by the Authority's staff or through nearly 25 contracts with services providers, these services and programs fall into the following four broad categories: Housing Stability; Quality of Life; Workforce Development and Economic Independence; and Education Programs and Initiatives. For example, Head Start classrooms operate at two sites, Boys and Girls Club programs operate at four sites, and five career/computer centers are located in the Authority's developments. Counseling, educational, recreational, nutrition and transportation services are provided by community-based organizations like the YWCA, Sound Generations, and Neighborhood House. These contracted services are partially funded using federal and private grants, which the Authority receives in a competitive process for periods of one to three years.

## Component Units

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

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

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

### Blended Component Unit

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

**Overlake TOD Housing Limited Partnership (Overlake)**- A Washington State limited partnership formed in July 2000 to construct and operate a 308-unit apartment complex known as The Village at Overlake Station, and a "Park and Ride" facility in Redmond, Washington. The Authority serves as its sole general partner. Prior to March 31, 2016, its Limited Partners were Columbia Housing/PNC Institutional Fund V Limited Partnership (the Investment Limited Partner) and Columbia Housing SLP Corporation (the Special Limited Partner). Effective March 31, 2016 both limited partners withdrew, relinquishing their entire interest in the partnership, and were replaced by KCHA Initial Affiliate LLC, a Washington Limited Liability Company (the substitute Limited Partner). Due to the fact that KCHA Initial Affiliate LLC is 100% controlled by the Authority, the governing body of the Authority and the partnership are substantively the same which in turn gives the Authority operational responsibility for the Overlake partnership. Consequently, Overlake's balances and transactions are "blended" into the Authority's financial statements.

## Discretely Presented Component Units

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

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

The following discretely presented component units have a December 31, 2016 year end:

- **Corinthian TOD LLLP** – A Washington State limited liability limited partnership formed in December 2015 to acquire, rehabilitate, lease, maintain and operate a 95-unit apartment complex in SeaTac, Washington, known as Corinthian Apartments. The Authority serves as its sole Managing Member. Pursuant to the second amended and restated Operating Agreement January 27<sup>th</sup>, 2016, RBC-Corinthian, LLC, a Delaware limited liability company, as the Investor Limited Partner and RBC Tax Credit Manager II, Inc., a Delaware corporation, as the Special Limited Partner, were admitted to the partnership.
- **Eastbridge Apartments LLC** – A Washington State limited liability company formed in March 2009 to construct and operate a 26-building, 91-unit housing project, known as Eastbridge Apartments in unincorporated King County, Washington. The Authority serves as sole Managing Member. Pursuant to the Amended and Restated Operating Agreement dated March 3, 2009, Bank of America, N.A. as the Investor Member and Banc of America CDC Special Holding Company, Inc. as the Special Member were admitted to the company.
- **Egis Housing Limited Partnership** – A Washington State partnership that was formed in May 2007, to acquire, develop, rehabilitate, maintain and operate a 439-unit apartment project, known as Egis Housing in King County and Thurston County, Washington. The project consists of Paramount House (70 units), Munro Manor (60 units), Brittany Park (43 units), Riverton Terrace (30 units), Mardi Gras (61 units), Plaza 17 (70 units), Casa Madrona (70 units), and Gustaves Manor (35 units). The Authority serves as the sole general partner, the Limited Partner is Egis-Apollo Housing Capital, LLC and the Special Limited Partner is RBC Tax Credit Manager II, Inc.
- **Fairwind Apartments LLLP** – A Washington State limited liability limited partnership that was formed in March 2012 to construct and operate an 87-unit apartment project, known as Fairwind Apartments in unincorporated King County, Washington. The Authority serves as its sole General Partner. Pursuant to the Partnership Agreement, BCP/Fairwind, LLC is the Investment Limited Partner and BCCC, Inc. is the Special Limited Partner.
- **Green River Homes LLC** – A Washington State limited liability company which was formed in June 2004 to acquire, rehabilitate and operate a 60-unit apartment project, known as Valley Park East and Valley Park West in Auburn, Washington. The Authority serves as the sole Managing Member. Its Investor Member is NEF Assignment Corporation.



- **Green River Homes 2 LLC** – A Washington State limited liability company that was formed on October 7, 2011 to acquire, construct, rehabilitate, develop, improve, maintain, operate, and lease a 59-unit apartment complex, known as Green River Homes in Auburn, Washington. The Authority serves as sole Managing Member. The Investor Member is RBC-Green River, LLC, a Delaware limited liability company and the Special Investor Member is RBC Tax Credit Manager II, Inc., a Delaware corporation.
- **Nia Apartments LLC** – A Washington State limited liability company that was formed in March 2007 to construct and operate an 82-unit apartment project, known as Nia Apartments in the unincorporated King County, Washington. The Authority serves as its sole managing member. Pursuant to the Operating Agreement dated March 15, 2007, NIA-Apollo Housing Capital, LLC as the Investor Member and Apollo Housing Manager II, Inc. as the Special Member, were admitted to the company. Subsequently, Apollo Housing Manager II, Inc. changed its name to RBC Tax Credit Manager II, Inc.
- **Salmon Creek Housing LLC** – Salmon Creek Housing LLC is a Washington State limited liability company formed in March 2008, to construct and operate an 88-unit apartment project, known as Salmon Creek Apartments in unincorporated King County, Washington. The Authority serves as its sole managing member. Pursuant to the Operating Agreement dated March 25, 2008, Salmon Creek-Apollo Housing Capital, LLC as the Investor Member and Apollo Housing Manager II, Inc., (which changed its name to RBC Tax Credit Manager II, Inc.) as the Special Member, were admitted to the company.
- **Seola Crossing LLC** – A Washington State limited liability company formed in November 2005 to construct and operate a 187-unit apartment project, known as Seola Crossing Apartments in unincorporated King County, Washington. Phase I of the project includes 82 units and Phase II includes 105 units. The Authority serves as the sole Managing Member. Pursuant to the Amended and Restated Operating Agreement dated March 23, 2006, Boston Financial Housing Investments VIII Limited Partnership as the Investor Member and BFIM Special Limited Partner, Inc. as the Special Member were admitted to the company.
- **Sixth Place Apartments LLLP** – A Washington State limited liability limited partnership that was formed in June 2010 to acquire, construct, rehabilitate, develop, improve, maintain, operate, and lease a 24-unit apartment complex, known as Sixth Place Apartments in unincorporated King County, Washington. The Authority serves as sole General Partner. The Investment Limited Partner is Boston Capital Corporate Tax Credit Fund XXXIII, A Limited Partnership, a Massachusetts limited partnership and the Special Limited Partner is BCCC, Inc., a Massachusetts corporation.
- **Soosette Creek LLC** – A Washington State limited liability company formed in October 2007, to lease, renovate, maintain and operate a 262-unit apartment complex in Kent, Washington, known as Birch Creek Apartments (formerly Springwood Apartments). The Authority serves as its sole Managing Member. Pursuant to the Operating Agreement dated April 1, 2008 and amended September 1, 2008, Soosette Creek-Apollo Housing Capital, LLC, a Delaware limited liability company as the Investor Member and RBC Tax Credit Manager II, Inc., a Delaware corporation as the Special Member were admitted to the company.



- **KCHA – Southwood Square Limited Partnership** – A Washington State limited partnership that was formed in March 2001, to acquire, rehabilitate, and operate a 104-unit apartment project, known as Southwood Square Apartments in Kent, Washington. The Authority serves as the sole General Partner. Its initial Limited Partner was Common Ground, a Washington nonprofit corporation. Pursuant to the Amended and Restated Limited Partnership Agreement dated December 28, 2001, Common Ground withdrew from the partnership and John Hancock Realty Management, Inc. (the Special Limited Partner) and John Hancock Corporate Tax Credit Fund VI Limited Partnership (the Investor Limited Partner) were admitted to the partnership.
- **Spiritwood Manor LLLP** - A Washington State limited liability limited partnership formed in December 2015 to acquire, rehabilitate, lease, maintain and operate a 118-unit apartment complex in Bellevue, Washington, known as Spiritwood Manor Apartments. The Authority serves as its sole Managing Member. Pursuant to the second amended and restated Operating Agreement dated January 27<sup>th</sup>, 2016, RBC-Spiritwood, LLC, a Delaware limited liability company, as the Investor Limited Partner and RBC Tax Credit Manager II, Inc., a Delaware corporation, as the Special Limited Partner, were admitted to the partnership.
- **Vantage Point Apartments LLC** – A Washington State limited liability company formed in March 2013, to construct, lease, maintain and operate a 77-unit apartment complex in Renton, Washington, known as Vantage Point Apartments. The Authority serves as its sole Managing Member. Pursuant to the Operating Agreement dated June 2, 2014 and amended September 1, 2014, RBC-Vantage Point, LLC, a Delaware limited liability company as the Investor Member and RBC Tax Credit Manager II, Inc., a Delaware corporation as the Special Investor Member were admitted to the company.
- **Zephyr Apartments LLLP** – A Washington State limited liability limited partnership that was formed in January 29, 2010 to acquire, hold, invest in, secure financing for, construct, rehabilitate, develop, improve, maintain, operate, and lease a 25-unit apartment complex, known as Zephyr Apartments in unincorporated King County, Washington. Pursuant to the partnership Agreement dated January 29, 2010, the Authority serves as sole General Partner. The Investment Limited Partner is Boston Capital Corporate Tax Credit Fund XXXII, a Limited Partnership, a Massachusetts limited partnership, and the Special Limited Partner is BCCC, Inc., a Massachusetts corporation.

### **Change in Component Units**

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

- A decrease of \$3,150,001 due to the dissolution of Harrison House Apartments LLC and KCHA – Cones Limited Partnership tax credit partnerships.
- On March 31, 2016, Columbia Housing/PNC Institutional Fund V Limited Partnership and Columbia Housing SLP Corporation withdrew from the Overlake TOD Housing Limited Partnership, relinquishing their entire interest, and were replaced by KCHA Initial Affiliate LLC. Due to the fact that the new limited partner is also controlled 100% by the Authority, Overlake Housing Limited Partnership no longer meets the criteria for a Discretely Presented Component Unit and is now included in the Primary Government's financial statements. The change in classification results in a \$4,233,388 decrease in Beginning Net Position in the Component Units and an equal increase in the Primary Government's Beginning Net Position.

## **Summary of Significant Accounting Policies**

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

### **Basis of Accounting**

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

### **Use of Estimates**

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

### **Revenues and Expenses**

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating expenses for KCHA are administrative and maintenance expenses, depreciation, and Housing Choice Voucher program Housing Assistance Payments to landlords. The principal operating revenues of the Authority are tenant revenues and HUD operating subsidies for the Public Housing and Housing Choice Voucher programs. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

This policy is a change from prior years where Housing Choice Voucher program revenue from HUD was classified as Nonoperating Revenue.

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

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

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

### **Restricted Assets**

In accordance with bond resolutions (and certain related agreements) separate restricted accounts are required to be established. The assets held in these accounts are restricted for specific uses, including construction, debt service and other special reserve requirements. Restricted resources at December 31, 2016 include the following:

	Restricted		
	Cash & Cash Equivalents	Investments	Total
Collateral Reserves	\$ -	\$ 11,651,696	\$ 11,651,696
Project Reserves	10,325,564	-	10,325,564
Replacement Reserves	9,420,319	-	9,420,319
Tenant Security Deposits	2,422,397	-	2,422,397
Excess Cash Reserves	1,993,107	-	1,993,107
Debt Service Reserves	768,241	673,248	1,441,489
FSS Reserves	812,159	-	812,159
HAP Reserves	672,634	-	672,634
Residual Receipts	564,899	-	564,899
Other	123,737	71,032	194,769
	<u>\$ 27,103,057</u>	<u>\$ 12,395,976</u>	<u>\$ 39,499,033</u>

### Receivables

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

### Capital Assets

Capital assets are recorded at historical cost in the land, structures, and equipment accounts and at appraised fair market value at date of receipt if contributed. The Authority defines capital assets as tangible items with an initial individual cost of at least \$5,000 if the item is equipment and \$100,000 if the item is real property or a capital improvement. Capital assets are depreciated using the straight-line method with depreciation commencing in the acquisition year and ceasing in the disposal year. Capital project costs clearly associated with the acquisition, development, and construction of a real estate project, including indirect costs and interest, are capitalized as a cost of that project. See Note 6 for the capital asset components and balances at December 31, 2016 and fiscal year activity.

Depreciable lives for the capital asset categories follow:

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

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

### **Pensions**

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

### **Tax Liability**

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

### **Compensated Absences**

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

### **Inter-fund Accounts**

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

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

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

### **Derivative Financials Instruments**

The fair value of interest rate swap agreements (See Note 8) is determined by dealer quote. These values represent the estimated amount the Authority would receive or pay to terminate the agreements taking into consideration current interest rates.

### **Commitments**

The Authority has entered into various long-term contracts for the development of various housing projects. As of December 31, 2016, the Authority was obligated under these contracts to purchase approximately \$3.8 million of goods and services.

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

GASB Statement 72, *Fair Value Measurement and Application*, is effective for the year ending December 31, 2016 and establishes principles for measuring fair value and standards of accounting and financial reporting for assets and liabilities measured at fair value. There was no impact to the fair value measurements presented in the Statement of Net Position or Statements of Revenues, Expenses and Changes in Net Position of the Authority as a result of implementing this Statement, although Note 4 was updated to comply with the new Statement.

### **Note 3 – Prior Period Adjustment**

Prior to 2016, \$206,508 of capitalized financing lease fees of discretely presented component units were expensed in error during the implementation of *GASB Statement 65 – Items Previously Reported as Assets and Liabilities*. GASB Statement 65 mandates the expensing of debt issuance costs but does not apply to lease fees.

### **Note 4 – Cash Deposits and Investments**

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

#### **Insurance and Collateralization**

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

#### **Interest Rate Risk**

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

#### **Credit Risk**

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

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

6) Certain mutual funds.

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

7) Banker's acceptances purchased on the secondary market.

8) Commercial paper.

9) Bonds of the State of Washington or any local government of the State of Washington that have one of the three highest credit ratings of a nationally recognized rating agency.

10) General obligation bonds of a state other than the State of Washington and general obligation bonds of a local government of a state other than the State of Washington that have one of the three highest credit ratings of a nationally recognized rating agency.

11) Utility revenues bonds or warrants of any city or town in the State of Washington.

12) Bonds or warrants of a local improvement district that is within the protection of the local improvement guaranty fund law.

#### Concentration of Credit Risk

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

#### *Other Information:*

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

#### Valuation and Classification

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

Cash equivalents include an investment in a Local Government Investment Pool (the Pool). The Pool is not registered with the Securities and Exchange Commission (SEC), but adheres to SEC Rule 2(a)(7) of the Investment Company Act of 1940 that requires portfolio diversification, divestiture considerations and action if the market value of the portfolio deviates more than .5 percent from the amortized costs. Government pools that adhere to the SEC rule can report their investments at amortized costs if the remaining maturities of the debt securities are 90 days or less. As of December 31, 2016, the pool had an average days-to-maturity of 30 days and therefore is reported at cost. Government securities are reported at fair value.

A summary of cash and investments at December 31, 2016 follows:

	Unrestricted	Restricted	Total
<b>Cash and cash equivalents:</b>			
Cash on hand	\$ 12,700	\$ -	\$ 12,700
Depository	23,014,563	4,644,571	27,659,134
WA State Pool Investment	68,148,175	14,523,407	82,671,582
U.S. Treasury Money Market	-	7,935,080	7,935,080
Total Cash & Cash Equivalents	<u>\$ 91,175,438</u>	<u>\$ 27,103,057</u>	<u>\$ 118,278,495</u>
<b>Investments:</b>			
Government-Sponsored Entities	\$ 48,153,117	\$ 4,982,368	\$ 53,135,485
Federal Home Loan Bank Zero Coupon	868,045	6,909,091	7,777,136
Certificates of Deposit	-	348,357	348,357
Westdeutsche Landesbank Investment Agreement	-	156,160	156,160
Total Investments	<u>\$ 49,021,162</u>	<u>\$ 12,395,976</u>	<u>\$ 61,417,138</u>
<b>Total</b>	<u><b>\$ 140,196,600</b></u>	<u><b>\$ 39,499,033</b></u>	<u><b>\$ 179,695,633</b></u>

### Investments Measured at Amortized Cost

As of December 31, 2016, the Authority held the following investments at amortized cost:

Type of Investment	Maturities	KCHA's own investments	Investment's held by the Authority as an agent for others	Total
Nonnegotiable CD	8/31/2017	71,032	-	71,032
Nonnegotiable CD	5/1/2017	277,325	-	277,325
Total		348,357	-	348,357

### Investments Measured at Fair Value

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

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

Investments by Fair Value Level	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Federal Agency Securities	53,135,485	53,135,485	-	-
FHLB Zero Coupon Bond	7,777,136	7,777,136	-	-
Westdeutsche Landesbank Investment Agreement	156,160	156,160	-	-
	<u>61,068,781</u>	<u>61,068,781</u>	<u>-</u>	<u>-</u>



## Note 5 - Notes and Financing Lease Receivables

The notes and financing leases held by the Authority are primarily the result of the Authority's transactions with the tax credit partnerships. At December 31, 2016, all of the developer fee notes, all of the financing leases, and \$206.8 million of the other notes were receivable from tax credit partnerships. The notes are received for fees earned by the Authority from developing the rental properties and for funds advanced to the partnerships to purchase and rehabilitate the properties. The notes earn interest at varying rates up to 8.5 percent per annum. The Authority acquires financing leases when it purchases or develops rental properties then transfers substantially all of the risks and benefits of ownership to the partnerships under financing lease. See Note 9 – Component Units, for further discussion of the Authority's financial relationship with the partnerships.

A summary of the notes and direct financing leases receivable at December 31, 2016 follows:

	Beginning Balance	Additions	Payments	Ending Balance	Current Portion
<b>Developer fee notes</b>	873,109	\$ 8,433,000	\$ (873,109)	8,433,000	\$ 6,218,001
<b>Other Notes</b>					
Real Estate:					
Residential	-	-	-	-	-
Multifamily	199,353,369	16,688,364	(49,096,705)	166,945,028	695,978
Construction	-	-	-	-	-
Other	14,298,336	27,336,667	(22,630)	41,612,373	-
<b>Total Notes</b>	214,524,814	52,458,031	(49,992,444)	216,990,401	6,913,979
Financing Leases, net					
Real Estate: Multifamily	48,481,825	36,780,032	(26,122,160)	59,139,697	1,522,420
<b>Notes &amp; Financing Leases Receivable</b>	<b>\$ 263,006,639</b>	<b>\$ 89,238,063</b>	<b>\$ (76,114,604)</b>	<b>\$ 276,130,098</b>	<b>\$ 8,436,399</b>

The maturity schedule for notes receivables is as follows:

FISCAL YEAR	PRINCIPAL	INTEREST **	TOTAL
2017	6,913,979	1,735,833	8,649,812
2018	73,333,949	1,724,035	75,057,984
2019	711,893	1,706,792	2,418,685
2020	1,557,102	1,697,507	3,254,609
2021	767,835	1,672,162	2,439,997
2022-2026	41,858,847	7,691,008	49,549,855
2027-2031	22,713,583	4,891,971	27,605,554
2032-2036	6,116,015	3,131,129	9,247,144
2037-2041	8,190,266	1,698,981	9,889,247
2042-2046	4,463,453	587,785	5,051,238
2047-2051	9,313,916	126,242	9,440,158
2052-2056	8,184,541	494,434	8,678,975
2057-2061	32,865,022	961,544	33,826,566
<b>NOTE RECEIVABLE BALANCE</b>	<b>\$ 216,990,401</b>	<b>\$ 28,119,423</b>	<b>\$ 245,109,824</b>

\*\* On amortizing notes.



The maturity schedule for financing lease receivables is as follows:

FISCAL YEAR	PRINCIPAL	INTEREST **	TOTAL
2017	1,522,420	1,070,733	2,593,153
2018	18,746,154	1,005,889	19,752,043
2019	1,363,250	191,288	1,554,538
2020	1,175,000	180,918	1,355,918
2021	1,190,000	169,785	1,359,785
2022-2026	6,130,000	653,480	6,783,480
2027-2031	21,711,619	245,675	21,957,294
2032-2036	3,346,254	-	3,346,254
2037-2041	-	-	-
2042-2046	3,000,000	-	3,000,000
2047-2051	-	-	-
2052-2056	955,000	-	955,000
<b>FINANCING LEASE RECEIVABLE BALANCE</b>	<b>\$ 59,139,697</b>	<b>\$ 3,517,768</b>	<b>\$ 62,657,465</b>

\*\* Unearned interest.

## **Note 6 – Capital Assets**

### **Primary Government**

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

	Beginning Balances	Additions and Transfers-In	Disposals and Transfers Out	Ending Balances
<b>NONDEPRECIABLE:</b>				
Land	\$ 85,099,399	\$ 11,124,535	\$ (3,088,167)	\$ 93,135,767
Land Improvements	2,774,972	-	(26,673)	2,748,299
Construction-in-progress				
Greenbridge Project	15,045,765	1,069,783	(2,035,650)	14,079,898
Energy Performance Contract	-	4,777,354	-	4,777,354
Other	9,062,021	19,569,455	(20,779,727)	7,851,749
Total Nondepreciable	111,982,157	36,541,127	(25,930,217)	122,593,067
<b>DEPRECIABLE:</b>				
Land Improvements	27,774,735	5,866,692	(123,967)	33,517,460
Buildings and Improvements	464,673,145	52,330,496	(16,781,011)	500,222,630
Personal Property and Equipment	6,022,831	2,199,856	(168,375)	8,054,312
Leasehold Improvements	766,095	-	-	766,095
Total Depreciable	499,236,806	60,397,044	(17,073,353)	542,560,497
<b>TOTAL CAPITAL ASSETS</b>	611,218,963	96,938,171	(43,003,570)	665,153,564
Accumulated Depreciation	(171,504,587)	(16,490,385)	5,671,858	(182,323,114)
Accumulated Amortization	(472,503)	(255,365)	-	(727,868)
Total accumulated depreciation and amortization	(171,977,090)	(16,745,750)	5,671,858	(183,050,982)
<b>NET CAPITAL ASSETS</b>	<b>\$ 439,241,873</b>	<b>\$ 80,192,421</b>	<b>\$ (37,331,712)</b>	<b>\$ 482,102,582</b>

Capital asset activity resulted primarily from the acquisition of assets from the KCHA – Harrison House Limited Partnership, the purchase of Highland Village and Abbey Ridge Apartments, the sale of Charter House to Bremerton Housing Authority and Corinthian and Spiritwood capital assets to Tax Credit Partnerships as well as the blending of Overlake Partnership assets into the Authority's financial statements.

Of the \$96.9 million of additions to the capital assets, \$52.2 million was related to the acquisition of land and buildings resulting from the following transactions: the acquisition of assets from the Harrison House Limited Partnership (\$5.6 million), the acquisition of assets from the KCHA – Cones Limited Partnership (\$4.9 million), the purchase of Abbey Ridge (\$21.9 million) and the purchase of Highland Village (\$19.8 million) while \$24.2 million of additions was attributable to the increase in construction-in-process. Another \$20.5 million of additions was the result of upgrades and rehabilitation at various properties.

Of the \$43 million net capital asset dispositions, \$20 million was related to the disposition of land and buildings resulting from the following transactions: the sale of Charter House (\$1.6 million), the sale of Spiritwood (\$8.2 million) and the sale of Corinthian Apartments (\$10.2 million). Capital Assets disposition of \$20.8 million represents capitalized building upgrades reclassified from construction-in-progress and \$2 million represents lot sales to private builders for the construction of market-rate for-sale homes.

During the year ended December 31, 2016, the Authority incurred no interest costs related to the acquisition and construction of capital assets.

### Discretely Presented Component Units

	Beginning Balances	Additions	Disposals	Ending Balances
<b>NONDEPRECIABLE:</b>				
Land	\$ 18,865,179	\$ 2,557,079	\$ (1,846,980)	\$ 19,575,278
Construction-in-progress	235,332	515,430	-	750,762
Total Nondepreciable	19,100,511	3,072,509	(1,846,980)	20,326,040
<b>DEPRECIABLE:</b>				
Land Improvements	23,371,716	-	(1,456,043)	21,915,673
Buildings	383,190,660	60,850,087	(58,976,250)	385,064,497
Equipment	8,466,258	1,192,718	(1,815,739)	7,843,237
Off-site Work	9,837,141	-	(383,939)	9,453,202
Total Depreciable	424,865,775	62,042,805	(62,631,971)	424,276,609
Intangible Assets	1,891,864	530,787	(101,089)	2,321,562
<b>Total Capital Assets</b>	445,858,150	65,646,101	(64,580,040)	446,924,211
Accumulated Depreciation	(93,257,076)	(11,536,646)	23,331,975	(81,461,747)
Accumulated Amortization	(760,949)	(154,762)	47,174	(868,537)
	<b>\$ 351,840,125</b>	<b>\$ 53,954,693</b>	<b>\$ (41,200,891)</b>	<b>\$ 364,593,927</b>

Additions to capital assets resulted primarily from the addition of Spiritwood Manor (\$43.5 million), Corinthian Apartments (\$18.1 million) and rehabilitation work at various properties.

Disposals of capital assets resulted primarily from the dissolution of Harrison House Apartments LLC and KCHA – Cones Limited Partnership. The assets belonging to the LLC and partnership were acquired by the Primary Government.

## **Note 7 – Long Term Debt Obligations**

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

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements/ Payments</b>	<b>Ending Balance</b>	<b>Current Portion</b>
Revenue Bonds	\$ 64,040,225	\$ 17,464,529	\$ (11,863,889)	\$ 69,640,866	\$ 3,583,636
Demand Bonds	63,529,708	-	(2,040,000)	61,489,708	1,425,728
Mortgage Notes	1,016,893	-	(35,789)	981,104	37,220
Financing Lease	400,113	-	(400,113)	-	-
Lines of Credit	56,325,841	76,680,339	(10,039,383)	122,966,796	3,000,000
Notes Payable	144,196,439	2,599,641	(5,045,216)	141,750,863	5,197,160
	<b>\$ 329,509,219</b>	<b>\$ 96,744,509</b>	<b>\$ (29,424,390)</b>	<b>\$ 396,829,337</b>	<b>\$ 13,243,743</b>

Additional debt incurred in 2016 consists of the following:

- \$7 million of revenue bonds were issued to rehabilitate Corinthian Apartments. The bonds have a 15-year maturity and interest rates ranging from 0.9 percent to 3.0 percent.
- \$10.5 million of Qualified Energy Conservation Bonds (QECB) were issued to support the Energy Performance Contract (EPC). The bond issue matures in 2037 and has an interest rate of 4.23 percent.
- \$27.4 million drawn on a Bank of America line of credit to finance the rehabilitation of Spiritwood Manor Apartments and Corinthian Apartments. The line of credit matures on August 1, 2018 and has an interest rate of 2.29 percent.
- \$49.3 million drawn on two KeyBank lines of credit to purchase Highland Village Apartments, Abbey Ridge Apartments, and pay down the Somerset Apartments' Rasmussen Note and bonds. \$43.7 was drawn on an \$80 million line of credit that matures on June 30, 2018 and has an interest rate of 1.20 percent while \$5.6 million was drawn on an \$11.5 million line of credit that matures May 18, 2018 and has an interest rate of 2.29 percent.
- A \$750,000 note payable to King County was assumed when assets and liabilities of Harrison House Apartments LLC were acquired from the tax credit partnership. This loan matures in 2054 and has an interest rate of 1 percent.
- A \$300,000 note payable to A Regional Coalition for Housing (ARCH) for rehabilitation and preservation of senior housing at Bellevue Manor Apartments. The note has a 40 year maturity. Interest of 1 percent begins to accrue only after the first 20 years.
- A \$775,000 note payable to King County was acquired from the KCHA – Cones Limited Partnership. The note accrues interest at a rate of 1 percent per annum, compounded annually. Payments of principal and interest shall be deferred until April 1, 2054, the maturity date, at which time the full balance of principal and accrued interest shall be due and payable.
- A \$775,000 note payable to Washington State Department of Commerce was acquired from the KCHA – Cones Limited Partnership. The note matures in 2045 and accrues interest at a rate of 1 percent per annum, compounded quarterly.

	Fiscal Year Issued	Amount Issued	Interest Rates	Fiscal Year Maturity	Amount Outstanding	Current Portion
<b>Revenue Bonds:</b>						
<b>Tax Credit:</b>						
Southwood Square	2001	\$ 5,000,000	2.25-6.00%	2032	\$ 3,485,000	\$ 150,000
Greenbridge - Nia	2006	3,000,000	5.41-5.87%	2037	2,755,000	40,000
Seola Crossing 1	2006	1,650,000	6.38%	2047	1,595,821	18,470
Seola Crossing 2	2006	5,050,000	6.38%	2047	4,884,179	56,530
Soosette Creek	2008	37,500,000	0.00-0.65%	2058	24,445,000	2,120,000
Eastbridge Apts.	2008	7,120,000	5.65%	2029	6,790,000	75,000
Green River Homes II	2011	9,500,000	.75 -2%	2021	6,909,091	863,636
Corinthian	2016	7,000,000	.90 -3%	2031	7,000,000	180,000
Total tax credit		<u>\$ 75,820,000</u>			<u>\$ 57,864,091</u>	<u>\$ 3,503,636</u>
<b>Other:</b>						
Rural Housing	1997	\$ 2,230,000	4.50-5.75%	2028	\$ 1,312,246	\$ 80,000
EPC - Hannon Armstrong QECB	2016	10,464,529	4.23%	2037	10,464,529	-
Total other		<u>\$ 12,694,529</u>			<u>\$ 11,776,775</u>	<u>\$ 80,000</u>
Total revenue bonds		<u>\$ 88,514,529</u>			<u>\$ 69,640,866</u>	<u>\$ 3,583,636</u>
<b>Demand Bonds:</b>						
<b>Tax Credit:</b>						
Overlake	2000	\$ 23,725,000	0.05-2.61%	2040	\$ 22,905,000	\$ 125,000
Salmon Creek	2008	4,250,000	0.05-2.61%	2047	3,940,000	60,000
Total tax credit		<u>\$ 27,975,000</u>			<u>\$ 26,845,000</u>	<u>\$ 185,000</u>
<b>Other:</b>						
2005 Pool	2005	\$ 46,290,000	0.05%	2035	\$ 34,644,708	1,240,728
Total other		<u>\$ 46,290,000</u>			<u>\$ 34,644,708</u>	<u>\$ 1,240,728</u>
Total demand bonds		<u>\$ 74,265,000</u>			<u>\$ 61,489,708</u>	<u>\$ 1,425,728</u>
<b>Mortgage Notes:</b>						
Rural Housing	1998	\$ 1,350,949	7.25%	2033	\$ 981,104	\$ 37,220
Total mortgage notes		<u>\$ 1,350,949</u>			<u>\$ 981,104</u>	<u>\$ 37,220</u>
<b>Lines of Credit:</b>						
<b>Tax Credit:</b>						
Vantage Point	2015	\$ 3,000,000	2.66%	2017	\$ 3,000,000	\$ 3,000,000
Spiritwood Manor	2015	24,000,000	2.29%	2018	24,000,000	-
Corinthian Apartments	2015	5,500,000	2.29%	2018	3,336,667	-
Total tax credit		<u>\$ 32,500,000</u>			<u>\$ 30,336,667</u>	<u>\$ 3,000,000</u>

	Fiscal Year Issued	Amount Issued	Interest Rates	Fiscal Year Maturity	Amount Outstanding	Current Portion
<b>Other:</b>						
Bank of America	2013	\$ 1,559,623		2018	\$ 1,559,623	
Chaussee			1.93%		19,823	-
Vashon Terrace			1.93%		1,539,800	-
KeyBank	2011	11,500,000		2020	11,389,066	
New Market Tax Credit			3.00%		5,751,792	
Highland Village			2.45%		2,841,564	
Somerset			2.45%		2,795,711	
KeyBank	2015	80,000,000		2018	79,681,440	-
Villages at South Station			1.20%		28,409,176	
Corinthian			1.56%		3,076,377	
Somerset			1.20%		4,826,012	
Woodcreek Lane			1.20%		4,489,491	
Highland Village			1.20%		16,965,721	
Abbey Ridge			1.20%		21,914,664	
Total Other		\$ 93,059,623			\$ 92,630,129	\$ -
Total lines of credit		\$ 125,559,623			\$ 122,966,796	\$ 3,000,000
<b>Notes Payable:</b>						
<b>Tax Credit:</b>						
Somerset - Bellevue	2000	\$ 700,000	1.00%	2030	\$ 612,592	\$ 44,361
Somerset	2000	400,000	1.00%	2032	341,032	11,310
Overlake - 4	2001	1,500,000	1.00%	2050	1,500,000	-
Overlake - 5	2001	500,000	1.00%	2050	500,000	-
Southwood Square	2001	380,000	1.00%	2053	380,000	-
Greenbridge - Nia	2008	328,000	4.75%	2058	328,000	-
Seola Crossing II	2007	250,000	4.75%	2058	250,000	-
Soosette Creek	2010	1,950,000	0.65%	2060	1,950,000	-
Total tax credit		\$ 6,008,000			\$ 5,861,624	\$ 55,671
<b>Other:</b>						
Hidden Village - State	1992	\$ 292,157	5.00%	2044	\$ 292,157	\$ -
Windsor Heights - State	1999	1,040,000	1.00%	2039	965,986	37,563
Windsor Heights - King County	1999	950,000	1.00%	2049	950,000	-
Windsor Heights - SeaTac	1999	90,000	1.00%	2049	90,000	-
Si View - DOC	1999	93,860	1.00%	2049	66,104	1,763
Rainier View 1 - DOC	1999	227,240	1.00%	2049	158,650	4,232
Rainier View 2 - DOC	1999	172,900	1.00%	2049	118,987	3,174
FHLB	2013	18,000,000	3.97%	2033	15,062,903	900,000
2013 Pool	2013	83,281,749	3.57%	2033	74,572,081	3,238,299
2015 Pool	2015	41,700,000	2.68%	2035	40,312,371	956,459
Bellevue Manor - ARCH Loan	2015	476,357	1.00%	2054	775,998	-
Patricia Harris - ARCH Loan	2015	224,002	1.00%	2054	224,002	-
Harrison House - King County	2015	750,000	1.00%	2054	750,000	-
Arbor Heights - WA State CTED	2004	775,000	1.00%	2043	775,000	-
Arbor Heights - King County HOME	2005	775,000	1.00%	2054	775,000	-
Total other		\$ 148,848,265			\$ 135,889,239	\$ 5,141,489
Total notes payable		\$ 154,856,265			\$ 141,750,863	\$ 5,197,160
<b>TOTAL LONG-TERM OBLIGATIONS</b>		<b>\$ 444,546,366</b>			<b>\$ 396,829,337</b>	<b>\$ 13,243,743</b>

The schedule of principal payments follows:

Debt Service - Principal	Revenue Bonds	Demand Bonds	Mortgage Notes	Financing Lease	Lines of Credit	Notes	Total
2017	3,583,635	1,425,728	37,220	-	3,000,000	5,197,160	13,243,743
2018	3,728,637	1,508,761	40,010	-	119,966,796	5,668,201	130,912,405
2019	3,928,636	1,739,509	43,009	-	-	5,517,658	11,228,812
2020	2,798,636	1,823,099	46,233	-	-	5,667,524	10,335,492
2021	4,669,546	1,914,662	49,698	-	-	5,835,439	12,469,345
2022-2026	11,778,381	11,125,979	310,279	-	-	32,156,758	55,371,397
2027-2031	21,695,298	14,224,388	454,656	-	-	36,895,536	73,269,878
2032-2036	9,032,253	13,192,582	-	-	-	36,732,298	58,957,133
2037-2041	6,235,843	6,335,000	-	-	-	708,271	13,279,114
2042-2046	2,190,000	7,770,000	-	-	-	352,862	10,312,862
2047-2051	-	430,000	-	-	-	3,140,288	3,570,288
2052-2056	-	-	-	-	-	1,678,868	1,678,868
2057-2061	-	-	-	-	-	2,200,000	2,200,000
<b>Total</b>	<b>\$ 69,640,865</b>	<b>\$ 61,489,708</b>	<b>\$ 981,105</b>	<b>\$ -</b>	<b>\$ 122,966,796</b>	<b>\$ 141,750,863</b>	<b>\$ 396,829,337</b>

The schedule of interest payments follows:

Debt Service - Interest	Revenue Bonds	Demand Bonds	Mortgage Notes	Financing Lease	Lines of Credit	Notes	Total
2017	3,182,883	1,638,727	69,675	-	-	4,373,588	9,264,873
2018	3,073,646	1,603,683	66,869	-	-	4,193,363	8,937,561
2019	2,935,388	1,566,992	63,852	-	-	4,007,968	8,574,200
2020	2,788,974	1,154,480	60,609	-	-	3,823,639	7,827,702
2021	2,675,067	872,191	57,123	-	-	3,621,328	7,225,709
2022-2026	11,889,856	4,198,202	223,462	-	-	15,011,167	31,322,687
2027-2031	7,604,901	3,877,439	54,853	-	-	9,284,312	20,821,505
2032-2036	3,849,578	3,491,820	-	-	-	2,902,900	10,244,298
2037-2041	1,274,101	3,314,493	-	-	-	501,087	5,089,681
2042-2046	419,178	1,352,068	-	-	-	547,525	2,318,771
2047-2051	-	5,941	-	-	-	652,657	658,598
2052-2056	-	-	-	-	-	773,380	773,380
2057-2061	-	-	-	-	-	350,022	350,022
<b>Total</b>	<b>\$ 39,693,572</b>	<b>\$ 23,076,036</b>	<b>\$ 596,443</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 50,042,936</b>	<b>\$ 113,408,987</b>

The schedule of debt service payments follows:

Debt Service - Total	Revenue Bonds	Demand Bonds	Mortgage Notes	Financing Lease	Lines of Credit	Notes	Total
2017	6,766,518	3,064,455	106,895	-	3,000,000	9,570,748	22,508,616
2018	6,802,283	3,112,444	106,879	-	119,966,796	9,861,564	139,849,966
2019	6,864,024	3,306,501	106,861	-	-	9,525,626	19,803,012
2020	5,587,610	2,977,579	106,842	-	-	9,491,163	18,163,194
2021	7,344,613	2,786,853	106,821	-	-	9,456,767	19,695,054
2022-2026	23,668,237	15,324,181	533,741	-	-	47,167,925	86,694,084
2027-2031	29,300,199	18,101,827	509,509	-	-	46,179,848	94,091,383
2032-2036	12,881,831	16,684,402	-	-	-	39,635,198	69,201,431
2037-2041	7,509,944	9,649,493	-	-	-	1,209,358	18,368,795
2042-2046	2,609,178	9,122,068	-	-	-	900,387	12,631,633
2047-2051	-	435,941	-	-	-	3,792,945	4,228,886
2052-2056	-	-	-	-	-	2,452,248	2,452,248
2057-2061	-	-	-	-	-	2,550,022	2,550,022
<b>Total</b>	<b>\$ 109,334,437</b>	<b>\$ 84,565,744</b>	<b>\$ 1,577,548</b>	<b>\$ -</b>	<b>\$ 122,966,796</b>	<b>\$ 191,793,799</b>	<b>\$ 510,238,324</b>

## **Demand Bonds**

The Authority had \$61.5 million in outstanding variable rate demand bonds on two projects and one 8-project bond pool. The Village at Overlake Station (Overlake) had \$22.9 million, Salmon Creek Apartments had \$3.9 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 \$34.7 million outstanding, respectively, at December 31, 2016. The bonds for each have the following common characteristics:

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

The Overlake bonds mature in 2040. At December 31, 2016 the variable rate on the bonds was 0.075 percent. The Overlake variable rate demand note bonds have a year-end principal balance of \$22,905,000. The Letter of Credit expires on July 1, 2018 and supports the variable rate bonds only. The swap agreement expired on January 1, 2013 and was not renewed.

The Salmon Creek Apartments bond matures in 2047. At December 31, 2016 the variable rate on the bond was 0.75 percent. The Salmon Creek variable rate demand bond had a year-end principal balance of \$3,940,000. This bond has a swap agreement in place, but not held by the Authority. The interest the Authority pays through the swap agreement is 3.988 percent.

The 2005 bond pool bonds mature in 2035. At December 31, 2016 the variable rate on the bonds was 0.63 percent. The credit enhancement agreement is for a fixed term of 15 years and, upon maturity of the credit facility, the Authority will either refinance the bond issue or obtain another credit enhancement. The Authority has entered into three swap contracts with respect to the bonds. Two of the swaps matured during 2015. Under the remaining swap contract terms, the Authority pays a fixed rate of 3.87 percent and receives a variable rate equal to the weekly weighted average of SIFMA resets for the respective period on the applicable notional amounts. As of December 31, 2016, the notional amount of the remaining swap was \$19,363,000 and the fair market value was (\$1,566,271). The remaining swap will mature in 2020. KCHA will maintain all required cap agreements.

### **Recoverable Grants**

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

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

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

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

### **Forgivable Loans**

#### *Birch Creek*

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



### *Greenbridge - Nia*

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

### *Seola Crossing II*

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

### *Windsor Heights*

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

## **NOTE 8 - Derivative Instruments**

### **Summary of Derivative Instruments**

At December 31, 2016, the Authority had the following derivative instruments outstanding:

	Changes in Fair Value		Fair Value at December 31, 2016		Notional
	Classification	Amount	Classification	Amount	
<b>Business-type Activities</b>					
Investment derivatives:					
Pay-fixed interest rate swaps					
Wachovia, 2005 Pool A	Investment Income	782,589	Investment	(1,566,271)	\$ 19,363,000
		\$ 782,589		\$ (1,566,271)	

1. Fair Value of derivatives is recorded in "Interest Rate Swaps - Fair Value" on Statement of Net Position

2. Changes in Fair Value of derivatives are recorded in "Investment Income" in Statement of Revenues, Expenses, and Changes in Net Position

### **Investment Derivative Risks**

- The credit ratings of the swap counterparties are as follows: Wells Fargo Bank, N.A. (Aa2-/AA-/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 Wells Fargo Bank, N.A., as successor in interest to Wachovia Bank, N.A.

## **Note 9 – Component Units**

### **Blended Component Units**

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

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

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

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

The Authority serves as Overlake's sole general partner. Overlake's limited partner is KCHA Initial Affiliate LLC which is 100% controlled by the Authority. As such, the governing body of the Authority and the partnership are substantively the same which in turn gives the Authority operational responsibility for the Overlake partnership. Consequently, Overlake's balances and transactions are "blended" with those of the Authority pursuant to GASB Statement 14, *The Financial Reporting Entity* and GASB Statement 61 *The Financial Reporting Entity: Omnibus*.

	Moving King County Residents Forward	Overlake TOD Housing Limited Partnership
<b>CONDENSED STATEMENT OF NET POSITION</b>		
<b>ASSETS</b>		
Cash and investments	\$ -	\$ 3,046,730
Receivables and other	-	45,024
Capital assets, net	34,808,970	26,461,057
Total Assets	<u>\$ 34,808,970</u>	<u>\$ 29,552,811</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ -</u>	<u>\$ -</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u><b>\$ 34,808,970</b></u>	<u><b>\$ 29,552,811</b></u>
<b>LIABILITIES</b>		
Current liabilities	\$ 518,060	\$ 887,385
Long-term liabilities	15,814,122	24,199,063
Total Liabilities	<u>\$ 16,332,182</u>	<u>\$ 25,086,448</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>\$ -</u>	<u>\$ -</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	18,994,848	1,812,829
Restricted	-	1,716,324
Unrestricted	(518,060)	937,210
Total Net Position	<u>\$ 18,476,788</u>	<u>\$ 4,466,363</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<u><b>\$ 34,808,970</b></u>	<u><b>\$ 29,552,811</b></u>
<b>CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION:</b>		
<b>OPERATING REVENUES</b>	<b>\$ 3,076,563</b>	<b>\$ 3,632,692</b>
<b>OPERATING EXPENSES</b>		
Administrative	2,483	649,682
Operating and maintenance	5,303	949,018
Depreciation and amortization	1,476,466	1,094,028
<b>Total Operating Expense</b>	<b>1,484,252</b>	<b>2,692,728</b>
<b>Total Operating Income</b>	<b>1,592,311</b>	<b>939,964</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Grant Revenue	-	-
Investment income	-	-
Interest expense	(997,967)	(706,989)
Gain (loss) on disposal of assets	-	-
Other revenue (expense)	-	-
<b>Total nonoperating revenues (expenses)</b>	<b>(997,967)</b>	<b>(706,989)</b>
<b>Total Net Income (Loss)</b>	<b>594,344</b>	<b>232,975</b>
Contributions (distributions)	-	-
<b>CHANGE IN NET POSITION</b>	<b>594,344</b>	<b>232,975</b>
Beginning Net Position	17,882,444	4,233,388
<b>Total Ending Net Position</b>	<u><b>\$ 18,476,788</b></u>	<u><b>\$ 4,466,363</b></u>

## Discretely Presented Component Units

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

Partnership Name Fiscal Year Acquired / Sold	Corinthian TOD LLLP 2016	Eastbridge Apartments LLC 2010	Egis Housing Limited Partnership 2007	Fairwind Apartments LLLP 2013	Green River Homes LLC 2004
<b>CONDENSED STATEMENT OF NET POSITION</b>					
<b>ASSETS</b>					
Cash and investments	\$ 722,602	\$ 1,034,047	\$ 2,255,080	\$ 479,291	\$ 526,462
Receivables and other	102,246	122,075	197,837	134,950	57,207
Capital assets, net	18,085,612	16,641,785	58,448,443	18,287,340	5,651,060
Total Assets	\$ 18,910,460	\$ 17,797,907	\$ 60,901,360	\$ 18,901,581	\$ 6,234,729
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 18,910,460</b>	<b>\$ 17,797,907</b>	<b>\$ 60,901,360</b>	<b>\$ 18,901,581</b>	<b>\$ 6,234,729</b>
<b>LIABILITIES</b>					
Current liabilities	\$ 3,689,076	\$ 780,083	\$ 574,638	\$ 767,863	\$ 1,192,182
Long-term liabilities	15,841,639	9,902,803	56,811,615	6,171,543	3,926,642
Total Liabilities	\$ 19,530,715	\$ 10,682,886	\$ 57,386,253	\$ 6,939,406	\$ 5,118,824
<b>DEFERRED INFLOWS OF RESOURCES</b>	\$ -	\$ -	\$ -	\$ -	\$ -
<b>NET POSITION</b>					
Net Investment in Capital Assets	2,243,973	6,663,982	8,651,824	12,187,340	1,901,060
Restricted	-	299,788	1,308,936	90,095	248,184
Unrestricted	(2,864,228)	151,251	(6,445,653)	(315,260)	(1,033,339)
Total Net Position	\$ (620,255)	\$ 7,115,021	\$ 3,515,107	\$ 11,962,175	\$ 1,115,905
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>\$ 18,910,460</b>	<b>\$ 17,797,907</b>	<b>\$ 60,901,360</b>	<b>\$ 18,901,581</b>	<b>\$ 6,234,729</b>
<b>CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION:</b>					
<b>OPERATING REVENUES</b>	<b>\$ 619,133</b>	<b>\$ 1,265,035</b>	<b>\$ 3,608,668</b>	<b>\$ 700,377</b>	<b>\$ 706,169</b>
<b>OPERATING EXPENSES</b>					
Administrative	231,914	150,123	776,242	232,125	179,898
Operating and maintenance	441,598	304,402	1,068,980	312,715	251,340
Depreciation and amortization	366,391	912,722	1,784,900	606,476	342,881
Total Operating Expense	1,039,903	1,367,247	3,630,122	1,151,316	774,119
Total Operating Income	(420,770)	(102,212)	(21,454)	(450,939)	(67,950)
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment income	-	113	-	25	31
Interest expense	(214,486)	(623,692)	(1,087,873)	(232,461)	(197,677)
Other revenue (expense)	-	-	-	-	-
Total nonoperating revenues (expenses)	(214,486)	(623,579)	(1,087,873)	(232,436)	(197,646)
Total Net Income (Loss)	(635,256)	(725,791)	(1,109,327)	(683,375)	(265,596)
Contributions (distributions)	15,001	-	-	-	-
<b>CHANGE IN NET POSITION</b>	<b>(620,255)</b>	<b>(725,791)</b>	<b>(1,109,327)</b>	<b>(683,375)</b>	<b>(265,596)</b>
Beginning Net Position	-	7,840,812	4,624,434	12,645,550	1,381,501
Prior period adjustment	-	-	-	-	-
Total Ending Net Position	\$ (620,255)	\$ 7,115,021	\$ 3,515,107	\$ 11,962,175	\$ 1,115,905

Partnership Name	Green River Homes 2 LLC	KCHA- Southwood Square Limited Partnership	Nia Apartments LLC	Salmon Creek Housing LLC	Seola Crossing LLC	Sixth Place Apartments LLLP
Fiscal Year Acquired / Sold	2012	2001	2008	2009	2007	2010
<b>CONDENSED STATEMENT OF NET POSITION</b>						
<b>ASSETS</b>						
Cash and investments	\$ 439,324	\$ 781,067	\$ 508,959	\$ 679,240	\$ 1,633,236	\$ 340,066
Receivables and other	51,752	17,397	119,667	95,113	307,253	33,224
Capital assets, net	15,895,899	6,171,101	14,920,977	17,579,961	29,165,894	7,718,344
Total Assets	\$ 16,386,975	\$ 6,969,565	\$ 15,549,603	\$ 18,354,314	\$ 31,106,383	\$ 8,091,634
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 16,386,975</b>	<b>\$ 6,969,565</b>	<b>\$ 15,549,603</b>	<b>\$ 18,354,314</b>	<b>\$ 31,106,383</b>	<b>\$ 8,091,634</b>
<b>LIABILITIES</b>						
Current liabilities	\$ 350,236	\$ 183,184	\$ 1,806,771	\$ 1,599,015	\$ 202,778	\$ 33,471
Long-term liabilities	11,868,904	4,658,476	7,493,000	8,074,326	21,636,951	6,792,654
Total Liabilities	\$ 12,219,140	\$ 4,841,660	\$ 9,299,771	\$ 9,673,341	\$ 21,839,729	\$ 6,826,125
<b>DEFERRED INFLOWS OF RESOURCES</b>						
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>NET POSITION</b>						
Net Investment in Capital Assets	3,785,104	1,756,957	7,387,977	10,064,366	22,685,894	925,690
Restricted	65,249	336,012	340,106	344,199	689,804	125,282
Unrestricted	317,482	34,936	(1,478,251)	(1,727,592)	(14,109,044)	214,537
Total Net Position	\$ 4,167,835	\$ 2,127,905	\$ 6,249,832	\$ 8,680,973	\$ 9,266,654	\$ 1,265,509
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>\$ 16,386,975</b>	<b>\$ 6,969,565</b>	<b>\$ 15,549,603</b>	<b>\$ 18,354,314</b>	<b>\$ 31,106,383</b>	<b>\$ 8,091,634</b>
<b>CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION:</b>						
<b>OPERATING REVENUES</b>	<b>\$ 728,575</b>	<b>\$ 1,120,347</b>	<b>\$ 698,070</b>	<b>\$ 934,110</b>	<b>\$ 1,978,644</b>	<b>\$ 201,312</b>
<b>OPERATING EXPENSES</b>						
Administrative	153,790	206,070	123,341	135,744	281,476	37,153
Operating and maintenance	223,408	487,775	250,939	317,528	585,511	94,487
Depreciation and amortization	466,250	232,264	582,205	572,022	1,283,789	364,903
Total Operating Expense	843,448	926,109	956,485	1,025,294	2,150,776	496,543
Total Operating Income	(114,873)	194,238	(258,415)	(91,184)	(172,132)	(295,231)
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Investment income	26	17,299	10	173,939	79	-
Interest expense	(71,700)	(233,797)	(366,834)	(435,766)	(1,034,412)	(5,210)
Other revenue (expense)	-	-	-	-	-	-
Total nonoperating revenues (expenses)	(71,674)	(216,498)	(366,824)	(261,827)	(1,034,333)	(5,210)
Total Net Income (Loss)	(186,547)	(22,260)	(625,239)	(353,011)	(1,206,465)	(300,441)
Contributions (distributions)	-	(14,471)	-	-	-	-
<b>CHANGE IN NET POSITION</b>	<b>(186,547)</b>	<b>(36,731)</b>	<b>(625,239)</b>	<b>(353,011)</b>	<b>(1,206,465)</b>	<b>(300,441)</b>
Beginning Net Position	4,354,382	2,164,636	6,829,073	9,033,984	10,272,609	1,565,950
Prior period adjustment	-	-	45,998	-	200,510	-
Total Ending Net Position	\$ 4,167,835	\$ 2,127,905	\$ 6,249,832	\$ 8,680,973	\$ 9,266,654	\$ 1,265,509

Partnership Name Fiscal Year Acquired / Sold	Soosette Creek LLC 2008	Spiritwood Manor LLLP 2016	Vantage Point Apartments LLC 2013	Zephyr Apartments LLLP 2010	GRAND TOTAL
<b>CONDENSED STATEMENT OF NET POSITION</b>					
<b>ASSETS</b>					
Cash and investments	\$ 2,601,008	\$ 618,744	\$ 216,851	\$ 205,918	\$ 13,041,895
Receivables and other	247,862	180,805	154,933	41,719	1,864,040
Capital assets, net	79,069,967	43,562,329	25,638,742	6,303,448	363,140,902
Total Assets	\$ 81,918,837	\$ 44,361,878	\$ 26,010,526	\$ 6,551,085	\$ 378,046,837
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 81,918,837</b>	<b>\$ 44,361,878</b>	<b>\$ 26,010,526</b>	<b>\$ 6,551,085</b>	<b>\$ 378,046,837</b>
<b>LIABILITIES</b>					
Current liabilities	\$ 3,081,982	\$ 7,114,346	\$ 55,846	\$ 19,312	\$ 21,450,783
Long-term liabilities	61,876,373	37,743,536	11,567,536	6,147,137	270,513,135
Total Liabilities	\$ 64,958,355	\$ 44,857,882	\$ 11,623,382	\$ 6,166,449	\$ 291,963,918
<b>DEFERRED INFLOWS OF RESOURCES</b>	\$ -	\$ -	\$ -	\$ -	\$ -
<b>NET POSITION</b>					
Net Investment in Capital Assets	17,193,594	5,818,793	14,478,742	228,448	115,973,744
Restricted	264,675	-	27,643	50,105	4,190,078
Unrestricted	(497,787)	(6,314,797)	(119,241)	106,083	(34,080,903)
Total Net Position	\$ 16,960,482	\$ (496,004)	\$ 14,387,144	\$ 384,636	\$ 86,082,919
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>\$ 81,918,837</b>	<b>\$ 44,361,878</b>	<b>\$ 26,010,526</b>	<b>\$ 6,551,085</b>	<b>\$ 378,046,837</b>
<b>CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION:</b>					
<b>OPERATING REVENUES</b>	<b>\$ 3,920,149</b>	<b>\$ 1,571,889</b>	<b>\$ 680,247</b>	<b>\$ 238,181</b>	<b>\$ 18,970,906</b>
<b>OPERATING EXPENSES</b>					
Administrative	567,079	394,245	177,787	85,281	3,732,268
Operating and maintenance	1,160,311	277,236	252,760	109,460	6,138,450
Depreciation and amortization	2,452,909	716,127	747,630	237,279	11,668,748
Total Operating Expense	4,180,299	1,387,608	1,178,177	432,020	21,539,466
Total Operating Income	(260,150)	184,281	(497,930)	(193,839)	(2,568,560)
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment income	89	-	-	8	191,619
Interest expense	(1,154,042)	(680,286)	(274,791)	(11,149)	(6,624,176)
Other revenue (expense)	-	-	-	-	-
Total nonoperating revenues (expenses)	(1,153,953)	(680,286)	(274,791)	(11,141)	(6,432,557)
Total Net Income (Loss)	(1,414,103)	(496,005)	(772,721)	(204,980)	(9,001,117)
Contributions (distributions)	-	1	15,364,094	-	15,364,625
<b>CHANGE IN NET POSITION</b>	<b>(1,414,103)</b>	<b>(496,004)</b>	<b>14,591,373</b>	<b>(204,980)</b>	<b>6,363,508</b>
Beginning Net Position	18,414,585	-	(204,229)	589,616	79,512,903
Prior period adjustment	(40,000)	-	-	-	206,508
Total Ending Net Position	\$ 16,960,482	\$ (496,004)	\$ 14,387,144	\$ 384,636	\$ 86,082,919

## **Note 10 – Related Party Transactions**

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

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

Typically, at the time of closing, the Authority will earn a developer's fee for its role in bringing the project to fruition. Developer fees are paid primarily from available cash flows and development proceeds. Under the various partnership agreements, any outstanding developer fees are generally required to be paid within 10 to 15 years of the project's placed-in-service date and may accrue interest on unpaid balances. Certain tax credit projects also incur a management fee and sometimes a construction management fee owed to the general partner. These incurred fees and interest are reflected in the Authority's operating income and totaled \$8.8 million in 2016.

The financing for the tax credit partnerships was structured as direct financing leases from the Authority to the partnerships. Upon issuance of the bonds, the Authority purchases the projects. The Authority retains ownership of the buildings, and leases them to the partnerships under terms of a long term financing lease, which is treated as a sale for tax purposes. Payments from the Partnerships are sufficient to pay the outstanding bonds, but the Authority remains contingently liable for their payment. The debt interest expense and an offsetting amount of interest income are reflected on the Authority's books and total \$3,831,188 for the year.

Although the bonds are the primary source of funds for the purchase of the developments, other funding is usually required. Lines of credit, both taxable and non-taxable, are secured by the Authority to pay some of the acquisition costs and most of the rehabilitation costs. These lines are retired primarily using proceeds from the sale of Low Income Housing Tax Credits to the limited partners usually within two to three years of the partnership's inception. The Authority also may receive grant funds or other loans to assist in purchasing the properties and in preserving affordability within the projects. Because of limitations posed by the Internal Revenue Service, all such funds are lent to the partnerships. These advances are accounted for as part of the financing lease if the proceeds are used for purchasing the property and are accounted for as notes receivable from the partnerships if the proceeds are used for rehabilitating the property. A summary of the Authority's long-term debt is presented in Note 7. A summary of notes receivable and investments in direct financing leases with the partnerships is presented in Note 5.

### **Corinthian TOD LLLP**

#### **Lease Agreement**

On January 27, 2016, Corinthian TOD LLLP ("the Partnership") entered into a financing lease agreement with the Authority to lease the land, buildings, land improvements, and personal property, comprising the Project. The Lease Agreement is for the period from January 2, 2016 through December 31, 2115. The Lease Agreement is treated as a capital lease.

Pursuant to the Lease Agreement, the base rent is ten dollars (\$10) per year, payable on January 1 of each year commencing January 1, 2018.

In addition to the annual base rent, the Partnership is required to make additional lease payments in the total amount of \$10,250,000. The total principal amount is payable in installments as follows: \$100 upon execution of the Lease Agreement, \$49,900 on or before January 31, 2016, \$5,985,000 on or before August 15, 2016 but no later than the date the rehabilitation is placed in service, and with the remaining balance due and payable either prior to or concurrent with the Investor Limited Partner's Final Capital Contribution. The Financing Lease Payable bears interest at a compounding rate of 2.61%. As of December 31, 2016, the outstanding balance and accrued interest on the Financing Lease Payable were \$3,399,752 and \$22,183, respectively.

#### Developer Fee

On January 27, 2016, the Partnership entered into a development agreement with the Authority. Pursuant to the Development Agreement, the Authority will perform services in connection to the development and rehabilitation of the project including additional duties and responsibilities within the general scope of services. The developer fee is \$2,470,921 and will be earned in accordance with Section 1 of the Development Agreement.

#### Tax-Exempt Bridge Loan

On February 1, 2016, the Authority entered into a tax-exempt Non-Revolving Line of Credit Revenue Note in the maximum principal amount of \$5,500,000 with Bank of America. The proceeds of the Tax-Exempt Note were loaned to the partnership by the Authority. The tax-exempt bridge loan bears interest at a rate equal to 1.75% plus 70% of the LIBOR rate. The Tax-Exempt Bridge Loan is secured by a Deed of Trust, as defined in the Tax-Exempt Bridge Loan Agreement. Interest-only payments are made quarterly until its maturity on August 1, 2018. The Tax-Exempt Bridge Loan principal balance as of December 31, 2016 was \$3,334,647.

#### KCHA Subordinate Loan

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

As of December 31, 2016, the outstanding principal and accrued interest on the KCHA Subordinate Loan was \$2,151,145 and \$12,438, respectively.

#### Tax-Exempt Permanent Loan

On September 29, 2016, the partnership entered into a loan agreement with the Authority, in the maximum principal amount of \$7,000,000. The Tax-Exempt Permanent Loan bears interest at 4%. The Tax-Exempt Permanent Loan is secured by Deed of Trust. Payments of principal and interest are made on the first business day of each calendar month commencing on November 1, 2016 in level principal and interest payments amortized over a 30-year period. The Tax-Exempt Permanent Loan matures on September 1, 2036. The Tax-Exempt Permanent Loan principal balance as of December 31, 2016 was \$6,956,095.



### Partnership management fee

Pursuant to the Partnership Agreement, the Partnership will pay the Authority, an annual cumulative partnership management fee in the amount of \$6,250, increasing at 3% per annum. The Partnership Management Fee will be paid commencing in 2016. The Partnership Management Fee is to compensate the Authority for its services in connection with the oversight and management of the Partnership's business. As of December 31, 2016, Partnership Management Fee payable was \$6,250. For the period beginning December 12, 2015 (inception) and ending December 31, 2016, Partnership Management Fee was \$6,250.

### Due to KCHA

The Authority advanced funds to the Partnership to pay certain development and operational costs. Advances from the Authority do not bear interest and are to be reimbursed by operations. As of December 31, 2016, the total amount due to the Authority for funds advanced to pay certain development and operational costs was \$158,472.

### **Eastbridge Apartments, LLC**

#### Financing Lease

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

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

#### Bonds Payable

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

As of December 31, 2016, the outstanding principal balance on the Bonds Payable, net of unamortized original issue discount was \$6,696,065. Minimum future annual principal payments are as follows:

Year ending December 31,		
2017	\$	75,000
2018		75,000
2019		80,000
2020		85,000
2021		90,000
Thereafter		6,385,000
Subtotal		6,790,000
Less: Bond issue discount; net		(93,935)
Total	\$	6,696,065

### Loan

On March 9, 2009, the Company received a loan of \$3,800,000 from the Authority to finance the construction of the project. The loan accrues interest at an annual rate of 6.5 percent and is compounded annually if interest is not paid in full. Interest is payable from Net Cash Flow, as defined in the Operating Agreement, in the order set forth in the Operating Agreement. The principal and accrued interests are due and payable on the maturity date of March 31, 2059. The KCHA Loan is secured by a single leasehold deed of trust encumbering the Company's interests in the property and will be nonrecourse to the Company and its members. As of December 31, 2016, the outstanding balance on the loan was \$2,742,231.

### Hope VI Loan

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

As of December 31, 2016, the outstanding balance on the Hope VI Loan was \$470,556.

### Project-based rental assistance payment contract

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

### Regulatory and Operating Agreement

On March 3, 2009, the Company entered into a Regulatory and Operating Agreement (the "R&O Agreement") with the Authority. Pursuant to the R&O Agreement, 13 units are obligated to be maintained and operated continuously as public housing units in accordance with applicable public housing requirements, as defined in the R&O Agreement. The Authority will make operating subsidy payments to the Project up to the amount it receives from U.S. Department of Housing of Urban Development with respect to the project, provided the units remain in compliance with applicable public housing requirements. For the year ended December 31, 2016, operating subsidy payments of \$62,400 was received by the Company from the Authority.

## **Egis Housing Limited Partnership**

### Lease Agreement

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

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

The Partnership's Lease Payable bears interest at a rate of 5.15 percent per annum, compounded annually. As of December 31, 2016, the outstanding Lease Payable balance was \$15,196,619. The principal and accrued interest is payable out of equity contribution and cash flows as defined in the Operating Agreement. For the year ended December 31, 2016, accrued interest on the Lease Payable was \$7,014,996. For the year ended December 31, 2016, interest paid to the Authority on the Lease Payable was \$1,088,519.

### Rehabilitation Loan A

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

As of December 31, 2016, the outstanding principal balance on the Rehabilitation Loan A was \$2,800,000.

### Rehabilitation Loan B

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

As of December 31, 2016, the outstanding principal balance on the Rehabilitation Loan B was \$22,550,000.

### Rehabilitation Loan C

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

As of December 31, 2016, the outstanding principal balance on the Rehabilitation Loan C was \$9,250,000.

#### Property management fee

Pursuant to the property management agreement, the Authority as General Partner will receive a monthly fee for its management services. The monthly property management fee will be \$40 for each unit or such other amount as permitted by HUD and will be paid on the 15th of the month following the month in which the services were rendered. For the year ended December 31, 2016, the property management fee was \$261,731.

#### Advances payable

The Authority paid expenses on behalf of the Partnership. The advances were unsecured and did not bear interest. As of December 31, 2016, the balance payable to the Authority was \$92,295.

In addition during 2016, the General Partner provided services related to unit upgrades and Energy Performance Contract ("EPC"). As of December 31, 2016 the outstanding payable for unit upgrade costs was \$92,755 and the outstanding payable for EPC costs was \$210,684.

#### Regulatory and Operating Agreement

On July 30, 2007, the Partnership entered a Regulatory and Operating Agreement with the Authority. Pursuant to the R&O Agreement, all of the Project units shall be maintained and operated continuously as public housing units in conformity with applicable public housing requirements, as defined in the R&O Agreement. The Authority will make operating subsidy payments to the Project up to the amount it receives from HUD with respect to the Project, provided the units remain in compliance with applicable public housing requirements. For the year ended December 31, 2016, the Partnership received operating subsidy of \$2,443,608.

#### **Fairwind Apartments LLLP**

##### Hope VI Loan

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

As of December 31, 2016, the outstanding balance on the Hope VI Loan was \$3,600,000. For the year ended December 31, 2016, interest expense on the Hope VI Loan was \$207,000.

#### Property Management Fee

Pursuant to the Property Management Agreement, the Partnership will pay the Authority a property management fee. The monthly Property Management Fee is equal to the greater of \$43.72 per unit or other amount as permitted by HUD. The Property Management Fee is to compensate the General Partner for property management services provided to the project, including ensuring its compliance with applicable affordability requirements. For the year ended, December 31, 2016 Property Management Fee was \$53,575.

### Advances payable

The Authority paid expenses on behalf of the Partnership. The advances were unsecured and did not bear interest. As of December 31, 2016, the balance payable to the Authority was \$18,914.

### Regulatory and Operating Agreement

On March 30, 2012, the Partnership entered a Regulatory and Operating Agreement with the Authority. Pursuant to the R&O Agreement, all of the Project units shall be maintained and operated continuously as public housing units in conformity with applicable public housing requirements, as defined in the R&O Agreement. The Authority will make operating subsidy payments to the Project up to the amount it receives from HUD with respect to the Project, provided the units remain in compliance with applicable public housing requirements. For the year ended December 31, 2016, the Partnership received operating subsidy of \$362,004.

### **Green River Homes LLC**

#### Financing lease

During June 2004, Green River Homes LLC ("the Company") entered into a \$3,000,000 financing lease (the "Financing Lease") with the Authority to acquire, develop, and rehabilitate the project for its use as a low income housing project. Interest shall accrue on the unpaid balance of \$3,000,000 at an interest rate equal to 4.65 percent per annum, compounded annually. Within 90 days following the end of each calendar year commencing on December 31, 2004 through December 31, 2019, the Company shall make interest only payments from Available Cash Flow, if any, as defined by the Operating Agreement and in the order set forth in the Operating Agreement. Within 90 days following the end of each calendar year commencing on December 31, 2020 through December 31, 2044, payments of principal and interest in the amount sufficient to amortize the remaining principal and interest balance are due and payable. Within 90 days following the end of each calendar year commencing December 31, 2044, through the maturity date the Company shall make a minimum rent payment in the amount of \$100. The maturity date on the Financing Lease is June 1, 2079. As of December 31, 2016 the outstanding principal balance on the Financing Lease was \$3,000,000.

#### Weatherization note

During 2005 the Company entered into a \$126,742 Weatherization Loan agreement with the Authority. The note bears interest at the rate of 4.35 percent compounded annually. Payments of principal and interest commence on July 31, 2020 and are due in full on July 31, 2045. As of December 31, 2016 the outstanding principal balance on the note was \$126,742.

#### Master loan and regulatory agreement

During June 2004 the Company entered into a master loan and regulatory agreement regarding the subordinate loans (the "Master Loan Agreement") with the Authority. The loan is secured by a deed of trust on the project. Pursuant to the terms of the Master Loan Agreement, interest accrues on the Term Loan at a rate equal to 4.65 percent per annum, compounded annually. Within ninety days following the end of the each calendar year commencing on December 31, 2005, the Company shall make a payment within 90 days of year-end of principal and accrued interest from Cash Flow, if any, as defined by the Operating Agreement and in the order set forth in the Operating Agreement. The balance of the Term Loan is due on or before December 31, 2055. As of December 31, 2016 the Company had drawn \$32,714 on the Term Loan.

#### Advances payable to the Authority

As of December 31, 2016, advances payable to the Authority totaled \$16,878. The Authority periodically advances to the Company to finance various operating and development costs. The advances do not bear interest and are unsecured.

#### Property management fee

During June 2004 the Company and the Authority entered into a Property Management Agreement (the "Property Management Agreement"). Pursuant to the Property Management Agreement the Authority is entitled to an annual management fee equal to 7 percent of the gross revenues received, as defined in the Property Management Agreement. For the year ended December 31, 2016, the Company's property management fee expense was \$45,764.

#### **Green River Homes 2 LLC**

##### KCHA Loan 1

On December 29, 2011, the Authority issued tax-exempt bonds in the amount of \$9,500,000 (the "KCHA Loan 1") and loaned the proceeds to the Company. The KCHA Loan 1 bears simple interest rate equal to 0.6 percent per annum with a maturity date of January 1, 2067. The KCHA Loan 1 is not secured by the property. As of December 31, 2016, the outstanding principal on the KCHA Loan 1 was \$9,500,000.

##### KCHA Loan 2

On December 29, 2011, the Authority loaned \$3,500,000 (the "KCHA Loan 2") to the Company. The KCHA Loan 2 bears simple interest rate equal 0.6 percent per annum with a maturity date of January 1, 2067. The KCHA Loan 2 is not secured by the property. As of December 31, 2016, the outstanding principal on the KCHA Loan 2 was \$2,610,795.

#### Property management fee

On May 1, 2012 the Company entered into a property management agreement with the Authority (the "Property Management Agreement"). Pursuant to the Property Management Agreement, the Company will pay the Authority for its management services. The fee will be paid by the 15th of the month following the month in which the services were rendered. The monthly fee will be the greater of 7 percent of collected rents. For the year ended December 31, 2016, the property management fee was \$50,867.

#### Property purchase option

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

#### Housing assistance subsidy

On February 1, 2013, the Company entered into a Project-based Rental Assistance Contract (the "Assistance Contract") with the Authority. Under the terms of the contract, the Authority will provide rental assistance on behalf of all 59 units at the property. For the year ended December 31, 2016, rental assistance of \$542,340 was received from the Managing Member.

### Due to KCHA

The Authority pays certain miscellaneous expenses on behalf of the Company. The advances bear no interest and are repayable on demand. The advances are not secured. As of December 31, 2016, \$19,439 was due to the Authority.

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

#### Financing lease

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

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

#### Revenue Bonds

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

As of December 31, 2016, the principal balance, net of unamortized original issuance discount was \$3,459,144. For the year ended December 31, 2016, interest expense was \$221,635.

#### Notes Payable

The Partnership secured two notes payable (the “Notes Payable”) from the Authority to finance the acquisition and rehabilitation of the Project. The first note (the “First Note”) is in the amount of \$380,000, and bears simple interest at a rate of 1 percent per annum. The First Note repayment terms call for interest only payments for the first 15 years, and payment of principal and interest over the remaining 35 years of the loan. The First Note matures in January 2052. As of December 31, 2016, the principal balance on the First Note was \$380,000 and accrued interest payable was \$950. For the year ended December 31, 2016, interest expense was \$3,800.

The second loan from the Authority (the “Second Note”) is in the amount of \$575,000 and bears interest at a rate of 1 percent per annum, compounded annually. The Second Note requires principal and interest payments to commence in the 16th year of the note term. The Second Note matures in January 2052. As of December 31, 2016, the principal balance on the Second Note was \$575,000. For the year ended December 31, 2016, interest expense was \$6,610.



### Minimum revenue bond and note payable payments

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

Year Ending December 31,	Revenue Bonds	Notes Payable	Total
2017	\$ 365,230	\$ 3,800	\$ 369,030
2018	366,080	32,621	398,701
2019	361,320	32,621	393,941
2020	361,255	32,621	393,876
2021	365,580	32,621	398,201
Thereafter	3,626,150	1,145,321	4,771,471
Total	5,445,615	1,279,605	6,725,220
Less: Interest	(1,960,615)	(232,048)	(2,192,663)
Less: Bond Issue Discount	(25,856)	-	(25,856)
Total minimum future lease payments	\$ 3,459,144	\$ 1,047,557	\$ 4,506,701

### Partnership Management Fee

Pursuant to the Partnership Agreement, beginning in 2002 the Authority is entitled to a cumulative annual partnership management fee in the amount of \$20,000, which increases at a rate of 3 percent per annum thereafter. Payments are made from available cash flow, as defined in the partnership agreement. For the year ended December 31, 2016 partnership management fee expense was \$30,252.

### **Nia Apartments LLC**

#### Financing Lease

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

#### Revenue Bonds

During December 2006, the Authority entered into tax-exempt revenue bond trust indenture (the "Revenue Bonds") with U.S. Bank National Association. The aggregate principal amount of the Revenue Bonds is \$3,000,000, with a simple interest ranging from 4.45 percent to 4.75 percent per annum. The weighted average interest rate at December 31, 2016 was 4.71 percent per annum. The Revenue Bonds are secured by the general revenue of the Authority and bond proceeds were loaned to the Company by the Authority through the Financing Agreement. Interest is payable on each January 1 and July 1 through the later of the maturity date or redemption as set forth in the trust indenture of the Revenue Bonds. Interest payments commenced on July 1, 2007. The maturity date is January 1, 2037.

As of December 31, 2016, the outstanding balance on the Revenue Bonds was \$2,755,000. For the year ended December 31, 2016, interest expense on the Revenue Bonds was \$130,038.



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

Year ending December 31,	
2017	\$ 40,000
2018	45,000
2019	45,000
2020	45,000
2021	50,000
Thereafter	2,530,000
Total	<u>\$ 2,755,000</u>

#### Note Payable

The Company obtained a note payable (the "Note Payable") from the Authority to finance the construction of the project. The Note Payable is in the amount of \$328,000 and bears compounded interest at the greater of 4.75 percent or the long term applicable federal rate in effect as of the day of this loan, which was 4.60 percent. The Note Payable requires principal and interest payments to be deferred until the maturity date of March 15, 2058. The Note Payable is secured by the Project. As of December 31, 2016, the principal balance on the Note Payable was \$328,000. For the year ended December 31, 2016, interest expense was \$22,034.

#### HOPE VI Loan

The Authority received a HOPE VI grant of \$3,200,000 from the Department of Housing and Urban Development and loaned the proceeds of the HOPE VI grant (the "HOPE VI Loan") to the Company through a Master Loan Agreement dated March 15, 2007. The Hope VI Loan bears compounded interest at a rate of 4.60 percent per annum. Interest is payable from Cash Flow, as defined in the Operating Agreement, in the order set forth in the Operating Agreement. The principal and accrued interest is to be payable at the end of the loan term at March 1, 2059. The HOPE VI Loan is secured by the project. As of December 31, 2016, the outstanding balance on the HOPE VI Loan was \$3,200,000. For the year ended December 31, 2016, interest expense on the HOPE VI Loan was \$202,262.

#### Company Management Fee

Pursuant to the Operating Agreement, the Authority is entitled to an annual company management fee in the amount of \$10,000 increasing annually by 3 percent. Payments are to be made from available cash flow, as defined in the Operating Agreement. For the year ended December 31, 2016, the Company Management Fee was \$12,299.

#### Project-based rental assistance payment contract

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

## Regulatory and Operating Agreement

In 2007 the Company entered into a Regulatory and Operating Agreement (the "R&O Agreement") with the Authority. Pursuant to the R&O Agreement, 40 of the total 82 units will be maintained and operated continuously as public housing units in accordance with Applicable Public Housing requirements, as defined in the R&O Agreement. The Authority will make operating subsidy payments to the project up to the amount it receives from the U.S. Department of Housing and Urban Development with respect to the project, provided the 40 units remain in compliance with Applicable Public Housing Requirements. For the year ended December 31, 2016, operating subsidy payments of \$134,400 were received each year from the Authority.

## **Salmon Creek Housing LLC**

### Bonds Payable

During March 2008, the Authority as Managing Member entered into tax-exempt revenue bond trust indenture (the "Revenue Bond") with U.S. Bank National Association. The aggregate principal amount of the Revenue Bond is \$4,250,000. The Revenue Bond is secured by the general revenue of the Authority. The Revenue Bonds proceeds were loaned to Salmon Creek Housing LLC ("the Company") by the Authority (the "Bonds Payable") through the Financing Agreement (the "Financing Agreement"). The Financing Agreement is secured by the project. The Bonds Payable bears interest at a variable rate and interest is payable on the first business day of each month. Interest was subsequently fixed at 3.988 percent through an interest rate swap agreement. The Bonds Payable matures on December 1, 2047. The Company is required to reimburse the Authority for all out of pocket expenses in connection with the Bonds Payable. For the year ended December 31, 2016, there were no reimbursements made to the Authority.

As of December 31, 2016, the outstanding balance on the Bonds Payable was \$3,940,000. For the year ended December 31, 2016, interest expense on the Bonds Payable was \$159,105.

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

Year ending December 31,	
2017	\$ 60,000
2018	60,000
2019	65,000
2020	65,000
2021	70,000
Thereafter	3,620,000
Total	<u>\$ 3,940,000</u>

### Note payable

The Company obtained a note payable (the "Note Payable") dated March 26, 2008, from the Authority to finance the construction of the project. The Note Payable is in the amount up to \$5,650,000 and bears interest at the greater of the Applicable Federal Rate at the time the proceeds of the Note Payable are disbursed to the Company or 5.75 percent compounded annually. The Note Payable matures on December 31, 2058. The Note Payable is payable from Net Cash Flow, as defined in the Operating Agreement, and is secured by the project. As of December 31, 2016, the outstanding principal balance on the Note Payable was \$2,530,000. For the year ended December 31, 2016, interest expense was \$203,099.

### HOPE VI Loan

The Authority received a HOPE VI grant of \$1,045,595 from the Department of Housing and Urban Development and loaned the proceeds of the HOPE VI grant (the "HOPE VI Loan") to the Company. The HOPE VI Loan bears interest at the greater of the Applicable Federal Rate or 5.75 percent compounded annually. Interest is payable from Net Cash Flow, as defined in the Operating Agreement, and the principal and accrued interest is due and payable at the end of the loan term, December 31, 2058. The HOPE VI Loan is secured by the Project. As of December 31, 2016, the outstanding principal balance on the HOPE VI Loan was \$1,045,595. For the year ended December 31, 2016, interest expense on the HOPE VI Loan was \$73,562.

### Company Management Fee

Pursuant to the Operating Agreement, the Authority is entitled to an annual company management fee in the amount of \$20,000 increasing annually by 3 percent. Payments are to be made from available cash flow, as defined in the Operating Agreement. For the year ended December 31, 2016, the Company Management Fee was \$24,597.

### Project-based rental assistance payment contract

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

### Regulatory and Operating Agreement

In 2008, the Company entered a Regulatory and Operating Agreement (the "R&O Agreement") with the Authority. Pursuant to the R&O Agreement, 50 of the total 88 units are to be maintained and operated continuously as public housing units in accordance with Applicable Public Housing Requirements, as defined in the R&O Agreement. The Authority will make operating subsidy payments to the project up to the amount it receives from HUD with respect to the project, provided the 50 units remain in compliance with Applicable Public Housing Requirements. For the year ended December 31, 2016, operating subsidy payments of \$177,600 was received from the Authority.

## **Seola Crossing LLC**

### Master Loan Agreement

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

### Revenue Bond

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

As of December 31, 2016, the outstanding principal balance on the Revenue Bond was \$6,480,000. As of December 31, 2016, accrued interest on the Revenue Bond was \$206,550. For the year ended December 31, 2016, interest expense on the Revenue Bond was \$413,110.

Minimum future principal payments are as follows:

Year ending December 31,	
2017	\$ 75,000
2018	40,000
2019	45,000
2020	45,000
2021	50,000
Thereafter	6,225,000
Total	<u>\$ 6,480,000</u>

#### Note payable

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

The Note Payable requires principal and interest payments to be deferred until the maturity date of December 2058. The Note Payable is secured by the project. As of December 31, 2016, the principal balance on the Note Payable was \$250,000. For the year ended December 31, 2016, interest expense was \$20,438.

#### HOPE VI loan

The Authority received a HOPE VI grant from the Department of Housing and Urban Development. Pursuant to the Master Loan Agreement, the Authority will loan up to \$7,925,000 of the proceeds of the HOPE VI grant (the "HOPE VI Loan") to the Company. The loan bears compound interest at the long term applicable federal rate as of the date of each loan draw. Interest rates range from 5.02 percent to 5.36 percent. Interest is payable from cash flow, and the principal and accrued interest are due and payable at the end of the loan term, December 31, 2058. The HOPE VI Loan is secured by the project. As of December 31, 2016, the outstanding principal balance was \$7,925,000. For the year ended December 31, 2016, interest expense on the HOPE VI Loan was \$570,874.

#### Company Management Fee

Pursuant to the Operating Agreement, the Authority is entitled to an annual company management fee in the amount of \$7,500 increasing annually by 3 percent. Payments are to be made from available cash flow, as defined in the Operating Agreement. For the year ended December 31, 2016, was \$9,500.

#### Project-based rental assistance payment contract

In 2006, the Company entered a project-based rental assistance payment contract (the “HAP

Contract”) with the Authority. Pursuant to the HAP Contract, the Authority will make temporary rental assistance payments on behalf of residents for 71 units and permanent payments for 39 units. As of December 31, 2016, there were 27 units receiving temporary rental assistance.

#### Regulatory and operating agreement

On March 23, 2006, the Company entered a Regulatory and Operating Agreement (the “R&O Agreement”) with the Authority. Pursuant to the R&O Agreement, 77 of the total 187 units are obligated to be maintained and operated continuously as public housing units in accordance with applicable public housing requirements, as defined in the R&O Agreement. The Authority will make operating subsidy payments to the project up to the amount it receives from HUD with respect to the project, provided the 77 units remain in compliance with applicable public housing requirements. For the year ended December 31, 2016, operating subsidy payments of \$336,409 were received from the Authority.

### **Sixth Place Apartments LLLP**

#### Lease Agreement

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

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

#### KCHA First Loan and KCHA Second Loan

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

As of December 31, 2016, the outstanding principal balance on the KCHA First Loan was \$113,525. For the year ended December 31, 2016, interest expense on the KCHA First Loan was \$5,216. As of December 31, 2016, the outstanding principal balance on the KCHA Second Loan was \$6,679,129.

### Regulatory and Operating Agreement

On June 22, 2010, the Partnership entered into a Regulatory and Operating Agreement (“R&O Agreement”) with the Authority. Pursuant to the R&O Agreement, all of the project units are obligated to be maintained and operated continuously as public housing units in accordance with applicable public housing requirements, as defined in the R&O Agreement. The Authority will make operating subsidy payments to the project up to the amount it receives from U.S. Department of Housing and Urban Development with respect to the project, provided the units remain in compliance with applicable public housing requirements. For the year ended December 31, 2016, operating subsidy payments of \$96,000 was received from the Authority.

### **Spiritwood Manor LLLP**

#### Lease agreement

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

In addition to the annual base rent, the Partnership is required to make additional lease payment in the total amount of \$26,530,000. The total principal amount is payable in installments as follows: \$100 upon execution of the Lease Agreement, \$34,900 upon execution of the Lease Agreement on or before February 15, 2016, \$11,900,000 on or before October 15, 2016 but no later than the date the rehabilitation is placed in service, and with the remaining balance (the “Financing Lease Payable”) due and payable no later than December 31, 2056. The Financing Lease Payable bears interest at a compounding rate of 3.35%. The Financing Lease Payable will be paid from Net Cash Flow, as defined and in accordance with the terms of the Partnership Agreement. As of December 31, 2016, the outstanding balance and accrued interest on the Financing Lease Payable were \$13,495,000 and \$79,688, respectively.

#### Developer fee

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

Payment of the developer fee will be made from the Final Capital Contribution, as defined in the Partnership Agreement. Any unpaid developer fee will be paid from Net Cash Flow, as defined and in accordance with the terms of the Partnership Agreement. The unpaid developer fee bears no interest. Any unpaid developer fee will be paid in full by the end of the tax credit compliance period. As of December 31, 2016, developer fee payable was \$5,801,986.

#### Tax-exempt bridge loan

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

As of December 31, 2016, accrued interest was \$79,510. For the period beginning December 16, 2015 (inception) and ending December 31, 2016, interest on the Tax-Exempt Bridge Loan was \$148,806. As of December 31, 2016 the outstanding principal of the Tax-Exempt Bridge Loan was \$23,972,793.

#### KCHA subordinate loan

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

As of December 31, 2016, the outstanding principal and accrued interest on the KCHA Subordinate Loan was \$275,743 and \$6,524, respectively.

#### Property management fee

Pursuant to the Property Management Agreement, the Partnership will pay the Authority a property management fee. The monthly Property Management Fee is equal to 5% of Gross Collections, as defined in the Property Management Agreement. The Property Management Fee is to compensate the Authority for property management services provided to the Project, including ensuring its compliance with applicable affordability requirements. As of December 31, 2016, Property Management Fee payable was \$7,876. For the period beginning December 16, 2015 (inception) and ending December 31, 2016, Property Management Fee was \$78,864.

#### Partnership management fee

Pursuant to the Partnership Agreement, the Partnership will pay the Authority, an annual cumulative partnership management fee in the amount of \$5,000, increasing at 3% per annum. The Partnership Management Fee will be paid commencing in 2016. The Partnership Management Fee is to compensate the Authority for its services in connection with the oversight and management of the Partnership's business. As of December 31, 2016, Partnership Management Fee payable was \$5,000. For the period beginning December 16, 2015 (inception) and ending December 31, 2016, Partnership Management Fee was \$5,000.

#### Due to KCHA

The Authority advanced funds to the Partnership to pay certain development and operational costs. Advances from the Authority do not bear interest and are to be reimbursed by operations. As of December 31, 2016, the total amount due to the Authority for funds advanced to pay certain development and operational costs was \$453,953.



### Housing assistance subsidy

On January 27, 2016, the Partnership executed an Assignment, Assumption and Consent Agreement with the Authority related to the Housing Assistance Payments Contract between King County Housing Authority and Spiritwood Manor which was originally dated February 1, 2010 for a term of 10 years. Under the terms of the contract, the Authority will provide rental assistance on behalf of all 128 units at the property. For the period beginning December 16, 2015 (inception) and ending December 31, 2016, rental assistance of \$1,187,931 was received from the Authority and is included in rental revenue on the accompanying statement of operations.

### **Soosette Creek LLC**

#### Lease Agreement

On April 30, 2008, Soosette Creek LLC ("the Company") entered into a financing lease agreement (the "Lease Agreement") with the Authority to lease the land, building, land improvements, off-site work, and personal property, constructed or to be constructed thereon, comprising the project. The Lease Agreement is for the period from April 30, 2008 through December 31, 2097. Pursuant to the Lease Agreement, the base rent is one dollar (\$1) per year. The Company agrees to make additional payments of up to \$24,675,000 in installments equal to \$2,500,000 on or before April 30, 2008, and the remaining balance is payable annually from the net cash flow no later than April 1, 2039. As of December 31, 2016, the outstanding principal balance was \$19,019,481. As of December 31, 2016, accrued interest on the lease payable to the Authority was \$636,202. The Lease bears simple interest at a rate of 4.46 percent per annum, compounded annually. For the year ended December 31, 2016, interest expense on the lease liability was \$867,552.

#### Loan A

During August 2008, the Authority entered into tax-exempt revenue bond trust indenture (Housing Authority of the County of King, Revenue Bonds, 2008 Birch Creek Apartments Project) (the "Revenue Bonds") with The Bank of New York Mellon Trust Company, N.A. The proceeds of the Revenue Bonds were loaned by the Authority to the Company ("Loan A"). Loan A is secured by the project. The principal amount of Loan A is \$37,500,000. Loan A bears simple interest on the unpaid principal balance at a rate equal to 0.65 percent per annum. Payments are made from available cash flow, as set forth in the Operating Agreement. Loan A was issued at a discount of \$36,178. For the year ended December 31, 2016, amortization of the issuance discount included in interest expense was \$724. All unpaid principal and accrued interest on Loan A is due and payable on September 1, 2058. As of December 31, 2016, the outstanding balance, net of unamortized original issuance discount, was \$37,469,855. For the year ended December 31, 2016, interest expense on Loan A was \$243,750.

#### Loan B

During 2009, the Company entered into a master loan agreement from the Authority ("Loan B") in the maximum amount of \$6,000,000 for a term not to exceed 55 years. Loan B accrues simple interest at 0.65 percent per annum. As of December 31, 2016, the outstanding balance was \$3,387,037. For the year ended December 31, 2016, interest expense on Loan B was \$22,016.



### DOC Loan

During 2009, the Authority entered into a master loan agreement ("DOC Loan") with the State of Washington in the amount of \$2,000,000. The Authority then loaned the amount to the Company. The DOC Loan accrues simple interest at 1.00 percent per annum, commencing July 1, 2010 and continuing through June 30, 2045, at which point interest is accrued at 1.00 percent, compounded annually through June 30, 2050. Payments of simple interest in the amount of \$20,000 are due and payable beginning June 30, 2011 and each June 30<sup>th</sup> thereafter through June 30, 2045. Annual payments in the amount of \$412,079.60 are due and payable beginning June 30, 2046, and each June 30 thereafter through June 30, 2050. As of December 31, 2016, the outstanding balance was \$2,000,000. For the year ended December 31, 2016, interest expense on the DOC Loan was \$20,000.

### Property management fee

Pursuant to the Property Management Agreement, the Company will pay the Authority for its management services. The fee will be paid by the 15th of the month following the month in which the services were rendered. Pursuant to the first amendment to the property management agreement effective January 1, 2013, the monthly property management fee will be the greater of 4% of gross collections, as defined in the property management agreement, or \$8,000. For the year ended December 31, 2016, the property management fee was \$83,015.

### HAP contract

In 2008, the Company entered a project-based rental assistance payment contract ("HAP Contract") with the Authority. Pursuant to the HAP Contract, the Authority will make rental assistance payments on behalf of residents for up to 262 units. The contract was executed in stages as the units were renovated and occupied by eligible households. The term of the HAP Contract is ten (10) years from the date of the first stage. The HAP Contract is renewable subject to the availability of sufficient appropriated federal funds and program requirement. As of December 31, 2016, 262 units were under contract. For the year ended December 31, 2016, payments received under the HAP Contract were \$2,794,314.

### Due to Managing Member

The Authority as Managing Member pays certain miscellaneous expenses on behalf of the Company. The advances bear no interest and are repayable on demand. The advances are not secured. As of December 31, 2016, due to the Authority was \$83,015.

## **Vantage Point Apartments LLC**

### Lease agreement

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

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

#### Bridge Loan

On September 19, 2014, the Company entered into a bridge loan agreement with King County Housing Authority (the Managing Member), in the maximum principal amount of \$20,500,000 (the "Bridge Loan"). The Bridge Loan bears interest at a compounding fixed rate of 0.7%. The Bridge Loan matured on September 19, 2016. The Bridge Loan was repaid from the proceeds of the Second Capital Contribution and Master Loan in accordance with the terms of the Operating Agreement.

#### Master loans

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

As of December 31, 2016, the outstanding principal and accrued interest on the Master Loan A was \$5,000,000 and \$404,456, respectively. For the period beginning March 7, 2013 (inception) and ending December 31, 2016, interest on the Master Loan A was \$195,342.

As of December 31, 2016, the outstanding principal and accrued interest on the Master Loan B was \$3,000,000 and \$1,500, respectively. For the period beginning March 7, 2013 (inception) and ending December 31, 2016, interest on the Master Loan A was \$1,500.

As of December 31, 2016, the outstanding principal and accrued interest on the Master Loan C was \$2,000,000 and \$1,000, respectively. For the period beginning March 7, 2013 (inception) and ending December 31, 2016, interest on the Master Loan A was \$1,000.

As of December 31, 2016, the outstanding principal and accrued interest on the Master Loan D was \$1,160,000 and \$580, respectively. For the period beginning March 7, 2013 (inception) and ending December 31, 2016, interest on the Master Loan A was \$580.

#### Property management fee

Pursuant to the Property Management Agreement, the Company will pay the Authority for its management services. The monthly property management fee is equal to the greater of \$49.47 per unit or other amount as permitted by HUD. The property management fee is to compensate the Authority for property management services provided to the project, including ensuring compliance with applicable affordability requirements. For the year ended December 31, 2016, the property management fee was \$45,710.

#### Due to KCHA

The Authority advanced funds to the Company to pay certain operational costs. Advances from the Managing Member do not bear interest and are to be reimbursed by operations. As of December 31, 2016, the total amount due to the Managing Member was \$38,867.

#### Regulatory and Operating Agreement

On December 1, 2016, the Company entered a Regulatory and Operating Agreement (“R&O Agreement”) with the Authority. Pursuant to the R&O Agreement, all of the Project units will be maintained and operated continuously as public housing units in accordance with Applicable Public Housing Requirements, as defined in the R&O Agreement. The Managing Member will make operating subsidy payments (the “Operating Subsidy”) to the project up to the amount it receives from HUD with respect to the project, provided the units remain in compliance with Applicable Public Housing Requirements. For the period ending December 31, 2016, Operating Subsidy of \$459,000 was received from the Authority.

#### **Zephyr Apartments LLLP**

##### Lease Agreement

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

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

##### HOPE VI Funds

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

As of December 31, 2016, the outstanding principal balance and accrued interest on the KCHA Second Loan was \$5,300,000 and \$56,494, respectively. For the year ended December 31, 2016, interest expense on the KCHA Second Loan was \$10,600.

As of December 31, 2016, the outstanding principal balance and accrued interest on the KCHA Third Loan was \$275,000 and \$2,481, respectively. For the year ended December 31, 2016, interest expense on the KCHA Third Loan was \$585.

##### Property management fee

Pursuant to the Property Management Agreement, the Company will pay the Authority for its management services. The monthly property management fee will be the lesser of the fees offered by non-affiliated persons of the Partnership which are competitive in price and terms or 5% of gross revenues, as defined in the partnership agreement. For the year ended December 31, 2016, the property management fee was \$11,893.

## Regulatory and Operating Agreement

On January 29, 2010, the Partnership entered a Regulatory and Operating Agreement ("R&O Agreement") with the Authority. Pursuant to the R&O Agreement, all of the project units shall be maintained and operated continuously as public housing units in accordance with applicable public housing requirements, as defined in the R&O Agreement. The Authority will make operating subsidy payments to the project up to the amount it receives from HUD with respect to the project, provided the units remain in compliance with applicable public housing requirements. For the year ended December 31, 2016, operating subsidy payments of \$126,000 was received from the Authority.

## **Note 11 – Supplemental Financial Information**

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

Grants: DOE	\$ 67,744
Grants: HUD, Section 8 program	1,929,262
Grants: HUD, Section 8 Moderate Rehab	2,017
Grants: HUD, ROSS	9,730
Grants: HUD, Capital Funds Program	929,998
Grants: HHS	187,024
Grants: USDA	11,371
Grants: State of Washington Matchmaker	180,238
Grants: State - Miscellaneous	29,959
Grants: Bellevue CDBG	140,393
Grants: BPA	63,690
Interest: Notes and financing lease	1,784,693
Manufactured Housing Community Preservation	434,076
Other Housing Authorities - Portability	1,673,007
Tenants	52,104
Tax Credit Partnerships	470,876
Other	686,481
<b>Total</b>	<b>\$ 8,652,662</b>

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

Prepaid expense	\$ 1,071,816
Materials & mobile home inventory	150,135
<b>Total</b>	<b>\$ 1,221,952</b>

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

Prepaid Expense	\$ 392,345
Other	7,720
	<b>\$ 400,065</b>

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

Accounts payable	\$ 7,166,061
Interest payable	853,995
Accrued compensated absences	2,324,098
Accrued wages and benefits	1,222,717
Family Self Sufficiency escrow	215,463
Contract Retentions	491,474
Unearned Revenue	8,614,964
Other	543,024
<b>Total</b>	<b>\$ 21,431,797</b>

**Other Noncurrent Liabilities:**

Noncurrent interest	\$ 523,122
Family Self Sufficiency escrow	578,261
Unearned revenue	505,406
Other	2,814
<b>Total</b>	<b>\$ 1,609,603</b>

**Other Revenue:**

Portability administrative fee from other authorities	\$ 1,867,999
Other portability income	29,931,737
Non-dwell rent	649,993
Home and lot sales revenue	778,026
Property management fees	1,138,917
Developer fees	8,433,000
Conduit loan fees	157,260
Unit upgrade	2,331,457
Central Maintenance Fees	680,316
Tax Credit Lease Revenue - Vantage Point	1,467,000
Weatherization Owner Contributions	830,774
Other	1,212,422
<b>Total</b>	<b>\$ 49,478,901</b>

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

Spiritwood Manor	\$ 23,570,397
Corinthian Apartments	243,070
Harrison House	41,561
Charter House	(158,584)
Vehicles and equipment	21,551
<b>Total</b>	<b>\$ 23,717,995</b>

**Note 12 – Pension Plans**

The following table represents the aggregate pension amounts for all plans subject to the requirements of the [GASB Statement 68, Accounting and Financial Reporting for Pensions](#) for the year 2016:

Aggregate Pension Amounts – All Plans	
Pension liabilities	\$ 24,508,533
Pension assets	\$ -
Deferred outflows of resources	\$ 4,625,712
Deferred inflows of resources	\$ 435,762
Pension expense/expenditures	\$ 3,064,698

## State Sponsored Pension Plans

Substantially all Authority's full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans. The state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to:

Department of Retirement Systems  
Communications Unit  
P.O. Box 48380  
Olympia, WA 98540-8380

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

## Public Employees' Retirement System (PERS)

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

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

### Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2016 were as follows:

PERS Plan 1			
Actual Contribution Rates:		Employer	Employee*
PERS Plan 1		6.23%	6.00%
PERS Plan 1 UAAL		4.77%	6.00%
Administrative Fee		0.18%	
	<b>Total</b>	<b>11.18%</b>	<b>6.00%</b>

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

**PERS Plan 2/3** provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service for Plan 2 and 1 percent of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

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

PERS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

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



## Contributions

The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2016 were as follows:

<b>PERS Plan 2/3</b>			
<b>Actual Contribution Rates:</b>		<b>Employer 2/3</b>	<b>Employee 2*</b>
PERS Plan 2/3		6.23%	6.12%
PERS Plan 1 UAAL		4.77%	-
Administrative Fee		0.18%	-
Employee PERS Plan 3			varies
<b>Total</b>		<b>11.18%</b>	<b>6.12%</b>

\* For employees participating in JBM, the contribution rate was 15.30%.

The Authority's actual PERS plan contributions were \$1,179,966 to PERS Plan 1 and \$1,491,788 to PERS Plan 2/3 for the year ended December 31, 2016.

## **Actuarial Assumptions**

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

Additional assumptions for subsequent events and law changes are current as of the 2015 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2016. Plan liabilities were rolled forward from June 30, 2015, to June 30, 2016, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

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

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



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

- For all systems, except LEOFF Plan 2, the assumed valuation interest rate was lowered from 7.8% to 7.7%. Assumed administrative factors were updated.
- Valuation software was corrected on how the nonduty disability benefits for LEOFF Plan 2 active members is calculated.
- New LEOFF Plan 2 benefit definitions were added within the OSA valuation software to model legislation signed into law during the 2015 legislative session.

## **Discount Rate**

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

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

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

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

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

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	1.70%
Tangible Assets	5%	4.40%
Real Estate	15%	5.80%
Global Equity	37%	6.60%
Private Equity	23%	9.60%
	<b>100%</b>	

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

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
PERS 1	\$ 13,636,647	\$ 11,308,279	\$ 9,304,575
PERS 2/3	\$ 24,304,041	\$ 13,200,254	\$ (6,871,494)

### Pension Plan Fiduciary Net Position

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

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

At June 30, 2016, the Authority reported a total pension liability of \$24,508,533 for its proportionate share of the net pension liabilities as follows:

	Liability (or Asset)
PERS 1	\$ 11,308,279
PERS 2/3	\$ 13,200,254

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

	Proportionate Share 6/30/15	Proportionate Share 6/30/16	Change in Proportion
PERS 1	%.202009	%.210564	%.008555
PERS 2/3	%.246303	%.262174	%.015871

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

The collective net pension liability (asset) was measured as of June 30, 2016, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2015, with update procedures used to roll forward the total pension liability to the measurement date.

### Pension Expense

For the year ended December 31, 2016, the Authority recognized pension expense as follows:

	Pension Expense
PERS 1	\$ 1,097,397
PERS 2/3	\$ 1,967,301
TOTAL	\$ 3,064,698

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

At December 31, 2016, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual investment earnings on pension plan investments	\$ 284,725	\$ -
Changes of assumptions	\$ -	\$ -
Changes in proportion and differences between contributions and proportionate share of contributions	\$ -	\$ -
Contributions subsequent to the measurement date	\$ 594,405	\$ -
TOTAL	\$ 879,130	\$ -

<b>PERS 2/3</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 702,904	\$ (435,762)
Net difference between projected and actual investment earnings on pension plan investments	\$ 1,615,330	\$
Changes of assumptions	\$ 136,435	\$
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 541,206	\$
Contributions subsequent to the measurement date	\$ 750,706	\$
<b>TOTAL</b>	<b>\$ 3,746,581</b>	<b>\$ (435,762)</b>

<b>Total of All Plans</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 702,904	\$ (435,762)
Net difference between projected and actual investment earnings on pension plan investments	\$ 1,900,055	\$
Changes of assumptions	\$ 136,435	\$
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 541,206	\$
Contributions subsequent to the measurement date	\$ 1,345,111	\$
<b>TOTAL</b>	<b>\$ 4,625,711</b>	<b>\$ (435,762)</b>

Deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended December 31:</b>	<b>PERS 1</b>	<b>PERS 2/3</b>
2017	\$ (70,105)	\$ 182,831
2018	\$ (70,105)	\$ 182,831
2019	\$ 261,489	\$ 1,397,584
2020	\$ 163,446	\$ 796,868
2021	\$	\$
Thereafter	\$	\$

## **Note 13 – Risk Management**

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

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

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

Tax Credit Partnership properties are covered for general liability with total limits of \$5,000,000 per occurrence basis provided by Philadelphia 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 Insurance 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 \$15,000,000 is provided over all of the above liability coverage except the Contractors Pollution, which brings total liability coverage to a limit of \$20,000,000. This coverage is placed with Lexington Insurance Company.

Public Officials Errors and Omissions and Employment Practices Liability is provided on all properties with a \$5,000,000 limit with a 50,000 deductible for employment practices and other covered claims from Ironshore Specialty Insurance Company.

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

## **Note 14 – Conduit Debt Obligations**

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

Non-governmental Corporation	Project Description	Date of Issue	Dec 31 Balance
Auburn North Associates Limited Partnership	Purchase of land and construction of a 296-unit complex for elderly or disabled, low-income persons in Auburn Washington, known as Auburn Court Apartments.	December 1, 1997	\$11,445,000
Manufactured Housing Community Preservationists	Acquisition and rehabilitation of a 93-unit mobile home park in the city of Redmond, Washington, known as Avon Villa Mobile Home Park.	December 2, 1997	\$1,426,506
Seaview Apartments Limited Partnership	Acquisition and rehabilitation of a 72-unit multifamily development in Des Moines, Washington.	December 1, 1998	\$1,610,000
St. Andrews Housing Group	Acquisition of a 59-unit apartment complex located on Mercer Island, Washington, known as Ellsworth House.	October 20, 1999	\$2,119,716
Evergreen Court Associates Ltd	Acquisition and rehabilitation of 111-unit Washington Court assisted living in Bellevue to be rehabilitated into a 82-unit complex known as Evergreen Court	September 7, 2001	\$5,207,515
Angle Lake Apartments	Construction of an 80-unit independent living, senior housing facility located in SeaTac.	November 14, 2002	\$3,214,414
Radcliffe Place, LLC	Construction of a 135 unit senior housing facility located in Kent known as Radcliffe Place Senior Apartments	December 22, 2004	\$9,082,816
Wild Garden Housing LLC-DASH	Refinancing of three affordable housing projects owned by DASH that comprise a total of 136 apartment units in Bellevue known as Glendale, Wildwood Court and Garden Grove.	August 1, 2005	\$6,662,022
Eernisse Apartments	Construction of a 26 unit affordable rental townhouse project on Vashon Island known as Eernisse Apartments.	December 20, 2005	\$1,453,997
280 Clark Limited Partnership	To finance or refinance a portion of the costs of acquiring, constructing and rehabilitating the 280 Clark Apartments to provide housing for low-income persons in King County	November 1, 2007	\$2,434,179
Young Women's Association of Seattle, King and Snohomish County (YWCA)	Construction of 98 rental dwelling units as part of the YWCA Family Village in Issaquah	December 23, 2009	\$8,275,000
Ashwood Community Redevelopment LLLP-DASH	Acquisition and rehabilitation of a 51 unit senior housing project in the City of Bellevue known as Ashwood Court Apartments	April 1, 2015	\$5,270,888
Summerfield Rehab LLLP	Acquisition and rehabilitation of a 52 unit apartment complex in the City of Bellevue known as Summerfield Apartments	March 1, 2016	\$8,839,366

## **Note 15 –Construction Commitments**

At December 31, 2016 the Authority had the following contractual obligations on construction projects:

<b>Project</b>	<b>Spent to Date</b>	<b>Remaining Commitment</b>
Ballinger Homes Water Line	92,790	13,665
Boulevard Manor Roof Replacement	27,859	1,403
Boulevard Manor Site Improvements	46,568	9,651
Briarwood Manor Site Improvements	66,193	202,843
Burndale Building Envelope Upgrades	322,595	1,158,154
Burndale Site Improvements	971	36,225
College Place Site ADA Upgrades	336,074	12,644
Evergreen Court Envelope Upgrade	1,064,296	163,900
Firwood Circle Envelope	90,682	7,686
Firwood Circle Site Improvements	676,550	37,928
Forest Glen Site Improvements	26,873	58,685
Forest Glen Waste Line Replacement	918,930	89,245
Greenleaf Roof Replacement	394,397	18,750
Hidden Village Envelope Upgrade	377,496	1,694,089
Hillsview Roofing	123,889	6,962
Kirkland Place Roof Replacement	113,780	9,911
Lakehouse Deck Repair	124,776	4,757
Lakehouse Site Upgrades	329,154	59,589
Northridge Bridge	82,102	8,888
Northridge I Envelope Upgrade (A&E)	131,410	8,650
Northridge II Envelope Upgrade (A&E)	9,178	8,170
Peppertree Doors	112,904	3,462
Shelcor Envelope Upgrades	441,098	16,013
Valli Kee Site Improvements	263,011	136,991
Total	<b>\$ 6,173,576</b>	<b>\$ 3,768,261</b>

**Housing Authority of the County of King**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**As of June 30, 2016**  
**Last 10 Fiscal Years\***

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

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

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

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



**Housing Authority of the County of King**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**As of December 31, 2016**  
**Last 10 Fiscal Years\***

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

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

Notes to Required Supplementary Information for the Year Ended December 31, 2016

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

Changes of assumptions: There were no changes in the assumptions for the Pension Plans.

**HOUSING AUTHORITY OF THE COUNTY OF KING**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended December 31, 2016**

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Debt Liability Balance	Note
				From Pass-Through Awards	From Direct Awards	Total			
Rural Housing Service, Department Of Agriculture	Rural Rental Housing Loans	10.415	56-017-647765210	\$ -	\$ 60,297	\$ 60,297	\$ -	\$ 981,104	1,2,4
Rural Housing Service, Department Of Agriculture	Rural Rental Assistance Payments	10.427	56-017-647765210	-	532,899	532,899	-	-	1,2
	<b>Total U.S. Department of Agriculture</b>			<b>-</b>	<b>593,196</b>	<b>593,196</b>	<b>-</b>	<b>981,104</b>	
<b>Section 8 Project-Based Cluster</b> Office Of Housing-federal Housing Commissioner, Department Of Housing And Urban Development	Section 8 Housing Assistance Payment Program	14.195	WA19M000203	-	\$ 394,726	394,726	-	-	1,2
Office Of Public And Indian Housing, Department Of Housing And Urban Development	Lower Income Housing Assistance Program-Section 8 Moderate Rehabilitation	14.856	WA002MR0002	-	101,272	101,272	-	-	1,2
	<b>Total Section 8 Project-Based Programs Cluster</b>			<b>-</b>	<b>495,998</b>	<b>495,998</b>	<b>-</b>	<b>-</b>	
Office Of Community Planning And Development, Department Of Housing And Urban Development (via City of Bellevue, WA)	Community Development Block Grant/Entitlement Grants - 2015	14.218	CDBG-251	291,378	-	291,378	-	-	1,2
Office Of Community Planning And Development, Department Of Housing And Urban Development (via City of Bellevue, WA)	Community Development Block Grant/Entitlement Grants - 2016	14.218	CDBG-251	140,393	-	140,393	-	-	1,2
	<b>Total CFDA 14.218</b>			<b>431,770</b>	<b>-</b>	<b>431,770</b>	<b>-</b>	<b>-</b>	
<b>Housing Voucher Cluster</b> Office Of Public And Indian Housing, Department Of Housing And Urban Development	Section 8 Housing Choice Vouchers	14.871	WA002	-	9,213,848	9,213,848	-	-	1,2
Office Of Public And Indian Housing, Department Of Housing And Urban Development	Mainstream Vouchers	14.879	WA002DV0022	-	3,009,945	3,009,945	-	-	1,2
	<b>Total Housing Voucher Cluster</b>			<b>-</b>	<b>12,223,793</b>	<b>12,223,793</b>	<b>-</b>	<b>-</b>	
Office Of Public And Indian Housing, Department Of Housing And Urban Development	Moving To Work Demonstration Program	14.881	WA002	-	115,693,368	115,693,368	-	-	1,2
Office Of Public And Indian Housing, Department Of Housing And Urban Development	Moving To Work Demonstration Program	14.881	WA002	-	7,668,056	7,668,056	-	-	1,2
Office Of Public And Indian Housing, Department Of Housing And Urban Development	Moving To Work Demonstration Program	14.881	WA19P002501-12	-	660,693	660,693	-	-	1,2
Office Of Public And Indian Housing, Department Of Housing And Urban Development	Moving To Work Demonstration Program	14.881	WA19P002501-13	-	1,290,938	1,290,938	-	-	1,2
Office Of Public And Indian Housing, Department Of Housing And Urban Development	Moving To Work Demonstration Program	14.881	WA19P002501-16	-	390,024	390,024	-	-	1,2
	<b>Total CFDA 14.881</b>			<b>-</b>	<b>125,703,079</b>	<b>125,703,079</b>	<b>-</b>	<b>-</b>	
Office Of Public And Indian Housing, Department Of Housing And Urban Development	Resident Opportunity and Supportive Services - Service Coordinators	14.870	WA002RPS112A013	-	57,751	57,751	-	-	1,2
Office Of Public And Indian Housing, Department Of Housing And Urban Development	Family Self-Sufficiency Program	14.896	WA002FSH705A014	-	329,785	329,785	-	-	1,2
	<b>Total U.S. Department of Housing and Urban Development</b>			<b>431,770</b>	<b>138,810,406</b>	<b>139,242,176</b>	<b>-</b>	<b>-</b>	
Department Of Energy (via Washington State Department of Commerce)	Weatherization Assistance for Low Income Persons	81.042	F13-43103-413 DOE	459,188	-	459,188	-	-	1,2
Department Of Energy (via Washington State Department of Commerce)	Weatherization Assistance for Low Income Persons	81.042	F13-43104-413 BPA	305,853	-	305,853	-	-	1,2
	<b>Total CFDA 81.042</b>			<b>765,041</b>	<b>-</b>	<b>765,041</b>	<b>-</b>	<b>-</b>	
	<b>Total U.S. Department of Energy</b>			<b>765,041</b>	<b>-</b>	<b>765,041</b>	<b>-</b>	<b>-</b>	
Administration For Children And Families, Department Of Health And Human Services (via Washington State Department of Commerce)	Low-Income Home Energy Assistance -2013	93.568	F13-43101-413 HHS	1,160,036	-	1,160,036	-	-	1,2
	<b>Total U.S. Department of Health and Human Services</b>			<b>1,160,036</b>	<b>-</b>	<b>1,160,036</b>	<b>-</b>	<b>-</b>	
	<b>Total Federal Expenditures</b>			<b>\$ 2,356,848</b>	<b>\$ 139,403,602</b>	<b>\$ 141,760,450</b>	<b>\$ -</b>	<b>\$ 981,104</b>	

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

**NOTE 1 - BASIS OF ACCOUNTING**

This 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 4 - FEDERAL LOANS**

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

**NOTE 2 - PROGRAM COSTS**

The amounts shown as current year expenditures represent only the federal portion of the program costs. Entire program costs, including The Authority's portion, may be more than shown. Such expenditures are recognized following, as applicable, either the cost principles in the OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 7 - INDIRECT COST RATE**

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

Housing Authority of the County of King  
Financial Data Schedule (FDS)  
Statement of Net Position  
As of December 31, 2016

Line Item #	Account Description	10.415 Rural Rental Housing Loans	10.427 Rural Rental Assistance Payments	14.191 Multifamily Housing Service Coordinator	14.195 Section 8 - Special Allocation	14.218 Community Development Block Grants/Entitlement Grants	14.856 Lower Income Housing Assistance Program - Section 8 - Moderate Rehabilitation
111	Cash - unrestricted	-	-	-	3,549	0	\$ 112,780
112	Cash - restricted - modernization and development	-	-	-	-	-	-
113	Cash - other restricted	-	-	-	914,622	-	-
114	Cash - tenant security deposits	-	-	-	14,523	-	-
100	Total cash	-	-	-	932,694	-	112,780
121	AR - PHA projects	-	-	-	-	-	-
122	AR - HUD other projects	-	-	-	-	-	2,017
124	Accounts receivable - other government	-	-	-	-	140,393	-
125	Accounts receivable - miscellaneous	-	-	-	-	-	-
126	Accounts receivable - tenants	-	-	-	11,809	-	-
126.1	Allowance for doubtful accounts - tenants	-	-	-	(416)	-	-
127	Notes and mortgages receivable- current	-	-	-	-	-	-
129	Accrued interest receivable	-	-	-	-	-	-
120	Total receivables, net of allowances	-	-	-	11,393	140,393	2,017
131	Investments - unrestricted	-	-	-	-	-	-
132	Investments - restricted	-	-	-	-	-	-
142	Prepaid expenses and other assets	-	-	-	4,242	-	5
143	Inventories	-	-	-	-	-	-
150	Total Current Assets	-	-	-	948,329	140,393	114,802
161	Land	-	-	-	521,854	-	-
162	Buildings	-	-	-	2,111,976	-	-
163	Furniture, equipment & machinery - dwellings	-	-	-	-	-	-
164	Furniture, equipment & machinery - administration	-	-	-	-	-	-
165	Leasehold improvements	-	-	-	-	-	-
166	Accumulated depreciation	-	-	-	(1,624,816)	-	-
167	Work in progress	-	-	-	-	-	-
168	Infrastructure	-	-	-	10,600	-	-
160	Total capital assets, net of depreciation	-	-	-	1,019,614	-	-
171	Notes and mortgages receivable - non-current	-	-	-	-	-	-
174	Other assets	-	-	-	-	-	-
180	Total Noncurrent Assets	-	-	-	1,019,614	-	-
190	Total Assets	-	-	-	1,967,943	140,393	114,802
200	Deferred Outflows of Resources	-	-	-	21,674	-	264
290	Total Assets and Deferred Outflows of Resources	\$ -	\$ -	\$ -	\$ 1,989,617	\$ 140,393	\$ 115,066
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts payable < 90 days	-	-	-	6,975	-	12
321	Accrued wage/payroll taxes payable	-	-	-	5,858	-	63
322	Accrued compensated absences	-	-	-	6,640	-	131
325	Accrued interest payable	-	-	-	-	-	-
332	Accounts Payable - PHA projects	-	-	-	-	-	-
341	Tenant security deposits	-	-	-	14,523	-	-
342	Unearned revenue	-	-	-	3,419	-	8,575
343	Current portion of L-T debt - capital projects	37,220	-	-	-	-	-
344	Current portion of L-T debt - operating borrowings	-	-	-	-	-	-
345	Other current liabilities	-	-	-	81,742	3,430	-
346	Accrued liabilities - other	-	-	-	-	-	-
310	Total Current Liabilities	37,220	-	-	119,157	3,430	8,781
351	Long-term debt, net of current - capital projects	943,884	-	-	-	-	-
352	Long-term debt, net of current - operating borrowings	-	-	-	1,028,616	-	-
353	Non-current liabilities- other	-	-	-	-	-	-
357	Accrued pension and OPEB liabilities	-	-	-	114,833	-	1,401
350	Total Noncurrent Liabilities	943,884	-	-	1,143,449	-	1,401
300	Total Liabilities	981,104	-	-	1,262,606	3,430	10,182
400	Deferred Inflows of Resources	-	-	-	2,042	-	25
508.4	Net Investment in Capital Assets	(981,104)	-	-	1,019,614	-	-
511.4	Restricted Net Position	-	-	-	914,622	-	-
512.4	Unrestricted Net Position	-	-	-	(1,209,267)	136,963	104,859
513	Total Equity - Net Assets/Position	(981,104)	-	-	724,969	136,963	104,859
600	Total Liabilities, Deferred Inflows of Resources, and Equity - Net Assets/Position	\$ -	\$ -	\$ -	\$ 1,989,617	\$ 140,393	\$ 115,066

Housing Authority of the County of King  
Financial Data Schedule (FDS)  
Statement of Net Position  
As of December 31, 2016

Line Item #	Account Description	14.870 Resident Opportunity and Supportive Services - Service Coordinators	14.871 Section 8 Housing Choice Vouchers	14.879 Mainstream Vouchers	14.881 Moving-To-Work Demonstration Program	14.896 PIH Family Self-Sufficiency Program	State/Local Programs
111	Cash - unrestricted	\$ -	\$ -	\$ 549,626	\$ 4,809,817	\$ -	\$ 878,176
112	Cash - restricted - modernization and development	-	-	-	-	-	-
113	Cash - other restricted	-	672,634	-	812,160	-	-
114	Cash - tenant security deposits	-	-	-	-	-	-
100	Total cash	-	672,634	549,626	5,621,977	-	878,176
121	AR - PHA projects	-	1,391,615	-	-	-	-
122	AR - HUD other projects	9,730	93,421	-	1,778,801	57,041	-
124	Accounts receivable - other government	-	-	-	-	-	331,401
125	Accounts receivable - miscellaneous	-	-	-	474,462	-	-
126	Accounts receivable- tenants	-	-	-	-	-	-
126.1	Allowance for doubtful accounts - tenants	-	-	-	-	-	-
127	Notes and mortgages receivable- current	-	-	-	79,991	-	-
129	Accrued interest receivable	-	-	-	-	-	-
120	Total receivables, net of allowances	9,730	1,485,036	-	2,333,254	57,041	331,401
131	Investments - unrestricted	-	-	-	6,136,508	-	-
132	Investments - restricted	-	-	-	11,527,932	-	-
142	Prepaid expenses and other assets	-	-	192	57,128	-	34,341
143	Inventories	-	-	-	-	-	-
150	Total Current Assets	9,730	2,157,670	549,818	25,676,799	57,041	1,243,918
161	Land	-	-	-	-	-	-
162	Buildings	-	-	-	-	-	-
163	Furniture, equipment & machinery - dwellings	-	-	-	-	-	-
164	Furniture, equipment & machinery - administration	-	-	-	-	-	-
165	Leasehold improvements	-	-	-	-	-	-
166	Accumulated depreciation	-	-	-	-	-	-
167	Work in progress	-	-	-	-	-	-
168	Infrastructure	-	-	-	-	-	-
160	Total capital assets, net of depreciation	-	-	-	-	-	-
171	Notes and mortgages receivable - non-current	-	-	-	26,792,641	-	209,641
174	Other assets	-	-	-	-	-	-
180	Total Noncurrent Assets	-	-	-	26,792,641	-	209,641
190	Total Assets	9,730	2,157,670	549,818	52,469,440	57,041	1,453,559
200	Deferred Outflows of Resources	-	-	-	1,542,098	-	143,803
290	Total Assets and Deferred Outflows of Resources	\$ 9,730	\$ 2,157,670	\$ 549,818	\$ 54,011,538	\$ 57,041	\$ 1,597,362
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts payable < 90 days	9,730	-	-	889,318	-	353,976
321	Accrued wage/payroll taxes payable	-	-	1,461	409,096	-	95
322	Accrued compensated absences	-	-	2,990	632,195	-	114,839
325	Accrued interest payable	-	-	-	-	-	-
332	Accounts Payable - PHA projects	-	-	-	5,631	-	-
341	Tenant security deposits	-	-	-	-	-	-
342	Unearned revenue	-	-	17,770	8,226,908	-	-
343	Current portion of L-T debt - capital projects	-	-	-	-	-	-
344	Current portion of L-T debt - operating borrowings	-	-	-	-	-	-
345	Other current liabilities	826	-	-	176,798	57,100	686,563
346	Accrued liabilities - other	-	-	-	156,200	-	-
310	Total Current Liabilities	10,556	-	22,221	10,496,146	57,100	1,155,473
351	Long-term debt, net of current - capital projects	-	-	-	-	-	-
352	Long-term debt, net of current - operating borrowings	-	-	-	-	-	-
353	Non-current liabilities- other	-	-	-	578,261	-	-
357	Accrued pension and OPEB liabilities	-	-	-	8,170,539	-	761,917
350	Total Noncurrent Liabilities	-	-	-	8,748,800	-	761,917
300	Total Liabilities	10,556	-	22,221	19,244,946	57,100	1,917,390
400	Deferred Inflows of Resources	-	-	-	145,272	-	13,547
508.4	Net Investment in Capital Assets	-	-	-	-	-	-
511.4	Restricted Net Position	-	672,634	-	11,546,368	-	-
512.4	Unrestricted Net Position	(826)	1,485,036	527,597	23,074,952	(59)	(333,575)
513	Total Equity - Net Assets/Position	(826)	2,157,670	527,597	34,621,320	(59)	(333,575)
600	Total Liabilities, Deferred Inflows of Resources, and Equity - Net Assets/Position	\$ 9,730	\$ 2,157,670	\$ 549,818	\$ 54,011,538	\$ 57,041	\$ 1,597,362

Housing Authority of the County of King  
Financial Data Schedule (FDS)  
Statement of Net Position  
As of December 31, 2016

Line Item #	Account Description	Business Activities	81.042 Weatherization Assistance for Low Income Persons	93.568 Low Income Home Energy Assistance	94.006 Americorp	COMPONENT UNITS - BLENDED	COCC
111	Cash - unrestricted	\$ 76,563,406	\$ -	\$ -	\$ -	\$ 1,146,674	\$ 849,676
112	Cash - restricted - modernization and development	-	-	-	-	-	-
113	Cash - other restricted	20,631,493	-	-	-	1,578,420	-
114	Cash - tenant security deposits	2,016,857	-	-	-	183,732	-
100	Total cash	99,211,756	-	-	-	2,908,826	849,676
121	AR - PHA projects	27,146	-	-	-	-	-
122	AR - HUD other projects	927,234	-	-	-	-	-
124	Accounts receivable - other government	41,330	131,435	187,024	-	-	-
125	Accounts receivable - miscellaneous	1,992,216	-	-	-	-	103,483
126	Accounts receivable - tenants	244,952	-	-	-	1,126	-
126.1	Allowance for doubtful accounts - tenants	(29,356)	-	-	-	-	-
127	Notes and mortgages receivable- current	9,323,632	-	-	-	-	-
129	Accrued interest receivable	1,784,694	-	-	-	-	-
120	Total receivables, net of allowances	14,311,848	131,435	187,024	-	1,126	103,483
131	Investments - unrestricted	42,729,161	-	-	-	-	51,857
132	Investments - restricted	868,045	-	-	-	-	-
142	Prepaid expenses and other assets	637,139	-	-	-	43,898	120,457
143	Inventories	149,988	-	-	-	-	137
150	Total Current Assets	157,907,947	131,435	187,024	-	2,953,850	1,125,610
161	Land	69,434,812	-	-	-	6,991,838	4,529,093
162	Buildings	265,791,830	-	-	-	88,165,454	11,330,268
163	Furniture, equipment & machinery - dwellings	35,400	-	-	-	-	-
164	Furniture, equipment & machinery - administration	162,335	-	-	-	405,719	7,178,396
165	Leasehold improvements	766,095	-	-	-	6,968,864	-
166	Accumulated depreciation	(73,011,647)	-	-	-	(42,601,767)	(7,763,936)
167	Work in progress	22,360,426	-	-	-	1,339,919	22,808
168	Infrastructure	8,697,500	-	-	-	-	34,438
160	Total capital assets, net of depreciation	294,236,751	-	-	-	61,270,027	15,331,067
171	Notes and mortgages receivable - non-current	334,040,653	-	-	-	-	2,000
174	Other assets	397,940	-	-	-	-	2,128
180	Total Noncurrent Assets	628,675,344	-	-	-	61,270,027	15,335,195
190	Total Assets	786,583,291	131,435	187,024	-	64,223,877	16,460,805
200	Deferred Outflows of Resources	1,847,695	-	-	-	-	1,490,411
290	Total Assets and Deferred Outflows of Resources	\$ 788,430,986	\$ 131,435	\$ 187,024	\$ -	\$ 64,223,877	\$ 17,951,216
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts payable < 90 days	2,939,549	-	-	-	-	264,433
321	Accrued wage/payroll taxes payable	239,456	-	-	-	-	421,700
322	Accrued compensated absences	696,042	-	-	-	-	680,170
325	Accrued interest payable	853,995	-	-	-	-	-
332	Accounts Payable - PHA projects	-	-	-	-	-	-
341	Tenant security deposits	2,016,857	-	-	-	183,732	-
342	Unearned revenue	263,924	-	-	-	15,578	-
343	Current portion of L-T debt - capital projects	6,517,888	-	-	-	449,165	-
344	Current portion of L-T debt - operating borrowings	6,688,636	-	-	-	518,060	-
345	Other current liabilities	883,559	5,603	4,457	-	50,864	-
346	Accrued liabilities - other	1,739,661	-	-	-	-	4,700
310	Total Current Liabilities	22,839,567	5,603	4,457	-	1,217,399	1,371,003
351	Long-term debt, net of current - capital projects	244,991,072	-	-	-	40,013,185	-
352	Long-term debt, net of current - operating borrowings	171,627,023	-	-	-	-	-
353	Non-current liabilities- other	2,597,613	-	-	-	188,047	-
357	Accrued pension and OPEB liabilities	5,133,564	-	-	-	-	7,896,686
350	Total Noncurrent Liabilities	424,349,272	-	-	-	40,201,232	7,896,686
300	Total Liabilities	447,188,839	5,603	4,457	-	41,418,631	9,267,689
400	Deferred Inflows of Resources	91,275	-	-	-	-	140,403
508.4	Net Investment in Capital Assets	42,727,791	-	-	-	20,807,677	15,331,067
511.4	Restricted Net Position	21,499,537	-	-	-	1,578,420	-
512.4	Unrestricted Net Position	276,923,544	125,832	182,567	-	419,149	(6,787,943)
513	Total Equity - Net Assets/Position	341,150,872	125,832	182,567	-	22,805,246	8,543,124
600	Total Liabilities, Deferred Inflows of Resources, and Equity - Net Assets/Position	\$ 788,430,986	\$ 131,435	\$ 187,024	\$ -	\$ 64,223,877	\$ 17,951,216

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Line Item #	Account Description	"Other Projects"	Ballinger Homes WA002000101	Park Royal Apartments WA002000105	Paramount House II WA002000150	The Lake House WA002000152	Northridge II WA002000153
111	Cash - unrestricted	558,365	438,165	\$ 81,129	\$ -	\$ 454,621	\$ 369,274
112	Cash - restricted - modernization and development	-	-	-	-	-	-
113	Cash - other restricted	-	-	-	-	-	-
114	Cash - tenant security deposits	26,875	22,965	3,725	-	11,100	11,514
100	Total cash	585,240	461,130	84,854	-	465,721	380,788
121	AR - PHA projects	-	-	104	-	-	1,463
122	AR - HUD other projects	132,542	-	-	-	-	-
124	Accounts receivable - other government	-	-	-	-	-	-
125	Accounts receivable - miscellaneous	-	-	-	-	-	-
126	Accounts receivable- tenants	1,911	14,551	3,768	-	3,419	2,893
126.1	Allowance for doubtful accounts - tenants	(285)	(3,826)	(593)	-	(518)	(744)
127	Notes and mortgages receivable- current	-	-	-	-	-	-
129	Accrued interest receivable	-	-	-	-	-	-
120	Total receivables, net of allowances	134,168	10,725	3,279	-	2,901	3,612
131	Investments - unrestricted	103,637	-	-	-	-	-
132	Investments - restricted	-	-	-	-	-	-
142	Prepaid expenses and other assets	20,733	20,062	2,419	-	12,159	14,118
143	Inventories	-	-	-	-	-	-
150	Total Current Assets	843,778	491,917	90,552	-	480,781	398,518
161	Land	1,050,287	1,960,510	541,000	-	246,728	224,064
162	Buildings	10,889,514	10,640,903	1,469,915	-	9,446,459	8,656,640
163	Furniture, equipment & machinery - dwellings	-	-	-	-	-	-
164	Furniture, equipment & machinery - administration	-	13,766	-	-	-	-
165	Leasehold improvements	-	-	-	-	-	-
166	Accumulated depreciation	(7,182,417)	(6,773,296)	(302,312)	-	(4,219,466)	(3,755,049)
167	Work in progress	1,647	105,967	-	-	147,680	140,954
168	Infrastructure	1,729,767	2,408,304	-	-	632,289	1,749,880
160	Total capital assets, net of depreciation	6,488,798	8,356,154	1,708,603	-	6,253,690	7,016,489
171	Notes and mortgages receivable - non-current	-	-	-	-	-	-
174	Other assets	-	-	-	-	-	-
180	Total Noncurrent Assets	6,488,798	8,356,154	1,708,603	-	6,253,690	7,016,489
190	Total Assets	7,332,576	8,848,071	1,799,155	-	6,734,471	7,415,007
200	Deferred Outflows of Resources	-	49,487	5,609	-	36,948	32,832
290	Total Assets and Deferred Outflows of Resources	\$ 7,332,576	\$ 8,897,558	\$ 1,804,764	\$ -	\$ 6,771,419	\$ 7,447,839
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts payable < 90 days	303,514	25,573	6,518	-	71,897	19,215
321	Accrued wage/payroll taxes payable	13,964	11,857	1,650	-	10,541	9,364
322	Accrued compensated absences	16,696	20,962	1,029	-	9,014	7,454
325	Accrued interest payable	-	-	-	-	-	-
332	Accounts Payable - PHA projects	-	-	-	-	-	-
341	Tenant security deposits	26,875	22,965	3,725	-	11,100	11,514
342	Unearned revenue	13,616	10,017	575	-	3,895	5,951
343	Current portion of L-T debt - capital projects	-	-	-	-	-	-
344	Current portion of L-T debt - operating borrowings	-	-	-	-	-	-
345	Other current liabilities	-	3,462	-	-	19,141	5,560
346	Accrued liabilities - other	-	-	-	-	-	-
310	Total Current Liabilities	374,665	94,836	13,497	-	125,588	59,058
351	Long-term debt, net of current - capital projects	-	-	-	-	-	-
352	Long-term debt, net of current - operating borrowings	-	-	-	-	-	-
353	Non-current liabilities- other	-	144	-	-	58	72
357	Accrued pension and OPEB liabilities	-	262,200	29,724	-	195,763	173,957
350	Total Noncurrent Liabilities	-	262,344	29,724	-	195,821	174,029
300	Total Liabilities	374,665	357,180	43,221	-	321,409	233,087
400	Deferred Inflows of Resources	-	4,662	528	-	3,481	3,093
508.4	Net Investment in Capital Assets	6,488,798	8,356,154	1,708,603	-	6,253,690	7,016,489
511.4	Restricted Net Position	-	-	-	-	-	-
512.4	Unrestricted Net Position	469,113	179,562	52,412	-	192,839	195,170
513	Total Equity - Net Assets/Position	6,957,911	8,535,716	1,761,015	-	6,446,529	7,211,659
600	Total Liabilities, Deferred Inflows of Resources, and Equity - Net Assets/Position	\$ 7,332,576	\$ 8,897,558	\$ 1,804,764	\$ -	\$ 6,771,419	\$ 7,447,839

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Line Item #	Account Description	Westminster WA002000156	Forest Glen WA002000201	College Place WA002000203	Kirkland Place WA002000210	Island Crest WA002000213	Casa Juanita WA002000251
111	Cash - unrestricted	\$ 180,636	\$ 449,236	\$ 451,625	\$ 80,956	\$ 102,092	\$ 244,121
112	Cash - restricted - modernization and development	-	-	-	-	-	-
113	Cash - other restricted	-	-	-	-	33,558	-
114	Cash - tenant security deposits	13,258	2,500	16,075	2,800	10,670	6,375
100	Total cash	193,894	451,736	467,700	83,756	146,320	250,496
121	AR - PHA projects	-	32	-	-	-	4,602
122	AR - HUD other projects	-	-	-	-	-	-
124	Accounts receivable - other government	-	-	-	-	-	-
125	Accounts receivable - miscellaneous	-	-	-	-	-	-
126	Accounts receivable- tenants	1,377	891	14,230	1,114	175	5,000
126.1	Allowance for doubtful accounts - tenants	(29)	(395)	(2,237)	-	(5)	(1,199)
127	Notes and mortgages receivable- current	-	-	-	-	-	-
129	Accrued interest receivable	-	-	-	-	-	-
120	Total receivables, net of allowances	1,348	528	11,993	1,114	170	8,403
131	Investments - unrestricted	-	-	-	-	-	-
132	Investments - restricted	-	-	-	-	-	-
142	Prepaid expenses and other assets	5,154	3,061	12,264	1,107	2,997	6,089
143	Inventories	-	-	-	-	-	-
150	Total Current Assets	200,396	455,325	491,957	85,977	149,487	264,988
161	Land	624,059	32,191	901,525	1,064,290	2,566,125	62,146
162	Buildings	2,860,305	4,051,654	9,519,337	351,032	2,532,192	3,785,569
163	Furniture, equipment & machinery - dwellings	-	-	-	-	-	-
164	Furniture, equipment & machinery - administration	-	6,467	-	-	-	-
165	Leasehold improvements	-	-	-	-	-	-
166	Accumulated depreciation	(570,122)	(1,270,327)	(5,183,570)	(53,357)	(328,286)	(2,423,931)
167	Work in progress	-	271,870	174	137,112	-	-
168	Infrastructure	-	1,315,518	2,829,237	-	593,430	758,293
160	Total capital assets, net of depreciation	2,914,242	4,407,373	8,066,703	1,499,077	5,363,461	2,182,077
171	Notes and mortgages receivable - non-current	-	-	-	-	-	-
174	Other assets	-	-	-	-	-	-
180	Total Noncurrent Assets	2,914,242	4,407,373	8,066,703	1,499,077	5,363,461	2,182,077
190	Total Assets	3,114,638	4,862,698	8,558,660	1,585,054	5,512,948	2,447,065
200	Deferred Outflows of Resources	15,397	11,300	35,346	2,549	13,021	21,049
290	Total Assets and Deferred Outflows of Resources	\$ 3,130,035	\$ 4,873,998	\$ 8,594,006	\$ 1,587,603	\$ 5,525,969	\$ 2,468,114
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts payable < 90 days	12,993	104,725	92,405	3,326	4,548	12,034
321	Accrued wage/payroll taxes payable	4,097	4,466	11,737	1,653	3,234	5,930
322	Accrued compensated absences	3,134	4,005	8,918	1,417	4,273	9,216
325	Accrued interest payable	-	-	-	-	-	-
332	Accounts Payable - PHA projects	-	-	-	-	-	-
341	Tenant security deposits	13,258	2,500	16,075	2,800	10,670	6,375
342	Unearned revenue	2,526	832	20,832	2,811	4,676	2,818
343	Current portion of L-T debt - capital projects	-	-	-	-	-	-
344	Current portion of L-T debt - operating borrowings	-	-	-	-	-	-
345	Other current liabilities	-	45,016	15,635	-	-	-
346	Accrued liabilities - other	-	-	-	-	-	-
310	Total Current Liabilities	36,008	161,544	165,602	12,007	27,401	36,373
351	Long-term debt, net of current - capital projects	-	-	-	-	-	-
352	Long-term debt, net of current - operating borrowings	-	-	-	-	-	-
353	Non-current liabilities- other	-	37	137	-	-	130
357	Accrued pension and OPEB liabilities	81,578	59,884	187,276	13,505	69,004	111,524
350	Total Noncurrent Liabilities	81,578	59,921	187,413	13,505	69,004	111,654
300	Total Liabilities	117,586	221,465	353,015	25,512	96,405	148,027
400	Deferred Inflows of Resources	1,450	1,065	3,330	240	1,227	1,983
508.4	Net Investment in Capital Assets	2,914,242	4,407,373	8,066,703	1,499,077	5,363,461	2,182,077
511.4	Restricted Net Position	-	-	-	-	33,558	-
512.4	Unrestricted Net Position	96,757	244,095	170,958	62,774	31,318	136,027
513	Total Equity - Net Assets/Position	3,010,999	4,651,468	8,237,661	1,561,851	5,428,337	2,318,104
600	Total Liabilities, Deferred Inflows of Resources, and Equity - Net Assets/Position	\$ 3,130,035	\$ 4,873,998	\$ 8,594,006	\$ 1,587,603	\$ 5,525,969	\$ 2,468,114

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Line Item #	Account Description	Seola Crossing WA002000340	Eastbridge WA002000341	Salmon Creek WA002000343	Zephyr WA002000344	Sixth Place Apartments WA002000345	Fairwind WA002000346
111	Cash - unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
113	Cash - other restricted	-	-	-	-	-	-
114	Cash - tenant security deposits	-	-	-	-	-	-
100	Total cash	-	-	-	-	-	-
121	AR - PHA projects	-	-	-	-	-	-
122	AR - HUD other projects	-	-	-	-	-	-
124	Accounts receivable - other government	-	-	-	-	-	-
125	Accounts receivable - miscellaneous	-	-	-	-	-	-
126	Accounts receivable- tenants	-	-	-	-	-	-
126.1	Allowance for doubtful accounts - tenants	-	-	-	-	-	-
127	Notes and mortgages receivable- current	-	-	-	-	-	-
129	Accrued interest receivable	-	-	-	-	-	-
120	Total receivables, net of allowances	-	-	-	-	-	-
131	Investments - unrestricted	-	-	-	-	-	-
132	Investments - restricted	-	-	-	-	-	-
142	Prepaid expenses and other assets	-	-	-	-	-	-
143	Inventories	-	-	-	-	-	-
150	Total Current Assets	-	-	-	-	-	-
161	Land	-	-	-	-	-	-
162	Buildings	-	-	-	-	-	-
163	Furniture, equipment & machinery - dwellings	-	-	-	-	-	-
164	Furniture, equipment & machinery - administration	-	-	-	-	-	-
165	Leasehold improvements	-	-	-	-	-	-
166	Accumulated depreciation	-	-	-	-	-	-
167	Work in progress	-	-	-	-	-	-
168	Infrastructure	-	-	-	-	-	-
160	Total capital assets, net of depreciation	-	-	-	-	-	-
171	Notes and mortgages receivable - non-current	-	-	-	-	-	-
174	Other assets	-	-	-	-	-	-
180	Total Noncurrent Assets	-	-	-	-	-	-
190	Total Assets	-	-	-	-	-	-
200	Deferred Outflows of Resources	-	-	-	-	-	-
290	Total Assets and Deferred Outflows of Resources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts payable < 90 days	-	-	-	-	-	-
321	Accrued wage/payroll taxes payable	-	-	-	-	-	-
322	Accrued compensated absences	-	-	-	-	-	-
325	Accrued interest payable	-	-	-	-	-	-
332	Accounts Payable - PHA projects	-	-	-	-	-	-
341	Tenant security deposits	-	-	-	-	-	-
342	Unearned revenue	-	-	-	-	-	-
343	Current portion of L-T debt - capital projects	-	-	-	-	-	-
344	Current portion of L-T debt - operating borrowings	-	-	-	-	-	-
345	Other current liabilities	-	-	-	-	-	-
346	Accrued liabilities - other	-	-	-	-	-	-
310	Total Current Liabilities	-	-	-	-	-	-
351	Long-term debt, net of current - capital projects	-	-	-	-	-	-
352	Long-term debt, net of current - operating borrowings	-	-	-	-	-	-
353	Non-current liabilities- other	-	-	-	-	-	-
357	Accrued pension and OPEB liabilities	-	-	-	-	-	-
350	Total Noncurrent Liabilities	-	-	-	-	-	-
300	Total Liabilities	-	-	-	-	-	-
400	Deferred Inflows of Resources	-	-	-	-	-	-
508.4	Net Investment in Capital Assets	-	-	-	-	-	-
511.4	Restricted Net Position	-	-	-	-	-	-
512.4	Unrestricted Net Position	-	-	-	-	-	-
513	Total Equity - Net Assets/Position	-	-	-	-	-	-
600	Total Liabilities, Deferred Inflows of Resources, and Equity - Net Assets/Position	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -



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Line Item #	Account Description	Boulevard Manor WA002000350	Yardley Arms WA002000352	Riverton Terrace WA002000354	Nia WA002000355	Valli Kee Homes WA002000401	Springwood Apartments WA002000402
111	Cash - unrestricted	\$ 294,050	\$ 200,112	\$ 134,947	\$ -	\$ 528,856	\$ -
112	Cash - restricted - modernization and development	-	-	-	-	-	-
113	Cash - other restricted	-	-	37,787	-	-	-
114	Cash - tenant security deposits	6,275	5,825	3,525	-	18,075	-
100	Total cash	300,325	205,937	176,259	-	546,931	-
121	AR - PHA projects	-	2,001	-	-	-	-
122	AR - HUD other projects	-	-	-	-	2,764	-
124	Accounts receivable - other government	-	-	-	-	-	-
125	Accounts receivable - miscellaneous	-	-	-	-	-	-
126	Accounts receivable- tenants	183	1,008	1,804	-	14,153	-
126.1	Allowance for doubtful accounts - tenants	-	(126)	(130)	-	(1,256)	-
127	Notes and mortgages receivable- current	-	-	-	-	-	-
129	Accrued interest receivable	-	-	-	-	-	-
120	Total receivables, net of allowances	183	2,883	1,674	-	15,661	-
131	Investments - unrestricted	-	-	-	-	-	-
132	Investments - restricted	-	-	-	-	-	-
142	Prepaid expenses and other assets	5,792	5,808	3,523	-	17,976	-
143	Inventories	-	-	-	-	-	-
150	Total Current Assets	306,300	214,628	181,456	-	580,568	-
161	Land	72,003	227,040	463,210	-	160,827	-
162	Buildings	5,630,170	5,343,557	3,487,260	-	16,333,748	-
163	Furniture, equipment & machinery - dwellings	-	-	-	-	-	-
164	Furniture, equipment & machinery - administration	-	-	-	-	26,394	-
165	Leasehold improvements	-	-	-	-	-	-
166	Accumulated depreciation	(2,575,737)	(2,594,494)	(972,907)	-	(5,238,973)	-
167	Work in progress	47,158	5,558	-	-	1,224,115	-
168	Infrastructure	877,549	160,031	-	-	2,397,137	-
160	Total capital assets, net of depreciation	4,051,143	3,141,692	2,977,563	-	14,903,248	-
171	Notes and mortgages receivable - non-current	-	-	-	-	-	-
174	Other assets	-	-	-	-	-	-
180	Total Noncurrent Assets	4,051,143	3,141,692	2,977,563	-	14,903,248	-
190	Total Assets	4,357,443	3,356,320	3,159,019	-	15,483,816	-
200	Deferred Outflows of Resources	22,001	19,113	9,591	-	44,988	-
290	Total Assets and Deferred Outflows of Resources	\$ 4,379,444	\$ 3,375,433	\$ 3,168,610	\$ -	\$ 15,528,804	\$ -
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts payable < 90 days	60,931	20,053	11,016	-	136,651	-
321	Accrued wage/payroll taxes payable	6,339	5,409	3,365	-	12,934	-
322	Accrued compensated absences	8,701	8,482	3,322	-	14,746	-
325	Accrued interest payable	-	-	-	-	-	-
332	Accounts Payable - PHA projects	-	-	-	-	-	-
341	Tenant security deposits	6,275	5,825	3,525	-	18,075	-
342	Unearned revenue	4,311	4,510	3,851	-	4,056	-
343	Current portion of L-T debt - capital projects	-	-	-	-	-	-
344	Current portion of L-T debt - operating borrowings	-	-	-	-	-	-
345	Other current liabilities	2,416	-	-	-	7,195	-
346	Accrued liabilities - other	-	-	-	-	-	-
310	Total Current Liabilities	88,973	44,279	25,079	-	193,657	-
351	Long-term debt, net of current - capital projects	-	-	-	-	-	-
352	Long-term debt, net of current - operating borrowings	-	-	-	-	-	-
353	Non-current liabilities- other	29	27	-	-	273	-
357	Accrued pension and OPEB liabilities	116,568	101,264	50,815	-	238,362	-
350	Total Noncurrent Liabilities	116,597	101,291	50,815	-	238,635	-
300	Total Liabilities	205,570	145,570	75,894	-	432,292	-
400	Deferred Inflows of Resources	2,073	1,800	903	-	4,238	-
508.4	Net Investment in Capital Assets	4,051,143	3,141,692	2,977,563	-	14,903,248	-
511.4	Restricted Net Position	-	-	37,787	-	-	-
512.4	Unrestricted Net Position	120,658	86,371	76,463	-	189,026	-
513	Total Equity - Net Assets/Position	4,171,801	3,228,063	3,091,813	-	15,092,274	-
600	Total Liabilities, Deferred Inflows of Resources, and Equity - Net Assets/Position	\$ 4,379,444	\$ 3,375,433	\$ 3,168,610	\$ -	\$ 15,528,804	\$ -

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Line Item #	Account Description	Cascade Apartments WA002000403	Shelcor WA002000409	Mardis Gras II WA002000450	Vantage Point WA002000452	Firwood Circle WA002000503	Burndale Homes WA002000504
111	Cash - unrestricted	\$ 364,046	\$ 88,560	\$ -	\$ -	\$ 334,621	\$ 485,118
112	Cash - restricted - modernization and development	-	-	-	-	-	-
113	Cash - other restricted	-	-	-	-	-	-
114	Cash - tenant security deposits	17,125	1,350	-	-	8,079	8,075
100	Total cash	381,171	89,910	-	-	342,700	493,193
121	AR - PHA projects	-	-	-	-	-	-
122	AR - HUD other projects	-	-	-	-	-	-
124	Accounts receivable - other government	-	-	-	-	-	-
125	Accounts receivable - miscellaneous	-	-	-	-	-	-
126	Accounts receivable- tenants	7,001	168	-	-	5,816	2,450
126.1	Allowance for doubtful accounts - tenants	(559)	(71)	-	-	(501)	(870)
127	Notes and mortgages receivable- current	-	-	-	-	-	-
129	Accrued interest receivable	-	-	-	-	-	-
120	Total receivables, net of allowances	6,442	97	-	-	5,315	1,580
131	Investments - unrestricted	-	-	-	-	-	-
132	Investments - restricted	-	-	-	-	-	-
142	Prepaid expenses and other assets	13,718	937	-	-	6,450	6,582
143	Inventories	-	-	-	-	-	-
150	Total Current Assets	401,331	90,944	-	-	354,465	501,355
161	Land	1,909,523	50,000	-	-	113,808	154,682
162	Buildings	12,689,963	1,032,793	-	-	6,435,363	5,518,662
163	Furniture, equipment & machinery - dwellings	-	-	-	-	-	-
164	Furniture, equipment & machinery - administration	7,303	7,143	-	-	14,189	13,320
165	Leasehold improvements	-	-	-	-	-	-
166	Accumulated depreciation	(4,029,664)	(310,679)	-	-	(2,529,428)	(2,324,898)
167	Work in progress	2,764	-	-	-	214,497	685,476
168	Infrastructure	352,940	-	-	-	1,699,059	1,510,483
160	Total capital assets, net of depreciation	10,932,829	779,257	-	-	5,947,488	5,557,725
171	Notes and mortgages receivable - non-current	-	-	-	-	-	-
174	Other assets	-	-	-	-	-	-
180	Total Noncurrent Assets	10,932,829	779,257	-	-	5,947,488	5,557,725
190	Total Assets	11,334,160	870,201	-	-	6,301,953	6,059,080
200	Deferred Outflows of Resources	52,350	2,548	-	-	21,685	22,472
290	Total Assets and Deferred Outflows of Resources	\$ 11,386,510	\$ 872,749	\$ -	\$ -	\$ 6,323,638	\$ 6,081,552
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts payable < 90 days	26,953	375	-	-	19,851	171,601
321	Accrued wage/payroll taxes payable	15,029	346	-	-	6,631	5,698
322	Accrued compensated absences	25,987	617	-	-	5,977	6,996
325	Accrued interest payable	-	-	-	-	-	-
332	Accounts Payable - PHA projects	-	-	-	-	-	-
341	Tenant security deposits	17,125	1,350	-	-	8,079	8,075
342	Unearned revenue	4,149	6	-	-	7,437	3,104
343	Current portion of L-T debt - capital projects	-	-	-	-	-	-
344	Current portion of L-T debt - operating borrowings	-	-	-	-	-	-
345	Other current liabilities	-	16,013	-	-	37,928	53,491
346	Accrued liabilities - other	-	-	-	-	-	-
310	Total Current Liabilities	89,243	18,707	-	-	85,903	248,965
351	Long-term debt, net of current - capital projects	-	-	-	-	-	-
352	Long-term debt, net of current - operating borrowings	-	-	-	-	-	-
353	Non-current liabilities- other	133	-	-	-	63	65
357	Accrued pension and OPEB liabilities	277,368	13,505	-	-	114,915	119,064
350	Total Noncurrent Liabilities	277,501	13,505	-	-	114,978	119,129
300	Total Liabilities	366,744	32,212	-	-	200,881	368,094
400	Deferred Inflows of Resources	4,932	240	-	-	2,043	2,117
508.4	Net Investment in Capital Assets	10,932,829	779,257	-	-	5,947,488	5,557,725
511.4	Restricted Net Position	-	-	-	-	-	-
512.4	Unrestricted Net Position	82,005	61,040	-	-	173,226	153,616
513	Total Equity - Net Assets/Position	11,014,834	840,297	-	-	6,120,714	5,711,341
600	Total Liabilities, Deferred Inflows of Resources, and Equity - Net Assets/Position	\$ 11,386,510	\$ 872,749	\$ -	\$ -	\$ 6,323,638	\$ 6,081,552

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Line Item #	Account Description	Wayland Arms	Plaza Seventeen II	Southridge House	Casa Madrona II	Subtotal	Elimination	Total Authority	COMPONENT UNITS - DISCRETELY PRESENTED
		WA002000550	WA002000551	WA002000552	WA002000553				
111	Cash - unrestricted	\$ 156,725	\$ -	\$ 264,477	\$ -	\$ 91,175,436	\$ -	\$ 91,175,436	\$ 8,112,935
112	Cash - restricted - modernization and development	-	-	-	-	-	-	-	-
113	Cash - other restricted	-	-	-	-	24,680,674	-	24,680,674	4,190,078
114	Cash - tenant security deposits	5,210	-	5,875	-	2,422,383	-	2,422,383	374,392
100	Total cash	161,935	-	270,352	-	118,278,493	-	118,278,493	12,677,405
121	AR - PHA projects	301	-	-	-	1,427,264	-	1,427,264	-
122	AR - HUD other projects	-	-	-	-	3,003,550	-	3,003,550	-
124	Accounts receivable - other government	-	-	-	-	831,583	-	831,583	-
125	Accounts receivable - miscellaneous	-	-	-	-	2,570,161	(1,262,433)	1,307,728	71,918
126	Accounts receivable- tenants	1,654	-	-	-	341,453	-	341,453	108,354
126.1	Allowance for doubtful accounts - tenants	(340)	-	-	-	(43,456)	-	(43,456)	(56)
127	Notes and mortgages receivable- current	-	-	-	-	9,403,623	(967,225)	8,436,398	-
129	Accrued interest receivable	-	-	-	-	1,784,694	-	1,784,694	-
120	Total receivables, net of allowances	1,615	-	-	-	19,318,872	(2,229,658)	17,089,214	180,216
131	Investments - unrestricted	-	-	-	-	49,021,163	-	49,021,163	364,490
132	Investments - restricted	-	-	-	-	12,395,977	-	12,395,977	-
142	Prepaid expenses and other assets	6,195	-	7,115	-	1,071,661	-	1,071,661	230,799
143	Inventories	-	-	-	-	150,135	-	150,135	-
150	Total Current Assets	169,745	-	277,467	-	200,236,301	(2,229,658)	198,006,643	13,452,910
161	Land	70,350	-	66,167	-	94,038,132	-	94,038,132	26,299,930
162	Buildings	4,761,722	-	7,933,702	-	500,769,988	-	500,769,988	388,784,200
163	Furniture, equipment & machinery - dwellings	-	-	-	-	35,400	-	35,400	12,213,286
164	Furniture, equipment & machinery - administration	-	-	-	-	7,835,032	-	7,835,032	116,112
165	Leasehold improvements	-	-	-	-	7,734,959	-	7,734,959	-
166	Accumulated depreciation	(1,958,063)	-	(3,451,838)	-	(183,050,980)	-	(183,050,980)	(81,461,746)
167	Work in progress	880	-	-	-	26,709,005	-	26,709,005	750,762
168	Infrastructure	127,940	-	146,656	-	28,031,051	-	28,031,051	16,438,358
160	Total capital assets, net of depreciation	3,002,829	-	4,694,687	-	482,102,587	-	482,102,587	363,140,902
171	Notes and mortgages receivable - non-current	-	-	-	-	361,044,935	(75,207,474)	285,837,461	-
174	Other assets	-	-	-	-	400,068	-	400,068	1,453,025
180	Total Noncurrent Assets	3,002,829	-	4,694,687	-	843,547,590	(75,207,474)	768,340,116	364,593,927
190	Total Assets	3,172,574	-	4,972,154	-	1,043,783,891	(77,437,132)	966,346,759	378,046,837
200	Deferred Outflows of Resources	16,242	-	24,019	-	5,504,492	-	5,504,492	-
290	Total Assets and Deferred Outflows of Resources	\$ 3,188,816	\$ -	\$ 4,996,173	\$ -	\$ 1,049,288,383	\$ (77,437,132)	\$ 971,851,251	\$ 378,046,837
311	Bank overdraft	-	-	-	-	-	-	-	-
312	Accounts payable < 90 days	11,682	-	10,615	-	5,590,469	-	5,590,469	1,315,183
321	Accrued wage/payroll taxes payable	4,375	-	6,367	-	1,222,715	-	1,222,715	7,746
322	Accrued compensated absences	5,262	-	24,874	-	2,324,089	-	2,324,089	-
325	Accrued interest payable	-	-	-	-	853,995	-	853,995	8,954,256
332	Accounts Payable - PHA projects	-	-	-	-	5,631	-	5,631	-
341	Tenant security deposits	5,210	-	5,875	-	2,422,383	-	2,422,383	374,392
342	Unearned revenue	2,569	-	1,249	-	8,639,965	-	8,639,965	65,844
343	Current portion of L-T debt - capital projects	-	-	-	-	7,004,273	(967,225)	6,037,048	491,891
344	Current portion of L-T debt - operating borrowings	-	-	-	-	7,206,696	-	7,206,696	-
345	Other current liabilities	-	-	-	-	2,156,799	(1,262,433)	894,366	9,711,878
346	Accrued liabilities - other	-	-	-	-	1,900,561	-	1,900,561	529,593
310	Total Current Liabilities	29,098	-	48,980	-	39,327,576	(2,229,658)	37,097,918	21,450,783
351	Long-term debt, net of current - capital projects	-	-	-	-	285,948,141	(40,013,183)	245,934,958	246,675,267
352	Long-term debt, net of current - operating borrowings	-	-	-	-	172,655,639	(35,005,003)	137,650,636	11,175,000
353	Non-current liabilities- other	39	-	34	-	3,365,162	(189,288)	3,175,874	12,662,868
357	Accrued pension and OPEB liabilities	86,053	-	127,262	-	24,508,531	-	24,508,531	-
350	Total Noncurrent Liabilities	86,092	-	127,296	-	486,477,473	(75,207,474)	411,269,999	270,513,135
300	Total Liabilities	115,190	-	176,276	-	525,805,049	(77,437,132)	448,367,917	291,963,918
400	Deferred Inflows of Resources	1,530	-	2,263	-	435,762	-	435,762	-
508.4	Net Investment in Capital Assets	3,002,829	-	4,694,687	-	189,150,173	-	189,150,173	115,973,744
511.4	Restricted Net Position	-	-	-	-	36,282,926	-	36,282,926	4,190,078
512.4	Unrestricted Net Position	69,267	-	122,947	-	297,614,473	-	297,614,473	(34,080,903)
513	Total Equity - Net Assets/Position	3,072,096	-	4,817,634	-	523,047,572	-	523,047,572	86,082,919
600	Total Liabilities, Deferred Inflows of Resources, and Equity - Net Assets/Position	\$ 3,188,816	\$ -	\$ 4,996,173	\$ -	\$ 1,049,288,383	\$ (77,437,132)	\$ 971,851,251	\$ 378,046,837

**Housing Authority of the County of King**  
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Statement of Revenues, Expenses, and Changes in Net Position  
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Line Item #	Account Description	14.CFP Capital Fund Program	14.HCV Section 8 Housing Choice Voucher	14.OPS Low Rent Public Housing	10.415 Rural Rental Housing Loans	10.427 Rural Rental Assistance Payments	14.191 Multifamily Housing Service Coordinator
70300	Net tenant rental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
70400	Tenant revenue - other	-	-	-	-	-	-
70500	Total tenant revenue	-	-	-	-	-	-
70600	HUD PHA Operating Grants	2,031,154	115,693,368	7,668,056	-	-	-
70610	Capital Grants	310,501	-	-	-	-	-
70710	Management Fee	-	-	-	-	-	-
70720	Asset Management Fee	-	-	-	-	-	-
70730	Book-keeping Fee	-	-	-	-	-	-
70750	Other Fees	-	-	-	-	-	-
70700	Total Fee Revenue	-	-	-	-	-	-
70800	Other Government Grants	-	-	-	60,297	532,899	-
71100	Investment Income - unrestricted	-	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-	-
71310	Cost of Sale of Assets	-	-	-	-	-	-
71400	Fraud Recovery	-	-	-	-	-	-
71500	Other Revenue	-	-	-	-	-	-
71600	Gain (loss) on the sale of capital assets	-	-	-	-	-	-
72000	Investment income - restricted	-	-	-	-	-	-
70000	Total Revenue	2,341,655	115,693,368	7,668,056	60,297	532,899	-
91100	Administrative salaries	-	-	-	-	-	-
91200	Auditing fees	-	-	-	-	-	-
91300	Management fees	-	-	-	-	-	-
91310	Book-keeping Fee	-	-	-	-	-	-
91400	Advertising and Marketing	-	-	-	-	-	-
91500	Employee benefit contributions - administrative	-	-	-	-	-	-
91600	Office Expenses	-	-	-	-	-	-
91700	Legal expense	-	-	-	-	-	-
91800	Travel	-	-	-	-	-	-
91900	Other	-	-	-	-	-	-
91000	Total Operating - Administrative	-	-	-	-	-	-
92000	Asset Management Fee	-	-	-	-	-	-
92100	Tenant services - salaries	-	-	-	-	-	-
92200	Relocation costs	-	-	-	-	-	-
92300	Employee benefits	-	-	-	-	-	-
92400	Tenant services - other	-	-	-	-	-	-
92500	Total Tenant Services	-	-	-	-	-	-
93100	Water	-	-	-	-	-	-
93200	Electricity	-	-	-	-	-	-
93300	Gas	-	-	-	-	-	-
93400	Fuel	-	-	-	-	-	-
93600	Sewer	-	-	-	-	-	-
93800	Other utilities expense	-	-	-	-	-	-
93000	Total Utilities	-	-	-	-	-	-
94100	Ordinary maintenance and operations - labor	-	-	-	-	-	-
94200	Ordinary maintenance and operations - material and other	-	-	-	-	-	-
94300	Ordinary maintenance and operations - contracts	-	-	-	-	-	-
94500	Employee benefit contributions - ordinary maintenance	-	-	-	-	-	-
94000	Total Maintenance	-	-	-	-	-	-
95100	Protective services - labor	-	-	-	-	-	-
95200	Other contract costs	-	-	-	-	-	-
95000	Total Protective Services	-	-	-	-	-	-
96110	Property Insurance	-	-	-	-	-	-
96120	Liability Insurance	-	-	-	-	-	-
96130	Workmen's compensation	-	-	-	-	-	-
96100	Total Insurance Premiums	-	-	-	-	-	-

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Line Item #	Account Description	14.CFP Capital Fund Program	14.HCV Section 8 Housing Choice Voucher	14.OPS Low Rent Public Housing	10.415 Rural Rental Housing Loans	10.427 Rural Rental Assistance Payments	14.191 Multifamily Housing Service Coordinator
96200	Other General Expenses	-	-	-	-	-	-
96210	Compensated absences	-	-	-	-	-	-
96300	Payments in lieu of taxes	-	-	-	-	-	-
96800	Severance expense	-	-	-	-	-	-
96000	Total Other General Expenses	-	-	-	-	-	-
96710	Interest on mortgage (or bonds) payable	-	-	-	-	-	-
96720	Interest on notes payable (short and long term)	-	-	-	-	-	-
96700	Total interest expense and amortization cost	-	-	-	-	-	-
96900	Total Operating Expenses	-	-	-	-	-	-
97000	Excess Operating Revenue over Operating Expenses	2,341,655	115,693,368	7,668,056	60,297	532,899	-
97200	Casualty losses - non-capitalized	-	-	-	-	-	-
97300	Housing assistance payments	-	-	-	-	-	-
97350	HAP Portability-In	-	-	-	-	-	-
97400	Depreciation expense	-	-	-	-	-	-
90000	Total Expenses	-	-	-	-	-	-
10010	Operating transfers in	-	-	-	35,789	-	-
10020	Operating transfers out	(2,341,655)	(115,693,368)	(7,668,056)	(60,297)	(532,899)	-
10100	Total Other Financing Sources	(2,341,655)	(115,693,368)	(7,668,056)	(24,508)	(532,899)	-
10000	Excess (Deficiency) Of Total Revenue Over (Under) Total Expenses	\$ -	\$ -	\$ -	\$ 35,789	\$ -	\$ -
11020	Required annual debt principal payments	-	-	-	32,210	-	-
11030	Beginning of year equity	-	-	-	(1,016,893)	-	2,558
11040	Prior period adjustments, equity transfers	-	-	-	-	-	(2,558)
11170	Administrative Fee Equity	-	-	-	-	-	-
11180	Housing Assistance Fee Equity	-	-	-	-	-	-
11190	Unit Months Available	-	-	-	-	-	-
11210	Number of unit months leased	-	-	-	-	-	-
11270	Excess cash	-	-	-	-	-	-
11620	Building Purchases	-	-	-	-	-	-

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Line Item #	Account Description	14.195 Section 8 - Special Allocation	14.218 Community Development Block Grants/Entitlement Grants	14.856 Section 8 - Moderate Rehabilitation	14.870 Resident Opportunity and Supportive Services - Service Coordinators	14.871 Section 8 Housing Choice Vouchers	14.879 Mainstream Vouchers
70300	Net tenant rental revenue	\$ 201,180	\$ -	\$ -	\$ -	\$ -	\$ -
70400	Tenant revenue - other	8,614	-	-	-	-	-
70500	Total tenant revenue	209,794	-	-	-	-	-
70600	HUD PHA Operating Grants	394,726	-	101,272	57,751	9,213,848	3,009,945
70610	Capital Grants	-	-	-	-	-	-
70710	Management Fee	-	-	-	-	-	-
70720	Asset Management Fee	-	-	-	-	-	-
70730	Book-keeping Fee	-	-	-	-	-	-
70750	Other Fees	-	-	-	-	-	-
70700	Total Fee Revenue	-	-	-	-	-	-
70800	Other Government Grants	-	431,770	-	-	-	-
71100	Investment Income - unrestricted	-	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-	-
71310	Cost of Sale of Assets	-	-	-	-	-	-
71400	Fraud Recovery	-	-	-	-	5,592	817
71500	Other Revenue	1,385	18,023	-	-	29,773,947	1
71600	Gain (loss) on the sale of capital assets	-	-	-	-	-	-
72000	Investment income - restricted	37	-	-	-	-	-
70000	Total Revenue	605,942	449,793	101,272	57,751	38,993,387	3,010,763
91100	Administrative salaries	60,543	36,134	1,257	-	314,179	133,796
91200	Auditing fees	-	-	34	-	-	777
91300	Management fees	41,300	-	2,160	-	116,352	49,020
91310	Book-keeping Fee	-	-	1,350	-	72,720	30,638
91400	Advertising and Marketing	-	-	-	-	-	-
91500	Employee benefit contributions - administrative	36,375	10,606	162	-	120,508	49,595
91600	Office Expenses	1,506	-	263	-	23,304	6,696
91700	Legal expense	1,929	-	-	-	2,044	849
91800	Travel	715	-	3	-	1,746	731
91900	Other	9,988	-	186	-	109,761	34,096
91000	Total Operating - Administrative	152,356	46,740	5,415	-	760,614	306,198
92000	Asset Management Fee	-	-	-	-	-	-
92100	Tenant services - salaries	-	-	-	7,670	-	-
92200	Relocation costs	-	-	-	-	-	-
92300	Employee benefits	2,288	-	-	4,452	-	-
92400	Tenant services - other	2	-	-	57,751	52	22
92500	Total Tenant Services	2,290	-	-	69,873	52	22
93100	Water	7,044	-	-	-	223	135
93200	Electricity	4,016	-	-	-	1,202	716
93300	Gas	-	-	-	-	-	-
93400	Fuel	-	-	-	-	-	-
93600	Sewer	15,368	-	-	-	98	61
93800	Other utilities expense	22,969	-	-	-	276	151
93000	Total Utilities	49,397	-	-	-	1,799	1,063
94100	Ordinary maintenance and operations - labor	47,881	-	-	-	39	17
94200	Ordinary maintenance and operations - material and other	7,116	365,907	1	-	351	156
94300	Ordinary maintenance and operations - contracts	45,147	-	-	-	4,549	2,277
94500	Employee benefit contributions - ordinary maintenance	24,054	-	-	-	-	699
94000	Total Maintenance	124,197	365,907	1	-	4,939	3,149
95100	Protective services - labor	-	-	-	-	-	-
95200	Other contract costs	-	-	-	-	-	-
95000	Total Protective Services	-	-	-	-	-	-
96110	Property Insurance	2,968	-	3	-	277	147
96120	Liability Insurance	2,999	-	10	-	4,666	1,974
96130	Workmen's compensation	1,896	107	4	31	1,042	444
96100	Total Insurance Premiums	7,863	107	17	31	5,985	2,565

**Housing Authority of the County of King**  
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Line		14.195 Section 8 -	14.218 Community	14.856 Section	14.870 Resident	14.871 Section 8	14.879 Mainstream
Item #	Account Description	Special Allocation	Development Block Grants/Entitlement Grants	8 - Moderate Rehabilitation	Opportunity and Supportive Services - Service Coordinators	Housing Choice Vouchers	Vouchers
96200	Other General Expenses	-	-	1	-	-	-
96210	Compensated absences	9,319	-	-	824	-	-
96300	Payments in lieu of taxes	-	-	-	-	-	-
96800	Severance expense	1,382	-	-	-	-	-
96000	Total Other General Expenses	10,701	-	1	824	-	-
96710	Interest on mortgage (or bonds) payable	-	-	-	-	-	-
96720	Interest on notes payable (short and long term)	72,162	-	-	-	-	-
96700	Total interest expense and amortization cost	72,162	-	-	-	-	-
96900	Total Operating Expenses	418,967	412,754	5,434	70,728	773,389	312,997
97000	Excess Operating Revenue over Operating Expenses	186,975	37,039	95,838	(12,977)	38,219,998	2,697,766
97200	Casualty losses - non-capitalized	-	-	-	-	-	-
97300	Housing assistance payments	-	-	84,618	-	7,958,838	2,658,584
97350	HAP Portability-In	-	-	-	-	29,773,947	-
97400	Depreciation expense	21,967	-	-	-	-	-
90000	Total Expenses	440,934	412,754	90,052	70,728	38,506,174	2,971,581
10010	Operating transfers in	-	-	-	14,004	1,391,615	174,991
10020	Operating transfers out	-	(14,919)	-	-	-	-
10100	Total Other Financing Sources	-	(14,919)	-	14,004	1,391,615	174,991
10000	Excess (Deficiency) Of Total Revenue Over (Under) Total Expenses	\$ 165,008	\$ 22,120	\$ 11,220	\$ 1,027	\$ 1,878,828	\$ 214,173
11020	Required annual debt principal payments	-	-	-	-	-	-
11030	Beginning of year equity	559,961	114,843	93,639	(11,342)	319,894	584,768
11040	Prior period adjustments, equity transfers	-	-	-	9,489	(41,052)	(271,344)
11170	Administrative Fee Equity	-	-	-	-	1,485,036	-
11180	Housing Assistance Fee Equity	-	-	-	-	672,634	-
11190	Unit Months Available	492	-	-	-	11,284	-
11210	Number of unit months leased	479	-	-	-	9,862	-
11270	Excess cash	-	-	-	-	-	-
11620	Building Purchases	-	-	-	-	-	-

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Line		14.881 Moving-To- Work Demonstration Program	14.896 Family Self Sufficiency Program	State/Local Programs	Business Activities	81.042 Weatherization Assistance for Low Income Persons	93.568 Low Income Home Energy Assistance
Item #	Account Description						
70300	Net tenant rental revenue	\$ -	\$ -	\$ -	\$ 58,959,051	\$ -	\$ -
70400	Tenant revenue - other	-	-	-	1,946,333	-	-
70500	Total tenant revenue	-	-	-	60,905,384	-	-
70600	HUD PHA Operating Grants	-	329,785	-	-	-	-
70610	Capital Grants	-	-	-	-	-	-
70710	Management Fee	-	-	-	-	-	-
70720	Asset Management Fee	-	-	-	-	-	-
70730	Book-keeping Fee	-	-	-	-	-	-
70750	Other Fees	-	-	-	-	-	-
70700	Total Fee Revenue	-	-	-	-	-	-
70800	Other Government Grants	54,759	-	3,059,202	1,084,961	765,041	1,160,036
71100	Investment Income - unrestricted	-	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	3,221,784	-	-
71310	Cost of Sale of Assets	-	-	-	(2,443,758)	-	-
71400	Fraud Recovery	71,202	-	-	-	-	-
71500	Other Revenue	2,063,803	-	187,081	13,582,108	-	-
71600	Gain (loss) on the sale of capital assets	-	-	-	23,696,444	-	-
72000	Investment income - restricted	365,728	-	-	10,715,363	-	-
70000	Total Revenue	2,555,492	329,785	3,246,283	110,762,286	765,041	1,160,036
91100	Administrative salaries	4,530,635	-	637,373	5,827,477	7,660	3,398
91200	Auditing fees	25,443	-	2,100	21,665	-	-
91300	Management fees	1,604,172	-	-	2,631,593	-	-
91310	Book-keeping Fee	1,002,390	-	-	617,626	-	-
91400	Advertising and Marketing	607	-	1,251	206,812	-	-
91500	Employee benefit contributions - administrative	1,974,873	49,016	227,591	3,132,431	2,875	967
91600	Office Expenses	373,449	-	17,118	404,520	4,894	11,200
91700	Legal expense	36,291	-	2,093	184,892	-	-
91800	Travel	79,220	-	1,351	16,614	1,855	126
91900	Other	1,073,442	-	81,524	5,879,404	5,963	363
91000	Total Operating - Administrative	10,700,522	49,016	970,401	18,923,034	23,247	16,054
92000	Asset Management Fee	-	-	-	1,047,220	-	-
92100	Tenant services - salaries	1,938,504	171,941	-	42,602	-	-
92200	Relocation costs	126,125	-	-	13,275	-	-
92300	Employee benefits	787,972	25,370	1,397	51,363	-	-
92400	Tenant services - other	3,763,081	86,485	481,236	184,167	-	-
92500	Total Tenant Services	6,615,682	283,796	482,633	291,407	-	-
93100	Water	3,244	-	681	1,704,778	-	-
93200	Electricity	16,638	-	3,120	736,437	-	-
93300	Gas	-	-	-	39,067	-	-
93400	Fuel	-	-	-	5,312	-	-
93600	Sewer	1,461	-	306	2,813,886	-	-
93800	Other utilities expense	3,812	-	669	1,731,197	-	-
93000	Total Utilities	25,155	-	4,776	7,030,677	-	-
94100	Ordinary maintenance and operations - labor	484	-	15	3,655,262	-	-
94200	Ordinary maintenance and operations - material and other	4,758	-	2,048,617	7,865,041	594,863	857,166
94300	Ordinary maintenance and operations - contracts	62,553	-	7,450	2,740,522	-	-
94500	Employee benefit contributions - ordinary maintenance	82,016	-	2,032	44,646	-	-
94000	Total Maintenance	149,811	-	2,058,114	14,305,471	594,863	857,166
95100	Protective services - labor	-	-	-	-	-	-
95200	Other contract costs	-	-	-	218,715	-	-
95000	Total Protective Services	-	-	-	218,715	-	-
96110	Property Insurance	3,882	-	466	527,886	-	-
96120	Liability Insurance	67,081	-	5,217	363,769	-	-
96130	Workmen's compensation	22,632	602	1,753	225,908	24	8
96100	Total Insurance Premiums	93,595	602	7,436	1,117,563	24	8



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Line Item #	Account Description	14.881 Moving-To- Work Demonstration Program	14.896 Family Self Sufficiency Program	State/Local Programs	Business Activities	81.042 Weatherization Assistance for Low Income Persons	93.568 Low Income Home Energy Assistance
96200	Other General Expenses	42,357	-	254	3,580,393	-	-
96210	Compensated absences	567,673	4,669	63,261	423,145	-	-
96300	Payments in lieu of taxes	-	-	-	224,291	-	-
96800	Severance expense	32,138	-	1,565	9,010	-	-
96000	Total Other General Expenses	642,168	4,669	65,080	4,236,839	-	-
96710	Interest on mortgage (or bonds) payable	-	-	-	4,372,852	-	-
96720	Interest on notes payable (short and long term)	-	-	-	5,873,576	-	-
96700	Total interest expense and amortization cost	-	-	-	10,246,428	-	-
96900	Total Operating Expenses	18,226,933	338,083	3,588,440	57,417,354	618,134	873,228
97000	Excess Operating Revenue over Operating Expenses	(15,671,441)	(8,298)	(342,157)	53,344,932	146,907	286,808
97200	Casualty losses - non-capitalized	-	-	-	146,766	-	-
97300	Housing assistance payments	84,149,647	-	-	-	-	-
97350	HAP Portability-In	-	-	-	-	-	-
97400	Depreciation expense	-	-	-	8,646,572	-	-
90000	Total Expenses	102,376,580	338,083	3,588,440	66,210,692	618,134	873,228
10010	Operating transfers in	125,886,752	-	1,459,291	36,256,701	100,047	-
10020	Operating transfers out	(28,950,045)	-	(637,150)	(26,636,016)	(149,936)	(295,485)
10100	Total Other Financing Sources	96,936,707	-	822,141	9,620,685	(49,889)	(295,485)
10000	Excess (Deficiency) Of Total Revenue Over (Under) Total Expenses	\$ (2,884,381)	\$ (8,298)	\$ 479,984	\$ 54,172,279	\$ 97,018	\$ (8,677)
11020	Required annual debt principal payments	-	-	-	16,737,823	-	-
11030	Beginning of year equity	37,180,558	17,728	(813,559)	296,227,628	28,814	191,244
11040	Prior period adjustments, equity transfers	325,143	(9,489)	-	(9,249,035)	-	-
11170	Administrative Fee Equity	-	-	-	-	-	-
11180	Housing Assistance Fee Equity	-	-	-	-	-	-
11190	Unit Months Available	97,308	-	-	80,400	-	-
11210	Number of unit months leased	99,151	-	-	79,274	-	-
11270	Excess cash	-	-	-	-	-	-
11620	Building Purchases	-	-	-	-	-	-

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Line Item #	Account Description	94.006 Americorp	COMPONENT UNITS - BLENDED	COCC	Other Projects	Ballinger Homes WA002000101	Park Royal Apartments WA002000105
70300	Net tenant rental revenue	\$ -	\$ 3,499,857	\$ -	\$ 104,033	\$ 560,155	\$ 58,221
70400	Tenant revenue - other	-	-	-	2,239	15,198	3,387
70500	Total tenant revenue	-	3,499,857	-	106,272	575,353	61,608
70600	HUD PHA Operating Grants	-	-	-	-	-	-
70610	Capital Grants	-	-	-	-	-	-
70710	Management Fee	-	-	4,654,052	-	-	-
70720	Asset Management Fee	-	-	342,480	-	-	-
70730	Book-keeping Fee	-	-	1,409,818	-	-	-
70750	Other Fees	-	-	728,966	-	-	-
70700	Total Fee Revenue	-	-	7,135,316	-	-	-
70800	Other Government Grants	-	-	-	-	-	-
71100	Investment Income - unrestricted	-	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-	-
71310	Cost of Sale of Assets	-	-	-	-	-	-
71400	Fraud Recovery	-	-	-	-	-	-
71500	Other Revenue	-	3,209,398	3,978,884	141,660	4,973	1,694
71600	Gain (loss) on the sale of capital assets	-	-	21,551	-	-	-
72000	Investment income - restricted	-	-	10,136	2,006	3,280	65
70000	Total Revenue	-	6,709,255	11,145,887	249,938	583,606	63,367
91100	Administrative salaries	-	206,731	4,969,220	38,327	96,279	14,982
91200	Auditing fees	-	1,293	24,154	-	3,833	630
91300	Management fees	-	144,532	-	25,533	166,655	21,058
91310	Book-keeping Fee	-	-	-	4,155	11,813	2,040
91400	Advertising and Marketing	-	16,639	17,811	-	-	-
91500	Employee benefit contributions - administrative	-	67,527	1,257,701	26,197	49,310	6,174
91600	Office Expenses	-	51,764	531,897	1,624	5,523	2,012
91700	Legal expense	-	14,798	30,122	1,014	1,820	120
91800	Travel	-	70	319,919	11	3,287	185
91900	Other	-	1,190	1,273,885	14,959	22,439	3,642
91000	Total Operating - Administrative	-	504,544	8,424,709	111,820	360,959	50,843
92000	Asset Management Fee	-	-	-	5,460	16,800	2,760
92100	Tenant services - salaries	-	-	-	-	-	-
92200	Relocation costs	-	-	-	-	-	-
92300	Employee benefits	-	-	-	-	-	-
92400	Tenant services - other	-	-	147	-	510	60
92500	Total Tenant Services	-	-	147	-	510	60
93100	Water	-	59,915	7,856	16,690	65,754	5,587
93200	Electricity	-	72,081	60,578	13,534	15,207	2,022
93300	Gas	-	31,727	358	1,268	-	-
93400	Fuel	-	-	-	-	-	-
93600	Sewer	-	125,788	4,644	16,683	77,112	9,297
93800	Other utilities expense	-	46,267	13,429	11,707	73,099	6,002
93000	Total Utilities	-	335,778	86,865	59,882	231,172	22,908
94100	Ordinary maintenance and operations - labor	-	148,639	1,507,831	60,752	152,927	19,897
94200	Ordinary maintenance and operations - material and other	-	469,903	41,476	-	30,212	28,219
94300	Ordinary maintenance and operations - contracts	-	-	84,539	34,203	35,135	24,334
94500	Employee benefit contributions - ordinary maintenance	-	-	1,306,308	-	49,733	6,135
94000	Total Maintenance	-	618,542	2,940,154	94,955	268,007	78,585
95100	Protective services - labor	-	-	-	-	-	-
95200	Other contract costs	-	-	-	-	-	-
95000	Total Protective Services	-	-	-	-	-	-
96110	Property Insurance	-	55,860	8,994	3,799	16,892	1,838
96120	Liability Insurance	-	-	158,778	3,488	9,761	1,386
96130	Workmen's compensation	-	-	72,338	1,694	6,484	666
96100	Total Insurance Premiums	-	55,860	240,110	8,981	33,137	3,890

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Line Item #	Account Description	94.006 Americorp	COMPONENT UNITS - BLENDED	COCC	Other Projects	Ballinger Homes WA002000101	Park Royal Apartments WA002000105
96200	Other General Expenses	-	222,370	11,942	-	228	463
96210	Compensated absences	-	-	806,093	-	20,087	1,934
96300	Payments in lieu of taxes	-	-	-	561	17,797	-
96800	Severance expense	-	-	155,757	-	1,602	-
96000	Total Other General Expenses	-	222,370	973,792	561	39,714	2,397
96710	Interest on mortgage (or bonds) payable	-	706,989	-	-	-	-
96720	Interest on notes payable (short and long term)	-	997,968	-	-	2,148	-
96700	Total interest expense and amortization cost	-	1,704,957	-	-	2,148	-
96900	Total Operating Expenses	-	3,442,051	12,665,777	281,659	952,447	161,443
97000	Excess Operating Revenue over Operating Expenses	-	3,267,204	(1,519,890)	(31,721)	(368,841)	(98,076)
97200	Casualty losses - non-capitalized	-	-	684	-	-	-
97300	Housing assistance payments	-	-	-	-	-	-
97350	HAP Portability-In	-	-	-	-	-	-
97400	Depreciation expense	-	2,577,790	945,413	95,091	393,243	56,992
90000	Total Expenses	-	6,019,841	13,611,874	376,750	1,345,690	218,435
10010	Operating transfers in	-	-	3,460,134	185,721	971,361	132,980
10020	Operating transfers out	-	-	(64,732)	(836,803)	(104,057)	(2,950)
10100	Total Other Financing Sources	-	-	3,395,402	(651,082)	867,304	130,030
10000	Excess (Deficiency) Of Total Revenue Over (Under) Total Expenses	\$ -	\$ 689,414	\$ 929,415	\$ (777,894)	\$ 105,220	\$ (25,038)
11020	Required annual debt principal payments	-	518,060	-	-	26,829	-
11030	Beginning of year equity	12,747	17,882,444	7,611,151	-	8,430,496	1,786,053
11040	Prior period adjustments, equity transfers	(12,747)	4,233,388	2,558	7,735,805	-	-
11170	Administrative Fee Equity	-	-	-	-	-	-
11180	Housing Assistance Fee Equity	-	-	-	-	-	-
11190	Unit Months Available	-	-	-	570	1,625	264
11210	Number of unit months leased	-	-	-	570	1,597	263
11270	Excess cash	-	-	-	424,909	300,899	61,724
11620	Building Purchases	-	-	-	-	-	-

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Line		Paramount	The Lake	Northridge II	Westminster	Forest Glen	College Place
Item #	Account Description	House II	House				
		WA002000150	WA002000152	WA002000153	WA002000156	WA002000201	WA002000203
70300	Net tenant rental revenue	\$ -	\$ 339,818	\$ 354,142	\$ 250,044	\$ 66,109	\$ 427,835
70400	Tenant revenue - other	-	9,156	4,574	15,596	2,359	13,825
70500	Total tenant revenue	-	348,974	358,716	265,640	68,468	441,660
70600	HUD PHA Operating Grants	-	-	-	-	-	-
70610	Capital Grants	-	-	-	-	-	-
70710	Management Fee	-	-	-	-	-	-
70720	Asset Management Fee	-	-	-	-	-	-
70730	Book-keeping Fee	-	-	-	-	-	-
70750	Other Fees	-	-	-	-	-	-
70700	Total Fee Revenue	-	-	-	-	-	-
70800	Other Government Grants	-	-	-	-	-	-
71100	Investment Income - unrestricted	-	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-	-
71310	Cost of Sale of Assets	-	-	-	-	-	-
71400	Fraud Recovery	-	-	-	-	-	-
71500	Other Revenue	-	4,061	2,860	935	1,004	5,188
71600	Gain (loss) on the sale of capital assets	-	-	-	-	-	-
72000	Investment income - restricted	-	2,131	2,262	726	753	2,586
70000	Total Revenue	-	355,166	363,838	267,301	70,225	449,434
91100	Administrative salaries	-	84,905	76,896	34,771	18,866	74,174
91200	Auditing fees	-	3,833	3,838	1,644	1,097	2,767
91300	Management fees	-	194,514	167,724	86,789	271,573	134,131
91310	Book-keeping Fee	-	12,510	12,360	4,950	3,458	9,060
91400	Advertising and Marketing	-	-	-	-	-	-
91500	Employee benefit contributions - administrative	-	34,911	6,324	31,738	16,902	33,795
91600	Office Expenses	-	5,745	4,485	1,223	1,783	3,531
91700	Legal expense	-	1,346	3,265	6,869	5,244	4,071
91800	Travel	-	647	105	155	353	837
91900	Other	-	16,374	17,684	11,217	5,519	19,919
91000	Total Operating - Administrative	-	354,785	292,681	179,356	324,795	282,285
92000	Asset Management Fee	-	16,800	16,800	10,800	4,800	12,120
92100	Tenant services - salaries	-	-	-	-	-	-
92200	Relocation costs	-	-	-	-	-	-
92300	Employee benefits	-	-	-	-	-	-
92400	Tenant services - other	-	533	375	155	103	284
92500	Total Tenant Services	-	533	375	155	103	284
93100	Water	-	30,891	24,714	10,871	4,390	50,540
93200	Electricity	-	24,775	27,500	44,459	7,711	9,360
93300	Gas	-	-	5,188	4,149	-	-
93400	Fuel	-	-	-	-	-	-
93600	Sewer	-	51,088	43,445	15,358	6,399	58,720
93800	Other utilities expense	-	27,931	32,683	33,135	13,783	50,460
93000	Total Utilities	-	134,685	133,530	107,972	32,283	169,080
94100	Ordinary maintenance and operations - labor	-	105,475	77,005	37,559	33,066	112,462
94200	Ordinary maintenance and operations - material and other	-	44,504	48,805	18,399	7,808	116,594
94300	Ordinary maintenance and operations - contracts	-	109,835	64,094	37,062	18,727	30,319
94500	Employee benefit contributions - ordinary maintenance	-	38,255	24,618	0	(0)	45,828
94000	Total Maintenance	-	298,069	214,522	93,020	59,601	305,203
95100	Protective services - labor	-	-	-	-	-	-
95200	Other contract costs	-	10,640	-	-	-	-
95000	Total Protective Services	-	10,640	-	-	-	-
96110	Property Insurance	-	7,745	10,948	3,108	1,879	9,114
96120	Liability Insurance	-	7,881	7,926	3,703	2,249	7,055
96130	Workmen's compensation	-	3,566	3,099	1,615	1,585	5,461
96100	Total Insurance Premiums	-	19,192	21,973	8,426	5,713	21,630

**Housing Authority of the County of King**  
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For the 12 Month Period Ending December 31 , 2016

Line Item #	Account Description	Paramount House II WA002000150	The Lake House WA002000152	Northridge II WA002000153	Westminster WA002000156	Forest Glen WA002000201	College Place WA002000203
96200	Other General Expenses	-	2,898	2,874	1,170	824	2,150
96210	Compensated absences	-	14,864	20,864	6,061	11,165	13,818
96300	Payments in lieu of taxes	-	14,402	14,320	5,885	-	-
96800	Severance expense	-	-	4,586	-	-	-
96000	Total Other General Expenses	-	32,164	42,644	13,116	11,989	15,968
96710	Interest on mortgage (or bonds) payable	-	-	-	-	-	-
96720	Interest on notes payable (short and long term)	-	819	843	-	102	1,634
96700	Total interest expense and amortization cost	-	819	843	-	102	1,634
96900	Total Operating Expenses	-	867,687	723,368	412,845	439,386	808,204
97000	Excess Operating Revenue over Operating Expenses	-	(512,521)	(359,530)	(145,544)	(369,161)	(358,770)
97200	Casualty losses - non-capitalized	-	2,080	-	-	7,722	-
97300	Housing assistance payments	-	-	-	-	-	-
97350	HAP Portability-In	-	-	-	-	-	-
97400	Depreciation expense	-	296,995	376,181	99,056	98,814	324,553
90000	Total Expenses	-	1,166,762	1,099,549	511,901	545,922	1,132,757
10010	Operating transfers in	-	1,250,530	914,498	472,215	3,001,705	845,631
10020	Operating transfers out	-	(4,788)	(75,320)	(3,131)	(1,719)	(58,444)
10100	Total Other Financing Sources	-	1,245,742	839,178	469,084	2,999,986	787,187
10000	Excess (Deficiency) Of Total Revenue Over (Under) Total Expenses	\$ -	\$ 434,146	\$ 103,467	\$ 224,484	\$ 2,524,289	\$ 103,864
11020	Required annual debt principal payments	-	10,806	13,414	-	6,894	25,525
11030	Beginning of year equity	-	6,012,383	7,108,192	1,273,285	2,127,179	8,133,797
11040	Prior period adjustments, equity transfers	-	-	-	1,513,230	-	-
11170	Administrative Fee Equity	-	-	-	-	-	-
11180	Housing Assistance Fee Equity	-	-	-	-	-	-
11190	Unit Months Available	-	1,673	1,672	534	421	1,208
11210	Number of unit months leased	-	1,668	1,651	521	344	1,207
11270	Excess cash	-	273,977	268,315	126,225	255,035	249,085
11620	Building Purchases	-	-	-	-	-	-

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Line Item #	Account Description	Kirkland Place WA002000210	Island Crest WA002000213	Casa Juanita WA002000251	Seola Crossing WA002000340	Eastbridge WA002000341	Salmon Creek WA002000343
70300	Net tenant rental revenue	\$ 55,865	\$ 178,790	\$ 223,276	\$ -	\$ -	\$ -
70400	Tenant revenue - other	1,860	4,322	11,289	-	-	-
70500	Total tenant revenue	57,725	183,112	234,565	-	-	-
70600	HUD PHA Operating Grants	-	-	-	-	-	-
70610	Capital Grants	-	-	-	-	-	-
70710	Management Fee	-	-	-	-	-	-
70720	Asset Management Fee	-	-	-	-	-	-
70730	Book-keeping Fee	-	-	-	-	-	-
70750	Other Fees	-	-	-	-	-	-
70700	Total Fee Revenue	-	-	-	-	-	-
70800	Other Government Grants	-	-	-	-	-	-
71100	Investment Income - unrestricted	-	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-	-
71310	Cost of Sale of Assets	-	-	-	-	-	-
71400	Fraud Recovery	-	-	-	-	-	-
71500	Other Revenue	238	743	1,655	-	-	-
71600	Gain (loss) on the sale of capital assets	-	-	-	-	-	-
72000	Investment income - restricted	355	635	1,582	-	-	-
70000	Total Revenue	58,318	184,490	237,802	-	-	-
91100	Administrative salaries	5,450	37,743	47,242	-	-	-
91200	Auditing fees	247	819	2,190	-	-	-
91300	Management fees	17,816	38,924	74,871	-	-	-
91310	Book-keeping Fee	698	1,530	7,155	-	-	-
91400	Advertising and Marketing	-	-	-	-	-	-
91500	Employee benefit contributions - administrative	411	15,493	11,705	-	-	-
91600	Office Expenses	296	1,131	3,218	-	-	-
91700	Legal expense	367	129	2,094	-	-	-
91800	Travel	203	534	1,019	-	-	-
91900	Other	1,336	6,864	16,186	-	-	-
91000	Total Operating - Administrative	26,824	103,167	165,680	-	-	-
92000	Asset Management Fee	1,080	3,600	9,600	-	-	-
92100	Tenant services - salaries	-	-	-	-	-	-
92200	Relocation costs	-	-	-	-	-	-
92300	Employee benefits	-	397	-	-	-	-
92400	Tenant services - other	44	77	207	-	-	-
92500	Total Tenant Services	44	474	207	-	-	-
93100	Water	2,197	8,902	24,419	-	-	-
93200	Electricity	708	2,066	44,024	-	-	-
93300	Gas	-	-	14,525	-	-	-
93400	Fuel	-	-	-	-	-	-
93600	Sewer	3,543	9,001	40,065	-	-	-
93800	Other utilities expense	3,683	11,263	15,047	-	-	-
93000	Total Utilities	10,131	31,232	138,080	-	-	-
94100	Ordinary maintenance and operations - labor	7,142	27,585	64,334	-	-	-
94200	Ordinary maintenance and operations - material and other	6,738	11,351	27,553	-	-	-
94300	Ordinary maintenance and operations - contracts	1,008	34,468	21,089	-	-	-
94500	Employee benefit contributions - ordinary maintenance	2,644	13,400	19,619	-	-	-
94000	Total Maintenance	17,532	86,804	132,595	-	-	-
95100	Protective services - labor	-	-	-	-	-	-
95200	Other contract costs	-	-	-	-	-	-
95000	Total Protective Services	-	-	-	-	-	-
96110	Property Insurance	925	2,162	3,796	-	-	-
96120	Liability Insurance	569	1,878	4,526	-	-	-
96130	Workmen's compensation	377	989	2,495	-	-	-
96100	Total Insurance Premiums	1,871	5,029	10,817	-	-	-

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Line		Kirkland Place	Island Crest	Casa Juanita	Seola Crossing	Eastbridge	Salmon Creek
Item #	Account Description	WA002000210	WA002000213	WA002000251	WA002000340	WA002000341	WA002000343
96200	Other General Expenses	185	60	1,659	-	-	-
96210	Compensated absences	1,480	6,276	7,610	-	-	-
96300	Payments in lieu of taxes	-	-	-	-	-	-
96800	Severance expense	-	1,244	-	-	-	-
96000	Total Other General Expenses	1,665	7,580	9,269	-	-	-
96710	Interest on mortgage (or bonds) payable	-	-	-	-	-	-
96720	Interest on notes payable (short and long term)	-	-	1,750	-	-	-
96700	Total interest expense and amortization cost	-	-	1,750	-	-	-
96900	Total Operating Expenses	59,147	237,886	467,998	-	-	-
97000	Excess Operating Revenue over Operating Expenses	(829)	(53,396)	(230,196)	-	-	-
97200	Casualty losses - non-capitalized	-	-	-	-	-	-
97300	Housing assistance payments	-	-	-	-	-	-
97350	HAP Portability-In	-	-	-	-	-	-
97400	Depreciation expense	14,495	137,771	126,743	-	-	-
90000	Total Expenses	73,642	375,657	594,741	-	-	-
10010	Operating transfers in	160,418	107,491	340,994	-	-	-
10020	Operating transfers out	(10,481)	(4,856)	(42,807)	-	-	-
10100	Total Other Financing Sources	149,937	102,635	298,187	-	-	-
10000	Excess (Deficiency) Of Total Revenue Over (Under) Total Expenses	\$ 134,613	\$ (88,532)	\$ (58,752)	\$ -	\$ -	\$ -
11020	Required annual debt principal payments	-	-	29,345	-	-	-
11030	Beginning of year equity	1,427,238	5,516,869	2,376,856	-	-	-
11040	Prior period adjustments, equity transfers	-	-	-	-	-	-
11170	Administrative Fee Equity	-	-	-	-	-	-
11180	Housing Assistance Fee Equity	-	-	-	-	-	-
11190	Unit Months Available	72	360	960	-	-	-
11210	Number of unit months leased	72	202	944	-	-	-
11270	Excess cash	67,935	66,403	185,382	-	-	-
11620	Building Purchases	4,596	-	-	-	-	-

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Line Item #	Account Description	Zephyr WA002000344	Sixth Place Apartments WA002000345	Fairwind WA002000346	Boulevard Manor WA002000350	Yardley Arms WA002000352	Riverton Terrace WA002000354
70300	Net tenant rental revenue	\$ -	\$ -	\$ -	\$ 193,963	\$ 174,635	\$ 79,267
70400	Tenant revenue - other	-	-	-	7,001	6,977	2,282
70500	Total tenant revenue	-	-	-	200,964	181,612	81,549
70600	HUD PHA Operating Grants	-	-	-	-	-	-
70610	Capital Grants	-	-	-	-	-	-
70710	Management Fee	-	-	-	-	-	-
70720	Asset Management Fee	-	-	-	-	-	-
70730	Book-keeping Fee	-	-	-	-	-	-
70750	Other Fees	-	-	-	-	-	-
70700	Total Fee Revenue	-	-	-	-	-	-
70800	Other Government Grants	-	-	-	-	-	-
71100	Investment Income - unrestricted	-	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-	-
71310	Cost of Sale of Assets	-	-	-	-	-	-
71400	Fraud Recovery	-	-	-	-	-	-
71500	Other Revenue	-	-	-	2,497	2,422	623
71600	Gain (loss) on the sale of capital assets	-	-	-	-	-	-
72000	Investment income - restricted	-	-	-	1,291	1,022	686
70000	Total Revenue	-	-	-	204,752	185,056	82,858
91100	Administrative salaries	-	-	-	56,627	45,807	16,515
91200	Auditing fees	-	-	-	1,917	1,833	877
91300	Management fees	-	-	-	77,433	70,070	30,621
91310	Book-keeping Fee	-	-	-	6,263	5,910	3,045
91400	Advertising and Marketing	-	-	-	-	-	-
91500	Employee benefit contributions - administrative	-	-	-	25,034	18,877	11,859
91600	Office Expenses	-	-	-	3,751	2,980	711
91700	Legal expense	-	-	-	721	1,255	2,645
91800	Travel	-	-	-	441	160	48
91900	Other	-	-	-	18,035	17,035	7,489
91000	Total Operating - Administrative	-	-	-	190,222	163,927	73,810
92000	Asset Management Fee	-	-	-	8,400	8,040	3,840
92100	Tenant services - salaries	-	-	-	-	-	-
92200	Relocation costs	-	-	-	-	-	-
92300	Employee benefits	-	-	-	242	-	10
92400	Tenant services - other	-	-	-	332	173	673
92500	Total Tenant Services	-	-	-	574	173	683
93100	Water	-	-	-	16,525	17,559	7,770
93200	Electricity	-	-	-	11,428	20,973	4,760
93300	Gas	-	-	-	-	4,510	-
93400	Fuel	-	-	-	-	-	-
93600	Sewer	-	-	-	40,768	8,518	23,043
93800	Other utilities expense	-	-	-	9,578	12,195	9,378
93000	Total Utilities	-	-	-	78,299	63,755	44,951
94100	Ordinary maintenance and operations - labor	-	-	-	67,515	86,120	42,900
94200	Ordinary maintenance and operations - material and other	-	-	-	8,265	14,906	13,381
94300	Ordinary maintenance and operations - contracts	-	-	-	54,098	44,597	23,471
94500	Employee benefit contributions - ordinary maintenance	-	-	-	23,050	18,974	11,710
94000	Total Maintenance	-	-	-	152,928	164,597	91,462
95100	Protective services - labor	-	-	-	-	-	-
95200	Other contract costs	-	-	-	6,500	3,611	62,670
95000	Total Protective Services	-	-	-	6,500	3,611	62,670
96110	Property Insurance	-	-	-	3,925	4,216	2,421
96120	Liability Insurance	-	-	-	4,011	3,593	2,162
96130	Workmen's compensation	-	-	-	2,339	2,240	1,155
96100	Total Insurance Premiums	-	-	-	10,275	10,049	5,738



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Line		Zephyr	Sixth Place	Fairwind	Boulevard	Yardley Arms	Riverton
Item #	Account Description	WA002000344	WA002000345	WA002000346	WA002000350	WA002000352	WA002000354
96200	Other General Expenses	-	-	-	1,469	1,387	660
96210	Compensated absences	-	-	-	11,927	8,515	4,672
96300	Payments in lieu of taxes	-	-	-	-	-	-
96800	Severance expense	-	-	-	-	-	625
96000	Total Other General Expenses	-	-	-	13,396	9,902	5,957
96710	Interest on mortgage (or bonds) payable	-	-	-	-	-	-
96720	Interest on notes payable (short and long term)	-	-	-	409	-	-
96700	Total interest expense and amortization cost	-	-	-	409	-	-
96900	Total Operating Expenses	-	-	-	461,003	424,054	289,111
97000	Excess Operating Revenue over Operating Expenses	-	-	-	(256,251)	(238,998)	(206,253)
97200	Casualty losses - non-capitalized	-	-	-	-	-	-
97300	Housing assistance payments	-	-	-	-	-	-
97350	HAP Portability-In	-	-	-	-	-	-
97400	Depreciation expense	-	-	-	216,475	159,848	126,818
90000	Total Expenses	-	-	-	677,479	583,902	415,929
10010	Operating transfers in	-	-	-	417,014	381,407	201,432
10020	Operating transfers out	-	-	-	(5,482)	(1,650)	-
10100	Total Other Financing Sources	-	-	-	411,532	379,757	201,432
10000	Excess (Deficiency) Of Total Revenue Over (Under) Total Expenses	\$ -	\$ -	\$ -	\$ (61,194)	\$ (19,089)	\$ (131,639)
11020	Required annual debt principal payments	-	-	-	5,403	5,030	-
11030	Beginning of year equity	-	-	-	4,232,995	3,247,152	3,223,452
11040	Prior period adjustments, equity transfers	-	-	-	-	-	-
11170	Administrative Fee Equity	-	-	-	-	-	-
11180	Housing Assistance Fee Equity	-	-	-	-	-	-
11190	Unit Months Available	-	-	-	839	804	384
11210	Number of unit months leased	-	-	-	837	780	384
11270	Excess cash	-	-	-	174,744	130,760	91,719
11620	Building Purchases	-	-	-	-	-	-

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Line Item #	Account Description	Nia WA002000355	Valli Kee Homes WA002000401	Springwood Apartments WA002000402	Cascade Apartments WA002000403	Shelcor WA002000409	Mardis Gras II WA002000450
70300	Net tenant rental revenue	\$ -	\$ 503,628	\$ -	\$ 424,689	\$ 17,762	\$ -
70400	Tenant revenue - other	-	9,358	-	42,892	627	-
70500	Total tenant revenue	-	512,986	-	467,581	18,389	-
70600	HUD PHA Operating Grants	-	-	-	-	-	-
70610	Capital Grants	-	-	-	-	-	-
70710	Management Fee	-	-	-	-	-	-
70720	Asset Management Fee	-	-	-	-	-	-
70730	Book-keeping Fee	-	-	-	-	-	-
70750	Other Fees	-	-	-	-	-	-
70700	Total Fee Revenue	-	-	-	-	-	-
70800	Other Government Grants	-	-	-	-	-	-
71100	Investment Income - unrestricted	-	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-	-
71310	Cost of Sale of Assets	-	-	-	-	-	-
71400	Fraud Recovery	-	-	-	-	-	-
71500	Other Revenue	-	4,643	-	9,645	253	-
71600	Gain (loss) on the sale of capital assets	-	-	-	-	-	-
72000	Investment income - restricted	-	3,156	-	2,253	10	-
70000	Total Revenue	-	520,785	-	479,479	18,652	-
91100	Administrative salaries	-	82,593	-	104,890	3,801	-
91200	Auditing fees	-	3,119	-	2,956	221	-
91300	Management fees	-	138,802	-	96,226	53,851	-
91310	Book-keeping Fee	-	10,313	-	9,630	720	-
91400	Advertising and Marketing	-	-	-	-	-	-
91500	Employee benefit contributions - administrative	-	55,093	-	42,578	4,650	-
91600	Office Expenses	-	4,218	-	4,322	138	-
91700	Legal expense	-	303	-	3,363	-	-
91800	Travel	-	1,090	-	644	3	-
91900	Other	-	25,614	-	21,546	286	-
91000	Total Operating - Administrative	-	321,145	-	286,155	63,670	-
92000	Asset Management Fee	-	13,680	-	12,960	320	-
92100	Tenant services - salaries	-	-	-	-	-	-
92200	Relocation costs	-	-	-	-	-	-
92300	Employee benefits	-	394	-	-	311	-
92400	Tenant services - other	-	326	-	279	21	-
92500	Total Tenant Services	-	720	-	279	332	-
93100	Water	-	55,606	-	28,071	1,491	-
93200	Electricity	-	17,421	-	13,757	519	-
93300	Gas	-	23,299	-	-	-	-
93400	Fuel	-	-	-	-	-	-
93600	Sewer	-	96,961	-	79,942	2,548	-
93800	Other utilities expense	-	70,572	-	47,346	4,391	-
93000	Total Utilities	-	263,859	-	169,116	8,949	-
94100	Ordinary maintenance and operations - labor	-	111,082	-	128,906	6,496	-
94200	Ordinary maintenance and operations - material and other	-	44,620	-	29,686	5,067	-
94300	Ordinary maintenance and operations - contracts	-	47,090	-	26,108	5,788	-
94500	Employee benefit contributions - ordinary maintenance	-	52,814	-	50,583	2,250	-
94000	Total Maintenance	-	255,606	-	235,283	19,601	-
95100	Protective services - labor	-	-	-	-	-	-
95200	Other contract costs	-	-	-	-	-	-
95000	Total Protective Services	-	-	-	-	-	-
96110	Property Insurance	-	16,197	-	10,758	684	-
96120	Liability Insurance	-	8,097	-	7,535	699	-
96130	Workmen's compensation	-	5,765	-	6,107	260	-
96100	Total Insurance Premiums	-	30,059	-	24,400	1,643	-

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Line		Nia	Valli Kee	Springwood	Cascade	Shelcor	Mardis Gras
Item #	Account Description	WA002000355	WA002000401	WA002000402	WA002000403	WA002000409	WA002000450
96200	Other General Expenses	-	2,452	-	2,347	156	-
96210	Compensated absences	-	24,750	-	23,395	1,785	-
96300	Payments in lieu of taxes	-	18,668	-	19,371	1,480	-
96800	Severance expense	-	-	-	-	-	-
96000	Total Other General Expenses	-	45,870	-	45,113	3,421	-
96710	Interest on mortgage (or bonds) payable	-	-	-	-	-	-
96720	Interest on notes payable (short and long term)	-	1,463	-	1,708	-	-
96700	Total interest expense and amortization cost	-	1,463	-	1,708	-	-
96900	Total Operating Expenses	-	932,402	-	775,014	97,936	-
97000	Excess Operating Revenue over Operating Expenses	-	(411,617)	-	(295,535)	(79,284)	-
97200	Casualty losses - non-capitalized	-	-	-	-	-	-
97300	Housing assistance payments	-	-	-	-	-	-
97350	HAP Portability-In	-	-	-	-	-	-
97400	Depreciation expense	-	679,889	-	426,734	17,808	-
90000	Total Expenses	-	1,612,291	-	1,201,748	115,744	-
10010	Operating transfers in	-	1,438,111	-	390,470	617,532	-
10020	Operating transfers out	-	(250,000)	-	(65,000)	(13,223)	-
10100	Total Other Financing Sources	-	1,188,111	-	325,470	604,309	-
10000	Excess (Deficiency) Of Total Revenue Over (Under) Total Expenses	\$ -	\$ 96,605	\$ -	\$ (396,799)	\$ 507,217	\$ -
11020	Required annual debt principal payments	-	-	-	24,779	-	-
11030	Beginning of year equity	-	14,995,669	-	11,411,633	333,080	-
11040	Prior period adjustments, equity transfers	-	-	-	-	-	-
11170	Administrative Fee Equity	-	-	-	-	-	-
11180	Housing Assistance Fee Equity	-	-	-	-	-	-
11190	Unit Months Available	-	1,380	-	1,296	96	-
11210	Number of unit months leased	-	1,367	-	1,253	89	-
11270	Excess cash	-	293,881	-	236,292	63,324	-
11620	Building Purchases	-	298,856	-	-	-	-

**Housing Authority of the County of King**  
**Financial Data Schedule (FDS)**  
Statement of Revenues, Expenses, and Changes in Net Position  
For the 12 Month Period Ending December 31, 2016

Line Item #	Account Description	Vantage Point WA002000452	Firwood Circle WA002000503	Burndale Homes WA002000504	Wayland Arms WA002000550	Plaza Seventeen II WA002000551	Southridge House WA002000552
70300	Net tenant rental revenue	\$ -	\$ 191,500	\$ 278,634	\$ 173,901	\$ -	\$ 188,712
70400	Tenant revenue - other	-	3,564	4,443	6,518	-	4,173
70500	Total tenant revenue	-	195,064	283,077	180,419	-	192,885
70600	HUD PHA Operating Grants	-	-	-	-	-	-
70610	Capital Grants	-	-	-	-	-	-
70710	Management Fee	-	-	-	-	-	-
70720	Asset Management Fee	-	-	-	-	-	-
70730	Book-keeping Fee	-	-	-	-	-	-
70750	Other Fees	-	-	-	-	-	-
70700	Total Fee Revenue	-	-	-	-	-	-
70800	Other Government Grants	-	-	-	-	-	-
71100	Investment Income - unrestricted	-	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-	-
71310	Cost of Sale of Assets	-	-	-	-	-	-
71400	Fraud Recovery	-	-	-	-	-	-
71500	Other Revenue	-	1,919	2,024	1,841	-	29,443
71600	Gain (loss) on the sale of capital assets	-	-	-	-	-	-
72000	Investment income - restricted	-	2,097	977	739	-	1,368
70000	Total Revenue	-	199,080	286,078	182,999	-	223,696
91100	Administrative salaries	-	42,000	45,051	29,864	-	37,919
91200	Auditing fees	-	1,370	1,370	1,833	-	2,190
91300	Management fees	-	210,551	159,546	59,606	-	73,459
91310	Book-keeping Fee	-	4,418	4,463	5,993	-	7,035
91400	Advertising and Marketing	-	-	-	-	-	-
91500	Employee benefit contributions - administrative	-	12,966	13,628	11,408	-	25,375
91600	Office Expenses	-	2,890	1,572	1,201	-	1,567
91700	Legal expense	-	1,410	431	302	-	-
91800	Travel	-	246	325	51	-	1,042
91900	Other	-	17,401	9,058	11,833	-	21,871
91000	Total Operating - Administrative	-	293,252	235,444	122,091	-	170,458
92000	Asset Management Fee	-	6,000	6,000	8,040	-	9,600
92100	Tenant services - salaries	-	-	-	-	-	-
92200	Relocation costs	-	-	-	-	-	-
92300	Employee benefits	-	-	-	-	-	-
92400	Tenant services - other	-	129	197	173	-	206
92500	Total Tenant Services	-	129	197	173	-	206
93100	Water	-	20,817	24,742	9,047	-	11,035
93200	Electricity	-	9,714	11,675	11,420	-	21,961
93300	Gas	-	27,021	36,136	14,103	-	6,242
93400	Fuel	-	-	-	-	-	-
93600	Sewer	-	42,621	46,079	21,175	-	16,490
93800	Other utilities expense	-	29,628	29,892	14,403	-	10,278
93000	Total Utilities	-	129,801	148,524	70,148	-	66,006
94100	Ordinary maintenance and operations - labor	-	62,053	53,257	49,454	-	83,698
94200	Ordinary maintenance and operations - material and other	-	19,236	13,835	18,149	-	18,727
94300	Ordinary maintenance and operations - contracts	-	28,486	23,480	43,278	-	45,833
94500	Employee benefit contributions - ordinary maintenance	-	22,430	19,950	13,759	-	27,838
94000	Total Maintenance	-	132,205	110,522	124,640	-	176,096
95100	Protective services - labor	-	-	-	-	-	-
95200	Other contract costs	-	-	-	-	-	-
95000	Total Protective Services	-	-	-	-	-	-
96110	Property Insurance	-	4,664	5,470	4,473	-	5,408
96120	Liability Insurance	-	3,622	3,570	3,771	-	4,388
96130	Workmen's compensation	-	2,568	2,635	1,822	-	2,536
96100	Total Insurance Premiums	-	10,854	11,675	10,066	-	12,332

**Housing Authority of the County of King**  
**Financial Data Schedule (FDS)**  
Statement of Revenues, Expenses, and Changes in Net Position  
For the 12 Month Period Ending December 31 , 2016

Line		Vantage Point	Firwood Circle	Burndale Homes	Wayland Arms	Plaza Seventeen II	Southridge House
Item #	Account Description	WA002000452	WA002000503	WA002000504	WA002000550	WA002000551	WA002000552
96200	Other General Expenses	-	1,070	1,080	1,377	-	1,675
96210	Compensated absences	-	17,325	13,110	5,263	-	17,449
96300	Payments in lieu of taxes	-	6,424	6,152	6,436	-	-
96800	Severance expense	-	-	-	-	-	-
96000	Total Other General Expenses	-	24,819	20,342	13,076	-	19,124
96710	Interest on mortgage (or bonds) payable	-	-	-	-	-	-
96720	Interest on notes payable (short and long term)	-	1,016	710	88	-	668
96700	Total interest expense and amortization cost	-	1,016	710	88	-	668
96900	Total Operating Expenses	-	598,076	533,414	348,322	-	454,490
97000	Excess Operating Revenue over Operating Expenses	-	(398,996)	(247,336)	(165,323)	-	(230,794)
97200	Casualty losses - non-capitalized	-	-	-	-	-	-
97300	Housing assistance payments	-	-	-	-	-	-
97350	HAP Portability-In	-	-	-	-	-	-
97400	Depreciation expense	-	280,267	231,122	146,450	-	248,663
90000	Total Expenses	-	878,343	764,536	494,772	-	703,153
10010	Operating transfers in	-	2,060,387	1,577,850	241,057	-	312,569
10020	Operating transfers out	-	(79,680)	(188,453)	(3,410)	-	(3,885)
10100	Total Other Financing Sources	-	1,980,707	1,389,397	237,647	-	308,684
10000	Excess (Deficiency) Of Total Revenue Over (Under) Total Expenses	\$ -	\$ 1,301,444	\$ 910,939	\$ (74,126)	\$ -	\$ (170,773)
11020	Required annual debt principal payments	-	11,738	12,110	7,266	-	6,335
11030	Beginning of year equity	-	4,819,270	4,800,402	3,146,222	-	4,988,407
11040	Prior period adjustments, equity transfers	-	-	-	-	-	-
11170	Administrative Fee Equity	-	-	-	-	-	-
11180	Housing Assistance Fee Equity	-	-	-	-	-	-
11190	Unit Months Available	-	600	600	1,219	-	959
11210	Number of unit months leased	-	595	599	1,198	-	955
11270	Excess cash	-	213,441	202,518	106,982	-	185,354
11620	Building Purchases	-	4,098	2,951	-	-	-

**Housing Authority of the County of King**  
**Financial Data Schedule (FDS)**  
Statement of Revenues, Expenses, and Changes in Net Position  
For the 12 Month Period Ending December 31, 2016

Line Item #	Account Description	Casa Madrona II			TOTAL AUTHORITY	COMPONENT UNITS - DISCRETELY PRESENTED
		WA002000553	SUBTOTAL	Elimination		
70300	Net tenant rental revenue	\$ -	\$ 67,505,067	\$ -	\$ 67,505,067	\$ 18,598,835
70400	Tenant revenue - other	-	2,126,587	-	2,126,587	169,451
70500	Total tenant revenue	-	69,631,654	-	69,631,654	18,768,286
70600	HUD PHA Operating Grants	-	138,499,905	-	138,499,905	-
70610	Capital Grants	-	310,501	-	310,501	-
70710	Management Fee	-	4,654,052	(4,654,052)	0	-
70720	Asset Management Fee	-	342,480	(342,480)	-	-
70730	Book-keeping Fee	-	1,409,818	(1,409,818)	-	-
70750	Other Fees	-	728,966	-	728,966	-
70700	Total Fee Revenue	-	7,135,316	(6,406,350)	728,966	-
70800	Other Government Grants	-	7,148,965	-	7,148,965	-
71100	Investment Income - unrestricted	-	-	-	-	191,486
71300	Proceeds from disposition of assets held for sale	-	3,221,784	-	3,221,784	-
71310	Cost of Sale of Assets	-	(2,443,758)	-	(2,443,758)	-
71400	Fraud Recovery	-	77,611	-	77,611	-
71500	Other Revenue	-	53,034,951	(5,063,047)	47,971,904	15,616,717
71600	Gain (loss) on the sale of capital assets	-	23,717,995	-	23,717,995	-
72000	Investment income - restricted	-	11,121,244	(1,704,957)	9,416,287	132
70000	Total Revenue	-	311,456,168	(13,174,354)	298,281,814	34,576,621
91100	Administrative salaries	-	17,723,105	-	17,723,105	1,229,037
91200	Auditing fees	-	114,050	-	114,050	73,982
91300	Management fees	-	6,758,883	(4,714,142)	2,044,741	1,085,985
91310	Book-keeping Fee	-	1,852,243	(1,852,243)	-	-
91400	Advertising and Marketing	-	243,120	-	243,120	14,522
91500	Employee benefit contributions - administrative	-	7,384,655	-	7,384,655	877,104
91600	Office Expenses	-	1,480,532	-	1,480,532	211,094
91700	Legal expense	-	309,787	-	309,787	44,917
91800	Travel	-	433,736	-	433,736	9,215
91900	Other	-	8,756,109	(601,728)	8,154,381	186,412
91000	Total Operating - Administrative	-	45,056,220	(7,168,113)	37,888,107	3,732,268
92000	Asset Management Fee	-	1,224,720	(1,224,720)	-	90,464
92100	Tenant services - salaries	-	2,160,717	-	2,160,717	-
92200	Relocation costs	-	139,400	-	139,400	-
92300	Employee benefits	-	874,196	-	874,196	-
92400	Tenant services - other	-	4,577,800	-	4,577,800	614
92500	Total Tenant Services	-	7,752,113	-	7,752,113	614
93100	Water	-	2,221,494	-	2,221,494	766,950
93200	Electricity	-	1,209,782	-	1,209,782	258,133
93300	Gas	-	207,593	-	207,593	94,871
93400	Fuel	-	5,312	-	5,312	-
93600	Sewer	-	3,670,468	-	3,670,468	869,123
93800	Other utilities expense	-	2,335,224	-	2,335,224	641,444
93000	Total Utilities	-	9,649,873	-	9,649,873	2,630,521
94100	Ordinary maintenance and operations - labor	-	6,749,853	-	6,749,853	1,088,570
94200	Ordinary maintenance and operations - material and other	-	12,781,410	-	12,781,410	390,359
94300	Ordinary maintenance and operations - contracts	-	3,699,540	-	3,699,540	910,958
94500	Employee benefit contributions - ordinary maintenance	-	1,903,344	-	1,903,344	-
94000	Total Maintenance	-	25,134,147	-	25,134,147	2,389,887
95100	Protective services - labor	-	-	-	-	8,380
95200	Other contract costs	-	302,136	-	302,136	3,250
95000	Total Protective Services	-	302,136	-	302,136	11,630
96110	Property Insurance	-	720,905	-	720,905	240,093
96120	Liability Insurance	-	696,364	-	696,364	40,775
96130	Workmen's compensation	-	382,247	-	382,247	27,330
96100	Total Insurance Premiums	-	1,799,516	-	1,799,516	308,198

**Housing Authority of the County of King**  
**Financial Data Schedule (FDS)**  
Statement of Revenues, Expenses, and Changes in Net Position  
For the 12 Month Period Ending December 31 , 2016

Line Item #	Account Description	Casa Madrona II WA002000553	SUBTOTAL	Elimination	TOTAL AUTHORITY	COMPONENT UNITS - DISCRETELY PRESENTED
96200	Other General Expenses	-	3,883,501	(3,076,564)	806,937	689,335
96210	Compensated absences	-	2,107,333	-	2,107,333	-
96300	Payments in lieu of taxes	-	335,787	-	335,787	67,272
96800	Severance expense	-	207,909	-	207,909	-
96000	Total Other General Expenses	-	6,534,530	(3,076,564)	3,457,966	756,607
96710	Interest on mortgage (or bonds) payable	-	5,079,841	(706,989)	4,372,852	287,353
96720	Interest on notes payable (short and long term)	-	6,957,064	(997,968)	5,959,096	6,336,823
96700	Total interest expense and amortization cost	-	12,036,905	(1,704,957)	10,331,948	6,624,176
96900	Total Operating Expenses	-	109,490,160	(13,174,354)	96,315,807	16,544,365
97000	Excess Operating Revenue over Operating Expenses	-	201,966,007	-	201,966,007	18,032,256
97200	Casualty losses - non-capitalized	-	157,252	-	157,252	-
97300	Housing assistance payments	-	94,851,687	-	94,851,687	-
97350	HAP Portability-In	-	29,773,947	-	29,773,947	-
97400	Depreciation expense	-	16,745,750	-	16,745,750	11,668,748
90000	Total Expenses	-	251,018,797	(13,174,354)	237,844,443	28,213,113
10010	Operating transfers in	-	184,800,697	(184,800,697)	-	-
10020	Operating transfers out	-	(184,800,697)	184,800,697	-	-
10100	Total Other Financing Sources	-	-	(0.00)	(0)	-
10000	Excess (Deficiency) Of Total Revenue Over (Under) Total Expenses	\$ -	\$ 60,437,373	\$ -	\$ 60,437,373	\$ 6,363,508
11020	Required annual debt principal payments	-	17,473,567	-	17,473,567	-
11030	Beginning of year equity	-	458,376,813	-	458,376,813	86,896,294
11040	Prior period adjustments, equity transfers	-	4,233,387	-	4,233,387	(7,176,882)
11170	Administrative Fee Equity	-	1,485,036	-	1,485,036	-
11180	Housing Assistance Fee Equity	-	672,634	-	672,634	-
11190	Unit Months Available	-	207,020	-	207,020	10,788
11210	Number of unit months leased	-	205,862	-	205,862	10,593
11270	Excess cash	-	3,978,904	-	3,978,904	-
11620	Building Purchases	-	310,501	-	310,501	-

# Actual Modernization Cost Certificate

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

OMB Approval No. 2577-0157 (exp. 1/31/2017)

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

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

Do not send this form to the above address.

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

HA Name: <b>HA COUNTY OF KING</b>	Modernization Project Number: <b>WA19P002501-12</b>
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The HA hereby certifies to the Department of Housing and Urban Development as follows:

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

A. Original Funds Approved	\$ 4,050,127.00
B. Funds Disbursed	\$ 4,050,127.00
C. Funds Expended (Actual Modernization Cost)	\$ 4,050,127.00
D. Amount to be Recaptured (A-C)	\$ 0.00
E. Excess of Funds Disbursed (B-C)	\$ 0.00

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

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

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

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

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

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

Signature of Executive Director & Date:

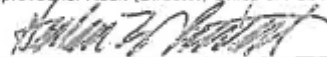
X

Stephen J. Norman

For HUD Use Only

The Cost Certificate is approved for audit:

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

X 

Date:

09-26-2016

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official)

X

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

Date:

Date:

X

form HUD-53001 (1/2014)



# Actual Modernization Cost Certificate

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

OMB Approval No. 2577-0157 (exp. 1/31/2017)

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. 20410-3800. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number.

Do not send this form to the above address.

This collection of information requires that each Housing Authority (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: **WA19R0025C1-12**

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	\$ 346,419.00
B. Funds Disbursed	\$ 346,419.00
C. Funds Expended (Actual Modernization Cost)	\$ 346,419.00
D. Amount to be Recaptured (A-C)	\$ 0.00
E. Excess of Funds Disbursed (B-C)	\$ 0.00

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

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

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

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

I hereby certify that all the information stated herein, as well as any information provided in the 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, 3802)

Signature of Executive (Director & Date):

X

Stephen J. Norman

For HUD Use Only

The Cost Certificate is approved for audit:

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

X

Date:

09/06/2016

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official)

Date:

X

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

Date:

X

form HUD-53001 (1/2014)

## ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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

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

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

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

<b>Contact information for the State Auditor's Office</b>	
<b>Public Records requests</b>	<a href="mailto:PublicRecords@sao.wa.gov">PublicRecords@sao.wa.gov</a>
<b>Main telephone</b>	(360) 902-0370
<b>Toll-free Citizen Hotline</b>	(866) 902-3900
<b>Website</b>	<a href="http://www.sao.wa.gov">www.sao.wa.gov</a>